

RFM Ultra Premium Vineyard Fund ARSN 099 573 485

Fund Update - May 2009

Investment Objective

The RFM Ultra Premium Vineyard Fund (UPVF) aims to provide investors with competitive risk-adjusted returns through select investment in Australian vineyards growing high quality grapes for ultra premium wine.

The UPVF is closed to new investment.

Performance Update

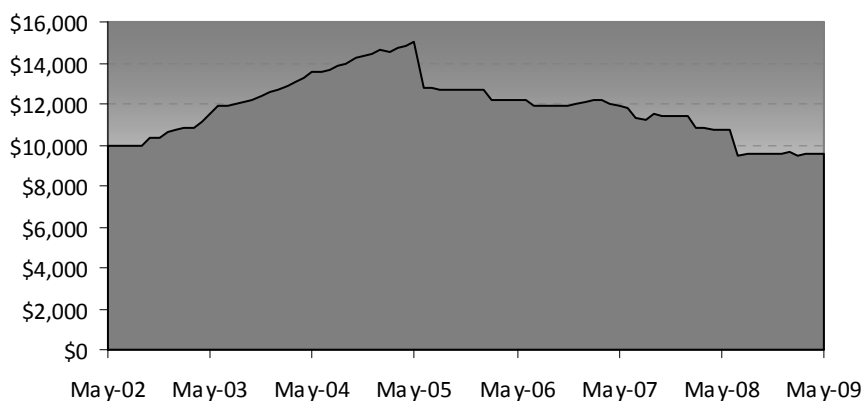
Past performance is not a reliable indicator of future performance.

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%	1.64%	3.19%	2.84%	1.44%	0.99%	0.72%	0.60%	0.45%
Growth Returns	0.04%	-0.50%	-3.09%	-13.64%	-11.75%	-8.68%	-11.32%	-7.27%	-1.04%
Total Returns	0.04%	1.14%	0.10%	-10.79%	-10.31%	-7.69%	-10.60%	-6.66%	-0.59%
Grossed Up Distribution Returns	0.00%	1.64%	3.19%	2.84%	1.44%	0.99%	0.72%	0.60%	0.45%
Grossed Up Total Returns ¹	0.04%	1.14%	0.10%	-10.79%	-10.31%	-7.69%	-10.60%	-6.66%	-0.59%

* Annualised figures.

¹ Grossed up returns are inclusive of franking credits.

Growth of \$10,000 invested since inception²



² Inception date is May 2002. 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.

Although the volume of Australian wine exports are starting to stabilise, down only 0.7% to 725.9ML, value continues to decline, down 14.2% to \$2.41 billion (2007, 731.0ML & \$2.84b). Price per litre was also down 13.6% to \$3.32/L.



Exports to China, Japan and Hong Kong continue to grow. Hong Kong was the only country to have positive growth in all categories of volume, value and price per litre. The UK and the US remain the largest importers, however trading conditions remain difficult and it is clear that both are drinking down. Fortunately the US saw some growth in volume; however value continued to slide as the additional shipments were predominately bulk. (UK; volume down 7.8%, value down 20.9%, US; volume up 20.7%, but value down 12.0%).

The table below, courtesy AWBC, details the regional trends across the globe.

	Volume		Value		Value/Litre	
	MAT April 2009 Litres	Change %	MAT April 2009 AS	Change %	MAT April 2009 AS/L	Change %
Europe - Eu	365 161 205	-10.3%	1 036 025 233	-19.7%	\$2.84	-10.5%
North America	272 028 271	14.3%	934 058 728	-15.0%	\$3.43	-25.6%
North East Asia	39 906 023	30.8%	198 078 755	19.5%	\$4.96	-8.6%
Oceania	21 423 396	-16.1%	89 318 433	-3.5%	\$4.17	15.0%
South East Asia	11 831 292	-5.2%	85 337 182	-4.4%	\$7.21	0.8%
Europe-Other	8 442 468	-5.8%	35 810 585	-0.6%	\$4.24	5.5%
Rest of World	7 181 869	-13.8%	34 484 644	-10.3%	\$4.80	4.1%
World	725 974 524	-0.7%	2 413 113 560	-14.2%	\$3.32	-13.6%

The outlook is characterised by an oversupply of wine grapes, an excessive number of winemakers and an increasing Australian dollar. All wineries are reporting difficult trading conditions and on the back of the large 2008 vintage, grape prices have come under immense downward pressure. The mid sized wine brands are expanding into the premium segment being the same segment to which the UPVF sells its grapes which may provide market opportunities for the UPVF vineyards.

Fund Commentary

Following a general meeting of unit holders in April 2008, the UPVF significantly changed the nature of its business, ceasing the production, harvest and sale of premium wine grapes and beginning a passive vineyard asset leasing business. The real property, water entitlements and infrastructure held by the UPVF were leased to Great Southern Managers Australia Limited for a period of 22 years commencing in May 2008. Distributions (with a record date of 31 December 2008) from cash flow generated by these leases commenced to UPVF unitholders in early 2009.

UPVF currently faces uncertainty with regard the ongoing nature of its business. With the appointment of Receivers to Great Southern Limited and its related Managed Investment Schemes it is likely that the UPVF leases to the Great Southern Wine Grape Projects will be terminated. In this event, UPVF would then return to operating a premium wine grape growing business in which case distributions may cease for the foreseeable future.

Should this occur, UPVF will need to be adequately capitalised including sufficient working capital to finance the annual grape growing cycle. It is expected that the minimum capital requirement would be approximately \$2 million which would be obtained through an equity raising exercise. Equity would likely be raised via a discounted rights issue offered to existing investors in the first instance.

The UPVF annual redemption which was scheduled to take place in May/June of this year, will not be offered this year as there is a need to preserve cash reserves.

A distribution of \$0.0153 per unit with a record date of 31 March 2009 was paid to investors in May 2009. Further distributions are under review until there is clarity from the Great Southern Limited Receivers regarding lease payments.

Fund Facts as at 31 May 2009

Fund Size	\$12.6m
Inception	May 2002
Unit Price	\$0.9284 ³
Number of Investors	505

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

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