

# EMERGING RESOURCES COMPANY SHARE FUND

The net asset value of the Emerging Resources Company Share Fund rose by 3.17% during July. Over the 12 months to the end of July, the net asset value of the Fund increased by 64.58%.

Background market conditions which had become less supportive in June appeared to firm early in the month before deteriorating significantly during the last few days of July:

- the S&P/ASX 300 index fell by 2.0% overall;
- resources stocks within the S&P/ASX 300 rose by 1.5% after having been as much as 7.5% higher in the first half of the month;
- the prices of most daily traded metals and minerals were stronger after having fallen in June but average nickel prices dropped a further 20% and zinc was down 2% while lead, copper and aluminium prices were up by 26%, 6% and 2%, respectively;
- average crude oil prices were up by 8%; and,
- the average gold price was 1.5% higher.

Of the 20 stocks held in the portfolio during July, 12 increased in value, seven declined and one was unchanged. There were no new investments made or existing holdings sold.

Copperco and Avoca Resources made the largest contributions to the Fund's investment performance with both increasing in value by 19-20%. Another five stocks - Felix Resources, Pan Australian Resources, Mount Gibson Iron, Terramin Australia and Perilya - rose by 10-12%.

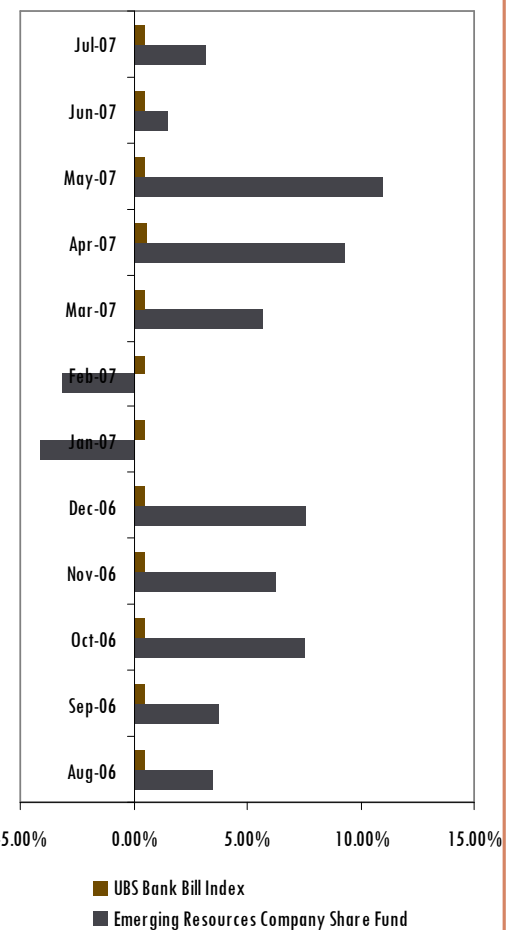
Matilda Minerals and Sunshine Gas showed negative returns of 16% and 13%, respectively, detracting the most from the month's investment performance.

Of the five commodity segments into which the Fund is divided, the nonferrous metals segment made the largest positive contribution to investment performance. This group, the most heavily weighted part of the portfolio, increased in value by 9.4%. Stocks offering a steelmaking and coal exposure rose 7.4%. Gold stocks were 5.4% higher. The oil and gas segment was down 2.8% and industrial minerals stocks declined by 4.1%.

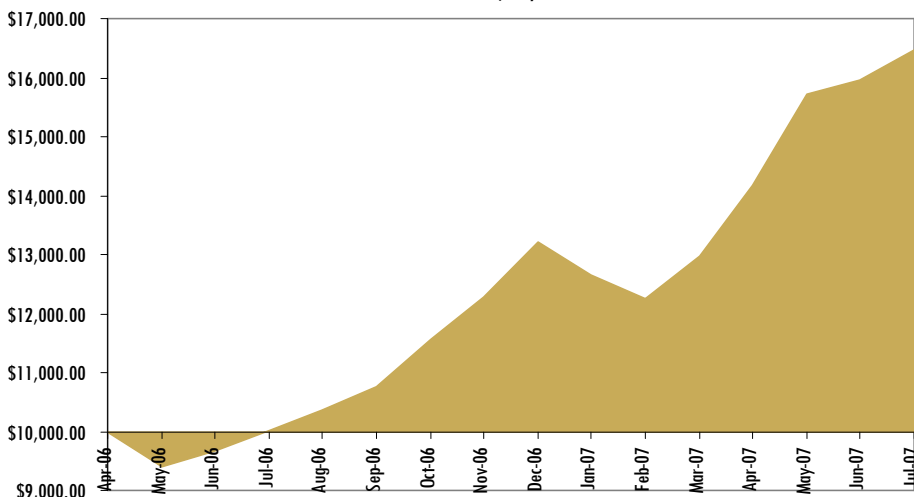
There were no significant changes to the allocation of funds across the various commodity segments although the metals allocation was marginally higher and the gold allocation marginally lower compared with the end of June.

The Manager continues to find significantly more investment opportunities among the nonferrous metals companies than among gold mine developers. At the end of July, the Fund had a higher than targeted 7.4% of its portfolio in cash due to the flow of funds and the limited time available for investing before the end of the month.

## MONTHLY PERFORMANCE RETURNS



Performance of a \$10,000 Investment



Performance Summary	Emerging Resources Company Share Fund	UBS Bank Bill Index
Since Inception p.a. (28/04/06)	40.57%	n/a
1 Year	64.58%	6.47%
1 Month	3.17%	0.53%
Profitable Months	81.25%	100.00%
Distribution for quarter	\$0.0000	n/a
Fund Assets (million)	\$8.68	n/a
Application Unit Price	1.65130	n/a
Withdrawal Unit Price	1.64220	n/a
Net Asset Value Unit Price	1.64673	n/a

## EMERGING RESOURCES COMPANY SHARE FUND

The Emerging Resources Company Share Fund began investing at the beginning of May 2006.

