THREE PILLARS
PORTFOLIO MANAGERS

VAN EYK INCOME PORTFOLIO

BLACKROCK
CUSTOMISED PORTFOLIO SERVICE

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QUARTERLY UPDATE JUNE 2010

About the Portfolio

The objective of the Income Portfolio is to outperform its benchmark, the RBA Cash Rate plus 4% (Cash +4%), over rolling three year periods. The portfolio seeks a franked income stream from investing in the Australian equity market (excluding property trusts) over at least three to five years and is for investors who accept the risk of price fluctuations.

Portfolio Strategy

TPPM employs van Eyk's three stage process to evaluate and rank each company in the S&P/ASX 300 Index.

Firstly, van Eyk evaluates the quality measures under the categories of growth, stability, financial condition, competitive advantage, and outlook.

Secondly, van Eyk classifies each stock into one of six general categories. This classification process takes into account not only the growth potential of the company but also the quality attributes – a more robust approach than simply classing a stock as value or growth on the basis of Price to Earnings Ratio or Price to Book Value.

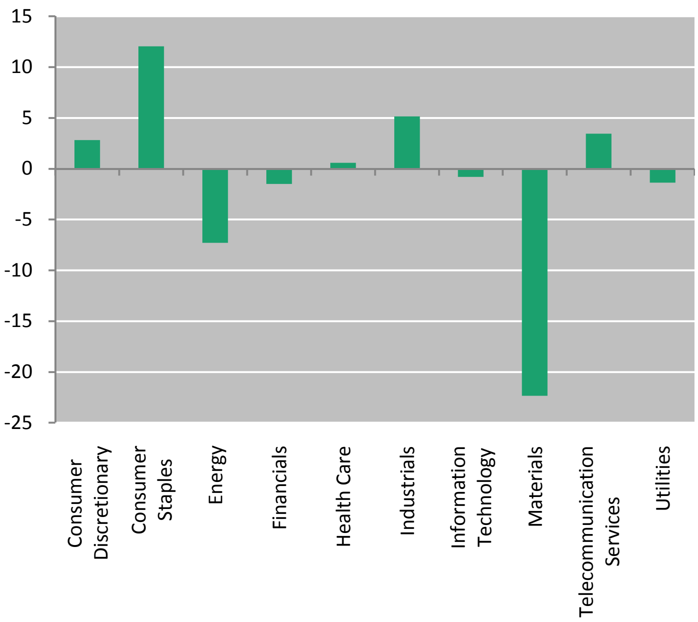
Finally, van Eyk values each stock based on the strategies and methodologies expounded by four of history's greatest investment practitioners, in van Eyk's opinion.

The portfolio invests in stocks within the S&P/ASX 300 Index. Within this universe, the portfolio is not managed in terms of market capitalisation or correlation to the benchmark; rather, it seeks stock specific returns.

Designed for investors who...

- Seek to benefit from investing in large capitalisation Australian shares over at least 3 to 5 years;
- Accept the risk of price fluctuations; and
- Prefer lower portfolio turnover (approximately 30% per year) for tax-effective performance.

GICS Sector Exposure Relative to S&P/ASX300 Index (%)



source: van Eyk, Bloomberg

As at 30 June 2010	Gross	Cash +4%	Relative Performance
1 Month Return	-1.25%	0.67%	-1.92%
3 Month Return	-7.15%	2.03%	-9.18%
6 Month Return	-6.12%	3.94%	-10.06%
1 Year Return	16.61%	7.67%	8.94%
2 Year Return	-0.34%	8.22%	-8.56%
3 Year Return	-8.76%	9.09%	-17.85%
Since Inception (%pa)^	-0.77%	9.33%	-10.10%

Source: BlackRock

** Shows the difference between Model Portfolio Gross Return and Benchmark Return.*

^ 14 August 2006

Past performance is no indicator of future performance. Long term performance returns show the potential volatility of returns over time. The value of investments and the income from them can fall as well as rise and is not guaranteed.

You may not get back the amount originally invested. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially.

Model portfolio composition and performance have been based on theoretical tracking of the model portfolio and are gross of fees and do not take tax positions into account. Please note, actual portfolios may not perform in the same manner as the model depicted in this document, depending on [the nature of] your personal Portfolio and any customisations.

Rounding used in the presentation of data may result in minor variations.

Portfolio Information

Model Portfolio Name	van Eyk Income
Code	VE 0002
Model Inception Date	27 June 2006
Principle investment objective	Growing income stream with some capital growth from Australian shares over at least 3 to 5 years.
Can derivatives be used?	No
Indicative number of stocks	15-25
Minimum Model investment	No fixed minimum
Investment Fee	0.33% p.a.
Performance Fee applicable	11% of outperformance over the benchmark
Benchmark index	4% above the RBA cash rate after costs

