

The Saga at Hunter Hall Continues

We suspended our rating for Hunter Hall Global Value (HHV) in December following the surprise resignation of Peter Hall as Chief Investment Officer (CIO) of Hunter Hall International (HHL), HHV's investment manager.

We recently held discussions with the Chairman of HHV, Paul Jensen, and representatives of the Manager, including interim CIO James McDonald. Following our discussions, we are comfortable that the Manager can continue to perform its duties. Mr McDonald has been Deputy CIO since 2011 and HHV portfolio manager since 2015. He is assisted by a highly experienced investment team of seven portfolio managers and analysts. We do not expect to see any significant changes to HHV's investment style or processes apart from some minor tweaking and perhaps a slight reduction in position sizes. Whilst we are comfortable with the management team, any further loss of key personnel would be an obvious negative. We understand mechanisms have been put in place to encourage retention of remaining key personnel.

With two takeover offers in place for HHL (WHSP and Pinnacle Investment Management) there is a risk to HHV that a successful acquirer of HHL seeks to take control of the HHV portfolio and change the mandate or investment processes. While the investment management agreement still has approximately 12 years to run, we understand it does not contain any provisions in relation to a change of control event at the manager.

An additional risk is that Wilson Asset Management takes control of HHV by proxy. Wilson Asset Management, through various funds it manages, is the largest shareholder in HHV with a 12% stake. It has been calling for an equal access share buy-back at NTA, a move the HHV Board has resisted, believing it is not in the best interest of all shareholders. Wilson Asset Management is now suggesting it will seek to replace the entire HHV Board.

Given the instability surrounding HHV and its Manager, our rating remains suspended. We will continue to watch the actions surrounding HHV and its Manager and will undertake a full review of HHV when these issues are resolved.

Ructions at CTN Following Moves to Add New Manager

We also suspended our rating for Contango MicroCap (CTN) after it announced it would appoint another portfolio manager in addition to Contango Asset Management and seek to change the name of the LIC to remove confusion about the Contango brand. We have met with a number of the CTN Directors to discuss the move but still hold a number of concerns given the potential for differences in style and process to the existing manager. The appointment of a second manager is a highly unusual step and creates new risks for CTN shareholders. The company recently announced that it had narrowed down the list of potential new managers to a shortlist of three, with due diligence and fee discussions to take place. Our rating for CTN will remain suspended until after the announcement of a new manager and we have had a chance to undertake a detailed review. Subsequent to the CTN announcements, a group of shareholders has called for a meeting to remove three existing CTN Directors and appoint two new Directors. This adds to the instability and uncertainty surrounding the company.

New LIC to Invest in Urban Renewal Theme

Investors are about to get the opportunity to invest in the urban renewal theme with the proposed listing of URB Investments Limited (URB), a new investment company seeking to raise up to \$300m ahead of an ASX listing. URB will invest in a range of assets classified as "Renewal Assets". These assets will have an

urban renewal and regeneration focus including, but not limited to, property and infrastructure. URB will differ from most LICs in that it will be able to invest in unlisted properties (30% to 50% of the portfolio) that will potentially benefit from major infrastructure investment and change in use such as de-industrialisation and redevelopment. URB will also invest in direct equities (20% to 50% of the portfolio) likely to benefit from the urban renewal theme such as infrastructure and real estate related entities, building materials, consumer and healthcare companies. URB will use the specialist property expertise of Pitt Street Real Estate Partners (a Washington H. Soul Pattinson entity) to manage the direct property portfolio. WHSP is also expected to be a substantial shareholder in URB. The newly formed Contact Asset Management will manage URB with a base management fee of 0.50% p.a. and 15% of any out-performance above a benchmark of 8% p.a. Contact Asset Management currently manages the BKI Investments (BKI) portfolio. A prospectus for the URB IPO is expected to be issued in coming weeks. We make no recommendations in relation to URB, but the LIC could potentially appeal to investors looking to gain alternative exposure to unlisted properties likely to benefit from a change in use.

New Switzer Quoted Managed Fund to Focus on Dividends

Switzer Asset Management is establishing a new fund to invest in high-yielding blue-chip Australian shares with the aim of providing investors with consistent dividend and long-term capital growth. The Switzer Dividend Growth Fund (SWTZ), which aims to pay quarterly distributions, will seek ASX quotation as a managed fund on the ASX AQUA platform. The manager will use a combination of a top-down approach and bottom-up stock selection in constructing the portfolio. An investment committee comprising Peter Switzer, George Boubouras, Charlie Aitken and Paul Rickard, all highly experienced investment professionals, will be responsible for managing the portfolio. Contango Asset Management has been appointed investment adviser to the fund. The SWTZ offer is currently open and will close on 17 February 2016. We do not cover SWTZ and make no recommendations in relation to the product. Refer to page 7 for more details on ASX Quoted Managed Funds.

Century Australia Board Recommends Wilson Proposal

Wilson Asset Management (International) Pty Limited (WAMI) has lodged its proposal for the restructure of Century Australia (CYA). Key elements include: an off-market buy-back at NTA (less costs) for those shareholders who wish to exit CYA; replacement of the current manager, Perennial Value Management, with Wilson Asset Management; the election of Wilson Asset Management CIO, Chris Stott to the CYA Board; and a new share offer to CYA shareholders and members of the public. As the new manager of CYA, Wilson Asset Management would use its well-proven "Research Driven" and "Market Driven" investment approaches to manage the CYA portfolio. The CYA Board continues to recommend the WAMI proposal subject to the views of an independent expert. A meeting of CYA shareholders to vote on the proposal is expected to be held around 7 March 2017. We do not cover CYA.

Fat Prophets to Launch New Global LIC

Another international LIC is set to hit the ASX, with research and wealth management firm Fat Prophets seeking to raise up to \$66m for its Fat Prophets Global Contrarian Fund. The LIC will use a contrarian approach, investing in mispriced stocks. The fund will invest in 15-25 international stocks for the majority of its portfolio, and will also have a small element of the portfolio dedicated to short term trading opportunities. Applications close 10 March 2017. We make no recommendations in relation to the Fat Prophets LIC.

