

# Officium Special Situations Fund

SECTOR FUNDS

**OFFICIUM**  
CAPITAL

October 2011

The Officium Special Situation Fund's unit price increased 5.5% for the month of October, 1.7% less than the S&P/ASX All Ordinaries Accumulation Index's 7.2% return. For the most part, the increase was a reversal of September's decline.

- Photon Group's share price rose 37% and it was one of the few stocks for which there was some type of justification. Rumours of an imminent sale of the company's Field Marketing Group have been popping up in the Australian Financial Review's Street Talk column throughout the year. In October, the rumours became curiously specific including details of the sale price, \$140 million, the buyer, Navis Capital, and some of the key personalities involved. The company declined to confirm anything at the time but the facts seemed too exact to be made up.

Subsequent to the end of month, Photon has confirmed the deal, on terms almost exactly the same as had been suggested in the paper. The Manager will write more about this transformational transaction next month, but Photon is now debt free and, in the Manager's opinion, still very cheap.

- Real Estate Capital Partners USA Property Trust (RCU) announced that it had completed the purchase of nine US-Government leased properties on behalf of its joint venture with Saban Capital (the joint venture is 35% owned by RCU). Although the share price was only up 5% for the month, it's an important piece of news for RCU unit holders. Originally agreed upon almost 12 months ago, the purchase was dependent on the consent of lenders, and this usually straight forward process had dragged on for months longer than expected. The completion releases a meaningful amount of cash for RCU and will provide reliable income for the foreseeable future, both of which the trust is in desperate need of.
- ING Real Estate Community Living Group (ILF) continued to gain in popularity, with its share price rising 19% for the month. The Manager visited the trust's Brisbane-based retirement villages and witnessed firsthand the progress being made by ILF's new management team. The science is not complicated: good food; clean, well presented apartments; and gardens and communal facilities that keep the residents happy. But the changes are having the desired impact, with occupancy levels in the rental portfolio and sales in the owner-occupied portfolio improving significantly over the past 12 months.

Whilst the Manager is very happy with the progress being made, expectations about future returns for this investment are tempered somewhat by recent price increases.

Performance Data as at	31/10/2011
1 month	5.49%
3 months	-1.52%
6 months	-5.04%
1 year	16.83%
2 years (p.a.)	13.01%
3 years (p.a.)	29.42%
5 years (p.a.)	0.56%
Since 30/09/2004	2.83%
Net Asset Value (\$)	0.9494
Fund Size (\$ million)	36.14

Top 10 Portfolio Holdings	%
Oceania Capital Partners Ltd.	29.89%
Infigen Energy	9.27%
QBE Insurance Group Ltd	8.00%
UXC Limited	7.53%
ING Real Estate Community Living	5.81%
Photon Group Limited	5.41%
Cash	4.72%
1300 Smiles Limited	4.52%
Reckson New York Property Trust	4.16%
Real Estate Capital Partners USA	4.09%
Other holdings	16.60%
TOTAL	100.00%

**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 29.9% of your funds in OCP as at 31 October 2011. Please be mindful of this when considering a new investment into the Officium Special Situations Fund or purchasing additional units in the Fund.

#### Investment Information

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