

Officium Special Situations Fund

SECTOR FUNDS

OFFICIUM
CAPITAL

July 2011

The Officium Special Situations Fund's unit price rose by 0.8% in July, a month in which the All Ordinaries Accumulation Index fell 3.4%. General market weakness contributed to falls for Photon Group, Infigen Energy and in the Fund's two US property trusts, but the weakness was largely offset by positive news from UXC, ING Retirement Living Group and Centrebet.

- UXC took another important step in its transition from an unwieldy conglomerate to a focused IT business. The company reached an agreement in June to sell its field services group, the part of the company responsible for utilities maintenance, meter inspections, solar installations and many of UXC's problems during the past 12 months.

The price, at \$61m, is perfectly respectable and will leave UXC with no debt, an IT business expected to generate \$500m in revenue this year – one of the largest in Australia – and the ability to resume dividends. The share price rose 13.9% for the month.

- Retirement village operator ING Retirement Living Group (ILF) announced that it had sold the majority of its US assets to joint venture partner Chartwell Group. ILF retains interests in six US properties, all located in the New York region, but the portfolio is now heavily weighted to its Australian portfolio of assets.

The \$30m-odd proceeds will reduce ILF's debt to conservative levels and enable new CEO Simon Owen (formerly CEO of fellow retirement village operator Aevum, now owned by Stockland) to focus on operational performance. He is doing a good job on that front, with occupancy up from 73% a year ago and 78% at December, to 81% today. The stock price rose 17.4% for the month and you will be able to read more about this stock in the next quarterly.

- Two online gambling companies, Sportsbet and IASbet, have won a court case against the Australian Tax Office that augers well for Centrebet's similar case, due to be heard towards the end of this year. At stake is \$90m of GST, or approximately \$1 per share, 90% of which accrues to existing Centrebet shareholders. The share price rose 5.5% for the month.
- Oceania Capital Partners collected \$84.5m from the sale of its iSOFT investments to Computer Sciences Corporation and repayment on its convertible notes. The board says it will announce how it will return the cash to shareholders at the same time its annual results are released (expected to be 26 August 2011). Also during July, Tyco International, which purchased OCP's Signature Security business in April, served notice that it intends to claim between \$3m and \$20m back from OCP as part of 'completion date adjustments'. The board of OCP doesn't think the Tyco claim is valid and, if anything, any adjustment should be towards the bottom end of the range.

| Performance Data as at | 31/07/2011 |
|------------------------|------------|
| 1 month | 0.77% |
| 3 months | -3.62% |
| 6 months | 11.76% |
| 1 year | 24.96% |
| 2 years (p.a.) | 18.46% |
| 3 years (p.a.) | 7.25% |
| 5 years (p.a.) | 1.01% |
| Since 30/09/2004 | 3.11% |
| Net Asset Value (\$) | 0.9641 |
| Fund Size (\$ million) | 38.21 |

| Top 10 Portfolio Holdings | % |
|-----------------------------------|---------|
| Oceania Capital Partners Ltd. | 28.39% |
| UXC Limited | 8.48% |
| CASH | 7.97% |
| QBE Insurance Group Ltd | 6.86% |
| Spark Infrastructure Group | 6.71% |
| Centrebet International Limited | 6.31% |
| Map Group | 5.42% |
| Infigen Energy | 4.80% |
| Real Estate Capital Partners Prop | 4.62% |
| RNY Property Trust | 4.56% |
| Other holdings | 15.88% |
| TOTAL | 100.00% |

Investment Information

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