



ALL STAR FUNDS

All Star IAM Australian Share Fund

July 2010 - Fact Sheet

The All Star IAM Australian Share Fund aims to provide long-term capital growth from exposure to a portfolio of Australian shares. The Fund aims to outperform the S&P/ASX 200 Accumulation Index.

Market Commentary

The ASX200 accumulation index finished the month up 4.5%, but remains in a bear market at 26% below the 2007 high. Another 8% rise to over 4850 - 5000 is needed to herald a new bull market.

More volatility is expected due to a possible short term bounce in a relatively cheap market, while longer-term, the debt situation and high unemployment in Europe and the U.S. influences consumer spending and GDP growth. However markets appear to be pricing in the worst and are poised to rise with economic stability.

Global equity markets recovered in July with diminishing concerns over European sovereign debt issues and the China slowdown. The US economy outlook remains debated with leading indicators showing signs of weakness while June quarter company profits provided the second best profits season quarter for upside surprises since records began in 1994. China's potential to re-stimulate its economy, with China's PMI still expanding along with a need to rebuild a fall in inventories, is a good sign for commodity prices and resource stocks.

Domestically, the Prime Minister announced a revised (mining company-approved) resource tax and set an election date (21 August). M&A activity continued to increase. Consistent with a more "risk-on" environment, investors shifted to cyclical sectors (financials, industrials, materials and resources all rebounding strongly) reducing exposure to defensive sectors. Small Caps outperformed the broader market.

Australian economic data showed signs of moderation except employment growth which remained strong. The RBA left interest rates unchanged at 4.5% while the 2Q 2010 CPI reading was weaker than market expectations. The AUD rebounded, finishing the month at 90.1¢ (+6.1¢).

Resources remain cheap with industrial stocks less compelling, due to high debt, rising interest rates and consequently less spending. Banks are more expensive than their long-term average relative P/E.

Portfolio Commentary

The Fund, now with a three year track record as at the end of July, rose by 5.15% for the month, outperforming the S&P/ASX200 Accumulation Index by 0.7% (Index +4.5%). The Fund delivered 6.3% for the year to July end. Outperformance since inception is 2.6% p.a.

July outperformance was due to resources and domestic cyclical stocks. Overweights in metals added 80bp (Lynas, OZ Minerals and Western Areas); Downer EDI added 45bp; diversified resources added 28bp (Equinox, Minara, Rio) and Gold added 18bp. Underweights in QBE (+19bp), Woolworths (+17bp) and Telstra (+13bp) added value. These gains were offset by underweighting banks, subtracting 80bp (Westpac, CBA, ANZ) and 13bp (Wesfarmers). Overweights in Mirvac, I-Soft and Nufarm each cost 9bp.

The Australian stock market is still trading between 4000 and 5000 with the portfolio presently positioned mid-range. With commodity prices boosting upward momentum, this position will be re-evaluated as the portfolio approaches the upper end of the range.

Cuts to government expenditure and deleveraging may lead to a continuation of below average GDP growth in over-leveraged Western economies (but not a collapse). The rebound in China's stock market

(up 17% in from the July low) is a good lead indicator so the portfolio has significantly increased resources positions at cheap PE ratios, to take advantage of China's superior growth.

The portfolio has moved significantly underweight retailers, domestic "defensive" industrials and banks, while retaining a cyclical bias, focused on stocks leveraged to an improving international economy, particularly the Chinese propelled resources boom.

The manager's tracking error is running above target after outperformance by a number of smaller stocks in July. The aim is to slowly reduce tracking error through August as the market rallies. The portfolio has been set for a near-term rise in markets, which is already occurring.

Summary

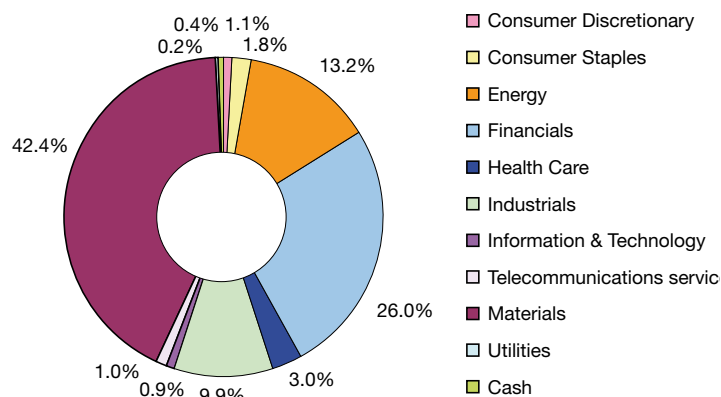
- Differentiated (thematic) investment approach
- Bulk of the team have been together for 10yrs+
- Excellent track record

