



van Eyk Three Pillars – March 2008 Quarterly Report

Financial Results to 31 March 2008

Company Results – March 08		
	Before tax	After Tax
Profit (9 months to March 08)	(25,886,225)	(\$16,915,088)
NTA	\$1.10	\$1.10
Share Price (VTP) at 31 Mar'08		99 cents
VTP Stock Turnover in Mar '08 quarter		6,497,544

LIC Characteristics – March 2008		
	Actual %	Permitted %
Blue Chip	38.2	0 – 60
Growth	22.2	0 – 60
Special Situations	25.4	0 – 60
Cash	14.2	
No. of shares in portfolio		38 stocks

Performance Commentary

The company listed on 28 January 2004, with a net asset backing of 97 cents per share, while as at 31 March 2008 it had increased to \$1.10 per share, with gross asset backing per share at \$1.10. Since inception total dividends of 30 cents per share fully franked have been paid.

For the March quarter, the portfolio's gross return was -15.92% versus the ASX 300 Accumulation index return of -14.61%.

The management expense ratio* for the twelve months to March 2008 was 1.28%.

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

Top 10 Holdings	
Holding	% Portfolio
BHP Billiton	11.5%
Rio Tinto	5.4%
National Australia Bank	3.0%
Origin Energy	2.8%
Commonwealth Bank	2.8%
Cabcharge Australia	2.7%
Woolworths	2.7%
Toll Holdings	2.6%
QBE Insurance Group	2.5%
Downer EDI	2.5%
	38.5%

Investment Process and Portfolio Construction

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

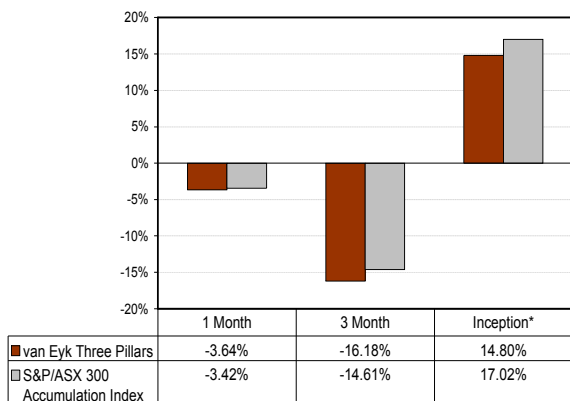
Three sub portfolios of distinct style, namely the Blue Chip, Growth and Special Situations, comprise the overall portfolio, giving a diversified outcome. The sub portfolios are blended with consideration given to the appropriate weightings between large and small companies and industry sectors.

- ❑ *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.



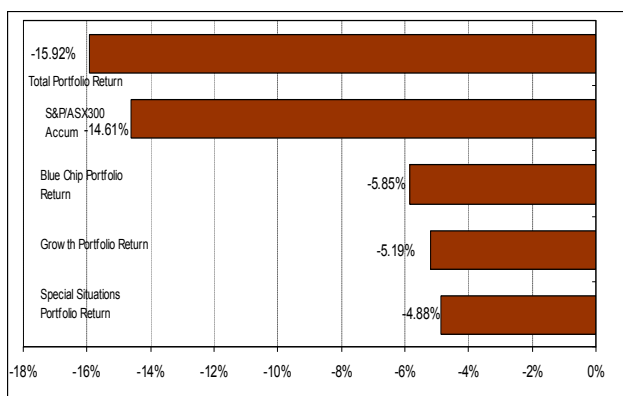


Returns (Net of Expenses and before all Taxes)

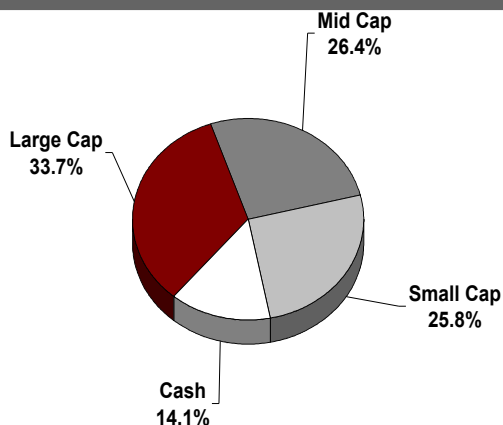


*returns shown are annualised since inception numbers

Quarterly Return Attribution (Gross)



Market Cap Exposure



Market:

For period the ASX 300 Accumulation index experienced the second worst quarter in 25 years, at one stage down more than 20% followed by a relief rally towards the end of March which saw the quarter finish off 15% down.

Despite some commentators suggesting world economies are decoupling from the US, the market in the short term at least has acted upon historical instinct and sold off exposures sensitive to world growth. With the ongoing adverse conditions in world credit markets and the rising cost of borrowing, financials and other leveraged exposures were also sold off very aggressively, while interest rate hikes by the RBA have finally started to make an impression on the indebted Australian consumer, impacting on the outlook for the consumer related stocks.

