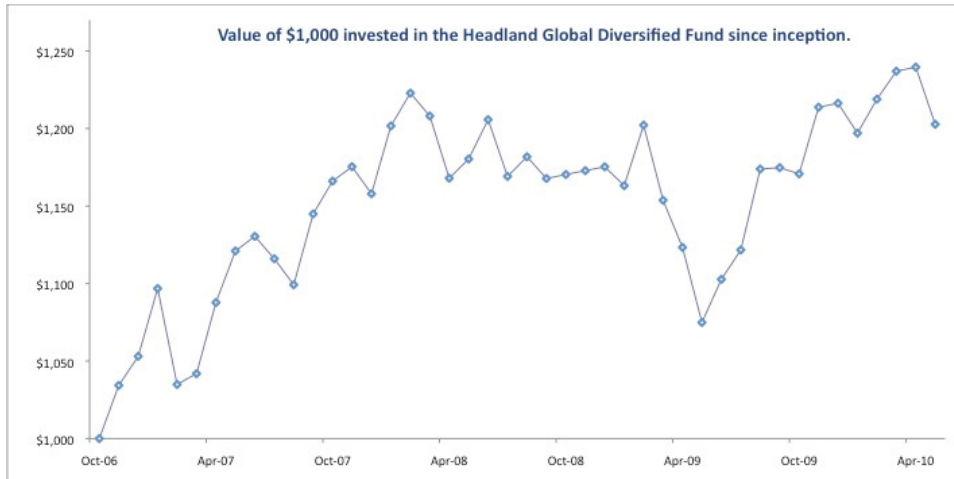


Headland Global Diversified Fund

Manager and Fund Description

Headland is an investment specialist with a focus on institutional quality risk management and compliance. The Global Diversified Fund seeks to provide investors with capital growth and an alternative to equities. The Fund allocates capital to major investment themes in global bond, currency and commodity markets using a quantitative approach.



Investment returns	
May 2010	-2.97
1 year	11.54
3 year	2.60
Annualised return since inception	5.44
Performance is net of fees.	

Returns prior to March 2008 are for a proprietary managed account employing the Global Diversified Fund's investment strategy. Prior to November 2007 the Fund had exposure to equity indices.

Key Performance

Latest Return Date: May 2010		Annualised Return: 5.44%	
Latest Month:	Latest 3 Months:	Latest 6 Months:	Latest 12 Months:
-2.97%	-1.28%	-0.82%	11.54%
Total Return:	YTD:	Average Return:	Reporting frequency:
20.90%	-1.00%	0.47%	Monthly
% Positive Months:	% Negative Months:	Average +ve Return:	Average -ve Return:
65.00%	35.00%	1.99%	-2.35%

Investment Terms

Minimum investment:	Additional investment:	Investment frequency:	Redemption frequency:
AU\$25,000	AU\$5,000	Monthly	Monthly
Redemption notice:	Redemption frequency:	Entry fee:	Exit fee:
3 Days	Monthly	0.00%	0.00%

Fund Fees

Management fee:	Performance fee:	High water mark:	Hurdle:
1.5%	20%	Yes	RBA Cash Rate

Risk

Annualised Standard Deviation:	Downside deviation:	Sortino ratio:	Sharpe Ratio:
8.66%	6.68%	0.17	0.14
Correlation to equities	Correlation to bonds		
0.03	0.07		

Historical Performance

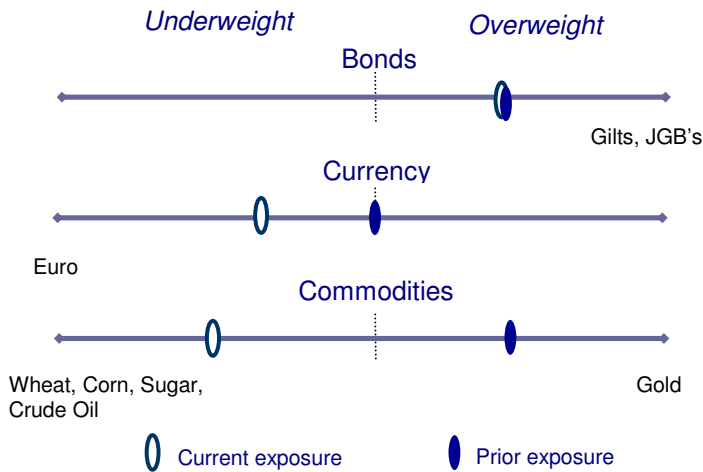
Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %
2010	-1.58	1.84	1.49	0.22	-2.97								-1.00
2009	-1.02	3.38	-3.90	-2.53	-4.31	2.59	1.76	4.68	0.09	-0.33	3.68	0.22	3.90
2008	3.78	1.76	-1.21	-3.32	1.06	2.15	-3.03	1.08	-1.18	0.24	0.27	0.23	1.70
2007	4.15	-5.63	0.67	4.40	3.06	0.84	-1.27	-1.50	4.15	1.85	0.79	-1.49	10.00
2006											3.43	1.81	5.30

Headland Global Diversified Fund

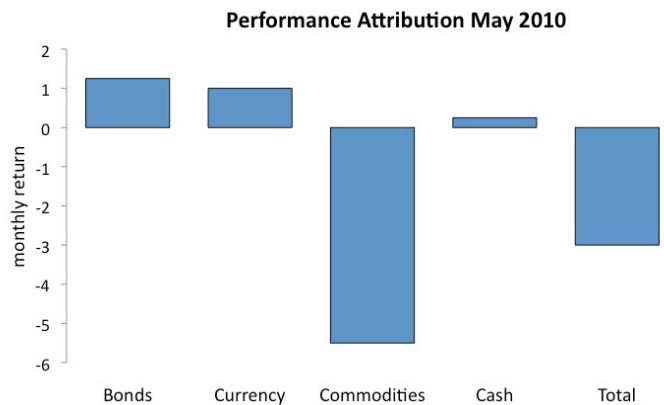
Investment process

The Headland Global Diversified Fund seeks to provide investors with positive returns regardless of stock market performance. The Fund uses a quantitative process to allocate capital to major investment themes in global bond, currency and commodity markets.

Asset Allocation



Performance Attribution



Investment strategy

The Global Diversified Fund returned -2.97% for May. The Fund has gained 11.50% in the last 12 months out performing the ASX200 by 37%. A long position in European bonds and short positions in the Euro and British Pound were positive for performance. However they were not enough to offset losses in the portfolio's commodities allocation. Losses were spread evenly across agricultural, metal and energy products. The Fund's asset allocation has now moved to a more negative outlook for commodity prices.

Global Fixed Income – Risk of European sovereign debt default.

The Fund remained overweight European bonds as investors sought a safe haven from possible sovereign defaults in the indebted economies of Portugal, Ireland, Greece and Spain.

Foreign Exchange – Impact of European debt issues affecting the outperformance of growth currencies.

The Fund continued to reduce exposure to the growth currencies of AUD and CAD. The Fund also took short positions in both the Euro and the British Pound during the month.

Commodities – Re-assessment of commodity values. Falling food and energy prices.

Commodities underperformed in May as investors became increasingly concerned with the prospects for global growth. All sectors performed negatively. This included Gold and Silver, which usually benefit from increased risk premium during periods of instability. The Fund covered long positions during the month and now holds a more negative bias towards commodities.

Comments welcome.

Jerry Pressnell - Managing Director (jpressnell@headlandglobal.com.au)