

GVI Global Industrial Share Fund

Market Commentary

World sharemarkets, as measured by the MSCI World Index (AUD Hedged), fell by -10.9% over the June quarter on increasing concerns over sovereign debt problems in Europe and the impact on global growth. European governments have opted to focus on bringing down debt levels by embarking on a series of austerity measures. Severe public spending cuts in Europe many believe will be less supportive of projected economic growth and as such, more moderate levels are now forecast. In contrast, the US government has embarked on a growth strategy focusing on an export-led recovery and a continued accommodative monetary stance. Manufacturing growth in Asia, Europe and the US slowed over the quarter showing signs that the recovery will not be a smooth one. We are seeing some moderation in growth in China, which on one hand is a positive as it decreases the risks of the economy overheating, but on the other it raises investor concerns about what slowing Chinese growth means for the global economy. As a result, we saw declining energy prices over the quarter and conversely, gold rise to its highest level on record to \$1258/oz.

Growing concerns for Americans of heading into a double-dip recession weighed on equity markets as did the financial reform bill and the fall in houses prices after the expiration of the first homebuyers tax credit. US consumers are saving more and bank lending continues to contract. The US market (in local currency) fell -11.56% over the quarter. In Europe, the move by governments to cut spending and restrain fiscal deficits negatively affected equity returns with financials taking the brunt of the losses. Overall, European markets fell -8.5% over the quarter with Greece (-34.2%), Finland (-18.5%), Austria (-13.7%), Italy (-12.7%), UK (-12.6%), Spain (-12.1%) and Ireland (-11.4%) faring the worst, while Sweden (+1%) and Denmark (+4.6%) were the only two markets that remained in the positive over the quarter. In Asia, Japan fell -14.8%, Hong Kong -5.6% and Singapore -0.12% for the quarter.

All sectors were negative over the quarter with the more economic sensitive sectors falling the most. Energy fell -14.3%, Financials -13.3%, IT -13.1%, Materials -13.0% and Industrials -10.5% as Healthcare and Consumer Discretionary sectors declined by -9.7%. The more defensive sectors held up better with Utilities falling -6.7%, Consumer Staples -6.3% and telcos declining by -4.7%.

Portfolio Performance & Strategy

The Fund continued to outperform the benchmark in falling markets as it returned -5.1% compared to the benchmark return of -10.9% over the June quarter. While the Fund managed to outperform the market in a majority of the sectors, the main detractors to performance over the quarter were our holdings in the Utilities, Telcos and Healthcare sectors. Solid results by CNOOC, Asian banks BOC and DBS, TVB and US utility Public Service Enterprises were offset by the falls in BNP Paribas, K&S, Barclays, Vivendi and a French utility GDF Suez. From a regional perspective, the Fund benefited from countries such as Germany (big exporters and beneficiary of weaker euro) and Singapore with Southeast Asian markets among the best performing YTD. The Fund paid a distribution for the six months to June 2010 of 2.13 cpu and a total of 3.13 cpu for the year which amounts to a yield of 3.5%.

Both our utilities and healthcare holdings came under pressure more than others. Our German utilities have been hit hard by the unexpected proposed levy on nuclear energy to capture windfall gains that result from CO2 certificates not being needed to produce nuclear power. The negative sentiments also flowed on to the rest of the big cap Europeans such as GDF-Suez. Our southern European telco holdings such as OTE Greek (exited fully in May) also underperformed however, Singapore Telecom was one of our top ten contributors to the Fund quarterly results. We believe our current telco holdings have a good balance of mature high levels of free cashflow generation and growth in emerging market assets.

Our industrial holdings had mixed results but the strong performers were Singapore Airlines, 3M and Deere and Co. Singapore Airlines has experienced a strong rebound as a premier carrier which has consistently been able to pay dividends every year since its listing in 1986. It has managed its expansion very prudently and as a result, has ample cash on its balance sheet (\$S3.13 billion). Similarly, our discretionary holding Daimler was a standout as it has succeeded in boosting its sales in every region with growth of 15% YoY, surpassing market expectations. The main growth drivers were the E- and S-Class and two of its biggest foreign markets, the US and China with strong growth also in Brazil, Russia, India, Japan and Australia.

