

Officium Special Situations Fund

SECTOR FUNDS

OFFICIUM
CAPITAL

October 2010

The Officium Special Situations Fund returned -2.8% for the month, underperforming the 1.8% increase by the S&P/ASX 300 Accumulation Index. The market's strength has largely been driven by strong commodity prices. While many resources companies have been beneficiaries – particularly in the mid to small-cap part of the market – Australian export businesses are suffering due to the associated strong Aussie dollar.

- The largest percentage increases came from Elders Hybrid Notes (15.8%), Paladin Resources (14.2%) and UXC (7.5%), while declines came from Photon Group (-20.0%), Reckson New York Property Trust (-11.8%) and Oceania Capital Partners (-9.6%).
- Oceania Capital Partners, which constitutes 16.3% of the Fund, decreased by 9.6% during October to \$1.27 per share. The company announced unaudited Net Assets per Share of \$2.33 per share based on asset carrying values as at 30 September 2010.
- UXC announced the appointment of a new Managing Director, Cris Nicolli. Current Executive Chairman Geoff Lord will remain on the board as a non-executive chairman. The restructure is a precursor to a potential demerger, with Nicolli left managing a stand-alone IT business and the non-IT business floated as a separate listed entity. The board announced that it has received a number of offers for UXC or parts thereof but none that were, in their opinion, worthy of presentation to shareholders. In the absence of a new or improved offer, the board intends to proceed down the path of a demerger.
- The security underlying Elders Hybrid Notes was substantially enhanced following the sale of Elders' stake in Rural Bank to Bendigo and Adelaide Bank. The sale will realise \$176m cash and will reduce Elders' net debt to less than \$200m. Elders will now attempt to refinance the existing debt facility and potentially reinstate distributions on the hybrids earlier than would otherwise have been the case.
- During the month, the Fund increased its holdings in UXC, Elders Hybrid Notes and Reckson New York Property Trust, while holdings were reduced in Resolute Mining and the Ethane Pipeline Income Fund.

Performance Data as at	31/10/2010
1 month	-2.76%
3 months	5.53%
6 months	-11.49%
1 year	8.81%
2 years (p.a.)	35.43%
3 years (p.a.)	-8.94%
5 years (p.a.)	2.04%
Since 30/09/2004	0.92%
Net Asset Value (\$)	0.8680
Fund Size (\$ million)	37.98

Top 10 Portfolio Holdings	%
CASH	18.69%
Oceania Capital Partners Limited	16.26%
Resolute Mining Ltd	14.74%
UXC Limited	6.31%
Spark Infrastructure Group	6.06%
Photon Group Limited	5.10%
MAP Group	5.09%
RESOLUTE MIN-OP 1211	3.19%
1300 Smiles Limited	2.57%
Tassal Group Limited	2.55%
Other holdings	19.44%
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 34.2% (cumulative) of your funds in RSG (including exposure to RSGO) and OCP as at 31 October 2010 at \$1.305 and \$1.27, 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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