



Portfolio Review

30 June 2013

for

Jack & Jill Smith

<Smith Family Super Fund>

Report prepared by

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Lighthouse Investment Services Pty Ltd

Authorised Representative of

Meritum Financial Group

AFS Licence No: 245569

16 July 2013

Jack & Jill Smith
<Smith Family Super Fund>
PO Box 123
BYRON BAY NSW 2481

Dear Jack & Jill,

PORTFOLIO REVIEW

30 June 2013

I take much pleasure in presenting your quarterly review:

Comments

The value of your super fund's portfolio rose by 12.9% over the June quarter and by 57.2% over the 2013 financial year. (Taking MFG's contribution to the portfolio's performance away still leaves an annual return of 37.9%.) Over the past five years your portfolio has delivered a compound annual return of 12.5% pa which compares extremely favourably with the All Ordinaries Accumulation Index (which has delivered just 2.2% pa over this period).

Magellan Financial Group accounts for a little more than a third of the portfolio's annual gain and now represents 16% of your portfolio. Whilst this is a large exposure to this funds management business, Magellan continues to grow its funds under management at an impressive clip and is now benefitting from the additional tail wind of a falling Australian dollar which should increase the value of its global portfolios and therefore the management fees it receives. You also hold Magellan Financial Group in your personal portfolio and have been progressively scaling back on this holding as you have some historical capital losses to offset the capital gains realised through the sale of these shares.

Early in the quarter an order that you placed in March to sell your units in the Westfield Retail Trust was met. This holding was partly replaced by increasing your exposure to Westfield Group in the previous quarter.

You sold a part of your holding in the Magellan Flagship Fund as it currently trades at a significant premium to the underlying value of its assets and replaced this unhedged global exposure with units in the unlisted Magellan Global Fund at the value of its assets. You will continue to this with the remainder of your holding if this opportunity persists.

You also added to your holdings in Regional Express, Cochlear and Westpac whilst these companies' shares were available at attractive prices. You made an initial investment in ASX as the market reacted poorly to the company raising additional equity through a renounceable rights issue.

You sold your holding in HGL and a part of your holding in Hunter Hall International at losses, principally to offset taxable capital gains realised during this financial year.

You made the maximum concessional contribution of \$25,000 to your super fund and paid your super fund's outstanding tax bill of \$2,409.

You currently have just \$2,400 in your cash account and \$4,100 in your UBank online account. I do not recommend any additional investments at this stage, however if any opportunities appear over the quarter I will contact you with recommendations.

Yours sincerely

Richard Whan, BA, Grad Dip SIA, F Fin

Authorised Representative

Meritum Financial Group Pty. Ltd.

Company Updates

Cochlear

Recommendation – Hold/Add below \$55

- Cochlear continues to grow sales, however its earnings in developed markets have recently stalled.
- Cochlear has minimal debt.
- Cochlear had its first product recall in September 2011.
- Cochlear is currently trading at around 26 times ordinary after-tax earnings.

Commentary

In late May Cochlear launched the Nucleus 6 sound processor suite of products. The Nucleus 6 processor is based on a new chipset that has been in development for over 6 years and contains significant new functionality to improve hearing performance. The Nucleus 6 has received regulatory approval in Korea and Canada whilst approval for sale in Europe is expected imminently and US approval is anticipated later this calendar year.

In early June Cochlear advised the market that, due to slower than expected growth in the United States and weaker sales ahead of the launch of the Nucleus 6 processor, it was forecasting after-tax profit for the 2013 financial year to be in the range of \$130 to \$135 million (around \$2.32 a share). As Cochlear's after-tax profit for the first half of 2013 was \$78 million this translates to after-tax profit for the second half of just \$52 to \$57 million.

Cochlear has always experienced a slow down in sales ahead of the release of a new product as procedures are delayed to take advantage of the new technology. This has generally been followed by an equally strong pick up in sales as the new product penetrates the global markets. I am much more concerned about Cochlear maintaining its competitive edge by continuing to invest heavily in research and development than I am by any half year's financial result. We have taken this opportunity to add to holdings in Cochlear at quite attractive prices and will continue to do so if the company's share price remains at current levels or falls.

Computershare

Recommendation - Hold/Add below \$10.00

- Computershare is experiencing a cyclical decline in earnings.
- Computershare stands to benefit from any increase in mergers and acquisitions as well as any rise in interest rates or a fall in the Australian dollar.
- Computershare is trading at around 17 times ordinary after-tax earnings, although I believe these earnings to be close to "bottom of the cycle". I am comfortable adding to holdings around \$10.00 a share.

