WALLACE AUSTRALIA OPPORTUNITIES FUND

Performance Report April 2006

Fund Information

Strategy	Australian Equity Market Neutral	**Domicile**	Cayman Islands
Style	Multiple trading strategies.	**Denomination**	USD, AUD
Inception	October 2005	**Management fee**	1.50% per annum
Strategy Assets	AUD $11m	**Performance fee**	20% with high water mark
Liquidity	Monthly	**Lock Up**	Nil

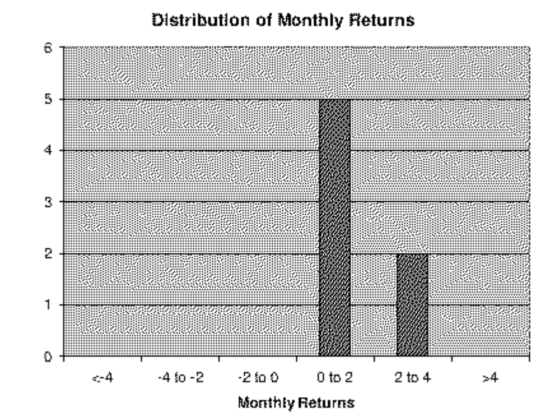
Fund Performance - AUD Class (net of fees and expenses)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2005										1.18%	1.15%	1.28%	3.65%
2006	1.48%	0.15%	2.50%	2.70%									6.99%

Performance and Market Commentary

The Wallace Australia Opportunities Fund had an estimated return of +2.70% after all fees and expenses during April 2006. At the end of April the fund had positions in 42 stocks. 27 long positions and 15 short positions. The funds net stock exposure was hedged with put options over individual stocks and index futures. Profitability style factors were the dominant screen in April. Stocks that ranked well on profitability style factors such as ROE growth and EV/EBIT growth performed well during the month. Conversely, stocks that ranked well on value factors such as dividend yield and Price/Book underperformed the market.

In the month of April both Long Short and Event Driven portfolios performed well. Out of 17 trading days, the Long Short portfolio had 12 positive days and contributed 1.08% to the net performance. The factor model successfully identified likely over and under performing stocks. Among the biggest contributors to the Long Short performance were OXR (+27% for the month), KZL (+22%) and MBL (+10%). However the fund gave back some performance primarily on long PPX (-11%) and short BSL (+7%). The Event Driven portfolio contributed 1.62% largely due to SDS (+17%) and a narrowing of spread trades.



Portfolio Analysis

	Gross	Net	Long	Short	Attribution (Net)
Portfolio	295%	1%	148%	(147%)	2.70%
Strategy Allocation					
Long / Short	108%	1%	55%	-54%	1.08%
Event Driven	187%	0%	93%	-93%	1.62%
Convertibles/Fixed Interest	0%	0%	0%	0%	0.00%
Strategic	0%	0%	0%	0%	0.00%

Fund Parameters

Maximum Gross	500%
Net Range	-10% to 10%

Return / Risk Statistics

Annualised Since Inception	
Return p.a.	19.40%
Std Deviation p.a	3.01%
Sharpe Ratio (5.5%)	4.6
% Positive Months	100%

Service Providers

Administrator: HSBC

Auditor: Ernst & Young

Legal Counsel Walkers

Prime Broker: UBS AG

Contact Details

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