



**LimeStreet**  
Capital

13 July 2009

Dear Investor,

What a year – the 2009 financial year! The onset of the Global Financial Crisis in the half year to 31 December 2008 following the collapse of Lehman Bros in September and the freezing of the credit markets created havoc across the world stock markets and placed considerable pressure on companies with short term maturing debt.

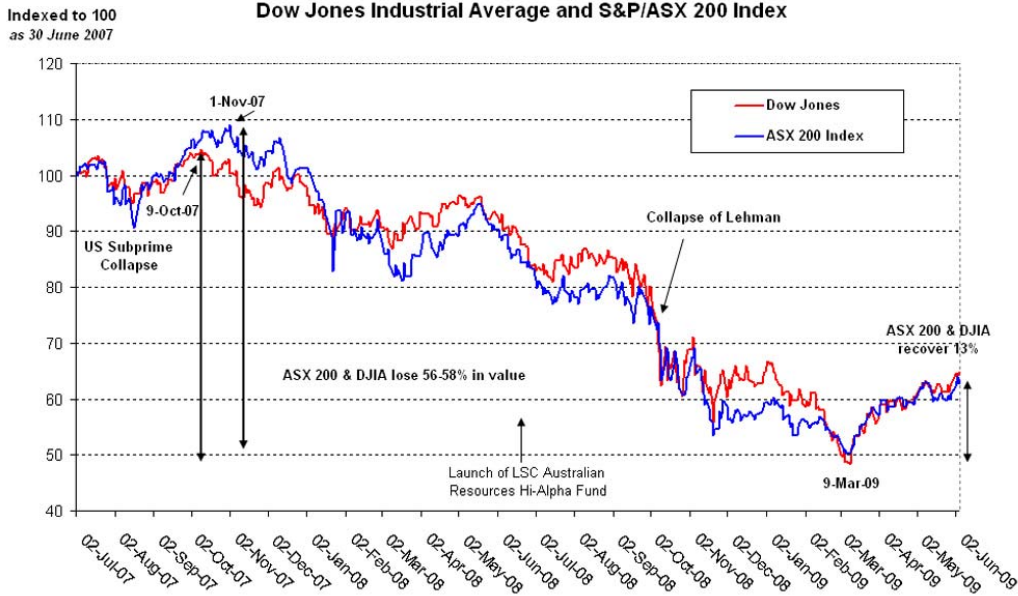
A commendable response by most governments with rapid reductions in official interest rates and a raft of stimulus packages has buffeted a collapse in consumer demand. This has been particularly the case in China where the Government has managed to offset a rapid reduction in export demand with an increase in domestic demand and infrastructure spending.

However, what is extremely encouraging is the fact that despite the numerous equity raisings that have been conducted over the last few months to shore up corporate balance sheets, the market has been able to rally around 13% since its lows in early March 2009. This is despite the market volatility having left many investors still holding cash and yet to re-invest in the market.

The following chart plots the relative performance of the Dow Jones Industrial Average and the ASX 200 Index over the last two years since 1 July 2007. It highlights the parallel decline of both indices since the advent of the US subprime mortgage collapse, with both indices losing around 57% of their value in the 17 month's to the low point this year, at 9 March 2009.

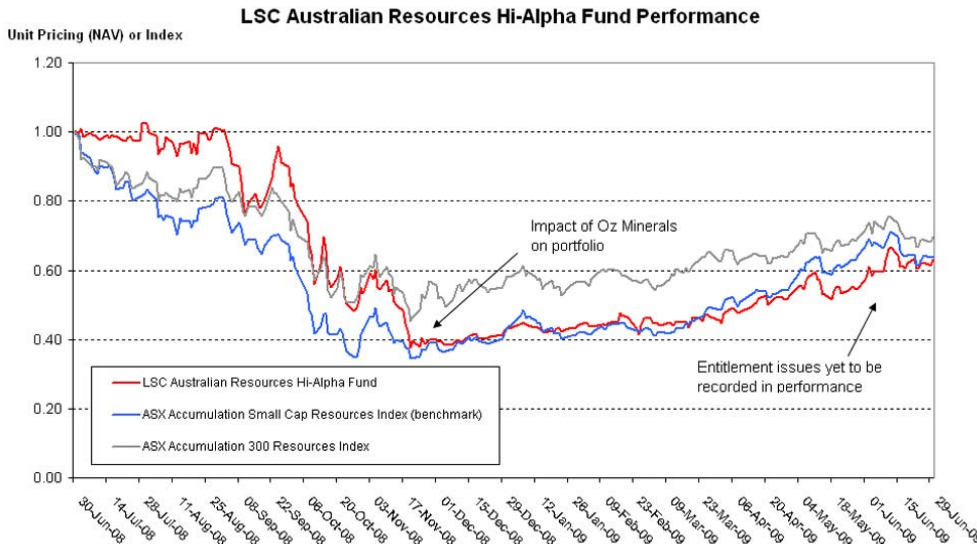


# LimeStreet Capital



Data source from Bloomberg

The LSC Australian Resources Hi-Alpha Fund commenced on 1 July 2008 and has borne the brunt of the market correction. However, the resource market bottomed in late November and early December 2008 and has made a steady comeback since that time.



