

Intech High Opportunities Trust Fund Update - September 2008



AUI-Intech High Opportunities Trust (HOT) is an international equity fund managed by a collection of elite high conviction managers whose sole purpose is to generate alpha. The majority of these managers and their concentrated portfolios are otherwise inaccessible to Australian investors.

Investment objective

The Fund aims to provide investors with strong growth returns over the longer term within a clearly defined risk profile.

Investment strategy

The Fund primarily invests in international shares through the use of a multi-manager strategy. This is achieved through investment in the Intech International Shares High Opportunity Trust (Underlying Fund).

Research rating

| Research house | Rating |
|----------------|-------------|
| S & P | **** |
| Lonsec | Recommended |

| | Retail | Wholesale |
|------------------------------|---------|-----------|
| Gross funds under management | \$0.17m | \$27.32m |

Asset allocation

| Asset class | Actual % |
|----------------------|---------------|
| International shares | 99.10 |
| Cash | 0.90 |
| Total | 100.00 |

Manager allocation

| Manager | Investment Style | Allocation % |
|---------------|---------------------|---------------|
| Marathon | Contrarian (Closed) | 22.20 |
| Bernstein | Global value | 17.70 |
| Altrinsic | Non-US value | 13.40 |
| William Blair | Non-US growth | 12.40 |
| Axiom | Global growth | 10.10 |
| Pzena | US value | 8.50 |
| Trilogy | Global growth | 8.00 |
| Sands Capital | US growth | 7.70 |
| Total | | 100.00 |

Performance as at 30 September 2008

| Retail Fund | 1 mth % | 3 mths % | 6 mths % | 1 yr % | 2 yrs % pa | Since Inception [#] % pa |
|---------------|---------|----------|----------|---------|------------|-----------------------------------|
| Retail return | (11.09) | (7.33) | (13.25) | (29.18) | (15.57) | (6.19) |
| Benchmark* | (4.32) | 1.82 | (4.83) | (17.68) | (7.76) | 0.25 |
| Active return | (6.77) | (9.15) | (8.42) | (11.50) | (7.81) | (6.44) |

[#] Inception date for performance calculations is 31 August 2005.

| Wholesale Fund | 1 mth % | 3 mths % | 6 mths % | 1 yr % | 2 yrs % pa | Since Inception [#] % pa |
|------------------|---------|----------|----------|---------|------------|-----------------------------------|
| Wholesale return | (11.03) | (7.12) | (12.91) | (28.60) | (14.87) | (4.66) |
| Benchmark* | (4.32) | 1.82 | (4.83) | (17.68) | (7.76) | 0.87 |
| Active return | (6.71) | (8.94) | (8.08) | (10.92) | (7.11) | (5.53) |

[#] Inception date for performance calculations is 31 July 2005.

* Benchmark is the MSCI All Countries World ex-Aust (Unhedged) Index with Net Dividends Reinvested. (MSCI World ex-Aust (Unhedged) Index with Gross Dividends Reinvested pre 1/1/2007)

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

Sector in review

World sharemarkets have been exceptionally turbulent as a loss of confidence in the financial system and risk aversion plagued global equity markets in the September quarter. The unfolding of the liquidity crisis reached dramatic proportions with several financial institutions across Europe and the US requiring government assistance.

While July and August were relatively stable months for global equity markets, September proved to be an exceptionally weak month, with emerging markets being hit especially hard. Declines were recorded across all sectors as markets rapidly priced in global recessionary fears. The oil, mining and agriculture sectors declined following falls in commodity prices. Industrial and financial companies fell due to global liquidity and growth concerns.

The failure of US investment bank Lehman Brothers, subsequent official moves to support AIG and the announcement of a US\$700 billion plan to stabilise the US financial system at first triggered a strong relief rally. This then relapsed into a renewed sell-off on concerns over the rescue package's political prospects, as well as about the ultimate scale of the credit crisis costs and their impact on both the US and global economies.

Fund in review

The Fund underperformed the benchmark* with net dividends reinvested, with the retail and wholesale units returning -7.33% and -7.12% respectively for the quarter.

Outlook

The near term outlook is far from clear. A key issue will be to what extent the US "bail out package" unclogs credit markets and ultimately leads to a stabilisation of US house prices. The pace of consolidation and government action has rapidly accelerated, which should provide a more stable environment going forward. However, pessimism continues to dominate investor sentiment, and while inflationary concerns have broadly weakened as oil and commodity prices have eased, any hopes of a short-term correction have evaporated. The volatility on sharemarkets appears set to continue as it will take some months for the US bail out package to take effect. But even though the current earnings outlook is poor, many high quality companies have reached compelling valuation levels, which should lead to above average returns over the long-term.

Contact us

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* Benchmark is the MSCI All Countries World ex-Aust (Unhedged) Index with Net Dividends Reinvested. (MSCI World ex-Aust (Unhedged) Index with Gross Dividends Reinvested pre 1/1/2007)

Important information

AUI-Intech High Opportunities Trust is issued by Australian Unity Funds Management Limited ABN 60 071 497 115, AFS Licence No. 234454. The Intech International Shares High Opportunities Trust is issued by Intech Fiduciaries ABN 54 071 808 501, AFS Licence No. 228986. This information is intended only to provide a general update on the investment particulars and the performance of the Fund. Investment decisions should not be made upon the basis of its past performance, distribution rate, or any rating given by a ratings agency itself. In addition, ratings need to be understood in the context of the full report issued by the ratings agency itself. You should refer to the Product Disclosure Statement (PDS) dated 7 December 2007 if you wish to know more about this product. A copy of the PDS can be obtained by calling us on the contact details listed above or from our website www.australianunityinvestments.com.au. The information provided here was current at the time of publication only.