

Mutual Trust Managed Investment Fund - December 2009 Quarterly Report

Strategy Statement

To provide investors with active fund managers across the equities markets, whilst endeavouring to reduce volatility through diversification of funds.

Key Facts

Structure:	Unit Trust (Fund of Funds)	Contribution Fee:	Nil
Manager:	Mutual Trust Pty Ltd.	Management Fee:	1.25% p.a.
Inception Date:	30 June 2004	Buy Sell Spread:	Nil
		Indirect Cost Ratio (est):	1.528% p.a.

*The ICR is calculated up to 31st Dec 2009

Returns for the Period Ended 31 December 2009

	Mutual Trust Managed Investment Fund	S&P / ASX 200 Accumulation Index
Performance History		
1 Month	2.85%	3.74%
3 Months	4.17%	3.39%
6 Months	18.61%	25.62%
12 Months	25.73%	37.03%
2 Years	-14.19%	-15.65%
3 Years	-5.98%	-2.09%
Total net return since inception	50.55%	77.85%
Total Value of the Fund	\$	12,435,746
Total Units Issued		12,228,069
Current Unit price	\$	1.017

Market Commentary and Mutual Trust Managed Investment Fund Performance

The Australian Equity market (S&P/ASX 200 Accumulation index) rose 3.4% over the December quarter to finish the calendar year up 37.0%. Over the quarter the materials sector (+13.9%) outperformed the broader market. This was driven by the two large global mining companies that are the major constituents of the index, BHP Billiton and Rio Tinto, which rallied +14.32% and 26.4%, respectively.

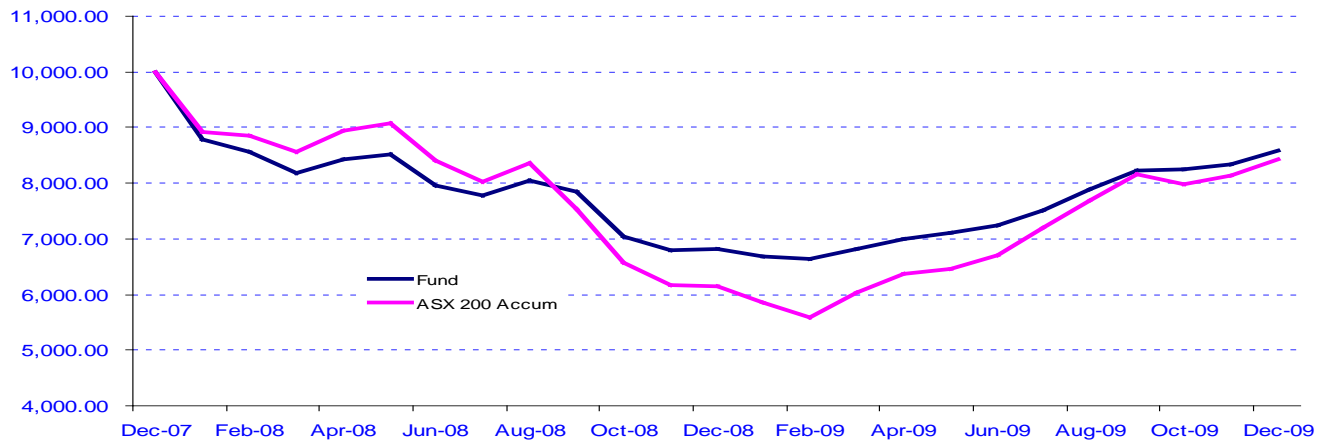
The backdrop for the equity markets continues to be one of cautious optimism with a strong domestic economy, recovering global economies and continued strength in commodities markets. Internationally, however the outlook is more mixed than the Australian situation, with economies that have been impacted by high unemployment and housing oversupply (US, UK and parts of the Eurozone) likely to deliver below trend growth whilst industrializing countries in China, India, Asia and South America continue to deliver very strong growth. The extensive rally in share markets over 2009 has been in response to optimism of improved corporate and economic health. We now expect a more moderate return phase that will be punctuated by periodic bouts of nervousness caused by fears of further global shocks.

The Mutual Trust Managed Investment Fund (MTMIF) increased by 4.17% over the December quarter (an outperformance of 0.77%). This performance was largely the result of gains in Amcil Limited (+5.38%), the Magellan Flagship Fund (+14.28%), the MM&E Take-over Target Fund (+8.3%) and the Perpetual Pure Value Fund (+4.96%) over the December quarter.

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Two year Return on \$10,000 invested



Asset Allocation and Investment Movements

The MTMIF invested further funds into the equity market throughout the December quarter. The resulting cash position as at 31 December 2009 was reduced by 9% to 15.08%. The fund continued to carry a moderately defensive stance with the relatively large cash position (versus the ASX 200 Index used as a benchmark). During the December quarter the Manager invested in the MM&E Capital Takeover Target Fund which replaced the MM&E Capital Investment Trust number 2. The Manager also invested in two listed investment companies, Amcil Ltd (diversified portfolio of quality Australian companies and the Magellan Flagship Fund (highest quality global stocks). In both cases the shares in these funds are trading well below their respective Net Tangible Assets.

