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The tragedy of carp

by David Bryant

The Darling River in western New South Wales is a wide, slow flowing river channel, lined with massive, shady Red Gum trees and deep bands of Coolabah trees set back from the river. An extraordinary variety of birds dart and swoop through trees and waterways: pelicans sail like flying boats just above the water’s surface, major mitchells perch on tree tops and unfurl their luminous red and yellow crests, while swallows dart above the river intercepting rising insects. But as you sit quietly and observe this natural beauty, you notice that there is currently around one carp per square metre, lurking just below the water’s surface.

Carp constitute more than 80%, and in some river stretches as much as 96%, of total fish biomass in the Murray Darling Basin¹. The fish was introduced into Australia during the 19th Century, but did not become a problem until the release of a new strain in the 1960’s from Franz Wucherpfennig’s fish farm located at Boolarra in Gippsland, Victoria². Because female carp produce up to 1.5 million eggs per annum, the Boolarra strain was able to spread widely across the Murray Darling Basin using the floodwaters that were a consequence of a succession of good seasons in the seventies.

During the severe and prolonged drought at the beginning of this century, carp numbers declined to the point that catching one was worthy of conversation. However, in a repeat of the seventies, the succession of good seasons and consequent floods



Carp feeding on the edge of the Lachlan River.

has allowed carp numbers to once again explode. Carp feed by sucking in sediment from the bottom or banks of water bodies, sifting out edible items, then expelling the inedible sediment through their gills³. This method of feeding has the effect of suspending clay and other particles in the water, which then turns the water from its natural translucent state to a turbid, opaque soup. As the suspension of particles increases, light penetration diminishes to the point that darkness descends on normally brilliant and abundant water plants, thereby eradicating their presence.

Carp’s decimation of aquatic plant life and degradation of our inland rivers is best comprehended through oral history. Daryl Winter, RFM’s National Manager – Almonds, grew up near Swan Hill on the Murray River. He can recall in the sixties that the town retained an ‘underwater mower’ that was needed to clear swimming lanes in the local lake that adjoined the Murray. Where once children swum in nearly crystal clear water, the lake is now a muddy grey.

At Yathonga Station, between Tilpa and Louth in central NSW, there is a bend in the Darling River where the water is about eight meters deep. During the last drought, the Darling ceased to flow and dried back into waterholes such as this one. Stories are recalled from before the seventies and the arrival of carp, when the river was so clear that the riverbed at the bottom of this waterhole was visible. Where

once fish could be seen lolling through aquatic plants such as Nardoo, Curly Pondweed, Water Ribbons, and Water-milfoil, there are now absolutely no plants, and it is not possible to see to a depth greater than five centimetres.

In the 1950’s: *“If you had a picnic they would throw sixpences into the creeks. The kids would dive for them. The water was as clear as rainwater...”* John Costello, Condobolin 1995⁴

Whilst oral history enables comprehension, scientific study provides evidence. Carp are one of the most widely distributed freshwater fish on the planet and as a consequence have been the subject of studies worldwide. Studies in the US, France, Canada and the Netherlands, where carp populations have been manipulated in the natural environment, have proven that as carp densities increase there is a significant and corresponding decrease in aquatic vegetation. Furthermore these studies have also proven the resilience and return of aquatic plants as carp numbers are decreased. Finally there have been at least four experiments conducted in Australia that have reached the same conclusion⁵.

The carp invasion has also decimated our native fish populations, through competition and particularly, through the destruction of their habitat. Native fish rely on native aquatic vegetation for shelter, food and to provide sites for breeding. Sadly the chain reaction set off by carp’s feeding methods have



Carp kill at Lake Cargelligo, 2009: Just some of the carp that died during the drought. These carp were feeding at the water’s edge and were stranded when a wind blew up and took the Lake’s water away, thereby stranding the carp.

prevented sunlight entering the water, choking photosynthesis. Where once our rivers abounded with hundreds of varieties of aquatic plants – and therefore fish – we now have lifeless turbid channels, except for the ever present carp.