Commentary

Computershare has agreed to buy 25% of US shareholder communication company, INVeSHARE, for \$10 million with the option to move to full ownership of the business during specified windows in 2018 and 2019 at a valuation based on the business' financial performance at the time. The amount involved will not have a material effect on Computershare's earnings and it seems the type of acquisition that Computershare can enhance through its particular skills.

CSL

Recommendation - Hold

- CSL continues to perform well at an operational level.
- CSL has net-debt of just US\$370 million (less than a third of prospective pre-tax profit) and remains focused on efficiently delivering returns to shareholders (currently through an on-market share buy-back).

Commentary

Baxter, one of CSL's major competitors, has been conducting trials to measure any effect of treatment with immunoglobulin on Alzheimer's disease. In May Baxter announced that its Phase III clinical study did not show that immunoglobulin reduced cognitive decline or preserve functional abilities in patients with mild to moderate Alzheimer's disease. Baxter has now discontinued these trials. While any progress on this front would have the potential to turbo-charge CSL's earnings, my valuation of CSL assumes no contribution from the use of immunoglobulin as a treatment for Alzheimer's disease.

Hunter Hall International

Recommendation - Hold

- Hunter Hall International is the leading Australian provider of ethical managed investments.
- Hunter Hall has no net-debt and has consistently generated positive cash flows.

Commentary

Hunter Hall's funds under management (FUM) declined by \$52 million to \$1.148 billion over the six months to the end of May. This is despite overall investment performance of around 9% over the six months, implying net outflows of around \$160 million. In addition, in June Hunter Hall advised the market that it had received a redemption notice from a client that amounts to a further outflow of \$95 million in the first half of the 2014 financial year.

Magellan Financial Group

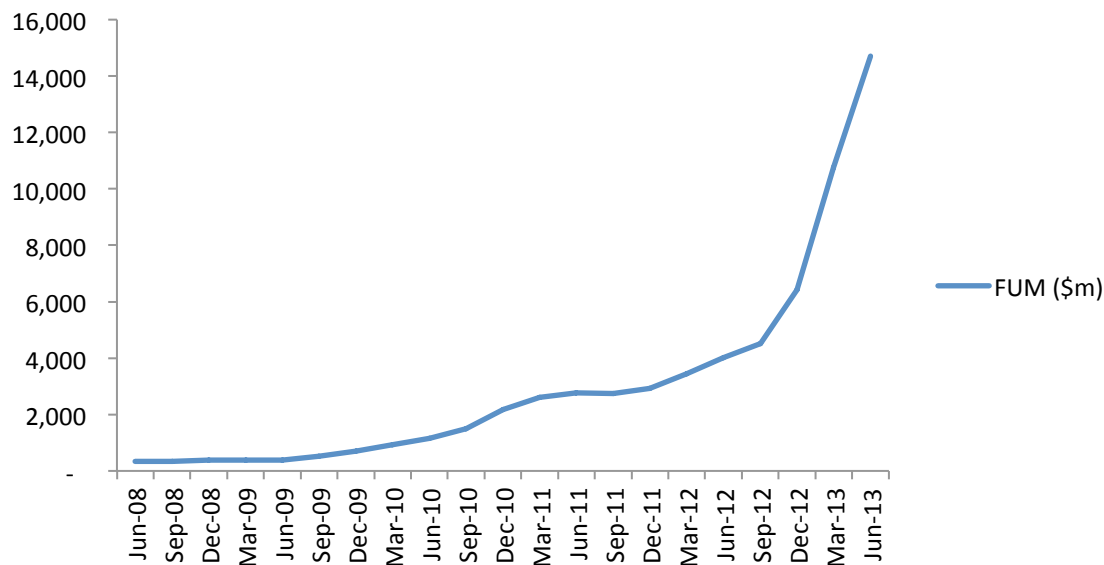
Recommendation - Hold/Take Part Profits

- A little less than 10% of Magellan Financial Group's value is an unhedged exposure to a portfolio of blue chip global companies.
- The remainder of Magellan's value is a funds management business with \$14.7 billion of assets under management and a prospective full year ordinary pre-tax earnings of around \$25 million.
- Valued by the market at more than 50 times prospective ordinary pre-tax earnings, Magellan's funds management business looks to be very fully priced. However if it can continue to attract funds inflows at its historical rate the value of the business will rapidly rise to meet its current price.

Commentary

Magellan continues to grow its funds under management at an impressive clip. At the end of June Magellan had \$14.7 billion, more than triple the \$4 billion of a year ago and double the \$6.4 billion of just six months ago.