Performance of the Fund as at 31/07/10

	Fund %	S&P/ASX200 %	Variance %
1 mth	5.15	4.47	0.68
3 mths	-4.92	-5.87	0.95
6 mths	-1.76	0.29	-2.05
1 yr	6.32	10.14	-3.82
3 yr	-3.21	-5.84	2.63
Since Incept.	-3.05	-5.65	2.60

Performance results are net of all fees. Inception Date: 16 July 2007

Composition of the Fund as at 31/07/10



Manager Profile

Independent Asset Management Pty Ltd ('IAM')

IAM is a focused boutique Australian share manager established in 2001 by Mr Greg Matthews. Having joined the investment industry in 1979, Matthews is an Australian share market veteran with a formidable track record. Starting as an analyst with Prudential, he worked at senior levels in stockbroking in Australia and in the US as Head of Industrial Research, and as Research Sales Director at Merrill Lynch and Ord Minnett. He was Australia's top performing equities manager at ING (Mercantile Mutual) and was Chief Investment Officer and Joint Head of Funds Management at Macquarie Bank.

After years of leading teams at large institutions, Matthews broke free from bureaucracy to do what he really loves, managing share portfolios in an unfettered environment. The bulk of the IAM team has been together for 10 years and is currently managing approximately \$1.4 billion of investments. Much to its credit, IAM intends to fortify and maintain its boutique culture by capping funds under management at \$3 billion.

IAM aims to generate consistent top quartile returns by an active stock selection process through the whole investment cycle which takes into account a macro economic view as well as a number of additional factors such as value, growth and earnings surprises. IAM do not limit themselves to a specific style of investment management, preferring to invest in stocks with opportunities based on valuations or earnings potential.

Investment Objective

To provide long-term capital growth from exposure to a portfolio of Australian shares. The Fund aims to outperform the S&P/ASX 200 Accumulation Index.

Suggested minimum time frame is 5 years.

Investment Strategy

The Fund invests predominantly in shares or unit trusts listed or expected to be listed on the Australian Stock Exchange. A top down, or macro economic view is taken by the investment manager to identify preferred sectors, which is then combined with bottom up stock picking, with 40-80 stocks held in the portfolio. The predicted average tracking error target is 6% pa.

Portfolio Construction

The number of stocks held is generally at the upper end of 40 to 80.

Up to 10% of the portfolio may be held outside the S&P/ASX 200.

For risk control, IAM does not use derivatives. Limits are placed on the percentage invested in a particular stock in excess of its index weight and its percentage value of a company (typically 5%).

About All Star

The All Star Funds provide retail investors with exclusive access to a select group of investment managers. Each All Star Fund has a single specialist manager appointed to manage its assets.

These managers would not otherwise be available to Australian retail investors, as they are typically available only to institutional and similar investors. The All Star process identifies these managers and brings them to market.

The All Star manager selection process incorporates the following four important criteria:

1. Active management of investments
2. An investment process which seeks to consistently outperform the relevant index or perform on an absolute basis, regardless of market cycle or conditions
3. A proven investment process and performance track record, with a strong focus on risk management
4. A highly experienced and stable team of investment managers.

Preference is also generally given to managers whose interest is aligned to those of investors either through the charging of performance fees or through investment or ownership in the investment managers business.

The responsible entity for the All Star Funds is Ventura Investment Management Limited, a special purpose funds management company established to offer professionally managed investments for investors.

Type of Product:	Wholesale Australian Equities
APIR Code:	VEN0006AU
Minimum Investment:	\$20,000
Minimum Additional Investment:	\$5,000
Regular Investment Plan:	\$10,000 initial & \$1,000pm
Transaction Costs:	+/-0.25%
Expense Recoveries:	Not expected to exceed 0.10%
Management Fee (excludes performance fee)	0.89%*
Performance Fee	23.83%* pa on returns above benchmark
Benchmark:	S&P/ASX200 Accumulation Index
Frequency of Distributions:	Semi-annually

* effective 1 April 2010