

# Listed Managed Investments

Quarterly Review  
17 September 2018

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In this edition of the Independent Investment Research LMI Market Review we provide detailed coverage, including commentary, for 49 listed investment companies (LICs), listed investment trusts (LITs) and Active ETFs. Note that for one of these entities, Lowell Resources Fund (ASX:LRT) the client did not want a rating for the IPO and so we do not provide a rating for this entity. At 31 July 2018, there were 110 LICs and LITs on the ASX, with a collective market capitalisation of \$41.9B, an increase from 100 as at 31 July 2017. We expect further growth in the sector over coming months with a number of initial public offers currently underway and new proposals in the pipeline and planning stage.

Please note that most of the data contained in the individual LMI profiles is based on information collected from the Managers and is as at 30 June 2018. Where possible, we have included more up to date data, such as market prices. All ratings are current as at the date of publication of this report.

### NEW RESEARCH

We have added the following listed managed investments (LMIs) to our quarterly coverage since our last LMI Quarterly Review.

- ◆ **Evans & Partners Australian Flagship Fund (ASX:EFF)** - Recommended
- ◆ **eInvest Income Generator Fund (ASX:EIGA)** - Recommended Plus
- ◆ **Gryphon Capital Income Trust (ASX:GCI)** - Recommended
- ◆ **L1 Long Short Fund Limited (ASX:LSF)** - Recommended Plus
- ◆ **WAM Global Limited - (ASX:WGB)** - Recommended

Since the end of June we have issued reports on global equities LIC PM Capital Global Opportunities Fund Limited (ASX:PGF) with a Recommended Plus rating and activist LIC Sandon Capital Investments (ASX:SNC) with a Recommended rating. We have also issued pre-listing reports on high yield corporate bond fund NB Global Corporate Income Trust (Proposed ASX Code: NBI) with a Recommended Plus rating and resources focused LIC Tribeca Global Natural Resources Limited (Proposed ASX Code: TGF) with a Recommended rating. Full profiles of these LMIs will be included in our next Quarterly LMI Market Review.

### CESSATION OF COVERAGE & NAME CHANGES

We have ceased coverage of Concentrated Leaders Fund (ASX:CLF), formerly Aberdeen Leaders, at the request of the company. Our rating had been suspended following the announced internalisation of management. Following the internalisation of management the company decided not to continue with coverage.

As noted in our last Quarterly LMI Market Review we have also ceased coverage of Asian Masters Fund (ASX:AUF) and Emerging Markets Masters Fund (ASX:EMF) as these entities have been restructured, renamed and given new mandates. We have not picked up coverage of the new vehicles.

### MARKETS STARTING TO FALTER AFTER A STRONG YEAR

Fiscal 2018 was a good year for domestic and international equity markets with the S&P/ASX 200 Accumulation Index up 13.0% for the 12 months to 30 June 2018 and the MSCI World Total Return Index, AUD up 15.3%. In the domestic markets, continued strength in the resources sector helped drive markets. Small caps also performed strongly with the S&P/ASX Small Ordinaries Accumulation Index up 24.2% for the 12 months.

June was a particularly good quarter for the domestic market with the S&P/ASX 200 Accumulation Index up 8.5%. Resources had a particularly strong quarter with the index up 11.7%. The small cap index rose 7.7%. The markets continued to edge up after 30 June but have started to falter in early September and at the time of writing the S&P/ASX200 Index is off nearly 200 points since the end of August. As the bull market lengthens, we are cautious as to how long the markets can continue to achieve further solid gains.

## PERFORMANCE

Figures 2 and 3 illustrate the performance of the LMI's covered in this review as at 30 June 2018. Figure 2 illustrates the LMI's performance based on their share prices (including dividends), which is the actual return investors receive from their investment, while Figure 3 shows the performance of the LMI's portfolios (pre-tax NTA plus dividends). Independent Investment Research prefers to use NTA to evaluate the performance of a manager, as this can be directly influenced by the manager, whereas managers have limited control over the share price movement.

From a shareholder return perspective, Barrack St Investments (ASX:BST) and Evans & Partners Global Disruption Fund (ASX:EGD) were the best performers for the June quarter, with their share prices (plus dividends) increasing 14.5% and 12.6% respectively. The best performing portfolios (pre-tax NTA plus dividends) over the June quarter were Glennon Small Companies (ASX:GC1) and Evans & Partners Global Disruption Fund (ASX:EGD) which generated portfolio returns of 13.4% and 13.0% respectively.

Most LICs and LITs delivered strongly positive portfolio returns during the March quarter and also for the 12 months to 30 June 2018, consistent with the strong domestic and international market returns.

**Figure 2. Share Price (including dividends) Performance Analysis to 30 June 2018**

	ASX Code	Return Jun Qtr	Annual Returns,		
			1 Year	3 Years	5 Years
LMIs					
AFIC Limited	AFI	2.0%	10.3%	4.4%	6.7%
Amcil Limited	AMH	7.3%	9.1%	6.4%	10.0%
Antipodes Global Investment Company	APL	-2.5%	-5.2%	na	na
Argo Limited	ARG	1.8%	8.1%	4.1%	8.4%
Australian United Investment Company Limited	AUI	4.7%	11.4%	7.0%	9.7%
BKI Investment Company Limited	BKI	-3.4%	-1.6%	1.6%	6.0%
Barrack St Investments Limited	BST	14.5%	14.8%	9.9%	na
Bailador Technology Investments Limited	BTI	-12.4%	-17.8%	-6.7%	na
CBG Capital Limited	CBC	8.1%	6.3%	2.3%	na
Cordish Dixon Private Equity Fund I	CD1	3.7%	-0.9%	3.0%	8.0%
Cordish Dixon Private Equity Fund II	CD2	6.1%	8.7%	5.3%	8.0%
Cordish Dixon Private Equity Fund III	CD3	2.9%	-0.6%	na	na
Cadence Capital Limited	CDM	-2.3%	7.6%	3.6%	6.9%
Contango Income Generator Limited	CIE	0.7%	6.0%	na	na
Djerriwarrh Investments Limited	DJW	3.0%	-2.8%	-4.8%	1.3%
Diversified United Investment Limited	DUI	3.0%	14.4%	9.6%	11.4%
Evans & Partners Australian Flagship Fund	EFF	na	na	na	na
Evans & Partners Global Disruption Fund	EGD	12.6%	na	na	na
Ellerston Global Investments Limited	EGI	0.9%	10.0%	0.2%	na
eInvest Income Generator Fund (Managed Fund)	EIGA	na	na	na	na
Future Generation Global Investment Company Limited	FGG	10.6%	27.0%	na	na
Future Generation Fund Limited	FGX	8.3%	19.0%	7.6%	na
Forager Australian Shares Fund	FOR	6.6%	6.6%	na	na
Flagship Investments Limited	FSI	1.8%	12.4%	11.8%	9.9%
Glennon Small Companies Limited	GC1	5.3%	16.1%	na	na
Gryphon Capital Income Trust	GCI	na	na	na	na
Global Masters Fund Limited	GFL	-6.7%	3.5%	8.2%	14.2%
K2 Australian Small Cap Fund (Hedge Fund)	KSM	3.0%	4.6%	na	na
Lowell Resources Fund	LRT	na	na	na	an
L1 Long Short Fund Limited	LSF	-6.5%	na	na	na
Magellan Global Trust	MGG	8.7%	na	na	na
Mirrabooka Investments Limited	MIR	4.7%	4.9%	6.9%	10.3%
Milton Corporation Limited	MLT	2.4%	6.5%	5.2%	9.1%

	ASX Code	Return Jun Qtr	Annual Returns,		
			1 Year	3 Years	5 Years
MCP Master Income Trust	MXT	3.7%	na	na	na
Pengana International Equities Limited	PIA	4.4%	11.5%	6.1%	13.8%
Perpetual Equity Investment Company Limited	PIC	5.9%	18.9%	11.0%	na
Plato Income Maximiser Limited	PL8	6.7%	-2.6%	na	na
QV Equities Limited	QVE	-1.7%	-11.3%	6.0%	na
Switzer Dividend Growth Fund (Managed Fund)	SWTZ	6.2%	8.0%	na	na
URB Investments Limited	URB	-5.8%	-15.1%	na	na
VGI Partners Global Investments Limited	VG1	9.1%	na	na	na
WAM Active Limited	WAA	-0.1%	5.5%	10.3%	6.8%
WAM Capital Limited	WAM	6.5%	14.8%	17.7%	16.8%
WAM Research Limited	WAX	-0.2%	6.4%	16.0%	16.2%
WAM Global Limited	WGB	na	na	na	na
Whitefield Limited	WHF	0.7%	3.9%	4.4%	9.6%
Westoz Investment Company	WIC	4.0%	28.4%	15.9%	9.9%
WAM Leaders Limited	WLE	2.2%	7.3%	na	na
WCM Global Growth Limited	WQG	8.6%	-2.3%	na	na
<b>Indices</b>					
S&P/ASX 200 Accumulation	XJOAI	8.5%	13.0%	9.0%	10.0%
S&P/ASX All Ordinaries Accumulation	XAOAI	8.0%	13.7%	9.5%	10.3%
S&P/ASX Small Ords Accumulation	XSOAI	7.7%	24.3%	15.0%	11.6%
S&P/ASX 200 Property Accumulation	XPJAI	10.0%	13.0%	9.7%	12.0%
S&P/ASX 200 Industrials Accumulation	XJIAI	6.7%	7.8%	7.7%	10.3%

Source: IRESS/Independent Investment Research

Figure 3. Pre-tax NTA/NAV (including dividends) Performance Analysis to 30 June 2018

	ASX Code	Return Jun Qtr	Annual Returns,		
			1 Year	3 Years	5 Years
LMIs					
AFIC Limited	AFI	7.5%	10.8%	6.8%	8.2%
Ancil Limited	AMH	8.5%	11.9%	8.3%	10.3%
Antipodes Global Investment Company	APL	0.0%	6.1%	na	na
Argo Limited	ARG	7.5%	10.2%	7.1%	8.8%
Australian United Investment Company Limited	AUI	8.4%	11.8%	8.1%	8.9%
BKI Investment Company Limited	BKI	5.8%	5.7%	4.4%	6.1%
Barrack St Investments Limited	BST	8.6%	15.24%	9.23%	na
Bailador Technology Investments Limited	BTI	3.7%	3.74%	0.86%	na
CBG Capital Limited	CBC	7.4%	12.7%	6.2%	na
Cordish Dixon Private Equity Fund I	CD1	5.0%	15.1%	10.0%	10.2%
Cordish Dixon Private Equity Fund II	CD2	7.6%	16.3%	7.7%	9.1%
Cordish Dixon Private Equity Fund III	CD3	4.0%	5.4%	na	na
Cadence Capital Limited	CDM	6.4%	14.8%	3.7%	6.6%
Contango Income Generator Limited	CIE	2.7%	1.9%	na	na
Djerriwarrh Investments Limited	DJW	6.1%	8.7%	5.5%	6.3%
Diversified United Investment Limited	DUI	10.4%	15.8%	10.8%	11.1%
Evans & Partners Australian Flagship Fund	EFF	na	na	na	na
Evans & Partners Global Disruption Fund	EGD	13.0%	na	na	na
Ellerston Global Investments Limited	EGI	0.5%	5.1%	3.8%	na
eInvest Income Generator Fund (Managed Fund)	EIGA	na	na	na	na
Future Generation Global Investment Company Limited	FGG	4.8%	16.5%	na	na
Future Generation Fund Limited	FGX	5.8%	14.8%	8.7%	na
Forager Australian Shares Fund	FOR	3.8%	6.4%	16.3%	15.8%
Flagship Investments Limited	FSI	8.8%	12.8%	9.2%	10.1%
Glennon Small Companies Limited	GC1	13.4%	26.8%	na	na
Gryphon Capital Income Trust	GCI	na	na	na	na
Global Masters Fund Limited	GFL	0.1%	12.2%	9.7%	12.4%
K2 Australian Small Cap Fund (Hedge Fund)	KSM	-2.4%	8.2%	na	na
Lowell Resources Fund	LRT	na	na	na	na
L1 Long Short Fund Limited	LSF	-9.8%	na	na	na
Magellan Global Trust	MGG	6.1%	na	na	na
Mirrabooka Investments Limited	MIR	7.0%	14.9%	11.3%	13.0%
Milton Corporation Limited	MLT	6.5%	9.3%	7.0%	8.5%
MCP Master Income Trust	MXT	1.3%	na	na	na
Pengana International Equities Limited	PIA	0.7%	10.2%	1.6%	10.2%
Perpetual Equity Investment Company Limited	PIC	6.1%	9.7%	8.8%	na
Plato Income Maximiser Limited	PL8	9.2%	10.1%	na	na
QV Equities Limited	QVE	4.7%	6.0%	8.9%	na
Switzer Dividend Growth Fund (Managed Fund)	SWTZ	7.3%	9.1%	na	na
URB Investments Limited	URB	2.1%	5.8%	na	na
VGI Partners Global Investments Limited	VG1	5.1%	na	na	na
WAM Active Limited	WAA	2.1%	8.6%	9.3%	8.0%
WAM Capital Limited	WAM	4.1%	12.1%	11.4%	11.5%
WAM Research Limited	WAX	3.9%	11.0%	11.4%	12.4%
WAM Global Limited	WGB	na	na	na	na
Whitefield Limited	WHF	6.1%	5.7%	6.2%	9.8%
Westoz Investment Company	WIC	1.7%	24.1%	14.5%	8.1%
WAM Leaders Limited	WLE	6.1%	8.3%	na	na
WCM Global Growth Limited	WQG	7.0%	16.3%	na	na

Source: LMIs/Independent Investment Research

## PREMIUMS AND DISCOUNTS

The discrepancy between portfolio value and share price is shown by the premium/discount to NTA/NAV table in Figure 4 and the chart in Figure 5. Figure 4 illustrates premiums and discounts to pre-tax NTA while figure 5 illustrates the movement in discounts/premiums over the June quarter. At 30 June 2018, of the 49 LMIs covered in this review more were trading at discounts than premiums with 32 at a discount and 17 at a premium. WAM Capital (ASX:WAM) was trading at the largest premium at the end of March at 28.5%. WAM Research (ASX:WAX) was the second largest premium at 20.3%. Despite our positive ratings for these LICs, we see no value in buying their shares at such large premiums and prefer to wait for better opportunities closer to NTA.

