

Wholesale Global Resources Long Short Fund

Monthly update

January 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												-3.84	7.82

^ 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

The year began with the return of risk to investment markets with equity markets falling and bonds rallying. Sovereign risk concerns in Greece and other parts of Europe, tightening of monetary policy in China and regulatory risk overshadowed the continued economic recovery.

The pace of economic recovery for each country is dependent on the severity of the crisis within each country's banking system. Countries such as the US, Japan, UK and Europe are recording a slower pace of recovery, still weighed down by slow money creation. While those countries whose banking systems were relatively unscathed, such as China and Australia are achieving a faster recovery. As a result the pace at which various policy stimulus measures are unwound will differ.

The HSBC Global Mining Accumulation index fell 8.5% in AUD terms in January, but has risen 41.1% over 12 months. The global mining market underperformed the broader equity market over the month after recent outperformance and was primarily driven by a move to tighten monetary policy in China.

In China, economic growth over the December quarter recorded a 10.7% annual growth rate, up from 9.1% the prior quarter and recovering from a low of 6.1% in March. Given the strength in the data and recovery in trade volumes, it is no surprise the Chinese government has begun to remove some of the accommodative monetary policy in place. So far this has taken the form of increases to the reserve ratio requirement (RRR) for banks, higher short term interest rates and attempts to reduce the amount of lending within the economy. While the medium term prospects for growth in China are positive some slowdown in the recent rapid growth is possible.

Commodity prices weakened over January with zinc (-17.6%) and lead (-16.7%) falling sharply. Copper (-8.5%), aluminium (-6.8%) and nickel (-0.1%) also fell. The gold price declined by 1.5%, ending the month at \$US 1081.9 an ounce. The oil price fell 8.2% finishing the month at \$US 72.9 a barrel with natural gas prices in the US and UK also falling after strong gains in December on weather related issues.

Performance

The Fund produced a negative return in January with the weakness in equity markets driven by the emergence of risk aversion and concerns over the pace of the global economic recovery. In this environment our unhedged short and arbitrage strategies were the main positive contributors, whilst our long biased event strategies detracted from performance. After strong gains in December, developers and explorers saw share prices retreat in January and were among the main detractors from performance.

Robust Resources a key contributor in December detracted from performance due to profit taking. The investment thesis remains valid and exploration activities will accelerate. TransAtlantic Petroleum also declined after gains in December despite a positive outlook on production increases in 2010.

Among the stable long strategies, Vale retreated from its recent highs driven by profit taking. Vale announced the acquisition of Bunge's 42.3% stake in Fosfertil, a Brazilian listed fertilizer producer. Subsequently Vale announced the acquisition of further equity interests in this entity. Walter Energy another key holding declined with the weakness in the market, despite the improving outlook for hard coking coal prices and volumes

Orocobre, a development company rallied strongly after it reported that it reached an agreement with Toyota Group to develop its Salar de Olaroz lithium project in Argentina. The deal involves off take project equity and debt funding once the feasibility is completed. Australian listed, Berkeley Resources performed strongly after it sold a 1% of net smelter royalties from its Spanish and Portuguese properties to Anglo Pacific Group. Also it reported significantly higher than anticipated infill uranium grades in the current resource infill program. This bodes well the upcoming resource update.

Outlook

The Fund has lifted its net position over recent months and ended January at around 64%, from around 62% at the end of 2009.

The mining sector continues to be driven by strong demand from China and recovering demand from the developed economies. In January, the International Monetary Fund (IMF) upgraded its global economic growth forecast for 2010 from 3.1% to 3.9%, with growth to be primarily driven by the developing economies. In January China started removing some of its accommodative policy settings, driven by inflationary concerns and robust growth.

An increasingly strong outlook for steel raw materials (volumes and prices) has seen the Fund add to larger diversified holdings which are exposed to iron ore. Both coking and thermal coal fundamentals remain strong with supply constraints. We see greater risk in base metals (copper/nickel) and we have a net short position in this area. In the oil sector the fund is focused on mid tiers E&P names with strong resource growth which will lead to production growth.

