

# EMERGING RESOURCES COMPANY SHARE FUND

The net asset value of the Emerging Resources Company Share Fund fell by 22.13% in January. At the end of the month, the unit price was 21.56% higher than at the end of January 2007.

During the month, the prices of 19 stocks fell and the price of only one stock, Macarthur Coal, rose. There were no new investments made or existing investments sold. The five stocks which fell most were United Minerals Corporation, Sundance Resources, 3D Oil, Overland Resources and Perilya. These stocks fell by between 26% and 42% and together accounted for 48% of the total portfolio loss.

Background equity market conditions were significantly weaker during the month but commodity prices were relatively resilient.

- The S&P/ASX 300 initially fell by 18.3% before recovering partially to finish the month with an 11.0% loss.
- The S&P/ASX 300 resources stocks similarly fell by 21.9% before finishing the month 8.5% lower helped by price recoveries in BHP-Billiton and Rio Tinto of 19.5% and 21.8%, respectively.
- Daily traded commodity prices were mostly stronger. Average aluminium prices (up 3.1%), copper (+6.8%), lead (+0.2%) and nickel (+6.6%) were higher in January. Zinc prices dropped 0.6%.
- Gold prices were 10.8% higher.
- Average crude oil prices rose 1.6%.

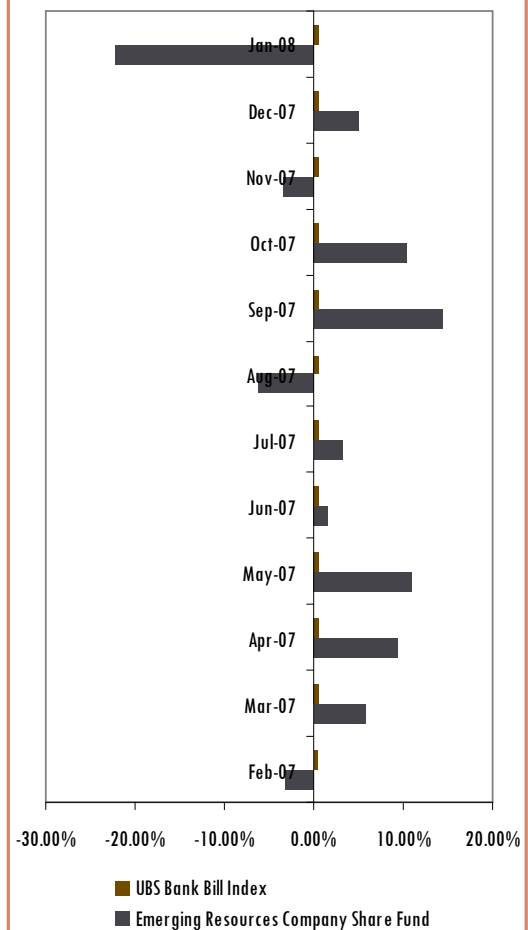
The decline in the value of the portfolio mirrored the fall in the broader market during the first three weeks of January. However, the portfolio did not recover as significantly when markets rose again in the last week. This contrast with the broader market seems to have partly reflected the exposure of the portfolio to some smaller and less liquid investments. Seven of the nine stocks with the largest losses were outside the S&P/ASX 300. Five of the seven stocks with the smallest losses were within the S&P/ASX 200.

In choosing stocks for the portfolio, the overriding priority is to choose the most undervalued companies which meet the Manager's emerging producer criteria, irrespective of size. In practice, within the existing portfolio, seven stocks are within the S&P/ASX 200, three more are within the S&P/ASX 300 and a further four fall within the All Ordinaries. Six of the 20 stocks held in the portfolio are outside the top 500 stocks making up the All Ordinaries.

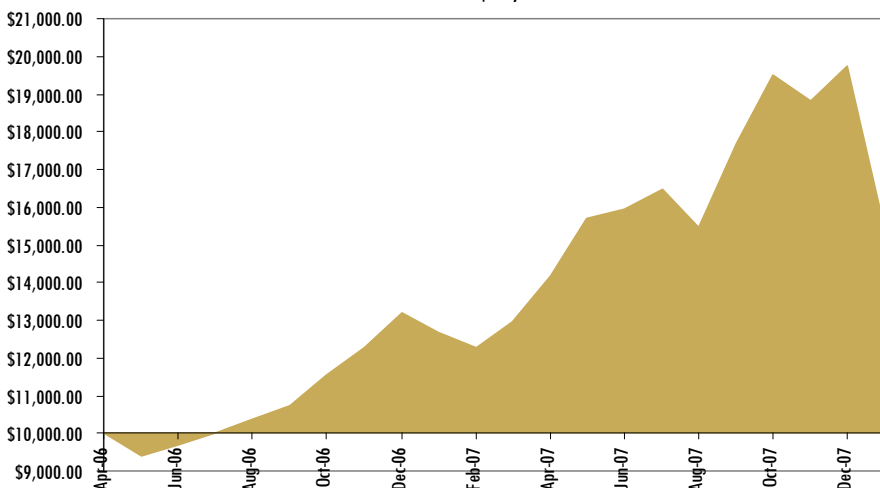
The Manager's analysis points to stocks in this last group being amongst the most undervalued in the portfolio at the beginning of January. Nothing has happened to change the view of the Manager about their underlying attractiveness except that they now appear better value investments than before the recent price weakness.

Consistent with its medium term value oriented investment approach, the Manager is continuing to invest new funds in those stocks which its analysis suggests are the most undervalued in the expectation that many of them could be rapidly revalued as market conditions stabilise.

## 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)	27.84%	n/a
1 Year	21.56%	6.78%
1 Month	-22.13%	0.60%
Profitable Months	72.73%	100.00%
Distribution for quarter	\$0.0000	n/a
Fund Assets (million)	\$22.27	n/a
Application Unit Price	1.54360	n/a
Withdrawal Unit Price	1.53510	n/a
Net Asset Value Unit Price	1.53938	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.

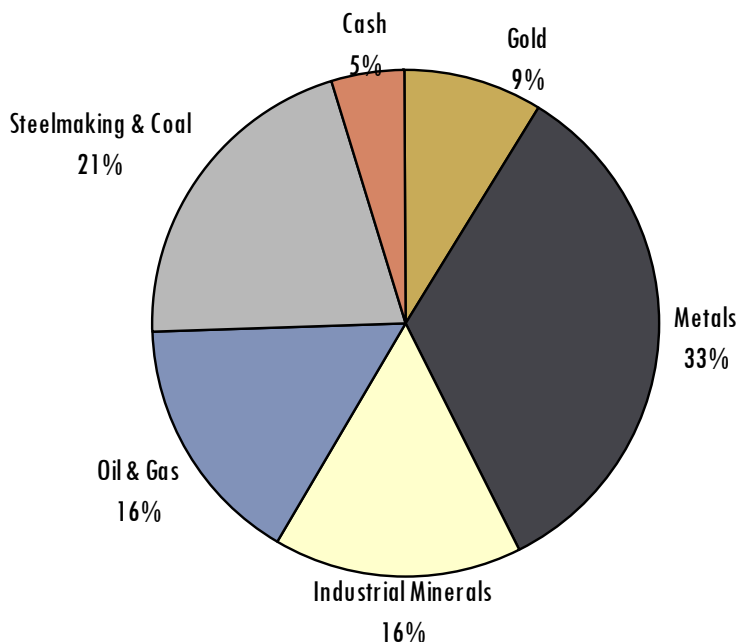
### Undervalued Growth Opportunities

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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