In the late 1930’s: *“The bird life along the river when I was a small boy was about five or six hundred times more than what it is now. Every over-hanging tree practically had swallows nests underneath it. There were kingfishers in large numbers, there were blue martens or wood swallows in droves, there were all kinds of water birds, ducks in abundance.*

Dragonflies were just in a mass towards evening. It looked sometimes like a light fog along the river with mayflies, gadflies, dragonflies, moths, butterflies and things which were attracted to the heads of the plant called floating pond weed...”

Lance Parker, Hillston 1994⁶ (former owner of Moorall, an orchard now owned by RFM RiverBank)

The numerous governments and authorities that share responsibility for the Murray Darling Basin are working on solutions to the problem of carp. At



Carp excavations on the Lachlan: the subsurface craters that are visible in this picture are the result of carp sucking during feeding. The ‘spoil’ from their excavation is expelled, thereby placing huge quantities of clay and organic matter into suspension. Note how dirty the water appears.

their disposal are a number of options that include an ingenious trap called the Williams’ carp separation cage, which exploits the jumping tendency of carp to separate them from native fish. The CSIRO is developing a daughterless carp technology that aims to reduce the number of female carp. Research is also underway on the cyprinid herpes virus, a disease that has devastated carp populations in the US, Israel, Europe and China, but has not yet appeared in Australia⁷.

The Murray Darling Basin Authority (MDBA) is implementing a Native Fish Strategy (NFS), that aims to improve the lot of native fish by working with the numerous governments and bureaucracies that have a stake in the Murray Darling Basin. However the NFS *“provides guidance for investing funds (but is not a source of funds)...”* and perhaps here lies the main problem with carp⁸.

If one sits quietly on the bank of one of our inland rivers and observes the splendour of its birdlife, and reflects on the words of Lance Parker and others quoted here, it is possible to realise the enormity of our loss. Our loss of habitat, of aquatic plants, of native fish, of insects, birds and natural

beauty. Since the spread of carp in our lifetime, we have witnessed one of the most significant tragedies of our inland waters as a consequence of European settlement, and we are not allocating sufficient funds to do something about it.

David Bryant is the Managing Director of Rural Funds Management Limited.

References

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RFM RiverBank

(RiverBank) ARSN 112 951 578

RFM RiverBank (RiverBank) has performed strongly over the last 12 months to 31 October 2011, delivering an annualised return of 8.79% to Unitholders. Longer term returns have been even more impressive, with the fund delivering 16.36% and 17.05% for the three years and five years to 31 October 2011 respectively.

RiverBank owns 1,814 hectares of almond orchards near Hillston in western New South Wales. Of this, 1,221 hectares is leased out to Select Harvests Limited, a publicly listed manager, processor and marketer of almonds.

Dan Edwards, Business Manager – RiverBank, says: “The lease of the orchards to Select Harvests provides an excellent source of revenue for RiverBank. The long term nature of the rental agreements means that the fund has a steady, reliable source of income until 2030.”

RFM manages the remaining 593 hectares for its Growers as part of the RFM Almond Fund 2006 (AF06), RFM Almond Fund 2007 (AF07) and RFM Almond Fund 2008 (AF08). RiverBank also benefits from the lease fees paid by these entities.

Capital growth is the other key contributor to RiverBank returns. As the orchards mature, the trees produce more nuts, which in turn increases the value of the orchards. The orchards are at various stages of growth with some areas considered mature by the end of next season. All areas of the orchards are expected to reach maturity by 2014.

“We have improved the quality of the properties by undertaking significant capital development over the past few years,” says Dan. “The all-weather access roads on both Moorall and Yilgah are in their final stages of completion, and a bore replacement program has been established. There are site offices with amenities and a lunch room under construction on Moorall, as well as worker’s quarters underway at Yilgah. Both properties also have fertiliser storage and machinery sheds being completed.”

