van Eyk Three Pillars – June 2004 Quarterly report

Company Results 30 June 2004

Company Results - June '04	Before tax	After Tax
Profit (5 months since listing)	$3,177,886	$2,926,131
EPS *		9.4 cents
Dividend declared (fully franked)		1.5 cents
NTA	$1.04	$1.03
Share Price (VTP) at 30 June '04		91 cents
Option Price (VTPO) at 30 June '04		3 cents
VTP Stock Turnover in June 2004		625,012

LIC Characteristics - June '04	Actual %	Permitted %
Blue Chip	55	0 – 60
Growth	20	0 – 60
Special Situations	18	0 – 60
Cash	7	
No. of shares in portfolio	**33 stocks**	

** Earnings Per Share (EPS) for the period since inception - post tax and expenses*

Performance Commentary

The company listed on 28 January 2004 and was quickly fully invested. At the time of listing the NTA per share was 97 cents.

By 30 June 2004 the NTA had increased to $1.03. There was a significant increase in the value of the portfolio, as reflected by the EPS* of 9.4 cents.

While the five months return of the company's gross portfolio of 6.76% is below the S&P/ASX 300 Accumulation Index of 8.63% the directors believe the consistent application of the van Eyk Research investment philosophy will continue to provide strong returns.

Top 10 Holdings - June '04		
ASX Code	van Eyk Classification	% Portfolio
CBA	Blue Chip	6.55
ANZ	Blue Chip	6.34
NAB	Blue Chip	6.24
TAH	Blue Chip	5.05
QBE	Blue Chip	4.99
LNN	Blue Chip	4.84
TOL	Blue Chip	4.74
PBL	Blue Chip	4.51
FXJ	Blue Chip	4.42
WOW	Blue Chip	4.13
Total		**51.81**

Investment Philosophy

The Company's Portfolio is made up of three sub portfolios, The following process has been applied to the construction of the sub portfolios (Blue Chip, Growth and Special Situations) and will continue to be applied in the on going management of the Portfolio. The sub portfolios will be blended with consideration given to the appropriate balance between large and small entities as well as diversification by industry sectors and van Eyk Research's company 'classifications'. The van Eyk Research share selection process ranks key financial variables and valuation assessments for each of the ASX 300 constituent entities. This is a six-stage process that incorporates quality assessment, classification, valuation, ranking, portfolio construction and blending.

Portfolio Construction

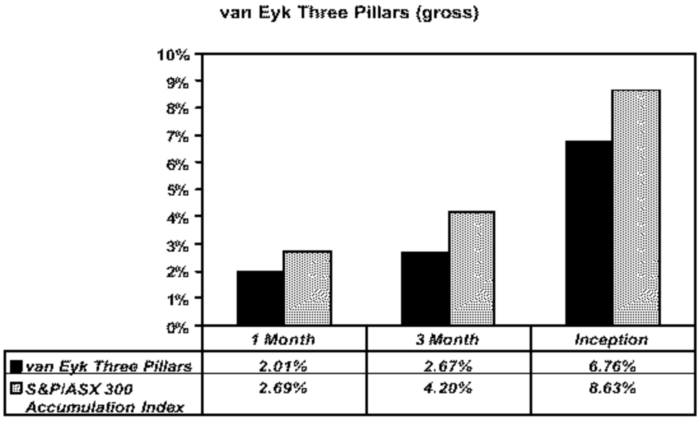
The selection criteria for each sub portfolio is as follows:

- *Blue Chip* – This sub portfolio is taken from the Top 100 stocks by market capitalisation, using the rankings from the van Eyk Research Free Cash Flow, valuation methodology. The aim is to select a diversified 12 stock portfolio of quality companies at a reasonable price. The 'Blue Chip' is the most conservative of the three sub portfolios, and aims for low turnover.
- *Growth* – The Growth sub portfolio selection is taken form the van Eyk Research 'Dynamic Growth' and 'Stalwart' classifications, which are at the high end of van Eyk Research quality scale. The aim is to select a 12 stock portfolio of quality growth companies at bargain prices, whilst maintaining reasonable diversification across sectors.
- *Special Situation* – The Special Situations portfolio is a selection of 12 undervalued stocks, which may have the potential for market re-rating, turnaround or takeover. The selection is taken form the lower end of the quality scale. The selection has a contrarian flavour. The portfolio is selected from the van Eyk Research Slug, Cyclical, Turnaround and Asset Situation classification. By its very nature this selection will be the most adventurous of the three sub portfolios.

Further details of the investment philosophy are included in the prospectus at www.threepillars.vaneyk.com.au

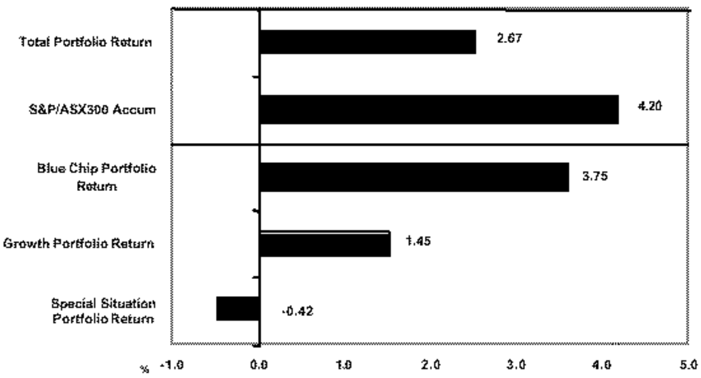
Contact Details:
phone: 02 8236 7700
web: www.threepillars.vaneyk.com.au

Returns (GROSS)

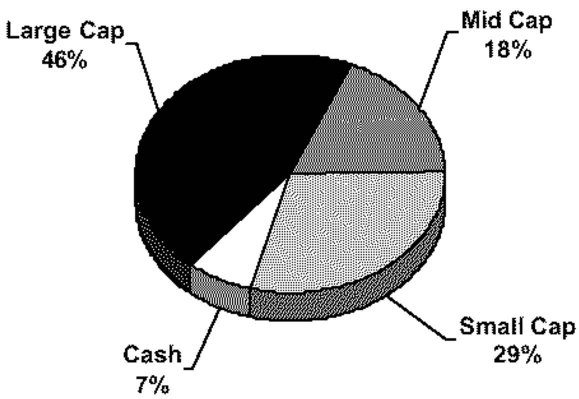


	1 Month	3 Month	Inception
van Eyk Three Pillars	2.01%	2.67%	6.76%
S&P/ASX 300 Accumulation Index	2.69%	4.20%	8.63%

Quarterly Return Attribution (NET of Fees)



Market Cap Exposure



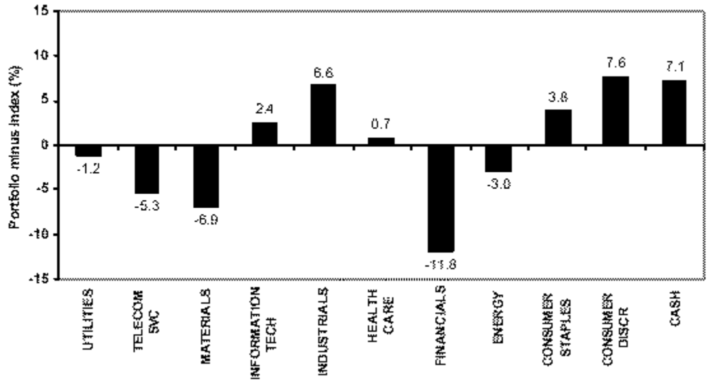
Mandate: The investment portfolio is derived from the Top 300 listed shares using the established van Eyk Research share selection models. Investments are blended across three 'satellite' portfolios each 12 stocks and of specific style, namely 'Blue Chip', 'Growth' and 'Special Situations'.