Magellan Financial Group - Funds Under Management



Importantly Magellan's flagship Global Fund continues to outperform its benchmark over every period since inception so investors are unlikely to withdraw their funds and the job of the marketing team is made much easier in attracting new investors. Magellan is also a beneficiary of the falling Australian dollar. As the AUD falls the value of Magellan's global portfolio rises in AUD terms as do the asset-based management fees received by Magellan.

In addition to its asset-based management fees (which should amount to around \$50 million over the financial year), Magellan has reported that it will receive around \$29 million in performance fees over the 2013 financial year. Whilst this revenue is exceptionally welcome, it cannot be relied on and is not included in my valuation of this business, the base case of which currently sits around \$5.20 a share.

Just a year after re-negotiating his salary package from \$250,000 to a maximum of \$1.2 million, Magellan's CEO, Hamish Douglass, has signed a new employment agreement that lifts his maximum remuneration to \$2.5 million (half of which is performance based). Hamish also owns around 10 million shares in Magellan Financial Group and will collect a further 10.2 million shares in November 2016, having already satisfied the service conditions for the conversion of his Class B shares. This highlights the principal risk of this type of business. Its most valuable asset leaves the building every night and so the business may end up paying a high price to retain it. With the growth in its funds under management Magellan will report excellent revenue growth over 2013 but, due to the forces outlined above, I will be much more interested in how much its margins have improved over the year.

Magellan Financial Group was the second best performing constituent of the ASX 200 Index over the 2013 financial year, gaining 374%.

Platinum Asset Management

Recommendation - Hold

- The performance of Platinum's funds has fallen below that of its benchmark and the company has consequently seen the value of its funds under management decline under the weight of negative investment performance and net funds outflows.
- Platinum has no debt and a substantial cash balance.
- Whilst Platinum's current price of 25 times after-tax earnings may not appear cheap, if the company's funds can outperform the market, earnings can rise substantially without much additional expenses.

Commentary

Andrew Clifford, who co-founded Platinum Asset Management with Kerr Nielsen in 1994, has replaced Mr Nielsen as the company's Chief Investment Officer (CIO). Kerr Nielsen will remain as the company's CEO and retain responsibility for its global mandates and the bulk of the Platinum International Fund. Jacob Mitchell, who manages the very successful Platinum Japan and Platinum International Brands funds (each of which have beaten their benchmarks by more than 10% pa over the past five years), will become Platinum's Deputy CIO. Platinum now has an investment team of 27 and these moves seem a sensible measure in shifting the focus of the business from Kerr Nielsen to other talented members of the team.

Platinum has continued to grow its funds under management from \$16.6 billion to \$19.8 billion over the first five months of the 2013 calendar year. Based on the reported performance of Platinum's funds over this period, the bulk of the growth appears to be through investment performance rather than new funds inflows.

Economic Report

“More money has been lost reaching for yield than at the point of a gun.”

Ray DeVoe

“Do not accept principal risk while investing short-term cash: the greedy effort to earn a few extra basis points of yield inevitably leads to the incurrence of greater risk, which increases the likelihood of losses and severe illiquidity at precisely the moment when cash is needed to cover expenses, to meet commitments, or to make compelling long-term investments.”

Seth Klarman

The dominant theme in the Australian share market over the past year has been the “search for yield”. So much so that media articles are now referring to “the yield bubble”. Whether it is a “bubble” or not only time will tell. However what is clear is that right now yield is scarce, and therefore expensive. It is for this reason that I believe it should not be a big factor in assessing the suitability of an investment.¹

A company’s earnings can be split into those that it pays to its shareholders as cash dividends and those that it retains to fund the ongoing growth of its business. The portion that is paid out as dividends should be determined by the company’s ability to reinvest capital to grow the business, not by the appetite of its shareholders for dividends. It is sensible for a company with the opportunity to earn a good return on additional capital (such as a successful and established business expanding into new territories) to retain those earnings and therefore generate much higher future earnings.² A company without that opportunity (such as a local quarry) should return the excess capital to shareholders who are better able to deploy it themselves.

However confronted by shrinking returns from cash, where a large part of retail investors’ funds have sat over the past few years, the market is currently favouring earnings paid as dividends ahead of those that are retained. It has therefore placed a higher price on the former earnings relative to the latter.

For the value investor this presents an opportunity. While the rest of the market pushes up the price of stocks paying high dividends such as Telstra, the big four banks and Woolworths, I think we are better served progressively trimming these types of holdings (there’s no need to dump them holus bolus as bubbles often run much longer than we anticipate) and placing the proceeds in cash or in companies with the ability to generate real and sustained earnings growth over time.