PRICING & PERFORMANCE UPDATE

Table: LIC Pricing & Performance Summaries*

Largest discounts to NTA		Largest premiums to NTA		Best performers*		Worst Performers*	
Company	Discount (%)	Company	Premium (%)	Company	Return (%)	Company	Return (%)
GFL	-22.3	MIR	25.8	WIC	23.5	BST	-12.1
BST	-11.6	WAX	20.5	GFL	17.9	AUF	-7.4
CBC	-11.3	WAM	20.5	WAX	12.2	CDM	-6.8
WHF	-11.2	DJW	14.9	ALR	11.6	CBC	-5.9
FSI	-10.7	WAA	6.6	AUI	11.4	BTI	-5.6

* Only includes LICs covered by IIR

12 month NTA Returns at 31 December 2016

Australian equities performed well during the December quarter with the S&P/ASX 200 Accumulation Index up 5.2%, as U.S. markets rallied strongly in the weeks following the election of Donald Trump as U.S. President. For the 12 months to 31 December the local market was up 11.8%. A resurgence in large caps helped to drive the market over the past quarter with the S&P/ASX 50 Accumulation Index up 6.6% for the quarter while small caps continued to give up some of their gains from earlier in the year, with the ASX Small Ordinaries Accumulation Index down 2.5% for the quarter. Small caps still managed to outperform for the 12 months with the index up 13.2%. A number of market commentators are suggesting that the recent underperformance of small caps will continue, at least through the early part of 2017. Resources stocks continued to help drive the market with the S&P/ASX 200 Resources Accumulation Index up 7.9% for the quarter, and a massive 42.9% for the 12 months to 31 December 2016. Since the end of December the market has retraced some of the December quarter gains with the S&P/ASX 200 Index down 0.8% for January.

Large cap LICs portfolio performance improves, but dividend income under pressure

The resurgence of large cap stocks saw the the Australian large cap share focused LICs perform a little better over the December quarter with the five largest LICs delivering an average portfolio return (pre-tax NTA plus dividends) of 4.4% for the quarter. This was below the S&P/ASX 200 Accumulation Index return of 5.2% but in line with ASX All Ordinaries Accumulation Index return of 4.4%. The 12 month return of 7.5% for the large cap focused LICs is below the S&P/ASX Accumulation Index return of 11.8% and the ASX All Ordinaries Accumulation Index return of 11.6%, with returns pulled down by the weak performance of large caps in the earlier part of 2016. Over the medium to long-term we continue to expect the Australian large cap share focused LICs to perform broadly in line with the market. Over the past five years this LIC sector has delivered an average portfolio return of 10.3% p.a. This is slightly below the S&P/ASX 200 Accumulation Index return of 11.8%, with returns pulled down by the underperformance of large caps early in 2016. It is worth noting that the LIC returns are after fees and taxes.

With company reporting season underway, a number of the large cap focused LICs have already reported their earnings results. A general theme running through results is that reported earnings are down due to lower dividend income from portfolios. This is not unexpected given lower dividends from the mining, energy and retail sectors and ANZ bank. At this stage, the major LICs have been able to hold their own dividends flat and, given their retained earnings levels, most are likely to be able to at least hold dividends steady for the 2017 fiscal year. Even at current dividend levels, the large cap focused LICs continue to offer attractive yields of 4% plus (fully franked in most instances) as shown in the data tables on page 3.

For investors seeking exposure to the Australian large cap market sector, the three largest LICs in this sector, Australian Foundation Investment Company (AFI) Milton Corporation (MLT) and Argo Investments (ARG) offer reasonable value trading slightly below

pre-tax NTA at 31 December compared to their three-year average premiums to pre-tax NTA. We have a Highly Recommended rating on MLT and Recommended Plus on AFI and ARG.

Australian United Investments (AUI), Diversified United Investments (DUI) and Whitefield (WHF) were trading at discounts of 7.9%, 8.1% and 11.2% respectively at the end of December 2016. These LICs have consistently traded at a discount over the past three years, but are currently at larger discounts to their three year average. WHF offers exposure to the industrials sector and is suitable for investors seeking to avoid exposure to the cyclical resources sector. Its short term performance reflects the underperformance of large caps and absence of resources exposure, but over a five-year period it has delivered an average annual portfolio return (pre-tax NTA plus dividends) of 16.2%, in line with the S&P/ASX Industrials Accumulation Index return. Our ratings for AUI and WHF are Recommended Plus and our rating for DUI is Recommended.

Small caps retrace

Following a strong first half in calendar 2016, the retracement in small cap stocks has seen weaker performances from small cap focused LICs. The average return for small cap focused LICs for the December quarter was 0.6%, with a 12 month average return of 8.7% for the sector, below the 12 month return of 13.2% for the ASX Small Ordinaries Accumulation Index. We think it likely that small caps will continue to underperform relative to large caps over the next few months.

Westoz Investment Company (WIC) was the best performing small cap focused LIC in our coverage over the past 12 months reflecting its exposure to the strongly performing resources sector. It delivered a 12 month portfolio return of 23.5%. Whether it can continue to perform well depends on the outlook for resources and the resources based West Australian economy. Over the past five years WIC has delivered a portfolio return of just 3.5% p.a. despite the strong returns of the past 12 months. Our rating for WIC is Recommended. WAM Research (WAX) remains one of the best performing small cap focused LICs delivering a 12 month portfolio return of 12.2% despite a decline in portfolio value of 2.5% in the December quarter. Over a five year period WAX has delivered a return of 17.7% p.a. Our current rating for WAX is Recommended.

