vanEyk Three Pillars

van Eyk Three Pillars – September 2007 Quarterly Report

Financial Results to 30 September 2007

Company Results – September 07		
	Before tax	After Tax
Profit (3 months to September 07)	$6,148,188	$4,550,287
NTA	$1.45	$1.33
Share Price (VTP) at 28 Sep '07		1.35 cents
VTP Stock Turnover in Sep '07 quarter		**8,004,360**

LIC Characteristics – September 2007		
	Actual %	Permitted %
Blue Chip	44.6	0 – 60
Growth	19.6	0 – 60
Special Situations	25.3	0 – 60
Cash	10.5	
No. of shares in portfolio		**36 stocks**

Performance Commentary

The company listed on 28 January 2004, with a net asset backing of 97 cents per share, while as at 30 September 2007 it had increased to $1.33 per share, with gross asset backing per share at $1.45. Since inception total dividends of 25 cents per share fully franked have been paid.

For the September quarter, the portfolio's gross return was 4.28% versus the ASX 300 Accumulation index return of 5.72%.

The management expense ratio* for the twelve months to September 2007 was 1.36%.

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

Top 10 Holdings	
Holding	% Portfolio
BHP Billiton	11.2%
Commonwealth Bank	5.3%
National Australia Bank	4.6%
Rio Tinto	4.3%
ANZ	3.9%
Westpac	3.8%
QBE Insurance	3.7%
Worley Parsons	2.9%
United Group	2.5%
Woolworths	2.5%
	44.7%

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 the 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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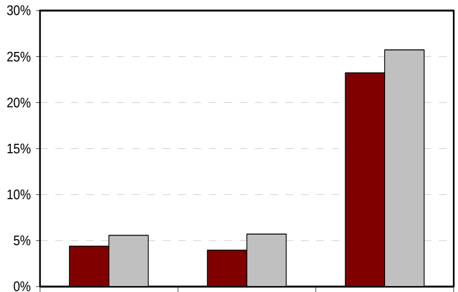
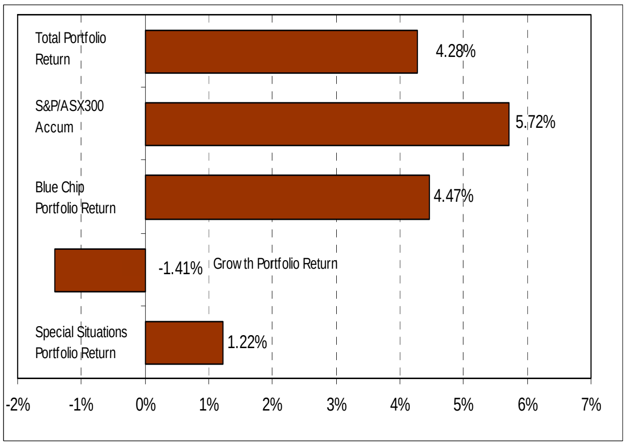
Returns (Net of Expenses and before all Taxes)



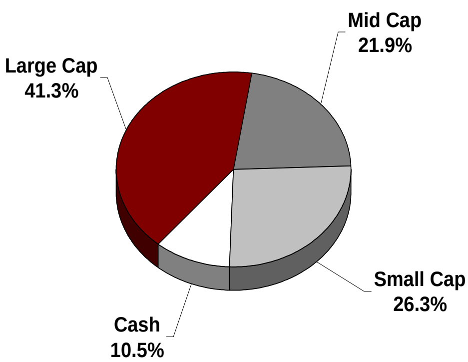
	1 Month	3 Month	Inception*
van Eyk Three Pillars	4.39%	3.95%	23.22%
S&P/ASX 300 Accumulation Index	5.58%	5.72%	25.73%

*returns shown are annualised since inception numbers

Quarterly Return Attribution (Gross)



Market Cap Exposure



Market:

For the quarter the ASX 300 Accumulation index gained 5.7%, in an extremely volatile period as the US subprime loan and associated leveraged exposures spread in a dramatic domino effect fashion into broader world credit markets. This resulted in a very sharp sell off in most asset classes as risk exposures were slashed and interbank lending markets seized up.

In the second half of the quarter, a 50 bps rate cut by the US Federal Reserve and liquidity operations by other Central Banks re-instilled confidence in both credit and equity markets. As a result, risk trades, dominated by commodity and emerging market related exposures were re-initiated aggressively. By quarter end the market had rallied an amazing 17% off the low formed in mid-August.

The main sector drivers were predominately the Materials (+15.8%), Health (+11.2%) and Energy (+6.6%), while all other sectors underperformed the index.

Of note is the feature that the rally was very narrowly based. Only eight stocks contributed more than 80% of the market return for the quarter with BHP Billiton being 55% of the market return itself.