Consumer staples stocks Clorox, Kelloggs, Kraft and Nestle performed well over the quarter, despite a difficult operating environment. Most of our energy stocks fell over the quarter as a result of concerns over a faltering economic recovery. However, due to our focus on integrated energy businesses, the falls were moderate compared to pure energy exposures and hence, our holdings outperformed the sector overall.

We believe investors need to live with high levels of volatility for the rest of the year. At this stage 2 of the recovery phase after GFC and initial rally, GVI will continue to strike a balance between the more cyclical stocks and the defensive ones in a well-diversified portfolio with very strong balance sheets. In this climate, all our dividend-paying holdings can make a difference. This month we feature UK beverage producer Diageo and US manufacturer of microprocessors Intel.

Fund and Performance Statistics

Fund start date: 23 February 2005

Fund size: \$528.99 Million

Period	Fund*	Benchmark**
1 month	-1.2%	-3.8%
3 months	-5.1%	-10.9%
6 months	-5.5%	-6.1%
1 year	+8.4%	+14.0%
2 years p.a.	-10.8%	-9.5%
3 years p.a.	-9.9%	-10.9%
5 years p.a.	+1.2%	+0.6%
Since Inception p.a.	+1.8%	+1.1%

* Fund returns are calculated net of management fees, and assuming all distributions are re-invested.

** MSCI World Index 100% Hedged to AUD

Investors should be aware that past performance is not indicative of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments. Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by GVI. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

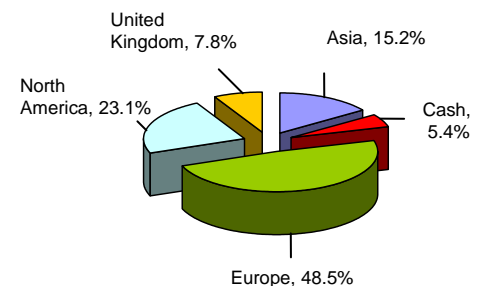
PE and Dividend Yield

Portfolio Characteristics	Dividend Yield FY 01*	Price/Earnings FY 01*
Fund International Equities Exposure	4.2%	10.5x
MSCI World Free Index	2.8%	12.3X

Source: FactSet broker estimates

*FY01 based on one year projections

International Region Allocation



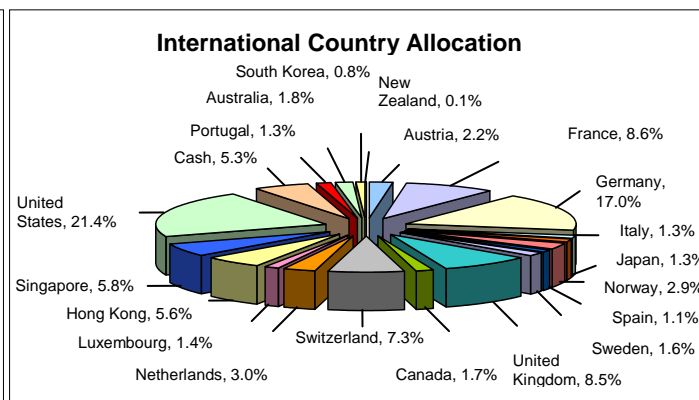
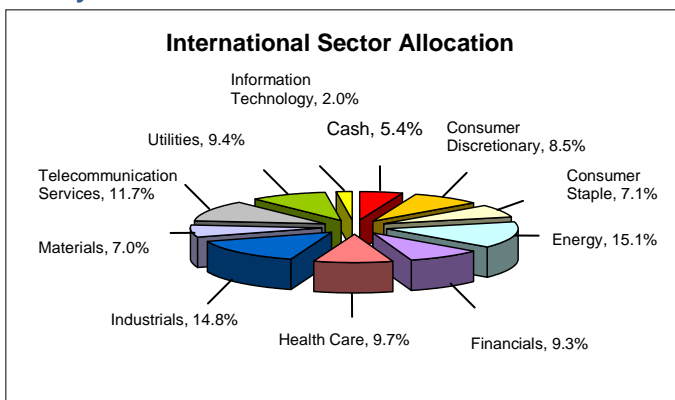


