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The Catalyst

M&A Activity now the #1 Priority for C.F.O's

Morgan Stanley's annual survey of U.S. C.F.O's indicates that companies are getting very bullish on M&A activity. For the year ahead, respondents ranked M&A activity as #1 on their list of priorities for use of their company's capital, up from #7 last year.

McVey, Morgan Stanley's Chief U.S. Investment Strategist, CFO's are "particularly enthusiastic" about deals in the financial, technology and consumer discretionary sectors but are "notably guarded" on the consumer staples sector.

between corporate and private equity acquirers over the coming years. Private equity purchasers are well funded, less risk adverse and more willing to use high levels of debt to finance their acquisitions. This makes them formidable bidders.

According to Henry Mr. McVey expects strong competition

Capitalizing on the Rising Tide of M&A Activity in Europe

The value of M&A activity in Europe for the first nine months of this year has hit \$1.25 trillion U.S., greater than all of 2005 and on track to come a close second to the record of \$1.57 trillion U.S. set in the technology bubble of 1999.

M&A activity in Europe is buoyant due to the entry of strategic corporate purchasers into a market that has been dominated by private

equity buyers for the last several years. The long 2001 - 2005 period of corporate restructuring in Europe is drawing to a close. Companies have a high level of business confidence, good cash flow, healthy cash positions and favorable financing conditions. Companies are increasingly looking at both internal and external growth opportunities.

European cross border M&A was initially focused on infrastructure

(ports, airports and roads) and is now becoming more broadly based, particularly in countries such as the U.K. and Switzerland which have very low unemployment rates. Countries with high levels of unemployment (see table over) are more inclined to allow domestic in-market consolidation to create more efficient critical mass operations.

CAMLIN ASSET MANAGEMENT

700 West Georgia St.
Suite 1770
Vancouver, BC Canada

PHONE:

425-749-7290
604-288-7474

FAX:

604-408-7474

E-MAIL:

fred.camp@hotmail.com

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Camlin has been studying M&A activity in Europe for some time with a particular focus on understanding the motives of large European consolidators looking for platform acquisitions in North America. Four of the five long wave consolidation sectors that we invest in North America financial services, oil & gas, health care and

information technology) are exhibiting extremely attractive early stage consolidation dynamics in Europe. Risk / reward ratios are superior.

Additional benefits to adding Europe to Camlin's mandate include a wider range of investable securities, better diversification in our core sectors and currency diversification

which can create a natural hedge to deal with (downside).

Accordingly, Camlin has decided to weight its portfolio 20% in Europe over the next several months. Four security positions have been initiated as of September 10, 2006.

Region / Country	Nominal GDP			Unemployment		
	2005	2006*	2007*	2005	2006*	2007*
Eurozone	3.1	4.0	4.0	8.5	8.1	7.9
Germany	1.5	3.0	3.8	11.6	11.1	10.7
France	2.8	3.7	3.2	10.0	9.5	9.3
Italy	2.2	4.0	3.8	7.7	7.7	7.8
Spain	7.7	6.2	5.9	9.1	8.2	8.0
Switzerland	2.6	2.5	2.4	3.8	3.6	3.3
United Kingdom	3.8	4.3	5.1	2.8	2.9	2.9

* Forecasts from Bear Stearns

**Gross annual returns*
(September 30, 2006)**

Current Quarter	0.47
Year To Date	8.59
1 Year	14.08
2 Year	25.93
3 Year	26.41
4 Year	30.15
5 Year	22.05

* Percentage Returns in USD.

CIO 3rd Quarter Commentary

The Camlin M&A Fund rose .47% on a gross basis in Q3 and is up 8.59% YTD. This compares to 2% and 6.87% for the quarter and YTD.

Strong performance in

of our core sectors (financials, health care and technology) were largely offset by continued weakness in resources, particularly oil and gas. As stated previously, we expect the rollback in the resource sector to be temporary, given the necessity of the large resource industry consolidators in having to replace steadily declining reserves.