vanEyk Three Pillars

van Eyk Three Pillars – September 2008 Quarterly Report

Financial Results to 30 September 2008

Company Results – September 08	Before tax	After Tax
Profit (3 months to September 08)	($11,846,712)	($7,697,418)
NTA	$1.00	$1.00
Share Price (VTP) at 30 September 08		94.5 cents
VTP Stock Turnover in September 08 quarter		**2,896,049**

LIC Characteristics – September 2008	Actual %	Permitted %
Blue Chip	43.4	0 - 60
Growth	22.3	0 - 60
Special Situations	24.3	0 - 60
Cash	10.0	
No. of shares in portfolio		**35 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 2008 it had increased to $1.00 per share. Since inception total dividends of 35 cents per share fully franked have been paid.

For the September quarter, the portfolio's fall in value was -7.83% versus the S&P/ASX 300 Accumulation index fall of -10.70%.

The management expense ratio* for the twelve months to September 2008 was 1.14%. The gross portfolio performance for the twelve months to September 2008 was -23.18%.

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

Top 10 Holdings Holding	% Portfolio
BHP Billiton Ltd	11.8%
Commonwealth Bank	5.7%
Origin Energy	5.6%
Westpac	4.0%
NAB	4.0%
ANZ Bank	3.5%
QBE Insurance	3.4%
Bradken	2.9%
Woolworths	2.9%
Rio Tinto	2.5%
	46.3%

Investment Process and Portfolio Construction

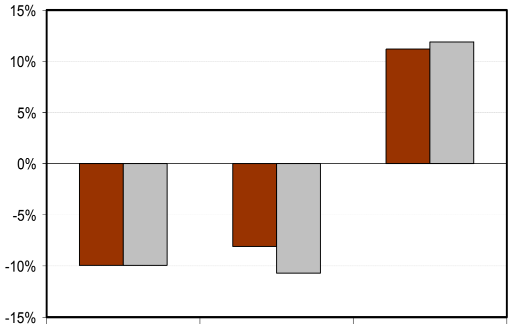
The Three Pillars portfolio results from a disciplined process that incorporates quality assessment, classification, and valuation.

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 high 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.

vanEyk Three Pillars

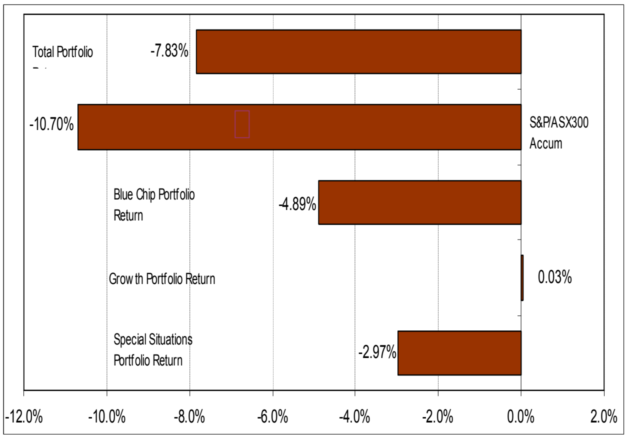
Returns (Net of Expenses and before all Taxes)



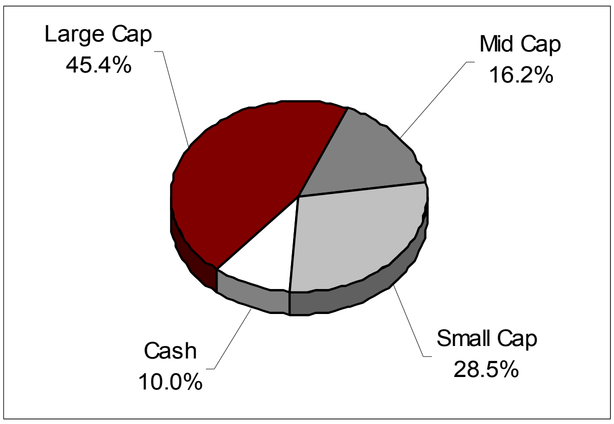
	1 Month	3 Month	Inception*
van Eyk Three Pillars	-9.95%	-8.10%	11.18%
S&P/ASX 300 Accumulation Index	-9.94%	-10.70%	11.89%

*returns shown are annualised since inception numbers

Quarterly Return Attribution (Gross)



Market Cap Exposure



Market:

For the September quarter, the Australian market was again battered with the ASX 300 down 10.7%. History making developments in credit markets were the focus, but despite any potential resolution of the credit logjam in the short term, investors are also digesting the implications of rapidly contracting economies leading to a potential global recession. The global decoupling thesis at this stage is being sorely tested, which is clearly the weak link in the "Australia is insulated from a downturn" argument.

Of note is the massive divergence between large and small cap stocks. The ASX 100 Index was down 9.9% while the Small Ordinaries Index was down a stunning 18.1%. Investors were in full retreat and as usual in bear markets, the smaller companies bear the brunt of risk aversion, to the point of completely indiscriminate selling.

The enforced ban on short selling did little to stem the decline in the market as the ASX 300 fell around 4% following the ban. A noticeable decline in volumes and thus liquidity is a natural consequence of the restrictions.

GICS Sector performances for the period;

Best sectors;

- Healthcare +8.4%
- Financials -0.8%
- Cons Disc -1.9%

Worst sectors;

- Materials -31.5%
- Energy -19.3%
- Utilities -10.7%

Portfolio:

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

- Blue Chip 43.4%
- Growth 22.3%
- Special Situations 24.3%
- Cash 10.0%

Over the period the portfolio outperformed its benchmark by 2.87%, albeit in one of the worst quarters for some time. The exposures to healthcare and quality industrials in the services field proved to be quite defensive, while being underexposed to some of the larger cyclicals also added value.