Bailador Technology Investments (ASX:BTI) was trading at the largest discount to pre-tax NTA at 33.0% with the discount widening from 21.0% over the quarter. Glennon Small Companies (ASX:GC1) was the second largest discount to pre-tax NTA at 17.4% with the discount widening to 17.4%, from 11.0%, over the quarter. Movements in the GC1 share price did not match the strong portfolio performance over the quarter.

**Figure 4. Premium/Discount to pre-tax NTA as at 30 June 2018**

	ASX Code	Premium/Discount	3 year Average Premium/Discount*
AFIC Limited	AFI	-1.8%	2.0%
Amcil Limited	AMH	-5.9%	-2.5%
Antipodes Global Investment Company	APL	-7.1%	-1.9%
Argo Limited	ARG	-2.3%	2.6%
Australian United Investment Company Limited	AUI	-6.1%	-4.5%
BKI Investment Company Limited	BKI	-6.3%	2.6%
Barrack St Investments Limited	BST	-16.5%	-17.4%
Bailador Technology Investments Limited	BTI	-33.3%	-16.0%
CBG Capital Limited	CBC	-13.1%	-8.5%
Cordish Dixon Private Equity Fund I	CD1	-4.9%	4.2%
Cordish Dixon Private Equity Fund II	CD2	-1.9%	3.5%
Cordish Dixon Private Equity Fund III	CD3	1.9%	4.2%
Cadence Capital Limited	CDM	-0.1%	8.3%
Contango Income Generator Limited	CIE	-3.1%	-4.0%
Djerriwarrh Investments Limited	DJW	2.1%	19.4%
Diversified United Investment Limited	DUI	-8.3%	-5.5%
Evans & Partners Australian Flagship Fund	EFF	2.6%	2.6%
Evans & Partners Global Disruption Fund	EGD	2.9%	4.7%
Ellerston Global Investments Limited	EGI	-8.1%	-9.0%
eInvest Income Generator Fund (Managed Fund)	EIGA	0.6%	0.5%
Future Generation Global Investment Company Limited	FGG	1.9%	-0.5%
Future Generation Fund Limited	FGX	-1.3%	-2.5%
Forager Australian Shares Fund	FOR	19.0%	12.4%
Flagship Investments Limited	FSI	-16.2%	-15.5%
Glennon Small Companies Limited	GC1	-17.4%	-7.6%
Gryphon Capital Income Trust	GCI	0.0%	0.2%
Global Masters Fund Limited	GFL	-5.0%	-7.5%
K2 Australian Small Cap Fund (Hedge Fund)	KSM	5.5%	0.2%
Lowell Resources Fund	LRT	-14.9%	-2.2%
L1 Long Short Fund Limited	LSF	5.6%	4.9%
Magellan Global Trust	MGG	-0.6%	-0.1%
Mirrabooka Investments Limited	MIR	3.9%	13.6%
Milton Corporation Limited	MLT	-2.5%	0.2%
MCP Master Income Trust	MXT	3.4%	2.9%
Pengana International Equities Limited	PIA	-5.7%	-7.7%
Perpetual Equity Investment Company Limited	PIC	1.2%	-5.1%
Plato Income Maximiser Limited	PL8	-6.7%	1.4%
QV Equities Limited	QVE	-6.5%	2.0%
Switzer Dividend Growth Fund (Managed Fund)	SWTZ	-0.8%	0.2%
URB Investments Limited	URB	-14.3%	-2.6%

	ASX Code	Premium/Discount	3 year Average Premium/Discount*
VGI Partners Global Investments Limited	VG1	4.5%	4.1%
WAM Active Limited	WAA	2.0%	4.0%
WAM Capital Limited	WAM	28.5%	17.7%
WAM Research Limited	WAX	20.3%	18.2%
WAM Global Limited	WGB	1.8%	na
Whitefield Limited	WHF	-9.4%	-7.8%
Westoz Investment Company	WIC	-7.9%	-12.2%
WAM Leaders Limited	WLE	-5.1%	-1.9%
WCM Global Growth Limited	WQG	-11.4%	-6.8%

**Figure 5. Change in Premium/Discount to pre-tax NTA/NAV**

## RECOMMENDATION SUMMARY

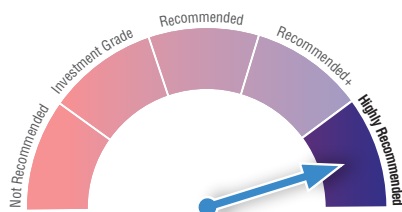
	ASX Code	Rating
AFIC Limited	AFI	Highly Recommended
Amcil Limited	AMH	Recommended Plus
Antipodes Global Investment Company	APL	Recommended
Argo Limited	ARG	Highly Recommended
Australian United Investment Company Limited	AUI	Recommended Plus
BKI Investment Company Limited	BKI	Recommended Plus
Barrack St Investments Limited	BST	Recommended
Bailador Technology Investments Limited	BTI	Recommended Plus
CBG Capital Limited	CBC	Recommended
Cordish Dixon Private Equity Fund I	CD1	Recommended
Cordish Dixon Private Equity Fund II	CD2	Recommended
Cordish Dixon Private Equity Fund III	CD3	Recommended



	ASX Code	Rating
Cadence Capital Limited	CDM	Recommended Plus
Contango Income Generator Limited	CIE	Recommended
Diversified United Investment Limited	DUI	Recommended
Djerriwarrh Investments Limited	DJW	Recommended Plus
Evans & Partners Australian Flagship Fund	EFF	Recommended
Evans & Partners Global Disruption Fund	EGD	Recommended
Ellerston Global Investments Limited	EGI	Recommended
eInvest Income Generator Fund (Managed Fund)	EIGA	Recommended Plus
Future Generation Global Investment Company Limited	FGG	Recommended Plus
Future Generation Investment Company Limited	FGX	Highly Recommended
Forager Australian Shares Fund	FOR	Recommended Plus
Flagship Investments Limited	FSI	Recommended
Glennon Small Companies Limited	GC1	Recommended
Gryphon Capital Income Trust	GCI	Recommended
Global Masters Fund Limited	GFL	Recommended Plus
K2 Australian Small Cap Fund (Hedge Fund)	KSM	Recommended
Lowell Resources Fund	LRT	Not Rated*
L1 Long Short Fund Limited	LSF	Recommended Plus
Magellan Global Trust	MGG	Recommended Plus
Mirrabooka Investments Limited	MIR	Highly Recommended
Milton Corporation Limited	MLT	Highly Recommended
MCP Master Income Trust	MXT	Recommended Plus
Pengana International Equities Limited	PIA	Recommended
Perpetual Equity Investment Company Limited	PIC	Recommended Plus
Plato Income Maximiser Limited	PL8	Recommended Plus
QV Equities Limited	QVE	Recommended Plus
Switzer Dividend Growth Fund (Managed Fund)	SWTZ	Recommended
URB Investments Limited	URB	Recommended
VGI Partners Global Investments Limited	VG1	Recommended Plus
WAM Active Limited	WAA	Recommended
WAM Capital Limited	WAM	Recommended Plus
WAM Research Limited	WAX	Highly Recommended
WAM Global Limited	WGB	Recommended
Westoz Investment Company	WIC	Recommended
Whitefield Limited	WHF	Recommended Plus
WAM Leaders Limited	WLE	Recommended
WCM Global Growth Limited	WQG	Recommended Plus

\*At Initiation we did not rate LRT, at the Manager's request. It is possible LRT may be rated at some stage in the future.

## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	6.21
Market cap (\$M)	7,366.0
Shares on issue (M)	1,186.1
Options on issue (M)	0.0
Shares traded (\$M p.a)	683.4
12-month L/H (\$)	5.78/6.44
Listing date	June 1962
Fees:	
Management Fee (%)	0.14
Performance incentives (%)	na

## Discount/Premium to Pre-tax NTA

As at 30 June 2018	-1.8%
3 year average	2.0%

## Dividend Yield\*

	%
FY16	4.28ff
FY17	4.13ff
FY18	3.90ff

\*Based on FY end data.

## Largest Shareholders

	%
HSBC Custody Nominees	0.79
IOOF Investment Management	0.51

As at 30 June 2018

## COMPANY OVERVIEW

AFI is one of the original listed investment companies, established in 1928. It has a relatively conservative investment approach, with a long term investment horizon, and a focus on providing investors with capital growth and a dividend stream that, over time, grows faster than inflation.

## INVESTMENT OBJECTIVE

The company aims to provide shareholders with attractive investment returns through access to a growing stream of fully franked dividends and medium-to-long term capital growth from an investment in a diverse portfolio of ASX-listed companies.

## STYLE AND PROCESS

AFI has a buy-and-hold investment style for the majority of the portfolio. It can also allocate up to 10% of the portfolio to its trading portfolio, which has a short-term investment focus. AFI uses fundamental analysis to identify companies in attractively structured industries with high-quality assets, brands and/or businesses that can withstand the business cycle. It focuses on investing in companies with strong management and boards along with sound financial metrics, such as profit margins, cash flow and gearing. The Investment Committee, which is essentially the Board of AFI, plays a significant role in the investment process, meeting on a fortnightly basis to review the portfolio settings.

## PORTFOLIO CHARACTERISTICS

AFI invests only in stocks listed on the ASX and NZX, with a heavy focus on large cap stocks. The company has a long-term approach to investing and as such has low portfolio churn. While portfolio churn is typically low, the company has been repositioning the portfolio to increase exposure to mid and small cap companies with good growth prospects given the subdued growth prospects of some large cap companies. There are no restrictions regarding the minimum or maximum investment in any individual stock or sector; however, the Investment Committee is wary of the risk in the portfolio and ensures that the portfolio is adequately diversified to reduce portfolio risk. Despite the repositioning of the portfolio, the portfolio maintains a significant weighting to top 50 stocks (75.7% at 30 June 2018). The portfolio retains a strong weighting in financials, a key source of fully franked dividends.

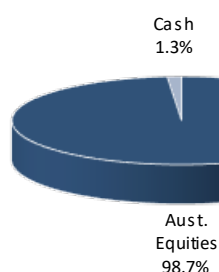
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

AFI is the largest LIC on the ASX by market capitalisation. It has a strong investment team and processes which have seen it achieve its investment objectives over the long-term, particularly the delivery of a stable and growing fully-franked dividend. We also like the transparency of the business and the exceptionally low costs. AFI's portfolio (pre-tax NTA plus dividends) has underperformed the benchmark (S&P/ASX 200 Accumulation Index) over the short-and-medium term to 30 June 2018. This is largely due to the omission or underweight position of some large cap stocks, in particular some resource stocks which have performed positively over the last 12 months, such as STO, WPL and S32. Over the long-term, the portfolio has performed broadly in line with the benchmark index, with an average rolling annual return over the ten years to 30 June 2018 of 9.3%, compared to the benchmark average rolling annual return of 9.6%. AFI has a credit facility of \$140m, which remains largely undrawn. In FY18, AFI's dividend income increased 11.6% to \$302.4m and EPS increased 10.6% to 23.6 cents per share. AFI declared a final dividend of 14 cents per share, fully franked, in line with the pcp. AFI has delivered on its objective of providing a growing stream of fully franked dividends with AFI either maintaining or growing its annual dividend since 1989 (not including special dividends). At 30 June 2018, AFI shares were trading at a 1.8% discount to pre-tax NTA, providing a good entry point for prospective investors.

