

January 2010 Report

Fund Structure	Carbon Logic Limited
Fund Manager / Adviser	Logic Fund Management Ltd
Fund Administrator	MMc Limited
Portfolio Manager	Gregory P. Marshall
Fund Type	Long only Equity
Investment Strategy	Investment in Alternative Energy, Grid Upgrade and Pollution Control.
Investment Geographic	G8 plus Australia and NZ
Minimum Investment	\$5,000 NZD, or as determined by the directors
Management fees	2% per annum
Performance fees	20% of "Performance per Share", asset out in the prospectus.
Investments	Monthly.
Redemptions	Monthly with 20 days notice.

For a prospectus, investment and/or disclosure statement. Write to or see:-
Carbon Logic
PO Box 662
Wanaka

www.carbonlogic.co.nz

Fund Positioning

Five largest positions

			%
PGC-NZX	Pyne Gould Corp	Other	16.90
NFK-AX	Norfolk Group	Grid Upgrade	15.60
PWER-NAS	Power One Inc	Solar	9.40
BHPXOA-AX	BHPXOA Citi wrrmts	Oil	8.00
LNC-AX	Linc Energy	Clean Coal	6.90

No. of positions held by the Fund **26**
(Max.50)

Performance to January 31, 2010

NAV (NZD) - Unit price	0.70
Month return %	- 12.30
Annual return % (31st Jan 2009)	+ 25.70
Return since inception %	- 29.77

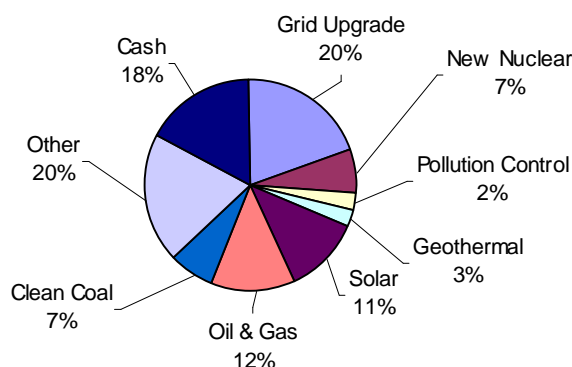
Attribution Analysis

	Month %	12 Month %
Management and Performance fees	0.17	2.05
Interest/Dividends	0.06	1.90

Comparatives (corrected to NZD)

Brent Crude (USD74.97/ barrel)	- 1.41	+ 17.83
NZD/USD (0.7050)	- 3.06	+ 38.62
Wilderhill New Energy Index (NEX)	- 7.67	- 3.73
Calvert Global Alt Energy (CGAEX)	- 5.73	- 13.20
Winslow Green Solutions (WGSLX)	- 2.44	- 0.58
PS Wilderhill Energy (PBW)	-10.30	- 12.25

Sector Allocation



Manager's Commentary

Whilst we had prepared by raising cash during the early part of January we were somewhat run over as a selling stampede developed during the last few days of the month. We do not believe this is a serious reversal and have taken the opportunity to acquire larger stakes in our core companies Power One, Norfolk Group and BHP.

Our view, that this sell off is a buying opportunity, is based on four main observations:

- 1) Investor sentiment is very negative with high cash balances amongst professional investors providing a contrarian indicator;
- 2) Buying by company management is the strongest in two years;
- 3) Economic indicators continue to improve particularly in manufacturing;
- 4) Company results have been very good with more than 80% of companies in the S&P500 index beating estimates.

Our investing plan this year could be best described as 'ambulance chasing' as we look to take advantage of investor panic as caused by the Dubai debt debacle, the Greek tragedy and the inevitable collapse of the euro to buy our favourite companies at discounted prices.

We intend to sell out of these positions as markets regain their poise and wait for the next accident. Our favoured currency exposure remains the Australian dollar as the Australian economy continues to power ahead and the resulting interest rate rises being supportive of a strong Aussie dollar.

	Jan	Feb	March	April	May	June	July	August	Sept	October	Nov	Dec
2007						-0.17%	-3.08%	-7.73%	0.81%	3.21%	-11.80%	-1.42%
2008	-13.91%	5.06%	-13.03%	-0.06%	7.73%	3.54%	-9.45%	-7.71%	-25.39%	-0.37%	20.11%	3.56%
2009	1.98%	3.11%	8.69%	11.63%	1.21%	-11.95%	7.45%	-8.84%	0.14%	7.80%	10.57%	10.88%
2010	-12.30%											