In response to the frost event that occurred at the orchards early in the spring, RFM management is investigating the viability of sprinkler systems in some areas of the orchard, to prevent a recurrence of frost.

Irrigation is also a focus of the capital works across the RiverBank assets. Dan says: “The upgrade to the orchard irrigation system is on track for completion by the end of this season. This upgrade was necessary because of the growth in trees as they are reaching maturity.”

“RiverBank’s major focus at the moment is the completion of capital upgrades to ensure the assets are achieving the best return on investment possible. As the orchards continue to mature, the properties are becoming more and more valuable, so it’s important we maintain them as best we can.”

RiverBank opened to new investment on 23 October 2011. For more information about this new offer, please speak to your financial adviser, or contact RFM Investor Services on 1800 026 665 or email investorservices@ruralfunds.com.au.

Table 1: RiverBank Rolling Returns

RBK (as at 31 Oct 11)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr ²	3 Yr ²	4 Yr ²	5 Yr ²	Inception ²
Distributions	0.00%	1.35%	3.13%	6.84%	7.68%	6.24%	6.91%	7.69%	5.86%
Growth	2.36%	1.46%	0.94%	1.95%	14.82%	10.12%	11.12%	9.36%	7.87%
Total Returns	2.36%	2.81%	4.07%	8.79%	22.50%	16.36%	18.03%	17.05%	13.73%
Grossed Up Distribution Returns ¹	0.00%	1.66%	3.86%	7.59%	8.10%	6.51%	7.41%	8.32%	6.34%
Grossed Up Total Returns¹	2.36%	3.12%	4.79%	9.54%	22.92%	16.63%	18.53%	17.68%	14.21%

- 1. Effective return including franking credit
- 2. Rolling annualised figures

RFM Almond Fund 2006

(AF06) ARSN 117 859 391

RFM Almond Fund 2007

(AF07, previously known as the Great Southern 2007 Almond Income Project) ARSN 124 998 527

RFM Almond Fund 2008

(AF08, previously known as the Great Southern 2008 Almond Income Project) ARSN 124 947 960



Daryl Winter
National Manager — Almonds

On 24 November 2011, the RFM Board approved the name change of both the 2007 and 2008 Great Southern Almond Income Projects to the RFM Almond Fund 2007 and RFM Almond Fund 2008 respectively. This is to reflect the change in responsible entity for the project from Great Southern Limited to RFM that occurred in 2010.

As summer approaches, the RFM almond orchards near Hillston, New South Wales are looking better than ever before. Daryl Winter, National Manager – Almonds, is particularly happy with the orchard’s development as it approaches maturity.

Daryl says: “Our focus at the moment is making sure the trees are growing as well as they can. All of our fertigation and irrigation systems and processes are really settling into place, which is one of the reasons the trees are looking so good.”

“The AF06 trees will be considered ‘mature’ at the end of next year, with AF07 and AF08 trees following one year after that, so we’re putting a lot of time and resources into making sure the trees reach their full potential and can deliver an excellent crop at maturity.”

“When we planted the trees, we expected that by maturity they would be delivering a crop of around 3.5 tonnes. However given the quality of the orchard at the moment, it is very possible we will go beyond that. The trees are in such good shape and the whole orchard is looking very green; I really couldn’t be more pleased with how it’s developed.”

The season hasn’t been without some challenges. Early in the Spring, a frost affected around 10% of the total orchard. “It was a bit disappointing. We were on track with forecasts for crop yields for the season, but cold air came through on the western side of the Moorall property and frost settled on the outer trees,” says Daryl. “It wasn’t disastrous by any means, but it will clip a bit off the final yield.”

Daryl and the team are now getting on with the job of preparing the orchard for harvest.

“We’re levelling the rows, and making sure the orchard floor is clean and ready to go. Our irrigation systems are working well and all of our sprays are up to date.”

“We’re getting all our equipment serviced and also ordering in the last of the harvest machinery; once this has arrived, we’ll have the full complement of plant and equipment required for a mature orchard.” The new equipment includes some machinery that is used to reduce dirt in harvest material, thereby reducing unnecessary processing and transport costs.