Australian Shares

The All Ordinaries Index continues to be challenged by the 5,000 level and ended the financial year at 4,775, declining by 4.1% over the June quarter and rising by 15.5% over the financial year. We are currently experiencing a “two speed” market. As the China growth story continues to unravel the resource sector (and

¹ Searching for the most attractive yield right now is a bit like shopping for the cheapest bananas after a cyclone has devastated the domestic banana crop. Far more sensible to eat apples and oranges instead until the market rights itself.

² Regional Express, a company owned by most clients, is able to save \$400,000 a year in lease payments by purchasing its aircraft for around \$2 million as they come off lease – generating an easy 20% per annum return that would be unavailable to most of its shareholders.

particularly the resource support sector) has been savaged. The Metals and Mining Index fell 14.2% over the quarter and is down 16.1% over the financial year. The Industrials Index (which includes many mining services businesses) fell 7.3% over the quarter. On the other hand businesses with a large part of their earnings in foreign currencies have been buoyed on the expectation of higher Australian dollar earnings as our currency falls.

The small cap sector continues to be sold down in favour of the perceived safety of large cap stocks. The Small Ordinaries Index was down 15.3% over the quarter and by 8.3% over the financial year whilst the 50 Leaders Index was down just 2.2% over the quarter and was **up** 19.9% over the financial year. The better performing sectors were those with very predictable earnings, such as health care (up 3.9% over the quarter and 41.2% over the financial year) and telecommunications (up 6.2% over the quarter and 30.3% over the financial year).

International Markets

Global markets have generally performed well. The Dow Jones Index reported its fourth consecutive financial year of positive return, gaining 15.8%. (It has risen a total of 76.5% or 15.3% pa over those four years.)

The Japanese market has been the stand out performer, rising 51.9% over the year on the back of its government's own programme of quantitative easing. The Shanghai Composite Index was down an alarming 11.5% over the June quarter and 11.1% over the financial year.

Interest Rates

In May the RBA lowered the cash rate by 25 basis points to 2.75% at its May meeting. The US cash rates remains in "a range between 0% and 0.25%" and the Federal Reserve has indicated that it would remain in that range as long as unemployment remains above 6.5% and expected inflation is below 2.5%.

Fixed Interest

Whilst short term interest rates continued to decline, reflecting a lower cash rate, longer term rates continued to rise implying a greater degree of optimism about the future. The Australian 90 day rate declined from 3.07% to 2.80% but the local 10 year bond yield rose from 3.6% to 3.76% and the US 10 year bond yield from 1.85% to 2.53%.

Australian Dollar

It looks as though the tensions evident in the Australian dollar exchange rate may have begun to appear as cracks in our currency. The dollar has fallen against all currencies, but particularly against the US dollar (down 12.3% over the quarter to US\$0.9136) and the Euro (down 13.5% to €0.7023). A number of factors have conspired to bring about a lower Australian dollar. These include concerns about the real level of Chinese growth, the prospect of quantitative easing being scaled back as the US economy recovers and the shrinking differential between Australian and global interest rates.

Property

The listed property sector was relatively flat over the quarter – up just 1.6%, but up 17.4% over the financial year.

