

# SAM Sustainability Leaders Australia Fund

**Fund Manager  
And Responsible**

**Entity**

Vanguard Investments  
Australia Ltd,  
ABN 72 072 881 086

Investment approach  
Seeks to capture the performance of  
Australia's Sustainability Leaders.  
SAM believes that, over time, these companies will outperform the broader Australian equity markets.

**Changes to Portfolio Holdings**

This quarter the acquisition of two portfolio companies, BRL Hardy and Goodman Fielder, which are to be replaced by the next ranked company in that sector, Lion Nathan.

**Stock contributions to performance**

In this quarter the major contributors to the Fund performance came from our holdings in Origin Energy, which increased by 16%, and the fact that we do not have holdings in CSL or Aristocrat Leisure. Aristocrat's share price dropped by 64% when investors lost confidence in the management due to its lack of disclosure surrounding failed contracts in South America.

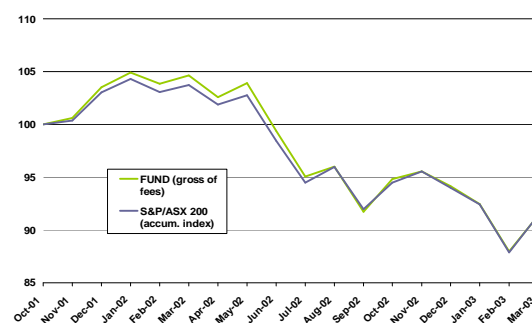
On the other hand major negative contributions came from our lack of holding in Woolworths which increased by 8% and from our investments in AMP and Southcorp, which both suffered major setbacks.

**Top Ten Holdings**

National Australia Bank	9.5%
NewsCorp (incl. Preference Shares)	7.0%
BHP Billiton	7.0%
Commonwealth Bank	6.6%
ANZ Bank	5.6%
Westpac Bank	5.5%
Telstra Corporation	5.5%
Rio Tinto	2.5%
Fosters Group	2.4%
Wesfarmers	2.2%

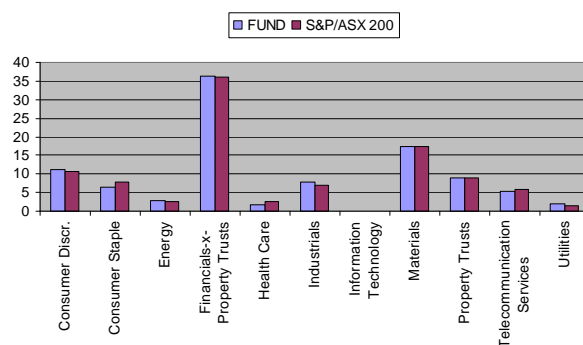
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Performance Chart since Inception as at 31 Mar 2003  
Source: SAM



Net asset value:	\$0.8741
Purchase:	\$0.8759
Withdrawal:	\$0.8723
Buy/Sell Spread:	+/-0.20%
MER:	0.70% p.a.
Total Fund Size:	\$40.2 million

**Breakdown by Sector**



**Key performance data as at 31 March 2003**

	1 Mth	3 Mths	12 Mths	S. Incept.*
FUND Net Return	3.76%	-3.17%	-13.28%	-7.00%
FUND Gross return	3.82%	-3.01%	-12.67%	-6.35%
S&P / ASX 200 Accumulation Index	3.96%	-2.79%	-11.93%	-6.36%

\*Commencement 14 November 2001

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Examining the portfolio more broadly, 39 of our 70 holdings achieved better than the median quarterly return of -1.46% while 31 were under the median return.

## Corporate Monitoring

All stocks in the Fund are constantly monitored through our media and stakeholder analysis. One of the major issues that our analysts are currently investigating relates to Wesfarmers, which is officially “under watch”.

Wesfarmers has been in the media spotlight with criticism from the Premier of Western Australia, over a longstanding pollution issue from a site used for fertilizer production by Wesfarmers in the 1970s. The Government, and now the public, is concerned about leaching of heavy metals into the water table, and ultimately into the Swan River, Perth’s major river. Criticism has also been levelled at the company over its inadequate stakeholder involvement in the issue. We have spoken at length to the company about these concerns, and a record of their comments has been compiled. We await the release of findings from the extensive testing of bore water and river water due for release within the next two weeks, which the firm says will fully vindicate them.

## SAM

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Management

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