

Melbourne Community Foundation
 Monthly Report
 for the Period Ended 30 September 2007

Carnbrea
 INVESTMENT & FINANCE

PERFORMANCE

| Cumulative Returns 30/06/2007 | Capital Return | Income Return | Total Return | Benchmark Return | Excess Return |
|----------------------------------|-------------------|------------------|-----------------|---------------------|------------------|
| 3 Months | 5.25% | 1.84% | 7.09% | 3.95% | 3.14% |
| 6 Months | 9.62% | 2.47% | 12.09% | 8.23% | 3.86% |
| 9 Months | 16.78% | 3.59% | 20.36% | 17.32% | 3.04% |
| 1 Year | 17.64% | 4.63% | 22.27% | 21.11% | 1.16% |
| 2 Years | 33.48% | 10.13% | 43.60% | 44.19% | -0.59% |
| 3 Years | 59.15% | 15.60% | 74.75% | 67.71% | 7.04% |

Note: This client was transitioned into Carnbrea management approximately 33 months ago from managed funds to a directly held portfolio.

Monthly Performance from 30 June to 30 September 2007

| | | | |
|----------------|--------|--------|--------|
| July 2007 | -1.73% | -1.97% | 0.24% |
| August 2007 | 1.54% | 2.80% | -1.26% |
| September 2007 | 3.76% | 3.37% | 0.39% |

Benchmark Return % is based on Benchmark Asset Allocation and S&P/ASX200 Accumulation Index, S&P/ASX Property Trust Accumulation Index, MSCI ex Australia Gross Index in \$A, UBS Australian Composite Bond Index (0+Yrs) and UBS Australian Bank Bill Index.

Performance Commentary

The fund returned 3.76% for the month of September outperforming the benchmark which returned 3.37%. The Australian equities portfolio returned 5.86% for the month against the index which returned 5.56%. The Fund's property holdings returned 0.33% for the month underperforming the index which returned 2.26%. The MSCI International equities index fell by 2.78% during the month, compared with our portfolio which declined by 0.65%. Our fixed income portfolio rose by 0.63% for the month, slightly better than the index which returned 0.37%.

Melbourne Community Foundation performance is based on the unit price movement. The unit price includes the following accruals: interest on the CMT account, MCF Administration Fee, Carnbrea Advisory Fee and Imputation Credit Refund.

ASSET ALLOCATION - 30 SEPTEMBER 2007

FUND SIZE

| | Benchmark Asset Allocation | Average Asset Allocation* | Current Asset Allocation | Date | Fund Size |
|--------------------------------|-------------------------------|------------------------------|-----------------------------|-----------|-----------|
| Australian Equities | 60% | 60.28% | 60.66% | 30-Sep-07 | \$33.9m |
| International Equities | 10% | 9.95% | 11.78% | 30-Jun-07 | \$32.4m |
| Listed Property Trusts | 10% | 5.94% | 4.57% | 30-Jun-06 | \$23.9m |
| Fixed Interest (incl. Hybrids) | 15% | 14.48% | 14.50% | 30-Jun-05 | \$17.7m |
| Cash | 5% | 9.35% | 8.49% | 30-Jun-03 | \$11.4m |

* Calculated on average month end balances over the past 12 months.

Variation to Benchmark

The fund's allocation to Australian equities reduced by 0.79% over the month as profits were taken in Brambles, JB Hi Fi and Norfolk Group. The Fund's holding in property trusts remains well below benchmark at less than 5% after Investa Property Group was taken over and removed from the portfolio. The fund is slightly overweight International equities and we look to maintain this position going forward. We have trimmed the fixed income portfolio slightly and the weighting is now at 14.5%, slightly below the target benchmark. The overall allocation to growth assets is now slightly below benchmark weight at 77.01% and 22.99% to defensive assets in fixed income and cash.

STOCK PERFORMANCES RANKED BY LARGEST EFFECT FOR THE MONTH ENDED 30 SEPTEMBER 2007

| Name | Weight | Monthly Return |
|---------------------------------|--------|----------------|
| Contributors | | |
| BHP Limited | 8.90% | 24.55% |
| Rio Tinto Limited | 7.76% | 16.46% |
| Woodside Petroleum Limited | 4.84% | 11.92% |
| Babcock and Brown Limited | 2.26% | 16.10% |
| Macquarie Bank Limited | 2.35% | 15.14% |
| Detractors | | |
| ConnectEast Group Limited | 2.98% | -5.48% |
| Centro Properties Group | 0.91% | -10.01% |
| Bank of Queensland Limited | 1.05% | -7.44% |
| Toll Holdings Limited | 1.99% | -7.44% |
| Billabong International Limited | 1.19% | -5.49% |

Stock Specific Matters

The major contributors to performance for the month were the resources companies BHP Limited and Rio Tinto Limited. Woodside also rallied strongly on a rising oil and gas price. Babcock and Brown and Macquarie Bank rebounded strongly after performing poorly in August. Detractors included ConnectEast group retracing some of its strong gains in August. Centro underperformed after the announcement that it intends to merge the Centro Retail Trust with the Centro Shopping America Trust. Other detractors included the The Bank of Queensland, Toll Holdings and Billabong.

Options Positions

During the month no options were written but the Brambles and Rio puts expired without being exercised.