vanEyk Three Pillars

van Eyk Three Pillars – June 2007 Quarterly Report

Financial Results to 30 June 2007

Company Results – June 07		
	Before tax	**After Tax**
Profit (12 months to June 07)	$29,281,464	$21,319,204
NTA	$1.52	$1.35
Share Price (VTP) at 29 Jun '07		1.365 cents
VTP Stock Turnover in Jun '07 quarter		**4,353,848**

LIC Characteristics – June 2007		
	Actual %	**Permitted %**
Blue Chip	46.0	0 – 60
Growth	22.8	0 – 60
Special Situations	23.3	0 – 60
Cash	7.9	
No. of shares in portfolio		**35 stocks**

Performance Commentary

The company listed on 28 January 2004, with a net asset backing was 97 cents per share, while as at 30 June 2007 it had increased to $1.35 per share, with gross asset backing per share at $1.52. Since inception total dividends of 25 cents per share fully franked have been paid.

For the June quarter, the portfolio's gross return was 9.47% versus the ASX 300 Accumulation index return of 5.60%.

The management expense ratio* for the twelve months to June 2007 was 1.37%.

*Based on total operating expenses and management fees over net assets

Top 10 Holdings	
Holding	**% Portfolio**
BHP Billiton	10.1%
Commonwealth Bank	5.7%
National Australia Bank	5.2%
Rio Tinto	4.7%
ANZ	4.3%
QBE Insurance	4.2%
Westpac	3.8%
Worley Parsons	3.5%
United Group	3.0%
Origin Energy	2.9%
	47.4%

Investment Process and Portfolio Construction

The Three Pillars portfolio results from a disciplined process that incorporates quality assessment, classification, and valuation.

Three sub portfolios of distinct style, namely the Blue Chip, Growth and Special Situations, comprise the overall portfolio, giving a diversified outcome. The sub portfolios are blended with consideration given to the appropriate weightings between large and small companies and industry sectors.

- *Blue Chip* – Selected from the Top 100, utilising 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 'Dynamic Growth' and 'Stalwart' stock classifications, which are at the high end of quality scale. The aim is to select up to 12 quality growth companies at reasonable prices, whilst maintaining diversification across sectors.

- *Special Situations* – The 'Special Situations' portfolio is comprised of up to 12 'value' stocks, which have the potential for market re-rating, turnaround or takeover. The selection is taken from the lower end of the quality scale and as such has a contrarian flavour. This selection is the most volatile of the sub portfolios.

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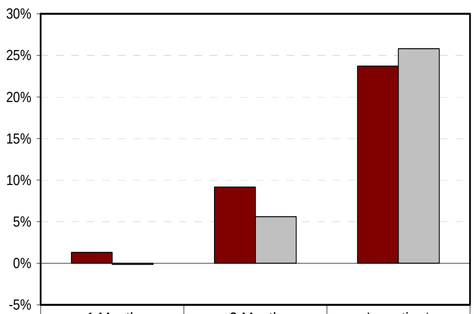
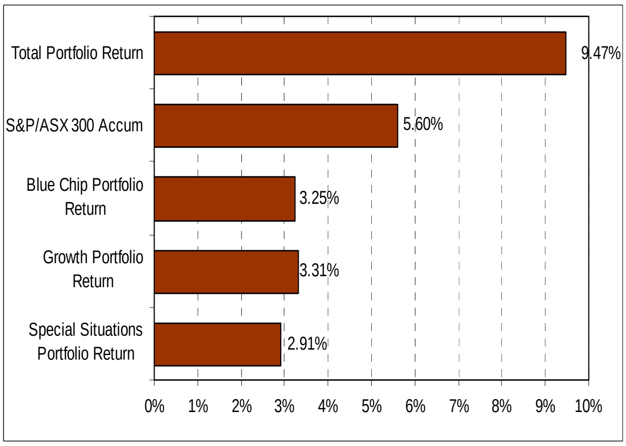
Returns (Net of Expenses and before all Taxes)



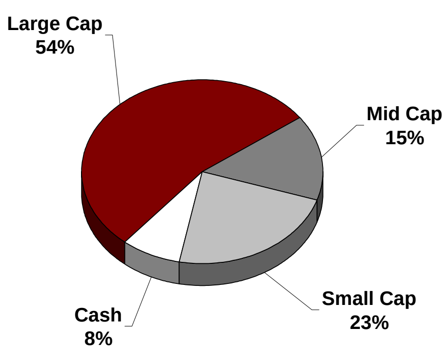
	1 Month	3 Month	Inception*
van Eyk Three Pillars	1.33%	9.18%	23.72%
S&P/ASX 300 Accumulation Index	-0.11%	5.60%	25.81%

*returns shown are annualised since inception numbers

Quarterly Return Attribution (Gross)



Market Cap Exposure



Market:

For the quarter the ASX 300 Accumulation index gained 5.6%, continuing the stellar run of the Australian market.

The main sector drivers were predominantly the resources (+14.5%) and energy (+13.8%) sectors as global growth prospects improved and ongoing supply constraints saw most commodity prices remain solid, while the potential for significant corporate activity in the area provided further impetus.

