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



MARCH 2009 PERFORMANCE REVIEW

The net asset value of the Emerging Resources Company Share Fund rose by 12.11% in March. Over the three months to the end of March 2009, the value of the Fund rose by 21.53%. Over the year to the end of March, the net asset value of the Fund declined by 45.10%.

Background market conditions improved significantly during the month.

- The S&P/ASX 300 Resources index rose by 9.3% and the S&P/ASX All Ordinaries gained 7.1%.
- Daily traded base metal prices were generally firmer. Of the major metals - aluminium, copper, lead, nickel and zinc - only nickel prices failed to rise during the month. Average copper prices jumped 13% as did the lead price. Zinc prices were 9% higher. Average aluminium prices gained 0.4%. Nickel prices dropped 7%.
- Both gold and silver average prices fell 2%.
- Average crude oil prices gained 11%.

Industry sources reported that coking coal prices negotiated for the upcoming 12 months would drop by as much as 60% but such a fall had been so widely anticipated that its realisation had little market impact. Capital availability appeared to ease as several companies seeking equity and debt concluded transactions, making investors more confident about the sector's prospects.

No new stocks were added to the portfolio or existing stocks sold during the month. Twelve stocks increased in value and the value of seven stocks declined.

The stocks that made the largest positive contributions to investment performance (each with rises in excess of 35%) were PanAust, Pluton Resources, Terramin Australia and Macarthur Coal. In each case, the rise came after previous significant price weakness which suggested possible strong recoveries would eventually occur as long as the companies were meeting their project milestones.

Terramin also announced that it had negotiated a financing package which would fund the next stage of activities at its Tal Hamza zinc mine development in Algeria. Tal Hamza is one of the few world scale base metal mines on the planning horizon and the principal reason for the Fund's holding in Terramin.

The stock subtracting most from investment performance with a decline of 33% was Overland Resources. The stock price of the Canadian zinc mine developer had risen strongly at the end of February but the higher price level held only briefly. Overland is one of the smallest stocks in the portfolio and its market liquidity is correspondingly low leading to some occasionally quite sharp price movements.

The bidder's statement for 3D Oil was released in March. 3D Oil is seeking to develop the West Seahorse crude oil find in Bass Strait. The Fund made its first investment in the single project company with a \$10.5 million market value in November 2007. At the end of March, 3D Oil accounted for 4.2% of the Fund's portfolio. 3D Oil controls one of the earliest stage projects in the portfolio but the Manager expects project development to add significant value over the coming two years.

In assessing the Drillsearch all scrip bid for 3D Oil, the Manager of the Fund will be looking at two critical elements: which company will be able to add most to underlying portfolio value through the ownership of the principal development asset and whether switching to a holding in Drillsearch will enhance the liquidity of the Fund's position and its capacity to exit the investment at an appropriate time in the future.

Of the five commodity segments into which the Fund is divided, only the oil and gas group fell in value with an insignificant drop of just 0.2%. The steelmaking and coal segment rose 20.4%, industrial minerals increased 15.0%, nonferrous metals climbed 13.7% and gold had a small rise of 0.6%.

