Platypus Australian Equities Trust

Fund Performance Update - 28 February 2011

Australian Unity
PLATYPUS ASSET MANAGEMENT

The Platypus Australian Equities Trust (the Fund) provides access to a high-conviction portfolio manager, specialising in the management of a concentrated portfolio of Australian equities.

Key benefits

- Access to one of Australia's leading boutique, high-conviction Australian equities managers
- Concentrated Australian equity portfolio that aims to outperform in all market conditions
- Portfolio of 25 – 35 stocks selected without regard to index influences.

Investment objective

The Fund's objective is to provide market-leading returns over the medium to long term from a concentrated portfolio of Australian shares. The Fund aims to deliver an investment return (before fees and taxes) that outperforms the S&P/ASX300 Accumulation Index over a rolling three-year period by 4% per annum.

Investment strategy

The Fund invests in companies and trusts listed or soon-to-be listed on the Australian Securities Exchange (ASX) that offer opportunity for above-average investment returns through growth potential.

Investment approach

The investment manager actively seeks opportunities for higher investment returns by combining a top-down thematic approach with bottom-up stock selection, targeting stocks that have a track record of strong earnings growth or are perceived to be undervalued.

Rating summary

Research house	Rating
S&P#	Four Stars
van Eyk	Please refer to van Eyk[1]

1 van Eyk do not authorise fund managers to publish their ratings

Asset allocation

Asset class	Actual %
Australian shares	98.21
Cash	1.79
Total	**100.00**

Performance as at 28 February 2011

	1 mth %	3 mths %	1 year %	2 years % p.a.	3 years % p.a.	Since inception* % p.a.
Retail return	**2.27**	**6.33**	**6.43**	**27.64**	**(0.80)**	**4.27**
S&P/ASX 300 Accumulation Index	2.31	6.28	8.99	25.74	(0.27)	2.63
Active return	(0.04)	0.05	(2.56)	1.90	(0.53)	1.64
Wholesale return	**2.33**	**6.50**	**6.95**	**28.34**	**(0.32)**	**4.70**
S&P/ASX 300 Accumulation Index	2.31	6.28	8.99	25.74	(0.27)	2.63
Active return	0.02	0.22	(2.04)	2.59	(0.06)	2.07

Returns are calculated after fees and expenses (excluding any entry fees) and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.
* Inception date for performance calculations is 30 April 2006.

Standard Risk/return analysis (retail)

Measure	1 year	2 years	3 years
Standard deviation (% p.a.)(1)	14.26	15.10	20.48
Risk reward ratio(2)	0.45	1.83	(0.04)
Active return (% p.a.)(3)	(2.56)	1.90	(0.53)
Tracking error (% p.a.)(4)	2.48	3.27	5.05
Information ratio(5)	(1.03)	0.58	(0.11)
Consistency (%)(6)	33.33	45.83	50.00

Standard Risk/return analysis (wholesale)

Measure	1 year	2 years	3 years
Standard deviation (% p.a.)(1)	14.27	15.12	20.54
Risk reward ratio(2)	0.49	1.87	(0.02)
Active return (% p.a.)(3)	(2.04)	2.59	(0.06)
Tracking error (% p.a.)(4)	2.47	3.26	5.09
Information ratio(5)	(0.83)	0.80	(0.01)
Consistency (%)(6)	41.67	50.00	52.78

(1) Annualised standard deviation of the Fund's monthly returns. A measure of the variability of returns.

(2) Return divided by standard deviation. A measure of the return earned per unit of risk taken.

(3) Return earned by the Fund less the benchmark return (MSCI Word (ex Aust) $A Net Dividends Reinvested). A measure of the value added relative to the benchmark returns.

(4) The annualised standard deviation of the monthly excess returns. A measure of the variability of the Fund's returns relative to the benchmark returns.

(5) The excess return divided by the tracking error. A measure of the value added per unit of risk taken relative to the benchmark.

(6) The number of positive excess monthly return periods as a percentage of the total periods. A measure of the consistency of out-performance.