International returns mostly positive

Returns from the international focused LICs were generally positive over the December quarter reflecting the Trump rally. The MSCI World (AUD) Index delivered a return of 7.6% for the December quarter, although emerging markets delivered lower returns with the MSCI Emerging Markets (AUD) Index up just 1.3%. Of the international focused LICs we cover, Cadence Capital (CDM) delivered a portfolio return of 2.9% for the quarter while Hunter Hall Global Value (HHV) delivered a negative return of 14.7%. Both HHV and CDM have a blend of international and Australian shares in their portfolios. The HHV portfolio suffered due to large positions in gold stocks, which did not perform as expected following the U.S. presidential election, and a large position in Sirtex Medical (SRX), which experienced a substantial decline in its share price following a disappointing trading update. Our rating for CDM is Recommended Plus and our HHV rating has been suspended.

Pricing & Recommendations – Australian Share Focus

All data as at 31 December 2016	ASX Code	Market Cap (\$M) *	Last Price (\$)	Dividend Yield	Pre-Tax NTA (\$)	Pre-tax NTA Prem/Disc	3 Year Avg Prem/Disc	M'ment	M'ment Fee	IIR Rating
Australian Shares - Large Cap										
Australian Foundation Investment Company	AFI	6,552.2	5.76	4.2%	5.83	-1.2%	3.4%	Internal	0.16	Recommended+
Argo Investments	ARG	5,153.0	7.46	4.1%	7.63	-2.2%	3.4%	Internal	0.17	Recommended+
Milton Corporation	MLT	2,838.4	4.36	4.3%	4.47	-2.5%	1.4%	Internal	0.13	Highly Recommended
BKI Investment Company	BKI	980.0	1.63	4.5%	1.61	0.9%	1.3%	Internal	0.16	Not Rated
Djerriwarrh Investments	DJW	826.3	3.78	6.3%	3.29	14.9%	26.8%	Internal	0.46	Recommended+
Australian United Investment	AUI**	948.9	7.68	4.4%	8.34	-7.9%	-4.7%	Internal	0.10	Recommended+
Diversified United Investments	DUI	730.7	3.51	4.0%	3.82	-8.1%	-5.9%	Internal	0.13	Recommended
WAM Leaders Limited	WLE	413.8	1.15	0.0%	1.15	0.4%	2.9%	External	1.00	Recommended
Whitefield Limited	WHF	360.4	4.30	4.0%	4.84	-11.2%	-7.1%	Internal	0.35	Recommended+
AMCIL Limited	AMH	242.5	0.94	3.7%	0.93	1.1%	-0.7%	Internal	0.65	Recommended+
Absolute Equity Performance Fund	AEQ	92.4	1.00	0.0%	0.94	6.0%	11.1%	External	na	Not Rated
Wealth Defender Equities	WDE	100.4	0.80	3.8%	0.91	-12.9%	-7.3%	External	0.98	Not Rated
Century Australia	CYA	74.5	0.91	3.8%	0.94	-3.2%	-5.6%	External	1.08	Not Rated
Aberdeen Leaders	ALR	67.8	1.13	4.4%	1.25	-9.6%	-4.5%	External	2.40	Recommended
Ironbark Capital	IBC	59.1	0.47	5.1%	0.56	-16.2%	-10.5%	External	0.65	Not Rated
Aust Governance Masters Index Fund	AQF	50.0	1.87	4.3%	1.93	-3.1%	-0.4%	External	0.49	Not Rated
Flagship Investments	FSI	41.3	1.62	4.5%	1.82	-10.7%	-15.0%	External	0.00	Recommended
CBG Capital	CBC	21.4	0.86	3.6%	0.96	-11.3%	-7.2%	External	1.00	Recommended
Aurora Property Buy Write Inc. Trust	AUP	13.0	5.25	8.5%	5.24	0.2%	-1.2%	External	2.00	Not Rated
Australian Shares - Mid/Small Cap										
WAM Capital	WAM	1,445.7	2.41	6.0%	2.00	20.5%	10.9%	External	1.00	Recommended+
Carlton Investments	CIN	836.6	31.60	3.8%	36.95	-14.5%	-11.1%	Internal	0.08	Not Rated
Mirrabeeka Investments	MIR	464.1	2.97	5.1%	2.36	25.8%	14.3%	Internal	0.65	Recommended+
WAM Research	WAX	284.9	1.56	5.5%	1.29	20.5%	7.5%	External	1.00	Recommended
Future Generation Investment Company	FGX	407.9	1.17	3.4%	1.14	2.4%	-1.1%	External	0.00	Highly Recommended
QV Equities	QVE	278.0	1.26	2.6%	1.18	6.0%	-0.5%	External	0.90	Not Rated
Contango MicroCap	CTN	187.8	1.12	5.6%	1.17	-4.6%	-11.6%	External	1.25	Rating Suspended
Westoz Investment Company	WIC	125.9	0.98	6.2%	1.08	-9.4%	-10.2%	External	1.00	Recommended
Watermark Market Neutral Fund	WMK	95.6	1.06	6.2%	1.03	2.4%	-4.3%	External	1.00	Not Rated
Thorney Opportunities	TOP	120.8	0.71	1.6%	0.73	-2.9%	-4.0%	External	na	Not Rated
Contango Income Generator	CIE	77.0	0.95	6.8%	1.02	-6.8%	-3.5%	External	0.95	Recommended+
Naos Emerging Opp Company	NCC	63.7	1.35	5.0%	1.39	-2.9%	-10.5%	External	1.25	Not Rated
Ozgrowth Limited	OZG	59.1	0.17	3.0%	0.20	-15.8%	-17.1%	External	1.00	Not Rated
Acorn Capital Inv Fund	ACQ	52.3	1.07	1.7%	1.19	-10.1%	-14.0%	External	na	Not Rated
Sandon Capital Investments	SNC	43.6	0.99	5.1%	1.03	-4.4%	-7.4%	External	1.25	Not Rated
WAM Active Limited	WAA	40.3	1.13	4.3%	1.06	6.6%	10.2%	External	1.00	Recommended
Katana Capital Limited	KAT	32.3	0.73	6.9%	0.83	-12.5%	-6.5%	External	na	Not Rated
Ryder Capital	RYD	39.4	1.07	0.0%	1.13	-5.7%	-2.6%	External	na	Not Rated
8IP Emerging Companies	8EC	41.4	1.01	0.0%	1.12	-10.0%	-10.1%	External	1.25	Recommended
Lion Select Group	LSX	44.9	0.42	0.0%	0.38	10.5%	-29.2%	External	1.50	Not Rated
Glennon Small Companies Fund	GC1	46.0	0.98	3.8%	1.01	-3.2%	-4.9%	External	1.00	Recommended
Naos Absolute Opportunities Coy.	NAC	49.5	1.15	4.1%	1.14	0.9%	-10.3%	External	1.75	Not Rated
Barrack St Investments	BST	16.9	0.92	2.7%	1.04	-11.6%	-14.3%	External	1.00	Recommended
Bentley Capital	BEL	10.6	0.14	7.1%	0.18	-21.8%	-35.6%	External	na	Not Rated
Orion Equities	OEQ	3.1	0.18	0.0%	0.44	-60.3%	-58.2%	External	na	Not Rated
Australian/International Shares - Blended										
Cadence Capital	CDM	334.5	1.23	7.3%	1.16	6.4%	6.6%	External	1.00	Recommended+
Hunter Hall Global Value	HHV	298.3	1.23	5.3%	1.25	-1.9%	-10.6%	External	1.50	Rating Suspended
Perpetual Investment Company	PIC	250.2	0.99	2.8%	1.10	-10.1%	-5.9%	External	1.00	Not Rated
Clime Capital	CAM	69.8	0.88	5.5%	0.94	-6.4%	-7.5%	External	na	Not Rated
Mercantile Investment Company	MVT	49.0	0.18	0.0%	0.18	-1.6%	-13.9%	External	na	Not Rated
Sunvest Corporation	SVS	3.0	0.25	0.0%	0.51	-51.0%	-40.9%	External	na	Not Rated

