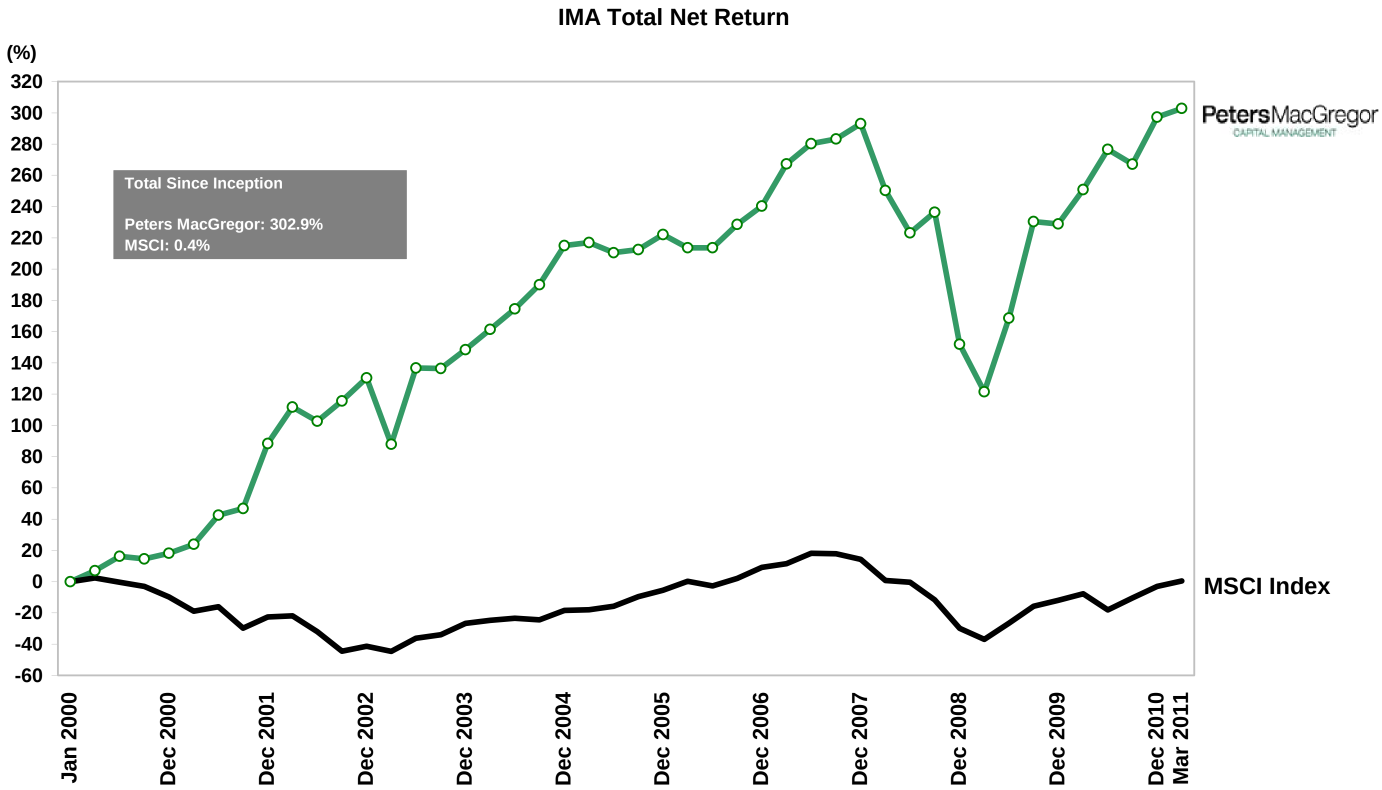
PetersMacGregor
CAPITAL MANAGEMENT

2011 March IMA Report

The average net performance of our portfolios for the March quarter was 1.43%, lagging the MSCI World Index which advanced another 3.58% over the quarter. As usual, your individual portfolio return will vary slightly from the average based on when your portfolio commenced, when other client portfolios commenced, and any net capital contributions.

The portfolio comprised ten companies and cash finished at around 33%.

March 2011	gross return	net return before tax	MSCI index	out performance
Rolling				
3 months	1.54%	1.43%	3.58%	-2.15%
1 year	15.08%	14.80%	8.86%	5.94%
3 years	4.85%	4.77%	-0.10%	4.87%
5 years	6.41%	5.14%	0.03%	5.10%
10 years	15.72%	12.52%	2.15%	10.37%
Since inception p.a.(January 2000)	16.57%	13.19%	0.03%	13.15%
Total return since inception	461.33%	302.87%	0.39%	302.48%



Top 5 Portfolio Holdings (alphabetically)

| Asta Funding | Berkshire Hathaway | Fairfax Financial | Michael Hill International | Wal-mart Stores |

General Commentary

The dominant event affecting markets this quarter has been Japan's earthquake and tsunami. Fear and uncertainty surrounding the event led to a dramatic increase in volatility and a several percent decline in global markets before this generally buoyant market quickly recovered its mood and reversed losses. From our perspective, we believe this natural disaster adds yet another variable to what we feel is a precarious economic environment and that may cause or exacerbate problems down the road. For every action there is a reaction. Aside from the more obvious impacts such as an immediate drop in domestic demand and the supply chain issues that result from the inability to supply foreign manufacturers who are reliant on Japanese-manufactured components, the Japanese are very substantial owners of foreign securities. While re-building may spur activity in their own economy, repatriation of the required funds may put a noticeable strain on other economies.