Cash Transaction Report

Portfolio: Smith Family Super Fund
From 01 April 2013 Through 30 June 2013

Date	Notes	Amount	Balance
1 Apr 2013	Opening Balance		\$16,282.61
1 Apr 2013	Cash Deposit - Declared Interest: Commonwealth Investment Services Limited (COM0005AU)	\$67.79	\$16,350.40
4 Apr 2013	Corporate Action - ORG.ASX Dividend	\$330.00	\$16,680.40
5 Apr 2013	Corporate Action - CSL.ASX Dividend	\$97.32	\$16,777.72
10 Apr 2013	Corporate Action - MFG.ASX Dividend	\$525.00	\$17,302.72
12 Apr 2013	Cash Deposit - Sale: 2000@313 Westfield Retail Trust (WRT)	\$6,240.05	\$23,542.77
19 Apr 2013	Corporate Action - WAX.ASX Dividend	\$700.00	\$24,242.77
26 Apr 2013	Corporate Action - WOW.ASX Dividend	\$93.00	\$24,335.77
1 May 2013	SCP Small Unitholding Sale Facility @ \$1.6347 Cash per share	\$49.05	\$24,384.82
7 May 2013	ATO - 2012 tax	\$(2,409.66)	\$21,975.16
9 May 2013	Concessional Contribution	\$15,000.00	\$36,975.16
10 May 2013	Concessional Contribution	\$10,000.00	\$46,975.16
10 May 2013	Cash Withdrawal - Purchase: 20000@100 UBank SMSF Saver (UBSMSF)	\$(20,000.00)	\$26,975.16
16 May 2013	Corporate Action - MFF.ASX Dividend	\$834.54	\$27,809.70
17 May 2013	Cash Withdrawal - Purchase: 10000@112.5 Regional Express Holdings Limited (REX)	\$(11,279.95)	\$16,529.75
17 May 2013	Cash Deposit - Sale: 9500@46 HGL Limited (HNG)	\$4,350.05	\$20,879.80
3 Jun 2013	Cash Withdrawal - Purchase: 179@5583 Cochlear Limited (COH)	\$(10,013.52)	\$10,866.28
6 Jun 2013	Cash Deposit - Sale: 15000@133.5 Magellan Flagship Fund Limited (MFF)	\$19,995.05	\$30,861.33
11 Jun 2013	Cash Deposit - Sale: 500@239 Hunter Hall International Limited (HHL)	\$1,175.05	\$32,036.38
12 Jun 2013	Cash Withdrawal - Purchase: 5000@103 Templeton Global Growth Fund Limited (TGG)	\$(5,169.95)	\$26,866.43
18 Jun 2013	Cash Deposit - Sale: 10000@100 UBank SMSF Saver (UBSMSF)	\$10,000.00	\$36,866.43
18 Jun 2013	Cash Withdrawal - Purchase: 16240.0935@153.94 Magellan Global Fund (MGE0001AU)	\$(25,000.00)	\$11,866.43
20 Jun 2013	Cash Withdrawal - Purchase: 300@3302 ASX Limited (ASX)	\$(9,925.95)	\$1,940.48
24 Jun 2013	Cash Deposit - Sale: 6000@100 UBank SMSF Saver (UBSMSF)	\$6,000.00	\$7,940.48
24 Jun 2013	Cash Withdrawal - Purchase: 200@2759 Westpac Banking Corporation (WBC)	\$(5,537.95)	\$2,402.53
30 Jun 2013		Closing Balance	\$2,402.53

Purchases and Sales

Portfolio: Smith Family Super Fund
From 01 April 2013 Through 30 June 2013

Trade Date	Quantity	Security	Unit Price	Consideration	Commission & Brokerage	GST
Purchases						
17 May 2013	10,000.0000	Regional Express - Ordinary Fully Paid	\$1.1250	\$11,279.95	\$27.23	\$2.72
3 Jun 2013	179.0000	Cochlear Limited - Ordinary Fully Paid	\$55.8300	\$10,013.52	\$18.14	\$1.81
12 Jun 2013	5,000.0000	Templeton Global - Ordinary Fully Paid	\$1.0300	\$5,169.95	\$18.14	\$1.81
18 Jun 2013	16,240.0935	Magellan Global Fund	\$1.5394	\$25,000.00	\$0.00	\$0.00
20 Jun 2013	300.0000	ASX Limited - Ordinary Fully Paid	\$33.0200	\$9,925.95	\$18.14	\$1.81
24 Jun 2013	200.0000	Westpac Banking Corp - Ordinary Fully Paid	\$27.5900	\$5,537.95	\$18.14	\$1.81
Total for Purchases				\$66,927.32	\$99.79	\$9.96
Trade Date	Quantity	Security	Unit Price	Consideration	Commission & Brokerage	GST
Sales						
12 Apr 2013	2,000.0000	Westfield Retail Tst - Units Fully Paid Stapled Securities	\$3.1300	\$6,240.05	\$18.14	\$1.81
17 May 2013	9,500.0000	HGL Limited - Ordinary Fully Paid	\$0.4600	\$4,350.05	\$18.14	\$1.81
6 Jun 2013	15,000.0000	Magellan Flagship - Ordinary Fully Paid	\$1.3350	\$19,995.05	\$27.23	\$2.72
11 Jun 2013	500.0000	Hunter Hall Inter. - Ordinary Fully Paid	\$2.3900	\$1,175.05	\$18.14	\$1.81
Total for Sales				\$31,760.20	\$81.65	\$8.15

