van Eyk Three Pillars – December 2004 Quarterly report

Financial Results to 31 December 2004

Company Results - December '04	Before tax	After Tax
Profit for half year	$9,939,979	$7,244,533
EPS *		14.6 cents
Dividend paid (fully franked)		1.5 cents
NTA	$1.22	$1.16
Share Price (VTP) at 31 Dec '04		$1.02
Option Price (VTPO) at 31 Dec '04		4 cents
VTP Stock Turnover in Dec '04 qtr		3,897,614

LIC Characteristics - December '04	Actual %	Permitted %
Blue Chip	49	0 – 60
Growth	18	0 – 60
Special Situations	28	0 – 60
Cash	5	
No. of shares in portfolio		**34 stocks**

** Earnings Per Share (EPS) for the half year ended 31 December 2004 - post tax and expenses*

Performance Commentary

The company listed on 28 January 2004 and was close to fully invested within two weeks. At the time of listing the Net Asset backing was 97 cents per share, while as at 31 December 2004 it had increased to $1.16 per share, a gain of 19.6%. (after paying dividends of 1.5cps). Net Asset backing before deferred tax was $1.22 per share.

For the December Quarter, the portfolio outperformed the ASX 300 Accumulation index by 1.16%. Since inception, the portfolio outperformed the benchmark to the tune of 1.03%.

Top 10 Holdings – December '04 ASX Code	van Eyk Classification	% Portfolio
ANZ	Blue chip	6.0
CBA	Blue chip	5.4
PBL	Blue chip	5.2
QBE	Blue chip	5.0
TOL	Blue chip	4.8
WOW	Blue chip	4.6
FXJ	Blue chip	4.5
RIO	Blue chip	4.4
SMS	Cyclical	4.1
PMM	Special Situation	4.0
Total		**47.5**

Investment Process

The van Eyk Research share selection process ranks key financial ratios and applies multiple valuation methodologies for each of the ASX 300 constituents, via a disciplined four-stage process that incorporates quality assessment, classification, valuation, and ranking.

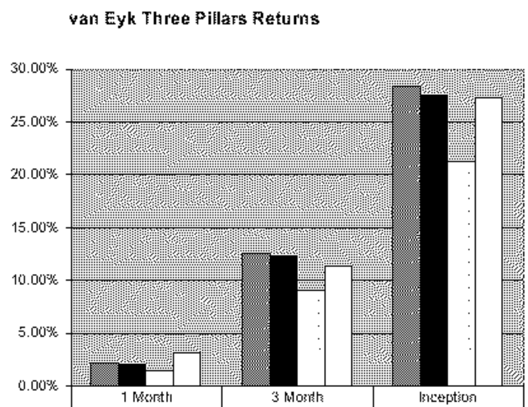
The Company's Portfolio is comprised of three sub portfolios: the Blue Chip, Growth and Special Situations. The sub portfolios are blended with consideration given to the appropriate balance between large and small companies, as well as diversification by industry sector and van Eyk Research's quality based stock classifications.

Sub Portfolio Construction

- *Blue Chip* – Selected from the Top 100, using the rankings derived from a free cash flow valuation methodology. The aim is to construct 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' selection is taken from the van Eyk Research 'Dynamic Growth' and 'Stalwart' classifications, which are at the high end of quality ranking scale. The aim is to select a 12 stock portfolio of quality companies at bargain prices, whilst maintaining reasonable diversification across sectors.
- *Special Situations* – The 'Special Situations' portfolio is comprised of 12 'value' stocks, which may have the potential for market re-rating, turnaround or takeover. The selection is taken from the lower end of the quality scale and indeed has a contrarian flavour. By its very nature this selection will be the most volatile of the three sub portfolios.

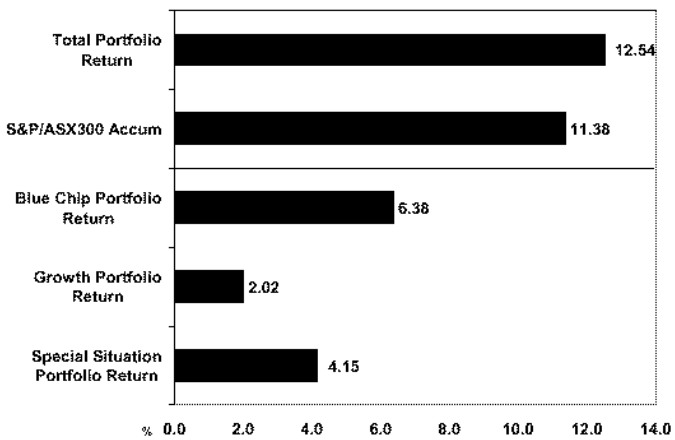
Further details of the investment philosophy are included in the prospectus at www.threepillars.vaneyk.com.au

Returns

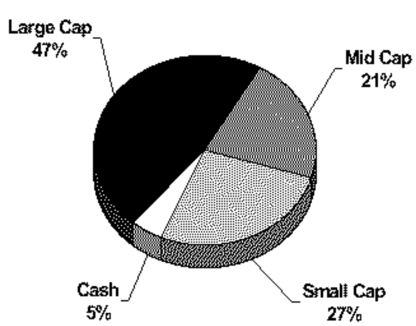


	1 Month	3 Month	Inception
Gross return	2.07%	12.54%	28.43%
Net return (after expenses before deferred tax)	2.01%	12.27%	27.53%
Net return (after expenses & tax)	1.46%	9.02%	21.35%
S&P/ASX300 Accumulation Index	3.14%	11.38%	27.39%

Quarterly Return Attribution (Gross Weighted)



Market Cap Exposure



Market: The ASX300 Accumulation Index returned 11.4% over the December quarter, while the Small Caps underperformed the broader market with a return of 9.3%.

