

Media Statement

Wednesday, 1 September 2010.

All Star KFM Income Fund meets widespread adviser demand for liquid income; restructuring under mandate provides an attractive 25% price reduction

Kate Mulligan, Managing Director of All Star Funds, has announced today a fee reduction of 25% to the All Star KFM Income Fund due to its restructuring under investment mandate rather than a 'fund of fund' structure as it was previously invested.

This allows All Star Funds to provide greater transparency plus cost savings on fees, which are being passed onto investors with a total ICR of 0.85% (plus performance fee).

According to Mulligan, "the anticipated operational and investor reporting efficiencies, as well as enhanced control of the investment mandate parameters and practices, are the key benefits of this move."

The All Star KFM Income Fund fared well through the volatility of the GFC, delivering "a high yield , with full liquidity," which according to Mulligan is due in part to the Fund's strong sector diversity. Buy-write options provide capital downside protection.

"Feedback from advisers is that the Fund delivers strong income results for clients, and that this is the type of product they really need in their clients' portfolios" said Mulligan. She continued, "Advisers are keen to provide their clients with a good deal on price; passing on the cost savings from the restructure makes the Fund even more attractive."

As at the end of July, the Fund's running yield is 7.3% inclusive of franking credits, which compares favourably with official interest rates of 4.5%.

The Fund is managed by Kaplan Funds Management Pty Ltd, an absolute return manager focussed on income producing strategies which was established in 1998.

"We selected Kaplan due to the team's solid experience in income strategies, as well as for their ability for consistent income generation across challenging market conditions. Management of risk is a strong part of their investment process," said Mulligan.

The Fund's stable-mate, the flagship All Star IAM Australian Share Fund has delivered 2.6% above benchmark on an annualised basis since inception (July 2007).

The latest Fund to join the All Star ranks, the All Star Nomura China Fund, presents a risk-controlled opportunity for investment in China. It is managed by Nomura Asset Management, a conservative manager with proven expertise in this market.

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