

Wholesale Global Resources Long Short Fund

Monthly update

July 2010

Performance summary (% after fees and expenses)

Time period	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Incep. [^]
Fund return 2005	-	-	-	-	-	-	-	-	3.44	0.37	1.32	3.88		
Fund return 2006	7.05	0.99	2.78	6.34	-2.19	-2.74	-1.26	-1.41	-2.06	5.96	1.21	0.98		
Fund return 2007	0.68	2.36	0.45	2.63	4.06	-0.22	-1.41	-6.37	5.51	3.94	-0.66	2.97		
Fund return 2008	-0.64	4.77	-4.35	4.60	3.56	2.76	-7.36	-6.34	-10.99	-10.05	0.79	3.51		
Fund return 2009	-0.36	3.68	4.07	-4.17	3.37	-0.87	4.28	2.48	1.69	-0.26	3.80	4.88		
Fund return 2010	-3.84	1.62	8.62	1.73	-3.04	-2.27	0.49						2.84	8.46

[^] Since inception figures annualised, after fees and expenses. The Colonial First State Wholesale Global Resources Long Short Fund has been operating since September 2005.

Market review

It was a positive start to the new financial year, with equity markets gaining ground as risk appetite returned, albeit cautiously. These gains occurred against a backdrop of global economic uncertainty, with disappointing data in the US and further signs of a Chinese economic slowdown. Economic data in Europe surprised on the upside.

The HSBC Global Mining Accumulation Index rose 1.4% in Australian dollars during the month on the back of changes to the RSPT and improving commodity prices. This index marginally outperformed the MSCI World Net Index, which rose 0.9% during the month.

BP's share price halted its steep downward trend after temporarily stemming the flow of crude oil from its Deepwater Horizon oil well. The stock has fallen more than 50% since the leak started at the end of April.

BP Chief Executive, Tony Hayward, resigned over the catastrophe and was succeeded by Bob Dudley. Talks of a takeover bid for BP continue as the clean-up costs of the oil spill are estimated to top US\$3 billion.

Consolidation continued in the industry. Australian-based Centennial Coal accepted a takeover offer from Thailand's Banpu. An agreement was reached to end the year-long strike at Vale's Sudbury mining operations. The settlement of the strike at Sudbury, one of the world's top nickel producers, could mean additional tonnes of nickel supply entering the market, which may lead to a softening of nickel prices in the short-term.

Commodities reversed their recent downward trend as the demand outlook brightened. Lead (18.7%), zinc (13.0%), copper (12.0%), tin (11.9%), aluminium (10.0%) and nickel (7.1%) all rose.

Oil (4.4%) experienced more modest gains during the month to reach an 11-week high of US\$78.28 a barrel.

Gold (-4.9%) fell during the month, as the risk aversion that drove prices to all-time highs in June abated, with a firmer US\$ also softening the price.

Performance

The Fund produced an absolute positive return on the back of strong gains in the mining and energy sectors during the month. Stable long positions were the main contributors to performance, as well as event driven long positions in companies such as Sandfire Resources, Oasis Petroleum, Citadel Resource Group and Copper Mountain Mining.

The single largest detractor of performance was Falkland Oil and Gas, a company which operates in the undrilled South and East Falkland Basins in the South Atlantic Ocean. After strong gains in June, based on optimism on the outcome of exploratory drilling results, the stock fell on disappointing news from the company's Toroa exploration well. After drilling to a depth of almost 2,500 metres, the well was found not to contain hydrocarbons. The well was plugged and abandoned.

Stock arbitrage positions involving BHP Billiton and Rio Tinto contributed significantly, and at the same time lowered risk returns for the month. A large discount for the UK exposures contracted, possibly in response to improving perception of both the resource sector and GBP currency.

