

Wingate Spectrum Fund

Fund Performance Update - 31 December 2010

Performance as at 31 December 2010

	1 mth %	3 mths %	6 mths %	1 yr %	2 yrs % p.a.	3 yrs % p.a.	Since inception* % p.a.
Return	(0.85)	1.07	3.73	(1.91)	(2.06)	(8.74)	(5.91)

* Inception date for performance calculations is 30 June 2007.

Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

Risk/Return

	1 yr %	2 yrs % p.a.	3 yrs % p.a.
Standard deviation (% p.a.)	7.53	11.76	16.18
Risk reward ratio	(0.25)	(0.18)	(0.54)

Fund snapshot

Inception date	30 June 2007
Fund size (net asset value)	\$1.47m
Unit price as at 31/12/10 (redemption price)	\$0.6890

Fund in review

The Spectrum Fund has continued to benefit from significant income generation and capital growth, but as an unhedged portfolio could not escape the effect of the rising Australian dollar.

During the year, the Fund was consistent in generating 1% of income per month, and approached 2% per month through the second half of the year. These high income levels resulted in positive returns over the three- and six-month periods and helped counteract the Australian dollar's 14% appreciation, notwithstanding the maintenance of a high cash level throughout the year.

The Fund entered and exited a number of blue chip shares over the year including Wal-Mart, Syngenta, BP and MasterCard. At the calendar year end the Fund holds nine exposures and retains over 25% in cash. Given the strong recent market performance we have intentionally kept our powder dry and await more attractive and volatile investment opportunities.

Important information

The Fund is issued by Australian Unity Funds Management Limited ABN 60 071 497 115, AFS Licence No. 234454. This information is intended only to provide a general update on the investment particulars and the performance of the Fund. It does not take into account your current or future financial circumstances. You should consider these matters and read the product disclosure statement (where available) before making an investment decision on acquiring or holding financial products. Past performance is not an indicator of future performance. Investment ratings need to be understood in the context of the full report issued by the rating agency. The information provided here was current at the time of publication only.

Top 5 portfolio holdings

Company name	Country	Sector
Petroleo Brasileiro	Brazil	Integrated Oil & Gas
Transocean Ltd	US	Oil & Gas Drilling
Kroger	US	Food Retail
Roche Holdings	Switzerland	Healthcare Equipment
Wells Fargo	US	Diversified Banks

At the individual stock level the Fund's exposure to both BP and Transocean impacted performance mid-year during the Deepwater Horizon oil spill. Whilst these shares have since recovered significantly they still remain below their pre-spill levels.

Looking ahead, we are confident that the Fund will sustain income levels of more than 1% per month via its options strategy. Importantly, these returns would be in addition to capital gains on the portfolio's holdings and would not be reliant upon rising markets. In addition, the income return provides an impetus to the portfolio's performance and stands as a buffer against losses.

As we commence 2011, we believe the Australian dollar presents a tremendous opportunity for investors. Having ended 2010 at an all-time high above \$1.02, we consider it significantly overvalued. In 2011 we expect a declining Australian dollar to provide a positive tailwind to augment the Fund's income and capital gains.

Commentary courtesy of Wingate Asset Management.

Contact us

Head Office

Address	114 Albert Road South Melbourne, VIC 3205
Investor Services	13 29 39
Adviser Services	1800 649 033
Website	australianunityinvestments.com.au
Email	investments@australianunity.com.au