

Fund	Income	Investment Geographic	International
Size (net)	\$3,041,878.50	Minimum Investment	\$5,000; \$200 Month
Fund Manager	Socrates Fund Management	Management Fees	0.50%
Fund Administrator	MMc	Performance Fees	NIL
Portfolio Manager	Charles Drace	Entry Fees	2%
Fund Type	P.I.E. Unit Trust	Investments	Monthly
Investment Strategy	Commodity Bias International	Redemptions	Monthly; notify by the 15th

The Income Unit Trust went down .74%, the same as the Gold Unit Trust. Drops in gold, oil, and corporate bonds hurt it but the falling New Zealand dollar and our short positions limited the losses considerably. During the month we added a few shorts in the US markets and Europe and in the price of oil and reduced our holdings in oil royalty funds. Our view is that over the next year or so oil and metals and maybe food will continue down as the world's economies weaken and this should provide us with some great opportunities to buy at lower prices. This is particularly true of oil royalty funds. When we first bought most of them we were getting dividends of between 10 and 20%. Then as the price of oil went up the effective dividends decreased to between 5 and 10%.

We bought a range of large gold and silver miners in early September, all of which paid dividends, albeit small ones. Our research sources suggested that miners were due to start recovering from their losses since May. That didn't turn out to be the case and we were stopped out of all of them before the end of the month. We also bought a New Zealand based bond, Works Infrastructure, which has a major contract for the rehabilitation of Christchurch and pays a high dividend.

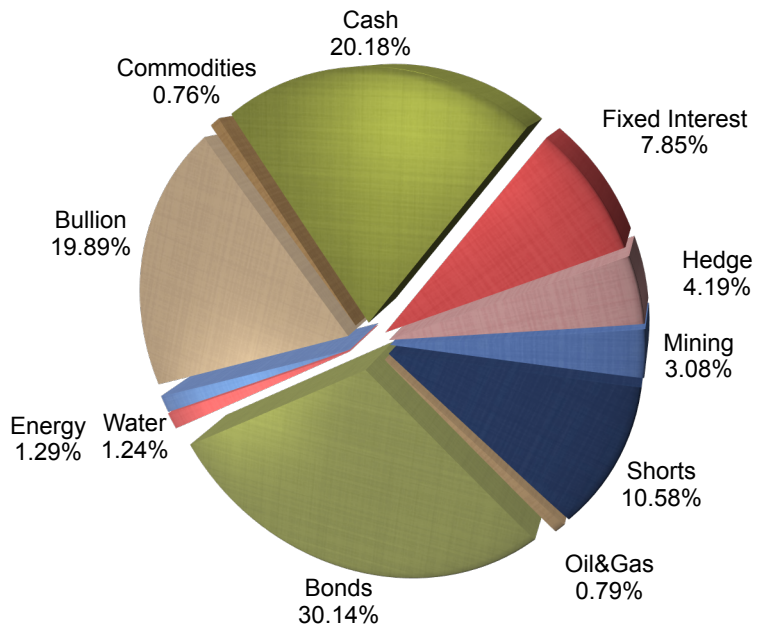
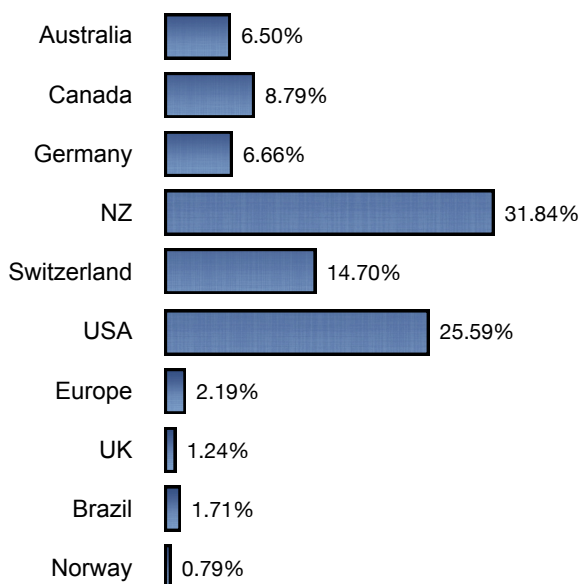
We also bought shares in DHT Holdings which owns and operates double-hull oil tankers. Seems a strange investment when we expect oil to go down but because the share price of DHT had fallen so much leading up to late August, the dividend return rose to approx. 15%. We will look to add to this position on further falls to average down our buy in price and to average up our dividend returns.

Performance to September 30th 2011
After Fees and Taxes

Month to Date	0.74%
12 Month Return	-6.94%
Since Inception (Annualised)	-4.69%

Ten Largest Positions held in the fund

Jyske Cash	NZ Post
Craigs Cash	ETFS Gold Trust Physical Swiss
iShares eb.rexxi Government Ge	Sprott Physical Gold Trust
Equitable Debentures	Prometheus
Aust Govt Bond 15/04/2012	Auckland City Council



Sep 2011	Aug 2011	July 2011	June 2011	May 2011	Apr 2011	Mar 2011	Feb 2011	Jan 2011	Dec 2010	Nov 2010	Oct 2010
\$0.7541	\$0.7597	\$0.7501	\$0.7713	\$0.7824	\$0.8172	\$0.8152	\$0.8206	\$0.7875	\$0.8105	\$0.8269	\$0.8008