

Mutual Trust Managed Investment Fund – June 2009 Quarterly Report

Strategy Statement

To provide investors with active fund managers across the equities markets, whilst endeavoring 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:	1.77% p.a.*

*The ICR is calculated up to 30th June 2009 and incorporates the reduction in management fee made in December 2008

Returns for the Period Ended 30 June 2009

Current Unit price	0.8574	Mutual Trust Managed Investment Fund	All Ordinaries Accumulation Index
Performance History			
1 Month		1.62%	4.00%
3 Months		5.71%	10.93%
6 Months		5.76%	9.46%
12 Months		-8.88%	-19.94%
2 Years		-30.05%	-32.91%
3 Years		-9.98%	-7.15%
Total net return since inception		27.20%	38.97%
Total Value of the Fund			\$ 11,912,474
Total Units Issued			13,893,900

Market Commentary and Mutual Trust Managed Investment Fund Performance

The flow of poor economic data continued into the early part of the June quarter as it was revealed that economic activity across all major economies had fallen sharply at the start of the year. In response, central banks provided further stimulus to support economic activity. As the quarter progressed, the significant policy stimulus produced signs of stabilisation in global activity. These 'green shoots' of recovery were especially evident in business survey measures of industrial activity, which improved considerably around the world from the extremely low previous levels.

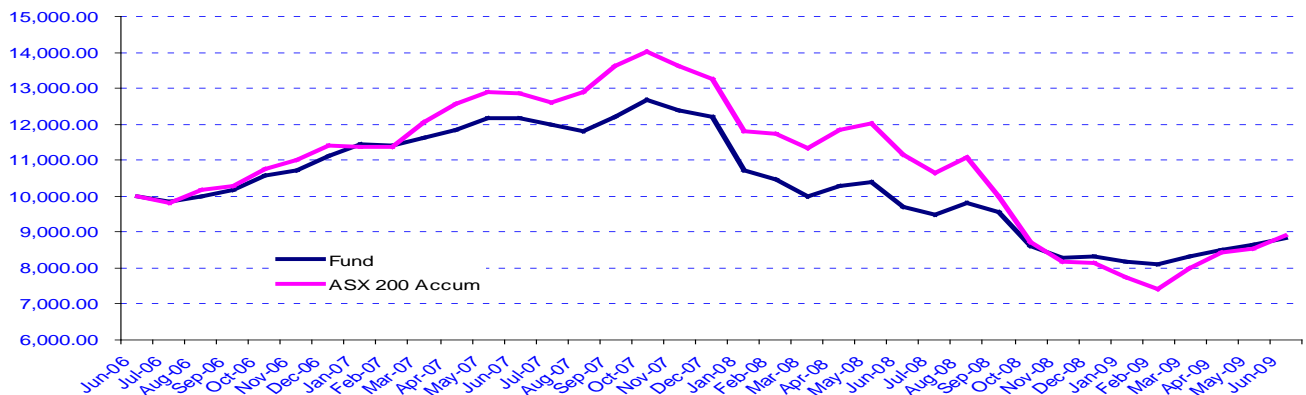
In Australia, the Prime Minister and RBA Governor conceded that the Australian economy was probably in recession as the earlier contraction in global demand had seen a sharp decline in business credit indicative of a weak investment outlook. This was also driving a deterioration in the labour market, with the unemployment rate rising to 5.8% in June and partial indicators pointing to a further sharp rise over the remainder of 2009. Despite this, the domestic economy is the envy of the industrialised world as it recorded positive growth in the March quarter, thus avoiding, for now at least, the technical definition of recession.

Economic data releases, whilst still indicating a contracting economy, were better than expected. Q1 earnings reports from US companies were also broadly better than expected. Combined with the G-20 announcing a number of measures to address the financial and economic woes, including significantly increasing the funding to the IMF, equity markets rallied strongly in the June quarter.

Looking ahead, we believe that equity markets are likely to remain volatile in the near term. Whilst it's difficult to gauge precisely the positions held by market participants, near term adjustments to positioning are likely to provide a positive influence on markets. Against this, however, is the outlook for further weakening economic data. Consumer spending is likely to remain under pressure with unemployment rates still rising.

The Mutual Trust Managed Investment Fund ("MTMIF") underperformed the All Ordinaries Accumulation Index over the June quarter as a result of the large cash position in place. However, the MTMIF has outperformed the index over 12 and 24 month periods.