Pricing & Recommendations – International Shares & Specialist Focus

All data as at 31 December 2016	ASX Code	Market Cap (\$M) *	Last Price (\$)	Dividend Yield	Pre-Tax NTA (\$)	Pre-tax NTA Prem/Disc (\$)	3 Year Avg Prem/Disc	M'ment	M'ment Fee	IIR Rating
International Shares - Diversified										
Magellan Flagship Fund	MFF	907.8	1.92	1.0%	2.22	-13.3%	-5.2%	External	1.50	Not Rated
Platinum Capital	PMC	376.9	1.60	4.4%	1.56	2.4%	9.2%	External	1.50	Not Rated
Future Generation Global Investment Company	FGG	295.2	1.07	0.9%	1.10	-3.5%	3.2%	External	0.00	Recommended+
PM Capital Global Opportunities Fund	PGF	341.7	0.98	3.1%	1.15	-14.6%	-9.5%	External	1.00	Not Rated
Templeton Global Growth	TGG	281.9	1.23	3.7%	1.43	-14.3%	-7.6%	External	1.00	Not Rated
Ellerston Global Investments	EGI	73.1	0.97	2.1%	1.12	-13.7%	-3.5%	External	0.75	Not Rated
International Shares - Emerging Markets										
Platinum Asia Investments	PAI	274.1	0.94	0.0%	0.99	-5.2%	0.1%	External	1.10	Not Rated
Asian Masters Fund	AUF	158.8	1.21	1.8%	1.22	-0.8%	0.8%	External	1.00	Recommended+
Emerging Markets Masters Fund	EMF	169.1	1.79	3.4%	1.76	1.7%	2.3%	External	1.10	Recommended+
Ellerston Asian Investments	EAI	104.4	0.87	0.0%	0.96	-9.4%	-9.2%	External	0.95	Not Rated
PM Capital Asian Opportunities Fund	PAF	52.5	0.95	2.6%	1.09	-13.6%	-11.8%	External	1.00	Not Rated
International - Specialist										
Argo Global Listed Infrastructure	ALI	239.9	1.68	1.8%	1.96	-14.5%	-7.2%	External	1.20	Not Rated
Global Value Fund	GVF	115.2	1.12	5.4%	1.13	-0.9%	-5.8%	External	1.50	Not Rated
Zeta Resources	ZER	30.0	0.30	0.0%	0.45	-33.6%	-19.0%	External	0.50	Not Rated
Global Masters Fund	GFL	13.4	1.56	0.0%	2.01	-22.3%	-14.4%	Internal	0.00	Recommended+
Aurora Global Income Trust	AIB	6.0	0.79	8.1%	0.77	2.5%	-1.9%	External	1.33	Not Rated
Fixed Income Funds										
Australian Enhanced Income Fund	AYF	19.2	5.95	6.1%	6.10	-2.5%	-0.6%	External	na	Not Rated
Australian Masters Yield Fund No 1	AYD	16.3	18.00	5.9%	19.84	-9.3%	0.4%	External	0.59	Not Rated
Australian Masters Yield Fund No 2	AYH	7.7	18.17	10.7%	19.18	-5.3%	0.4%	External	0.59	Not Rated
Australian Masters Yield Fund No 3	AYJ	70.2	71.86	3.7%	71.77	0.1%	0.7%	External	0.59	Not Rated
Australian Masters Yield Fund No 4	AYK	51.0	51.26	3.5%	51.35	-0.2%	1.1%	External	0.59	Not Rated
Australian Masters Yield Fund No 5	AYZ	75.2	74.42	3.5%	75.45	-1.4%	0.2%	External	0.50	Not Rated
Private Equity Funds										
US Select Private Opportunities Fund	USF	85.8	2.20	9.5%	2.17	1.4%	4.3%	External	2.33	Recommended
Bailador Technology Investments	BTI	128.1	1.07	0.0%	1.18	-9.7%	-13.3%	External	1.75	Recommended+
US Select Private Opportunities Fund 2	USG	121.4	2.20	6.8%	2.23	-1.3%	4.1%	External	2.33	Recommended
IPE Limited	IPE	22.4	0.17	48.2%	0.16	3.1%	-1.0%	External	1.50	Not Rated
Absolute Return Funds										
Arowana Australasian Value Op. Fund	AWQ	64.5	0.94	4.3%	1.00	-6.5%	-4.5%	External	1.00	Not Rated
Aurora Absolute Return Fund	ABW	8.9	0.80	4.5%	0.83	-4.1%	-1.8%	External	na	Not Rated
Alternative Investment Trust	AIQ	12.3	0.09	16.0%	0.11	-11.8%	-16.9%	External	na	Not Rated
Hastings High Yield Fund	HHY	10.7	0.12	0.0%	0.12	-2.1%	-17.6%	External	na	Not Rated
Australian Leaders Fund Limited	ALF	392.0	1.45	6.9%	1.29	12.0%	8.5%	External	na	Not Rated
Monash Absolute Investment Company Limited	MA1	45.6	0.87	0.0%	0.94	-7.1%	-3.2%	External	1.50	Not Rated
Other Specialist										
Blue Sky Alternatives Access Fund	BAF	195.0	1.14	4.4%	1.09	4.9%	1.1%	External	1.20	Not Rated