Note: ASX 300 Resources Index includes BHP Billiton and Rio Tinto and presented for comparison only. All indices set to 1.0 as at 30 June, 2008



## LimeStreet Capital

The fund has experienced mixed performance during the 12 month period with strong outperformance of both the benchmark (S&P/ASX Small Cap Resources Index) as well as the S&P/ASX 300 Resources Index through to early November 2008, but then we felt the full impact of the short selling and final suspension of OZ Minerals due to its management's lack of vision over its debt position and capital expenditure controls.

While the S&P/ASX 300 Resources Index was supported by the presence of large capitalised stocks of BHP Billiton and Rio Tinto, this wasn't the case with the LSC Australian Resources Hi-Alpha Fund which excludes investing in BHP and RIO. However, the S&P/ASX Small Cap Resources Index was not influenced by the demise of OZ Minerals given it is excluded in this index, (largest company in the index is Aquarius Platinum; market capitalisation of \$1.7 billion).

This was an unfortunate event, as OZ Minerals with its copper exposure, was likely to be an immediate beneficiary when there were signs of an economic recovery.

During the June 2009 half year, the LSC Australian Resources Hi-Alpha Fund has more or less tracked the S&P/ASX Small Cap Resources Index apart from the impact of a number of entitlement issues which immediately impact the unit price as a result of the falling share price on the announcement of the issue; but our unit price does not reflect the value of the entitlement until the entitlement shares are allocated some weeks later.

The following table summarised the performance of the fund over the year and in the last (June 2009) quarter. While the fund has finished the year in line with the benchmark index, you will note that we have experienced strong performance in the last quarter (39%).



## LimeStreet Capital

<b>LimeStreet Capital Fund</b>	<b>Start Reference Date</b>	<b>Performance to: 30 June 2009</b>	<b>June Quarter Performance</b>
<b>LSC Australian Resources Hi-Alpha Fund</b>	30-Jun-08	-36.9%	38.7%
<b>Resource focused indices</b>			
ASX Accumulation Small Cap Resources Index (benchmark)	30-Jun-08	-35.8%	32.1%
ASX Accumulation 300 Resources Index	30-Jun-08	-30.4%	11.3%
ASX Accumulation 200 Resources Index	30-Jun-08	-29.4%	9.4%
<b>General market indices</b>			
ASX Accumulation 200 Index	30-Jun-08	-20.1%	11.3%
ASX All Ordinaries Index	30-Jun-08	-26.0%	11.8%
Dow Jones Industrial Average	30-Jun-08	-25.6%	11.0%

Performance returns are calculated on redemption prices after the deduction of ongoing fees and expenses. Past performance is not indicative of future performance.

We anticipate with markets now settling down, we can continue to outperform given the portfolio is now designed to capture a modest economic growth trajectory along with a number of specialist investments which offer exceptional circumstances.

At year end, the portfolio contained 14 stocks, with overweight positions in Fortescue Metals, Woodside Petroleum and PanAust along with a select group of mid tier companies such as Independence Group, Gold One, Western Areas and then a number of high risk, higher returns investments including First Australian Resources and International Resource Holdings. The portfolio management is relatively dynamic and hence a snap shot of the holdings at any one time is not overly important.

We would like to thank you again for your support during the year and envisage the fund will now benefit from greater stability in the financial markets.

Yours sincerely,

Stephen Bartrop

Managing Director



**LimeStreet**  
Capital

This document was prepared by LimeStreet Capital a subsidiary of Breakaway Investment Group Pty Limited (ABN 27 114 040 505) AFSL 290093. In preparing this information, LimeStreet Capital did not take into account the investment objectives, financial situation or particular needs of any particular person. This document is only provided for information purposes and does not contain investment recommendations nor provide investment advice. Before making an investment decision, you need to consider (with or without the assistance of an adviser) whether this information is appropriate to your investment objectives, financial situation, needs and circumstances.