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The Product Disclosure Statement (PDS) for the E.I.M. Capital Managers Emerging Resources Company Share Fund (ARSN 118 630 541) contains important information to assist prospective investors to decide if they should invest in the Fund. The PDS should be read carefully. In reading the PDS, prospective investors should be aware that the PDS does not take into account their individual investment objectives, financial situation or particular needs. Before making an investment decision, investors should obtain independent financial advice.



## DECEMBER 2011 PERFORMANCE REVIEW

The net asset value of the Emerging Resources Company Share Fund declined by 9.62% in December. Between the inception of the Fund in April 2006 and December, the value of the Fund increased at an annualised rate of 5.10%.

Background market conditions weakened further during the month with the possibility of banking failures in Europe continuing to weigh heavily on financial and commodity markets, despite improved economic prospects in the USA.

- The S&P/ASX 300 stock price index fell 1.6%. The resources component of the index fell 4.7%.
- With the exception of nickel, the prices of all of the main daily traded nonferrous metals - aluminium (-0.3%), copper (-3.9%), lead (-0.3%), tin (-5.7%) and zinc (-5.9%) - were lower. Nickel prices rose 7.9%.
- Prices of gold (-10.5%), platinum (-13.1%) and silver (-14.9%) fell.
- Crude oil prices (WTI) fell 1.5%.

Of the 20 stocks in the portfolio, four increased in value and 16 declined. All the shares in Coal and Allied Industries owned by the Fund were sold into a bid from Rio Tinto and Mitsubishi Development. No new stocks were added to the portfolio. Net sales of securities were equivalent to 3.0% of the opening value of the Fund. At the end of the month, cash holdings were equivalent to 11.5% of the Fund's assets.

The stock that made the largest positive contribution to investment performance was the west African iron ore mine developer, Sundance Resources. After its last formal statement on 24 November about the bid for the company from Hanlong Mining, the price of Sundance Resources shares fell by 20% - trading as much as 40% below the foreshadowed bid price - before recovering partially (16%) near the end of the month.

The stock with the largest negative impact on portfolio performance was Red 5. The company had flagged previously that the first gold from its newly constructed Philippines mine would be poured in November. While problems affecting the flow of ore into the crushing plant appear relatively straightforward to solve, production has been delayed and the company has not confirmed publicly a new date for the first bullion output.

The other companies with the largest negative impacts on portfolio performance were Agua Resources, Mirabela Nickel and silver producer Coeur d'Alene Mines.

Several companies in the portfolio announced strategic initiatives with the potential to affect corporate valuations.

- Agua Resources announced a joint venture for a part of its Brazilian phosphate properties. The joint venture would permit increased expenditure on the properties involved and a reallocation of in-house resources to other priorities. The company also announced it had applied for additional permits for targeted phosphate deposits in Brazil.
- Orocobre announced further steps toward development of its lithium-potash project in Argentina, including completion of negotiations covering an investment by Toyota Tsusho. Mizuho Corporate Bank has the mandate to arrange the debt component of the project financing.
- Kasbah Resources agreed to acquire an additional tin prospect within a short distance of its flagship Achmmach project in Morocco.
- Indo Mines raised \$13 million, subject to shareholder approval, to leave a major Indonesian corporate investor with just under 20% of the company. The additional funds reduce overall project risk as the company works to finalise bank financing while maintaining the momentum of its development activities.
- Independence Group announced plans to raise up to \$148 million (to top up existing cash reserves of \$159 million). While the majority of these amounts will fund its Tropicana gold mine joint venture, spending on exploration and working capital at existing operations has a potentially lower or less certain investment return which reduces the overall investment attractiveness of the company.
- Nucoal Resources announced it already had enough coal in the Hunter Valley, in the form of indicated and measured resources, to support an initial 24 year mine life and that pre-feasibility studies are on track to be completed in June 2012.

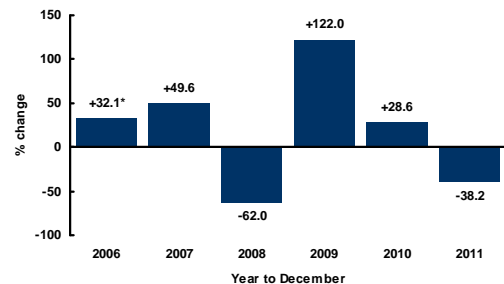
Of the five commodity segments into which the Fund is divided, only the steelmaking minerals and coal group of stocks made a positive return (+1.7%). The other portfolio segments - oil and gas (-6.9%), nonferrous metals (-14.1%), industrial minerals (-17.8%) and gold (-20.9%) - detracted from the investment outcome.