*Based on fully paid ordinary shares available for trade.

**Note the NTA for AUI in the October report was incorrect. The correct NTA was \$7.71.

Source: ASX/IRESS

Performance – Australian Share Focus

All data as at 31 December 2016		ASX Code	NTA (plus dividends) Return (%)					Share Price (plus dividends) Return (%)					Benchmark
Australian Shares - Large Cap			1 Mth	3 Mths	1 yr	3 yrs	5 yrs	1 Mth	3 Mths	1 yr	3 yrs	5 yrs	
Australian Foundation Investment Company	AFI		4.1	4.1	8.2	4.4	10.8	0.2	1.1	1.0	1.3	11.9	S&P/ASX 200 Acc Index
Argo Investments	ARG		3.8	4.5	9.5	5.6	11.6	2.5	3.2	-2.8	4.6	12.5	S&P/ASX 200 Acc Index
Milton Corporation	MLT		3.7	4.9	4.0	5.6	11.6	3.1	4.1	-0.5	5.3	13.4	All Ordinaries Acc Index
BKI Investment Company	BKI		3.2	3.2	4.9	3.9	9.0	0.6	4.5	0.9	5.5	12.2	S&P/ASX 300 Acc Index
Djerriwarrh Investments	DJW		4.4	5.4	10.8	3.1	8.7	5.3	6.2	-6.5	-2.0	7.8	S&P/ASX 200 Acc Index
Australian United Investment	AUI		4.3	6.0	11.4	4.0	11.0	4.5	6.7	8.9	3.8	12.2	ASX 300 Acc Index
Diversified United Investments	DUI		4.7	5.8	10.8	5.7	12.7	5.7	6.7	7.5	5.0	14.4	ASX 300 Acc Index
WAM Leaders Limited	WLE		3.8	2.7	na	na	na	2.2	0.4	na	na	na	S&P/ASX 200 Acc Index
Whitefield Limited	WHF		4.3	3.5	4.7	8.2	16.2	1.4	2.0	3.1	6.6	16.6	S&P/ASX 200 Industrials Acc (XJOAI) Index
AMCIL Limited	AMH		2.2	-1.1	3.7	7.3	12.6	0.0	-6.0	8.9	7.3	16.1	S&P/ASX 200 Acc Index
Absolute Equity Performance Fund	AEG		-3.3	-7.2	-13.4	na	na	-4.8	-8.3	-18.7	na	na	na
Wealth Defender Equities	WDE		4.0	4.2	3.3	na	na	3.2	1.9	0.6	na	na	na
Century Australia	CYA		4.2	4.4	9.1	5.4	10.7	1.1	7.7	15.1	6.8	12.7	S&P/ASX 300 Acc Index
Aberdeen Leaders	ALR		5.0	3.3	11.6	7.3	11.9	4.1	3.7	13.4	-1.2	8.7	S&P ASX 200 Acc Index
Ironbark Capital	IBC		3.8	5.0	6.7	3.3	5.2	0.0	4.3	3.0	-0.8	6.0	na
Aust Governance Masters Index Fund	AQF		5.4	6.0	9.7	5.0	10.9	2.7	4.4	8.1	4.1	9.0	S&P/ASX 100 Acc Index
Flagship Investments	FSI		1.6	-0.4	1.7	6.6	11.9	5.2	3.8	19.3	8.0	12.4	All Ordinaries Index
CBG Capital	CBC		1.5	-1.0	-5.9	na	na	-5.0	-2.9	-6.8	na	na	S&P/ASX 200 Acc Index
Aurora Property Buy Write Inc. Trust	AUP		1.9	-1.9	3.9	8.0	9.3	5.1	-2.0	6.3	8.4	9.9	RBA Cash Rate
Australian Shares - Mid/Small Cap													
WAM Capital	WAM		1.2	-0.7	10.2	11.6	13.2	2.6	6.3	21.3	14.5	18.5	All Ordinaries Acc Index
Carlton Investments	CIN		1.9	0.1	-1.2	12.4	17.2	1.1	-0.5	-3.2	12.1	20.0	S&P/ASX 200 Acc Index
Mirrabeeka Investments	MIR		1.7	-2.9	3.4	9.2	14.5	3.1	0.7	21.4	9.3	20.6	S&P/ASX Mid Cap 50's Acc Index, S&P/ASX Small Ordinaries Acc Index
