

ASCALON H3 COMMODITIES FUND REPORT

December 2009

MONTHLY COMMENTARY

The Ascalon H3 Global Commodities Fund (ANCOMM) posted a return of +0.45% versus +1.98% for the DJUBS Total Return Index. On a 12 month basis, the Fund has returned +15.40% versus the Index return of +18.91%, and since inception has returned -0.11% versus -26.58% on the Index. Commodities were strong across the board on signs of stronger manufacturing activity in the US, Europe and China and a weakening US dollar. The dollar fell against most major currencies making raw materials more appealing as alternative assets.

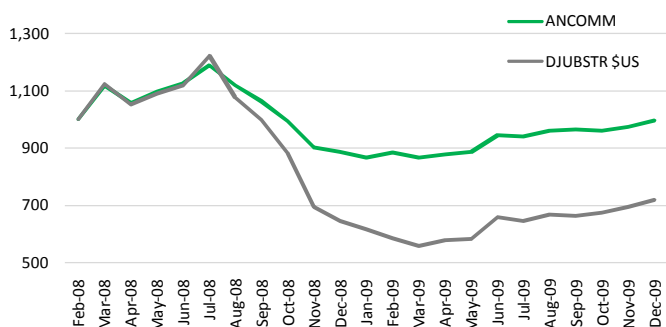
Crude oil rose (+2.69%) as stockpiles declined and cold weather in US boosted demand for fuel. It finished the year above \$79 a barrel, laying claim to the biggest annual gain of 78% in a decade. Natural gas was one of the best performing commodities for the month (+14.93%) as frigid temperatures drove demand. Sugar prices rallied (22.11%) on concerns that demand will far outstrip supply in the coming year, as supply deficit worsens in India. Wheat was down (-4.58%) as demand for US exports abated. Soybeans also declined (-1.96%) as China, the worlds biggest importer, is taking steps to control growth. Aluminium jumped (+8.31%) as uncertainties in China drove speculation that output may be disrupted. Copper traded higher (+5.69%), more than doubling in 2010, driven by increasing demand for the metal. The fragile recovery in the US, coupled with ongoing demand for raw materials from 'Chindia' should support the prices of many commodities going into the New Year. Whether the recovery in commodity prices witnessed in 2009 continues into 2010 will depend on whether the global growth story has meaningful momentum, and how strong economic activity is without the impact of the massive levels of fiscal stimulus that have occurred in the last twelve months. The fund's exposure to commodities has increased in the last month, and barring any hiccups or unexpectedly adverse news, we believe this will continue to increase based upon positive price momentum and relatively benign levels of volatility.

PERFORMANCE (AFTER FEES)

	1 MTH	3 MTH	6 MTH	1 YR	INC
ANCOMM	0.45%	4.29%	6.41%	15.40%	-0.11%
DJUBSTR US\$	1.98%	9.03%	13.66%	18.91%	-26.58%

"...Natural gas was one of the best performing commodities for the month as frigid temperatures drove demand...Wheat was down as demand for US exports abated...Copper traded higher, more than doubling in 2010, driven by increasing demand for the metal."

VAMI AUD\$1000



KEY MARKETS

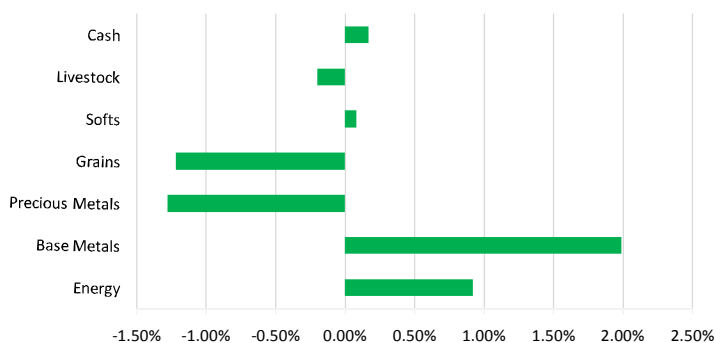
WINNERS

Zinc
Sugar
Aluminium

LOSERS

Lead
Silver
Gold

UNDERLYING FUND P&L ATTRIBUTION



UNDERLYING FUND AVERAGE EXPOSURE

Sector	H3GCF	DJUBSTR	Over/Under
Energy	11.07	33.14	-22.07%
Base Metals	21.73%	25.32%	-3.59%
Precious Metals	7.02%	11.29%	-4.27%
Grains	12.59%	14.90%	-2.31%
Softs	11.53%	10.28%	1.25%
Livestock	4.14%	5.07%	-0.93%
Cash	31.92%	0.00%	31.92%
Total	100.00%	100.00%	0.00%

INVESTMENT STRATEGY OVERVIEW

The objective of the Fund is to provide investors with an actively managed commodities portfolio that seeks to generate returns that are equal or superior to that of major global commodity indices with the same or lower volatility, after fees and expenses, over a medium to long-term time horizon. In order to achieve the investment objective outlined above, the Fund utilizes quantitative trading models that have been successfully traded by the Investment Manager on global markets since 1996. A risk management overlay is used over the whole portfolio in order to minimise volatility and drawdowns.

FUND INFORMATION

Managed by	H3 Global Advisors Pty Ltd
Start Date	31st January 2008
Fund size (as at 31 December 2009)	\$11,852,638.24
Investment Minimums	
Initial Investment	\$50,000.00
Additional Investment	\$10,000.00
Withdrawal	\$10,000.00

Fund Fees	
Management Fee (incl. GST)	0.75% p.a. (taken from the underlying fund)
Est. Expense Recoveries	0.10% p.a.
Other Fees	0.62% p.a.
Performance Fee	15% p.a. of benchmark outperformance (taken from underlying fund)
Transaction Costs	+/- 0.10% p.a.

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Ascalon
Capital Managers