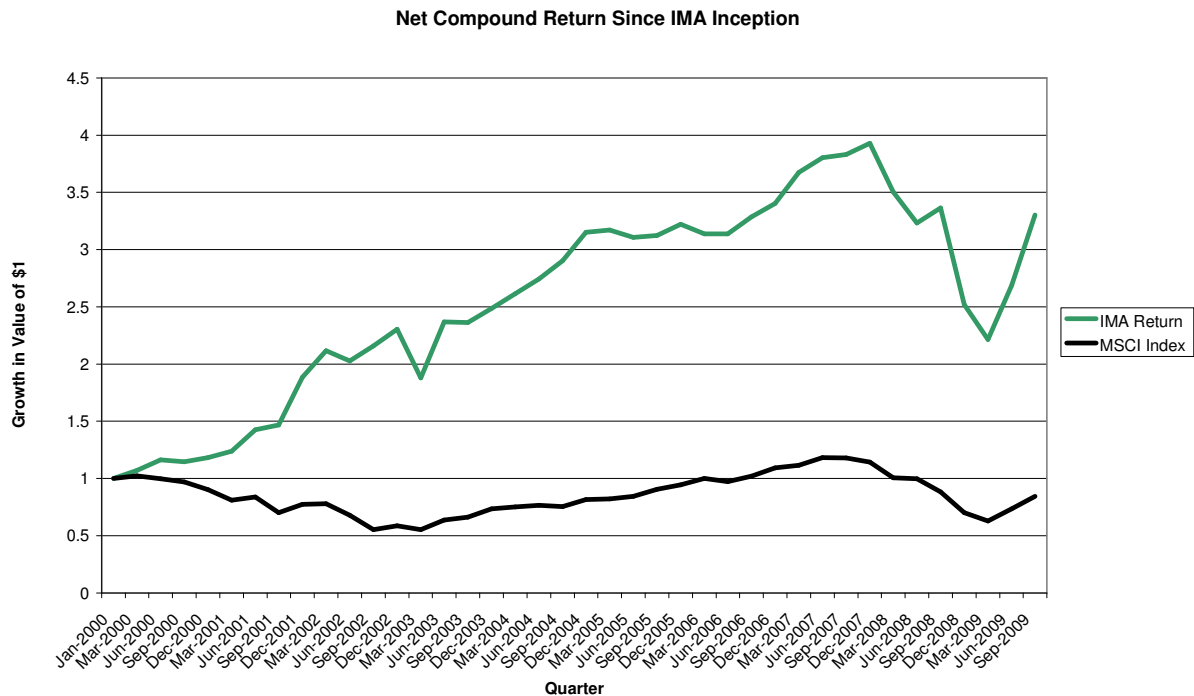


September 30, 2009 Update Report

The average net performance of our portfolios for the quarter ending September 30th was up 22.97% compared to the MSCI World Index at 14.84%. As usual, your individual portfolio return will vary slightly from the average based on when your portfolio commenced, when other client portfolios commenced, and any net capital contributions.

The portfolio held eight companies and cash finished at around 30%.

September 2009	gross return	net return	MSCI index	out performance
Rolling 3 months	22.97%	22.97%	14.84%	8.12%
1 year	-1.83%	-1.83%	-4.52%	2.69%
3 years	1.78%	0.18%	-6.16%	6.34%
5 years	4.35%	2.63%	2.24%	0.40%
Since inception (January 2000)	16.92%	13.04%	-1.74%	



PORTFOLIO AT A GLANCE

American Express	Johnson & Johnson
Asta Funding	Michael Hill International
Berkshire Hathaway	Mohawk Industries Inc.
Fairfax Financial	USG Corporation

GENERAL COMMENTARY

World share markets continued their strong rally in the September quarter resulting in a 54% rise since reaching their low in March. This however, is nothing to get too excited about as the market has simply made up some of the lost ground.

