Performance Tables

Managed & Superannuation funds

Turn to p.10

Little Gems

With many investors considering re-entering the markets, we consider the opportunity of investing through boutique funds.

The managed funds space has historically been dominated by a handful of large companies offering a wide array of managed funds to investors. More often than not, these funds perform solidly until their large size inhibits their ability to generate outperformance.

More often than not, risk management then dictates the portfolio composition rather than the skill of the manager. This often leads to good managers seeking new opportunities in which to generate their returns. In doing so, they often take equity positions which provides motivation to outperform the index and their peers. In my experience, these managers are willing to go that extra mile.

Opportunity for smaller funds

Boutique fund managers do not necessarily have the scale of the big institutions but if they are well resourced, they can really make their mark.

Due to their size, large managed funds can often find it difficult to initiate and eventually wind down a position in a company, their own sales and purchases alone can easily move the price of a share.

More often than not, this leads to a manager investing in liquid companies with the unintended result of hugging the index. This counters the reason why you invest with an active fund manager in the first place.

Flexible Investment Strategies

By contrast, smaller fund managers are able to move in and out of their investments much more readily. Furthermore, these managers have usually provided themselves with a greater level of freedom in the investments they can make, allowing them to hold a larger proportion in cash or move from smaller to larger companies as opportunities arise.

Last year I tipped stock picker funds to outperform index funds for 2009 in our February edition, and although we have seen somewhat of a recovery since our lows in March, until the global economy is growing again and Government budgets are financed, I suspect we aren't through the woods yet and are likely to see a continuance of volatility in the investment markets over the next 2 years.

This provides opportunity to managers who are flexible with their investment strategies and investors would do well to consider boutiques as an alternative to some of the large fund managers.

Putting their money where their mouth is

Unlike many other industries, a managed fund provides no instant reward for your money you purchase shares/units in a fund on the premise that they should be a greater value at some time in the future and are reliant upon the manager delivering.

I have always felt that a true test of character is whether someone is willing to put their money where their mouth is. Fund managers for these smaller investment houses tend to own equity in their company and as a result I have always taken a keen interest in boutique funds. After all, they have a vested interest in ensuring the fund is performing over the longer term.

This issue sees us featuring two of the most successful boutique Australian share managers in the market; the **Wilson HTM Priority Growth Fund**, ranked number one over 3 years* and **Prime Value Growth Fund**, one of the top performing funds over the last 5 years.

Performance of the largest Australian Equity funds vs Prime Value Growth and Wilson HTM Priority Growth Fund

(Figures to 28th February 2010)

Product Name	1 Year	3 Years	5 Years	Volatility (3yr std deviation)	FUM ($Million)
Ausbil Australian Active Equity Fund	46.7%	-0.4%	**8.7%**	18.5	$2,980
Perennial Value Shares Wholesale Trust	**56.6%**	**0.2%**	7.8%	18.8	$1,976
CFS Wholesale Imputation	46.2%	-1.5%	6.9%	**17.3**	$2,073
Vanguard Australian Shares Index Fund	44.5%	-3.4%	6.4%	18.5	$3,684
Perpetual Wholesale Industrial Fund	47.2%	-3.7%	4.9%	17.3	$3,492
Average top 5 manager returns	***41.1%***	***0.4%***	***8.7%***	***17.7***	
Average top 20 manager returns	*39.0%*	*0.7%*	*8.9%*	*18.0*	
Prime Value Growth Fund	**32.1%**	**0.9%**	**8.0%**	**16.4**	**$136**
Wilson HTM Priority Growth Fund	**76.4%**	**11.5%**	**-**	**29.5**	**$115**
S&P/ASX 200 Accumulation Index	44.7%	-3.2%	6.7%		

Investment Ideas

Where to next?

Where are the markets heading in 2010 *Turn to p.6*

Wilson HTM Priority Growth Fund

This fund is aimed at investors seeking high growth from small to mid cap Australian equities.

Leading the way

Launched in 2005 to prove the strength of Wilson HTM's in-house research, the Wilson HTM Priority Growth Fund has provided investors with a return of over 29%pa^ and has certainly proved to be a fund to consider

We have had our eye on the Priority Growth Fund for some time now and have been asked about this fund on numerous occasions.

My initial concerns were whether this boutique manager would be able to continue to produce the goods as the fund grew in size, and whether its significant outperformance in early 2007 was really down to manager performance, or more of a rising tide lifting all boats.

