

Ibbotson International Shares High Opportunities (Hedged) Trust

Risk Profile

High

Investment Horizon

5 years

Inception

2 March 2007

Trust Size \$Mil

21.7

Benchmark

MSCI All Country World ex-Australia Index with Net Dividends Reinvested (A\$ Hedged)

Investment Summary

Investment Objective

To maximise outperformance relative to the benchmark (MSCI All Country World ex-Australia Index with Net Dividends Reinvested (A\$ Hedged)) over rolling five year periods, by investing predominantly in listed international shares, supplemented by a passive currency overlay.

Multi-Manager Trust

Ibbotson selects specialist and complementary active managers, with varying investment styles, that are expected to deliver superior investment returns in excess of their performance benchmarks.

Available to wholesale investors, and indirectly to retail investors via select retail platforms.

Diversified International Shares

The portfolio is invested in listed international shares across developed and emerging markets. It also utilises a passive currency overlay manager to hedge its currency exposure.

Key Attributes

Access to numerous specialist international equity managers, ordinarily not available to Australian investors.

Access to skilled, high conviction managers that are capable of generating superior long-term performance potential.

Risk control through packaging a combination of managers with varying investment styles.

The ability to identify exceptional managers throughout the world is assisted by our access to global resources.

Operations

Unit Pricing	Daily
Distributions	Quarterly
Maximum Tracking Error	8% pa
Management Fee ³	Up to 1.28%
Buy/Sell Spread	0.25% / 0.25%

Quarterly Commentary

The International Shares High Opportunities (Hedged) Trust outperformed its benchmark by +1.7% for the June quarter. HOT's return was -8.4% relative to the benchmark return of -10.1% with its outperformance attributed to strong stock selection within Emerging Markets, and Financials (largely from non-Bank financials). Sector selection also added value due to HOT's overweight position to the outperforming Consumer Discretionary sector and underweight to the underperforming Energy sector. Marathon and Sands were the main drivers of outperformance over the quarter, while Bernstein underperformed the benchmark.

In regard to HOT's positioning it continues to be underweight the Energy and the Utilities sectors, whilst the major overweight is Consumer Discretionary (around 7.6% overweight). HOT remains underweight the US market (albeit a small underweight by historical standards) and Europe ex-UK, with the majority of the overweight in the Asia ex-Japan region.

Performance ¹ 30-06-10



Total Return %	1 Month	3 Months	FYTD	1 Year	3 Years (pa)
Trust	-3.41	-8.40	20.96	20.96	-11.68
Benchmark	-3.39	-10.14	14.96	14.96	-10.14
Active Return	-0.02	+1.74	+6.00	+6.00	-1.54

Portfolio Analysis ² 30-06-10

Regional allocations	% +/- Bmark %	Top/Bottom 5 Divergent Stock Positions	+/- Bmark %
North America	44.1 -4.9	Cablevision Systems	+1.2
Europe ex-UK	16.5 -0.8	Jardine Matheson	+0.8
Emerging Markets	12.5 -0.4	Amazon	+0.8
UK	9.6 +1.0	Costco Wholesale	+0.7
Japan	8.7 -0.7	Jardine Strategic	+0.7
Pacific ex-Japan	6.4 +3.8	Exxon Mobil	-1.3
Cash	2.1 +2.1	IBM	-0.7
		Johnson & Johnson	-0.7
		Procter & Gamble	-0.7
		AT&T	-0.7

Manager Weightings



Manager	Style	%
Marathon	Contrarian (global)	38.6
Altrinsic	Value (global)	24.0
Axiom	Growth (global)	15.8
Sands Capital	Growth (global)	11.8
Bernstein	Value (global)	9.9
Vanguard	Passive currency overlay	N/A

Manager Styles

Contrarian: An approach that often includes holding stocks currently out of favour with the market.

Value: An approach that focuses on selecting stocks that are regarded as relatively cheap based on various price measures.

Growth: The focus is on selecting stocks that are regarded as having above average earnings potential.

Passive currency overlay: Managed by Vanguard with the aim of neutralising the portfolio's currency exposure by closely tracking the currency basket of the benchmark index.

Notes

1. Performance measures are expressed before fees, costs and taxes are deducted. Trust inception date 2 March 2007, performance reporting commenced March 2007.

2. Allocations may not add up to 100% due to the rounding of individual components.

3. The Management fee is inclusive of GST and can be negotiated for direct investors. Refer to the current disclosure document for more information on fees and costs.