

RFM Chicken Income Fund ARSN 105 754 461

Fund Update - May 2009

Investment Objective

The RFM Chicken Income Fund (CIF) aims to provide investors with competitive risk-adjusted returns, in the form of quarterly income payments, generated by contract chicken growing activities. The Chicken Income Fund assets comprise of poultry infrastructure holdings at Griffith (NSW) and Lethbridge (VIC).

The CIF is currently closed to new investment.

Performance Update

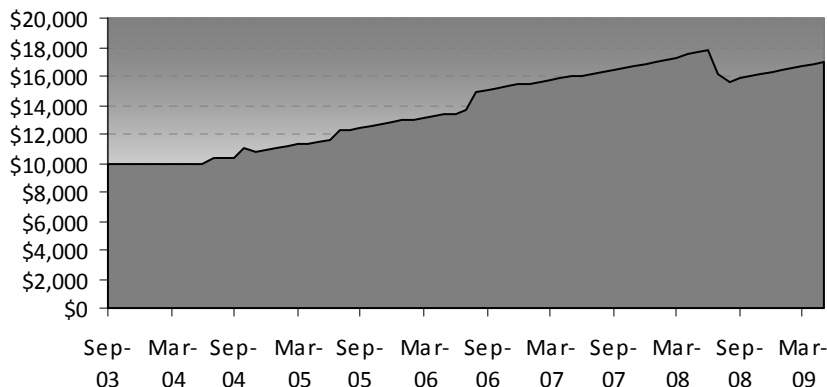
Past performance is not a reliable indicator of future performance.

Returns (as at 31 May 09)	1 mth	3 mth	6 mth	1 yr	2 yr*	3 yr*	4 yr*	5 yr*	Inception*
Distribution Returns	0.00%	3.10%	6.24%	10.78%	10.55%	10.84%	11.22%	11.57%	10.29%
Growth Returns	0.60%	-1.02%	-1.57%	-14.86%	-7.58%	-3.01%	-1.38%	-0.74%	-0.65%
Total Returns	0.60%	2.08%	4.67%	-4.08%	2.97%	7.83%	9.84%	10.83%	9.63%
Grossed Up Distribution Returns	0.00%	3.10%	6.24%	10.78%	10.57%	11.02%	11.54%	11.83%	10.52%
Grossed Up Total Returns¹	0.60%	2.08%	4.67%	-4.08%	2.98%	8.01%	10.16%	11.09%	9.86%

* Annualised figures.

¹ Franking credits attributed to the distribution from the period 1 July 2007 onwards are based on unaudited accounts and therefore subject to change.

Growth of \$10,000 invested since inception²



² Inception date is August 2003. Values are based on post fee performance returns, inclusive of franking credits with distributions reinvested.

Agricultural Market Commentary

As many developed nations have entered recession, commodity prices have been unable to regain the upward momentum they enjoyed in 2007 and early 2008. Through the first quarter of 2009, corn futures fell approximately 5%, wheat futures fell 13%, and soybean futures declined 3%. Although commodity prices continued to decline slightly, the dramatic drops experienced during the latter half of 2008 have ceased. Additionally, these prices remain at historically high levels, with most commodities achieving stronger prices than they did three years ago.

The Australian Dollar (AUD) remained steady against the US Dollar through the first quarter. However, the AUD has since rallied with investors moving money out of US Treasuries and other traditional havens in favour of higher-yielding assets in commodity rich countries such as Australia. There has also been an increase in risk appetite. However, the rally in the AUD may be tempered with concerns that its strength may hurt Australia's trade balance and be a drag on an economy weakened by the Global Financial Crisis. This in turn may cause the Reserve Bank to consider intervening in currency markets.



Forecasts from the Australian Bureau of Agricultural and Resource Economics (ABARE) indicate that Australia's farm exports are growing strongly despite the global economic crisis. In its latest forecasts, ABARE suggests that rural exports will rise by 12.0% and top \$30bn in 2008-09, as a result of increased crop yields and a weaker Australian dollar. The combination of historically high commodity prices and a weaker Australian dollar has generated excellent terms of trade for Australian farmers. ABARE forecasts suggest that these terms of trade will persist, with rural exports expected to continue increasing through 2009-10.

In response to the falls in commodity prices experienced during late 2008, plantings of many key crops are expected to be reduced during the 2009 season. Weather events are also impacting upon global harvests, with Argentina, the world's third largest soybean producer, lowering harvest estimates as a result of severe drought. Additionally, the Argentinean drought is set to reduce wheat plantings, while US winter wheat crops have suffered freeze damage. Supply constraints such as these have the potential to place upward pressure on commodity prices, as demand remains strong.

Farm and Fund Commentary

Nine of the 16 chicken farms in Griffith have completed their fourth batch for the 2009 financial year and have performed very well. These farms are now receiving the bird placements for their fifth batch. The remaining seven farms are now completing their fourth batch. In Lethbridge all farms have completed their fourth batch.

Despite the extreme temperatures experienced in January and February, performance indicators have continued to improve. In Lethbridge, water supply lines to the individual farms have been replaced with a larger diameter pipe in order to increase the supply capacity from the main storage and back-up generators have been upgraded to handle any future extreme heat conditions.

CIF remains in a strong financial position with gearing of 42%. The fund's debt provider has requested that gearing be reduced to 35% over the next two years. This request is consistent with the global trend to lower debt levels and the fund's objective of maintaining relatively low gearing. For this reason the CIF expects to conduct equity raisings of between \$10,000,000 and \$15,000,000 via a rights issue in due course. This will reduce gearing to well below the target 35% and position the CIF to consider well priced investment opportunities that are likely to arise in the current economic climate.

CIF's counterparty, Barter / Steggle, is subject to a takeover bid by Baiada. Baiada is Australia's third largest poultry producer and a family owned company established in the 1950's. GSFM management view this transaction, should it occur, as a positive for CIF given the fund will have a more robust counterparty which will, in no small part, be due to the significant industry consolidation this transaction represents.

A distribution of \$0.0300 per unit comprising \$0.0300 tax deferred with a record date of 31 March 2009 was paid to investors in May 2009. The record date for the next distribution is 30 June 2009. The next distribution is forecast to be \$0.0300 CPU. The CIF annual redemption which was scheduled to take place in May/June is expected to occur later in the calendar year.

Fund Facts as at 31 May 2009

Fund Size	\$60.1m
Inception	August 2003
Unit Price	\$0.9635 ³
Number of Investors	1,379

³ 15 May 2009 Net Asset Value (NAV) Unit Price

IMPORTANT: The information is provided in good faith and believed by Great Southern Funds Management Limited to be accurate at the date of issue. However, no representations or warranty is made as to the accuracy, reliability or completeness of this information. Except to the extent that statutory liability cannot be excluded, Great Southern Funds Management Limited and its related entities, directors, employees, and agents accept no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (expressed or implied) arising out of, contained in or derived from, or for any omissions from, the information contained herein.



GREAT SOUTHERN
FUNDS MANAGEMENT LIMITED