Market: The ASX300 Accumulation Index returned 4.20% over the June quarter, while the Small Caps underperformed the broader market again with a return of 1.44%. The major contributors to performance over this period came from the Consumer Discretionary (+10.60%) and Telecoms (+10.04%) sectors, while Financials (0.78%) and Materials (+1.27%) underperformed.

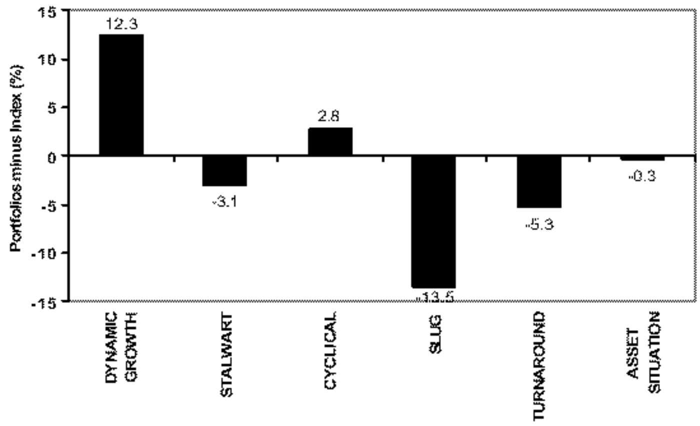
Portfolio: At inception the fund NAV was $48.12M or 97 cents per share after costs, with the bulk being invested within the first few weeks. Since then the portfolio has remained approximately 93% invested. The allocation between the three sub-portfolios, or 'pillars' as at 30 June is roughly a 60/20/20 split between the Blue Chip-Growth-Special Situations, while there is a 48/22/30 split between the Large-Mid-Small Cap sectors after allowing for cash. Up to 30 June, there has been approximately 6% portfolio turnover. **At period end the NAV was 103 cents per share.**

Comments: Due to the strong run in Small Caps since March 2003, and the fall in relative attractiveness compared to the large caps, a proportion near the maximum amount allowable under the prospectus was invested into the 'Blue Chip' portfolio. The balance was split between the 'Growth' and 'Special Situations' portfolios, which have a bias towards small caps

GICS (Global Industry Classification Standard) Sector Exposure Relative to Index



van Eyk Stock Classification Relative to Index



Fundamental Ratios

	ASX300 Index	van Eyk Three Pillars
Price Earnings Ratio	19.23	16.58
Price to Book Ratio	2.72	2.60
Dividend Yield (%)	3.60	3.76
Price to Sales Ratio	2.98	1.39
Return on Equity (%)	11.80	14.71

For the June quarter, the van Eyk Three Pillars LIC has produced a total return of 2.67%, under-performing the ASX300 Accumulation Index by 1.53%. This has been due mainly to a small company bias. Note that due to the nature of the portfolio construction process the fund will often have a bias to small caps which may cause periods of relative underperformance, however, it is the small cap segment of the market where the van Eyk Research selection process has uncovered the most significantly undervalued opportunities over the past four years.

Other areas contributing to relative performance was high volatility in the small resources stocks, a profit warning from Leightons and general softness in the banking sector.

Stocks which produced a positive contribution to performance during this period were;

Tabcorp	+0.71%
QBE Insurance	+0.64%
Lion Nathan	+0.60%
Portman Mining	+0.59%

Stocks which produced a negative contribution include;

Perilya	-0.77%
Oceana Gold	-0.71%
Leightons	-0.51%
Wattyl	-0.21%

In terms of sector weights, we remain underweight Financials due mainly to a large underweight Property and a small underweight in Banks. Within the Resources we have limited exposure to the majors, preferring to gain exposure through smaller companies. Consumer Discretionary and Industrials are the overweight sectors.