



ALL STAR FUNDS

All Star Income Fund

July 2010 - Fact Sheet

The All Star Income Fund aims to provide an income stream that delivers a return in excess of the one year interest rate swap. Suggested minimum timeframe is three to five years.

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 All Star Income Fund achieved a return of 1.7% for the month of July with all asset sectors (hybrids, buy and write strategy, property trust, utilities) producing positive returns. The return for the 12 month period was 10.9%. Since inception, the Fund has produced 5.5% income on an annualised basis.

The equity market bounced 4.47% in July after falling (-2.59%) in June, led by the banks and resources. The hybrid market advanced 2.19% and Utilities and Property Trusts lagged the overall market advance.

The portfolio's exposure to hybrids and buy and write activity continues to benefit from the current investment environment with attractive credit spreads and moderate sharemarket volatility, producing good returns. The overriding concern and risk remains a slowing in China's growth and a less than robust recovery in the US. Domestically, the modified resources tax proved positive for resources while conditions remain challenging for the banking industry with deteriorating lending margins and slow credit growth.

The Fund's cash exposure was lifted 7% to 37% by option positions including the sale of Coca-Cola Amatil and Telstra and from the

Westpac Office Trust cash takeover proceeds. The high cash exposure is consistent with the manager's stance to de-risk the portfolio.

The underlying fund into which the Fund fully invests to gain exposure to Kaplan Funds Management has a running yield is 7.3% inclusive of franking credits, which compares favourably with official interest rates of 4.5%.

Summary

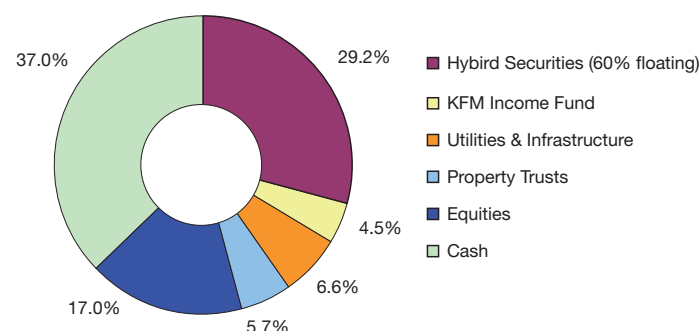
- Diverse source of income
- Strong running yield
- Opportunity for capital growth as credit markets recover
- Exposure to sectors of Government stimulus (utilities and infrastructure)
- Allocation to assets that are liquid and transparent

Performance of the Fund as at 31/07/10

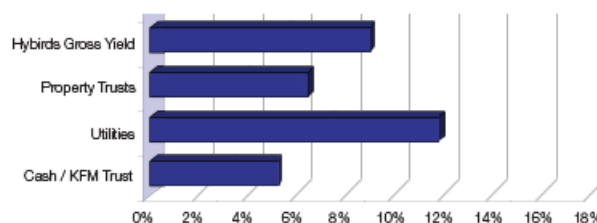
	Fund %	Growth %	Distribution %
1 mth	1.68	0.28	1.40
3 mths	-0.86	-2.22	1.36
6 mths	2.41	-0.23	2.64
1 yr	10.87	7.18	3.69
2 yr	1.01	-3.21	4.22
3 yr	-0.88	-6.40	5.52
Since Incept.	-0.88	-6.40	5.52

Inception Date: 16 July 2007

Composition of the Fund as at 31/07/10



7.6% Running Yield as at 31/07/10



Manager Profile

Kaplan Funds Management Pty Ltd ('KFM')

Kaplan was established by Mr Sam Kaplan in June 1998 to manage money for the professional investor market and various charities. Funds under management currently stands at approximately \$2.4 billion, the majority of this being in absolute return investment strategies.

Kaplan's board of directors have extensive corporate experience, providing the Fund with some added advantages. Kaplan has a sizeable investment team for a boutique, with 4 experienced portfolio managers who have complementary skill sets. While Kaplan use a team-based approach, each portfolio manager has specific expertise in the securities in which the Fund invests.

Kaplan is an absolute return manager which aims to achieve positive returns under most conditions, with low volatility and an emphasis on income producing strategies. Kaplan believes that wealth is accumulated through investing in productive businesses and sound assets managed in an active and disciplined manner to produce consistent returns. Kaplan's asset selection has a value orientation and relies on careful quantitative and qualitative research.

Investment Objective

To provide an income stream that delivers a return in excess of the 1-year interest rate swap. The Fund is managed on an absolute basis for income generation, coupled with low volatility and a desire for consistent returns. Capital growth can also be generated.

Investment Strategy

The Fund invests, through a fund managed by Ascalon Capital Managers Limited, predominantly in high yielding securities listed on the Australian Stock Exchange such as hybrid securities (fixed and floating), unsecured fixed interest investments, property trusts, preference shares, utilities and infrastructure stocks and high yielding ordinary shares. Option strategies are used for generating income and asset protection.

Portfolio Construction

Asset sector	ranges	Min%	Max%
Hybrid, fixed interest and cash:		0	100%
Property trusts:		0	50%
Utilities, Infrastructure & other listed shares:		0	50%

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 Income
APIR Code:	VEN0007AU
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)	1.03%
Performance Fee	15.38% on returns above benchmark
Benchmark:	1 Year Interest Rate Swap
Frequency of Distributions:	Quarterly