

OCEANIC ASSET MANAGEMENT PTY LTD


CF AUSTRALIAN NATURAL RESOURCES OEIC



**Quarterly Investment Report for the period ended
31st October 2007**

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Fund Information

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Latest price	£2.0932
12m high	£2.0932 (31st October 2007)
12m low	£1.3293 (20th November 2006)
Currency	GBP
Fund Size	£97m AUD\$223m (68 Holdings)
Launch date	25 July 2005
Benchmark	AS48 – S&P/ASX 300 Resources
IMA Sector	Specialist
Share class	Income (Dividend date – 31 May)
Structure	UCITS III OEIC
ACD	Capita
Depository	HSBC
Minimum Invest	£50,000 initial, £10,000 subsequent
Charges	1.00% AMC 20% PRF ½ly v Benchmark
ISIN	GB00B0D75910
SEDOL	B0D7591
Bloomberg Ticker	AUSNRFD LN

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Oceanic Asset Management and its affiliates, directors, employees, contractors, agents and assigns may from time to time hold interests in the form of securities in the companies mentioned in this document. Where this interest is considered relevant and material by Oceanic Asset Management, the extent of the interest will be disclosed.

Sources: Bloomberg L.P. LME. Comex/Nymex, Kitco, UXC

Quarterly Commentary

(for the Quarter 1st August 2007—31st October 2007)

MARKET REVIEW

It was another strong period for commodities and fund holdings. Despite US sub-prime concerns, domestic markets continued to reflect the appetite for natural resources from the developing 'BRIC' economies.

Gold— Gold prices were particularly strong following continued US dollar weakness and continued global instability, finishing the quarter very close to the psychological US\$800 / oz mark.

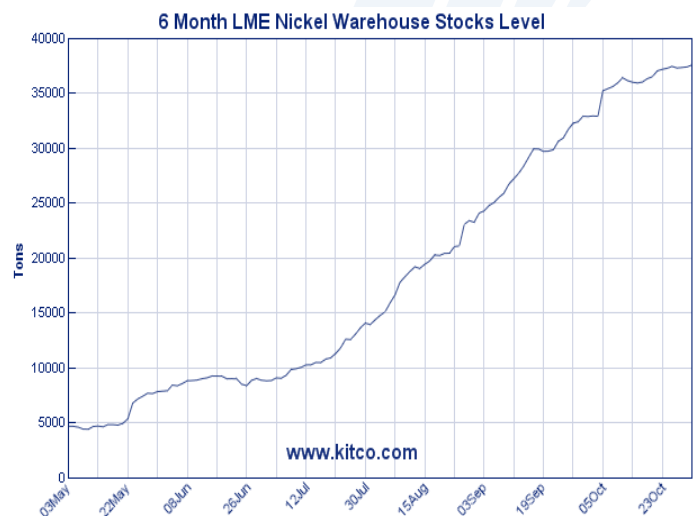
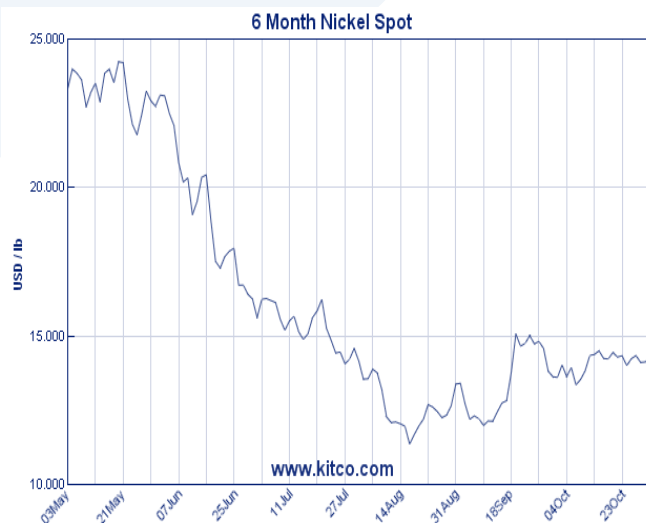
**Three Month Gold Chart:
1st August 2007– 31st October 2007**



Source: Bloomberg

Nickel— Prices remained under pressure after reaching all-time highs earlier in the year. A rebound in LME stocks from critical levels following persistent talk of Chinese and South Koreans using nickel substitutes weighed, as well as sub prime implications on US housing and raw materials demand.

