

The Mosaic Special Situations Fund's unit price increased by 3.9% in August and outperformed the S&P/ASX All Ordinaries Accumulation Index, which rose 2.1%. Performance this month was helped by positive news from reporting season.

- UXC reported full year net income from continuing operations of \$18.2m, which represented a substantial improvement from the half year's \$4.8m result. The result was well ahead of expectations and UXC's share price rose 16.5% for the month. The shares have now returned around 100% for the calendar year including dividends.

With a significant restructure now completed, CEO Cris Nicolli is looking to improve margins further. If he can get the business to achieve anything like the margins of its main competitors, there remains plenty of upside in the current share price.

- US office property owner RNY reported a profit of \$42m, mostly as a result of debt forgiveness on a major tranche of property. Property values declined by \$8m, however this largely related to a portfolio of properties where the limited recourse debt already exceeds the carrying value of the assets ("UBS Pool B assets"). Statutory Net Tangible Assets (NTA) per unit increased from 28 cents to 41 cents. By year end the Manager expects progress to be made on occupancy and further news on the refinancing of the UBS Pool B assets which, even if given away, would add another two cents to the NTA. RNY's unit price closed unchanged for the month but meaningful progress is being made.
- Insurance group QBE reported a half year net profit of US\$760m, which was an improvement on last year but still only a modest result given the benign claims environment over the past six months. Earnings look to have been 'managed down', with adjustments being made for prior year expenses and to strengthen provisions. Perhaps new CEO John Neal wants to dampen expectations for the first year of his tenure. Neal was otherwise quite impressive in his first result's presentation; he displayed a detailed understanding of the insurance industry and the operations of QBE. QBE's share price closed down 7% for the month.
- The reported net asset value of Ingenia Communities increased 32% to 34.3 cents per unit, mostly thanks to the sale of its New York retirement assets at a meaningful premium to the prior book value. When this sale is complete, net assets will increase by another two cents per unit. Pleasingly, Ingenia also seems to be making progress with the sale of its last remaining overseas assets, a portfolio of New Zealand student accommodation properties, and expects to sell these at a premium too. Ingenia declared a half cent distribution, the first in four years, and the unit price closed up 4% for the month.
- Despite reporting modest results, renewable power provider Infigen Energy shares rose by 36% during August. Wholesale Australian electricity prices have risen more than expected following the introduction of the carbon tax and, assuming a return to normal wind conditions, that could mean substantially higher profitability this year.

Performance Data as at	31/08/2012
1 month	3.92%
3 months	8.48%
6 months	9.18%
1 year	14.45%
2 years (p.a.)	19.70%
3 years (p.a.)	14.02%
5 years (p.a.)	3.80%
Since Inception (p.a.)*	4.19%
Net Asset Value (\$)	1.0691
Fund Size (\$ million)	34.72

\* Inception date of Fund 30/09/2004

Top 10 Portfolio Holdings	%
Cash	29.79%
UXC Limited	10.53%
Infigen Energy	10.14%
QBE Insurance Group Ltd	10.02%
Ingenia Communities Group	7.86%
RNY Property Trust	7.06%
Spark Infrastructure Group	7.01%
Real Estate Capital Partners USA	6.31%
Enero Group Ltd	4.73%
Tassal Group Limited	3.12%
<i>Other holdings</i>	3.41%
TOTAL	100.00%

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