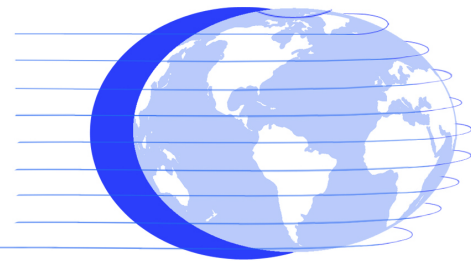


# SOCRATES

## FUND MANAGEMENT

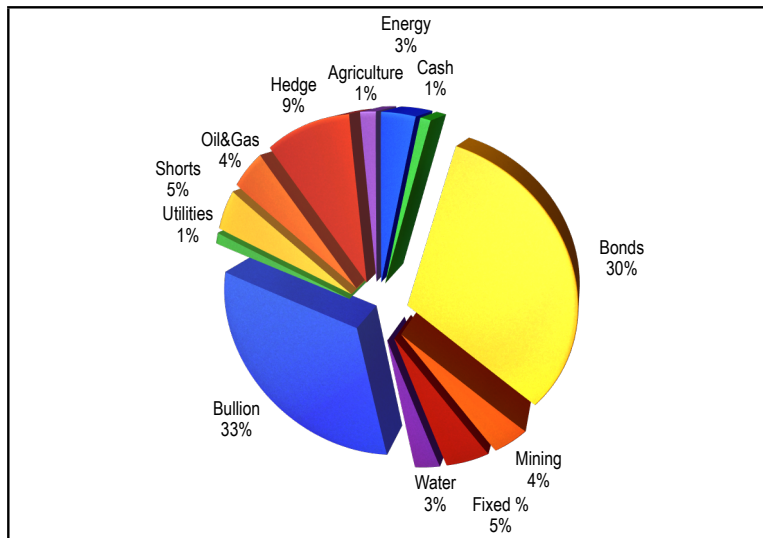
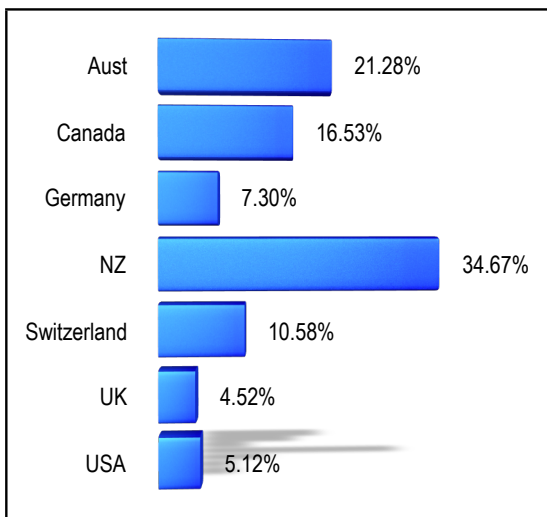


*Looking Back towards a Bright Future*

### 21st Century Renaissance Income Unit Trust

<b>Fund</b>	<b>Income</b>
Size (net)	<b>\$3,380,898.26</b>
Fund Manager	Socrates Fund Management
Fund Administrator	MMC
Portfolio Manager	Charles Drace
Fund Type	P.I.E. Unit Trust
Investment Strategy	Commodity Bias International
Investment Geographic	International
Minimum Investment	\$5,000; \$200 Month
Management Fees	0.50%
Performance Fees	NIL
Entry Fees	2%
Investments	Monthly
Redemptions	Monthly; notify by the 15th

Performance to October 31st 2010 After Fees and Taxes	
Month to Date	-1.17%
Quarter to date	-1.17%
Year to Date	-2.77%
12 Month Return	-4.94%
3 Year Return	-21.25%
Since Inception	-4.32% (Annualised)



Ten Largest Positions held in the fund	
ETFS Physical Silver	NZ Post
PureCapital	iShares eb.rexxi Government Ge
ETFS Gold Trust Physical Swiss	ETFS Physical Gold - Redeem Pref
Sprott Physical Gold Trust	Equitable Debentures
Aust Govt Bond 15/04/2012	Auckland City Council

Monthly Unit Prices	
October 2010	\$0.8008
September 2010	\$0.8103
August 2010	\$0.8094
July 2010	\$0.7974
June 2010	\$0.8323
May 2010	\$0.8455
April 2010	\$0.8258
March 2010	\$0.8236
February 2010	\$0.8301
January 2010	\$0.8490
December 2009	\$0.8377
November 2009	\$0.8744

The Income Unit Trust had a gross return before taxes and fees of 2.19% but 2.15% comes off that when converted to New Zealand dollars. And as we invest heavily in income producing securities there's no avoiding tax on a lot of the portfolio. Again, we just have to wait until the New Zealand dollar comes down to earth to realise the gains we've made.

Investors and governments are moving into gold and silver for safety because of the deteriorating economic situation and the dire debt problems that governments, businesses and consumers have built up. Yet at the same time governments are pushing the big investment houses to prop up the markets and they're responding favourably because of the profits they make. So we have all these negative dynamics playing out at the same time markets are being propped up.

We're aware of these opposing currents and are trying to manage our funds to make profits from the supported markets as well as protect our funds from the negative markets. We've opened an account for the Income Unit Trust with Jyske Bank which will allow us to earn higher yields than we can get through New Zealand brokers as well as being able to borrow at low interest rates [currently around 2%] in falling currencies and thus have a strategy to try to offset some of the negative effect of the New Zealand dollar when it rises.

During October we reduced our exposure to UK based PEW Energy and Water fund as water is not yet showing it's long term potential. Some analysts are saying water is the next gold because the world is presently using fresh water up faster than it is being replenished. Thanks are due to global warming and intensive irrigation. However, water is not yet showing it's long term potential so during October we reduced our exposure to UK based PEW Energy and Water fund. We used the proceeds to by some more Ag Growth International as shortages in some food commodities are driving prices up. We also closed our position in New Zealand hedge fund Orca which was no longer performing.