We remain very cautious given this significant increase in share market value and the fact that the underlying fundamental problems and imbalances in the world (excessive debt, massive deficits in the West and offsetting surpluses in Asia) generally have not been resolved. Certainly, consumers have changed their behavior in a very positive way, reducing spending and increasing savings, but to the degree that consumers have improved their own balance sheets governments have at least fully offset this good work with increased deficit spending. Ultimately, the Western hemisphere may face some combination of higher inflation down the road as the debt monetisation becomes politically much easier than debt repayment and/or significantly higher taxes as governments expropriate wealth from its citizens in order to settle the debts presently being accrued.

In terms of your portfolio, our focus remains on identifying and investing in high quality businesses that are relatively strong and well-placed to weather any economic environment. These companies typically have good pricing power and earn high rates of return on invested capital – key attributes for maintaining and growing your wealth in real terms irrespective of whether we face materially higher inflation in future years or not.

PORTFOLIO COMMENTARY

The quarter saw a broad continuation of prices rebounding with each of our holdings increasing in price and in some cases quite substantially. Of the laggards, we took advantage of the relatively muted price performance at Johnson & Johnson to top up our holdings, and of the leaders we reduced our exposure to American Express whose continued share price recovery has brought the stock to a level that is no longer as attractive as it had been in previous periods (though is still attractive in an absolute sense and thus a more modestly sized position is carried in the portfolios).

Interestingly, Fairfax Financial made an offer to acquire the shares in its US-listed subsidiary Odyssey Re which it doesn't already own. This acquisition will be funded utilising the proceeds of a large placement conducted by Fairfax specifically for this purpose. Regular readers will recall that we held a position in Northbridge which was also majority-owned by Fairfax and was privatised earlier in the year. These moves to consolidate the Fairfax units into the one listed entity, we believe, are a strong signal of Fairfax management's confidence in the strength of their balance sheet. Keeping these companies listed would have provided a source of liquidity for Fairfax in the event that they required funds (through selling a portion of their holdings) so we view the signal that they no longer require this form of liquidity as highly positive.

Elsewhere within the portfolio we have been very pleased with the rate of debt reduction at Asta Funding. This company has dramatically improved its balance sheet over the past 18 months, is in the process of negotiating a fresh debt line and we expect it will be in a good position to make substantial investments into new paper in 2010 and beyond.

Thank you for your continued trust and support. If you have any questions please contact us on (02) 9332 2133 or via email at invest@petersmacgregor.com.

Important Information

This report is provided for the information of clients and is not intended to provide advice. Whilst all care has been taken in the preparation of this report (using sources believed to be reliable and accurate), no person including Peters MacGregor Capital Management Pty Ltd, Peters MacGregor Investments Limited and Officium Capital Limited or any other affiliated company accepts responsibility for any loss suffered by any person arising in reliance on this information other than under law which cannot be excluded. You should seek your own financial and taxation advice before dealing with your investment.

The product disclosure statement (PDS) for the Peters MacGregor Global Fund is issued by Officium Capital. The PDS details the terms of the offer and if you wish to invest in the Fund, then you should consider the contents of the PDS, consider whether or not an investment in the Fund is appropriate for you and complete the application form accompanying the PDS. You should also consider the PDS in deciding whether to continue to hold an interest in the Fund.

Past performance should not be taken as an indication of future performance. This information does not take into account your investment objectives, financial situation or particular needs. Before making any investment decision, you should obtain and carefully consider the PDS, having regard to your investment objectives, financial situation and particular needs.

Notes:

IMA Portfolio Returns

- Intra year performance figures are unaudited
- Performance figures in excess of 12 months are audited. Performance figures in the table are historical and not necessarily an indication of future performance.
- The performance figures represent the average returns over all the individually managed accounts (“IMA”) during the relevant periods. Each IMA will generate discrete returns depending on its portfolio structure from time to time.
- Gross returns include dividends and foreign exchange costs and are presented before taxes and fees.
- The net returns are net of management fees and before taxes.
- The MSCI figures are the MSCI World Total Return Index (net local).
- IMA inception date January 2000