Top 10 Holdings

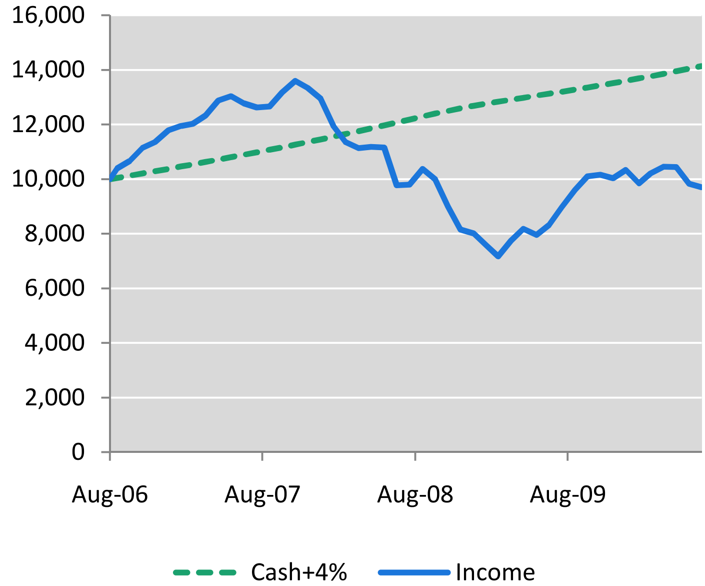
1	Commonwealth Bank of Australia	11.2%
2	Australia & New Zealand Banking Group Ltd	9.7%
3	Cash	9.2%
4	Westpac Banking Corp	9.2%
5	Coca-Cola Amatil Ltd	6.9%
6	Telstra Corp Ltd	5.4%
7	Wesfarmers Ltd	5.2%
8	GUD Holdings Ltd	4.6%
9	Metcash Ltd	4.5%
10	Foster's Group Ltd	4.3%

vanEyk

Model Portfolio Activity

No new positions were added during the quarter. Through market movements, the weighting in the Materials and Telecommunication Services sector increased, while Financials and Industrials saw a reduction, and the cash weight has increased due to dividend payments.

Growth of $10,000 Since Inception



source: van Eyk, Bloomberg

As at 30 June 2010	Portfolio	S&P/ASX 300 Index
P/E Ratio	12.3	12.3
Price/Book	2.1	1.7
Price/Sales	2.0	1.6
ROE	13.7	14.1
Net Yield	4.9	4.0
Gross Yield	6.8	5.3

Top Five Contributors for the Quarter

1	Healthscope Ltd	0.8%
2	Telstra Corp Ltd	0.5%
3	Coca-Cola Amatil Ltd	0.5%
4	Foster's Group Ltd	0.3%
5	Adelaide Brighton Ltd	0.1%

Top Five Detractors for the Quarter

1	Westpac Banking Corp	-2.4%
2	Australia & New Zealand Bankin	-1.5%
3	Commonwealth Bank of Australia	-1.5%
4	Transfield Services Ltd	-0.8%
5	National Australia Bank Ltd	-0.6%

Market Outlook

TPPM June 2010 Quarterly Commentary

For the quarter ending June 30, 2010 the S&P/ASX300 Accumulation Index fell 11.2% in another very volatile period marked by continued concerns on the macro outlook. From the high in April of 5000, the market suffered a swift correction of around 14% into late May, with two subsequent moves of +8% and -7%, to finish the quarter just above 4200 and in a position where key technical levels are looking somewhat precarious.

Volatility and risk aversion has again risen on renewed concerns over talk of a potential double dip in the US, while the perilous financial situation of the Eurozone, more specifically the so called “PIIGS” countries (Portugal, Italy, Ireland, Greece and Spain) continues to impact. Some commentary has played down the importance of the PIIGS as they are a small proportion of world GDP – less than 5% - which when coupled with massive bailout packages, should at least in theory allay some concerns. However, the wider implications for health of the banking system exposure to debt default will remain a concern for the foreseeable future, given the quantum of debt in the system. Put in context, the Greek external debt of around $250 billion is dwarfed by that of Spain, Ireland and Italy total of $3.3 trillion. Further, a not insignificant portion of this debt is owed to the “healthier” German, French and British banks, and indeed may spread contagion from the shaky “outerzone” Euro countries to the more stable “core” nations. Moreover, the notion espoused by some recent G20 participants that austerity programs, tax rises and government spending cuts can mutually co-exist with solid economic growth may seem to be on the optimistic side.

Thus we now have a situation where reasonable fundamentals, accommodative policy and relatively cheap valuations are being counterbalanced by the spectre of a both potential sovereign debt default and the double dip scenario, auguring for continued volatility in the equity markets. Of course the situation in China and Asia more broadly has significant implications for Australia’s economic performance. While in relative terms these nations are clearly performing significantly better than their Western counterparts, the risk of overheating is real and currently being aggressively addressed by policy makers. As such we have already seen a significant correction in Chinese equity markets, with the economic statistics of late confirming the measures are beginning to bite in the real economy. Adding to the uncertainty for the Australian market and more specifically the commodity producers and their dependents over the quarter has been the imbroglio over the so called “Resources Super Profits Tax”, however at report date the situation has been at least partially resolved.

