

Investment Style

DEBT – SENIOR BANK LOANS

Investment Objective

The Fund's investment objective is to seek to provide a high level of current income and such preservation of capital as is consistent with investment in a portfolio of senior bank loans.

Primary Investments

The Fund seeks to accomplish its investment objective through investment primarily in a diversified managed portfolio of predominantly U.S. Senior Loans.

Portfolio construction is driven by bottom-up security selection and top-down macroeconomic analysis. Individual investment ideas are evaluated by the Fund's portfolio management team and credit research analysts based on investment return potential and contribution to overall portfolio risk.

Fund Investment Strategy and Allocation Limits

- ▶ 90-100% of total assets in Senior Loans.
- ▶ 0-10% of total assets in cash or cash equivalents.
- ▶ 0-10% of total assets in other authorised investments.

Characteristics

Unit Price	0.966970
Fund Size (AUD)	439,769,117
Reporting Benchmark	3 Month USD LIBOR hedged into AUD
Fund Inception Date	20 November 2007
Legal Structure	Australian Managed Investment Scheme
Valuation Frequency	Daily
Liquidity Frequency	Fortnightly
Responsible Entity	Apostle Asset Management Limited
Investment Manager	Loomis, Sayles & Company, L.P.
Total Management Fee	By Negotiation
Portfolio Manager	Kevin Perry, John Bell
Administrator	State Street Australia Limited
Custodian	State Street Australia Limited

Contact

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Performance* (% pa)

Performance Returns	1 mth	3 mths	CYTD	1 yr	2 yrs ^{>}	Inception ^{>} (20/11/07)
Fund (gross)	0.13	0.26	4.84	13.41	2.62	2.72
Benchmark*	0.40	1.13	2.11	3.97	4.99	5.67
Active Return	-0.27	-0.87	2.73	9.44	-2.37	-2.95

◆ Source: State Street Australia Ltd.
* USD LIBOR 3 Month in AUD
> Annualised

Portfolio Analysis

Portfolio Characteristics

	Fund
Margin over Libor (%) (USD)	3.10
Coupon Rate (%) (USD)	4.24
Current Yield (%) (USD) ■	4.44
Weighted Average Purchase Price (c/\$)	94.49
Weighted Average Market Price (c/\$)	95.50

■ = Average Coupon Rate/Weighted Avg Market Price

Allocation Analysis

Credit Quality (%)

	Fund
Average Quality	B+
BBB	3.85
BB	49.58
B	36.93
CCC & Lower	0.61
Not Rated	2.89
Cash & Equivalents	6.14
Total	100

Sector Allocation (%)

	Fund
Industrial	82.76
Financial	6.94
Utility	4.16
Cash & Equivalents	6.14
Total	100

Country Allocation (%)

	Fund
United States	100
Canada	0
Total	100

Monthly performance (gross % pa)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	1.96	0.76	1.78	1.30	-1.16	0.13							
2009	8.30	2.09	1.23	7.21	3.63	3.28	2.77	1.34	1.45	0.44	-0.35	2.28	38.92
2008	-2.27	-2.20	1.01	3.25	1.38	0.73	0.08	0.39	-3.74	-17.03	-6.57	-3.55	-26.39
2007	--	--	--	--	--	--	--	--	--	--	--	0.36	--

Holdings by Industry (%)

Aerospace/Defence	1.35
Automotive	2.48
Banking	1.75
Building Materials	1.58
Cash & Equivalents	6.14
Chemicals	3.84
Construction Machinery	0.18
Consumer Cyclical Services	6.54
Consumer Products	3.24
Diversified Manufacturing	0.27
Electric	4.16
Energy – Oil Field Services	0.77
Entertainment	2.19
Environmental	1.26
Finance Cos – NonCaptive Consumer	0.64
Financial Other	0.30
Food & Beverage	3.01
Gaming	0.51
Health Insurance	0.17
Healthcare	10.22
Industrials – Other	6.14
Insurance	1.41
Media – Cable	2.46
Media – Non Cable	5.98
Metals & Mining	0.27
Oil Field Services	2.21
P&C	2.26
Packaging	2.38
Paper	1.30
Pharmaceuticals	1.35
Pipelines	1.08
Printing & Publishing	0.35
REITS	1.04
Retailers	4.70
Supermarkets	0.66
Technology	7.16
Telecommunications	0.71
Textile	0.57
Wireless	3.07
Wirelines	4.30
TOTAL	100

Top Five Portfolio Holdings (%)

	Spread	Portfolio (%)	S&P Rating
Community Health Systems, Inc. Term Loan	+225	1.23	BB
Clarke American Corp. Term Loan B	+250	1.15	B+
Ford Motor Company Term Loan	+300	1.15	B-
Level 3 Financing Inc. Tranche A Term Loan	+225	1.06	B+
Dollar General Corporation Tranche B-1 Term Loan	+275	1.04	BB

Bank Loans

June's performance returned to the pattern we witnessed through most of 2008. Returns were aligned by rating this month. The lower you ventured down the rating scale the more negative returns became. Although European risk continued to impact market performance, concerns over slowing economic activity in China also weighed on the market. Increased focus on the possibility of a double dip in domestic economic activity evaporated the bid-for-risk trade. June's returns for bank loans and stocks were negative. The S&P All Loan index fell by 0.44%, their BB loan index fell by 0.23%, their B loan index fell by 0.64% and their CCC loan index fell by 1.09%. Although June's performance was negative it was an improvement over May's performance.

Loomis' conservative management style was again well rewarded in June on a relative basis. The Composite again outperformed all rating categories in the benchmark. The number of negative and positive days were, once again, equal. Their program of specific credit value rotation was aided by an active new issue market that gave them increasingly attractive pricing. Loomis had no defaults in June.

Three-month LIBOR was 0.53% at the end of June, essentially unchanged over the month. The 12-month forward LIBOR rate as of July 7, 2010 is 0.92%, down 37 basis points from the level a month ago.

Outlook

Trailing 12-month default rates have fallen to mid-single-digits and may continue to decline over the balance of the year. The evolving nature of the Global Financial Crisis is likely to continue to weigh on the markets. The risk to economic expectations has increased and Loomis expect this to add volatility to markets. Many investors have delayed their expectations for the start of increasing interest rates. The next major demand driver for loans is still expected to be rising rates, though most market participants do not expect that catalyst to be a significant factor until at least late this year.