



18 April 2011

Dear Investor,

The March quarter has been one a quarter of mixed performance with steady gains during the first two months overshadowed by the uncertainty associated with the earthquake and devastating tsunami in Japan on the 13 March 2011. Of course this uncertainty was exacerbated by the ‘accident’ at the Fukushima Daiichi Nuclear Power Station which compounded the uncertainty as well as leading a flight from uranium stocks.

In the most recent reports from the International Atomic Energy Agency, it notes that while situation at the plant remains very serious, there are early signs of recovery in some functions, such as electrical power and instrumentation. On 17th April, the Ministry of Economy, Trade and Industry (METI) announced that TEPCO had issued a "Roadmap towards Restoration from the Accident at the Fukushima Daiichi Nuclear Power Station". The roadmap outlines 63 measures to be taken in two steps over a period of six to nine months. TEPCO also declared it will "make every effort to enable evacuees to return to their homes and for all citizens to be able to secure a sound life".

After the Japanese earthquake and related events, the fund performance for the quarter was negative 3.5% versus the benchmark at negative 5.5%. However, encouragingly, this performance has recovered quite strongly in April with fund performance up 10.6% compared to the benchmark which has fallen 0.5% and the ASX 300 Accumulation Resources index which has increase by around 1%.

The following table provides a comparison with the major indices over a number of time horizons and based on opening and closing index levels and fund NTA prices adjusted for distributions.

LimeStreet Capital Fund	Inception Date	6 Month performance to 31 March 2011	12 Month performance to 31 March 2011	2 Year performance to 31 March 2011	Performance from inception to 31 March 2011
LSC Australian Resources Hi-Alpha Fund*	30-Jun-08	26.9%	52.4%	188.1%	31.0%
Resource focused indices					
ASX Accumulation Small Cap Resources Index (benchmark)	30-Jun-08	12.8%	26.5%	107.6%	0.9%
ASX Accumulation 300 Resources Index	30-Jun-08	15.9%	13.7%	56.2%	-2.3%
ASX Accumulation 100 Resources Index	30-Jun-08	16.4%	12.2%	51.5%	-2.2%
General market indices					
ASX Accumulation 200 Index	30-Jun-08	7.7%	3.4%	46.6%	5.2%
ASX All Ordinaries Index	30-Jun-08	6.3%	0.7%	39.5%	-7.6%
Dow Jones Industrial Average	30-Jun-08	14.2%	13.5%	61.9%	8.5%

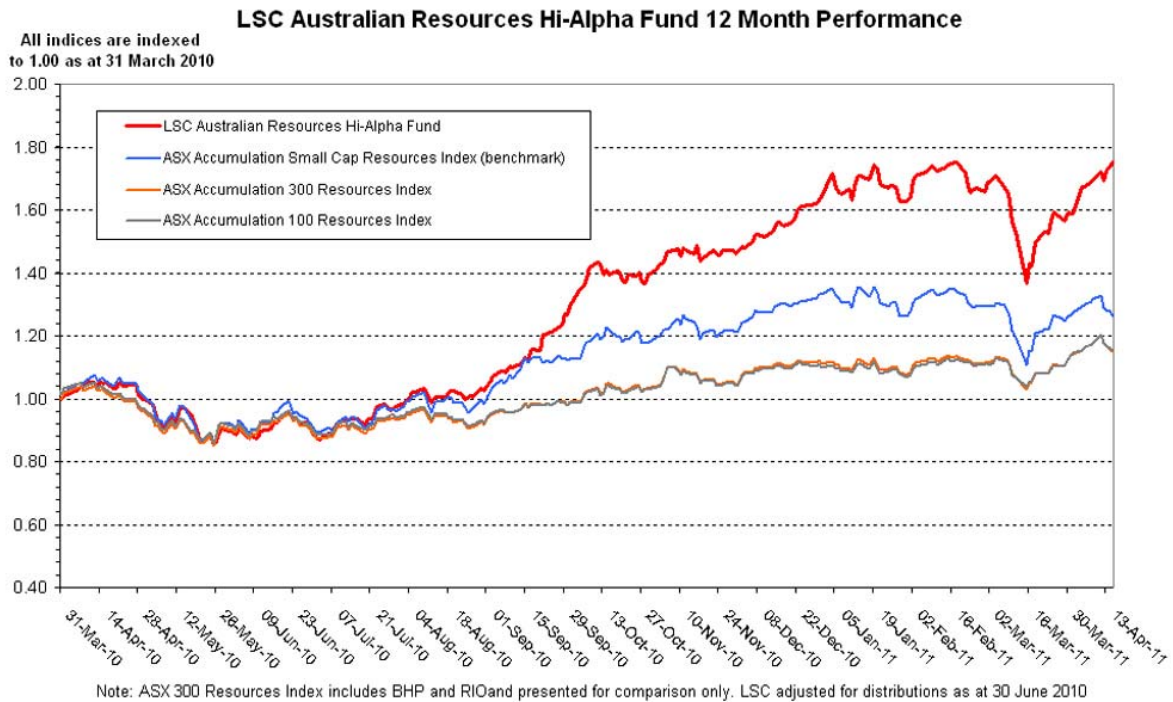
*unaudited, performance returns are calculated after the deduction of ongoing fees and expenses and based on opening and closing values. Past performance is not indicative of future performance.