Most other sectors underperformed on the back of rising bond yield expectations which led to some softness across property, financials and infrastructure/utilities sectors, while the consumer, health and telco sectors posted negative returns for the period.

Over this period the VTP portfolio returned 9.5%, outperforming by 3.9%.

Portfolio:

The allocation between the three sub portfolios or 'pillars', was:

- Blue Chip 46.0%
- Growth 22.8%
- Special Situations 23.3%
- Cash 7.9%

Stock Contributions:

Stocks producing largest contributions to performance during the quarter;

- BHP Billiton 1.53%
- Rio Tinto 1.01%
- Toll Holdings 0.96%
- Independence Group 0.63%

Stocks detracting for the quarter include;

- Sigma -0.26%
- Lend Lease -0.17%
- Transfield -0.16%
- Asciano Group -0.11%

The portfolio retains strong exposure to resources, energy, engineering / infrastructure spend, and healthcare, whilst having lesser exposure to consumer, financials, and property on valuation grounds. In particular over this half year we have minimised exposure to companies with high levels of sensitivity to rising bond yields.

Cash holding at month end was 7.9%, with close to 3% of this weight allocated for the six cent per share dividend payable in mid July.

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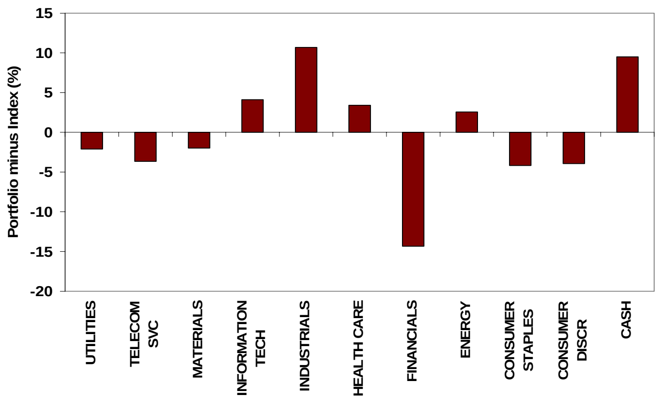
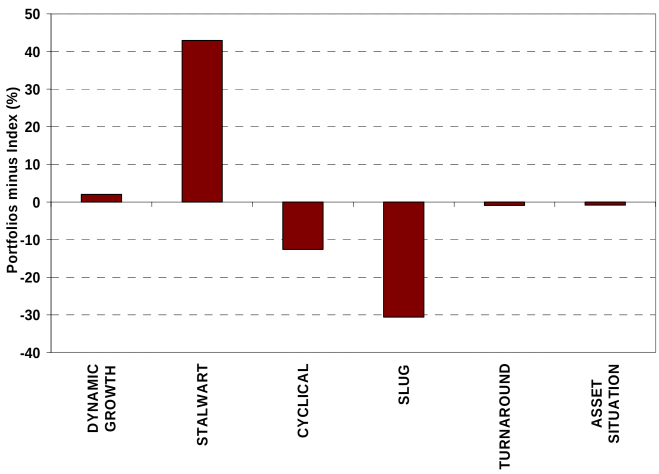
GICS (Global Industry Classification Standard) Sector Exposure Relative to Index



van Eyk Stock Classification Relative to Index



Aggregate Portfolio Ratios

	ASX300 Index	van Eyk Three Pillars
Price Earnings Ratio	17.7	17.7
Price to Book Ratio	3.1	3.4
Dividend Yield (%)	3.4	3.0
Price to Sales Ratio	2.4	2.3
Return on Equity (%)	17.8	25.2

Outlook:

We continue to expect more subdued returns from the Australian market for the balance of 2007. The domestic economy is strong, consumer and business confidence is high, unemployment is low, and corporate earnings have been strong and look set to deliver again in the upcoming reporting period, however, high levels of liquidity have provided added impetus to the market.

Continued inflows from superannuation rule changes, and secondly, from private equity, and speculation of private equity activity, have provided an underpinning to stock prices, particularly in the lower quality areas of the market, such that, when the liquidity tap starts to slow, we should see a gradual removal of one of the key drivers of the market over the past year or so.

We note from a recent currency strategy report that 18 out of 20 major central banks have been increasing money supply at greater than 10% per annum, and our own RBA has allowed money supply to expand by an amazing 14% year on year. While official figures continue to show modest inflation, particularly at the ‘core’ level, the recent breakout in bond yields in many world markets is in part testament to the latent inflation pressures that have been building for some time, and indeed, continue to build.

The Bank for International Settlements has offered stern advice to the world’s central banks, urging them to contain inflationary pressures with interest rate rises. Simply put, the massive worldwide growth in prices across just about all asset classes (property, equities, bonds, commodities, and even art and other “collectables”) is unsustainable. Another key risk area, with negative new flow on the increase, is the subprime loan situation in the US. The flow on effects are likely to be felt for some time to come, given the huge amount of mortgages that will reset over the next two years.

Taking into account the various challenges we retain a cautious stance with exposures preferring companies with sound fundamental grounds, solid growth prospects, and strong balance sheets. Volatility has increased of late, and will continue, which we will use to top up holdings of high quality growth stocks, plus, we expect increased short to medium term trading opportunities to emerge in lower quality ‘Special Situations’ style stocks.

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