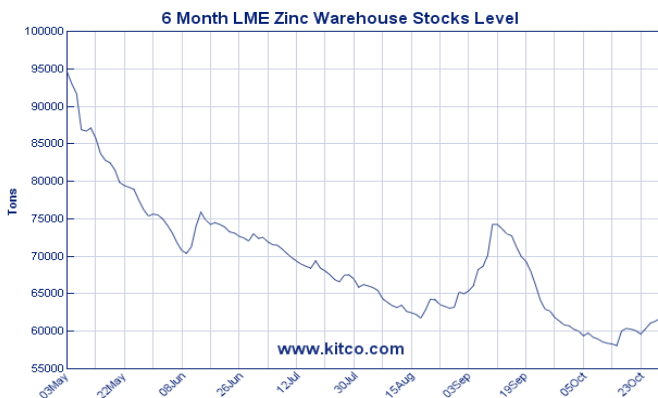
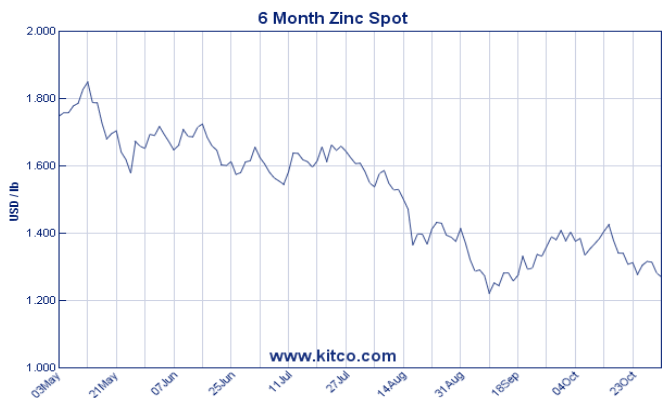
**Six Month Nickel Chart and Inventories:
1st May 2007 - 31st October 2007**



Source: Kitco Metals

Zinc – tracked lower from peaks on an unwind in speculative positions despite a continued downtrend in LME inventories.

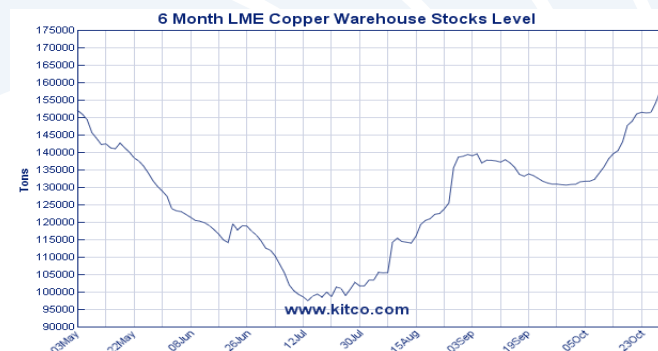
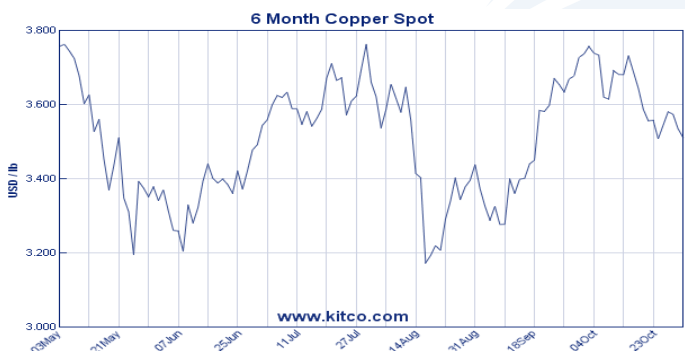
Six Month Zinc Chart and Inventories: 1st May 2007 - 31st October 2007



Source: Kitco Metals

Copper – was rangebound as markets lacked direction following volatile inventory shifts.

