

18 August 2009

**MMC Concentrated Fund
Investment Manager's Annual Letter 2009**

Dear Investor,

The 2009 financial year has been one of the most extraordinary 12 months in financial history. During the year we experienced an unbelievable confluence of events that even humbled some of the most experienced investors. On a global scale the more significant events ranged from the collapse of Lehman Brothers in the US, to the government bailout of numerous companies including AIG and General Motors, to a global synchronised reduction in interest rates, and finally to the introduction of economic stimulus packages from governments world wide. In Australia, we witnessed the Government implement a guarantee for deposits at Authorised Deposit-taking Institutions and we watched the Australian dollar move from almost US\$0.98 in July 2008 to just above US\$0.60 in October 2008 only to increase back to US\$0.80 in June 2009.

These events formed the backdrop for the All Ordinaries Index to report its worst performance in 27 years with only the returns in 1981, 1973, 1951 and 1929 being worse. The All Ordinaries Index was down approximately 25% for the year. To illustrate the speed and ferocity of swings in the market, between the start of September and the end of October 2008 the market was down 23%.

MARKET OUTLOOK

Following the unprecedented government intervention in the financial system we are of the opinion that the risk of catastrophic financial system failure has substantially abated. Nevertheless, we feel that there remain considerable hurdles to be overcome in the broader economy. Even when the markets return to a more normal basis we expect to see a less leveraged and less profitable corporate sector than existed back in 2007.

We believe that the seeds of inflation have been sown by the economic stimulus packages that have flooded the global market. Whilst we do not expect this inflation to flow through in the near term, the chance of high rates of inflation arising at some point has been significantly increased. Further we are cautious of other 'unintended consequences' that may arise from government intervention and the impact that this year's capital raisings will have on corporate earnings in the future.

Despite the hurdles remaining, we enter the new financial year cautiously optimistic. Assuming investors have realistic expectations and patience we think there are ample opportunities for astute managers to generate reasonable returns in the current market environment. This optimism stems from the belief that the best long-term returns invariably germinate in the worst of times.

PORTFOLIO SUMMARY

The MMC Concentrated Fund produced very solid performance returns in a difficult market environment. The Fund returned -8.92% for the year. While we are never pleased with negative returns, the results were achieved during a rather turbulent 12 months both from a market perspective and from an investment management perspective. MMC Asset management, the investment manager of the Fund, has experienced significant key personnel changes over the year. As at 30 June 2008 the Portfolio Manager, Peter

Constable, resigned from the position. He was replaced with Justin McLaughlin and Paul Frost. Justin and Paul did an exceptional job of positioning and managing the Fund to cope and prosper in the difficult markets. However, in mid 2009, Paul Frost resigned as Portfolio Manager and the future of the MMC Asset Management business became uncertain. This shift in focus forced us to reassess MMC Asset Management's role as Investment Manager of the Fund. On the 27th of July 2009 we changed the Investment Manager to Souls Funds Management who have a dedicated focus on managing Australian shares Funds. From this point, the Fund has been renamed the Souls Concentrated Fund.

SOULS FUNDS MANAGEMENT

Souls Funds Management is a specialist Australian equities manager based in Sydney and has been managing investment moneys for personal and institutional investors and providing investment services to wholesale clients for over ten years. The investment team, led by Michael Byrne (Portfolio Manager of the Souls Concentrated Fund) and Frank Villante have a great deal of depth and experience.

In keeping with the mandate of the MMC Concentrated Fund, the Souls Concentrated Fund is an actively managed, high conviction Fund which invests in Australian listed equities that are considered undervalued with clear catalysts that are expected to drive outperformance. With no more than 25 stock positions (generally 10-20), the Fund includes stocks which represent the best ideas from Souls existing portfolios of stocks, including those invested in by the Souls Select Australian Share Fund ("SAEF") and Souls Australian Small Companies Fund ("SASCF").

We thank you for your continued support throughout what has been an extraordinary twelve months. If you have any questions regarding the Fund, please don't hesitate to contact me at admin@officiumcapital.com.au or by phone on (07) 3876 4333. Also, please visit our website, www.officiumcapital.com.au to view the latest unit prices, performance data, product disclosure statements and monthly investment reports.

Yours sincerely



John Nunan
Chief Executive Officer

Important Information

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The product disclosure statement (PDS) for the Souls Concentrated Fund is issued by Officium Capital. The PDS details the terms of the offer and if you wish to invest in the Fund, then you should consider the contents of the PDS, consider whether or not an investment in the Fund is appropriate for you and complete the application form accompanying the PDS. You should also consider the PDS in deciding whether to continue to hold an interest in the Fund.

Past performance should not be taken as an indication of future performance. This information does not take into account your investment objectives, financial situation or particular needs. Before making any investment decision, you should obtain and carefully consider the PDS, having regard to your investment objectives, financial situation and particular needs.