

Officium Special Situations Fund

SECTOR FUNDS

OFFICIUM
CAPITAL

September 2010

The Officium Special Situations Fund returned 10.8% for the month, outperforming the 4.8% increase by the S&P/ASX 300 Accumulation Index. Global stock markets rallied strongly in September in anticipation of additional 'quantitative easing' by authorities in the US, Japan and Europe.

- The main contributions to Fund performance came from Resolute Mining (+61.9%) and Alinta Energy Group (+75.5%). These gains were partially offset by declines in UXC Limited (-17.5%) and Photon Group (-13.3%).
- Resolute Mining rallied 61.9% following the strong performance of gold and upon announcing that they would remove their gold hedges. As a result Resolute will be effectively unhedged and become fully exposed to gold price movements. The Fund converted its holding in Resolute Mining Convertible Notes (RSGG) to the ordinary shares given the lack of liquidity available in the convertible notes.
- Alinta Energy Group surged 75.5% following a proposed recapitalisation transaction that would result in security holders receiving \$0.10 per security. It is anticipated the deal could take several months to reach a conclusion, however, in the event of the transaction proceeding it may result in a significant return on the Fund's average purchase price.
- Photon Group's capital raising was not fully subscribed, leaving underwriters taking up the remaining 204 million shares on offer. Subsequent selling has resulted in the share price falling another 13.3% for the month of September. With the restructure of the company complete, focus will now return to maintaining and improving the company's profitability.
- Spark Infrastructure Group announced a 2 for 7 non renounceable rights issue at \$1.00 per share. The \$295 million raised will fund capital expenditure requirements over the next five years and add to the asset base on which it earns a regulated return. The annual distribution was cut to an estimated 9.11 cents but we estimate will grow at around 10% per annum as the additional capital expenditure contributes to profitability during the next five years. The Fund took up its rights as part of the institutional offer.

Performance Data as at	30/09/2010
1 month	10.79%
3 months	4.53%
6 months	-3.50%
1 year	14.25%
2 years (p.a.)	9.55%
3 years (p.a.)	-6.63%
5 years (p.a.)	-0.45%
Since 30/09/2004	1.34%
Net Asset Value (\$)	0.8927
Fund Size (\$ million)	39.48

Top 10 Portfolio Holdings	%
CASH	18.87%
Resolute Mining Ltd	17.35%
Oceania Capital Partners Limited	17.08%
Photon Group Limited	6.10%
Spark Infrastructure Group	5.72%
MAP Group	4.66%
UXC Limited	3.76%
RESOLUTE MIN-OP 1211	3.60%
Tassal Group Limited	2.47%
1300 Smiles Limited	2.41%
Other holdings	17.98%
TOTAL	100.00%

NOTE: Due to the high concentration of Resolute Mining Limited (RSG) and Oceania Capital Partners Limited (OCP) in this Fund, any purchase of new units in the Officium Special Situations Fund is effectively equivalent to investing circa 38.03% (cumulative) of your funds in RSG (including exposure to RSGO) and OCP as at 30 September 2010 at \$1.36 and \$1.40, respectively. Please be mindful of this when considering a new investment into the Officium Special Situations Fund or purchasing additional units in the Fund.

Important Information

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