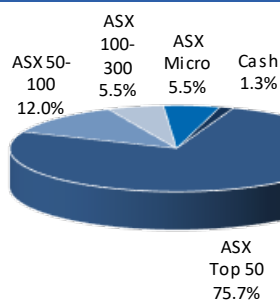
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	5.0	5.5
Materials	18.7	18.9
Industrials	11.6	12.2
Consumer Discretionary	2.0	2.0
Consumer Staples	8.8	9.1
Healthcare	10.0	10.0
Financials (ex Property)	33.9	32.6
Property	2.0	1.7
Information Technology	3.3	3.9
Telecommunication Services	2.8	2.0
Utilities	2.0	1.9

### Asset Weighting



### Size Weighting



### Board of Directors

Terrence Campbell	Chairman
Mark Freeman	Managing Director
Ross Barker	Director
Graeme Liebelt	Director
John Paterson	Director
David Peever	Director
Catherine Walter	Director
Peter Williams	Director
Jacqueline Hey	Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	7.5	10.8	6.8	8.2
Peer Group Median (pre-tax NTA plus dividends, %)*	7.4	10.1	6.9	8.9
S&P/ASX 200 Acc Index (%)	8.5	13.0	9.0	10.0
Out/Under performance of index (%)	-0.9	-2.2	-2.3	-1.8
Share Price + Dividends (%)	2.0	10.3	4.4	6.7
Tracking Error (%)	1.2	1.1	1.1	1.2

\*Australian large cap shares as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

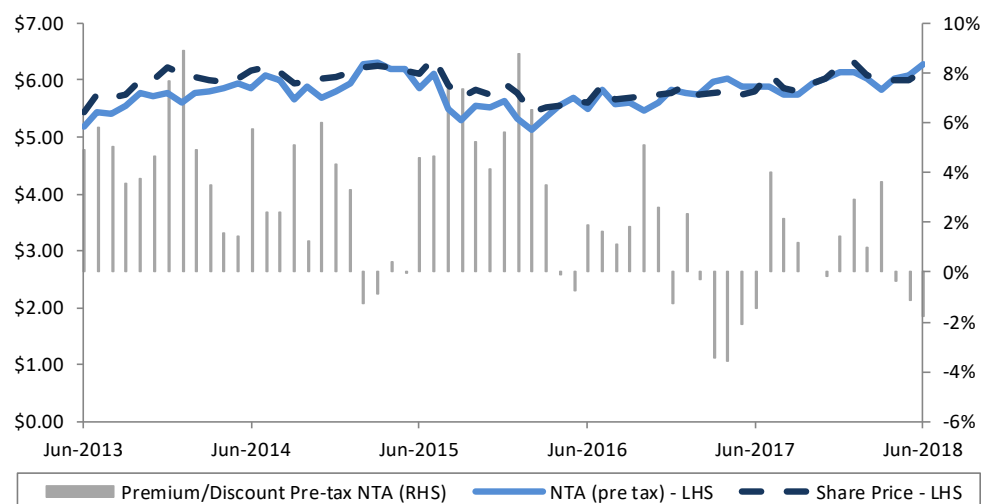
- ◆ **Dividend policy** – To pay out all received dividends so that over time the dividend stream grows faster than inflation.
- ◆ **Capital management policy** – A share buyback arrangement is in place to provide flexibility if shares trade at a discount to NTA. AFI also raises capital through its share purchase plan.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes, up to a 5% discount to the VWAP for the 5 trading days including and immediately following the shares being quoted ex dividend. Currently there is no discount in place.

## AFI'S PORTFOLIO (TOP 10) WEIGHTING

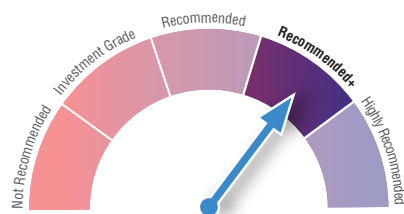
Code	Portfolio (%)	S&P/ASX 200 Index (%)
CBA	7.9	7.1
BHP	6.6	6.0
WBC	6.3	5.6
CSL	5.1	4.9
WES	4.6	3.1
RIO	4.0	1.9
NAB	3.5	4.2
ANZ	3.3	4.6
TCL	3.3	1.5
MQG	2.8	2.4
	<b>47.3</b>	<b>41.2</b>

Source all figures: AFI/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

## NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	0.925
Market cap (\$M)	241.9
Shares on issue (M)	261.5
Options on issue (M)	0.0
Shares traded (\$M p.a)	32.4
12-month L/H (\$)	0.845/0.98
Listing date	June 2000

## Fees

Management Fee (%)	0.68
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-5.9%
3 year average	-2.5%

## Dividend Yield\*

	%
FY16	4.17ff
FY17	3.83ff
FY18	3.65ff

\*Based on FY end data.

## Largest Shareholders

	%
Bruce Teele	17.0
Djerriwarrh Investments	4.1

As at 30 June 2018

## COMPANY OVERVIEW

AMH was listed in February 2000. The company was initially a thematic investor, focusing on the telecommunications and media sectors. In 2002 shareholders voted to wind down the portfolio due to concerns about the viability of the portfolio and the sectors in which the company invested. In 2003, the board recapitalised the company and employed a different investment strategy. The recapitalisation raised \$41M with new shares allotted in January 2004. AMH seeks to hold a high conviction portfolio with a limited number of holdings. As such, small companies can have an equally important impact on returns as larger companies.

## INVESTMENT OBJECTIVE

AMH aims to generate capital growth through an investment in a portfolio of ASX-listed stocks. Whilst the company aims to pay an annual dividend, the company has a capital growth focus, with dividends dependent on the ability of the company to generate franking credits from its investments for distribution.

## STYLE AND PROCESS

AMH invests in a portfolio of large and small cap ASX-listed stocks. AMH has a largely buy and hold approach with investment opportunities identified through the use of fundamental analysis, with a focus on attractive relative valuations, the growth outlook and competitive structure of the industry. The Manager aims to take high conviction positions, with a focus on generating capital growth. Given the concentrated nature of the investment focus holdings will be sold from time to time to fund new portfolio purchases.

## PORTFOLIO CHARACTERISTICS

AMH invests in a portfolio of ASX-listed stocks. It also maintains a small trading portfolio to take advantage of short-term investment opportunities. AMH takes high conviction positions in stocks as is highlighted by the top ten holdings compared to the market index. AMH invests in companies of all sizes with 46.6% invested in ASX 50 stocks at 30 June 2018. The remainder of the portfolio is invested in mid, small and micro cap stocks. Financials is the largest sector weighting but the portfolio remains underweight the sector relative to the S&P/ASX 200 Index. AMH is close to fully invested with cash holdings of just 0.8% at the end of the June quarter.

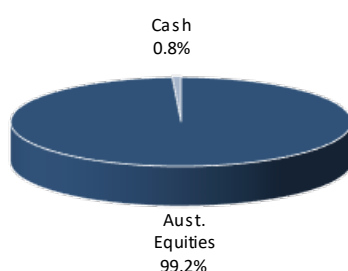
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

AMH is managed by an investment team that is largely the same as AFI, the largest LIC on the ASX by market capitalisation. The company aims to offer a different investment option to its sister funds (AFI, DJW and MIR), with a focus more on capital growth than dividend yield. The portfolio (pre-tax NTA plus dividends) has underperformed the S&P/ASX 200 Accumulation Index over the one-and-three year periods to 30 June 2018, however, has outperformed the market over the longer-term. Over the ten-years to 30 June 2018, the portfolio has generated an average annual rolling return of 12.2% compared to the market average rolling annual return of 9.6%. Compared to the peer group, AMH's portfolio has performed better than average across short-and-long term periods with the portfolio being the second best performer in the peer group over the five-years to 30 June 2018. We note that this is largely due to the increased exposure to mid and small cap stocks compared to the majority of the company's peers. Mid and small cap stocks have outperformed large cap stocks. AMH reported a strong increase in dividend income in FY18, with dividend income up 31.3% on FY17. EPS grew 14.4% to 2.39 cents per share. The strong results have resulted in the company declaring a full year dividend of 4.25 cents per share, fully franked, up 21.4% from 3.5 cents per share in FY17. Investor returns (share price plus dividends) have underperformed the portfolio over the short-and-medium term, with the company trading at a discount to pre-tax NTA of 5.9% at 30 June 2018. This discount is greater than the three-year average discount of 2.5% and may present a good entry point for prospective investors.

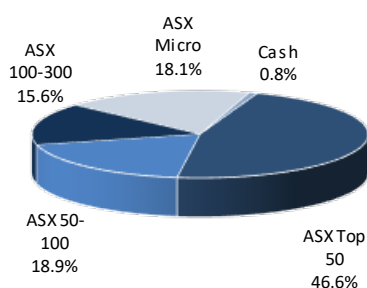
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	4.3	4.7
Materials	23.9	18.9
Industrials	16.0	17.9
Consumer Discretionary	4.7	5.9
Consumer Staples	4.7	5.2
Healthcare	9.5	9.0
Financials (ex Property)	27.6	21.6
Information Technology	9.3	12.8
Telecommunication Services	0.0	0.0
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Bruce Teele	Chairman
Mark Freeman	Managing Director
Ross Barker	Director
Siobhan McKenna	Director
Rupert Myer	Director
Richard Santamaria	Director
Roger Brown	Director
Jon Webster	Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	8.5	11.9	8.3	10.3
Peer Group Median (pre-tax NTA plus dividends, %)*	7.4	10.1	6.9	8.9
S&P/ASX 200 Acc Index (%)	8.5	13.0	9.0	10.0
Out/Under performance of index (%)	0.0	-1.1	-0.8	0.3
Share Price + Dividends (%)	7.3	9.1	6.4	10.0
Tracking Error (%)	3.0	2.9	5.0	5.5

\*Australian large cap shares as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

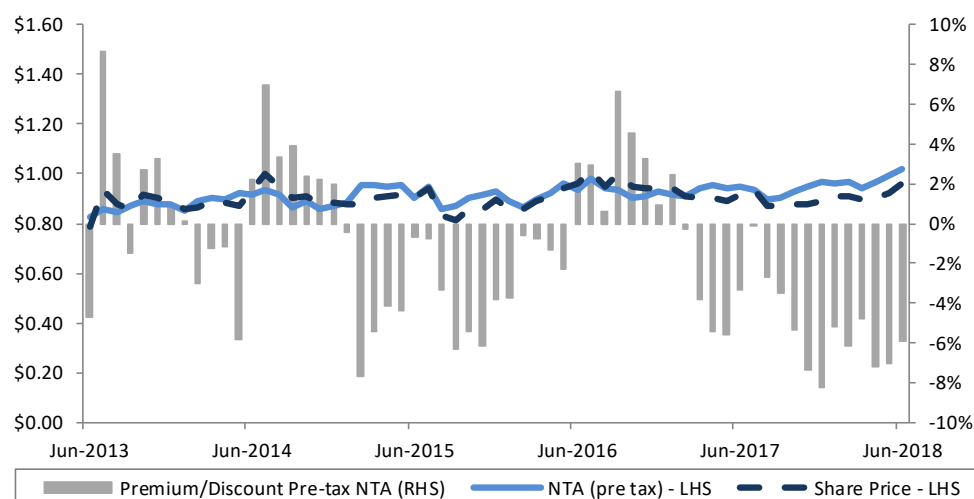
- ◆ **Dividend policy** – Depending on the profit, from year to year the dividends paid by the company will maximise the distribution of franking credits. It is not normal practice to distribute realised capital gains unless franking credits have been generated. As a result, AMH's dividends may vary over time. AMH only pays a final dividend.
- ◆ **Capital management policy** – Share purchase plan allows shareholders to subscribe for a total of A\$15,000 of shares per annum.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes, at up to a 5% discount to the VWAP for the 5 trading days including and immediately following the shares being quoted ex dividend. The current DRP discount is Nil.

### AMH's Portfolio (Top 10) Weighting

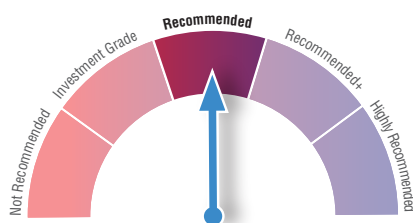
Code	Portfolio (%)	S&P/ASX 200 Index (%)
BHP	5.8	6.0
CSL	5.5	4.9
LIC	4.0	na
WBC	4.0	5.6
MQG	3.4	2.4
MFT	3.2	na
NAB	3.1	4.2
OSH	3.1	0.8
CBA	3.0	7.1
FNP	2.9	na
<b>37.9</b>	<b>14.7</b>	

Source all figures: AMH/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Global

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 28 August 2018	1.185
Market cap (\$M)	456.9
Shares on issue (M)	385.6
Options on issue (M)	184.1
Shares traded (\$M p.a)	168.4
12-month L/H (\$)	1.115/1.37
Listing date	October 2016

## Fees

Management Fee (%)	1.10
Performance incentives (%)	15% of net return in excess of benchmark*

\*Benchmark index is the MSCI All Country World Net Index, AUD

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-7.1%
3 year average	-1.9%

## Dividend Yield

	%
FY16	na
FY17	na
FY18	na

## COMPANY OVERVIEW

Antipodes Global Investment Company Limited is a listed investment company that invests in a long/short portfolio of global equities. The portfolio is managed by Antipodes Partners Limited, a specialist funds manager with significant experience in global equities mandates. APL listed on the ASX in October 2016.

## INVESTMENT OBJECTIVE

APL's investment objectives are to: 1) provide capital growth and income through investing in a concentrated portfolio, predominantly comprised of long and short positions in international listed securities, that will be actively managed with a focus on capital preservation; and 2) achieve returns in excess of the benchmark, MSCI All Country World Net Index in AUD, with reduced levels of risk. The objectives are measured over a full investment cycle which the Manager and the Company consider to be a period of typically 3 to 5 years.

## STYLE AND PROCESS

The Manager's investment approach is based on four components known as identify, test, analyse and construct. Initially, internally developed quantitative processes and macro analysis are used to identify investment opportunities. Once opportunities have been identified, the Manager performs an initial assessment with a focus on ensuring a margin of safety is built into the current share price, that there are multiple factors that could lead to a share price re-rating and whether the identified opportunity will help with portfolio diversification. Potential investments are then subject to a fundamental research process. The Manager takes a portfolio optimisation approach in the construction of the portfolio. This is a quantitative approach that points out the most efficient weighting combinations achieve the desired portfolio risk adjusted return outcome. The Manager seeks to create a portfolio based on six to 10 clusters, with clusters defined as a collection of stocks which display similarities in operational, end-market, style and macro characteristics.

