

20<sup>th</sup> August, 2010

## 2010 Financial Year

First of all and most importantly, thank you for your support in this first year of operation. The return of 7.21% (before Performance Fee) was a good result, where we were helped by some fortuitous timing of global volatility.

Shortly after the Trust was established a high degree of instability swept through global financial markets. This instability seemed centred around a lack of confidence in the creditworthiness of some European countries. However, this volatile environment was a welcome tailwind in our effort to find good, long term holdings, as it was in this volatility that we were able to buy some shares at good prices.

Now with the markets gaining confidence in both the domestic and global economy, the volatility has subsided and we do not have the same opportunities. Together with this improving economic outlook the acquisitive instinct in many companies has been incited. With more takeovers now occurring, this new dynamic has provided us with another field to play in, where small, quick returns can be made amongst these corporate transactions. Picking up these 'leftovers' allows us to keep earning a return while we continue our search for great companies to invest in.

## Review

### *Trust Position and Return*

As shown in the financial statements enclosed and summarised below, at 30 June 2010, the Trickett Trust (Trust) had Net Tangible Assets (NTA) of \$85,812.28 and a NTA/Unit of \$1.0721. With the first units being issued at \$1.00/unit on 2 March 2010, for this first, part year to 30 June 2010, the Trust had a return of 7.21%. This return over the period, allowed for the payment of the Performance Fee (it is on this note that I thank you for your consideration in allowing me to amend the Trust Deed, so that I could adjust the annual 10% benchmark, to reflect this first, part year, which then allowed for the prorated calculation and payment of the Performance Fee).

### *Performance Fee*

The Performance Fee for the period up to 30 June 2010 was \$1,263.66. After providing for this Performance Fee, the NTA/Unit at 30 June 2010 is \$1.0563. As the payment of this Performance Fee did not cause the NTA/Unit to fall below the existing High Water Mark (HWM) of \$1.00/Unit, it was verified as payable. This amount has been recorded as a liability to the Trust's accounts, as shown in the balance sheet enclosed.

### *Distribution*

As a large part of the Trust's return was comprised of unrealised gains, a Performance Fee was payable while at the same time, there was no distribution to be paid to Unitholders. The reason there was no distribution payable to Unitholders was because the majority of the return of the Trust was generated through unrealised gains, meaning there was no taxable income to distribute. You may find yourself asking, 'So we have paid a performance fee on unrealised gains, but have not received

the benefit of those gains?’ However, while a Performance Fee was paid and a distribution not paid, the HWM has moved from \$1.00 on establishing the Trust to \$1.0563 at 30 June 2010 (after providing for the Performance Fee), to reflect these unrealised gains and provide a further degree of alignment of interests between myself as the manager and those of the investors’.

Luke Trickett  
Blue Stamp Company Pty Ltd