Dividend/Distribution Details - Total Summary

Portfolio: Smith Family Super Fund
From 01 April 2013 Through 30 June 2013

	Trade Date	Settlement Date	Div/Dist Amount	Cash Amount
CSL Limited - Ordinary Fully Paid				
	5 Mar 2013	5 Apr 2013	\$97.32	\$97.32
Total for CSL Limited - Ordinary Fully Paid:			\$97.32	\$97.32
Commonwealth Investment Services - Commonwealth Cash Management Trust				
	1 Apr 2013	1 Apr 2013	\$67.79	\$67.79
Total for Commonwealth Investment Services - Commonwealth Cash Management Trust:			\$67.79	\$67.79
Magellan Fin Grp Ltd - Ordinary Fully Paid				
	26 Feb 2013	10 Apr 2013	\$525.00	\$525.00
Total for Magellan Fin Grp Ltd - Ordinary Fully Paid:			\$525.00	\$525.00
Magellan Flagship - Ordinary Fully Paid				
	15 Apr 2013	16 May 2013	\$834.54	\$834.54
Total for Magellan Flagship - Ordinary Fully Paid:			\$834.54	\$834.54
Origin Energy - Ordinary Fully Paid				
	26 Feb 2013	4 Apr 2013	\$330.00	\$330.00
Total for Origin Energy - Ordinary Fully Paid:			\$330.00	\$330.00
UBank SMSF Saver				
	31 May 2013	31 May 2013	\$54.97	\$54.97
	30 Jun 2013	30 Jun 2013	\$46.61	\$46.61
Total for UBank SMSF Saver:			\$101.58	\$101.58
WAM Research Ltd - Ordinary Fully Paid				
	8 Apr 2013	19 Apr 2013	\$700.00	\$700.00
Total for WAM Research Ltd - Ordinary Fully Paid:			\$700.00	\$700.00
Woolworths Limited - Ordinary Fully Paid				
	18 Mar 2013	26 Apr 2013	\$93.00	\$93.00
Total for Woolworths Limited - Ordinary Fully Paid:			\$93.00	\$93.00
		Grand Total:	\$2,749.23	\$2,749.23

Portfolio Valuation

Portfolio: Smith Family Super Fund

As At: 30 June 2013

Product	Quantity	Unit Cost	Net Cost	Unit Value	Market Value	% Market Value	Gain/Loss
SMITH FAMILY SUPER FUND							
Cash							
Commonwealth Investment Services - Commonwealth Cash Management Trust	2,402.5300	\$1.0000	\$2,402.53	\$1.0000	\$2,402.53	0.38%	\$0.00
UBank SMSF Saver	4,101.5800	\$1.0000	\$4,101.58	\$1.0000	\$4,101.58	0.65%	\$0.00
Total for Cash:			\$6,504.11		\$6,504.11	1.03%	\$0.00
Consumer Staples							
Woolworths Limited - Ordinary Fully Paid	150.0000	\$23.9121	\$3,586.82	\$32.8100	\$4,921.50	0.78%	\$1,334.68
Total for Consumer Staples:			\$3,586.82		\$4,921.50	0.78%	\$1,334.68
Energy							
Origin Energy - Ordinary Fully Paid	1,320.0000	\$10.8352	\$14,302.50	\$12.5700	\$16,592.40	2.63%	\$2,289.90
Total for Energy:			\$14,302.50		\$16,592.40	2.63%	\$2,289.90
Financials							
ASX Limited - Ordinary Fully Paid	300.0000	\$33.0200	\$9,906.00	\$33.0700	\$9,921.00	1.58%	\$15.00
Hunter Hall Global - Ordinary Fully Paid	36,250.0000	\$1.0437	\$37,833.75	\$0.8500	\$30,812.50	4.89%	\$(7,021.25)
Hunter Hall Inter. - Ordinary Fully Paid	1,750.0000	\$11.0751	\$19,381.36	\$1.7300	\$3,027.50	0.48%	\$(16,353.86)
Magellan Fin Grp Ltd - Ordinary Fully Paid	10,500.0000	\$0.8347	\$8,764.70	\$9.6400	\$101,220.00	16.07%	\$92,455.30
Magellan Flagship - Ordinary Fully Paid	68,454.0000	\$0.7900	\$54,080.60	\$1.3450	\$92,070.63	14.62%	\$37,990.03
Platinum Asset - Ordinary Fully Paid	6,000.0000	\$5.4200	\$32,520.00	\$5.4700	\$32,820.00	5.21%	\$300.00
QBE Insurance Group - Ordinary Fully Paid	2,518.0000	\$15.2990	\$38,522.94	\$15.0900	\$37,996.62	6.03%	\$(526.32)
Templeton Global - Ordinary Fully Paid	49,000.0000	\$1.0488	\$51,390.00	\$1.0500	\$51,450.00	8.17%	\$60.00
Treasury Group - Ordinary Fully Paid	2,500.0000	\$12.8411	\$32,102.63	\$7.0700	\$17,675.00	2.81%	\$(14,427.63)
WAM Research Ltd - Ordinary Fully Paid	20,000.0000	\$1.0825	\$21,650.00	\$0.9700	\$19,400.00	3.08%	\$(2,250.00)
Westfield Group - Ordinary/Units Fully Paid Stapled Securities	1,600.0000	\$13.7587	\$22,013.86	\$11.4400	\$18,304.00	2.91%	\$(3,709.86)
Westpac Banking Corp - Ordinary Fully Paid	900.0000	\$21.8067	\$19,626.00	\$28.8800	\$25,992.00	4.13%	\$6,366.00
Total for Financials:			\$347,791.84		\$440,689.25	69.98%	\$92,897.41

