

# EMERGING RESOURCES COMPANY SHARE FUND

The net asset value of the Emerging Resources Company Share Fund fell by 6.13% during August. Over the 12 months to the end of August, the net asset value of the Fund increased by 49.21%.

Background market conditions deteriorated further in August. Despite some recovery in equity market prices late in the month, day-to-day price volatility increased with:

- the S&P/ASX 300 index rising by 1.5% over the month;
- resources stocks within the S&P/ASX 300 finishing the month essentially unchanged with a gain of just 0.1%;
- daily traded metals and mineral prices suffering their largest monthly fall since July 1990 based on the International Monetary Fund index of metal prices;
- average nickel prices dropping a further 17% and copper, aluminium and zinc prices falling between 6% and 8½%, while lead added 1.4%;
- spot uranium prices falling 17%;
- average crude oil prices being 4.8% lower; and,
- average gold prices being unchanged.

Of the 20 stocks held in the portfolio during August, six increased in value and 14 declined. One company - Intrepid Mines - was sold during the month leaving 19 stocks in the portfolio. At the end of the month, the Manager was reviewing alternative investments as a substitute for Intrepid. Intrepid was sold following a reappraisal of its ability to fund its primary development assets at a reasonable cost and the emergence of several alternative investments with better prospects especially after markets had weakened.

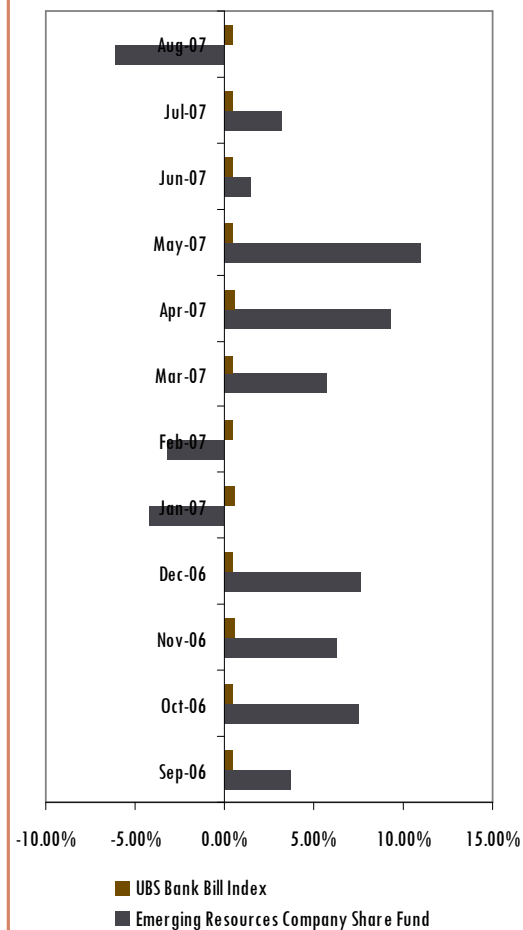
Aquarius Platinum and Pan Australian Resources made the largest positive contributions to the performance of the Fund, both returning 14% for the month.

The three stocks which detracted most from investment performance were Horizon Oil (down 17%), Perilya (-19%) and Felix Resources (-18%).

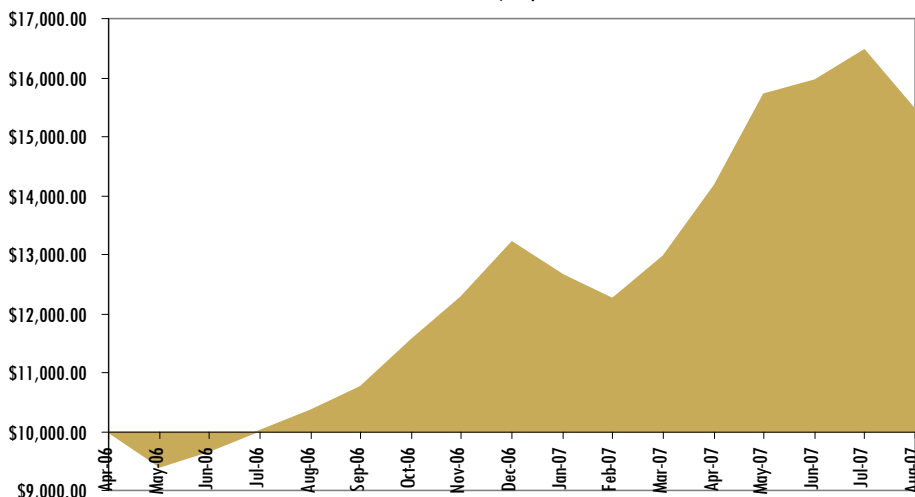
None of the five commodity segments into which the Fund is divided made a positive contribution to Fund performance. The oil and gas group as a whole fell 9.3% followed by the nonferrous metals segment (7.1% lower), gold (-5.4%), industrial minerals (-4.5%) and steelmaking and coal (-2.8%).

A relatively high cash holding at the end of the month (12.9% of the value of the portfolio) reflected funds made available from the sale of Intrepid as well as the improving inflow of investment funds. The Manager expects to invest these funds during the first part of September. A stronger flow of funds meant that, at the end of August, 45% of the portfolio was either held in cash or had been invested after markets had peaked in late July enabling the Fund to take advantage of lower prices.

## 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)	38.50%	n/a
1 Year	49.21%	6.48%
1 Month	-6.13%	0.53%
Profitable Months	76.47%	100.00%
Distribution for quarter	\$0.0000	n/a
Fund Assets (million)	\$11.10	n/a
Application Unit Price	1.55000	n/a
Withdrawal Unit Price	1.54150	n/a
Net Asset Value Unit Price	1.54574	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.

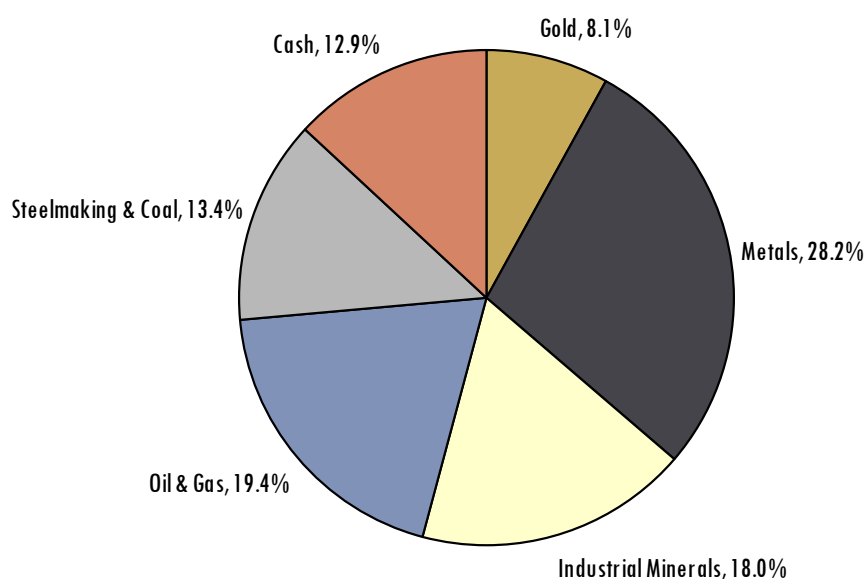
### Undervalued Growth Opportunities

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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