The resources and energy sectors were by far the hardest hit over the period, as indiscriminate selling based on worst case economic scenarios took over in the final stages of September.

Stocks producing largest contributions to performance during the quarter;

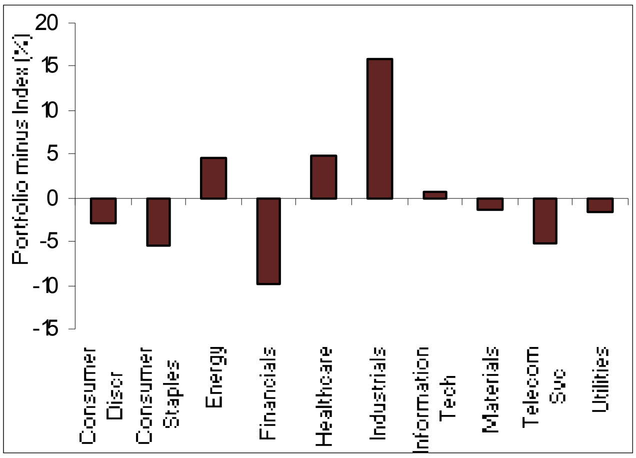
- QBE Insurance Group +0.54%
- Commonwealth Bank +0.48%
- Toll Holdings +0.42%

Stocks detracting for the quarter include;

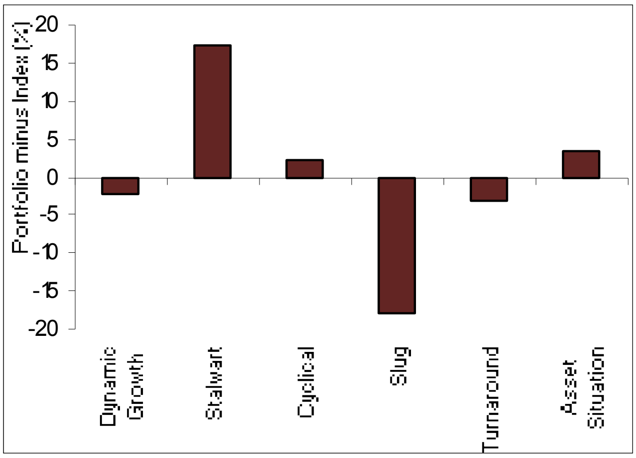
- BHP -4.12%
- Rio Tinto -1.96%
- Beach Petroleum -0.87%

vanEyk Three Pillars

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	13.7	14.0
Price to Book	2.0	2.3
Dividend Yield (%)	5.3	4.4
Price to Sales	1.6	1.6
Return on Equity (%)	14.2	21.7

Portfolio (continued)

The overall portfolio strategy remains well positioned for the current environment. The sector exposures maintain an overweight to healthcare, energy, and selected high quality industrials, in particular those leveraged to the ongoing high levels of infrastructure spend. The portfolio remains underweight in financials, property, utilities and consumer. The portfolio also remains heavily tilted towards 'quality' companies as defined by our proprietary criteria.

Outlook:

On the back of the very steep recent falls, aggregate market valuations look very reasonable with some compelling long term value opening up in areas. The forward P/E multiple for the ASX 300 is 9.1 times at the time of writing, and even allowing for some significant downgrades to consensus forecasts, we expect the market should find support around current levels. Strong dividend yields, potential for further interest rate cuts and falling bond yields should only support valuations, however given the negative developments to the macro backdrop the outlook for equity markets is subdued.

There have been some worrying developments of late. As mentioned, the decoupling thesis, where the developing economies, specifically China, were expected to de-link from the West over time, is being severely tested. The effects of the credit crunch have shown no boundaries and indeed mechanisms to transfer risk have done exactly that and then some. The result has been a rapid slowdown in most economies as the effects of the credit and banking crisis spread, where previously much of the problem was expected to be confined to the USA. Indeed, the effects of subprime have not been "contained". Excess credit creation, excess leverage and excess asset price speculation has been a worldwide phenomenon. Deleveraging and balance sheet repair will be an ongoing theme, for consumers, companies, and indeed entire countries, for some time to come.

While a prolonged recession in the US looks a fait accompli, the UK, broader Europe, Russia and Japan are reporting some very soft economic data. Recent data from Brazil, India and China has followed the trend, testing the resolve of the most steadfast of commodity bulls, thus accelerating the sell off across most of the commodity space. While it is clear there were bubble type prices to some metals, energy and soft commodities, ultimately the constrained supply / solid demand situation will settle commodity prices over time in our view to levels significantly higher than long term averages. A consolidating industry, higher replacement costs and now greatly reduced financing options will only exacerbate supply problems and make for higher floor prices over the medium term. Nonetheless, in the short term, sentiment in the commodity space has collapsed and the related equities have been treated accordingly.

We continue to expect an environment of continued high volatility over a broad trading range, and we see an increase in value opportunities opening up over a growing number of stocks on our watch list. We expect some support around current levels for the Australian stock market as cheap valuations and strong dividend yields should help limit downside, albeit earnings risk has dramatically increased. We aim to exploit ongoing volatility by focussing on our key criteria of quality, growth and valuation.

Contact Details:
phone: 02 8236 7701
web: www.threepillars.vaneyk.com.au