Portfolio Valuation

Portfolio: Smith Family Super Fund

As At: 30 June 2013

Product	Quantity	Unit Cost	Net Cost	Unit Value	Market Value	% Market Value	Gain/Loss
Health Care							
Cochlear Limited - Ordinary Fully Paid	279.0000	\$53.9375	\$15,048.57	\$61.7100	\$17,217.09	2.73%	\$2,168.52
CSL Limited - Ordinary Fully Paid	200.0000	\$30.7300	\$6,146.00	\$61.5800	\$12,316.00	1.96%	\$6,170.00
Total for Health Care:			\$21,194.57		\$29,533.09	4.69%	\$8,338.52
Industrials							
Regional Express - Ordinary Fully Paid	40,835.0000	\$1.0482	\$42,801.90	\$1.1250	\$45,939.38	7.29%	\$3,137.48
Total for Industrials:			\$42,801.90		\$45,939.38	7.29%	\$3,137.48
Information Technology							
Computershare Ltd - Ordinary Fully Paid	2,680.0000	\$8.9765	\$24,057.10	\$10.2700	\$27,523.60	4.37%	\$3,466.50
Total for Information Technology:			\$24,057.10		\$27,523.60	4.37%	\$3,466.50
International Cash							
Betashares Us Dollar - Exchange Traded Fund Units Fully Paid	1,000.0000	\$9.3500	\$9,350.00	\$10.6800	\$10,680.00	1.70%	\$1,330.00
Total for International Cash:			\$9,350.00		\$10,680.00	1.70%	\$1,330.00
International Equity							
Berkshire Hathaway (B Class)	150.0000	\$88.5039	\$13,275.58	\$122.5000	\$18,375.00	2.92%	\$5,099.42
Magellan Global Fund	16,240.0935	\$1.5394	\$25,000.00	\$1.5495	\$25,164.02	4.00%	\$164.02
Total for International Equity:			\$38,275.58		\$43,539.02	6.91%	\$5,263.44
Materials							
Great Southern Ltd - 6.4% Perp.Sub.Convertible Nte Reset Oct2009 Trees2	200.0000	\$82.5095	\$16,501.90	\$6.4950	\$1,299.00	0.21%	\$(15,202.90)
Total for Materials:			\$16,501.90		\$1,299.00	0.21%	\$(15,202.90)

Portfolio Valuation

Portfolio: Smith Family Super Fund

As At: 30 June 2013

Product	Quantity	Unit Cost	Net Cost	Unit Value	Market Value	% Market Value	Gain/Loss
Utilities							
Infigen Energy - Stapled Securities Fully Paid	10,000.0000	\$0.3800	\$3,800.00	\$0.2550	\$2,550.00	0.40%	\$(1,250.00)
			Total for Utilities:		\$2,550.00	0.40%	\$(1,250.00)
			Total for SMITH FAMILY SUPER FUND:		\$629,771.35	100.00%	\$101,605.03
			Grand Total:		\$629,771.35	100.00%	\$101,605.03