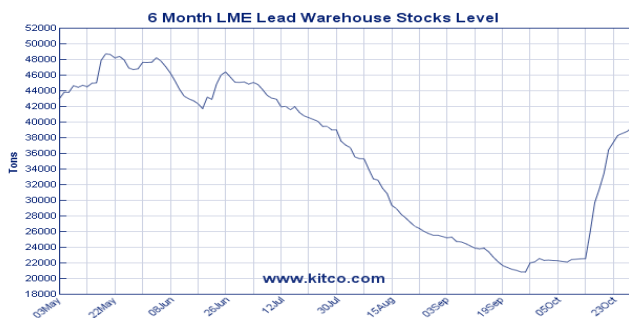
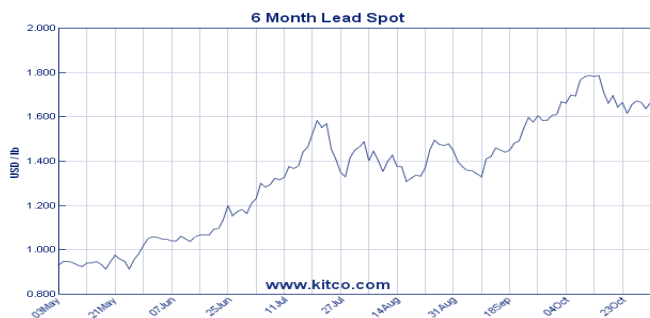
Six Month Copper Chart and Inventories: 1st May 2007 - 31st October 2007



Source: Kitco Metals

Lead— continued strength as LME warehouse levels plummeted.

Six Month Lead Chart and Inventories: 1st May 2007 - 31st October 2007



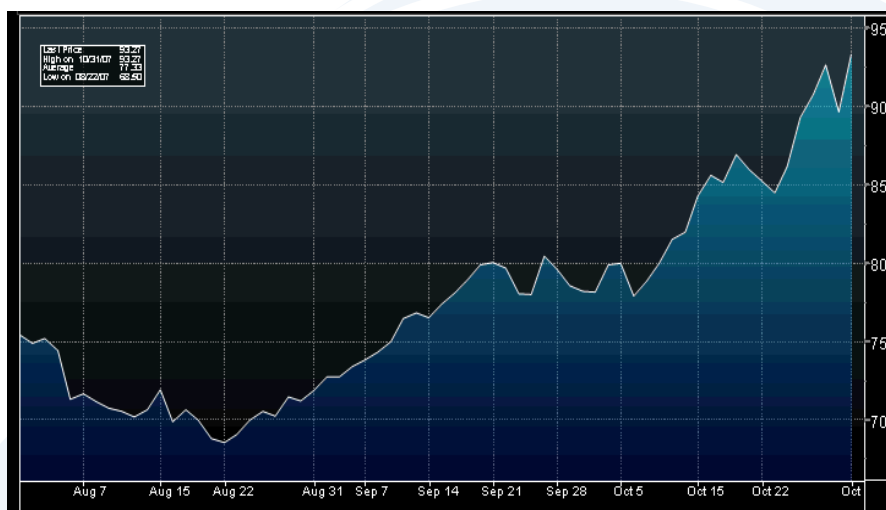
Source: Kitco Metals

Iron Ore – suggestions of a 50% rise in iron ore prices next year as talks between domestic miners and Asian steel mills begin. Consolidation continues in the mid-west region of Western Australia.

Uranium—prices appear to have turned the corner, recovering from recent short term weakness, on negative supply side issues and increases in investor’s buying interest. Long term prices remain supportive.