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The table continues to highlight the attractiveness of resource sector although it is also underlines the difference performances between the large cap and small caps stocks. While the LSC Australian Resources Hi-Alpha Fund does not invest in BHP Billiton or Rio Tinto, it can still take advantage of tilting the portfolio to larger cap stocks. Indeed, we were fortunate to move to an overweight position in Equinox prior to the announcement of the Minmetals takeover offer.

The following chart highlights the indexed performance of the fund over the last 12 months in comparison to the ASX Small Cap Resources Benchmark, and the ASX 300 and 100 Resources indices.



The strong dip in the fund performance following the Japanese earthquake reflect the funds exposure to uranium stocks. In particular, two investments (Peninsula Minerals and Uranium SA) had experienced strong price increases which had created a higher than expected uranium exposure in the Fund than originally envisaged. The prices of both these companies fell dramatically following the earthquake and leading to the dip in Fund performance. Shortly afterwards, the Fund exited these investments but has retained a modest holding in Paladin.

Overall, using Morningstar data provided by Investsmart.com.au, the Fund slipped from first to second place in 1,341 funds surveyed by Morningstar on a 12 month return basis. The June Quarter will be an important quarter for the Fund as we will attain a 3 year track record



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which provides a longer term timeframe for comparison with other Funds. We are hopeful that we will remain a leading fund reflected in the performance over this three period, particularly if we can build on the strong performance already experienced during April.

Economic Outlook

We remain cautiously optimistic over the next few months and will continue to tilt the portfolio to larger cap stocks. The US economy appears to continue to recover but worldwide inflationary pressures are increasing. In particular, the oil price has been creeping higher in response to Middle East

An important event in recent days has been the threat of downgrade of US debt by Standard and Poors (retains AAA but outlook lowered from 'stable' to 'negative'). While the AAA rating remains, it provides a catalyst for Congress to focus on reducing the deficit rather than engaging in bitter squabbling. Increasing confidence in the US economy could lead to a modestly appreciation US dollar and reduce some inflationary expectations around the world.

Over the longer term we believe that stronger western world growth (particularly the US) in combination with the sustainable growth emerging out of a combination of China and India will main a strong demand for industrial commodities, particularly copper. However, we are now becoming more cautious on the gold price over the next few months.

Investors will recall that LimeStreet Capital maintains both a 'top down' as well as a 'bottom up' approach to investing including the application of a four screen process to select stocks. This investment flexibility is important given rapidly changing economic circumstances.

Client login reminder

For new investors, we have a client login area on the top right hand side of our website: www.limestreetcapital.com Logins have now been set for all investors to access data on unit number and value, based on exit prices. Your login for this information is as follows:

Username: *your email address*

Password: *your postcode*

The password can be changed if so desired by using the *password reset* option.

Please note that the data is derived from the fund administrator Mackenzie Coultas and while unit prices are generally updated daily, unit numbers are updated only weekly. We have designed the client login as a guide for investors but of course, if there are any discrepancies, our fund administrator's records are the correct data.

As mentioned in our last quarterly update, overall we believe that the resource sector excluding BHP Billiton and Rio Tinto appear to have the best outlook over 2011, albeit maintaining a tilt to key industrial metals and companies with major projects. As part of the



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LimeStreet team, I would like to thank you again for your continued support of the LSC Australian Resources Hi-Alpha Fund.

Yours sincerely,

Stephen Bartrop

Managing Director

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