

Officium Special Situations Fund

SECTOR FUNDS

OFFICIUM
CAPITAL

August 2011

The Officium Special Situations Fund's unit price fell 2.2% in August, marginally worse than the 2.0% decline for the S&P/ASX All Ordinaries Accumulation Index. Most of the Portfolio's companies reported full or half year results during the month and most results were broadly in line with expectations.

- Oceania Capital Partners (OCP) announced that it will put two separate proposals to shareholders at a meeting to be held before the end of October. Both will allow the Officium Special Situations Fund to convert a significant percentage of its holding to cash: one via a \$1.45 per share cash payment to all shareholders; the other via a \$0.30 cash payment to all shareholders and the ability to participate in a buyback at \$2.07 per share. The manager is still assessing the merits of both proposals. OCP's share price rose 0.9% for the month.
- Centrebet's ongoing discussions with the tax office took a further turn for the better. Following a lost court case against IASbet and Sportsbet, the commissioner of taxation has told Centrebet it won't dispute the same issues in their similar case. Further, the case has been adjourned while the parties try to reach an out of court settlement. An announcement is expected any day now, but it's looking increasingly likely the tax office will owe Centrebet shareholders some \$90m in GST. Before its suspension and subsequent delisting as a result of the takeover from Sportingbet Plc, the share price rose 6.7% for the month of August.
- Property trust RNY's otherwise nondescript half year result contained the intriguing snippet that negotiations with its lenders have 'significantly progressed towards a negotiated restructuring transaction that is subject to final approval and documentation'. The investment case for RNY stacks up without refinancing of the two loans referred to above. The debt is non-recourse and the loss of the pledged assets would still leave RNY with \$0.26 per unit in net tangible assets, versus a unit price of \$0.10 at the end of August. But a favourable outcome would provide substantially more upside.

On the conference call, management said they would know if approvals had been obtained within 30 days so the outcome should be announced by the end of September. The stock price fell 13.6% for the month on very light volume.

- The Fund added to its holdings in QBE Insurance, Infigen Energy and ING Real Estate Community Living Group and made a first investment in Macquarie Group during the panic of early August. The Fund exited its investment in MAP Group and its remaining small stakes in Catalpa Resources and Paladin Energy in order to purchase securities that the Manager views as being more attractively priced.

Performance Data as at	31/08/2011
1 month	-2.24%
3 months	-1.70%
6 months	7.13%
1 year	24.93%
2 years (p.a.)	13.97%
3 years (p.a.)	5.34%
5 years (p.a.)	1.36%
Since 30/09/2004	2.80%
Net Asset Value (\$)	0.9424
Fund Size (\$ million)	36.74

Top 10 Portfolio Holdings	%
Oceania Capital Partners Ltd.	29.78%
Cash	10.30%
UXC Limited	8.68%
QBE Insurance Group Ltd	7.53%
Infigen Energy	5.24%
Macquarie Group Ltd.	4.81%
ING Real Estate Community Living	4.79%
Photon Group Limited	4.54%
Real Estate Capital Partners USA P	4.46%
Reckson New York Property Trust	4.09%
<i>Other holdings</i>	15.78%
TOTAL	100.00%

Investment Information

This report is provided for investors in the Funds. While all care has been taken in the preparation of this report (using sources believed to be reliable and accurate), Officium Capital Ltd, its officers, employees, agents and associated entities accept no responsibility for and will not be liable in respect of any loss or damage suffered by any person in connection with this other than under law which cannot be excluded. You should seek your own financial and taxation advice before dealing with your investment. This report has been prepared without taking into account your investment objectives, financial situation or particular needs. Before investing, or retaining an investment, in any of the Funds you should read the relevant PDS and consider whether the Fund is appropriate having regard to those matters. A copy of the PDS is available at www.officiumcapital.com.au. Remember, past performance should not be taken as an indication of future performance.

NOTE: Due to the high concentration of Oceania Capital Partners Limited (OCP) in this Fund, any purchase of new units in the Fund is effectively equivalent to investing circa 29.8% of your funds in OCP as at 31 August 2011. Please be mindful of this when considering a new investment into the Officium Special Situations Fund or purchasing additional units in the Fund.