## PORTFOLIO CHARACTERISTICS

Typically, the portfolio will comprise 20-60 positions in international securities. The portfolio is subject to a number of limitations including a single stock limit of 7% for long positions and 3.5% for short positions. The maximum gross exposure is 150% with the portfolio expected to typically have a net exposure of 50-100% of net asset value. The top 10 holdings will typically represent 25-35% of the portfolio with the top 30 positions at 60-80%. There are no geographic or industry limitations. At 30 June 2018, the portfolio had a long exposure of 90.5% and short exposure of 28.4%. The portfolio was well-diversified with the largest holding at 2.8% and the top ten stocks representing 26.2% of the portfolio. The company has an all cap portfolio with exposure from mega cap to small cap stocks.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

APL provides Australian retail investors the opportunity to gain exposure to a well-managed long/short portfolio of international equities. The Manager's investment team is well resourced, stable, collegiate, highly experienced and has a strong track record. Further to this there is a strong alignment of interest with investors. The investment strategy is very much high conviction, alpha seeking rather than index aware mandate. APL has a relatively short history, but the investment strategy has a solid performance track-record. We also note the excellent track-record of the key principals of the investment team prior to establishing Antipodes Partners Limited in 2015. The pre-tax NTA has underperformed the benchmark index since listing, returning 10.4%p.a. compared to the benchmark index return of 16.6%p.a. to 30 June 2018. The underperformance is in part due to the dilutive nature of exercised options. There are 187.7m options still outstanding with a strike price of \$1.10. The strike price is currently at a significant discount to the pre-tax NTA and as such will have a dilutive impact on the portfolio value and given the options are in-the-money will likely continue to weigh on the share price until they mature in October 2018.



Sector Net Exposure	31 Mar (%)	30 Jun (%)
Banks	10.2	7.8
Energy	7.1	8.0
Software	7.0	5.7
Communications	7.6	8.0
Hardware	3.6	3.2
Staples	5.8	5.0
Internet	5.8	8.3
Retail	4.9	3.8
Insurance	5.5	0.0
Industrial Services	0.0	4.5
Other	8.2	9.5

Market Cap Net Exposure	30 Jun (%)
Mega Cap	17.1
Large Cap	17.7
Mid Cap	21.1
Small Cap	6.1

Equity Exposure	30 Jun (%)
Long Exposure	90.5
Short Exposure	28.4
Net Exposure	62.1

Regional Net Exposure	30 Jun (%)
North America	14.5
Asia	33.8
Western Europe	14.0
Australia	-0.7
ROW	0.6
Other	0.0
Cash	9.5

Board of Directors	
Jonathan Trollip	Chairman
Lorraine Berrends	Independent Director
Christopher Cuffe AO	Independent Director
Alexander Ihlenfeldt	Non-Independent Director
Andrew Findlay	Non-Independent Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.0	6.1	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	2.1	10.3	na	na
MSCI All Country World Net Index, AUD (%)	4.4	14.9	na	na
Out/Under performance of index (%)	-4.4	-8.8	na	na
Share Price + Dividends (%)	-2.5	-5.2	na	na
Tracking Error (%)	6.3	5.0	na	na

\*International diversified shares as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

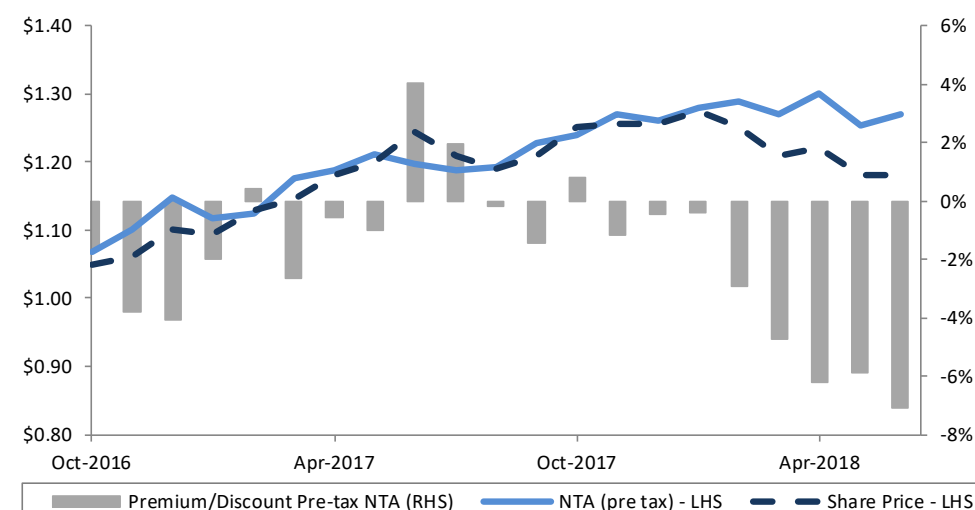
- ◆ **Dividend policy** – The objective is to pay dividends at least annually, subject to available profits, cash flow and franking credits. APL is yet to pay a dividend as it is still building up a buffer of retained earnings.
- ◆ **Capital management policy** – Where the Board considers appropriate, APL may issue new shares and/or undertake share buy-backs.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes.

### APL's Portfolio (Top 10 Long Positions)

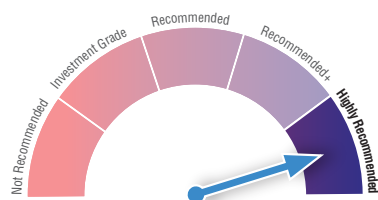
Company	Country (%)	Portfolio (%)
Electricite de France	France	2.8
Baidu	China/Hong Kong	2.7
Gilead Sciences	United States	2.7
Cisco Systems	United States	2.7
KT Corporation	Korea	2.7
INPEX	Japan	2.7
Samsung Electronics	Korea	2.6
KB Financial Group	Korea	2.5
Ping An Insurance Group	China/Hong Kong	2.4
Microsoft	United States	2.4
		<b>26.2</b>

Source all figures: APL/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 1 August 2018	8.18
Market cap (\$M)	5,801.5
Shares on issue (M)	709.2
Options on issue (M)	0.0
Shares traded (\$M p.a)	418.5
12-month L/H (\$)	7.72/8.44
Listing date	1948

## Fees

Management Fee (%)	0.15
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-2.3%
3 year average	2.6%

## Dividend Yield\*

	%
FY16	4.14ff
FY17	3.98ff
FY18	3.95ff

\*Based on FY end data.

## COMPANY OVERVIEW

ARG is an older-style LIC, listing on the ASX in 1948. It is the second largest ASX listed LIC by market cap. ARG has a conservative approach to investing, with a long term investment horizon, and a focus on providing investors with capital and dividend growth.

## INVESTMENT OBJECTIVE

The company aims to provide shareholders with steady growth, secured by a spread of investments. ARG's goal is to identify well-managed businesses with the potential and ability to generate growing and sustainable profits to fund increasing dividend payments.

## STYLE AND PROCESS

ARG has a buy-and-hold investment style, aiming to overlook short-term market volatility. It is a value investor with a bottom-up approach to investment analysis. The investment team focuses on business strategies, the underlying value of the business, key financial indicators, industry structure, the quality of management, the board and corporate governance practices when considering potential investments. The process seeks to identify the highest quality Australian companies and trusts and over time, buy or add to those stocks when they are trading at prices which represent good long-term value. The company invests in a core group of blue chip stocks, which is essentially the top 20 positions held in the portfolio, which generate the majority of the company's dividend income. Growth is generated from a diversified investment across both large and smaller cap stocks which the company believes have sound management and good earnings growth potential.

## PORTFOLIO CHARACTERISTICS

ARG invests in a diversified portfolio of ASX-listed stocks and interest rate securities. It has a long-term approach to investing and portfolio churn is low. The portfolio has exposure to stocks of all sizes but is weighted to large cap stocks, with 69% of the portfolio allocated to stocks within the S&P/ASX 50 at 30 June 2018. ARG has a heavy weighting to the Financials sector, although is underweight the sector compared to the S&P/ASX 200 Index. The company has a significant overweight position in MQG and RIO.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

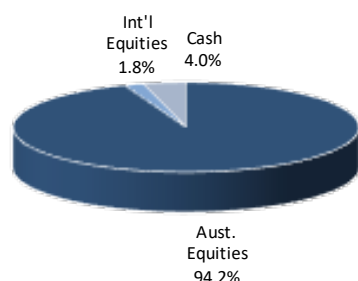
ARG has a long track-record in achieving its investment objectives, particularly in delivering a stable, growing and fully-franked dividend. The company provides access the Australian market in a single transaction with very low costs. The team is well-qualified and stable and is supported by a strong board. It has a culture of no surprises and, given the rigour of the investment process, we believe past performance is very much repeatable. The management expense ratio of 0.15% is one of the lowest in the industry. ARG holds 9% of the capital issued in Argo Global Listed Infrastructure Limited (ASX: ALI), a LIC investing in a portfolio of global infrastructure securities. While there is a conflict of interest with this investment, it is common place for LICs to invest in related funds. The portfolio (pre-tax NTA including dividends) has performed largely in line with the benchmark over the long-term, with the portfolio generating a return of 6.3%p.a over the ten years to 30 June 2018, compared to the S&P/ASX 200 Accumulation Index of 6.4%p.a. The Chairman, Ian Martin, retired from his position effective from 30 June 2018. Russell Higgins has taken over the role of Chairman. Mr. Higgins has been a Non-executive Director of ARG since 2011. Ms. Lewin was appointed to the Board in June. Ms. Lewis has 25+ years of international experience in the financial services sector, holding senior executive and director positions in wealth management, investment banking and superannuation. Ms. Lewis is currently a non-executive director of Colonial First State Investments Ltd, Colonial Mutual Superannuation Pty Ltd and Avanteos Investments Ltd.



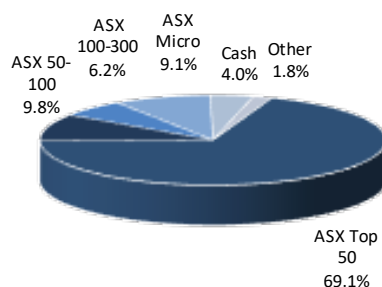
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	4.8	5.3
Materials	14.4	14.8
Industrials	6.0	6.1
Consumer Discretionary	8.4	8.4
Consumer Staples	7.4	7.3
Healthcare	8.6	8.5
Financials (ex Property)	29.6	29.0
Property	3.5	3.3
Information Technology & Telecommunication Services	5.7	4.9
Utilities	3.3	3.6
Listed Investment Companies	5.2	4.9

### Asset Weighting



### Size Weighting



### Board of Directors

Ian Martin AM	Chairman (Retired, effective 30 June 2018)
Russell Higgins AO	Chairman (effective 30 June 2018)
Jason Beddow	Managing Director
Joycelyn Morton	Director (Non-Executive)
Anne Brennan	Director (Non-Executive)
Chris Cuffe AO	Director (Non-Executive)
Roger Davis	Director (Non-Executive)
Elizabeth Lewin	Director (Non-Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	7.5	10.2	7.1	8.8
Peer Group Median (pre-tax NTA plus dividends), %*	7.4	10.1	6.9	8.9
S&P/ASX 200 Acc Index (%)	8.5	13.0	9.0	10.0
Out/Under performance of index (%)	-1.0	-2.8	-1.9	-1.1
Share Price + Dividends (%)	1.8	8.1	4.1	8.4
Tracking Error (%)	1.0	1.6	1.6	1.7

\*Australian large cap shares as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

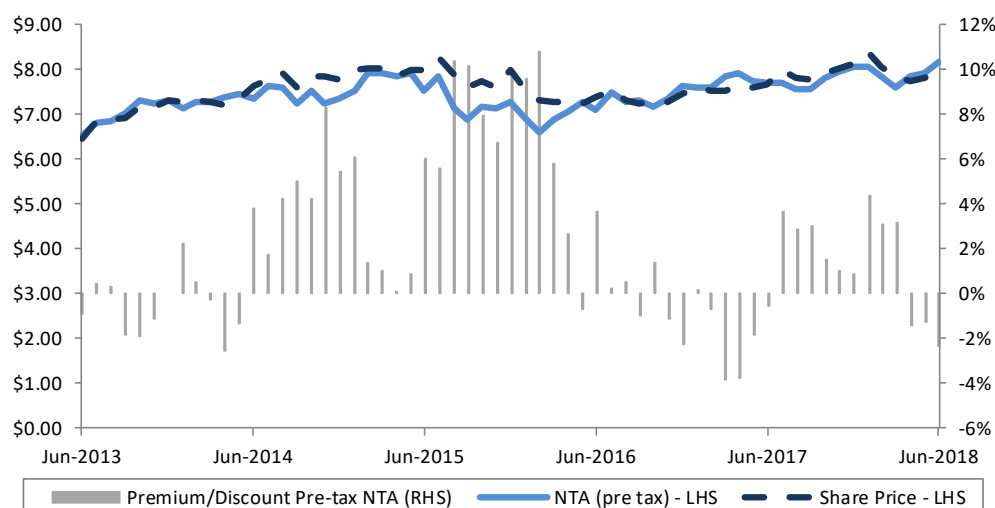
- ◆ **Dividend policy** – ARG pays dividends from income received from its investments and realised capital gains.
- ◆ **Capital management policy** – ARG actively manages its capital through on-market buybacks when its shares are trading at a discount to NTA, SPP, DRP and other share issues.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes, at a 2% discount to the market price.