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Top 10 Holdings at 30 June 2010

Company	Country	Type of company	Portfolio Weight	PE (FY 01)	Yield (FY 01)
Singapore Airlines	Singapore	Industrial -Global Airline	2.18%	13.7x	3.9%
Nestle	Switzerland	Staple -Branded Foods	2.06%	14.1x	3.3%
Singapore Telecom	Singapore	Telecommunications	2.05%	12.1x	4.8%
Daimler	Germany	Discretionary - Automaker	1.95%	16.3x	2.0%
Johnson & Johnson	USA	Diversified Healthcare	1.92%	12.3x	3.4%
Linde	Germany	Materials - Chemicals	1.90%	15.5x	2.3%
AT&T	USA	Telecommunications	1.87%	10.6x	6.9%
Roche	Switzerland	Pharmaceutical	1.86%	11.2x	4.6%
Novartis	Switzerland	Pharmaceutical	1.86%	9.9X	4.5%
GDF Suez	France	Integrated Utility	1.84%	12.3x	6.4%

Country and Sector Breakdown at 30 June 2010



International Stock Stories

(1) Diageo (United Kingdom)

Diageo is the world's largest spirits company, owning iconic brands such as Jonny Walker scotch, Smirnoff vodka, Jose Cuervo tequila, Tanqueray gin, Bailey's Irish Cream liqueur, Captain Morgan's rum, and Guinness beer, as well as strong local brands such as Gordon's gin. Spirits brands have long heritages and consumers tend to be far more loyal to their chosen brand than is the case for most consumer staples or luxuries. Barriers to entry are very high. Diageo generates 35% of sales from emerging markets, where penetration of global premium spirits brands is very low. Diageo's margins in Asia are well below its group average and there is a real opportunity for improvement here in the medium term as the market is heavily skewed to super-premium scotch. Returns on capital are very high and earnings have been quite resilient in the face of a consumer downturn.

In our view, operational and financial management has been sound. Diageo did not stretch its balance sheet the way some of its competitors did, placing it in a sound position today. Diageo has bought back stock over time and has disciplined acquisition criteria. The balance sheet is sound, with gearing at net debt to EBITDA of 2.8x. The business is highly cash generating and gearing should come down to 2.0x by the end of fiscal 2012. Diageo trades in line with Pernod and Heineken, despite a superior balance sheet. It trades in line with smaller spirits companies, despite the benefit of scale and a broad portfolio of leading brands.

(2) Intel (United States)

Intel is the world's largest manufacturer of microprocessors. It designs and manufactures microprocessors, as well as chipsets, motherboards, and wired/wireless connectivity products used in a wide range of computing and communications equipment, including PCs, servers, electronic storage products, embedded applications, communication products, and consumer electronics. As the global economy rebounds, in particular, in Asia and North America, volume growth in microprocessors should continue beyond the past 4 quarters, which Intel's sceptics have claimed being only a unsustainable inventory rebuild. Just as importantly, Intel should also be able to sustain higher gross margins for longer due to better pricing from an improved product mix. Over the past decade, Intel has been able to build a sizeable advantage over its to main peers in technology, and now boasts a market share over 80% in PC microprocessors. This technology advantage should allow Intel to maintain higher average prices for longer, and therefore boosting gross margins even more and hopefully be able to increase Intel's technology advantage.

Intel's balance sheet is net cash positive, and Intel's board has been increasing its dividend payout ratio over the past decade, however still only at approximately 35%. Over the past decade, Intel has been able to generate a Return on Capital Employed on average of 17%, way above its weighted average cost of capital of 10%. Intel's valuation is extremely attractive relative to its peers and to its history, with a FY1 P/E ratio of 10.5x and a dividend yield of 3.4%.

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