Since then, we have experienced a meltdown in the financial markets, a significant fall in the number of initial public offers coming to market, and the fund has grown from $50 Million to over $115 Million.

In my opinion, any one of these factors alone could significantly impact on the fund's performance relative to its peers, yet it has continued to outperform and is currently **the number ranked Australian Equity Fund** over 3 years*.

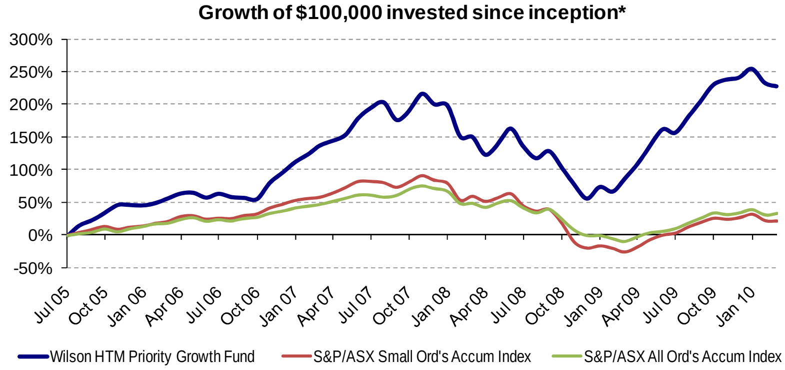
Wilson HTM have certainly proven the strength of their investment team, outperforming the majority of their peers in both rising and falling markets.

We think investors would do well to consider adding this fund as part of their overall allocation to Australian Equities.

Fund Manager: Sandy Grant

"Our value lies in combining the strength of Wilson HTM research with the guaranteed access the Fund has to IPO's and other capital raisings managed by Wilson HTM Corporate Finance."

Growth of $100,000 invested since inception*



Latest Fund Returns 28/02/2010

1 year return	**76.5%**
3 year return	**11.4%pa**

No Adviser fees

Fees & Charges

Contribution fee with WF	**Nil**
No Adviser service fee with WF	
Annual Charge (MER)	1.25%
Performance fee *(over benchmark)*	20%
Withdrawal fee	Nil

28 day withdrawal period applies to this fund

Key strengths

1. **Strong performance -** Returning 29% p.a. since its inception in 2005, the Wilson HTM Priority Growth Fund has outperformed its benchmark, the S&P/ASX Small Ord's Accumulation Index by 24% p.a.^ and is currently the number 1 ranked Australian Equity Fund over 3 years*
2. **Priority Access to IPOs** managed by Wilson HTM Corporate Finance, allows the fund to benefit from institutional pricing and guaranteed access to sought after capital raisings.
3. **In-house investment team** - Fund manager, Sandy Grant, attributes much of the Fund's success to the quality of the in-house research team and guaranteed access to IPOs and other capital raisings managed by Wilson HTM Corporate Finance.
4. **Alignment of Interest -** Reflecting their strong belief in their own investment philosophy, Wilson HTM Investment Group and its key staff hold 19% of the Fund *(as at 28/02/2010)*.

^ Net returns to 28 February 2010. The Wilson HTM Priority Growth Fund ARSN 117 083 762 ('Fund') inception date is 4 July 2005. Past performance is not indicative of future performance. Interests in the Fund are issued by WHTM Capital Management Limited ABN 29082494362 AFSL 238371. *1. The Fund's No. 1 ranking is based on 3 year investment returns for all Australian Equity investment trusts to 28 February 2010 from Morningstar. © 2010 Morningstar, Inc. All rights reserved. Neither Morningstar nor its affiliates nor their content providers guarantee the above data or content to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice has been prepared by Morningstar Australasia Pty Ltd ABN 95 090 665 544, AFSL 240892 a subsidiary of Morningstar, Inc. and the information provided is without reference to your objectives, financial situation or needs. Refer to the Financial Services Guide for more information at www.morningstar.com.au/fsg.pdf, and read the Fund's Product Disclosure Statement before investing.

Prime Value Growth Fund

$20k Min. with WF

This fund is benchmark unaware and aims to provide long term capital growth from Australian Equities.

Flexibility is everything

Flexibility to allocate significantly to cash can be an advantage when you see the signs that a market is over-heating. The GFC provided the perfect stage for Han Lee of Prime Value to show off his skills in capital preservation in volatile equity markets.

Having launched in 1998 and won several awards over the years, Prime Value has proven to be a boutique manager to watch.