Finally, the mouse plague that affected vast areas of New South Wales earlier in the year has dissipated entirely and does not look like re-occurring at this stage. Weather conditions have also been very conducive to growing. Daryl says: “Apart from the frost event, I have to say the weather has been excellent.”

“Coming into summer, we’re hoping the good conditions continue and this season’s harvest goes off without a hitch.”

RFM Diversified Agricultural Fund

(DAF) ARSN 099 573 627

Over the 12 months to 31 October 2011, the DAF achieved an annual return of 8.24% (including franking credits). This return is reflective of the solid longer term performance of the DAF, with the fund achieving annual grossed-up returns of 8.26% for the five years to 31 October 2011. This is ahead of the investment goal of CPI plus 5% (7.93%) by 0.33%. Returns since inception have reached 6.83%, slightly below a target of 7.92%.

The DAF is a unit trust that generates returns via investment in other RFM funds. RFM aims to provide a mix of investment income and capital growth to Unitholders through the DAF's asset allocation between property and infrastructure, operational assets, and cash and other assets. Currently, the majority of the DAF's investments are in RFM RiverBank (RiverBank), the RFM Chicken Income Fund (CIF), and the RFM Australian Wine Fund (AWF).

RiverBank has been a significant contributor to performance with an annual return of 8.79%. The long term performance of RiverBank has been outstanding, with grossed up returns of 17.05% for the five years to 31 October 2011, and 13.73% since inception.

RiverBank, which owns 1,814 hectares of almond orchards at Hillston, New South Wales, leases its assets to third parties and thus to a large extent, is able to remove operational risk and the impact that seasonal conditions can have on returns. RiverBank's income is generated through rental payments rather than farming production.

The CIF generates income through contract chicken growing activities, and pays quarterly distributions to Unitholders including DAF. Distributions for the 12 months to 31 October 2011 were 11.36%; total return for the same period was 4.69%.

Baiada Poultry Pty Ltd contracts with the CIF to grow around 30 million chickens a year on farms near Griffith, New South Wales, and Lethbridge, Victoria. Currently, the CIF team is getting ready for the busiest time of the year for chicken growers: Christmas. With the festive season just around the corner, CIF management are in the lead up to a very busy period.

The Australian wine industry remains in oversupply, with grape price pressure continuing to impact the AWF. Heavy rainfall experienced during harvest last season, in combination with the dilutionary effect of recent capital raising, resulted in a total return of -39.94% for the 12 months to 31 October 2011.

RFM management is also in the process of negotiating long term sale agreements for all AWF wineries. This ensures a guaranteed buyer for the grapes produced; a prudent measure which will assist the AWF's revenue.

RFM Land Trust

(Land Trust) ARSN 128 112 443

The restructure of the Land Trust has continued to progress over the last six months, with Unitholders expected to receive distribution payments as the process is carried out.

The Land Trust currently owns 15 properties across three states; Western Australia, South Australia and Tasmania. Dan Edwards, Business Manager – Land Trust, says: "We've been making steady progress with the sale and lease of Land Trust assets. There's been strong interest in a lot of properties, which really puts us in a favourable position going forward."

The Land Trust has successfully leased 11 properties in Western Australia to forestry giant Gunns Limited. In addition, contracts have been entered into with a buyer for the remaining two properties in Western Australia, which are currently subject to finance approval. Completion of these sales is expected to occur in December 2011.

With one mainland South Australian property sold earlier this year, the three remaining properties on Kangaroo Island went to auction early in November. Two of the properties were sold above their 2010 book value, with the third passed in. RFM is currently negotiating with interested parties to achieve a sale post auction.

Dan says: "Conditions on the island are very good at the moment, so the farmers have been doing well. It's an excellent time to sell."

The one remaining property in Tasmania has been listed for sale, and RFM expects this property will sell at its book value. All Victorian properties held by the Land Trust were sold at or around their 2010 book values earlier this year.