Oil & Gas – was particularly strong following continued global instability and supply concerns moving close to psychological US\$100 / barrel levels.

**Three Month Crude Oil Futures Chart:
1st August 2007– 31st October 2007**



Source: Bloomberg

Rare Earths & Green Technology— Federal Election campaigning from both parties commits unprecedented funds to green energy research and carbon friendly companies, with significant implications for those companies exposed to the sector.

Fund Performance

As at 31st October 2007

	Movement %			
	3 months	6 months	1 year	Launch
CF Australian Natural Resources Fund	11.5	20.3	53.8	109.3
AS 48 All Resources Index	24.9	45.8	67.6	119.2

The Oceanic Asset Management – CF Australian Natural Resources fund grew 11.5 per cent over the quarter, but underperformed the broader All Resources benchmark, due to significant gains in heavyweights BHP Billiton and Rio Tinto.

Comparative Returns:
25th July 2005 - 31st October 2007



Source: Bloomberg

Particular positive highlights for the fund over the quarter were:

OM Holdings— up 120% for the quarter—manganese price skyrockets, driven by an ongoing shortage of high grade product and continued strong demand, company achieves record production milestones, rival manganese miner Consolidated Minerals under takeover, expanded exploration program confirms extended continuity of the existing ore body and large prospective targets.

Sally Malay Mining— up 73% - Sally Malay production 8% above forecast, combined Nickel production with Lanfranci over 2800t for the quarter, Deacon development on schedule. New exploration results confirm both continuity and new zones of mineralization across tenement holdings.

Pan Australian Resources— up 68% - first copper-gold ore mined and stockpiled from Phu Kham, heap leach gold production recommenced ahead of schedule to record levels with total gold shipment of over 4,400 oz for October.

Mincor Resources— up 50% - record quarterly production of nickel in concentrate, generating a record quarterly operating surplus of \$48.3 million, cash costs down by 15% per pound payable nickel over the previous quarter, substantial increases in ore reserves and mineral resources, strong progress on development, feasibility studies and resource drilling on other projects, granted three new highly prospective tenements, rival miner Jubilee mines receives takeover approach.

Mundo Minerals - up 37.5% - continued excellent progress with development and construction activities at Engenho Gold Project, Brazil. Drilling extends mineralization at the Tocantins Gold Project, Brazil over a 3km strike length, company totally ungeared and unhedged ahead of the commencement of gold production— anticipated Q1 08.

Resource Pacific—up 35% - receives takeover offer from New Hope Corporation, significant increase in coal export prices.

Extract Resources— up 41% - scoping study confirms the economic potential of the Ida Dome area, Namibia to support an open pit uranium mining operation, significant drilling results continue to be returned from Garnet Valley, Namibia and increase the known dimensions of uranium mineralization in the area. Divests gold assets and dual lists company on the Toronto Stock Exchange.

Sundance Resources— up 40% - receives merger proposal from Gindalbie Minerals (subsequently mutually withdrawn), Feasibility studies commenced on the Mbalam Iron Ore Project, Cameroon West Africa.