With the correction from the highs of mid April, valuations are now looking more attractive. The Price/Earnings ratio for the ASX 200 is just over 11 times for FY 2011, with consensus EPS growth projected around 20% for the period. The recent confession season has seen a range of companies warn over lower profit expectations, with subsequent sell side analyst downgrades on the increase. However, even allowing for slower growth rates than consensus, which may be a little on the optimistic side, still leaves reasonable upside from current levels, given the long term average forward P/E of around 14.5 times. Indeed, volatility has been such that areas of the market, especially some small cap industrials, are now showing good value on our screens.

Market Outlook

With regard to the balance of 2010 we expect an environment of modest stock market returns within a volatile climate, with returns around high single to low double digits expected. Valuations are not overly challenging, indeed are cheap in areas, with some risk to the upside, provided the broad based recovery scenario suffers no major setbacks. Volatility will periodically increase, potentially quite significantly as medium term global imbalances remain and 'event' risks such as sovereign default and geopolitical issues will serve to hurt sentiment at times. We continue to look for stocks that exhibit sound quality and valuation attributes, with the ability to prosper in a lower growth environment. In addition, we expect those companies providing reliable franked dividend streams to be in the sights of investors. Our view remains unchanged in that stock picking rather than thematics or sector selection is expected to be the way forward in 2010.

If you have any queries relating to any of this information or to obtain a copy of the Product Disclosure Statement, please contact BlackRock's Adviser Services Centre on 1300 366 101.

FINANCIAL SERVICES GUIDE

Updated: 27 January 2009

This Financial Services Guide provides information about who we are, what services we provide, how we are remunerated and the procedures we follow when dealing with complaints

What is this document?
This Financial Services Guide (**FSG**) is an important document which we are required to give you as a providing entity of a financial service. The FSG is to assist you in determining whether to use the financial services provided by Three Pillars Portfolio Managers Pty Limited ABN 65 116 010 649 (**Three Pillars**), corporate authorised representative of van Eyk Research Limited ABN 99 010 664 632 AFS Licence 237917 (**van Eyk**) (authorised representative number 301271). The distribution of this FSG by Three Pillars has been authorised by van Eyk.

Three Pillars has prepared and issued this FSG. The matters covered by this FSG include:

- Who we are and how we can be contacted;
- What financial services we are authorised to provide you;
- How we are remunerated;
- Details of our conflicts of interest management policy and disclosure; and
- Details of our internal and external dispute resolution procedures and how you can access them.

You can contact us by:

Street & Mailing Address:	Level 1, 9 Castlereagh Street, Sydney, NSW, 2000
Telephone:	(02) 9225 6000
Email:	support@vaneyk.com.au
Website:	www.vaneyk.com.au

Our financial services
Three Pillar's business primarily comprises as a portfolio manager of Australian shares. Three Pillars operates managed accounts and provides advice predominantly on listed investment companies to wholesale and retail clients. Three Pillars is authorised to provide the following financial services to wholesale and retail clients:

(a) provide personal and general financial product advice about a broad range of financial products: securities (eg shares and non-government debentures); derivatives (eg swaps); stocks; managed investment schemes, including investor directed portfolio services (eg managed accounts); and

(b) deal in each of the financial products referred to above, on behalf of another person.

About general financial advice
Any advice we give you will be general in nature and will have been prepared without taking into account your objectives, financial situation and needs. You should consult a financial adviser if you would like advice that is appropriate to your objectives, financial situation and needs. When making an investment decision in relation to a financial product you should first refer to the disclosure document (eg prospectus) (if any) for that product.

Three Pillars is authorised to provide all the above financial services as corporate authorised representative of van Eyk Research Limited, ABN 99 010 664 632, AFS Licence Number 237917, the authorising licensee. van Eyk's contact details are as follows:

Street & Mailing Address:	Level 10, 9 Castlereagh Street, Sydney, NSW, 2000
Telephone:	(02) 9225 6000
Email:	support@vaneyk.com.au
Website:	www.vaneyk.com.au

Remuneration
Three Pillars does not currently receive remuneration in respect of the financial services it provides.

Conflicts of interest
Three Pillars takes seriously the management of conflicts of interest relating to its business. Three Pillars has established arrangements aimed at minimising such conflicts of interest. More information about these arrangements can be obtained on request from Three Pillars.

Compensation and Insurance
Three Pillars has affected professional indemnity insurance in accordance with its obligations under section 912B of the *Corporations Act 2001 (Cth.).*

Complaints handling
Three Pillars is committed to: providing a high standard of client service; maintaining our reputation for credibility and accountability; independent ownership by a small number of individuals (who are also involved in the day to day management of Three Pillars).

If our services fail to meet your expectations we would like you to inform us of your concerns. Should you wish to lodge a complaint please contact us using the contact details listed above.

In the event that the outcome of your complaint is not satisfactory to you, you may request that the matter be referred to the Financial Ombudsman Service (**FOS**). You may request further information about the complaints scheme at any time. FOS may be contacted at any time. Their details are:

Financial Ombudsman Service

Street & Mailing Address:	GPO Box 3 Melbourne VIC 3001
Telephone	1300 78 08 08
Fax	(03) 9613 6399
Email:	info@fos.org.au
Website:	www.fos.org.au

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