Dan says: "We're looking to use the proceeds from asset sales and rental income from the Western Australian properties to return capital to Unitholders in the coming year."

Land Trust Unitholders should contact RFM to update their contact records including email addresses, and provide Electronic Funds Transfer (EFT) details. This will ensure distributions can be paid in a timely manner, and will also minimise costs incurred by the fund in processing these distributions.

Table 2: DAF Rolling Returns

DAF (as at 31 Oct 11)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr ²	3 Yr ²	4 Yr ²	5 Yr ²	Inception ²
Distributions	0.00%	1.87%	3.91%	8.24%	8.01%	6.23%	6.51%	7.03%	5.90%
Growth	1.73%	0.33%	-0.85%	0.00%	5.07%	0.60%	1.57%	0.66%	0.63%
Total Returns	1.73%	2.20%	3.06%	8.24%	13.08%	6.83%	8.08%	7.69%	6.53%
Grossed Up Returns ¹	1.73%	2.21%	3.06%	8.24%	13.08%	6.83%	8.51%	8.26%	6.83%
CPI + 5% (as at 30 Jun 11)	0.71%	2.13%	4.94%	8.60%	8.33%	7.70%	8.15%	7.93%	7.92%
Value Added/Subtracted	1.02%	0.08%	-1.88%	-0.36%	4.75%	-0.87%	0.36%	0.33%	-1.09%

- 1. Effective return including franking credit
- 2. Rolling annualised figures

RFM Chicken Income Fund

(CIF) ARSN 105 754 461

RFM StockBank

(StockBank) ARSN 153 436 803



Adriaan Shields
National Manager – Poultry

The RFM Chicken Income Fund (CIF) investors received distributions amounting to 11.36% for the 12 months to 31 October 2011. Total return (distributions plus capital growth), however was lower at 4.69%. Fund performance has been affected by mark to market losses on interest rate hedges, high energy costs and wage increases. The energy costs and wage outcomes can be incorporated into fee reviews with the processor however there is a lag effect between costs incurred and when revenue is received. Distributions have been maintained despite lower earnings due to non-cash charges such as the interest rate hedges and the provision of deferred tax liabilities.

The farms at Griffith have demonstrated very consistent production over the past six months, with corrected feed conversion ratios of 1.86, 1.86 and 1.87 in the last three production rounds (or ‘batches’). The ‘corrected feed

conversion ratio’ (FCR) is a measure of the amount of feed required to produce one kilogram of chicken meat. In other words, the lower the ratio, the better the performance.

Adriaan Shields, National Manager – Poultry, says: “The FCR at Griffith has been low and steady for a few months now; it’s great news, and reflects the effectiveness of our processes and procedures on the farms.”

At Lethbridge, the FCR dropped from 2.14 to 1.85 in the last batch, which is a significant improvement. According to Adriaan, this has been achieved through a combined effort from Baiada Poultry Ltd (Baiada) and RFM: “Baiada has just completed a full vaccination program for all the birds on site, which has been extremely helpful. We have also introduced additional cleanout measures, with a fumigation process at the end of each shed clean which has really helped the health status of the birds and led to the improved FCRs.”

With spring well and truly underway, the CIF team are gearing up for the busiest time of year as the festive season is fast approaching. Adriaan says: “Demand for chickens is huge at this time of year, so we are really ramping things up. The weather certainly helps; spring provides the best climate conditions for chicken growing so we are able to increase stocking densities slightly and take advantage of the high demand.”

“The warmer months are a little more challenging, but we have carried out a lot of preventative maintenance in preparation for this. For example,

we’ve just upgraded the cool cell pads in several sheds, which will make temperature control much easier.”

“All in all, things are very positive at the moment. Bird health status has been excellent for the past six months now, and the sheds are looking good. We’re really pleased with how operations are carrying on.”