WAM Research	WAX		1.5	-2.5	12.2	12.7	17.7	1.0	1.3	28.0	18.7	26.7	All Ordinaries Acc Index
Future Generation Investment Fund	FGX		1.0	-1.1	-1.0	na	na	0.9	3.5	4.4	na	na	All Ordinaries Acc Index
QV Equities	QVE		3.6	1.5	13.4	na	na	-0.4	2.7	24.9	na	na	na
Contango MicroCap	CTN		-2.7	-10.2	7.5	5.3	5.6	1.4	-0.4	25.3	9.7	12.8	ASX All Ordinaries Acc Index
Westoz Investment Company	WIC		-1.9	-0.6	23.5	-0.3	3.5	1.0	8.3	23.6	0.4	10.1	Absolute return focus
Watermark Market Neutral Fund	WMK		1.0	-1.9	1.5	5.3	na	1.4	1.8	15.1	6.5	na	na
Thorney Opportunities	TOP		1.4	-2.1	32.9	17.3	na	-3.7	6.3	27.4	12.3	14.1	na
Contango Income Generator	CIE		3.6	1.2	4.2	na	na	0.0	0.0	3.2	na	na	All Ordinaries Acc Index
Naos Emerging Opp Company	NCC		2.2	0.4	32.0	10.6	na	0.0	5.0	46.7	13.4	na	Small Ordinaries Acc Index (XSOAI)
Ozgrowth Limited	OZG		0.5	0.5	35.5	-0.5	2.7	-2.9	0.0	42.8	2.4	10.2	Absolute return focus
Acorn Capital Inv Fund	ACQ		0.5	-2.7	20.8	na	na	2.4	-2.3	27.4	na	na	na
Sandon Capital Investments	SNC		-0.9	4.0	10.6	7.2	na	2.1	12.5	22.7	6.3	na	na
WAM Active Limited	WAA		-0.1	0.2	10.2	7.2	8.4	1.8	-2.2	14.5	4.8	10.5	All Ordinaries Acc Index
Katana Capital Limited	KAT		0.9	0.5	-1.3	-0.2	4.2	0.0	-5.2	-3.6	1.1	7.0	na
Ryder Capital	RYD		2.0	1.4	12.0	na	na	-3.6	4.9	7.0	na	na	na
8IP Emerging Companies	8EC		0.2	-9.5	11.1	na	na	-0.5	2.5	4.7	na	na	ASX Emerging Co. Acc Index
Lion Select Group	LSX		-5.0	0.0	31.0	-15.5	na	20.0	27.3	140.0	-7.5	na	na
Glennon Small Companies Fund	GC1		0.7	-7.5	0.4	na	na	-2.0	-1.5	0.7	na	na	ASX Small Ords Acc Index
Naos Absolute Opportunities Coy.	NAC		-1.7	-7.6	1.4	na	na	-0.4	9.8	19.5	na	na	na
Barrack St Investments	BST		-1.6	-7.1	-12.1	na	na	0.0	-5.6	-5.1	na	na	All Ordinaries Accum Index
Bentley Capital	BEL		0.6	-5.8	-21.4	-4.7	0.6	3.7	7.7	7.8	7.3	6.7	na
Orion Equities	OEQ		3.5	-1.8	-18.8	-5.6	-10.4	16.7	9.4	34.6	-12.4	-7.6	na
Australian/International Shares - Blended													
Cadence Capital	CDM		2.6	2.9	-6.8	0.8	6.7	3.8	1.7	-14.0	1.5	10.0	All Ordinaries Acc Index
Hunter Hall Global Value	HHV		-8.0	-14.7	-2.8	8.8	14.5	-8.8	-12.5	9.1	15.8	18.8	MSCI Total Return Index, Net Dividends Reinvested in Australian dollars
Perpetual Investment Company	PIC		3.2	4.6	7.4	na	na	2.1	3.1	4.6	na	na	na
Clime Capital	CAM		4.4	3.6	5.5	-0.5	3.5	8.6	10.9	6.7	-1.6	6.8	na
Mercantile Investment Company	MVT		-6.5	-0.2	4.0	3.6	23.6	0.0	9.4	25.0	7.7	20.8	na
Sunvest Corporation	SVS		-3.8	-13.6	59.4	-10.4	-11.3	0.0	-3.8	4.2	-1.9	10.8	na