### ARG's Portfolio (Top 10) Weighting

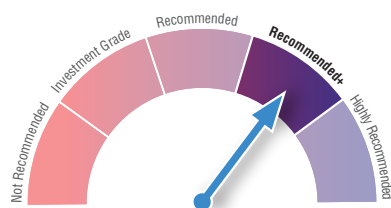
Code	Portfolio (%)	S&P/ASX 200 (%)
WBC	6.0	5.6
MQG	5.3	2.4
ANZ	4.8	4.6
BHP	4.7	6.0
WES	4.4	3.1
CBA	4.1	7.1
CSL	3.8	4.9
RIO	3.2	1.9
NAB	2.9	4.2
AUI	2.2	na
	<b>41.4</b>	<b>39.8</b>

Source all figures: ARG/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 1 August 2018	8.95
Market cap (\$M)	1,109.9
Shares on issue (M)	124.0
Options on issue (M)	0.0
Shares traded (\$M p.a)	33.3
12-month L/H (\$)	8.14/9.08
Listing date	January 1974

## Fees

Management Fee (%)	0.10
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-6.1%
3 year average	-4.5%

## Dividend Yield\*

	%
FY16	4.71ff
FY17	4.20ff
FY18	3.99ff

\*Based on FY end data.

## Substantial Shareholders

	%
Ian Potter Foundation	41.8
Argo Investments	11.6

As at 30 June 2018

## COMPANY OVERVIEW

AUI was founded by Sir Ian Potter in 1953 and was listed on the ASX in 1974. The company invests in a portfolio of ASX-listed securities to generate income and capital appreciation over the long-term.

## INVESTMENT OBJECTIVE

The company aims to generate capital and growing income returns from an investment in a portfolio of ASX-listed securities. The company has a long-term investment focus and does not intend to dispose of its portfolio.

## STYLE AND PROCESS

AUI has a buy-and-hold investment style, with the company only exiting investments if the board believes there has been deterioration in the industry and/or the management. The Board of Directors currently comprises four members who take on the role of investment management and stock selection. The Board meets formally on a monthly basis to review the portfolio. The company has a focus on maintaining and growing the dividend income paid to shareholders. Given the long-term investment nature of the company, portfolio churn is low. Most directors are actively involved in portfolio management outside of AUI. The company relies on board members and their contacts to provide research as well as company visits to form opinions about investment prospects.

## PORTFOLIO CHARACTERISTICS

AUI invests in ASX-listed stocks, with a heavy focus on large cap stocks. There are no restrictions regarding the minimum or maximum investment in any individual stock or sector and AUI may take high conviction positions in securities. The portfolio is concentrated with the top ten stocks accounting for 54.6% of the portfolio compared to an index weighting of 39.2% for these stocks. The portfolio has a heavy overweight position in WES, RIO and WPL. The company holds a position in its sister company DUI. This provides some additional diversification through the portfolio of stocks held by DUI, however may increase exposure to some stocks held in both portfolios. AUI has a small weighting to small and microcap stocks with a portion held via an allocation to small cap fund managers.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

AUI provides cost-effective access to a portfolio of ASX-listed securities. The company has a debt facility of \$150m, \$130m of which was drawdown at 30 June 2018. The company's portfolio (pre-tax NTA including dividends) has underperformed the S&P/ASX 200 Accumulation Index over the one, three and five year periods to 30 June 2018, however has performed better than the median peer group return over the one and three year periods. Over the long-term the portfolio has performed largely in line with the market. AUI's Board takes on the role of the investment team, resulting in the Board effectively monitoring/regulating it's own actions. However, in addition to the long track record, with the company being listed in 1974, the Board consists of members with integrity and extensive investment/executive experience, which mitigates risks associated with the organisational structure. In April 2018, Dion Hershan was appointed to replace the retired Peter Wetherall. Mr. Hershan is the Managing Director and Head of Australian Equities at Yarra Capital Management. Prior to joining Yarra Capital Management, Mr. Hershan was the Head of Australian Equities at Goldman Sachs Asset Management for almost a decade. Given the investment style and low trading volumes, an investment in AUI is suited for long-term investors looking for exposure to Australian large cap shares. The company was trading at a discount to pre-tax NTA at 30 June 2018 of 6.1%, providing a good entry point for prospective investors.

## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	6.3	7.7
Materials	1.2	0.6
Transport	2.7	2.3
Mining & Mining Services	11.5	12.7
Consumer Discretionary & Staples	12.5	13.3
Healthcare	11.5	12.2
Financials (ex Property)	38.7	35.7
Property	1.6	1.7
Information Technology	0.0	0.0
Telecommunication Services	1.6	1.2
Utilities	8.1	8.0
Managed Funds	1.7	1.5
Cash	2.6	3.1

### Board of Directors

Charles Goode	Chairman (Executive)
Dion Hershan	Director (Executive) (Appointed April 2018)
James Craig	Director (Executive)
Fred Grimwade	Director (Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	8.4	11.8	8.1	8.9
Peer Group Median (pre-tax NTA plus dividends), %*	7.4	10.1	6.9	8.9
S&P/ASX 200 Acc Index (%)	8.5	13.0	9.0	10.0
Out/Under performance of index (%)	-0.1	-1.2	-0.9	-1.1
Share Price + Dividends (%)	4.7	11.4	7.0	9.7
Tracking Error (%)	1.0	0.8	3.7	3.3

\*Australian large cap shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

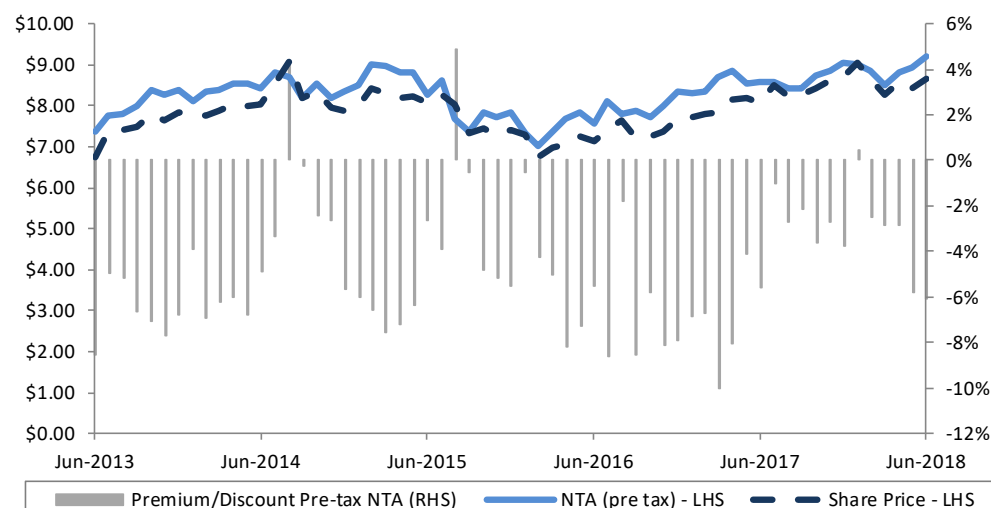
- ◆ **Dividend policy** – The Company's objective is to take a medium to long term view and to invest in a diversified portfolio of Australian equities which have the potential to provide income and capital appreciation over the longer term.
- ◆ **Capital management policy** – The company offers a Dividend Reinvestment Plan and from time to time a Share Purchase Plan. AUI also has an on-market share buy-back facility in place for up to 6m shares. The buy-back facility has an expiry date of 31 May 2019.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

### AUI's Portfolio (Top 10) Weighting

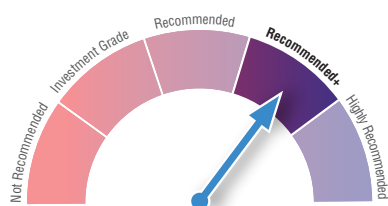
Code	Portfolio (%)	S&P/ASX 200 Index (%)
CBA	7.3	7.1
ANZ	6.3	4.6
CSL	6.1	4.9
WBC	5.8	5.6
WES	5.4	3.1
BHP	4.9	6.0
RIO	4.9	1.9
NAB	4.8	4.2
DUI	4.6	na
WPL	4.5	1.9
	<b>54.6</b>	<b>39.2</b>

Source all figures: AUI/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Private equity

## Investment Assets

Private companies

## Investment Sectors

Information Technology

## Key Investment Information

Price (\$) as at 8 August 2018	0.84
Market cap (\$M)	101.0
Shares on issue (M)	120.2
Options on issue (M)	0.0
Shares traded (\$M p.a)	11.1
12-month L/H (\$)	0.74/0.98
Listing date	November 2014
Fees:	
Management Fee (%)	1.75
Performance incentives (%)	17.5*

\*Performance fee is subject to a 8% compound annual increase in the NAV of the company.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-33..3%
Average since listing	-16.0%

## Dividend Yield

	%
FY16	na
FY17	na
FY18	na

## Largest Shareholders

	%
Washington H Soul Pattinson	19.1
David Kirk via Kirk Family Holdings	7.0

As at 30 June 2018

## COMPANY OVERVIEW

Bailador Technology Investments Limited (ASX: BTI) is a listed investment company providing exposure to a portfolio of unlisted internet related businesses founded in Australia and New Zealand. It invests in companies in the expansion stage, with a demonstrated revenue and customer base. Bailador Investment Management Pty Ltd is the Investment Manager.

## INVESTMENT OBJECTIVE

BTI aims to provide investors with exposure to a portfolio of private information technology companies with recurring revenue, strong business model and are seeking expansion capital.

## STYLE AND PROCESS

The Investment Manager sources investment prospects through its many formal and informal networks. The Manager particularly favours businesses that have either a subscription or marketplace revenue models. The Manager has some key investment criteria that an investment opportunity will typically meet: 1) Proven technology; 2) Proven management; 3) Proven business model; 4) Repeating revenue; 5) Globally competitive technology; 6) Highly profitable unit economics; 7) Large global addressable market; 8) Rapid growth potential; and 9) Potential to generate a sufficient return on investment.

## PORTFOLIO CHARACTERISTICS

The portfolio has 10 investments. The largest holding is in SiteMinder, which makes up 43% of the portfolio. The heavy weighting is on the back of a significant increase in the value of the investment with the investment accounting for only 15.7% of the capital invested. Seven of the ten investments have been revalued upwards, primarily as a result of third party transactions, two remain at the same value as the investment value and one investment has been written down.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

BTI offers investors a unique opportunity to gain exposure to direct investment in a portfolio of private technology companies with ASX liquidity. The Investment Manager comprises a team of six professionals with technology, business and investing experience led by two highly experienced individuals in the technology and investment industry. The capital structure of investments seeks to provide downside protection in addition to contractual rights negotiated with businesses. The share price has been under significant pressure with the share price falling 12.4% over the June quarter. The share price at June-end was 26% below the listing price of \$1.00 when the company commenced trading on 20 November 2014. The share price decline has seen the company trading at a discount of in excess of 30% at June-end. Over the June quarter there was three revaluations in the portfolio: (1) SiteMinder - revalued up 38% to \$55.9m. SiteMinder is the largest investment in the portfolio, the value of which has increased 305.1% on the initial investment; (2) Viostream - the value of the business was written down by a further 61% to \$7.4m. The write down was a result of the company not delivering the required sales which has led the Manager to reduce the revenue multiple applied to the business. We note that while BTI wrote down the value of the business, the business has produced positive results over FY18, with new customers and a reduction in costs. While the value of the company has been written down it does not mean that value won't be realised over the long-term; and (3) DocsCorp - value marked up 23% to \$9.2m. This is an 84% increase on the investment value. The valuation uplift was primarily a result of the increase to the recurring revenue stream.

It would appear the market has lost a degree of faith in the Manager and the portfolio, however at a 33.3% discount to pre-tax NTA the company is undervalued. We expect the scepticism to continue until the Manager realises an investment in the portfolio at a healthy premium to the investment value. Straker is anticipated to come to market in the 1H'FY19. If this investment can be realised at an attractive value this may see a reversal in the share price trend.

## Investment Limitations

- 1) Initial Investment cannot exceed 40% of the portfolio.
- 2) Up to 15% of the portfolio can be listed in publicly listed technology companies and IPO's, excluding any existing investments that have exited via IPO and in which the company has retained an interest.
- 3) Cannot invest in start-up businesses.
- 4) Cannot invest in biotechnology companies.
- 5) The Manager can make follow-up investments in subsequent fund raising rounds of businesses in the portfolio when the investment is deemed to be value creating for shareholders.
- 6) Can invest in a range of securities including but not limited to, convertible preference shares, convertible notes, preference share, ordinary equity, warrants and debt-like instruments.

