

Officium Special Situations Fund

SECTOR FUNDS

OFFICIUM
CAPITAL

December 2010

Global markets rose in December and the Australian market performed solidly with the S&P/ASX 300 Accumulation Index increasing by 3.8%. The Officium Special Situations Fund outperformed the index, returning 5.7% for the month, largely as a result of increases to Photon Group and Resolute Mining.

- Photon Group (+27.1%) announced the sale of four digital marketing businesses to traditional mail distribution and direct marketing company Salmat. The businesses, which generated \$8.2m of earnings before interest, tax, depreciation and amortisation last financial year, were sold for \$75m, plus an additional \$15m if unspecified earnings targets are met by 30 June 2011. The proceeds enabled Photon to make further debt repayments, reducing its outstanding bank-debt to approximately \$123m (from almost \$300m prior to the company's restructure earlier in mid 2010).
- Resolute Mining (+19.4%) and Catalpa Resources (+9.1%) were beneficiaries of a higher gold price (in US dollars). The price of gold in US dollar terms rose 2.5% for the month to finish at \$1,421 per ounce.
- The Fund participated in an institutional placement by Real Estate Capital Partners USA Property Trust (RCU) at \$0.07 per unit. RCU already owns a portfolio of commercial property in the US but has agreed to purchase another portfolio of US properties from the administrator of failed Australian company Record Realty. The properties are mostly leased to the US government, have long-term financing in place and were purchased for attractive prices.
- Just days after announcing it had received a takeover approach, Tassal Group's main shareholder, Webster Limited, agreed to sell its 20% stake to Asian seafood company Pacific Andes. The sale quashes any potential takeover from private equity but does provide Tassal Group with an Asian distribution platform for its salmon products.
- The Fund's exposure to the Ethane Pipeline Income Fund, Infomedia and Resolute Mining was reduced. The Fund's exposure to RNY Property Trust was increased, while Infigen Energy was added to the Fund during the month.

Performance Data as at	31/12/2010
1 month	5.67%
3 months	1.88%
6 months	6.48%
1 year	-2.43%
2 years (p.a.)	38.30%
3 years (p.a.)	-6.03%
5 years (p.a.)	2.35%
Since 30/09/2004	1.56%
Net Asset Value (\$)	0.9051
Fund Size (\$ million)	39.12

Top 10 Portfolio Holdings	%
CASH	20.56%
Oceania Capital Partners Limited	15.16%
UXC Limited	7.00%
Photon Group Limited	6.38%
Resolute Mining Ltd	6.35%
Spark Infrastructure Group	5.94%
MAP Group	4.82%
QBE Insurance Group Limited	3.69%
Reckson New York Property Trust	3.31%
RESOLUTE MIN-OP 1211	3.29%
<i>Other holdings</i>	23.50%
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 24.8% (cumulative) of your funds in RSG (including exposure to RSGO) and OCP as at 31 December 2010 at \$1.43 and \$1.23, 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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