GICS Sector performances for the period;

Best sectors;

- Energy -4.3%
- Materials -6.9%
- Health -8.4%

Worst sectors;

- Financials -23.5
- Consumer Disc. -22.6%
- Industrials -17.9%

Portfolio:

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

- Blue Chip 38.2%
- Growth 22.2%
- Special Situations 25.4%
- Cash 14.2%

At the time of writing, cash holdings were around 6%.

Stocks producing largest contributions to performance during the quarter;

- Downer EDI +0.40%
- Origin Energy +0.12%
- Ramsay Healthcare +0.00%
- TABCorp Holdings -0.01%

Stocks detracting for the quarter include;

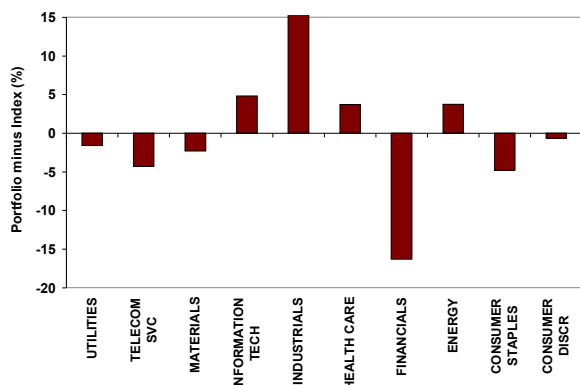
- Commonwealth Bank -1.35%
- QBE Insurance -1.00%
- Worley Parsons -0.97%
- BHP Billiton -0.97%

The overall portfolio strategy remains largely unchanged and in our view well positioned for the current environment. The sector exposures maintain an overweight to healthcare, energy, diversified miners, and selected high quality industrials, with underweight exposure to banks, financials, property, utilities and consumer.

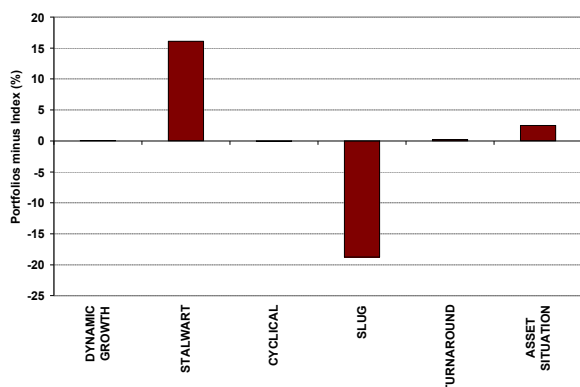




GICS (Global Industry Classification Standard) Sector Exposure Relative to Index



van Eyk Stock Classification Relative to Index



Aggregate Portfolio Ratios

	ASX300 Index	van Eyk Three Pillars
Price Earnings	13.9	14.1
Price to Book	2.2	2.4
Dividend Yield (%)	4.4	3.5
Price to Sales	2.0	2.6
Return on Equity (%)	16.1	24.5

Outlook:

We continue to expect more subdued returns looking forward, and in the short term, high volatility. While in a broad sense world economic conditions are reasonable, growth rates will slow and be skewed towards the emerging economies and energy rich countries. However rising inflation is set to take a relatively higher toll on many of these economies as a much larger portion of income is spent on essential staples. Emerging civil unrest highlights the gravity of the inflation situation.

The outlook for the USA, Europe, and Japan is worsening and ongoing problems in credit and derivative markets, coupled with a deflation of the housing bubbles in the Western world, will only prolong the pain. In the short term, despite valuations looking more attractive, it is difficult to see any catalyst for global stocks to post significant rises, save for massive government led bailouts for the numerous parties facing solvency problems.

In Australia, the earnings outlook is moderating and in aggregate, consensus earning forecasts are softening from a high level. Headwinds exist in the form of materials, energy, labour and financing costs, and continue to show upside risk and will pressure company profit margins moving further into 2008. The recent rate rises by the RBA are impacting, however the rapid falls in consumer sentiment, retail sales and increase in discontent displayed in the media may sway the RBA to hold off on further rises.

The downturn in consumer and business sentiment indicators, coupled with softer world growth, will start to impact further on demand and thus top line (revenue) growth, which as at the December 2007 half year results, was at a surprisingly robust rate. Taking into account both shrinking margins and softer top line growth, it is inevitable there will be further earnings downgrades, which in some sectors may be quite significant.

Taking into account the various challenges we retain a cautious stance, preferring companies with sound fundamental grounds, solid growth prospects, and strong balance sheets. Favoured sectors include healthcare, energy and areas exposed to infrastructure and mining capex, while we remain underexposed to financials, property and consumer. Volatility 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.