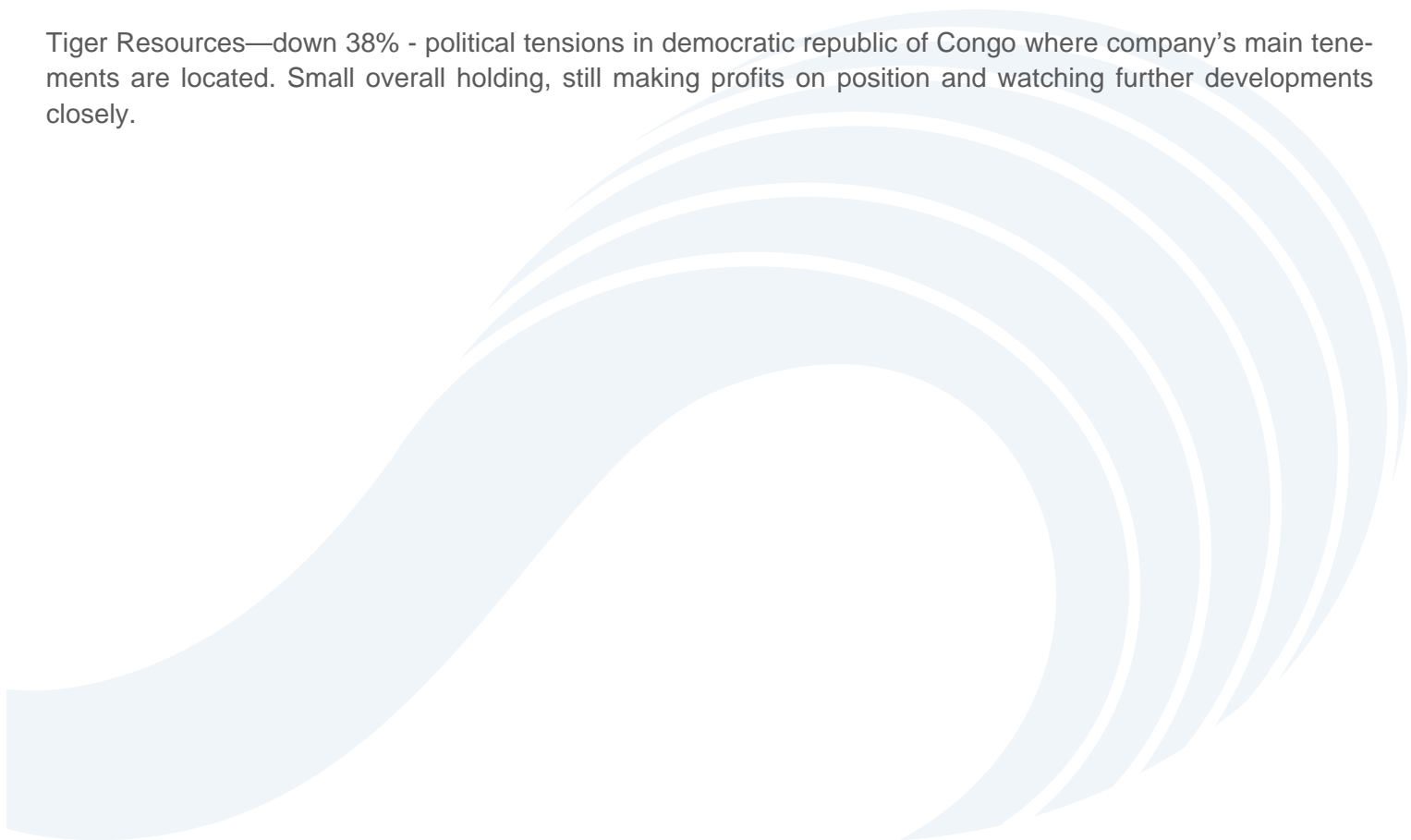
Platinum Australia—up 30% - wide zones of high grade platinum group element mineralization identified from drilling at the Kalahari Platinum Project, South Africa, 8

The following holdings were disappointing for the quarter:

ABM Resources—down 19% - tracks lower as market awaits drill results from Erayinia zinc project and discussions with African partners.

Zambezi Resources—down 10% - soared on debut then eased as the market awaits the progress on Cheowa prospect, Zambia.

Tiger Resources—down 38% - political tensions in democratic republic of Congo where company's main tenements are located. Small overall holding, still making profits on position and watching further developments closely.



Fund Activity

Placements, Rights Issues and Initial Public Offerings

Lynas Corporation—raised \$60 million at \$1.15 per share in order to develop the company's Malaysian rare earths processing plant and working capital.

Trajan Resources—raised \$4 million dollars at 40 cents per share in order to fund the acquisition of Pacific Ore Plc—a company with exclusive rights to the innovative BioHeap heap leaching process for the extraction of base metals from sulphide ores.