The last few months have also been a busy time for the CIF business team. Over the last year, the CIF has trialled the effectiveness of engaging a contractor to run one of its farms. The trial was successful and the contractor arrangement has demonstrated benefits to both the contractor and the CIF. RFM has now introduced the contract management model across eight farms at Griffith. Batch results will be closely monitored as operations are carried out under this new management system.

There is a range of variables involved in taking a day old chick and growing it to a fully grown chicken. According to David Thomson, Business Manager for the CIF: “The contractor model is designed to encourage better performance on the farms, with financial incentives in place for farm managers who produce good results. It really encourages the contractors to actively manage and optimise the variables involved in chicken growing to maximise their revenue. The model provides the contractors with control over all aspects of running the farm and growing the chickens. The upside for the CIF is a reduction in costs and increased revenue through better growing results”.



David Thomson
Business Manager – StockBank

RFM opened its latest fund, RFM StockBank (StockBank), earlier this year to take advantage of the scarcity of capital in the Australian livestock sector. StockBank acquires cattle and sheep for fattening and finishing, a process which takes from three to twelve months, then sells the livestock when they have reached a marketable weight or breeding quality. The RFM Chicken Income Fund (CIF) is currently the sole investor in StockBank.

At present, StockBank holds approximately 4,700 head of cattle on 20 farms across New South Wales and Queensland. David Thomson, Business Manager – StockBank, says: “So far we’ve sold around 300-400 head of cattle, with sale prices better than what we expected. It’s a great start for the fund.”

As StockBank management look to purchase additional cattle, the outlook for global demand for meat is promising. According to food and agribusiness bank Rabobank in their latest ‘Beef Quarterly’ industry report*, the long term outlook for beef remains positive.

The report states that whilst beef prices in Australia will feel the pressure of an increase in supply from international competitors during the first half of 2012, cattle prices in the latter half of the year are expected to reach record highs. This is due to a market transition from a short-term supply bulge (largely a result of the US drought encouraging higher slaughter rates), to a supply shortage as global production lags behind income and population growth, particularly in emerging economies.

StockBank has also had success in the sheep market, having purchased, fattened and sold around 2000 head of sheep earlier this year.

David says: “We achieved sales in excess of our expected price, producing a return higher than our benchmark level. We’ll look to purchase more sheep in the coming months.”

Favourable market conditions continue for sheep meat. The Australian Bureau of Agricultural and Resource Economics and Science (ABARES) has forecast that the average Australian weighted saleyard price of lambs in 2011–12 will remain similar to that of 2010–11 at around 550 cents a kilogram. Increased demand is

anticipated in export markets, in particular from the United States and China. An increase in domestic demand is also forecast.

“StockBank was created in response to the opportunity that market fundamentals presented in both sheep and cattle industries. It’s still early days yet, but the fund is performing very well and industry outlooks are really positive. It’s an exciting time.”

“There are very few avenues where investors have exposure to a liquid agricultural investment. With daily markets operating for both sheep and cattle, StockBank makes this possible.”

RFM is intending to open StockBank to further investment by sophisticated investors in January 2012. If you are interested in receiving more information about this opportunity, please contact Investor Services on 1800 026 665, or email investorservices@ruralfunds.com.au.

There is no published performance data for StockBank as at the date of this newsletter.

* Please see Rabobank media release dated 18 October 2011, <http://www.rabobank.com.au>

Table 3: CIF Rolling Returns									
CIF (as at 31 Oct 11)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr ²	3 Yr ²	4 Yr ²	5 Yr ²	Inception ²
Distributions	0.00%	2.89%	5.71%	11.36%	11.98%	12.23%	11.58%	11.31%	10.88%
Growth	-0.63%	-4.56%	-5.12%	-6.67%	-6.08%	-5.30%	-7.22%	-6.04%	-2.36%
Total Returns	-0.63%	-1.67%	0.59%	4.69%	5.91%	6.93%	4.37%	5.27%	8.52%
Grossed Up Distribution Returns ¹	0.00%	2.89%	5.71%	12.25%	12.75%	12.75%	11.96%	11.70%	11.25%
Grossed Up Total Returns¹	-0.63%	-1.67%	0.59%	5.58%	6.68%	7.45%	4.75%	5.66%	8.89%
1. Effective return including franking credit									
2. Rolling annualised figures									

RFM Australian Wine Fund

(AWF) ARSN 099 573 485



David Murdock
National Manager – Viticulture

The new season is well and truly underway at the RFM Australian Wine Fund (AWF) vineyards, with good conditions experienced so far. David Murdock, National Manager – Viticulture, has high hopes for an excellent vintage to come in 2012.