## Board of Directors

David Kirk	Executive Chairman
Paul Wilson	Executive Director
Andrew Bullock	Independent Director
Sankar Narayan	Independent Director
Heith Mackay-Cruise	Independent Director

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	3.7	3.7	0.9	na
Share Price + Dividends (%)	-12.4	-17.8	-6.7	na

## OTHER DATA

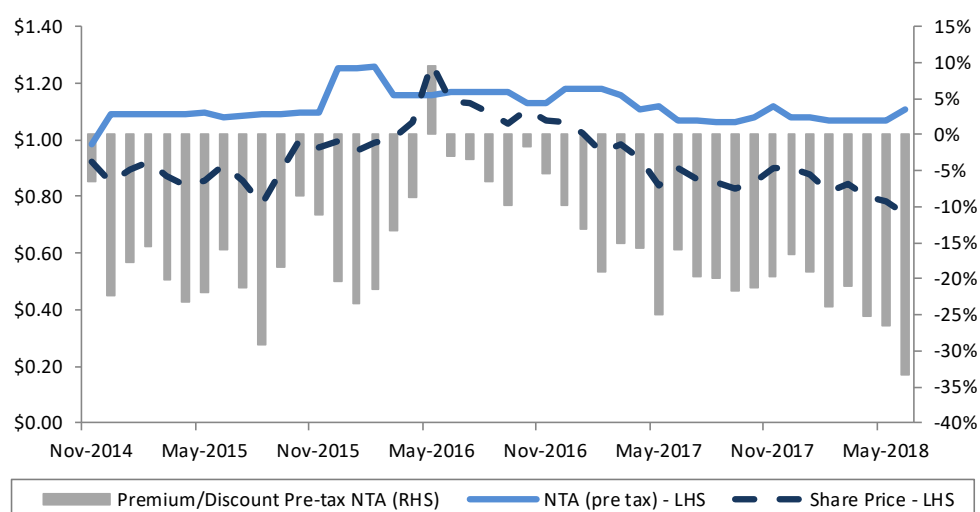
- ◆ **Dividend policy** – Dividends will be paid where possible following the realisation of investments.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – No

## BTI's Portfolio Weighting

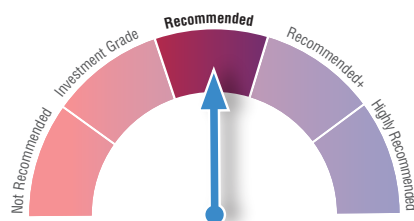
Company	Value Invested (\$m)	Current Value (\$m)	Gain/Loss (%)
SiteMinder	13.8	55.9	305.1%
Viostream	26.4	7.4	-72.0%
Standard Media Index Pty Ltd (SMI)	7.4	7.4	0.0%
Straker Translations Limited	7.5	11.2	49.3%
Stackla	11.2	12.6	12.5%
Rezdy	3.6	4.5	25.0%
Lendi	5.5	9.5	72.7%
DocsCorp	5.0	9.2	84.0%
Instaclustr	4.5	9.3	106.7%
Brosa	3.0	3.0	0.0%
<b>Total Value of Investments</b>	<b>87.9</b>	<b>130.0</b>	
Cash & Other	na	3.7	

Source all figures: BTI/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

## NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 1 August 2018	0.96
Market cap (\$M)	17.6
Shares on issue (M)	18.3
Options on issue (M)	0.0
Shares traded (\$M p.a)	4.5
12-month L/H (\$)	0.83/1.00
Listing date	August 2014

## Fees

Management Fee (%)	1.0
Performance incentives (%)	20.0*

\*20% of outperformance of the performance hurdle of 8% p.a, subject to a high watermark.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-16.5%
3 year average	-17.4%

## Dividend Yield

	%
FY16	1.60ff
FY17	2.82ff
FY18	2.79ff

## Largest Shareholders

	%
Dr. E C Pohl	28.2
As at 30 June 2018	

## COMPANY OVERVIEW

BST is a listed investment company that invests in a concentrated portfolio of ASX-listed securities. BST raised \$16m when it listed in August 2014. The portfolio is managed by ECP Asset Management Pty Ltd, an authorised representative of EC Pohl & Co Pty Ltd. The Manager will invest in ex-50 ASX-listed securities and potentially unlisted companies that seek to list in the near term.

## INVESTMENT OBJECTIVE

BST seeks to provide shareholders with moderate-to-high long-term portfolio appreciation through the active management of a portfolio of mid-to-small cap investments. The Manager seeks to invest in good quality companies and provide shareholders with a fully franked dividend that grows at a rate in excess of inflation.

## STYLE AND PROCESS

BST seeks to identify high-quality companies that are able to grow sales and earnings at rates above GDP. BST uses a three-stage process to find attractive investment opportunities. Initially, BST screens ASX-listed companies based on three criteria: 1) the company has exhibited historical sales growth above nominal GDP; 2) the company has achieved a ROE of 15% or greater; and 3) the company must have an interest cover of at least four times. Post the screening process, the manager is left with between 80 and 100 companies. From these companies, BST looks for those that offer a sustainable competitive advantage. BST primarily has a buy-and-hold approach, with portfolio churn expected to be minimal. Portfolio weightings are determined by the risk-adjusted expected return. There are no sector limitations, however the Manager may not invest more than 12% of the portfolio in a single stock at the time of investment. A run in the stock may result in the portfolio weighting being greater than 12% over time.

## PORTFOLIO CHARACTERISTICS

BST has a highly concentrated portfolio of ASX-listed stocks with just 25 stocks in the portfolio at 30 June 2018. The Manager takes high-conviction positions in companies identified as attractive, with its top five holdings representing 31.9% of the portfolio. The portfolio does not typically have exposure to the Materials and Energy sectors as many of the companies within these sectors do not meet the investment requirements of the company. The portfolio experienced some turnover during the June quarter with the Manager adding positions in Afterpay Touch (APT), Pushpay Holdings (PPH) and Xero (XRO) and exiting its positions in ARB Corporation (ARB), Blue Sky (BLA), Netwealth Group (NWL) and ResMed Inc. (RMD).

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

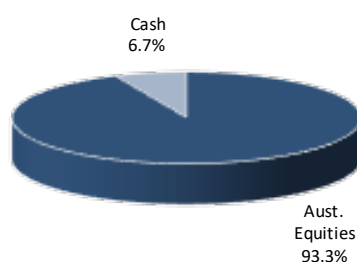
BST is a long-only Australian equity LIC that listed in August 2014. It is managed in a similar vein to FSI and as such has a disciplined investment process, which enables the manager to identify companies with strong cash flows, low debt and good growth potential. The Manager invests in a concentrated portfolio of mid and small-cap stocks and as such may experience heightened levels of volatility. The portfolio (pre-tax NTA plus dividends) has performed well over the 12 months to 30 June 2018, increasing 15.2%. This compares to the market return of 13.7%. Since listing in 2014, the portfolio has slightly underperformed the market, in part due to the dilution from the exercise of options in 2016. The company is small with a market cap of \$17.6m at 1 August 2018. This combined with the limited number of available shares for trade means the liquidity of the company is low. The company continues to trade at a significant discount to pre-tax NTA, however, the discount narrowed over the June quarter as a result of the share price rising at a greater rate than the portfolio value. The share price (plus dividends) increased 14.5% over the June quarter compared to the portfolio increase of 8.6%. The board is currently seeking to continue to reduce the discount through initiatives such as improving liquidity and improved shareholder engagement.



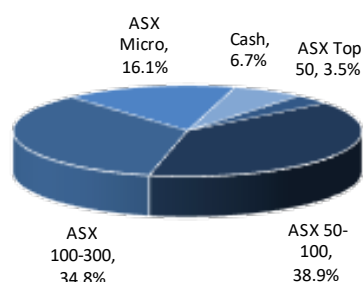
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Financials (ex Property)	25.1	21.1
Consumer Discretionary	24.7	18.5
Information Technology	18.9	26.5
Materials	0.0	0.0
Industrials	16.6	17.5
Consumer Staples	4.4	7.6
Energy	0.0	0.0
Healthcare	5.8	3.7
Property	0.0	0.0
Telecommunication Services	4.5	5.1

### Asset Weighting



### Size Weighting



### Board of Directors

Murry d'Almeida	Chairman (Non-Executive)
David Crombie	Director (Non-Executive)
Jared Pohl	Director (Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	8.6	15.2	9.2	na
Peer Group Median (pre-tax NTA plus dividends), %*	3.3	9.2	9.2	na
ASX All Ords Acc Index (%)	8.0	13.7	9.5	na
Out/Under performance of index (%)	0.5	1.5	-0.3	na
Share Price + Dividends (%)	14.5	14.8	9.9	na
Tracking Error (%)	14.6	16.2	13.1	na

\*Australian mid & small cap shares as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

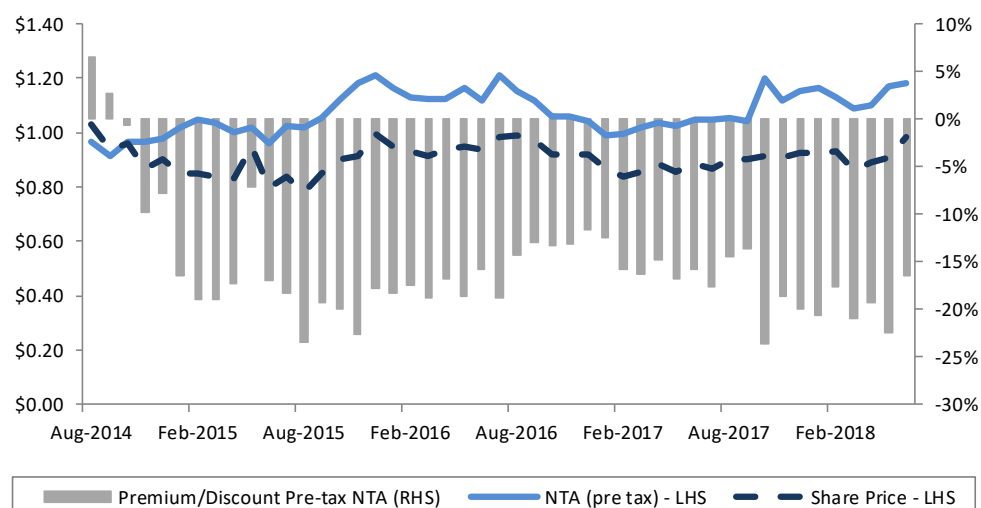
- ◆ **Dividend policy** – The company will seek to pay a semi-annual dividend franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

### BST's Portfolio (Top 5) Weighting

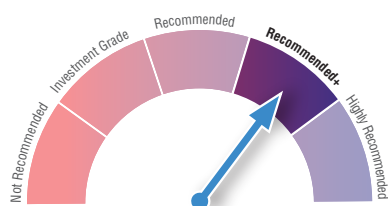
Code	Portfolio (%)	All Ords (%)
MFG	7.1	0.2
PDL	6.9	0.2
CAR	6.5	0.2
SEK	5.8	0.4
DMP	5.7	0.2
	<b>31.9</b>	<b>1.2</b>

Source all figures: BST/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	1.54
Market cap (\$M)	1,117.0
Shares on issue (M)	725.3
Options on issue (M)	0.0
Shares traded (\$M p.a)	125.9
12-month L/H (\$)	1.50/1.773
Listing date	December 2003
Fees:	
Management Fee (%)	0.10
Performance incentives (%)	na

## Discount/Premium to Pre-tax NTA

As at 30 June 2018	-6.3%
3 year average	2.6%

## Dividend Yield

	%
FY16	4.59ff
FY17	4.48ff
FY18	4.80ff

## Largest Shareholders

	%
Washington H Soul Pattinson & Company	9.7
Huntley Group Investments	1.4

As at 30 June 2018

## COMPANY OVERVIEW

BKI Investment Company Limited (ASX:BKI) is a listed investment company that listed on the ASX in 2003, although its roots as a managed portfolio go back to the 1980s. BKI is very much a buy and hold, long-term and fully-invested equities investor. Up until 2016, BKI was internally managed but is now managed by the externally spun-out Contact Asset Management Pty Limited, essentially the same team, process, and investment committee.

## INVESTMENT OBJECTIVE

BKI's main objective is to hold a diversified portfolio of equities that generates increasing income, allowing BKI to pay increasing (and fully franked) dividends to its own shareholders and grow the value of its shareholders' investment.

## STYLE AND PROCESS

BKI is a bottom-up, fundamental stock picker and seeks to hold companies over the long-term. Sector thematics play a strong role in investment decisions. The investment team places a strong emphasis on talking to companies and conducting site visits where relevant. The team focuses on the key investment aspects of a particular company and also utilises external research, allowing other specialist analysts in the market to do a detailed, and time consuming, deep dive. The Board and Investment Committee are actively involved in the construction of the portfolio.

## PORTFOLIO CHARACTERISTICS

BKI's portfolio is heavily weighted towards large cap stocks, with 75% of invested capital allocated to ASX top 50 stocks. Portfolio turnover is low, reflecting the buy and hold strategy, so the make-up of the portfolio does not change significantly from month to month. The portfolio composition reflects a focus on generating fully franked dividend income with significant exposure to Financials. The top three holdings in the portfolio are in the big four banks, with the largest position an overweight position in NAB. Given its dividend focus, the portfolio is predictably underweight materials and resources. Cash holdings increased over the June quarter as a result of the completion of the capital raisings.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

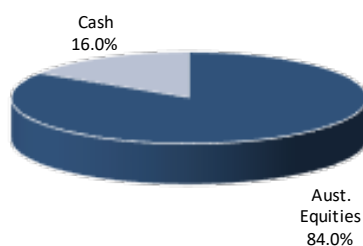
BKI offers investors access to a portfolio of ASX-listed securities and other investments at low cost, with a management fee of just 0.10%. Investors can gain confidence from a track-record in which the Manager has generally achieved its investment objectives, and particularly in delivering a stable, growing and fully franked dividend. The team is well-qualified and stable and is supported by a very strong and very active investment committee. Key members of the investment team and committee are materially invested in BKI, both financially and reputationally, creating a strong alignment of interest with shareholders. The portfolio significantly underperformed the market (S&P/ASX 300 Accumulation Index) over the 12 months to 30 June 2018, with the portfolio increasing 5.7% compared to the market increase of 13.2%. The high level of exposure to blue chip stocks, particularly banks, has been a drag on the portfolio over the period. The company completed a Non-renounceable Entitlement offer on a one-for-fifteen basis, a General Offer and a shortfall offer over the June quarter, raising \$154.5m. 102.97m new shares were issued under the offers at \$1.50 per share. The new shares were issued at a discount to the share price and pre-tax NTA at the time of the announcement. A positive from the issue is the size of the company will increase and liquidity will likely improve, however, we do not support capital raisings that are at a discount to NTA given the dilutive nature of such a transaction. The share price declined over the June quarter as a result of the capital raising with the company trading at a 6.3% discount to pre-tax NTA at 30 June 2018. The company announced a final dividend of 3.7 cents per share, fully franked, in line with the pcg. This takes the full year dividend for FY18 to 7.325 cents per share, fully franked, a slight increase on the pcg.