China Energy—seed raising at 10c per share in order to develop a series of resource projects in China and establish a new Australian resources company to evaluate, develop and potentially commercialise a number of coal, oil and gas projects in inner Mongolia.

Beadell Resources—initial public offering of million shares at 25c closed at a 36% premium to listing price on first day of trading. Has a portfolio of highly prospective gold tenements and is driven by a strong, well experienced management team.

Eqitx— moves into the resources sector, acquiring three mineral permits in Indonesia that are highly prospective for coal.

Prairie Downs Limited— issued 6 million shares at 91c per share to be applied to the high grade Prairie Downs Zinc Project.

Bauxite Resources Limited—raised \$5 million through the issue of 25 million shares at 20c per share. The only ASX-listed junior explorer in the Darling Range, Western Australia which produces 17% of the world's alumina.

Bellamel Mining—IPO closed at a 100% premium to listing price on the first day of trading. Bellamel Mining owns 100% of the one million plus ounce Kalgoorlie West Gold Project. The Company's primary objective will be to discover a large high grade gold ore deposit at depth below the considerable existing shallow oxide gold zones.

Cooper Energy— raised approximately \$55 million in order to fund the company's farm-in to Tunisia, exploration of Hammamet and Bargou blocks and on-going programs in the Indonesian South Madura exploration block and the Sumatran appraisal block of Seruway and working capital.

Outlook And Strategy

We believe that the recent liquidity crisis and the sell-off in our equity markets have probably run its course for the present time. This is not to say that there won't be additional impacts from the sub-prime meltdown and potential effects on US housing, US consumer spending and potential US recession which would have knock-on effects to anticipated global growth.

We will continue to keep a close eye on the global macro-economic picture for signs either way. The 'market meltdown' in mid-August was short, sharp, and irrational and we anticipate a strong eventual rebound from grossly oversold positions. We remain focused on building positions in companies who are sourcing current and future supply of natural resources that will be demanded from large and expanding emerging economies for decades to come. The fundamentals for broader commodities and resource companies remain bullish driven by the industrialisation and urbanisation of BRIC and other developing economies. As urbanisation accelerates, we expect a multiplier effect on metal and energy intensive consumption.

Gold and oil markets are anticipated to continue their recent strength as the US dollar remains structurally weak, the US Fed's rate cut inflation implications are digested, and geopolitical tensions remain in the market's eye. We are still very bullish energy stocks (oil, gas, coal and uranium) due to the ever increasing supply constraints and increasing demand from China. Our most favoured base metals are Nickel, copper and zinc and we have been acquiring positions in a number of exceptional companies which are in the process of developing significant deposits and /or ramping up production in these particular metals.

