

Octaviar Water Fund

ARSN 123 123 642

INVESTOR UPDATE

AS AT 13th NOVEMBER 2008

Responsible Entity and Issuer: Octaviar Aqua Managers Limited
ABN 66 122 737 795 AFSL 308 984

Monthly results

The Octaviar Water Fund net asset value as at 30 September 2008 was \$0.852c

Net monthly returns for past 12 months

	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	July 08	Aug 08	Sept 08
NAV	\$0.996	\$0.973	\$1.001	\$0.939	\$0.970	\$0.943	\$0.974	\$0.997	\$0.956	\$0.950	\$0.938	\$0.852
Water Fund	2.49%	-2.30%	2.81%	-6.18%	3.28%	-2.79%	3.29%	2.35%	-4.16%	-0.56%	-1.32%	-9.12%
MSCI World	2.99%	-4.09%	-1.29%	-7.64%	-0.58%	-0.96%	5.26%	1.52%	-8.30%	-1.39%	-1.36%	-11.89%

Market and other commentary

May: May net asset value (NAV) was \$0.997c and the early June numbers were showing some slippage from that number, but not by the extent of normal equity performance for June. Therefore, the Fund was doing as we had anticipated which was to be lowly correlated to normal assets.

June: The Octaviar Water Fund fell 4.16% in June after gaining 2.35% in May. The NAV per unit stood at \$0.956c as at 30 June 2008. This performance was in the context of the MSCI World Index which lost 8.3% in June and gained 1.52% in May. The defensive theme of water related investing to that of equities has been evident in the performance numbers of the previous two months. With exceptional volatility in traditional markets, the water sector has not been immune to price deterioration but has been slightly more defensive and resilient which was the underlying premise behind investing in the Fund.

July: The NAV of the Octaviar Water Fund stood at \$0.95c as at the end of July 2008. In a period of exceptional volatility and dislocation within traditional equity markets, the Water Fund performance had not been immune from this weakness but held its value well against its benchmark. Both the S&P500 and MSCI World index fell in excess of 10% throughout the year, reflective of this nervousness in global investment markets but the growing recognition that water is a critical part of the global economy has allowed this sector to be perceived slightly more defensively than many other sectors and outperformed accordingly.

August: The NAV of the Octaviar Water Fund units closed at \$0.938c as at the end of August 2008. This month's performance continues the recent trend of the underlying managers of the Fund of posting slightly negative returns. In the context of the global distress we are currently experiencing, we consider this an acceptable return profile. However, achieving positive absolute returns for this Fund in the context of this unprecedented volatility in all financial asset classes is not currently a realistic expectation and despite the solid out performance by the Water Fund of its benchmark and most other major indices which has validated the premise that water is a defensive, emerging and legitimate asset class, the NAV has slipped. The Fund is still primarily equity linked and will suffer in performance if equity markets continue this negative roller coaster ride.

September: September was a very poor market for global equities with the combination of confusion over the US bail-out plans and growing fears of recessionary economic conditions weighing heavily on markets. The MSCI World Index in \$US was down 11.89% in the month and the Palisades Global Water Index which is a measure of 39 global water companies was down 17.6% for the same period. For some months the theme of water investing had demonstrated the defensive nature and low level of correlation to traditional equity markets and had not fallen as far as these other Indices, but September has marked a sharp decline in the sector pricing and the Octaviar Water Fund NAV has fallen to \$0.852c in this context. Water related investments may well have been one of the last sectors to suffer in this global equity rout and September saw sustained selling of these stocks.

The outlook for the Water Industry has not changed greatly with the long term trend for water infrastructure replacement remaining strong but valuations in the sector have contracted significantly. Asian themed equities have suffered as have small cap water themed companies. Water Utilities in the USA that may have benefited from the lower interest rate structure have also been sold down as unprecedented selling of all equities has been the dominant theme for September.

Fund Strategy

The Responsible Entity of the Octaviar Water Fund, Octaviar Aqua Managers Limited, is not under Administration or any form of external control, however with the appointment of Voluntary Administrators to Octaviar Limited the future of all businesses and assets of Octaviar are under review pending a restructure or wind up decision. We will advise unit holders as soon as possible as to any decisions made in reference to the future of the Water Fund.

Fund details

Fund Name:	Octaviar Water Fund
Geographic focus:	Global
Launch date:	Jul -07
Fund size:	\$18m
Management fees:	1.25%
Administration fees:	.025%
Hurdle rate:	MSCI World Index
High water mark:	Yes
Redemption frequency:	Quarterly
Redemption notice period:	45 days
Base currency	AUD

Fund details continued

Legal domicile	Australia
Administrator:	Moore Stephens
Legal counsel:	Hall & Wilcox
Custodian:	ANZ
Unit registry	Perpetual
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