“So far, the season is off to a really solid start,” says David. “We’ve had

a promising winter and early spring in the Barossa, with good residual rainfall and soil moisture. We’ve had no frosts, so fingers crossed, we’re almost in the clear there.”

“The vines are looking strong as well. Fruitfulness is high; usually we look for around one, to one and a half bunches per shoot and this season we’re seeing around two. We might look to remove some bunches later in the season to encourage more growth, but that’s a great position to be in. Overall, it looks as good as it could for this time of year.”

David is hoping for solid rainfall in the spring. He says: “As rainfall eases towards the end of the year, we will implement an irrigation program, however it all depends on rainfall. If wetter conditions continue longer than normal, we can delay irrigation until late December or early January.”

After that, a dry summer until harvest is ideal; very much in contrast to the last season. The heavy rain experienced in February and March earlier this year has also meant there has been residual disease pressure on the vineyards. As a preventative measure, the team is currently carrying out a fungicide program.

“We’ve been applying preventative sprays that stop any residual disease spores from germinating on the leaf,” explains David. “Basically, we’re controlling the ability of the diseases to start.”

Grape prices remain subdued throughout the wider industry and early indicators suggest that Australia is headed for a substantial national crop this season, which would mean continued oversupply and downward price pressure. This only serves to underline RFM’s strategy of producing top quality icon fruit.

David says: “With a kind season, we will look to increase our production of icon and A grade grapes. This means the AWF can continue to sell its fruit at a premium, and avoid the markets for lower grade fruit where oversupply is greatest and prices are lowest.”

Disappointing yields last season, in combination with low prices, impacted on the revenue received by the AWF. As a result, RFM management has been monitoring closely the financial position of the fund. David Thomson, Business

Manager – AWF, says: “We’ve been keeping a particularly close eye on costs, given we started the year with a lower amount of revenue.”

RFM management also continues to negotiate with various wineries so that supply agreements are in place for all AWF vineyards by the 2012 vintage. This is an important step as these agreements ensure that all grapes produced by the AWF have a guaranteed buyer.

David Thomson says: “By having these supply agreements in place and continuing to focus on production of the highest quality fruit, the AWF can attract higher prices for its grapes, remaining a reputable and consistent producer within the industry.”

Table 4: AWF Rolling Returns

AWF (as at 31 Oct 11)	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr ²	3 Yr ²	4 Yr ²	5 Yr ²	Inception ²
Distributions	0.00%	0.00%	0.00%	0.00%	0.00%	0.76%	0.59%	0.50%	0.31%
Growth	0.19%	0.43%	-2.79%	-39.94%	-23.77%	-29.99%	-26.86%	-22.69%	-11.17%
Total Returns	0.19%	0.43%	-2.79%	-39.94%	-23.77%	-29.23%	-26.27%	-22.19%	-10.86%
Grossed Up Distribution Returns ¹	0.00%	0.00%	0.00%	0.00%	0.00%	0.76%	0.59%	0.50%	0.31%
Grossed Up Total Returns¹	0.19%	0.43%	-2.79%	-39.94%	-23.77%	-29.23%	-26.27%	-22.19%	-10.86%

1. Effective return including franking credit
2. Rolling annualised figures

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PROFILE

Dan Edwards



For Dan Edwards, RFM Business Manager, a job combining his love of the land with an interest in finance was a perfect fit.

