

Monthly Report: October 2010

Select Dynamic Allocation Portfolio

ARSN 143 234 262

Performance Overview

It was another solid month for the Select Dynamic Allocation Portfolio with a return of 1.86% bringing the return since inception in August 2010 to 6.06%.

Highlights for the month amongst our listed funds included, Global Mining Investments (+11.1%) and PrimeAg (+6.3%). Our listed Gold Mining ETFs also did well especially given our decision to adjust them to a fully hedged position during the month on some weakness in the AUD.

On the unlisted fund side the Epoch Global Equity Yield Fund performed well (+8.5%) as did Lazard Global Listed Infrastructure (+2.7) and Barwon Global Private Equity Fund (+6.4%) which was added last month. Laggards included our Australian inflation linked bond exposure through Ardea (-0.6%) and IJP our Japanese ETF exposure.

Given the very good performance of several of our listed fund positions and ETFs, we have been reluctant to chase these and so have reduced their targeted weightings in the Portfolio. We are also happy to reduce our core Australian equity holding to below 10% if the recent rally continues.

We added one new investment during the month, H3 Global Commodities. They invest across a broad spectrum of commodity markets via commodity futures, taking a trend following approach and considering the shape of the futures curve in allocating to positions.

In last month's report we highlighted the challenges in currency management. We took the opportunity of a modest setback in the Australian dollar during the month to modestly increase hedges. At month end the AUD went through parity against the USD.

While the Portfolio has benefited from the recent rally in equity markets, the expectations leading up to, and reality of, the US Fed's quantitative easing in early November 2010 have created a more challenging and volatile environment, which is creating medium to long term uncertainty, and as such, we are likely to seek more defensive investments if the current rally continues.

While we currently seem to live in a world where the weakness of Western economies is supporting developing economies and asset markets generally - because of the excess liquidity - the risk is we get bubbles developing in response that have adverse consequences down the track. We also see a risk that sharemarkets may become disappointed if the US economy does not improve soon. These conflicting forces are likely to make the next few months into 2011 challenging and more volatile than recent months.

Key Facts at a glance

Unit price	A\$1.0606
Monthly return	1.86%
Portfolio size	A\$71.4m

Description

The Select Dynamic Allocation Portfolio (the Fund) aims to give investors exposure to a concentrated, actively managed and dynamic multi-manager, multi-asset class portfolio. SELECT Asset Management (SELECT) may make significant asset allocation moves to where SELECT believes the best medium to long term risk-adjusted returns exist.

The Fund is designed to complement an investor's overall portfolio by actively making changes between asset classes and underlying investments when short-term mispricing opportunities arise, due to either structural changes occurring within those asset classes or because of short-term market sentiment changes. These mispricing opportunities may be very difficult for an individual investor to take advantage of on their own, however, when combined in a broader portfolio, this Fund may assist in skewing an investor's overall portfolio towards attractively valued asset classes and investments, and can provide additional diversification to that broader portfolio.

Investment Philosophy

At SELECT, we believe that the key to long term wealth creation is to achieve attractive compounding rates of return above the cash rate whilst limiting major capital losses in difficult market conditions, through true diversification. SELECT believes the use of this Fund can act as a complement to a broader portfolio that may assist in skewing an investor's overall portfolio towards attractively valued asset classes and investments, and by providing additional diversification to that broader portfolio.

Performance

Past performance figures are calculated pre-tax after taking into account fees and costs and assume that all distributions are reinvested and do not take into account inflation.

Ratings

Standard & Poor's, June 2010

The Select Dynamic Allocation Portfolio was awarded a "Three Star" rating from Standard & Poor's.



Fund Statistics (Net of Management Costs¹) as at 31 October 2010

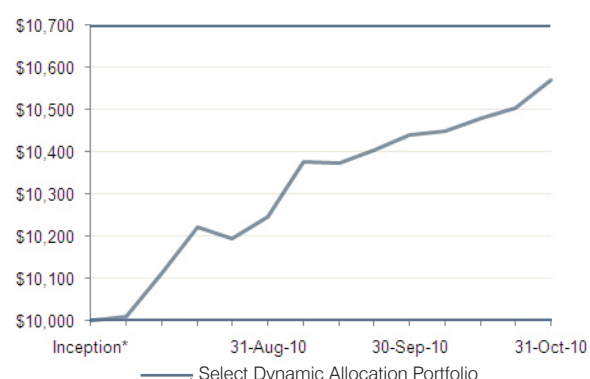
Performance Summary

	Select Dynamic Allocation Portfolio
1 month	1.86%
From inception (2 Aug 10)	6.06%
Risk p.a. (Standard Deviation)	n/a
% Profitable months	100%

Asset Class Exposure^{2,3}

Cash & Fixed Interest	Property & Infrastructure	Equities	Alternatives
49.5%	7.3%	34.4%	6.2%

Total Return of a A\$10,000 Investment¹



Key Sector Holdings

Cash & Fixed Interest	Property & Infrastructure	Equities	Alternatives
Cash	PrimeAg	Wingate	Gold Bullion
Ardea	Lazard	Epoch	H3 Global Commodities
		Magellan	
		ASX200 ETF	
		Gold Miners ETF	

Key Information

Fund Structure	Australian open-ended unit trust	Contribution Fee	Nil
Responsible Entity	Officium Capital Ltd	Withdrawal Fee	Nil
Applications	Weekly and last business day of each month	Buy-sell Spread	0.10% each
Minimum Investment	Initial: \$10,000 Subsequent: \$5,000	Management Costs¹	Est. 1.525% p.a. (incl. irrecoverable GST)
Withdrawals	Weekly and last business day of each month	Published Unit Prices	www.morningstar.com.au www.officiumcapital.com.au
Distributions	Bi-annually	ARSN	143 234 262
Unit Prices	Weekly and last business day of each month		

* 2 August 2010

¹ Please refer to the PDS. Past performance figures are calculated pre-tax after taking into account fees and costs and assume that all distributions are reinvested and do not take into account inflation. Past performance is not a reliable indicator of future performance, nor a promise of future returns. Performance can be volatile.

² Exposures are estimates.

³ Includes the look-through exposures of each underlying investment (including cash holdings for unlisted long-only managers). The total exposure may not sum to 100% due to any direct derivative investments (such as options and futures).

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Important Information

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