Australian emerging copper producer Sandfire Resources posted strong gains on the news that Oz Minerals had acquired a 19% interest in the company. The move by Oz Minerals was seen by some as a vote of confidence in the merits of its DeGrussa copper-gold discovery in Western Australia. Citadel Resources, an emerging Saudi copper producer, contributed to performance following an equity raising to fund the Jabal Sayid underground copper mine.

Copper explorer, Copper Mountain Mining, was a positive contributor as it reversed its June losses with a lift in its share price on the back of a surging copper price, which reached its highest level in more than two months on the back of improving demand indicators.

Also contributing to Fund performance was oil and gas exploration and production company, Oasis Petroleum, which experienced solid gains during July following its June Initial Public Offering on the New York Stock Exchange.

Outlook

Over the past several months, the global economic outlook has become more uncertain. Forecasts have been cut for global growth, mainly driven by a lacklustre US economy. These concerns have been reflected in the financial markets, with losses from April to early July in equity markets and lower government bond yields. The question to ask given the rally in July is whether the weaker economic expectations have been reflected in financial market prices, or will the opaque outlook lead to further volatility. While it is hard to say, it is apparent that the second-half of 2010 will be weaker for the global economy than the first-half, driven by tighter policy in emerging economies, the roll off of government stimulus in the US, and austere fiscal consolidation plans in Europe.

Ongoing concerns over the durability of the global recovery are expected to continue to mute performance in the global resources sector, despite demand from emerging economies remaining high.

Volatility in the sector and continuing economic uncertainty are putting off many investors who are electing to take a 'wait and see' approach until the investment landscape becomes a little clearer. This has benefited gold miners in recent times as investors seek some stability and refuge from the volatility. The move towards the perceived safety of gold has led to attractive valuations in other sectors.

The dispute between miners and the Australian Government over the RSPT was resolved following consultation between the Australian Government and mining heavyweights BHP Billiton, Rio Tinto and Xstrata. The RSPT was abandoned in favour of the Minerals Resource Rent Tax (MRRT), which will only apply to Australian iron ore and coal projects. A number of aspects of the MRRT are less onerous than the RSPT, which has greater concessional arrangements for pre-existing projects.

Investment objective

The Fund seeks to generate strong absolute returns by investing in equities in the resources sector. The Fund invests globally and is able to hold long or short positions in this sector. The resource sector comprises companies involved in the exploration, development, extraction, processing, transportation and general service support of natural resources such as oil and gas, base and precious metals, bulk commodities, diamonds, industrial minerals, forestry and renewable resources.

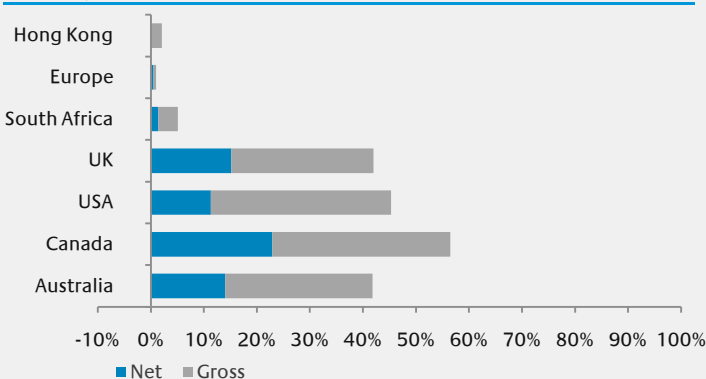
Product details

Fund type	Unit trust
Domicile	Australia
Investment advisor	Colonial First State Asset Management (Australia) Limited
Administrator	Colonial First State Investments Limited
Prime broker	Goldman Sachs
Auditor	PricewaterhouseCoopers
Currency	AUD
Hurdle rate	No
High watermark	Yes
Applications	Monthly
Redemption	Monthly
Redemption notice	30 calendar days
Minimum investment	\$500,000
Management fee	1.5% pa
Performance fee	20% pa
Redemption fee	Nil

