

JANUARY 2012 PERFORMANCE REVIEW

The net asset value of the Emerging Resources Company Share Fund increased by 9.39% in January. Between the inception of the Fund in April 2006 and January, the value of the Fund increased at an annualised rate of 6.67%.

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



Background market conditions strengthened markedly in the new year helped later in the month by comments from the U.S. Federal Reserve about the likelihood of low interest rates persisting into 2014 and the possibility of further bond purchases. Low interest rates and strengthening money supply growth usually favour higher U.S. dollar denominated commodity prices.

- The S&P/ASX 300 stock price index rose by 5.1%. The resources component of the index rose by 10.8%.
- All the main daily traded nonferrous metal prices rose by at least 10%: copper (+10.3%), lead (+13.7%), aluminium (+14.6%), nickel (15.7%), zinc (+16.3%) and tin (+28.2%).
- Prices of gold (+13.9%), silver (+19.2%) and platinum (+19.9%) rose.
- Crude oil prices (WTI) fell slightly, losing 0.6%.

Of the 19 stocks in the portfolio, the prices of 16 increased and the prices of three declined. No new stocks were added to the portfolio and no existing stocks were sold. Net sales of securities were equivalent to 1.2% of the opening value of the Fund. At the end of the month, cash holdings were equivalent to 12.1% of the Fund's assets.

The stocks that made the largest positive contributions to investment performance were Moroccan tin mine developer, Kasbah Resources and Orocobre, a developer of an Argentine lithium deposit. Tap Oil, with development properties off the coast of Western Australia and in Thailand, made a lesser but also significant contribution.

Mirabela Nickel had the largest negative impact on investment outcomes. The company reported results for the fourth quarter which implied higher production costs than targeted. After reviewing the results and discussing them with senior company management, the Manager has concluded that the current share price reflects too pessimistic a view about the future operating outcomes and the value of the company, justifying retention of the position and, subject to market conditions, possibly some increase. However, close attention will need to be paid to upcoming mining costs as an important guidepost to whether the investment can add to future portfolio value.

Overland Resources and Aguiá Resources detracted similar amounts from the portfolio. In both cases, share trading in these companies is characterised by relatively illiquid market conditions. Overland Resources also experienced an exceptionally high volume of selling which added downward pressure to the share price.

Updated drilling results were received from Orocobre, Aguiá Resources, Kasbah Resources, Carrick Gold and Pluton Resources to enhance, in each case, the development outlook for those companies.

Aguiá Resources also signed a letter of intent to give it access to exploration interests adjacent to its existing Atlantic potash project as it continued to position itself as a long-term developer of some of the key ingredients for fertilizer production in Brazil.

Horizon Oil took the final investment decision on its Stanley field gas condensate recovery project, for which it is targeting a production commencement date at the end of 2013. It also confirmed that construction for its Beibu Gulf project (operated by China National Offshore Oil Corporation) was 24% complete with production planned to commence late in 2012.

Tap Oil announced the sale of its interests in the Finucane/Fletcher joint venture after it could not reach agreement on a development plan with its partners in the project leaving it to concentrate on its Carnarvon Basin interests, where BHP Billiton is the operator, and the Manora development in Thailand.

Sylvania Platinum announced that it would delist from ASX with effect from 27 April 2012 but remain listed on the London market. Company decisions to remove itself from the oversight of both ASX and ASIC, in preference for less strict regulatory environments, have led the Manager to review the Fund's holding in the company notwithstanding the attractiveness of the underlying operating assets and the portfolio diversification coming from an exposure to the platinum market.

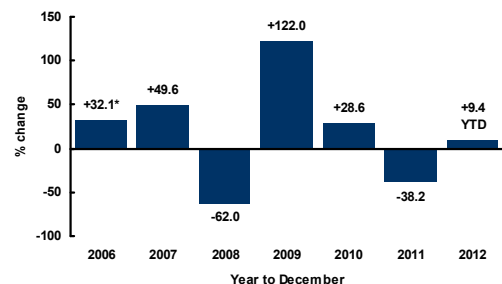
All five commodity segments into which the Fund is divided increased in value. The largest gain of 18.7% came from the oil and gas stocks followed by industrial minerals (+12.9%), gold (+8.8%), nonferrous metals (+6.7%) and steelmaking minerals and coal (+6.2%).

