

## RETURNS AS AT 31/03/12 IN AUD

	3 Months	YTD	1 year	3 years p.a.	5 years p.a.
Premium Portfolio (1)	7.46%	7.46%	-1.03%	11.87%	-0.18%
Market (2)	9.94%	9.94%	-1.82%	12.11%	-2.28%
Benchmark: Govt Bds Yield 5 Y+ 3% p.a. (3)	1.63%	1.63%	7.35%	7.96%	7.66%
Out/Under Performance (1)-(2)	-2.49%	-2.49%	0.79%	-0.24%	2.10%
NTA pre-tax + dividend reinvested (4)	7.20%	7.20%	-3.05%	9.99%	-4.08%
NTA post-tax + dividend reinvested (5)	6.72%	6.72%	-3.21%	6.75%	-1.24%
Share price + dividend reinvested	-8.09%	-8.09%	-10.63%	14.06%	-5.59%

(1) Performance before fees. Management fees are 0.9% and performance fees are 10% with Hurdle and HWM.  
 (2) 50% S&P ASX 300; 25% MSCI World ND; 25% MSCI World ND Hedged in AUD. Monthly rebalanced.  
 (3) The Australian Government Bonds Generic Bid Yield 5 Year plus 3% is only used as the reference for the performance fee calculation of the portfolio. (4) Should no tax assets be recognised.

## PREMIUM SHARES AS AT 31/03/12

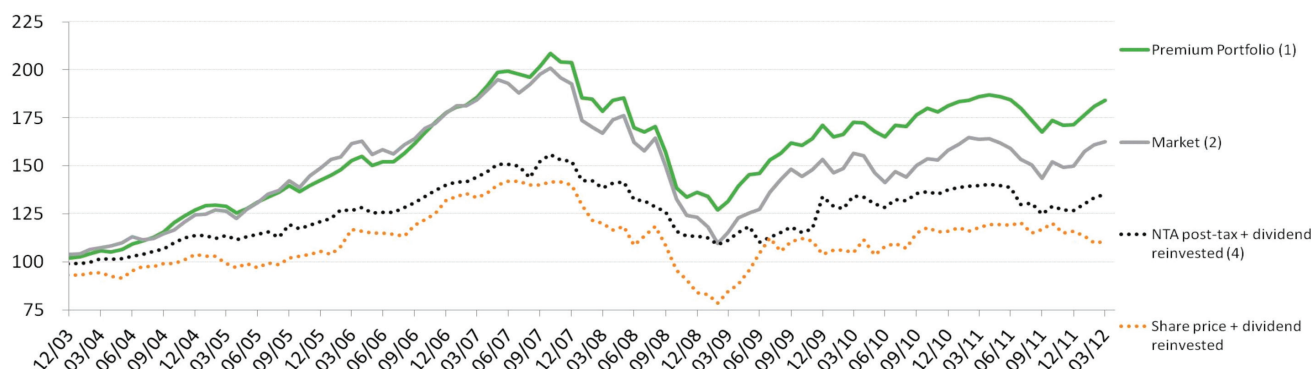
ASX Code	PRV
Share Price in A\$	0.63
Shares on issue	102,093,130
Dividend Yield FY11 (6)	9.42%
DPS FY11 in cents	7.00
NTA per share -pre tax (4)	0.804
NTA per share -pre tax (7)	0.858
NTA per share -post tax (5)	0.858

(5) After provision for tax on unrealised and realised profits and/or losses.

(6) Based on dividends paid over the 12 months of the last financial year and using average share price for the period.

(7) Before provision for tax on unrealised gains/losses and after tax on realised profits and/or losses

## RETURNS SINCE INCEPTION



## PORTFOLIO REVIEW

### QUARTERLY PERFORMANCE REVIEW

During the quarter, the portfolio returned +7.46% benefiting from the markets recovery. On the long term period ( 3 years), the portfolio delivered 11.87% per year at +3.91% above the benchmark whilst over a year, Premium's portfolio suffered from volatile markets and underperformed the index used as the reference for any performance fees calculation (5 years government bonds yield + 3%).

All the managers contributed positively to the performance during the quarter. Globally, the allocation in International equities has had a positive impact with the global shares outperforming the Australian market by 2.7% during the first 3 months of 2012. Aubrey (Global Equity) and taam (Asian Equity) returned particularly strong performances with respectively +11.63% and +18.46%.

Our approach to hedge a part of the portfolio against foreign currencies has also been positive as the Global equity index non hedged returned less than the Global equity index hedged.

By contrast, the portfolio suffered in Australia with both our managers underperforming the ASX 300 over the last 3 months (7.45% and 7.39% vs 8.58% respectively for IML and Orion).