Performance – International Shares & Specialist Focus

All data as at 31 December 2016	ASX Code	NTA (plus dividends) Return (%p.a)					Share Price (plus dividends) Return (%p.a)					Benchmark
International Shares - Diversified		1 Mth	3 Mths	1 yr	3 yrs	5 yrs	1 Mth	3 Mths	1 yr	3 yrs	5 yrs	
Magellan Flagship Fund	MFF	4.7	13.8	6.4	15.9	24.3	6.4	11.6	-7.5	8.7	24.7	na
Platinum Capital	PMC	3.4	4.8	3.3	2.7	13.3	1.6	6.0	-12.3	3.4	15.7	MSCI All Country World Net Index in A\$
Future Generation Global Investment Company	FGG	3.0	4.3	4.8	na	na	1.4	2.4	-8.1	na	na	MSCI World Index AUD
PM Capital Global Opportunities Fund	PGF	4.9	15.7	4.5	6.5	na	2.6	15.3	0.4	1.9	na	na
Templeton Global Growth	TGG	4.9	9.7	6.1	4.4	15.1	2.9	6.1	3.5	-0.6	16.9	MSCI All Country World Free Index
Ellerston Global Investments	EGI	2.1	-1.4	3.6	na	na	-8.1	-1.5	-6.2	na	na	na
International Shares - Emerging Markets												
Platinum Asia Investments	PAI	-0.3	-0.7	2.3	na	na	0.5	-1.1	-9.2	na	na	na
Asian Masters Fund	AUF	-0.2	-4.1	-7.4	5.7	10.8	0.8	-6.2	-5.3	5.4	8.8	MSCI AC Asia ex Japan Index
Emerging Markets Masters Fund	EMF	1.7	0.6	0.6	6.1	na	1.1	0.0	-1.0	5.8	na	MSCI Emerging Mkt Index
Ellerston Asian Investments	EAI	-1.0	-3.3	-1.1	na	na	4.2	-2.2	-9.4	na	na	na
PM Capital Asian Opportunities Fund	PAF	-1.3	3.1	-1.3	na	na	1.1	1.6	1.1	na	na	na
International - Specialist												
Argo Global Listed Infrastructure	ALI	4.3	0.0	6.4	na	na	0.0	-4.6	-2.7	na	na	na
Global Value Fund	GVF	3.1	5.6	4.0	na	na	3.7	7.1	16.2	na	na	BBSW 1 year swap rate + 4
Zeta Resources	ZER	-5.9	-12.0	165.6	-18.4	na	-14.3	-14.3	50.0	-16.2	na	na
Global Masters Fund	GFL	6.4	15.5	17.9	13.6	18.2	0.6	6.5	12.2	11.5	19.5	S&P 500 US Index
Aurora Global Income Trust	AIB	-2.1	2.4	-2.0	3.9	3.3	1.9	3.9	5.1	5.0	4.1	UBS Australia Bank Bill Index
Fixed Income Funds												
Australian Enhanced Income Fund	AYF	3.6	3.7	9.8	4.7	5.9	0.6	0.6	6.2	4.4	5.9	na
Australian Masters Yield Fund No 1	AYD	-0.1	0.0	3.1	11.3	na	-10.5	-8.1	-7.3	7.5	na	na
Australian Masters Yield Fund No 2	AYH	-0.3	-0.1	8.3	15.5	na	-5.2	-5.6	2.4	13.4	na	na
Australian Masters Yield Fund No 3	AYJ	0.5	1.0	3.9	4.9	na	1.3	1.2	3.8	5.0	na	na
Australian Masters Yield Fund No 4	AYK	0.4	1.4	3.8	4.3	na	1.2	1.2	3.3	4.2	na	na
Australian Masters Yield Fund No 5	AYZ	0.3	1.5	4.6	na	na	0.2	0.3	2.9	na	na	na
Private Equity Funds												
US Select Private Opportunities Fund	USF	2.4	5.3	6.3	11.8	na	0.0	2.3	1.4	10.3	na	na
Bailador Technology Investments	BTI	4.4	0.9	-5.6	na	na	-0.5	0.9	7.0	na	na	8% p.a. compound
US Select Private Opportunities Fund II	USG	2.3	7.2	3.3	11.1	na	0.0	3.3	-3.6	8.8	na	Absolute Return w H/W Mark
IPE Limited	IPE	1.3	-2.3	0.5	8.5	11.4	0.0	-4.1	17.5	10.1	21.7	na
Absolute Return Funds												
Arowana Australasian Value Op. Fund	AWQ	-2.9	-3.8	0.8	na	na	-3.6	-5.1	-3.7	na	na	na
Aurora Absolute Return Fund	ABW	-0.9	0.9	-8.5	-3.0	0.1	1.1	-2.0	-11.7	-4.5	-0.8	RBA Cash Rate
Alternative Investment Trust	AIQ	-0.3	0.5	2.4	7.0	34.3	-1.1	-1.1	21.3	12.9	39.9	na
Hastings High Yield Fund	HHY	1.0	-2.2	4.8	19.9	60.0	-4.0	-4.0	26.3	48.1	100.0	na
Australian Leaders Fund Limited	ALF	0.0	-1.5	2.1	2.0	10.9	2.5	-1.1	10.7	2.1	16.6	All Ordinaries Acc Index
Monash Absolute Investment Company Limited	MA1	-4.9	-4.2	na	na	na	-5.9	-9.4	na	na	na	na
Other Specialist												
Blue Sky Alternatives Access Fund	BAF	0.6	1.5	7.4	na	na	-0.9	-4.9	19.8	na	na	na
Benchmark Returns												
S&P/ASX 50 Accumulation Index	XFLAI	na	na	na	na	na	4.5	6.6	10.9	5.6	11.9	na
S&P/ASX 200 Accumulation Index	XJOAI	na	na	na	na	na	4.4	5.2	11.8	6.6	11.8	na
S&P/ASX 300 Accumulation Index	XKOA	na	na	na	na	na	4.3	4.9	11.8	6.6	11.6	na
All Ordinaries Accumulation Index	XAOAI	na	na	na	na	na	4.2	4.4	11.6	6.8	11.6	na
Small Ordinaries Accumulation Index	XSOAI	na	na	na	na	na	3.6	-2.5	13.2	6.2	4.9	na
S&P/ASX 200 Industrials Accumulation Index	XJIAI	na	na	na	na	na	4.5	4.5	7.5	9.0	16.0	na
S&P/ASX 200 Resources Accumulation Index	XMJAI	na	na	na	na	na	3.9	7.9	42.9	2.1	1.9	na
RBA Cash Rate at 31 December 2016: 1.5%												

Source: ASX/IRESS

Note: Share Price and NTA are adjusted using adjustment factors provided by IRESS.

ASX Quoted Managed Funds

About ASX Quoted Managed Funds

Quoted managed Funds (QMFs) are a relatively new type of exchange traded product (ETP) traded on the ASX. While traditional exchange traded funds (ETFs) adopt passive strategies that synthetically track the performance of an index or other benchmark, QMFs are actively managed funds. The legal structure is the same as a traditional managed fund, but the units can be bought and sold on the ASX just like shares. Unlike listed investment companies, QMFs are open ended with the manager acting as market maker. This ensures the units trade close to net asset value. The manager issues new units as required to meet market demand.

