

**Emerging Resources Company Share Fund
Investment Manager's Letter
Half year to December 2009**

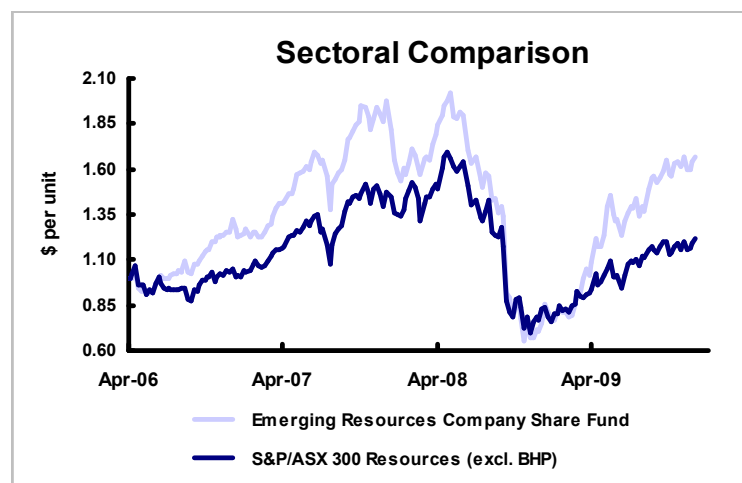
Suite 5, 12-20 Railway Road
Subiaco, WA 6008

PO Box 1172,
Subiaco, WA 6904

Telephone: (08) 9217 3100
Facsimile: (08) 9217 3111

Dear Investor,

The net asset value of the Emerging Resources Company Share Fund rose by 25.54% over the six months to December 2009. The value of the Fund rose in five out of the six months in the second half of 2009 as the recovery in resource sector stock prices which commenced in late 2008 continued.



Background market conditions were supportive.

- The US S&P 500 index rose by 21.3%. The Australian S&P/ASX 300 rose by 23.3%. The resources stocks in the S&P/ASX 300 rose by 21.0%.
- Prices of the daily traded base metals rose strongly. Aluminium, copper, lead and zinc prices increased by between 35% and 65%. Nickel prices rose 15%.
- Precious metal prices were also higher with gold prices up by 16%, platinum prices up 23% and silver prices higher by 22%.
- Crude oil prices rose by 14%.

Despite the recovery in markets, macroeconomic conditions remained uncertain with doubts about the speed and strength of recovery in the USA, the world's largest economy, constraining expected rates of global activity. However, global liquidity conditions, designed to support recovery after the global credit crisis, helped to maintain the flow of investible funds into commodity markets. Asian regional demand for commodities also recovered from a year earlier.

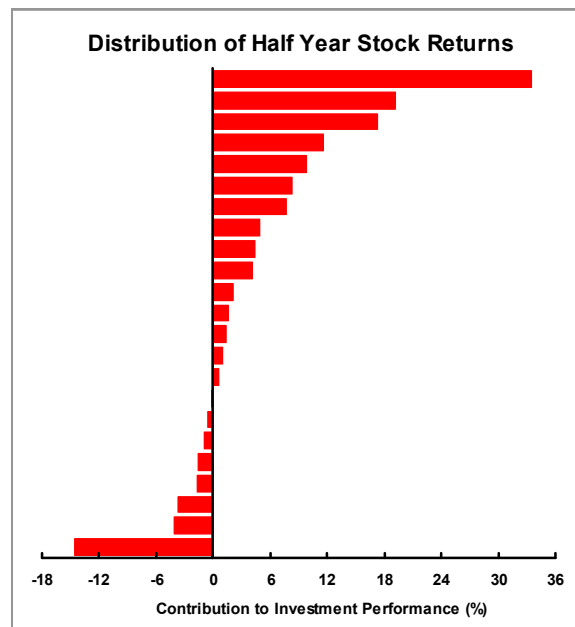
Stock Contributions

Of the 23 different stocks held in the portfolio during the half, the value of 15 stocks increased and the value of eight declined. The three stocks that made the largest positive contributions to investment performance were 3D Oil, Horizon Oil and Mount Gibson Iron.

Both 3D Oil and Horizon Oil were substantially re-rated during the half. The re-rating for 3D Oil happened after the company confirmed that it was closer to choosing a strategic partner to assist it in becoming a Bass Strait oil producer. It also announced that its Felix prospect had the potential to contain 100 million barrels of recoverable oil.