Farming has always been a part of life for Dan Edwards, who began work at RFM in 2005. Since then, RFM has provided an opportunity to combine Dan's areas of expertise in a challenging and exciting role as Business Manager for several RFM funds.

Having grown up in New South Wales on a number of mixed farming properties, Dan was exposed to farming from a young age. Dan says: "I had to help out doing all different kinds of odd jobs when I was a kid, giving a hand with everything from sowing crops to shearing sheep."

"It's fairly typical in rural areas that kids use school and university holidays as an opportunity to make some extra cash working on local properties. I started off doing pretty basic farm-hand work throughout high school; by university, I was driving headers at harvest times."

Dan also decided to incorporate his farming experience into university life in a more direct way, undertaking a Bachelor of Agricultural Commerce at the University of Sydney's campus at Orange, New South Wales.

"It was great to be able to expand my knowledge in an area I was interested in. Being able to remain close to family and friends was a real bonus too. Besides that, I just really enjoyed the degree. Agriculture provides excellent examples of some of the key concepts in economics and business; it was a great way of learning, because so often I could see the practical application of a theory in my work on the farm."

After completing his undergraduate studies, an opportunity to move into the financial services industry presented itself. Dan set about completing a Diploma of Financial Planning, and worked as a financial planner for four years in Orange.

"Once I finished my degree, I knew I wanted to pursue the business aspects of my studies. Working as a financial planner was a terrific learning opportunity. I enjoyed working directly with the clients, and meeting the challenge of providing advice that offered the best financial outcome for those clients."

"But I was looking to expand my horizons. I had heard about RFM and thought it was the perfect fit for me, with my agricultural background and experience in the financial services industry."

Dan began work with RFM in the Investor Services team. In the years following, Dan took on the role of Analyst, then Portfolio Manager, and is now the Business Manager for the RFM Diversified Agricultural Fund, RFM RiverBank, the Almond Projects and the Land Trust.

"As I gradually gained more experience with RFM, my position changed to reflect that. I suppose it was a case of RFM's needs, in combination with my own interests, which has determined my role."

As Business Manager, Dan's practical experience in farming is a great asset as RFM continues to develop products within the agricultural industry.

"My role now has two different aspects: asset management and fund management. Of course, they are intertwined and dependent on each other. You have to think about the practical realities of the assets with the maintenance and equipment they require, whilst at the same time being mindful of the financial situation of the funds."

In his role as RiverBank Business Manager, Dan has overseen the development of RiverBank's assets at Hillston, New South Wales, involving significant capital upgrades.

"We've managed the installation of bores, irrigation and fertigation systems, construction of access roads, and the building of machinery sheds and worker amenities."

"It's so important in the case of RiverBank that the orchards are developed and maintained to maximise their value at maturity. Maintaining the balance between ensuring a first class development and maintaining a reasonable cost level within the financial constraints of the fund is always a challenge, but it's certainly one I enjoy."

In a previous RFM role, Dan was also involved in the construction of a number of new chicken sheds at Griffith, New South Wales and Lethbridge, Victoria for the RFM Chicken Income Fund (CIF).

"That was such an interesting project. To learn about the process undertaken for such a large-scale construction, and then to be able to follow that through to see the benefits it delivered to the Unitholders was just fantastic."

"It's a great example of the interconnected nature of the RFM business. The development of the agricultural asset had clear and tangible outcomes for the expansion and financial performance of the fund."

"By maximising asset values, minimising costs, making the right acquisitions and also knowing when the time is right to sell assets, you ensure the profitability of the enterprise. You always have to keep in mind the end goal, which is delivering returns to Unitholders."

Looking forward, Dan is eager to see the funds grow and develop as the world changes.

"I think we're at the beginning of a really exciting time for the industry. In agriculture, processes are constantly improving and adapting. With global population growing at the rate it is, it's the farmers that will provide the means to accommodate this growth."

"I'm keen to see how we can tap into this growth with the RFM funds. I think investment in agriculture has a bright future and I am really looking forward to seeing where it takes us."