Objective	Strategy	Guidelines														
<p>The objective of the Fund is to maximise returns to Investors by investing in the securities of natural resources companies listed on the ASX.</p>	<p>The key criterion when selecting a company for investment by the Fund will be the Investment Manager's assessment of that company's potential to achieve strong "organic growth" over two to three years with a view to having that growth reflected in share price performance over the medium term.</p> <p>The Investment Manager does not impose any market capitalisation constraint on stock selection.</p>	<p>Companies are evaluated against financial and technical criteria which the Investment Manager considers consistent with commercial success.</p> <p>The portfolio is constructed by selecting up to 20 of the Manager's most undervalued focus list companies,</p> <p>Investment risk will be managed in part by ensuring the portfolio includes at least two companies with an exposure to each of the five identified commodity groups.</p>														
Fund at a Glance	Largest Holdings	Commodity Diversification														
<p>APIR: WPC0013AU</p> <p>Benchmark: Absolute return</p> <p>Minimum initial investment: \$10,000</p> <p>Minimum additional investment: \$5,000</p> <p>Management fee: 2.0% (plus GST)</p> <p>Buy/sell spread: 0.275%</p> <p>Time frame: 5 years plus</p> <p>Fund size: \$49.0 million</p> <p>Net asset value: \$1.4510 per unit</p> <p>Inception date: 28 April 2006</p> <p><i>The specific securities identified and described in this report do not represent all of the securities purchased or sold for the Fund. This information is not intended to be a recommendation to take any particular investment action and is subject to change. No assumption should be made that investments in the securities identified have been or will be profitable.</i></p>	<p>Horizon Oil <i>PNG & Chinese oil and gas developer</i></p> <p>Tap Oil <i>Australian & Thai oil and gas developer</i></p> <p>Kasbah Resources <i>Moroccan tin mine developer</i></p> <p>Coeur d'Alene Mines <i>International silver producer</i></p> <p>Red 5 <i>Philippines gold mine developer</i></p> <p>% of total assets 31.0%</p> <p>Total portfolio holdings 19</p> <table border="1"> <thead> <tr> <th>Additions</th> <th>Deletions</th> </tr> </thead> <tbody> <tr> <td>nil</td> <td>nil</td> </tr> </tbody> </table>	Additions	Deletions	nil	nil	<table border="1"> <thead> <tr> <th>Category</th> <th>No. of stocks</th> </tr> </thead> <tbody> <tr> <td>I. Deposit requiring further definition</td> <td>6</td> </tr> <tr> <td>II. Development planning</td> <td>4</td> </tr> <tr> <td>III. Construction & commissioning</td> <td>4</td> </tr> <tr> <td>IV. Production + growth</td> <td>5</td> </tr> </tbody> </table>	Category	No. of stocks	I. Deposit requiring further definition	6	II. Development planning	4	III. Construction & commissioning	4	IV. Production + growth	5
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Location of Principal Company Developments



Annual Investment Returns



* The 2006 result is for only the eight months to December

Investment Performance*

	6 months	12 months	2 years	3 years	5 years	Since inception
Fund	-20.45%	-32.58%	-2.03%	+23.53%	+2.76%	+6.67%
S&P/ASX 100 Resources	-10.5%	-14.3%	+0.9%	+10.4%	+5.6%	+3.9%
S&P/ASX 100 Industrials	+3.7%	-2.2%	+0.7%	+11.2%	-3.4%	-0.2%

* Fund returns are calculated as the change in net asset value per unit after fees and expenses. Fund and market returns for periods greater than one year have been annualised.