Horizon Oil, which began production in the second quarter of 2009, announced additional oil discoveries and the partial sale of assets held in PNG.

The Mount Gibson Iron share price had been on a rising trend since December 2008. The continuing improvement in the share price reflected ongoing recovery from the depressed levels associated with the onset of the global credit crisis as well as rising optimism about conditions in the iron ore market generally. The company also announced that it had reached a \$30 million settlement with one of the parties that had reneged on its obligations under an iron ore supply contract at the beginning of the global credit crisis.



The stock that made the largest negative contribution to investment performance was Pluton Resources. Pluton had enjoyed a more than fourfold share price rise in the first half of 2009. The company made some significant progress toward development of its Irvine Island iron ore project including purchase of the 50% of the project it did not already own. However, the share price began to weaken from levels reached in early June 2009 after a capital raising was foreshadowed and then delayed.

Portfolio Changes

The Fund sold three stocks during the half year.

- Paladin Energy was sold from the portfolio during September. Paladin had taken advantage of short term market opportunities to build its cash reserves through a large share placement. However, the placement came at the cost of diluting the value of existing shares and created uncertainty about the future strategic direction of the company. The combination of lost value and ongoing strategic risk led the Manager to sell the stock.
- The Fund's position in Felix Resources was sold in anticipation of a bid for Felix by Yanzhou Coal Mining Company being completed without any competing bid emerging once the Foreign Investment Review Board had given its blessing to the proposed transaction.
- United Minerals Corporation was the subject of a takeover bid from BHP Billiton. The Fund's manager opted to sell its holding on market after the release of the report of an independent expert led it to conclude that a higher bid from another source was unlikely.

The value of the Fund's holding in Matilda Minerals was written down after the company administrator flagged that completion of his administration was likely to be some months later than he had previously estimated due to unresolved litigation. Against this background and despite holding over 50 coal exploration permits in Queensland, the value of the company had become less certain and the manager concluded that the most prudent course would be to write down the value until the stock could trade again.

The Fund purchased an initial position in three stocks in the six months to December 2009.

- Woodside Petroleum was added to the portfolio. Woodside is embarking on a decade long growth phase through the development of its Pluto, Sunrise and Browse gas fields. This could result in a sixfold rise in output attributable to the company. In an industry in which execution risk is a continuing concern, Woodside has a record of being able to bring projects to fruition.
- The Fund agreed to take a share placement in Bauxite Resources which intends to commence shipping bauxite from Western Australia to China in 2010. The company will operate in areas adjacent to the existing mining operations of Alcoa and Worsley giving it a strong strategic position in one of the world's leading bauxite mining locations. The company is also developing plans for construction of an alumina refinery in the region as part of its longer term growth strategy.
- The purchase of a holding in Red 5 was made through an institutional share placement. Before the placement, the company had confirmed that all the necessary approvals had been received to permit development of its 85,000 ounces per year gold mine in the Philippines. The mine is expected to commence production in 2011 with cash operating costs of approximately US\$350 per ounce.

Investment Strategy

The Emerging Resources Company Share Fund seeks to tap new project development as the primary driver of sustainable investment returns in the resources sector. There is solid historical and analytical evidence to suggest that companies successfully building new mines or undertaking substantial expansions of existing operations can deliver outstanding returns even in the trough of a commodity price cycle.

Meeting the world's need for new mines remains a challenge for the industry. That industry challenge is an investment opportunity for those able to identify the companies best equipped to meet it.

The investment process of the Fund has been designed to identify the companies capable of rising to the challenge. Starting from the more than 800 ASX listed resources companies, the investment process filters out all but 20 for the Fund's portfolio.

Distributions

There were no distributions for the six months ended December 2009.

E.I.M. Capital Managers 12 March 2010

Important Information

This report is provided for the information of investors 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 E.I.M. Capital Managers Pty Ltd, Officium Capital Limited or any other affiliated company accepts responsibility for any loss suffered by any person relying on this information other than under law which cannot be excluded. Investors should seek their own financial and taxation advice before dealing with their investment.

This information does not take into account your investment objectives, financial situation or particular needs. The product disclosure statement (PDS) for the Emerging Resources Company Share Fund is issued by Officium Capital. The PDS details the terms of the offer. If you wish to invest in the Fund, you should consider the contents of the PDS and whether or not an investment in the Fund is appropriate before completing the application form accompanying the PDS. You should also consider the contents of the PDS in deciding whether to continue to hold an interest in the Fund.

Past investment performance should not be taken as an indication of future performance.