Manager: Han Lee

"Our size gives us added flexibility to manoeuvre within changing markets."

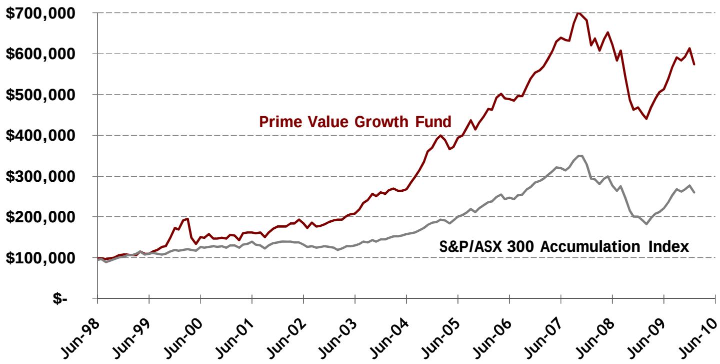
Higher returns with lower risk

A prime example of the benefits of investing with boutique managers is the Prime Value Growth Fund. This fund has outperformed 16 out of the top 20 largest Aussie Equity funds over the last 5 years and yet has managed to maintain a lower level of volatility (risk) than 19 of these funds.

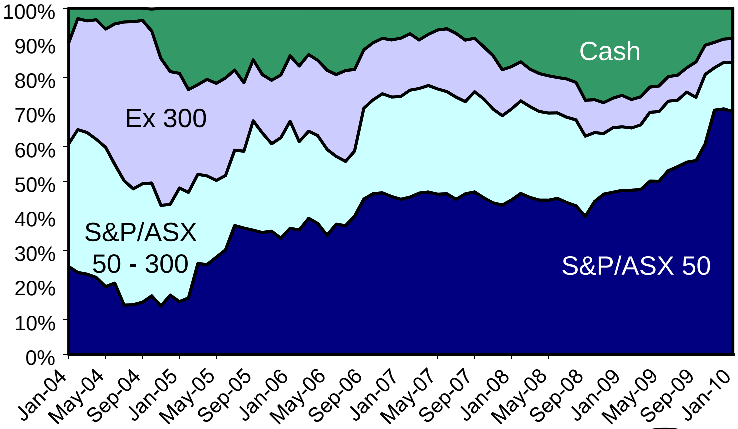
Not afraid to move to cash

Fund Manager, Han Lee's conviction that the markets were beginning to look overvalued, saw a gradual shift in focus towards larger/more secure companies and the credit crunch saw the fund increase its allocation to cash increase to nearly 30%.

Fund Performance *(31/01/2010)*



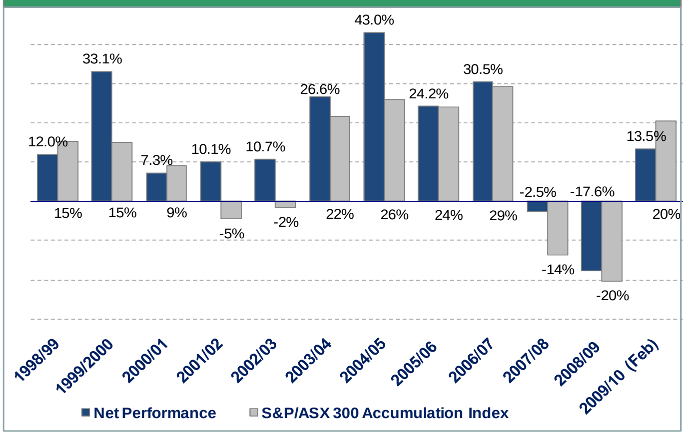
Prime Value Growth Fund Movements in Asset Allocation



Outperforming due to a flexible investment strategy

We feel that the changing investment landscape means that managers with flexible strategies are likely to benefit. Prime Value has successfully demonstrated this capability, initially outperforming from smaller caps before an early shift in focus towards resources then moving towards larger cap stocks and cash.

Prime Value Growth vs S&P/ASX 300 Acc. Index



Fees & Charges

Entry fee with WF	Nil
Annual Charge (MER)	1.44%
Performance fee	20%
(over S&P ASX 300 Accum. Index)	

No Adviser fees

Insight

Han Lee and his team believe that emerging markets, over the longer term, will be a key growth driver for Australian companies and have positioned their fund accordingly.

If you are looking for an established Australian Equity manager with a track record of outperforming the larger/more well known managed funds, then the Prime Value Growth Fund is a fund to consider.