



Souls Australian Small Companies Fund

Monthly update 31 March 2009

Fund Performance

In March the Fund underperformed its benchmark the ASX Small Ordinaries Accumulation Index by 1.5%. Collective risk appetites grew leading to equity market rallies around the world. The rally in the Small Cap sector was broadly based, with the Small Industrials up 9.2% and the Small Resources up 12.6%. Particular investor attention was observable in sectors where gearing / interest coverage were recent areas of concern and with stocks where business model robustness is an appropriate concern.

Most global indices performed well in March, with the US S&P Index up 8.5% and NASDAQ up 10.9%. The UK FTSE rose only 2.5%, while the Nikkei was up 7.2%.

For the year the Fund has declined by 30.7% which compares to a 45.8% decline for the S&P/ASX Small Ordinaries Accumulation Index. Since inception in May 1998 the Fund's return is a 15.7%pa gain versus a 3.5%pa gain for the Index.

Portfolio Highlights

Treasury Group was up 67.9% highlighting the leverage of wealth managers to stronger equity markets. **Specialty Fashion House** jumped 49.0% as it recovered off historic lows. **AWB** staged a 39.0% rally as it partially recovered from its sharp fall in February. **Campbell Brothers** (38.8%) benefited from slightly more positive market sentiment in commodity markets. **Australian Wealth Management** (24.8%) like Treasury Group was another wealth manager benefiting from the March rally. **Salmat** was up 18.1% on the back of poor press for its main competitor in the Targeted Media division. **SMS Management & Technology** (16.9%) improved on its February performance. **ASG Group** (16.7%) was another IT stock, which performed well in March. **Monadelphous** (16.5%) being a mining services company, also benefited from a lift in sentiment in commodity markets.

CPI Group (-30.0%) continued to trade in a volatile fashion. **Plan B** (-18.2%) fell despite the improved performance of some other wealth managers as full year earnings expectations were trimmed further. **Resmed** (-11.8%) was softer as investors exited some defensives in the March rally. **Calliden** (-10.5%) gave up some of its February gains. **Super Cheap Auto Group** was down 8.2%.

Portfolio Activity

The Fund established a position in **Corporate Express Australia**. The positions in **Plan B** was added to, while profits were taken in **Reece** and **ARB Corporation** to fund acquisitions. Cash amounted to 2.2% at month end.

Market Comments

We expect that the market will continue to exhibit high levels of volatility in the next few months, quarters, as investors need walk the line between equity valuations which are compelling in a historic context, and a global economic outlook which is poor, and shows little sign, at this stage, of imminent improvement. Whilst equity market volatility, and consequent return turbulence is likely in the short term, investors with a medium to longer term investment time horizon are likely to be well rewarded from exposure to a conservatively structured portfolio of high quality, well priced, Australian Small Cap stocks.

Performance Statistics (Net of fees)

	Souls Australian Small Co. Fund	ASX Small Ord Acc Index	Difference
1 month %	8.7	10.2	-1.5
3 month %	-0.2	-2.0	1.8
1 year %	-30.7	-45.8	15.1
2 years % pa	-21.9	-29.2	7.3
3 years % pa	-6.7	-13.8	7.1
4 years % pa	-2.5	-4.3	1.8
5 years % pa	3.7	1.2	2.5

Past performance is not necessarily indicative of future returns.

Portfolio Structure (Top 10 holdings)

Stock	% of Fund
1 SALMAT	6.8
2 GWA INTERNATIONAL	5.8
3 DATA #3	5.5
4 ARB CORPORATION	5.3
5 REECE AUSTRALIA	5.0
6 ASG GROUP	4.8
7 RESMED	4.3
8 AUSTBROKERS HOLDINGS	4.3
9 WHK GROUP	4.2
10 SMS MANAGEMENT & TECHNOLOGY	4.0
OTHER STOCKS	47.8
CASH	2.2
TOTAL	100

Distribution History

Total distribution for the year ended	Cents Per Unit	Annual Yield %*
June 06	18.88	7.3
June 07	34.32	12.2
June 08	38.82	9.8

*CPU/unit price at beginning of period.

Fund at a Glance

Souls Australian Small Companies Fund

- **Primary Investments** Shares in listed Australian smaller companies
- **Investment objective** Small Ordinaries Acc Index + 5% p.a. over rolling 3 years
- **Investor time horizon** Minimum 4 years

Fund information

Unit price (redemption) as at 31.03.09	\$1.8985
Unit price (application) as at 31.03.09	\$1.9138
Minimum investment	\$25,000
Minimum additional investment	\$1,000
Minimum balance	\$15,000
Minimum investment: monthly investment plan	\$500
Redemption will generally be available in	7 days
Distributions	30 June and 31 December
Entry fee*	0%
Exit fee*	0%
Buy/Sell differential*	0.40%
Management fee*	0.70% p.a.
Performance fee**	20% of return above benchmark
OGFM***	0.70% p.a.

* These fees and charges apply for the duration of the Product Disclosure Statement (PDS) and are inclusive of the Goods and Services Tax.

** A fee charged on performance of the investments of the Fund above the nominated benchmark performance. The benchmark is the S&P/ASX Small Ordinaries Accumulation Index.

*** The Ongoing Fee Measure (OGFM) is the total amount of the ongoing Manager and Custodian Fees and aggregate Fund expenses in a Financial Year (but excluding the performance fee), divided by the average Net Asset Value of the Fund for the Financial Year expressed as a percentage. Transactional costs, such as bank charges, brokerage and stamp duties are not included in the ratio. The OGFM for the Fund will not exceed 0.70% p.a. for the duration of the PDS.

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