Having quickly recovered their abrupt losses following the earthquake, markets went on to finish the quarter strongly with the MSCI World Index up 3.6%. This quarterly return follows a significant advance of 18% over the previous six months and, in our opinion, is continued to be fuelled by lesser quality names being bid up to very high levels. Many companies with significantly higher-than-market earnings quality trade at an increasingly large discount to market multiples. It is therefore within this higher quality, larger capitalisation space of the market that we are presently focusing most of our prospecting energy, but at the short-term consequence of missing out on some of the action amongst the booming smaller and more risky stocks. Positioning the portfolio to capture much of the upside in this frothy market while not becoming exposed to overvaluation remains a delicate task.

Portfolio Commentary

The quarter was relatively benign across the portfolio with nearly all our holdings experiencing only single digit percent declines or increases, with the exception of Iron Mountain which returned over 25% from the start of the quarter to where we completely exited during March. Iron Mountain is a high quality company whose reported earnings have significantly masked what we believe will be the company's long-term normal earnings power once this high-growth business's global infrastructure has been fully built-out. We have felt that the market has recently failed to appreciate that underlying earnings power, and have been attracted to the company in the $20 to $25 per share range. In recent times, an activist investor has put forward a strong case for Iron Mountain's value and a detailed roadmap for crystallising this. We share their views and believe they have some worthwhile ideas for Iron Mountain to explore, but with the stock rising to over $31 per share the company is no longer interesting to us from an investment perspective so we took the decision to exit. We will continue to monitor the company's developments and should its shares revert to more attractive levels we may re-establish a position in the future.

As mentioned last quarter, Michael Hill International had been subject to a partial takeover offer from the Hill family who were looking to increase their shareholding from 47% to 50.1%. We took the opportunity to reduce our Michael Hill holdings by selling in to this offer for clients who were relatively overweight the stock. This action does not reflect any change in our opinion around the prospects for this enterprise, but rather we felt was a necessary re-balancing within the portfolio following the stock's dramatic increase over the previous period.

Michael Hill remains a favoured long-term holding and is presently our largest position.

Elsewhere in the portfolio the news flow has been generally unsurprising, as reflected in their muted share price movements. Asta Funding reported satisfactory quarterly results and have made a few steps in the right direction toward buying more distressed debt. Wal-Mart, on the other hand, disappointed slightly with weak same store sales, a reflection of the economic recovery and consumers trading up to more expensive retail stores. Our thesis around Wal-Mart is unchanged but its stock has become more attractive in recent times (as earnings and our valuation appraisals grow while the shares fall slightly). The improved attractiveness of the stock together with increased liquidity within the portfolio following the Iron Mountain exit has prompted us to boost our Wal-Mart position.

Finally, we are pleased to report that we have bought a small position in an Australian company, Symex Holdings. Melbourne-based Symex has been actively transforming itself over recent years from a chemicals company to a household consumer products business. We now expect the vast majority of Symex's earnings to come from its portfolio of staple consumer brands including White King, Janola, Sunlight, Huggie and CountryLife.

Conclusion

We are broadly satisfied with our recent performance and are happy with how the portfolio is positioned. The composition of the portfolio is tilted toward high quality large companies that trade at attractive valuations, and a few smaller companies that we believe hold the potential to do very well over time. Together with strong cash balances, the portfolio is defensively positioned. We continue to research new ideas and hope to put more cash to work in the period ahead. To this end, we will continue to be biased toward higher quality companies as we manage overall portfolio risks very tightly.

Thank you for your continued trust and support. As always, do feel welcome to contact us on (02) 9332 2133 or via email at “contact us” on our website with any feedback, queries or concerns.

Important Information

This report is provided for the information of clients and is not intended to provide advice. Whilst all care has been taken in the preparation of this report (using sources believed to be reliable and accurate), no person including Peters MacGregor Capital Management Pty Ltd, Peters MacGregor Investments Limited and Officium Capital Limited or any other affiliated company accepts responsibility for any loss suffered by any person arising in reliance on this information other than under law which cannot be excluded. You should seek your own financial and taxation advice before dealing with your investment.

The product disclosure statement (PDS) for the Peters MacGregor Global Fund is issued by Officium Capital. The PDS details the terms of the offer and if you wish to invest in the Fund, then you should consider the contents of the PDS, consider whether or not an investment in the Fund is appropriate for you and complete the application form accompanying the PDS.

You should also consider the PDS in deciding whether to continue to hold an interest in the Fund.

Past performance should not be taken as in indication of future performance. This information does not take into account your investment objectives, financial situation or particular needs. Before making any investment decision, you should obtain and carefully consider the PDS, having regard to your investment objectives, financial situation and particular needs.

Notes:

- Intra year performance figures are unaudited
- Performance figures in the table are historical and not necessarily an indication of future performance.
- The performance figures represent the average returns over all the individually managed accounts (“IMA”) during the relevant periods. Each IMA will generate discrete returns depending on its portfolio structure from time to time.
- Gross returns include dividends and foreign exchange costs and are presented before taxes and fees.
- The net returns are net of management fees and before taxes.
- The MSCI figures are the MSCI World Total Return Index (net local).

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