Top 5 stocks

Company name	Portfolio weighting %
BHP Billiton Limited (BHP)	15.02
Commonwealth Bank of Australia	10.67
Rio Tinto Limited	7.39
Wesfamers Limited Ord Fully Paid Shares	7.08
Australia and new Zealand Banking Group	6.26

Sector allocation

Sector	Trust weighting %
Materials	43.32
Financials	20.24
Healthcare	11.17
Consumer discretionary	7.87
Energy	7.28
Consumer staples	7.08
Cash	1.79
Information technology	1.25
TOTAL	**100.00**

Fund snapshot

	Australian Unity Investments Platypus Australian Equities Trust – retail units	Australian Unity Investments Platypus Australian Equities Trust – wholesale units
APIR Code	AUS0029AU	AUS0030AU
Inception date	30 April 2006	30 April 2006
Fund size (net asset value)	$9.98m	$247.26m
Minimum initial investment	$1,000	$25,000*
Entry/contribution fee	up to 4.10%	nil
Exit fee	nil	nil
Management costs	1.50% p.a. plus a performance fee†	0.95% p.a. plus a performance fee†
Buy/sell spread	Buy: 0.20% Sell: 0.20%	Buy: 0.20% Sell: 0.20%
Income distributions	half yearly	half yearly
Adviser commission - initial remuneration	4.40%	nil
Adviser commission - service remuneration	0.44%	nil

* Lower minimum may apply if investing through an IDPS/Masterfund.

† Refer to the PDS for more information about the performance fee.

Sector in review

The February reporting season was generally in line with the overall market, although Resources over-delivered on already high expectations. The Industrial sector disappointed again, with companies generally reporting results that were below revised expectations. Pleasingly, the banks provided a welcome surprise of better Net Interest Margin performance during their trading updates for the month.

The unrest within the Middle East and North Africa continued to dominate headlines causing a spike in volatility. However, the S&P/ASX300 index managed to finish at a healthy 2.31% for the month.

Demonstrating the divergence in reported results, Materials (+3.66%), Energy (+3.46%) and Financials (+2.49%) were the top three performers for the month. Healthcare (-3.22%), Information Technology (-3.04%) and Utilities (-2.43%) were the month's underperformers. The healthcare stocks underperformed despite producing reasonable results due to ongoing concerns over funding and currency. Information Technology was driven lower by Computershare, who did not raise their business expectations for 2011.

Fund in review

The Platypus portfolio gained 2.34% in February, marginally outperforming the benchmark S&P/ASX300 accumulation index by 0.04%. Healthcare (-0.17%) was the only notable detractor for the month, while there were small positive contributions from other sectors such as Energy (+0.07%), Utilities (+0.06%) and Industrials (+0.05%).

Campbell Bros. (+0.23%), Worley Parsons (+0.19%) and Atlas Iron (+0.18%) were the top three contributors for the month. The strong activity in minerals exploration and testing continues to drive earnings momentum for Campbell Bros, while the stable economic environment and high oil prices have resulted in several large oil and gas projects, and provided the ideal operating environment for Worley Parsons. Atlas' performance has been aided by strong iron ore prices in the short term, but we believe it is the production growth between now and 2015 that will be the real story behind the stock.

Seek (-0.18%) was the largest drag on relative performance for the month as its earnings for the first half FY11 came in below expectations. As a result, we exited our position. Other detractors during February included David Jones (-0.15%) which fell to the lower end of the Net Profit After Tax range for fiscal 2011, and Gloucester Coal (-0.15%) after the majority shareholder Noble Group tightened its grip on the company's management and heightened the risk of related party transactions.

Notable divestments for the month included SAI Global, which reached our price objective, and Pharmaxis, which saw further slippage in the approval process for their flagship cystic fibrosis treatment. We also completed the exit in Platinum Asset Management. The remainder of February activity involved adding to Sirtex, Independence Group, Wesfarmers, JB Hi-Fi, Regis Resources, Incitec Pivot and Carsales.com, with BHP, Aurora Oil & Gas and David Jones as funding sources.

Turnover for the Fund was 7.2% in February, which is not atypical for reporting season. Lend Lease Group was the only new position initiated during the month. We expect the earnings momentum for Lend Lease to remain strong over the next two years as a number of large development projects are delivered and the pipeline for construction business remains full.

Outlook

The oil and equity markets did a solid job of shrugging off the political events in North Africa until the upheaval began to unwind in Libya in February. The ongoing unrest in Libya poses a threat to approximately 2% of world oil supplies. Despite this threat to oil supplies, and the risk premium built into oil prices, the pull-back in stock prices has been immaterial. However, we believe that the impact of higher oil prices on equities will amplify if oil moves much higher. Higher oil prices are a tax on growth and, if sustained, the upward revisions to growth that have helped drive the market recovery will reverse.

As a result of this uncertain market outlook and weakness in the domestic economy, we are more agnostic about the portfolio's cash level than we have been for several months. Over the last six weeks we have been keen to monetise some of the outperformance generated from mining and oil and gas stocks, especially in the mid and small cap sectors. However, we still continue to find worthwhile opportunities and to make new investments where possible.

Commentary courtesy of Platypus Asset Management.

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PLATYPUS ASSET MANAGEMENT

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