Pricing & Rating

All data as at 31 December 2016	ASX Code	Market Cap (\$)	Last Price (\$)	Dividend Yield	Pre-Tax NTA (\$)	M'ment Fee	IIR Rating
Australian Share Strategies							
Aurora Dividend Income Trust	AOD	11.0	0.71	6.1%	0.71	1.30	Not Rated
Betashares Aus Top20 Equity Yield Max Fund	YMAX	342.8	9.38	10.0%	9.38	0.59	Not Rated
Betashares Australian Dividend Harvester Fund	HVST	355.7	20.78	11.3%	20.78	0.65	Not Rated
BetaShares Australian Equities Bear Hedge Fund	BEAR	54.2	15.28	1.1%	15.28	1.19	Not Rated
Betashares Australian Equities Strong Bear Hedge Fund	BBOZ	76.8	18.73	0.0%	18.73	1.19	Not Rated
Betashares Geared Australian Equity Fund	GEAR	60.2	21.28	4.4%	21.28	0.80	Not Rated
Betashares Managed Risk Australian Share Fund	AUST	31.3	15.63	0.4%	15.63	0.39	Not Rated
K2 Australian Small Cap Fund	KSM	20.9	2.54	0.0%	2.55	2.05	Recommended
International Share/Security Strategies							
AMP Capital Global Infrastructure Securities Fund (Unhedged)	GLIN	19.0	2.55	0.4%	2.55	0.95	Not Rated
AMP Capital Global Property Securities Fund (Unhedged)	RENT	13.2	2.35	0.6%	2.35	0.99	Not Rated
BetaShares Geared U.S. Equity Fund - Currency Hedged	GGUS	8.9	11.10	0.9%	11.10	0.74	Not Rated
Betashares Managed Risk Global Share Fund	WRLD	16.9	10.58	0.3%	10.58	0.39	Not Rated
BetaShares S&P 500 Yield Maximiser Fund	UMAX	83.3	18.02	5.7%	18.02	0.59	Not Rated
K2 Global Equities Fund	KII	35.1	2.34	0.0%	2.36	2.00	Recommended
Magellan Global Equities Fund	MGE	717.7	2.67	1.9%	2.67	1.35	Not Rated
Magellan Global Equities Fund (Currency Hedged)	MHG	47.0	2.52	2.0%	2.52	1.35	Not Rated
Schroders Real Return Fund (Managed Fund)	GROW	21.6	3.58	0.0%	3.58	0.90	Not Rated
AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT	13.7	2.66	0.0%	2.66	0.48	Not Rated
Magellan Infrastructure Fund (Currency Hedged) (Managed Fund)	MICH	46.6	2.42	0.5%	2.42	0.95	Not Rated

Performance

All data as at 31 December 2016	ASX Code	NTA (plus dividends) Return (%p.a)					Share Price (plus dividends) Return (%p.a)				
Australian Share Strategies		1 Mth	3 Mths	1 year	3 years	5 years	1 Mth	3 Mths	1 year	3 years	5 years
Aurora Dividend Income Trust	AOD	0.4	1.2	-2.4	-6.2	1.6	1.2	0.8	-0.1	-6.3	1.1
Betashares Aus Top20 Equity Yield Max Fund	YMAX	na	na	na	na	na	3.5%	5.5%	6.9%	2.0%	na
Betashares Australian Dividend Harvester Fund	HVST	na	na	na	na	na	3.6%	5.2%	8.2%	na	na
BetaShares Australian Equities Bear Hedge Fund	BEAR	na	na	na	na	na	-4.5%	-5.4%	-10.9%	-5.4%	na
Betashares Australian Equities Strong Bear Hedge Fund	BBOZ	na	na	na	na	na	-9.9%	-12.6%	-26.2%	na	na
Betashares Geared Australian Equity Fund	GEAR	na	na	na	na	na	9.7%	10.5%	16.5%	na	na
Betashares Managed Risk Australian Share Fund	AUST	na	na	na	na	na	3.0%	2.9%	5.8%	na	na
K2 Australian Small Cap Fund	KSM	-0.4	-5.6	0.8	na	na	-1.9	-7.0	-0.4	na	na
International Share/Security Strategies											
AMP Capital Global Infrastructure Securities Fund (Unhedged)	GLIN	na	na	na	na	na	7.6%	-0.2%	na	na	na
AMP Capital Global Property Securities Fund (Unhedged)	RENT	na	na	na	na	na	4.4%	-2.5%	na	na	na
BetaShares Geared U.S. Equity Fund - Currency Hedged	GGUS	na	na	na	na	na	5.1%	11.0%	21.2%	na	na
Betashares Managed Risk Global Share Fund	WRLD	na	na	na	na	na	5.1%	7.3%	5.9%	na	na
BetaShares S&P 500 Yield Maximiser Fund	UMAX	na	na	na	na	na	3.8%	9.1%	8.0%	na	na
K2 Global Equities Fund	KII	1.7	0.4	-3.7	na	na	2.2	0.4	-5.3	na	na
Magellan Global Equities Fund	MGE	3.5	6.1	3.9	na	na	4.7	6.0	2.8	na	na
Magellan Global Equities Fund (Currency Hedged)	MHG	1.5	1.6	5.6	na	na	0.8	2.0	4.2	na	na
Schroders Real Return Fund (Managed Fund)	GROW	na	na	na	na	na	1.1%	1.7%	na	na	na
AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT	na	na	na	na	na	2.3%	5.6%	na	na	na
Magellan Infrastructure Fund (Currency Hedged) (Managed Fund)	MICH	na	na	na	na	na	2.2%	-3.1%	na	na	na

WHO IS IIR?

Independent Investment Research, "IIR", is an independent investment research house based in Australia and the United States. IIR specialises in the analysis of high quality commissioned research for Brokers, Family Offices and Fund Managers. IIR distributes its research in Asia, United States and the Americas. IIR does not participate in any corporate or capital raising activity and therefore it does not have any inherent bias that may result from research that is linked to any corporate/ capital raising activity.

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