APOSTLE ASSET MANAGEMENT

Apostle Loomis Sayles Global Bond Fund

LOOK BEYOND THE HORIZON

Monthly Fact Sheet, 31 May 2010

Investment Style

TOTAL RETURN – GLOBAL BOND

Investment Objective

The Fund's investment objective is to seek to outperform the benchmark by 200 basis points per annum (net of fees) over a market cycle.

Fund Investment Strategy

Construct a broadly diversified portfolio of global fixed income securities to meet the investment objective by actively managing interest rates, country, currency, sector and security selection. The Fund can utilize derivatives to manage portfolio characteristics.

The Fund can also invest up to 40% of the net assets in high yield bonds, emerging market bonds and bank loans. Currency positions in the AUD may range between 85% and 115%. Cross hedging in any one non Australian country is permitted up to a limit of +\- 10%

Characteristics

Unit Price	1.033601
Fund Size (AUD)	85,966,580
Reporting Benchmark#	Barclays Capital Global Aggregate Index (hedged into AUD)
Fund Inception Date	14 March 2002
Legal Structure	Australian Registered Scheme
Valuation Frequency	Daily
Liquidity Frequency	Daily
Responsible Entity	Apostle Asset Management Limited
Investment Manager	Loomis, Sayles & Company, L.P.
Total Management Fee	By Negotiation
Portfolio Manager	Ken Buntrock, David Rolley, Lynda Schweitzer
Administrator	State Street Australia Limited
Custodian	State Street Australia Limited

 # Prior to 1 Feb 2007 Benchmark: Barclays Capital Global Aggregate Credit Index (hedged into AUD).

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Performance♦ (% pa)

Cumulative Performance	1 mth	3 mths	CYTD	1 yr	3 yrs>	Inception> (14/03/02)
Fund (gross)	-0.45	3.08	5.42	19.90	6.66	7.67
Benchmark*	1.18	2.64	4.83	11.38	9.23	8.05
Active Return	-1.63	0.44	0.59	8.52	-2.57	-0.38

♦ Source: State Street Australia Ltd.
** Barclays Capital Brothers Global Aggregate Index hedged into AUD*
> Annualised

Attribution analysis (%)

	Excess Return 1 month	Excess Return 3 months
Country Allocation	0.12	0.20
Currency & Hedging	-0.86	-0.06
Duration & Twist	0.12	0.19
Sector	-0.39	-0.23
Security Selection	-0.62	0.29
Miscellaneous Trading Effects	--	0.05
TOTAL	**-1.63**	**0.44**

Portfolio Analysis

Portfolio Characteristics (%)

	Fund	Benchmark	Difference
Effective Duration (yrs)	5.04	5.38	-0.34
Average Maturity (yrs)	6.67	7.27	-0.60
Coupon Rate (%)	4.31	3.89	0.42
Current Yield (local)	4.00	3.76	0.24
Yield to Maturity (%) (local)	3.43	2.73	0.70
Current Yield (AUD)	8.02	--	--
Yield to Maturity (%) (AUD)	7.45	--	--
Average Quality	Aa3	Aa2	N/A

Quality Allocation (%)

	Fund	Benchmark	Difference
Aaa	48.95	54.21	-5.26
Aa	9.17	28.76	-19.59
A	9.64	10.47	-0.83
Baa	11.16	6.56	4.60
Ba	14.94	--	14.94
B	2.34	--	2.34
Caa & Lower	0.07	--	0.07
Not Rated	--	--	--
Cash & Equivalent	3.73	--	3.73

Sector Allocation (%)

	Fund	Benchmark	Difference
Treasuries	42.63	51.13	-8.50
Securitised	5.97	18.61	-12.64
Corporates	28.61	15.64	12.97
Govt. Related	23.48	14.62	8.86
Bank Loans	2.61	--	2.61
Cash & Equiv.Δ	-3.30	--	-3.30

Δ Includes unrealised FX gains/losses

Currency Allocation after Hedging (%)

	Fund	Benchmark	Difference
Argentine Peso	0.04	--	0.04
Australian Dollar	99.80	100	-0.20
Brazilian Real	0.78	--	0.78
British Pound Sterling	1.48	--	1.48
Canadian Dollar	2.15	--	2.15
Chinese Yuan Renminbi	1.05	--	1.05
Danish Krone	0.04	--	0.04
Euro	-8.13	--	-8.13
Indian Rupee	1.04	--	1.04
Indonesian Rupiah	0.53	--	0.53
Japanese Yen	-8.50	--	-8.50
Malaysian Ringgit	1.07	--	1.07
Mexican Peso	2.61	--	2.61
Norwegian Krone	2.98	--	2.98
Singapore Dollar	1.96	--	1.96
South Korean Won	3.97	--	3.97
Swedish Krona	2.87	--	2.87
US Dollars	-5.74	--	-5.74

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Country Allocation (%)