Strategy information

Start date	Sep 2005
Fund manager	Chris Baker and Darko Kuzmanovic
Assets under management (A\$ million)	57.3
NAV per share (A\$ share class)	1.11
Distribution paid (30 Jun 2008)	17.71 cpu
Distribution paid (30 Jun 2009)	4.96 cpu
Distribution paid (31 Dec 2009)	1.20 cpu

Country breakdown*



* Stocks classified by country of primary listing. Statistical sources: All portfolio details, Investment Advisor's own records. Any research or analysis used in the preparation of this document

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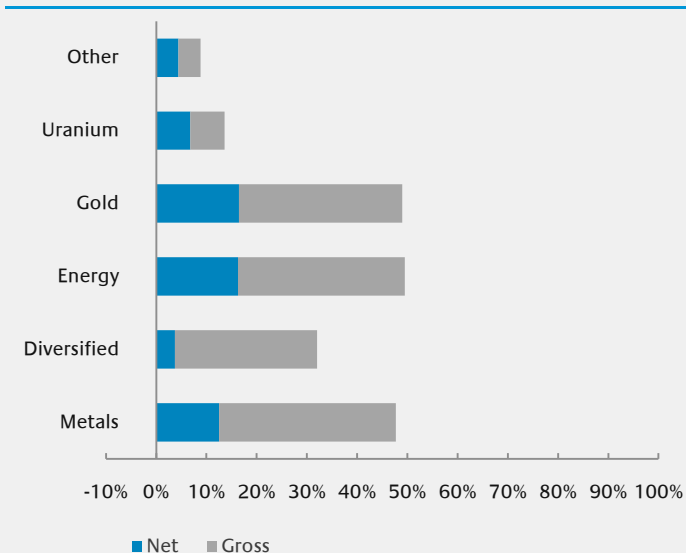
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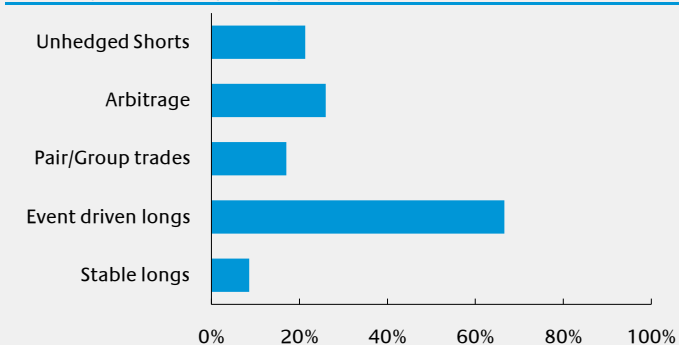
Sector breakdown



Total Fund exposure

	% of Fund	Total holdings
Long	102.0	87
Short	-40.1	
Net	61.9	
Gross	142.1	
Cash	38.1	
Total fund exposure	100	

Strategy exposure (gross)



Investments in the Colonial First State Wholesale Global Resources Long Short Fund (Fund) ARSN 113 916 573 are offered by Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232 468 a wholly-owned subsidiary of Commonwealth Bank of Australia ABN 48 123 123 124. This document is intended to provide general information only. You should assess whether the information is appropriate to you before making an investment decision. The performance figures used in this document are sourced from the Fund's relevant benchmark index and from actual performance figures achieved by the Fund after fees and expenses. **Past performance is no indication of likely future performance.**

There are fees and costs payable for managing investments in the Fund that are deducted from the Fund as a whole. The performance figures used in this document are shown after fees and costs as at 31 July 2010. Investors should have regard to the Information Memorandum or their negotiated fee agreement for further information on the fees and costs applicable to their investment in the Fund.

Neither Commonwealth Bank of Australia nor any of its subsidiaries guarantees or stands behind the performance of the Fund or the repayment of capital by the Fund. Investments in the Fund are not deposits or other liabilities of the Commonwealth Bank of Australia or its subsidiaries; and investment type products are subject to investment risk including loss of income and capital invested.

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