Investment objective

The Colonial First State Wholesale Global Resources Long Short Fund seeks to generate strong absolute returns by investing in equities and related instruments 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 and transportation of natural resources including oil and gas, base and precious metals, bulk commodities, precious stones, industrial minerals, forestry and pulp and paper products and renewable resources (such as water and alternative energy sources). It also includes companies which primarily provide services to the resources industry.

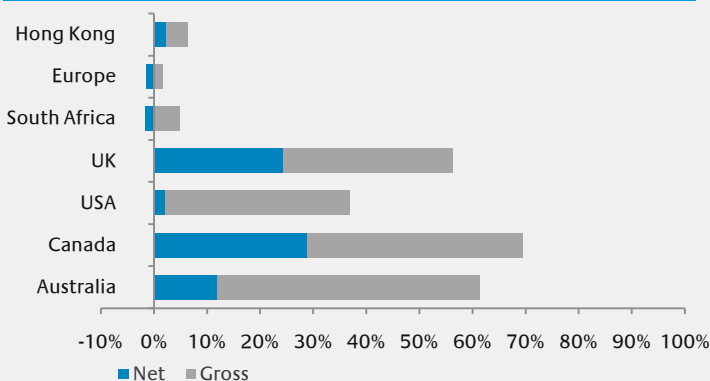
Product details

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	David Whitten, Chris Baker and Darko Kuzmanovic
Assets under management (A\$ million)	60.30
NAV per share (A\$ share class)	1.04
Distribution paid (31 Dec 2007)	1.40 cpu
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 has been procured for internal use and should not be relied upon by others.

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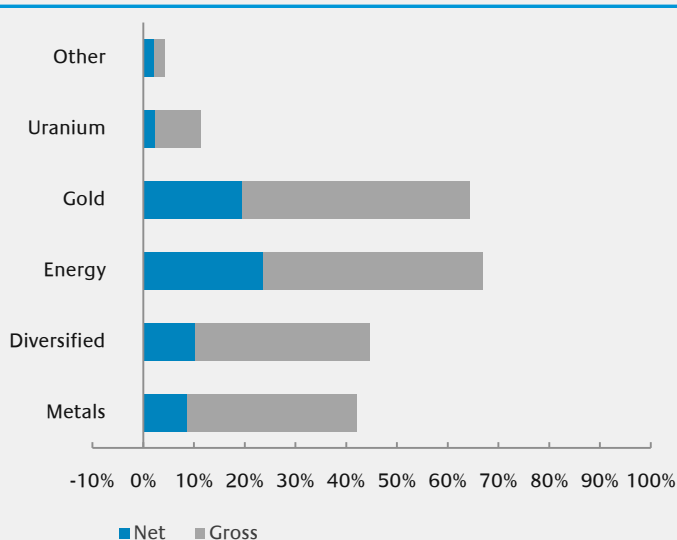
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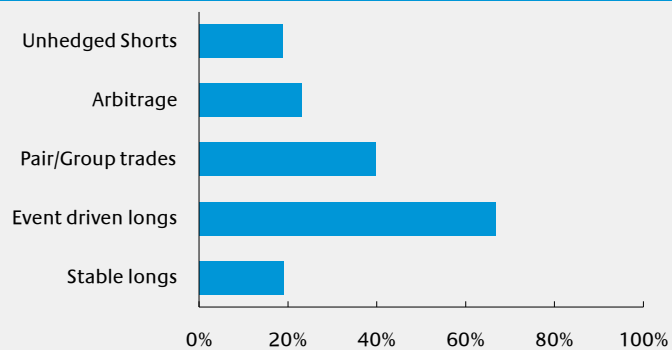
Sector breakdown



Total Fund exposure

	% of Fund	No. of holdings
Long	116.7	70
Short	-50.4	34
Net	66.3	
Gross	167.1	
Cash	33.7	
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 January 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.

Colonial First State Investments Limited receives fees for the management of the fund which are explained in the Information Memorandum available by contacting the Institutional Business team on +61 2 9303 6116. Colonial First State Global Asset Management is a registered business name of Colonial First State Asset Management (Australia) Limited ABN 89 114 194 311; further information is available on cfsam.com.au.

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