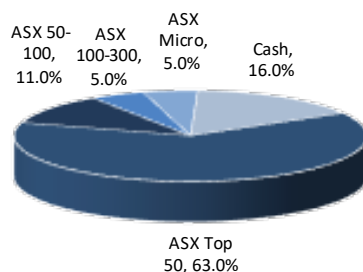
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	2.3	2.0
Materials	6.0	0.0
Industrials	10.5	10.0
Consumer Discretionary	6.5	6.0
Consumer Staples	7.5	7.0
Healthcare	4.8	4.0
Financials (ex Property)	43.5	37.0
Property	1.4	2.0
Information Technology	0.0	0.0
Telecommunication Services	5.8	4.0
Utilities	6.0	6.0
Cash	5.7	16.0

### Asset Weighting



### Size Weighting



### Board of Directors

Robert Millner	Chairman (Executive)
Alexander Payne	Director (Non-executive)
David Hall	Director (Independent, Non-executive)
Ian Huntley	Director (Independent, Non-executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	5.8	5.7	4.4	6.1
Peer Group Median (pre-tax NTA plus dividends, %)*	7.4	10.1	6.9	8.9
S&P/ASX 300 Acc Index (%)	8.4	13.2	9.1	10.0
Out/Under performance of index (%)	-2.5	-7.5	-4.8	-3.9
Share Price + Dividends (%)	-3.4	-1.6	1.6	6.0
Tracking Error (%)	3.6	1.9	2.3	2.3

\*Australian large cap shares as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

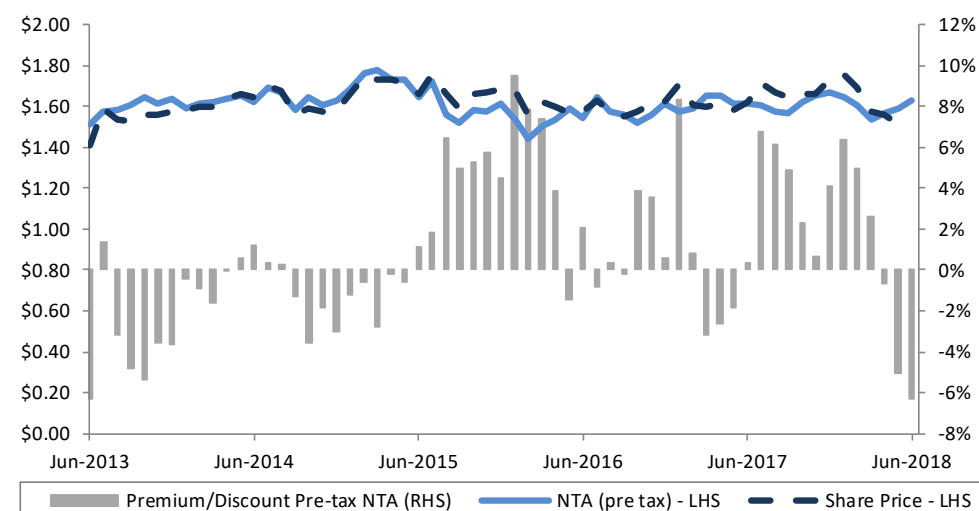
- ◆ **Dividend policy** – To pay out 90%-95% of operating profits. The company will pay special dividends where considered appropriate.
- ◆ **Capital management policy** – The company regularly reviews the capital structure. The company has conducted SPP's and Renounceable Rights Issues in the past. No Buyback is currently in place.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

### BKI'S PORTFOLIO (TOP 10) WEIGHTING

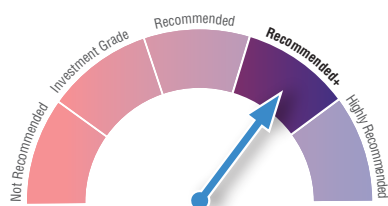
Code	Portfolio (%)	S&P/ASX 300 Index (%)
NAB	6.4	4.0
WBC	5.8	5.6
CBA	5.7	7.1
WES	4.3	3.1
NHC	3.7	na
ANZ	3.7	4.6
APA	3.7	0.6
MQG	3.1	2.4
TCL	3.0	1.5
WOW	2.8	2.2
	<b>42.2</b>	<b>31.1</b>

Source all figures: BKI/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia & International

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 8 August 2018	1.31
Market cap (\$M)	416.5
Shares on issue (M)	318.0
Options on issue (M)	0.0
Shares traded (\$M p.a)	81.3
12-month L/H (\$)	1.23/1.375
Listing date	December 2006
<b>Fees</b>	
Management Fee (% p.a)	1.00
Performance incentives (%)	20.0
Performance Hurdle*	ASX All Ords Acc Index

\*The Manager will be eligible for the performance fee only if the performance of the portfolio is positive and will be eligible for 20% of the outperformance of the benchmark index or in the event the benchmark index has decreased, 20% of the increase in the value of the portfolio.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-0.1%
3 year average	8.3%

## Dividend Yield

	%
FY16	9.05ff
FY17	6.48ff
FY18	6.40ff

## COMPANY OVERVIEW

CDM is a listed investment company with a long/short Australian and international equities investment strategy. The company commenced trading in October 2005 and listed in December 2006. Cadence Asset Management has been appointed as the Investment Manager of the portfolio. There are no limitations on the level of shorting in the portfolio, however, historically the portfolio has had a long bias. The portfolio may hold cash in the event attractive opportunities cannot be identified.

## INVESTMENT OBJECTIVE

The company seeks to outperform the ASX All Ordinaries Accumulation Index and seeks to pay a consistent and growing semi-annual dividend, franked to the maximum extent possible.

## STYLE AND PROCESS

The Manager uses both fundamental and technical trend analysis in making investment decisions and has a disciplined entry and exit strategy. While the ideas generation process is based on the Portfolio Managers fundamental analysis and investment skill, the investment process is largely rules-based, with investment selection, position sizing and timing all determined by fundamental and technical rules. The portfolio is managed according to an open mandate, with no stock, sector or country limitations and, as such, is very much an alpha seeking mandate. The initial investment in an individual stock however cannot exceed 1% of the portfolio at cost. The Manager can further invest in a stock in 1% increments as the stock trends up (for long positions) or down (for short positions) up to a maximum of four more times. The Manager is not a forced seller, meaning that once 5% of the portfolio at cost has been invested, the Manager can let the stock continue to move up or down until the technical indicators suggest exiting the position, unlike other funds which have maximum holding limitations and have to sell down a stock to avoid breaching the limitations.

## PORTFOLIO CHARACTERISTICS

CDM invests in a portfolio of domestic and international listed companies, with the portfolio predominantly invested in domestic shares. The portfolio has a long bias with 87% of the portfolio in long positions. The Manager increased the short exposure from 3.17% to 6.8% over the June quarter. ARQ Group Limited (ASX: ARQ), previously Melbourne IT (ASX:MLB), remains the largest investment at 16.6% of the portfolio. This is the largest holding by a significant amount with the next largest holding in Emeco Holdings at 7.1%. We note that a maximum of 5% of the portfolio at cost can be invested in an individual stock and therefore a holding of greater than this can be attributed to growth in the stock value. The Manager reduced exposure to the Financials and Industrial sectors and significantly increased exposure to the Non-cyclical Consumer sector.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

The Manager employs a disciplined investment process. The rules based charter lends itself to a repeatable investment process and provides greater confidence that alpha generated can be attributed to both the process and individuals (not just the latter). While there are no portfolio concentration limitations, a rules based entry and exit strategy should have the effect of limiting portfolio risk, restricting investments up to 5% of the portfolio at cost with the inclusion of a stop-loss. There is a strong alignment of interest with shareholders, with Karl Siegling being the largest shareholder. Over the medium-term, the pre-tax NTA (plus dividends) has underperformed the benchmark index (ASX All Ordinaries Accumulation Index), however over the longer-term, the pre-tax NTA (plus dividends) has outperformed the benchmark index. The pre-tax NTA will experience periods of underperformance given the concentrated nature of the portfolio. The company announced a final dividend for FY18 of 4 cents per share, fully franked. That takes the full year dividend to 8 cents per share, fully franked, providing an above market dividend yield. The share price (plus dividends) declined over the June quarter despite the increase in the pre-tax NTA, which saw the company trading at a small discount at June-end. Given the company has been trading at an average premium of 8.3% over the three years to 30 June 2018, these levels provide a good entry point for potential investors.

## SECTOR BREAKDOWN (NET EXPOSURE)

Sector	31 Mar (%)	30 Jun (%)
Diversified Financials	5.4	6.3
Financials	20.7	14.0
Consumer, Non Cyclical	9.1	18.5
Communications	5.2	3.8
Consumer, Cyclical	0.4	1.0
Industrial	11.1	5.5
Basic Materials	4.7	5.4
Technology	19.8	18.9
Capital Goods	0.0	0.0
Energy	5.1	5.8
Materials	1.1	1.0
Telecommunication Services	5.2	3.8
Cash	16.7	19.8

Exposure	30 Jun (%)
Long exposure	87.0
Short Exposure	6.8
Cash	19.8

### Board of Directors

Karl Siegling	Managing Director & Portfolio Manager
Wayne Davies	Chief Operating Officer
James Chirnside	Independent Director
Ronald Hancock	Independent Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	6.4	14.8	3.7	6.6
Peer Group Median (pre-tax NTA plus dividends, %)*	5.8	13.9	8.9	4.7
ASX All Ords Acc Index (%)	8.0	13.7	9.5	10.3
Out/Under performance of index (%)	-1.6	1.1	-5.8	-3.7
Share Price + Dividends (%)	-2.3	7.6	3.6	6.9
Tracking Error (%)	3.5	4.2	7.4	7.5

\*Australian/International shares blended as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

- ◆ **Dividend policy** – CDM will seek to pay a consistent and growing dividend.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes, at a 3% discount.

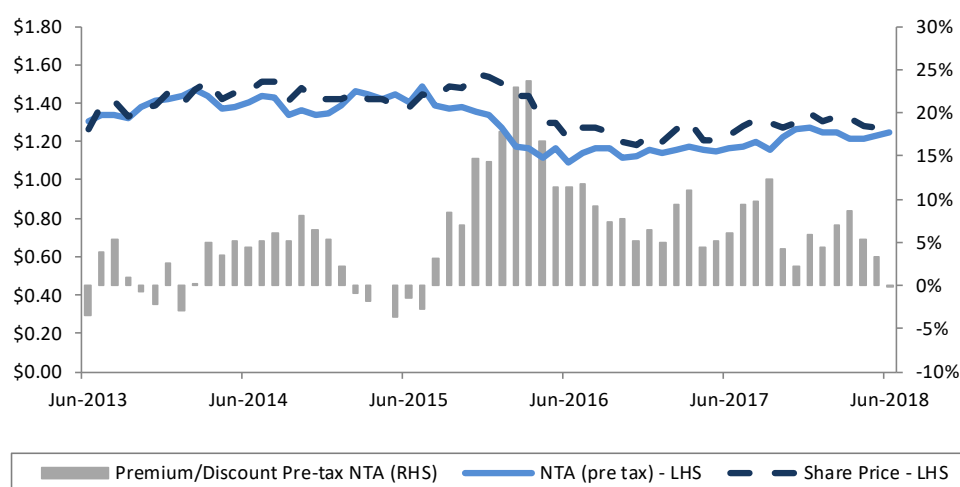
### CDM's Portfolio (Top 10) Weighting

Stock	Portfolio (%)	Currency Exposure	Direction
ARQ Group Ltd	16.6	AUD	Long
Emeco Holdings Ltd	7.1	AUD	Long
Macquarie Group Ltd	6.3	AUD	Long
Noni B Ltd	4.8	AUD	Long
Janus Henderson Group	3.9	AUD	Long
Money3 Corporation Ltd	3.6	AUD	Long
Teva Pharmaceutical-SP	2.9	AUD	Long
Navigator Global Investments Ltd	2.9	AUD	Long
Shine Corporation	2.6	AUD	Long
Aurelia Metals Ltd	2.5	AUD	Long

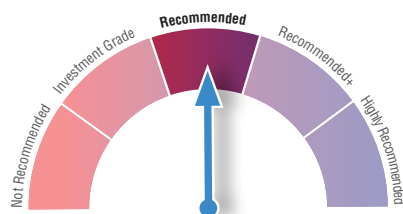
53.2

Source all figures: CDM/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 17 August 2018	0.96
Market cap (\$M)	24.1
Shares on issue (M)	25.1
Options on issue (M)	0.0
Shares traded (\$M p.a)	5.9
12-month L/H (\$)	0.85/0.995
Listing date	December 2014

## Fees

Management Fee (%)	1.0
Performance incentives (%)	20.0*

\*20% of outperformance of the the S&P/ASX 200 Accumulation Index, subject to a high watermark.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-13.1%
Average since listing	-8.5%

## Dividend Yield\*

	%
FY16	3.37ff
FY17	2.78ff
FY18	3.30ff

\*Based on FY end data.

