



## Managing Director's Quarterly Report

DECEMBER 2003

### Total Net Market Value of Assets

\$15,931,170 or 117.2c per share

### Investment Performance

(These figures are unaudited)

To December	Quarter	One Year
Total return to Shareholders over the period*	4.5%	11.8%
Change in All Ords over Period	4.1%	11.1%
Change in Bank Bill Index over the Period	1.2%	4.9%

\* This is a realised after-tax return while the return on the All Ordinaries Index is pre-tax.

### Asset Allocation

Financials	42.5%
Consumer discretionary	18.7%
Materials	8.8%
Consumer Staples	7.8%
Cash	2.3%
Other	19.9%

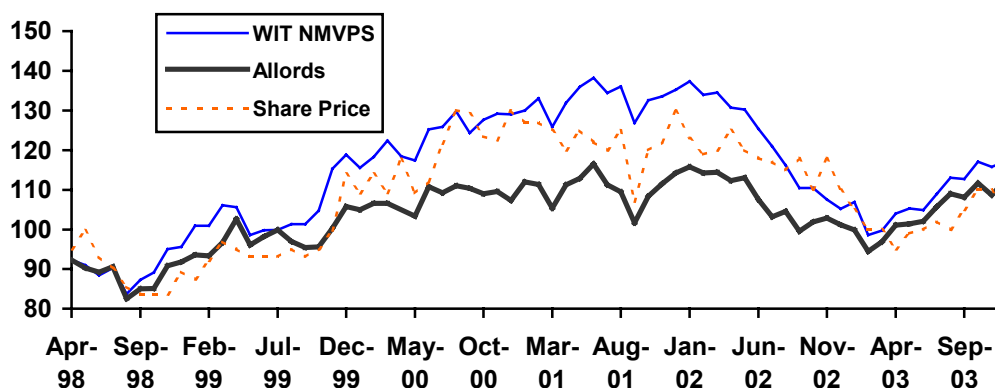
### Five major investments

(As a % of the portfolio)

	Sep-03	Dec-03
Rio Tinto	8.1%	8.8%
Macquarie Bank	6.7%	6.6%
Perpetual Trustees	5.9%	6.3%
ANZ	4.7%	5.3%
Woolworths	5.1%	4.9%
<b>Total</b>	<b>30.5%</b>	<b>31.9%</b>

### Relative Performance History

(After adjusting for the rights issue)



### Investment Activity

- During the quarter under review, we increased our holdings in Cabcharge and ANZ. Our investments in Prime Infrastructure Fund Stapled Security, Cochlear and Fantastic Holdings were reduced. We took advantage of the Telstra buy-back offer to reduce our holding.
- The best performance over the quarter was achieved by our investment in Macquarie Goodman Management. Other investments that performed well were Rio Tinto and the ASX, whilst Cochlear was the worst performing investment in the portfolio.

### Market facts

- The Australian market as measured by the All Ordinaries Index increased by 4.1% over the quarter from a level of 3176.2 at the end of September 2003 to a level of 3306.0 at the end of December 2003. The Index is up 11.1% over the twelve months to the end of December 2003 and has produced an overall return of 21.9% since April 1998. The NAV of the portfolio has increased by 27.0% over the same period, while the total return including dividends is 45.9%.
- The S&P 500 increased by 11.6% during the December quarter while the NASDAQ increased by 12.1%. Over the twelve months to the end of December 2003, the S&P 500 increased by 26.4% while the NASDAQ increased by 50.0%.
- At the current market value, the investments in the portfolio have a dividend yield of 3.6% substantially fully franked.