Meritum - Performance (IRR) - Before Fees Cash Basis

Portfolio: Smith Family Super Fund
From 01 July 2012 Through 30 June 2013

Position	Market Value At Start	Net Investment Transactions	Growth	Market Value At End	Total Income	Percent Return pa
Hunter Hall Inter. - Ordinary Fully Paid	\$7,537.50	\$(1,195.00)	\$(3,315.00)	\$3,027.50	\$546.75	-38.84%
HGL Limited - Ordinary Fully Paid	\$7,695.00	\$(4,370.00)	\$(3,325.00)	\$0.00	\$570.00	-38.14%
Magellan Fin Grp Ltd - Entitlement To Shares In Magellan Flagship Fund	\$0.00	\$0.00	\$(0.00)	\$0.00	\$0.00	0.00%
Magellan Fin Grp Ltd - Ent.To Magellan Flagship Fund Option Exp31-Oct2017	\$0.00	\$0.00	\$(0.00)	\$0.00	\$0.00	0.00%
Woolworths Limited - Entitlement To Shares In Sca Property Group	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Great Southern Ltd - 6.4% Perp.Sub.Convertible Nte Reset Oct2009 Trees2	\$1,299.00	\$0.00	\$0.00	\$1,299.00	\$0.00	0.00%
Sca Property Group - Units Fully Paid Stapled Securities	\$0.00	\$(13.37)	\$13.37	\$0.00	\$0.00	37.48%
ASX Limited - Ordinary Fully Paid	\$0.00	\$9,906.00	\$15.00	\$9,921.00	\$0.00	0.15%
Billabong - Ordinary Fully Paid	\$0.00	\$(100.00)	\$100.00	\$0.00	\$0.00	1.22%
UBank SMSF Saver	\$0.00	\$4,101.58	\$0.00	\$4,101.58	\$101.58	0.59%
Magellan Global Fund	\$0.00	\$25,000.00	\$164.02	\$25,164.02	\$0.00	0.66%
Commonwealth Investment Services - Commonwealth Cash Management Trust	\$14,051.86	\$(11,649.33)	\$0.00	\$2,402.53	\$191.06	1.02%
Infigen Energy - Stapled Securities Fully Paid	\$2,250.00	\$0.00	\$300.00	\$2,550.00	\$0.00	13.33%
Cochlear Limited - Ordinary Fully Paid	\$6,584.00	\$9,993.57	\$639.52	\$17,217.09	\$250.00	12.58%
Westfield Retail Tst - Units Fully Paid Stapled Securities	\$5,700.00	\$(6,260.00)	\$560.00	\$0.00	\$375.00	16.92%
Woolworths Limited - Ordinary Fully Paid	\$4,020.00	\$(35.68)	\$937.18	\$4,921.50	\$193.50	28.87%
Origin Energy - Ordinary Fully Paid	\$12,444.00	\$3,667.50	\$480.90	\$16,592.40	\$660.00	7.25%
Betashares Us Dollar - Exchange Traded Fund Units Fully Paid	\$0.00	\$9,350.00	\$1,330.00	\$10,680.00	\$0.00	14.22%
Westfield Group - Ordinary/Units Fully Paid Stapled Securities	\$9,500.00	\$6,618.00	\$2,186.00	\$18,304.00	\$495.00	24.50%
Magellan Flagship - Option Expiring 31-Oct-2017	\$0.00	\$(3,612.84)	\$3,612.84	\$0.00	\$0.00	537.54%
Regional Express - Ordinary Fully Paid	\$23,573.78	\$20,398.50	\$1,967.10	\$45,939.38	\$1,992.15	14.39%
Computershare Ltd - Ordinary Fully Paid	\$8,373.30	\$15,397.50	\$3,752.80	\$27,523.60	\$421.40	33.61%
CSL Limited - Ordinary Fully Paid	\$7,884.00	\$0.00	\$4,432.00	\$12,316.00	\$191.32	59.26%
QBE Insurance Group - Ordinary Fully Paid	\$33,690.84	\$0.00	\$4,305.78	\$37,996.62	\$1,259.00	16.93%
Berkshire Hathaway (B Class)	\$12,499.50	\$0.00	\$5,875.50	\$18,375.00	\$0.00	47.01%
WAM Research Ltd - Ordinary Fully Paid	\$14,400.00	\$0.00	\$5,000.00	\$19,400.00	\$1,350.00	45.83%
Hunter Hall Global - Ordinary Fully Paid	\$25,012.50	\$0.00	\$5,800.00	\$30,812.50	\$616.25	25.81%
Westpac Banking Corp - Ordinary Fully Paid	\$14,791.00	\$5,518.00	\$5,683.00	\$25,992.00	\$998.00	47.25%
Treasury Group - Ordinary Fully Paid	\$10,050.00	\$0.00	\$7,625.00	\$17,675.00	\$925.00	88.92%

Meritum - Performance (IRR) - Before Fees Cash Basis

Portfolio: Smith Family Super Fund
From 01 July 2012 Through 30 June 2013

Position	Market Value At Start	Net Investment Transactions	Growth	Market Value At End	Total Income	Percent Return pa
Platinum Asset - Ordinary Fully Paid	\$23,340.00	\$0.00	\$9,480.00	\$32,820.00	\$1,260.00	47.42%
Blackmores Limited - Ordinary Fully Paid	\$51,686.25	\$(63,188.44)	\$11,502.19	\$0.00	\$1,634.27	36.20%
Templeton Global - Ordinary Fully Paid	\$23,120.00	\$13,650.00	\$14,680.00	\$51,450.00	\$510.00	60.01%
Magellan Flagship - Ordinary Fully Paid	\$46,200.00	\$6,970.60	\$38,900.03	\$92,070.63	\$1,434.54	74.35%
Magellan Fin Grp Ltd - Ordinary Fully Paid	\$22,575.00	\$0.00	\$78,645.00	\$101,220.00	\$4,608.45	385.29%
Grand Total:	\$388,277.53	\$40,146.60	\$201,347.22	\$629,771.35	\$20,583.27	57.03%