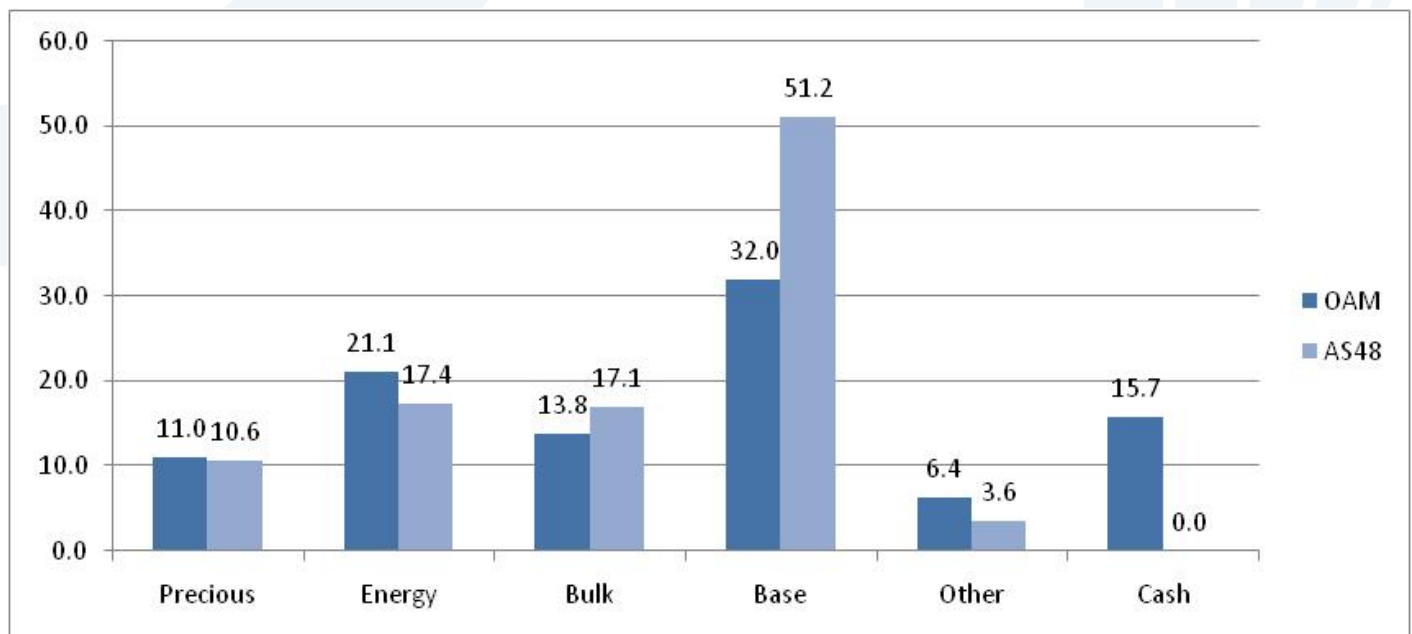
The fund is still holding a strategic cash position and we intend to invest this incrementally over the coming weeks depending on market conditions.

Sector Breakdown By Primary Commodity (%)

As at 31st October 2007

	Oceanic	AS48—All Resources Benchmark	Difference – Over / (Under) Weight
Precious Metals	11.0	10.6	0.4
Energy	21.1	17.4	3.7
Bulk Commodities	13.8	17.1	(3.3)
Base Metals	32.0	51.2	(19.2)
Other	6.4	3.6	2.8
Cash	15.7	0.0	15.7