Finally, even though we started to reinvest part of the cash of the portfolio during the quarter, Premium's profile remains overall still defensive with 10% in cash. This defensive approach protected the portfolio during the last half of the year 2011 but has had a negative impact on the performance of the portfolio this year as all the equity markets were up during the first quarter of 2012 (+8.58% for the ASX 300 and +10.41% for the MSCI World).

### ALLOCATION CHOICES

During the quarter, we allocated some of our cash position (2.5 million) to RARE Infrastructure on the basis that the risk sentiment has continued to improve in recent months. However, we are still very prudent as European concerns have recently increased and US growth in 2012 is yet to be confirmed over the next months.

The investment team decided to allocate this cash to a manager (RARE) with a limited exposure to market downsides.

The last quarter allocation decision had a positive impact on the portfolio returns.

### OUTLOOK

We experienced a strong first quarter of 2012, after the weak fear, ridden final quarter of 2011. Risk sentiment has continued to improve in recent months, though European concerns ( eg Spain) have recently increased and a renewed US slowdown is possible as growth was boosted by seasonal distortions and the warmer than usual winter. We are still in a "stop-go" economic cycle so accordingly we should see stop-go equity markets with weak economic foundations underpinning for a new extended bull run.

However, valuations are attractive so the global recovery should continue driven by Asia, US and World with expected growth between 2% and 8%.

In Australia, retailing, housing, manufacturing and tourism are likely to remain soft. With the lower interest rate expectations over the next 3 months, a soft economy and with the prices of commodities going down and China concerns, this could see AUD becoming vulnerable to USD fluctuations.



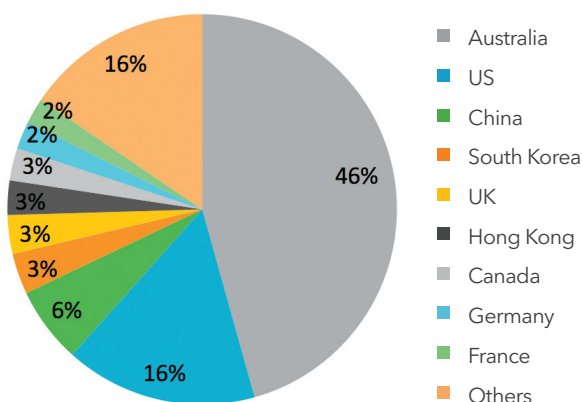
**MANAGER ALLOCATION**



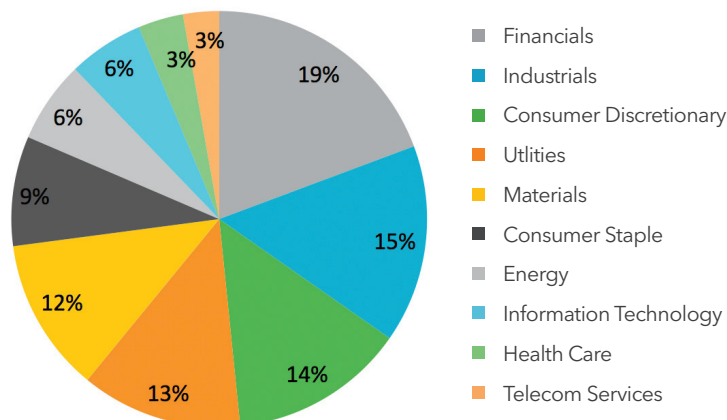
**NAME / CODE**

Orion Australian Share Fund APIR-TGP0001AU	14.79%
IML Australian Share Fund APIR-TGP0001AU	24.28%
GVI Global Industrial Share Fund APIR-TGP0006AU	10.74%
GVI Global Inds Share Fd- Unhedged APIR-TGP0017AU	5.20%
TAAM New Asia Fund APIR-TGP0008AU	12.70%
Aubrey Global Conviction Fund ARSN-143 336 298	2.67%
RARE Infrastructure Value Fund - Hedged APIR-TGP0008AU	18.86%
Cash	10.76%
	<b>100.00%</b>

**COUNTRY BREAKDOWN**



**SECTOR BREAKDOWN**



**TOP 10 HOLDINGS**

Top 10 Holdings	%
BHP BILLITON LIMITED	4.51
WESTPAC BANKING CORPORATION	3.70
COMMONWEALTH BANK OF AUSTRALIA	3.49
TELSTRA CORPORATION LIMITED	2.31
NATIONAL AUSTRALIA BANK LIMITED	2.08
CSL LIMITED	1.66
ORIGIN ENERGY LIMITED	1.46
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	1.44
TRANSURBAN GROUP	1.37
WOOLWORTHS LIMITED	1.33

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All the data contained on this page is as at 31/03/12

Completed writing on the 18/04/2012

(\* In November 2011, GVI sub delegated management of GVI funds to Aubrey Capital Management Ltd Treasury Group Investment Services Limited is the investment manager for Premium Investors Limited

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