These fund changes are summarized below:

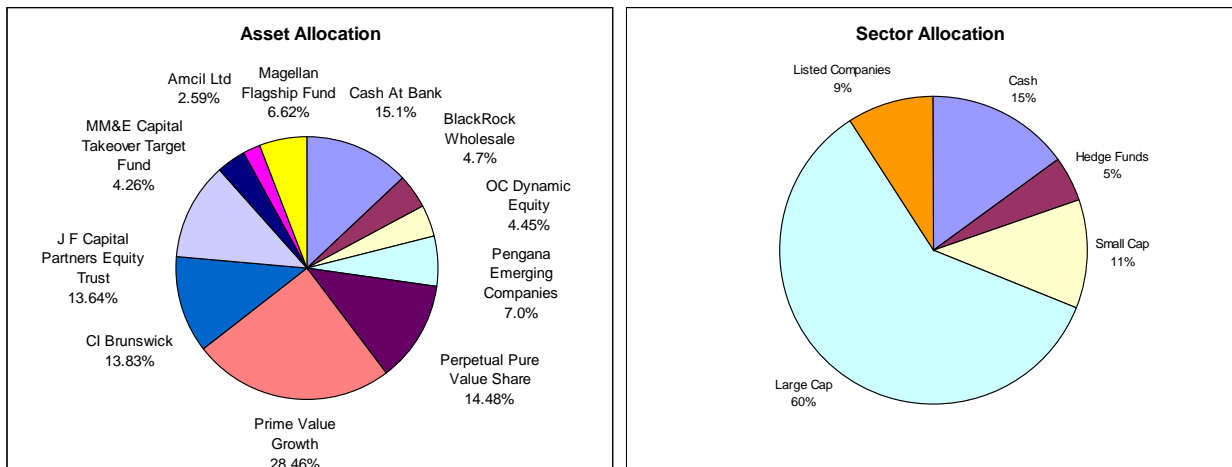
Reduced:	Cash at Bank
Exited:	MM&E Capital Investment Trust No 2
Entered:	MM&E Capital Takeover Target Fund Amcil Limited Magellan Flagship Fund

The Manager (Mutual Trust) believes quality Australian shares continue to offer good medium to long term value. This view is based on our belief that the Australian economy will continue to grow strongly and that particular sectors will benefit significantly from Australia's increasing production of resources and soft commodities and its proximity to China, India and other Asian countries.

With strong growth forecast to continue in China, India and Asia and with the financial strength of many large Australian companies we remain confident that investment in high conviction Australian biased equity fund managers will produce a successful investment outcome. The MTMIF's diversified strategy should assist to mute market volatility which we expect going forward.

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Underlying Fund Manager Performance

MM&E Capital Take-Over Target Fund

MM&E Capital Take-Over Target Fund returned 4.9% outperformance against its benchmark (ASX 300 Accumulation Index) over the December quarter. This result was driven by positions in AXA Asia-pacific and ConnectEast which benefited from a takeover bid for Transurban.

OC Funds Management - Dynamic Fund

The OC Dynamic Fund had an excellent quarter delivering the MTMIF an outperformance of 10.9% against the ASX Small Industrials Accumulation Index. The fund benefited from profitable trading positions in Transurban, AXA Asia-Pacific and MacArthur Coal.

Pengana Emerging Companies Fund

The Pengana Emerging Companies Fund outperformed the Small Ordinaries Index by 3.5% (8.4% versus 4.9%) over the December Quarter. This result was driven by two main factors, a recovery in sentiment towards the stocks held by the fund; as well as a decision made by the fund manager in early 2009 to bias the portfolio to cyclical stocks where there was perceived valuation upside.

C I Brunswick Fund

Over the December quarter, The C I Brunswick Fund remained relatively conservatively invested with a cash position of 7%. Despite this, the fund returned 5.29% compared with the ASX 200 Accumulation Index which returned 3.39%. This outperformance was the result of holdings in; BHP, QBE, Wotif, Coca Cola Amatil and Austar.

JF Capital Partners Australian Equity Trust

The JF Capital Equity Trust outperformed the ASX 300 Accumulation Index by 0.1% (3.47% versus 3.37%) over the December quarter. The main industry groups which attributed to this positive result were media, real estate; and diversified financials.

Prime Value Growth Fund

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The Prime Value Growth Fund, which holds a defensive position of 8.9% cash (at 31 December 2009), returned 3.8% over the December quarter. This represented a 0.4% outperformance over the S&P/ASX 300 Accumulation Index for the quarter.

Blackrock Wholesale Australian Share Fund Plus Class D Units

The Blackrock Wholesale Australian Share Fund invests solely in Australian Equities. Over the December quarter, the fund returned 2.83% versus a benchmark return of 3.37% (S&P/ASX 300 Accumulation Index).

Perpetual Australian Pure Value Fund

The Perpetual Pure Value Fund is a concentrated equities portfolio (typically 20-30 stocks) with at least 80% of the portfolio invested in Australian stocks. The fund outperformed the blended All Ordinaries Accumulation Index by 1.59% (4.96% versus 3.37%) over the December quarter. This would have been higher had the fund not taken been impacted by the ACCC declining Breville's takeover attempt on GUD Holdings.

Amcil Limited

Amcil Ltd is a listed investment company which invests in a diversified portfolio of around 40 Australian companies. The Company aims to provide shareholders with attractive returns through strong capital growth in the portfolio over the medium to long term. The Amcil share price has increased by 1.48% during the December quarter and has had a portfolio return of 26.7% for the six months leading up to 31 December 2009.

Magellan Flagship Fund 2

The Magellan Flagship Fund Number 2 aims to identify listed international and Australian companies with outstanding business characteristics, and invest in these companies at a discount to their intrinsic values. During the December quarter, the fund's share price increased by 11.3% from \$0.575 to \$0.64.

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