%

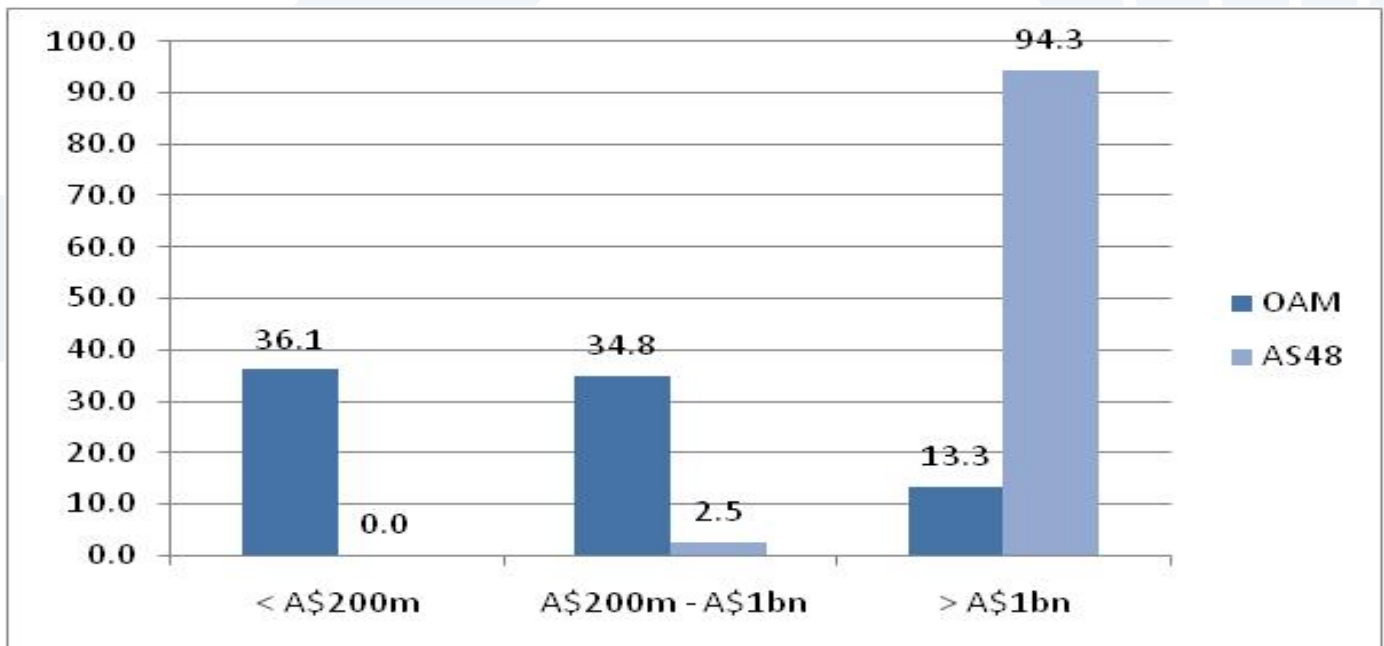


Market Capitalisation Breakdown (%)

As at 31st October 2007

	Oceanic (%)	AS48—All Resources Benchmark (%)	Difference – Over / (Under) Weight (%)
\$0— \$200 Million	36.1	0.0	36.1
\$200m —\$1 Billion	34.8	5.9	28.9
\$1 Billion +	13.3	94.1	(80.8)
Cash	15.7	0	15.7

%



Portfolio Stock Holdings by Sub Sector

(Diversified by Primary Commodity)

As at 31st October 2007

Sub Sector	Weighting (%)	Weighting Previous Quarter (%)	Increase / (Decrease) (%)
Oil & Gas	17.6	17.5	0.1
Zinc	14.5	24.1	(9.6)
Copper	10.9	5.6	5.3
Gold	8.7	10.1	(1.4)
Iron Ore	7.8	8.2	(0.4)
Nickel	5.8	0.6	5.2
Logistics	5.2	5.0	0.2
Manganese	3.1	0.0	3.1
Uranium	2.9	4.6	(1.7)
Coal	2.9	1.5	1.4
Platinum	1.4	1.7	(0.3)
Silver	0.7	1.1	(0.4)
Rare Earths	0.7	0.0	0.7
Alt. Energy	0.7	0.0	0.7
Bauxite	0.6	0.0	0.6
Mineral Sands	0.4	0.6	(0.2)
Diamonds	0.3	0.5	(0.2)
Magnesium	0.2	0.4	(0.2)
Cash	15.7	18.7	(3.0)

Top Ten Holdings

Company	Sector	Primary Sub Sector	Weighting (%)
Sphere Investments	Bulk Commodities	Iron Ore	5.8
Pan Australian Resources	Base Metals	Copper / Gold	5.6
Oilex	Energy	Oil & Gas	5.4
Jabiru Metals	Base Metals	Zinc	5.1
Salinas Energy	Energy	Oil & Gas	4.9
Mundo Minerals	Precious Metals	Gold	4.2
Ironbark Gold	Base Metals	Zinc / Gold	4.0
Copperco	Base Metals	Copper	3.8
Mincor Resources	Base Metals	Nickel	3.3
ABM Resources	Base Metals	Zinc	3.3

Concentration Breakdown

	%
Cash	15.7
Top 5 Holdings	26.8
Top 10 Holdings	45.4
Top 20 Holdings	65.1
Top 30 Holdings	74.7
Top 40 Holdings	79.7
Top 50 Holdings	82.8
Total Holdings (68)	84.3