### Investment Objective

The objective of the Fund is to maximise returns to Investors by identifying and investing in the securities of emerging natural resources companies listed on the ASX. The key factor in the Investment Manager's decision to invest in any particular emerging natural resource company will be its assessment of that company's potential to achieve strong organic growth over a two to three year period with a view to having that growth reflected in share price performance over the medium term.

### Experienced Fund Managers

Two members of the Manager's Investment Committee (Tony Wiggins and Doug Goodall) have managed specialized resources equity portfolios on behalf of J B Were Asset Management, Portfolio Partners and Colonial Mutual. John Robertson was responsible for resource sector investment strategy at McIntosh and Company (now Merrill Lynch Australia) before becoming the firm's Chief Economist. All three also have had extensive experience in the commercial and technical aspects of the resources industry in Australia and overseas.

### Recognised Academic and Industry Experts

The Investment Manager is assisted in its decision-making by an investment advisory committee which includes highly regarded mineral economist and coal industry specialist, Professor Donald Barnett and ore deposit geology specialist, Professor Philip Seccombe. Also on the Committee are Nick Moony, a metallurgist with an international consulting practice and Colin Jackson, a mining engineer, corporate adviser and current director of two ASX listed companies.

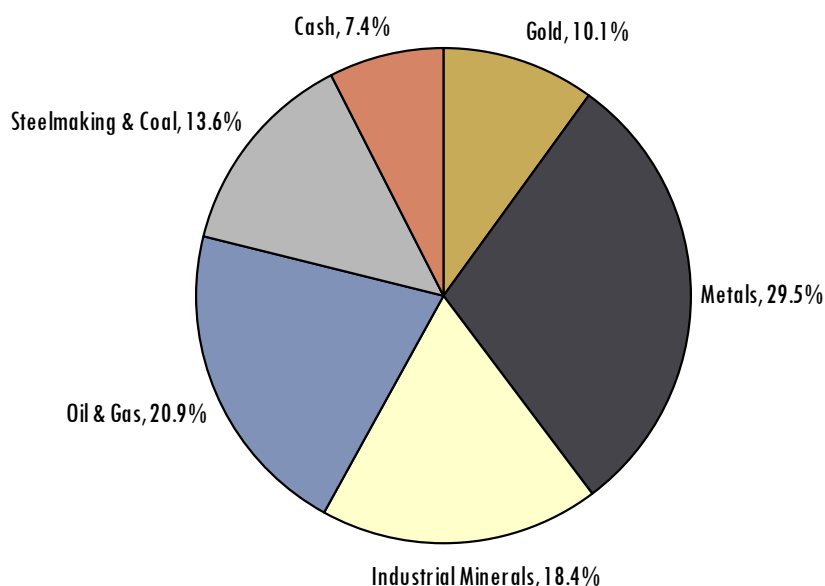
### Undervalued Growth Opportunities

The Investment Manager's process involves moving from the universe of over 500 ASX listed resources companies to the 20 stocks which will make up the Fund's investments using a rigorous appraisal process based on identifying undervalued growth opportunities. The Manager's seven step investment process described in detail on pages 6-9 of the PDS is used to identify the universe of emerging producers, build a focus list, select a portfolio of 20 stocks and manage the ongoing investment risks. The Fund's investments will be confined to ASX-listed companies. The Investment Manager will seek to be fully invested in accordance with the Fund's investment criteria (subject to the needs of the Fund for short-term liquidity to meet redemptions and operating costs).

### Diversified Commodity Exposure

The proposed portfolio will provide exposure to a full range of mineral commodities including oil and gas, steel-making minerals (including coal), gold, non-ferrous metals and industrial minerals. At least two stocks will be held in each of these five commodity groupings at any one time.

### EMERGING RESOURCES COMPANY SHARE FUND COMMODITY SPREAD



### ABOUT THE FUND

The Emerging Resources Company Share Fund is managed by EIM Capital Managers Pty Ltd, a Melbourne-based boutique investment manager with experience in funds management, geology, metallurgy, mine development, raw materials sale and trading, and investment analysis. The Fund will invest in a diversified range of ASX listed emerging natural resources companies.

The objective of the Fund is to maximise returns to investors by identifying and investing in the securities of emerging natural resources companies listed on the ASX. The key factor being the company's potential to achieve strong 'organic growth' over a two to three year period with a view to having that growth reflected in share price performance over the medium term.

The Fund applies a rigorous, value-driven investment process to select investments.

### FUND FACTS

**Composition** Australian shares and investments  
**Fund Start Date** 28 April 2006  
**Investment Timeframe** 5 years  
**Withdrawals** Weekly  
**Distributions** Quarterly  
**Minimum Investment** \$10,000  
**APIR Code** WPC0013AU  
**ARSN** 118 630 541  
**Unit Prices** Weekly  
**Applications** Weekly  
**MER** 0.25625% p.a.  
**Buy-sell spread** 0.275%/0.275%  
**Performance Fee** 18.45% p.a. of positive returns with any negative returns recouped before the performance fee applies  
**Level of Risk** High

### Important Information

This report is provided for investors in the Funds. While all care has been taken in the preparation of this report (using sources believed to be reliable and accurate), Officium Capital Ltd, its officers, employees, agents and associated entities accept no responsibility for and will not be liable in respect of any loss or damage suffered by any person in connection with this other than under law which cannot be excluded. You should seek your own financial and taxation advice before dealing with your investment.

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