

# Five Oceans World Fund – Wholesale Class

## Monthly Fund Summary – October 2008

| Performance - Date              |                |                 |                 |               |                |                               |
|---------------------------------|----------------|-----------------|-----------------|---------------|----------------|-------------------------------|
|                                 | 1 month<br>(%) | 3 months<br>(%) | 6 months<br>(%) | 1 year<br>(%) | 2 years<br>(%) | Inception <sup>1</sup><br>(%) |
| Fund Return Gross <sup>^</sup>  | 1.59           | 11.91           | 8.26            | -2.70         | 2.84           | 3.28                          |
| Fund Return Net <sup>#</sup>    | 1.48           | 11.57           | 7.59            | -3.93         | 1.55           | 1.69                          |
| MSCI World Index (Unhedged \$A) | -3.11          | 0.36            | -8.35           | -18.32        | -9.38          | -6.78                         |
| Difference                      | +4.59          | +11.21          | +15.94          | +14.39        | +10.93         | +8.47                         |

<sup>1</sup> Inception date: 3 July 2006

<sup>^</sup>Gross returns assume the reinvestment of distributions and exclude the impact of ongoing management fees. No allowance is made for tax.

<sup>#</sup> Net fund returns are calculated after fees have been deducted, assuming reinvestment of distributions. No allowance is made for tax.

Past performance is not a reliable indicator of future performance.

### FUND AND MARKET REVIEW

The bear savaging continued through October. It is obvious that we are entering a global recession, with the depth and duration of the recession remaining uncertain. Financials were the worst performing sector during the month and with Citibank currently teetering, it is clear that the storm has still not passed. However, in reality every sector was down with there being little room to hide.

For the month, the US market (S&P 500) was down 18.2%, Japan (Nikkei) down 19.8% with the UK (FTSE 100) down 13.9%. Commodities continued their collapse as global growth evaporated. Oil was off 34% in the month to finish at \$65 a barrel with copper down 34%. Even gold fell 15% during the month as anything and everything was sold to raise liquidity. The Australian dollar fell over 16% against the USD.

In Australian dollar terms, the MSCI World Index was down just over 3%, as the strengthening of foreign currencies against the Australian dollar helped mitigate the effect of share market weakness.

On the positive side, governments are now instigating stimulatory fiscal policy. There are legitimate “productivity enhancing” investments that need to be undertaken in both the developed and developing world. There has been under-investment in infrastructure. This investment will be an essential element of government stimulus packages going forward.

Additionally real interest rates have been lowered in the face of the crisis. Globally governments sit behind the banking system allaying fears for its solvency.

Fear is at maximum levels currently while valuation is “attractive”, though not necessarily at trough for all scenarios.

We finished the month with a net exposure to equities of approximately 73%, which consisted of long positions of 82% and hedges of 9%. Cash approximates 27% for the portfolio.

We continue to follow our process of seeking quality franchises at attractive valuations for the portfolio, while proceeding in a cautious manner given the continued uncertainty.

| Top Five Long Positions           |               |                        |            |
|-----------------------------------|---------------|------------------------|------------|
|                                   | Region        | Sector                 | Weight (%) |
| Yum! Brands Inc                   | United States | Consumer Discretionary | 3.25       |
| Intel Corp                        | United States | Information Technology | 3.11       |
| Johnson & Johnson                 | United States | Health Care            | 2.88       |
| Carrefour SA                      | France        | Consumer Staples       | 2.74       |
| Financial Select Sector SPDR Fund | United States | Financials             | 2.59       |

| COUNTRY EXPOSURE SUMMARY |               |               |               |
|--------------------------|---------------|---------------|---------------|
| Country Name             | Long          | Short         | Net           |
| Australia                | 1.80%         | -0.49%        | 1.31%         |
| Brazil                   | 1.22%         | 0.00%         | 1.22%         |
| Canada                   | 1.10%         | 0.00%         | 1.10%         |
| Finland                  | 0.66%         | 0.00%         | 0.66%         |
| France                   | 9.64%         | -0.57%        | 9.08%         |
| Germany                  | 5.98%         | -0.52%        | 5.46%         |
| Hong Kong                | 0.33%         | 0.00%         | 0.33%         |
| Ireland                  | 0.32%         | 0.00%         | 0.32%         |
| Japan                    | 2.94%         | 0.00%         | 2.94%         |
| Netherlands              | 4.31%         | 0.00%         | 4.31%         |
| Norway                   | 0.55%         | 0.00%         | 0.55%         |
| Spain                    | 1.96%         | 0.00%         | 1.96%         |
| Sweden                   | 0.40%         | -0.51%        | -0.11%        |
| United Kingdom           | 10.97%        | 0.00%         | 10.97%        |
| United States            | 38.21%        | -6.65%        | 34.56%        |
| South Africa             | 0.75%         | 0.00%         | 0.75%         |
| Switzerland              | 1.12%         | 0.00%         | 1.12%         |
| <b>Grand Total</b>       | <b>82.27%</b> | <b>-8.74%</b> | <b>73.53%</b> |

| SECTOR EXPOSURE SUMMARY    |               |               |               |
|----------------------------|---------------|---------------|---------------|
| Sector Name                | Long          | Short         | Net           |
| Consumer Discretionary     | 17.54%        | -2.15%        | 15.40%        |
| Consumer Staples           | 9.64%         | -0.47%        | 9.17%         |
| Energy                     | 4.93%         | -0.47%        | 4.46%         |
| Financials                 | 12.56%        | 0.00%         | 12.56%        |
| Health Care                | 11.78%        | 0.00%         | 11.78%        |
| Industrials                | 5.33%         | -2.48%        | 2.85%         |
| Information Technology     | 11.85%        | -0.58%        | 11.27%        |
| Materials                  | 4.36%         | 0.00%         | 4.36%         |
| Sector/Market Hedges       | 0.00%         | -2.58%        | -2.58%        |
| Telecommunication Services | 4.27%         | 0.00%         | 4.27%         |
| <b>Grand Total</b>         | <b>82.27%</b> | <b>-8.74%</b> | <b>73.53%</b> |

| Portfolio Exposure Summary |            |
|----------------------------|------------|
|                            | Weight (%) |
| Long positions             | 82.27      |
| Short positions            | -8.74      |
| Net equity exposure★       | 73.53      |
| Gross equity exposure▲     | 91.01      |

| Currency Summary Exposure |                |
|---------------------------|----------------|
|                           | Weight (%)     |
| AUD                       | 24.89          |
| USD                       | 50.24          |
| EUR                       | 16.02          |
| JPY                       | 10.31          |
| Other                     | -1.46          |
| <b>Grand Total</b>        | <b>100.00%</b> |

\*May not add to 100% due to rounding.

★ Net equity exposure is the net equity exposure of the portfolio after short equity positions are deducted from long equity positions. ▲Gross weight is the percentage of the gross equity exposure of the portfolio. Gross equity exposure is the total of the long and short equity positions in the portfolio.

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