	Fund	Benchmark	Difference
United States	31.74	38.74	-7.00
Germany	16.05	6.91	9.14
Canada	9.68	3.17	6.51
United Kingdom	6.74	5.31	1.43
Mexico	4.51	0.51	4.00
Japan	3.58	18.59	-15.01
Sweden	3.13	0.93	2.20
Australia	3.03	1.17	1.86
Norway	2.96	0.29	2.67
Ireland	1.92	0.50	1.42
Denmark	1.87	0.61	1.26
Brazil	1.72	0.26	1.46
Singapore	1.67	0.20	1.47
Netherlands	1.41	1.88	-0.47
Cayman Islands	1.12	--	1.12
United Arab Emirates	1.00	0.07	0.93
France	0.90	5.64	-4.74
India	0.88	0.02	0.86
Belgium	0.87	1.04	-0.17
New Zealand	0.86	0.11	0.75
South Africa	0.78	0.23	0.55
Bermuda	0.50	0.01	0.49
Korea, Republic of	0.48	1.17	-0.69
Finland	0.46	0.24	0.22
Lithuania	0.44	0.03	0.41
Qatar	0.43	0.07	0.36
Indonesia	0.42	--	0.42
Argentina	0.29	--	0.29
Hungary	0.29	0.16	0.13
Dominican Republic	0.27	--	0.27
Other Countries	--	12.14	-12.14
TOTAL	**100**	**100**	**--**

Commentary

The positive momentum that began in March in US investment grade (IG) credit and continued throughout April ended abruptly in May, with corporates strongly underperforming governments during the month. Continued sovereign concerns in Europe, uncertainty regarding financial sector regulation, China tightening worries, the lack of a solution for the oil spill in the Gulf, and tensions in Korea, among other concerns, led to significantly elevated investor risk aversion. Spreads widened by 47 bps during May, and are now actually 12 bps wider year-to-date. During the month of May, defensive sectors such as Aerospace/Defense and Diversified Manufacturing performed the best, while Oil Field Servicers/Refiners, Pipelines, and Metals & Mining underperformed. Oil Field Service and Refinery companies have underperformed dramatically over the past month on the continuously negative news flow related to the Gulf oil spill. As one would expect given the heightened level of risk aversion, lower quality credit fared the worst during May. Despite this weak performance, Loomis continue to have a favourable view of spread product, as investor interest in the asset class remains a positive technical factor, spreads are more attractive, and their base case expectation is for the global economy to gradually improve. That being said, European sovereign issues and related contagion effects to the broader market are being closely monitored. Loomis are continuing to search for opportunities that offer solid long-term value.

A similar story unfolded during May in IG credit in Euroland as well. Corporates underperformed governments by a wide margin during the month as investors shunned risk on the aforementioned concerns. On a sector basis, the best performers during May were Healthcare, REITs, and Food & Beverage, while lower tier Insurance and Banks, as well as Metals & Mining underperformed. Concerns regarding banking and insurance exposure to troubled European countries sparked a selloff across financial paper, especially lower quality assets. Looking ahead, Loomis continue to closely monitor the delicate sovereign situations in Greece and Spain, among others, and the potential contagion effect on corporates.

The UK IG market performed in-line with the other major corporate markets during May, underperforming gilts significantly. Similarly to the Euro market, Insurance, Banks, and Metals & Mining were the worst performers while more defensive sectors in general were the outperformers. The risk trade was 'off' across markets during the month and the UK market was no exception. Loomis continue to selectively add to their corporate exposure in names that they deem to offer relative value.

Outlook / Strategy

May was a "risk off" month, and decisively so. Investors had to contemplate the ongoing Euro/Club-Med solvency crisis, an associated European interbank liquidity drought, a war scare in Korea, the BP oil spill, a Wall Street equity algorithmic trading crash and Chinese tightening. The net result was that the pullback from risk that was seen in late April continued through most of the month.

Investor sentiment on the Euro remains negative; the market set lower new lows and lower new highs through the month. The Yen, previously benefitting from risk aversion leverage unwind, has lately weakened with the resignation of the Japanese Prime Minister. Mr. Kan, the expected new PM, is perceived as an easy Yen advocate.

Commodity and emerging market currencies have rallied from intra-month lows, but remain subdued, given increased fears of a global slowdown. This is where Chinese tightening has played a major role.

Loomis remain buyers of the peripheral and commodity currencies on weakness, as well as selected corporates, including EM corporates, as they do not feel that the global recovery has been knocked off track. This view is supported by satisfactory US data, including May auto sales and even German activity has been positive. The tug-of war that will set the pace of global expansion is between forces of cyclical recovery and structural (mostly sovereign fiscal) headwinds. Between these, Loomis lean toward recovery, given rising consumer purchasing power in the US and China.

Monthly performance (gross % pa)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	1.33	0.93	1.84	1.66	-0.45								
2009	1.72	-0.20	0.37	3.91	3.30	2.48	3.61	2.01	2.06	1.15	0.68	1.03	24.39
2008	0.54	0.05	-0.66	2.08	-0.27	-0.31	0.14	1.36	-5.75	-9.96	0.58	1.60	-10.73
2007	0.13	1.24	0.00	0.38	-0.35	-0.61	0.11	1.34	0.82	1.11	0.47	0.39	5.13
2006	0.06	0.56	-0.67	-0.34	0.05	0.09	1.23	1.41	0.93	0.78	1.05	-0.36	4.87