Almost 11% of this return was added following the re-election of the Liberal government, with the media stocks benefiting from expectations of a relaxation in cross media ownership laws. Retail investors continued to put funds into equities and M&A activity was strong during the quarter. Meanwhile the Aussie dollar rose 7.52% against the US dollar for the quarter, caught up in the global USD pessimism.

The major sector contributors to performance over this period came from IT (+23.1%), Consumer Staples (+15.5%) and Industrials (+13.3%), while Telco (+5.2%), Utilities (+5.7%) and Healthcare (+7.1%) underperformed.

Portfolio: At inception the fund size 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 close to fully invested. At quarter end the fund size was $60.7M after dividends.

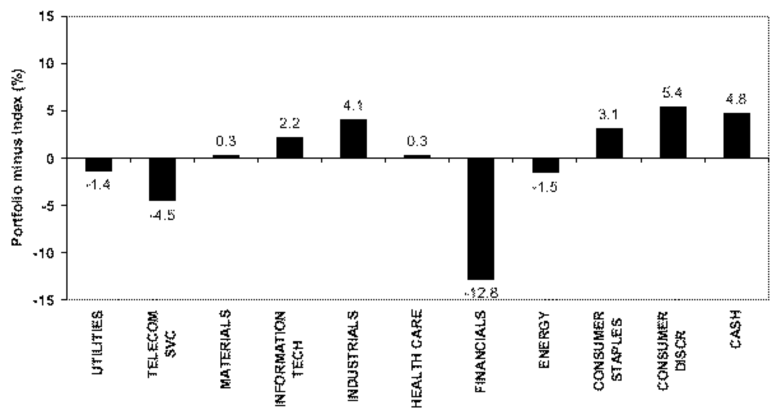
The allocation between the three sub-portfolios, or 'pillars' as at 31 December was a 49/18/28/5 split between Blue Chip – Growth - Special Situations - cash, while the attached chart shows the size exposures.

The growth / value spilt was 74 / 26, a significant tilt to 'quality' in what may prove to be a testing environment for stocks, while the aggregate portfolio valuation rank was around the 22nd percentile at quarter end.

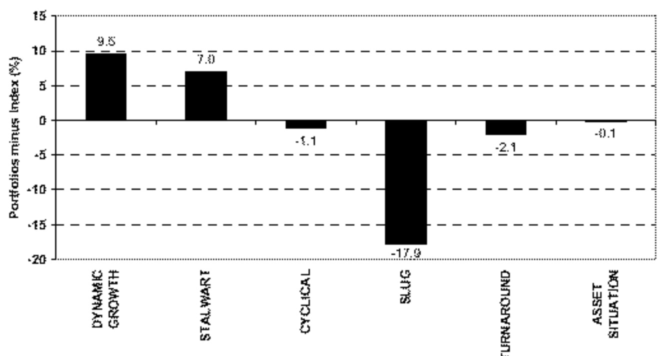
Performance: For the December quarter, the portfolio outperformed the ASX 300 Accumulation index by 1.16%, due mainly to stock specifics, in particular some strong gains from media and resources companies.

Note that due to the nature of the sub-portfolio construction process the fund will often have a bias to small caps. This may cause periods of relative underperformance compared to the broader market, however, it is the under researched segments of the market where the most significantly undervalued opportunities can be found.

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	17.7	15.8
Price to Book Ratio	2.8	2.8
Dividend Yield (%)	3.8	3.9
Price to Sales Ratio	3.1	1.4
Return on Equity (%)	13.5	14.1

Performance:

Stocks producing a positive contribution to performance during the period;

- PBL 1.35%
- Portman Mining 1.22%
- Sims Group 1.14%
- Fairfax 1.02%

Stocks which produced a negative contribution include;

- Wattyl -0.14%
- Oceana Gold -0.12%
- GUD -0.09%
- HPAL -0.09%

With regard to sector weights, we retain a moderate underweight in Financials due mainly to a large underweight in Property and a minor underweight in Banks.

Within our overweight in Resources we have limited exposure to the majors to RIO, finding more attractive valuations in smaller companies. The Consumer, IT, and Industrials sectors are also overweight.

Outlook: While 2004 proved to be an excellent year, looking forward it would seem difficult to envisage a similar level of company earnings and share price growth.

Given the more subdued consensus forecasts, a market return of 8 to 10% would seem achievable, however critical factors potentially coming into play include greater than expected inflation, increasing bond yields, or a significant slowdown in China and/or the USA. These factors may lead to higher volatility than we have seen over the past year.

To this end, for the coming year we see high quality, in terms of financial condition, competitive advantage, and growth prospects will be key, while valuation will continue to be our chief concern.