Objective	Strategy	Guidelines																
<p>The objective of the Fund is to maximise returns to Investors by investing in the securities of natural resources companies listed on the ASX.</p>	<p>The key criterion when selecting a company for investment by the Fund will be the Investment Manager's assessment of that company's potential to achieve strong "organic growth" over two to three years with a view to having that growth reflected in share price performance over the medium term.</p> <p>The Investment Manager does not impose any market capitalisation constraint on stock selection.</p>	<p>Companies are evaluated against financial and technical criteria which the Investment Manager considers consistent with commercial success.</p> <p>The portfolio is constructed by selecting up to 20 of the Manager's most undervalued focus list companies,</p> <p>Investment risk will be managed in part by ensuring the portfolio includes at least two companies with an exposure to each of the five identified commodity groups.</p>																
Fund at a Glance	Largest Holdings	Commodity Diversification																
<p><b>APIR:</b> WPC0013AU</p> <p><b>Benchmark:</b> Absolute return</p> <p><b>Minimum initial investment:</b> \$10,000</p> <p><b>Minimum additional investment:</b> \$5,000</p> <p><b>Management fee:</b> 2.0% (plus GST)</p> <p><b>Buy/sell spread:</b> 0.275%</p> <p><b>Time frame:</b> 5 years plus</p> <p><b>Fund size:</b> \$44.5 million</p> <p><b>Net asset value:</b> \$1.3264 per unit</p> <p><b>Inception date:</b> 28 April 2006</p> <p><i>The specific securities identified and described in this report do not represent all of the securities purchased or sold for the Fund. This information is not intended to be a recommendation to take any particular investment action and is subject to change. No assumption should be made that investments in the securities identified have been or will be profitable.</i></p>	<p><b>Sundance Resources</b> <i>West African iron ore mine developer</i></p> <p><b>Horizon Oil</b> <i>PNG &amp; Chinese oil and gas developer</i></p> <p><b>Agua Resources</b> <i>Brazilian phosphate mine developer</i></p> <p><b>Coeur d'Alene Mines</b> <i>International silver producer</i></p> <p><b>Tap Oil</b> <i>Australian &amp; Thai oil and gas developer</i></p> <p><b>% of total assets</b> <b>31.8%</b></p> <p><b>Total portfolio holdings</b> <b>20</b></p> <table border="0"> <tr> <td><b>Additions</b></td> <td><b>Deletions</b></td> </tr> <tr> <td><i>nil</i></td> <td><i>Coal and Allied Industries</i></td> </tr> </table>	<b>Additions</b>	<b>Deletions</b>	<i>nil</i>	<i>Coal and Allied Industries</i>	<table border="0"> <tr> <td><b>Steel making and coal</b></td> <td>23.8%</td> </tr> <tr> <td><b>Non-ferrous metals</b></td> <td>14.6%</td> </tr> <tr> <td><b>Industrial minerals</b></td> <td>19.0%</td> </tr> <tr> <td><b>Gold</b></td> <td>10.7%</td> </tr> <tr> <td><b>Oil and gas</b></td> <td>20.4%</td> </tr> <tr> <td><b>Cash</b></td> <td>11.5%</td> </tr> </table>	<b>Steel making and coal</b>	23.8%	<b>Non-ferrous metals</b>	14.6%	<b>Industrial minerals</b>	19.0%	<b>Gold</b>	10.7%	<b>Oil and gas</b>	20.4%	<b>Cash</b>	11.5%
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### Location of Principal Company Developments



### Annual Investment Returns



### Investment Performance\*

	6 months	12 months	2 years	3 years	5 years	Since inception
Fund	-23.25%	-38.15%	-10.80%	+20.88%	+0.08%	+5.10%
S&P/ASX 100 Resources	-21.6%	-24.0%	-7.9%	+8.3%	+3.6%	+2.1%
S&P/ASX 100 Industrials	-4.0%	-3.0%	-2.1%	+8.9%	-3.5%	-0.7%

\* Fund returns are calculated as the change in net asset value per unit after fees and expenses. Fund and market returns for periods greater than one year have been annualised.