Three year Return on \$10,000 invested



Asset Allocation and Investment Movements

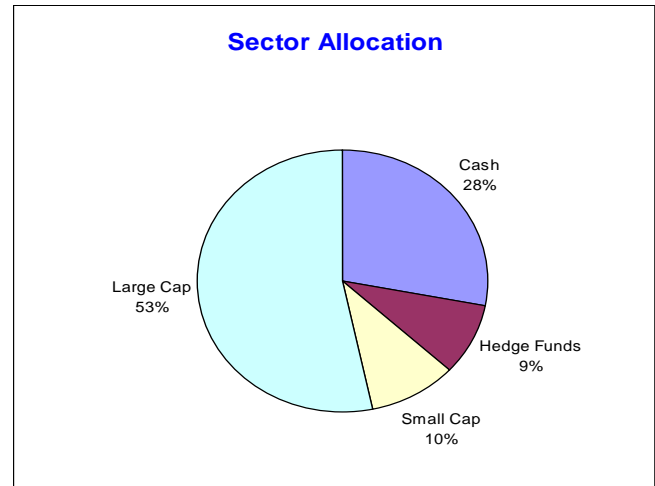
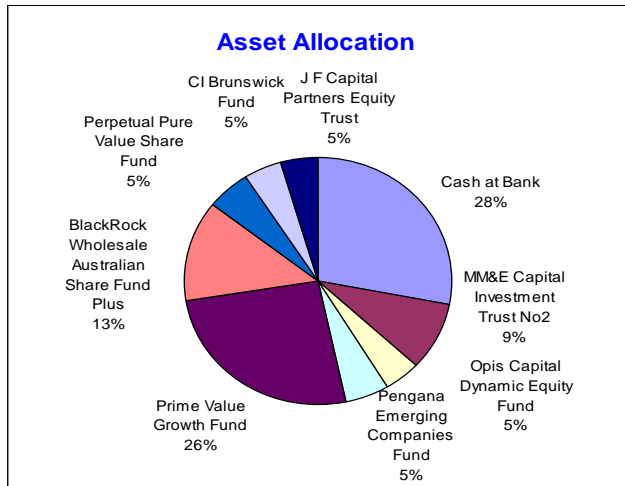
Due to continued market volatility and uncertainty the MTMIF continued to hold a high cash position throughout the June quarter. The fund has carried this stance for more than 12 months. During the June quarter the MTMIF redeemed its holding in the Ellerston GEMS Fund and placed the proceeds, plus additional cash, into the Perpetual Pure Value Fund, the Cooper Investors Brunswick Fund and the JF Capital Partners Australian Equities Trust.

The large cash position combined with exposure to defensive funds, such as the MM&E Capital Trust No 2, detracted from the fund's performance when compared to the ASX All Ordinaries Accumulation Index throughout the recent market upturn.

It is the view of the Manager (Mutual Trust) that there currently remain market opportunities for investment in businesses which are being valued by the market at discounts to their intrinsic worth. Such opportunities are particularly so when one considers the alternative, which at this time is cash at circa 3%. The Manager considers that Australian equity valuations are currently not fully factoring in the increased earnings outlook for financial years 2010 and 2011. As such the Manager believes that value continues to be inherent in the Australian equities market, albeit with volatility still remaining. The Manager will seek to add to equity exposures in a measured manner in coming months.

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The Manager continues to review potential fund managers for inclusion in the portfolio. When the Manager feels it is appropriate to increase exposure to equities, investment in the newly selected and existing fund managers will be undertaken.

On balance, the Manager has a positive view on global equity markets and in particular the Australian equity market. However, a prudently large cash position has been maintained due to underlying risks still in the system. A staged approach to invest further funds to "long only" style fund managers will be employed. This strategy will see further funds applied to equity markets over the remaining course of the year.

At this time the Manager will retain an overweight cash position to protect the MTMIF from any further potential market weakness and have it in a position to take advantage of improving market conditions. Funds will be prudently invested over coming months.

Underlying Fund Manager Performance

MM&E Capital Trust Number 2

MM&E Capital Trust No 2 achieved an annualized net performance of 6.1% p.a. for the 6 months to June 30 2009. This was the result of the fund's 31.1% equity and derivatives long exposure combined with a stronger than expected market correction.

OC Funds Management - Dynamic Fund

The OC Dynamic Fund, which invests in smaller to mid capitalization ASX listed companies, continued its upward trend in the June quarter, rising over 18%. This takes the fund's gains for calendar 2009 to around 23%, comfortably exceeding the 11% rise in the All Ordinaries Index this year.

Ellerston GEMS

The Mutual Trust Managed Investment Fund exited this fund in May of 2009.

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Pengana Emerging Companies Fund

Pengana Emerging Companies Fund invests in ASX listed small companies as defined by those that are covered by the ASX Small Ordinaries Index. The portfolio is constructed with the aim of building a 'best ideas' portfolio whilst ensuring an adequate level of diversification. Since the lows in early March, the unit price of the fund has recovered 29%, which is slightly less than the overall market in that time frame. Despite this the fund has outperformed the index over a 6 month (+4%), 1 year (+1.7%) and 2 year (+4.6%) horizon.

C I Brunswick Fund

This fund, introduced during the June quarter, is a concentrated equities portfolio (typically 20-30 stocks) with at least 80% of the equities portfolio invested in Australian stocks. The fund returned +10.99% for the quarter.

JF Capital Partners Australian Equity Trust

Over the last 3 and 12 months the trust has outperformed the ASX 300 Accumulation index by 0.98% and 8.92% respectively. The strong performance of the portfolio, especially over the past six months, has reflected a contribution from both cyclical and defensive companies.

Prime Value Growth Fund

The Prime Value Growth Fund invests solely in Australian equities. The fund maintained higher than normal levels of cash due to their cautious outlook and this contributed to an underperformance of the index over the last quarter by 6.7% (as the market recovered strongly). Excluding the overweight cash position, over the past year the fund benefited from underweight positions in the telecommunications, healthcare and financials sectors.

Blackrock Wholesale Australian Share Fund Plus Class D Units

The Blackrock Wholesale Australian Share Fund invests solely in Australian Equities. Over the June quarter, the fund underperformed the market by 1.99% as a result of underweight positions in BHP and diversified financials. It has however outperformed the index by 3.9% and 3.7% over a 2 and 3 year period respectively.

Fund Developments

The Product Disclosure Statement (PDS) for the Mutual Trust Managed Investment Fund will be reissued in the next few months. The new PDS will note a reduction of the management fee to 1.25% from the previous 1.75% p.a. This fee reduction applied from 1 December 2008 and results in higher returns to investors. The new PDS will also confirm the aim/objective of the MTMIF to "provide long term capital growth and income through a selection of carefully chosen managed funds which will have a bias to Australian equities".