Portfolio:

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

- Blue Chip 44.6%
- Growth 19.6%
- Special Situations 25.3%
- Cash 10.5%

Cash levels were a little higher than target as the proceeds from the recent rights issue were being worked into the portfolio.

Stocks producing largest contributions to performance during the quarter;

- BHP Billiton 2.83%
- Worley Parsons 0.78%
- Transfield Services 0.52%
- QBE 0.50%

Stocks detracting for the quarter include;

- Sigma -0.46%
- Coffey Intl. -0.44%
- Cabcharge -0.44%
- IBA Health -0.33%

The portfolio retains strong exposure to resources, energy, engineering / infrastructure spend, and Healthcare, whilst having underweight exposures to the Consumer, Financial, and Property sectors on valuation grounds.

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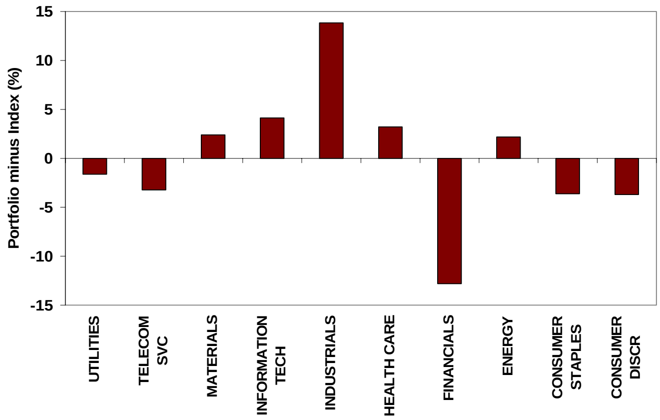
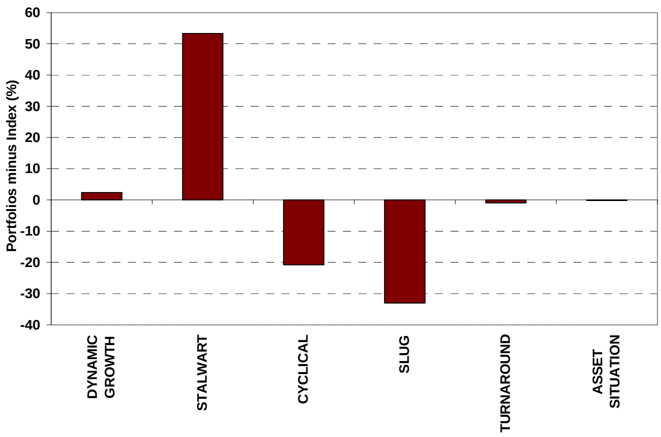
GICS (Global Industry Classification Standard) Sector Exposure Relative to Index



van Eyk Stock Classification Relative to Index



Aggregate Portfolio Ratios

	ASX300 Index	van Eyk Three Pillars
Price Earnings	15.7	15.6
Price to Book	3.0	3.6
Dividend Yield (%)	3.4	3.0
Price to Sales	2.5	2.4
Return on Equity (%)	18.9	22.8

Outlook:

While the Australian market has enjoyed a stellar run the last few years, we continue to expect more subdued returns looking forward. The domestic and international outlook remains solid, despite rapidly growing indications of a slowdown in the US economy and re-emerging deflation fears in Japan. Domestically, consumer and business confidence is high, unemployment is low, and the resources and energy booms appear set to continue, albeit at slower rates.

However, on the corporate side, the earnings outlook is moderating. Costs in the form of materials, energy and especially labour, continue to show upside risk and will pressure company profit margins moving further into FY2008. The cost of debt funding is also growing as credit spreads widen to reprice some risk, while the sharply rising Australian dollar will serve to dampen earnings of offshore earners and exporters.

A rise in inflation pressures continues to loom large worldwide. Mining commodity and energy prices continue to show strength, with little to no impact so far on demand from booming Asian economies and the supply response continues to experience challenges. In particular, agricultural commodities have been rising very strongly recently, reflecting the energy sensitive nature of production, effects of drought and rising living standards creating demand across Asia. It is a given that labour costs will eventually rise to offset (at least partially) the rising cost of living, especially in emerging economies as a larger proportion of incomes are dedicated towards essential staple items.

The recent adverse events in world credit markets, while aggressively challenged by the US Federal Reserve with a 50 bps interest rate cut, will continue to contribute to a volatile outlook over the medium term. A very large amount of mortgages re-set at higher rates over the next two years in the US, but this is only part of the picture. The massive growth of financial derivatives, which are largely arranged ‘over the counter’, means there is a certain degree of opaqueness in attempting to assess potential knock on effects and collateral damage to other asset classes. The aggressive nature of the US Fed action and ongoing ‘liquidity operations’ by many world Central Banks testify to the potential seriousness of the problem.

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