



Souls Australian Small Companies Fund

Monthly update 30 June 2009

Fund Performance

In June the Fund generated a return of 2.1%, while its benchmark the ASX Small Ordinaries Accumulation Index rose by 3.1%. The rally in the Small Ordinaries in the last quarter has been quite pronounced with an increase of 25.7%, over a 3 month period unprecedented in recent history. Recent market moves need be seen in the context of the last 12 months where the Small Ords is off 28.6%, Small Industrials have fallen 21.6% and Small Resources are off 35.8%.

International markets were a bit more mixed during June, with the US S&P Index being flat and NASDAQ up 3.4%. The UK FTSE was down 3.8%, while the Nikkei was up 4.6%.

For the year the Fund has declined by 8.5% compared to a 28.6% decline for the S&P/ASX Small Ordinaries Accumulation Index. Since inception in May 1998 the Fund's return is 16.7%pa versus a return of 5.6%pa for the Index.

Portfolio Highlights

Specialty Fashion House (29.8%) could only refer to a favourable broker report in response to an ASX query about its rapid share price rise. **SMS Management & Technology** (24.5%) had another positive month, having joined the S&P ASX200 index in June. **STW Communications** rose 24.0% in volatile trading. **Monadelphous** (19.0%) continued to benefit from positive sentiment following contract wins announced in May. **NIB Insurance** rose 15.0% as an ASX announcement highlighted the company's attempt to penetrate the government sector.

Corporate Express was up another 14.8% as it continued to recover from an oversold position in March 2009. **Breville Group** rose another 13.6% as investors digested the implications of competitor GUD taking a 19.4% stake in the company in late May. **APN News & Media** (13.5%) firmed as it completed the entitlement offer announced in May, dispelling any remaining debt concerns.

CPI (-21.2%) fell on no news flow. **Plan B** was down 20.8%, issuing a market update at the end of the month that was consistent with earlier management commentary. **Calliden** (-18.0%) was softer as an institutional shareholder exited their substantial holding. **BSA** (-12.5%) was down on no news flow. **Fleetwood** (-8.5%) had another soft month after announcing in May that it was impacted by soft market conditions.

Portfolio Activity

The Fund established positions in **APN News & Media**, **Fleetwood**, and **Corporate Express**. The position in **Breville Group** was added to while we took some profits in **ABB Grain** to fund purchases. Cash amounted to 2.0% at month end.

Market Comments

In the short term we expect markets to remain volatile. The root cause of this short term volatility will remain the forthcoming earnings season, which we see as challenging and a likely harbinger of medium term earnings downgrades.

On the economic front declining consumption patterns, rising unemployment, consumer de-gearing and declining global industrial production create a vexing backdrop for equity market participants.

Irrespective of market environment and economic mood we continue to apply our process vigorously and remain optimistic as to our ability to generate above benchmark returns in the medium to longer term.

Performance Statistics (Net of fees)

	Souls Australian Small Co. Fund	ASX Small Ord Acc Index	Difference	ASX Small Ind Acc Index	ASX Small Res Acc Index
1 month %	2.1	3.1	-1.0	5.0	0.0
3 month %	15.0	25.7	-10.7	21.9	32.1
1 year %	-8.5	-28.6	20.1	-21.6	-35.8
2 years % pa	-20.2	-24.6	4.4	-29.4	-12.2
3 years % pa	-0.8	-6.4	5.6	-11.7	8.1
4 years % pa	3.2	0.7	2.5	-4.7	16.4
5 years % pa	6.4	5.6	0.8	0.8	19.5

Past performance is not necessarily indicative of future returns.

Portfolio Structure (Top 10 holdings)

Stock	% of Fund
1 DATA #3	5.9
2 SMS MANAGEMENT & TECHNOLOGY	5.6
3 SALMAT	5.1
4 ARB CORPORATION	4.9
5 GWA INTERNATIONAL	4.7
6 REECE AUSTRALIA	4.6
7 ASG GROUP	4.4
8 SUPER CHEAP AUTO	4.4
9 AUSTBROKERS HOLDINGS	4.0
10 WHK GROUP	3.5
OTHER STOCKS	49.3
CASH	3.6
TOTAL	100

Fund at a Glance

Souls Australian Small Companies Fund

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

Distribution History

Total distribution for the year ended	Cents Per Unit	Annual Yield %*
June 07	34.32	12.2
June 08	38.82	9.8
June 09	10.06	4.2

*CPU/unit price at beginning of period.

Fund Information

Unit price (redemption) as at 30.06.09 ex-distribution	\$2.0935
Unit price (application) as at 30.06.09 ex-distribution	\$2.1104
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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