



## Souls Australian Small Companies Fund

Monthly update 30 September 2009

### Fund Performance

In September the Fund generated a return of 8.0%, against a 5.1% return from the ASX Small Ordinaries Accumulation Index.

Most International markets continued to rally in September. The US S&P Index increased 3.6% and NASDAQ was up a strong 5.6%. The UK FTSE delivered 4.6%, while the Nikkei bucked the trend and was down 3.4%.

In the past year the Fund increased by 18.7% compared to a rise of 6.3% for the S&P/ASX Small Ordinaries Accumulation Index. Since inception in May 1998 the Fund's return is 19.2%pa versus a return of 7.3%pa for the Index.

### Portfolio Highlights

**SMS Management & Technology** was up 23.3%, with IT stocks generally enjoying a strong performance, as confidence about business activity levels improves. **Campbell Brothers** rose 22.6% following an update indicating the coal sector it services suffered little impact from the Global Financial Crisis (GFC). **Breville Group** was up 21.5% as electronic consumer product sales prove more resilient than anticipated at the start of the GFC. **NoniB** rose 21.2%, but is still trading at a greater than 40% discount to the benchmark. **Ausenco** was up 20.7%, as the earnings growth outlook for 2010 and 2011 continues to improve. **ARB Corporation** was up 16.9%, reporting continued growth for the first two months trading in 2010. Other strong performers included **Super Cheap Auto Group** (15.9%), **STW Communications** (14.7%), **The Mac Services Group** (14.6%) and **Plan B Group** (14.0%).

**Lycopodium** was down 8.7% following its spectacular share price appreciation in August. **BSA** (-8.3%) and **SDI** (-5.7%) were down for the same reason. **Resmed** was down 4.6% on concerns about negative implications for the stock from USA health reform proposals. **Austereo** (-4.6%) finished slightly lower following continued controversy over one of its radio announcers, despite data indicating that the rate of decline in metro radio spend continues to stabilise.

### Portfolio Activity

No new positions were either established or exited during September. **AWB**, **Resmed**, and **Seek** positions were added to, while profits were taken in **ASG Group** and **Super Cheap Auto Group**. Cash amounted to 3.3% at month end.

### Market Comments

In September equity market risk aversion moderated further with a re-emergence of global growth taken as given. Whilst the Australian economic picture is positive, albeit anemically so, the global growth picture remains quite fragile with data points mixed, and in many instances showing continued deterioration. The FY 2009 Annual General Meeting is upon us with the equity markets short term direction highly sensitised to guidance and operational commentary to be provided in the next 4 to 6 weeks. The economic back drop in Australia appears quite robust, relative to our global peers, with the Australian Reserve Bank recently upgrading its domestic growth expectations and starting to tighten rates (cash rate + 0.25% to 3.25%). This positive domestic economic tide appears to be substantially reflected in equity market valuations at this point in time, with the delivery of sustained, positive global growth required to further propel Australian equities upwards.

### 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 %	8.0	5.1	2.9	6.9	1.7
3 month %	32.2	21.8	10.4	25.9	14.5
1 year %	18.7	6.3	12.4	29	17.1
2 years % pa	-7.6	-16.6	9.0	-19.6	-9.5
3 years % pa	5.7	-1.7	7.4	-6.4	12.0
4 years % pa	9.0	2.7	6.3	-1.6	14.9
5 years % pa	9.1	7.6	1.5	3.3	21.1

Past performance is not necessarily indicative of future returns.

### Portfolio Structure (Top 10 holdings)

Stock	% of Fund
1 ARB CORPORATION	4.6
2 SMS MANAGEMENT & TECHNOLOGY	4.5
3 REECE AUSTRALIA	4.5
4 SALMAT	4.4
5 SKILLED GROUP	4.2
6 DATA #3	4.2
7 SUPER CHEAP AUTO	4.2
8 GWA INTERNATIONAL	4.1
9 ASG GROUP	4.0
10 AUSTBROKER HOLDINGS	3.6
OTHER STOCKS	54.4
CASH	3.3
TOTAL	100.0

## 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

<b>Unit price (redemption) as at 30.09.09</b>	\$2.7666
<b>Unit price (application) as at 30.09.09</b>	\$2.7889
<b>Minimum investment</b>	\$25,000
<b>Minimum additional investment</b>	\$1,000
<b>Minimum balance</b>	\$15,000
<b>Minimum investment: monthly investment plan</b>	\$500
<b>Redemption will generally be available in</b>	7 days
<b>Distributions</b>	30 June and 31 December
<b>Entry fee*</b>	0%
<b>Exit fee*</b>	0%
<b>Buy/Sell differential*</b>	0.40%
<b>Management fee*</b>	0.70% p.a.
<b>Performance fee**</b>	20% of return above benchmark
<b>OGFM***</b>	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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