## Substantial Shareholders

	%
Dynasty Peak Pty Ltd	7.8
Jacqueline Kay Pty Ltd	6.0

As at 30 June 2018

## COMPANY OVERVIEW

CBG Capital Limited (ASX:CBC) is a listed investment company. The company listed on the ASX in December 2014 following an equity issue that raised \$24.2m through the issue of 24.2m shares at \$1.00 per share. The company invests in a long only portfolio of ASX listed investments with the ability to invest up to 10% of the portfolio in international investments. The portfolio is managed by CBG Asset Management Limited (CBG), a boutique asset management firm that was established in 2001. In July 2017 listed fund manager, Clime Investment Management (ASX:CIW) acquired a 100% interest in CBG. Following the acquisition there are no changes to CBC's investment style or objectives.

## INVESTMENT OBJECTIVE

CBC seeks to achieve an attractive rate of return for shareholders over the medium to long term, while minimising the risk of permanent capital loss. The company aims to provide both capital growth and franked dividend income.

## STYLE AND PROCESS

The Manager has a long only portfolio of listed investments. The Manager seeks to identify quality companies that are undervalued and has a capital preservation focus. Stock selection is based on bottom up, fundamental analysis. The Manager employs a multi-faceted investment process comprising both quantitative and qualitative screens.

## PORTFOLIO CHARACTERISTICS

The company has an all cap portfolio. The Manager decreased its exposure to large cap stocks over the June quarter from 55% to 41.1% of the portfolio. The portfolio is largely invested with 1.6% cash at June-end. The portfolio is concentrated with the top ten holdings accounting for 51.7% of the portfolio, well above the benchmark weighting for these stocks. Exposure to the Financials sector was reduced during the June quarter, however, still remains the largest sector exposure in the portfolio. Exposure to the Materials sector increased over the quarter with 24.1% allocated to this sector at June-end.

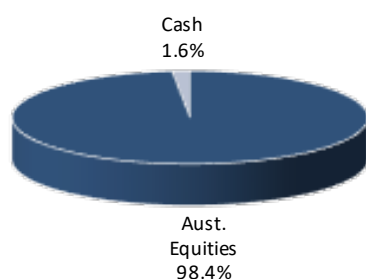
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

CBC offers investors the opportunity to invest in a professionally managed portfolio of domestic equities. While the Manager has the ability to invest in international equities, it currently has no intention to invest outside the domestic market. The portfolio is managed by an investment manager with significant experience in the investment industry. Following its acquisition by Clime Investment Management in July 2017, the Manager's investment processes and core investment team are unchanged. However, the Manager now has access to the additional resources, including investment analysts and administrative support, of a larger boutique fund manager. We see this as positive for CBC. The company has now been trading for over three years. Since listing, the portfolio (pre-tax NTA plus dividends) has underperformed the benchmark index (S&P/ASX 200 Accumulation Index), with the portfolio increasing 4.6%p.a compared to the benchmark index increase of 8.4%p.a. The share price (plus dividends) gained some momentum over the June quarter, with the share price increasing 8.1%. Despite the strong performance over the June quarter, the share price (including dividends) performance has been weak since listing with a return of 1.2%p.a. The company continues to trade at a discount to pre-tax NTA. We attribute the discount to a combination of underperformance of the benchmark index since listing and the sub-optimal size of the company. It is difficult to see the discount being eliminated unless the manager is able to build a track record of consistent outperformance. Post the end of the quarter, the company announced a proposal for the issue of bonus shares on a 1 for 25 basis. The proposal will be put to shareholders at the AGM in September. If the proposal is approved by shareholders an additional 1m shares will be issued.

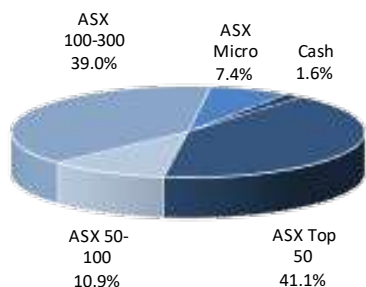
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Financials (ex Property)	34.2	29.8
Consumer Discretionary	11.8	12.1
Information Technology	11.0	12.6
Materials	21.7	24.1
Industrials	3.7	6.1
Consumer Staples	6.0	6.5
Energy	3.2	4.3
Healthcare	2.8	0
Property	1.7	0
Telecommunication Services	3.9	4.5
Utilities	0.0	0

### Asset Weighting



### Size Weighting



### Board of Directors

Ronni Chalmers	Chairman (Executive)
James Beecher	Director (Non-Executive)
John Abernethy	Director (Executive) (Appt. 2 February 2018)
Biju Vikraman	Company Secretary

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	7.4	12.7	6.2	na
Peer Group Median (pre-tax NTA plus dividends), %*	7.4	10.1	6.9	na
S&P/ASX 200 Acc Index (%)	8.5	13.0	9.0	na
Out/Under performance of index (%)	-1.1	-0.3	-2.9	na
Share Price + Dividends (%)	8.1	6.3	2.3	na
Tracking Error (%)	5.1	4.0	5.8	na

\*Australian large cap shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

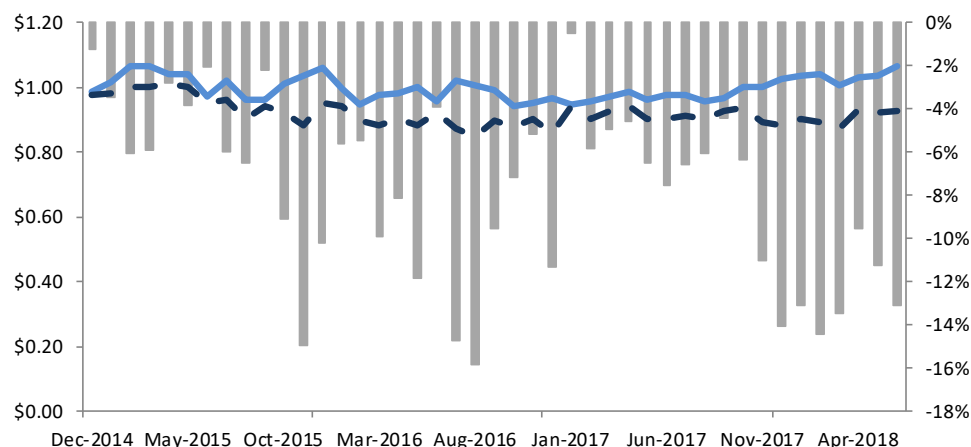
- ◆ **Dividend policy** – The company will seek to pay franked dividends semi-annually.
- ◆ **Capital management policy** – The company may undertake on-market buybacks and may also consider the issue of additional securities.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

### CBC's Portfolio (Top 10) Weighting (Ex Cash)

Code	Portfolio (%)	S&P/ASX 200 (%)
BHP	8.1	6.0
NAB	7.1	4.2
WES	5.6	3.1
WBC	5.2	5.6
CBA	4.7	7.1
SDA	4.4	0.1
RIO	4.3	1.9
WPL	4.2	1.9
WEB	4.1	0.1
APT	4.0	0.1
	<b>51.7</b>	<b>30.1</b>

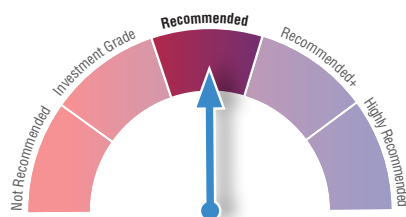
Source all figures: CBC/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



■ Premium/Discount Pre-tax NTA (RHS) — NTA (pre tax) - LHS — Share Price - LHS

## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 August 2018	0.945
Market cap (\$M)	98.1
Shares on issue (M)	103.8
Options on issue (M)	0.0
Shares traded (\$M p.a)	43.7
12-month L/H (\$)	0.885/1.01
Listing date	August 2015

## Fees

Management Fee (% p.a)	0.85-0.95*
Performance incentives (%)	na

\*The management fee will be charged on a tiered scale. The annual management fee will be 0.95% for the portfolio value up to and including \$150m, 0.90% for the portfolio value above \$150m up to and including \$500m, and 0.85% for the portfolio value above \$500m

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-3.1%
3 year average	-4.0%

## Dividend Yield

	%
FY16	3.26pf
FY17	6.74pf
FY18	8.83pf

## Largest Shareholders

	%
HSBC Custody Nominees (Australia) Limited	5.24

As at 30 June 2018

## COMPANY OVERVIEW

Contango Income Generator Limited (ASX: CIE) is an investment company which listed on the ASX in August 2015. Contango Asset Management Limited (ASX:CGA), an ASX listed company, is the Manager of the portfolio. CIE invests primarily in companies outside the top 30 ASX-listed securities and seeks to pay an annual dividend of at least 6.5% of NTA at the beginning of the financial year. Dividends are paid on a quarterly basis.

## INVESTMENT OBJECTIVE

CIE seeks to provide investors with access to an above market yielding portfolio of primarily ex-30 ASX-listed securities on the basis that most people have exposure to the top 30 stocks through their own investment portfolios or through their superannuation funds. While trying to maximise total returns to investors, CIE also seeks to preserve capital through its ability to hold up to 50% of the portfolio in cash if attractive opportunities cannot be identified.

## STYLE AND PROCESS

The Manager uses a combination of top down and bottom up fundamental analysis to identify attractive investment opportunities. The Manager believes economic conditions drive earnings and valuations and that sectors perform differently at each stage of the economic cycle. As such stocks are selected based on company fundamentals and then investment is based on the economic overlay determined. The Manager utilises filters such as: yield of 4%+, beta is lower than the market, franking levels, volatility, level of gearing, and liquidity.

## PORTFOLIO CHARACTERISTICS

CIE holds a portfolio of ASX ex-30 stocks and is heavily weighted to the Financials and Consumer Discretionary sectors, with 45.6% of the portfolio allocated to these two sectors. The Manager takes high conviction positions and is index agnostic and therefore not concerned with the weighting of a stock in the index. This is highlighted by the top ten holdings, which account for 31.1% of the portfolio, compared to the relevant weighting in the ASX All Ordinaries Index of 3.7%.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

CIE is suitable for investors looking for a well-managed portfolio of stocks outside the top 30 ASX-listed companies. CIE seeks to pay a dividend equal to 6.5% of NTA and has been able to achieve this to date, although we would like to see dividend reserve cover a little higher than the current level. Dividend franking is 50%, but the dividend yield at 30 June 2018 of 8.83% is well above the market yield.

The portfolio (pre-tax NTA plus dividends) has significantly underperformed since its inception in August 2015 with the portfolio returning 5.9%p.a compared to the benchmark index (ASX All Ordinaries Accumulation Index) return of 11.1%p.a. The performance of the portfolio has reflected the underperformance of the investment universe as defined by the Manager's investment parameters. The company has achieved its objective of providing an above market dividend yield and pays dividends on a quarterly basis providing a regular income stream for shareholders. The company was trading at a discount to pre-tax NTA at June-end of 3.1%. We would recommend an investment in this company to those investors seeking an above market yield but note that the strategy has resulted in an underperforming portfolio to date.

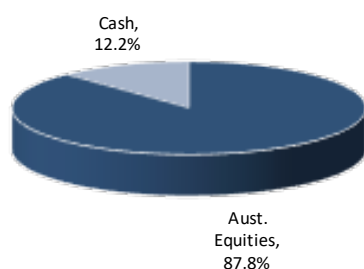
Post the end of the quarter, Steve Bennet resigned from the board due to other commitments. This has resulted in the board being reduced to three, all of which are non-executive.



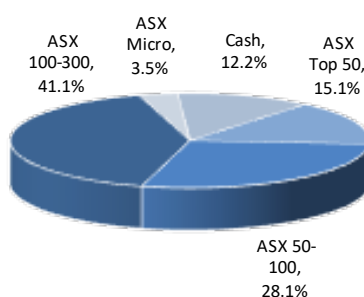
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	2.5	4.6
Materials	6.5	5.5
Industrials	8.0	9.2
Consumer Discretionary	19.5	20.8
Consumer Staples	3.6	3.0
Health Care	1.7	1.9
Financials	27.4	24.8
Information Technology	3.9	4.2
Telecommunication Services	0.0	0.0
Utilities	4.6	5.0
REITS	8.6	8.8
SPI Futures	0.0	0.0
Cash	13.9	12.2

### Asset Weighting



### Size Weighting



### Board of Directors

Dr. Andrew MacDonald	Chairman (Non-Executive)
Mark Kerr	Director (Non-Executive)
Don Clarke	Director (Non-Executive)
Steve Bennett	Director (Non-Executive), Resigned 9 August 2018

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	2.7	1.9	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	3.3	9.2	na	na
ASX All Ords Acc Index (%)	8.0	13.7	na	na
Out/Under performance of index (%)	-5.3	-11.9	na	na
Share Price + Dividends (%)	0.7	6.0	na	na
Tracking Error (%)	5.1	4.7	na	na

\*Peer Group is Australian Shares Mid/Small Cap as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

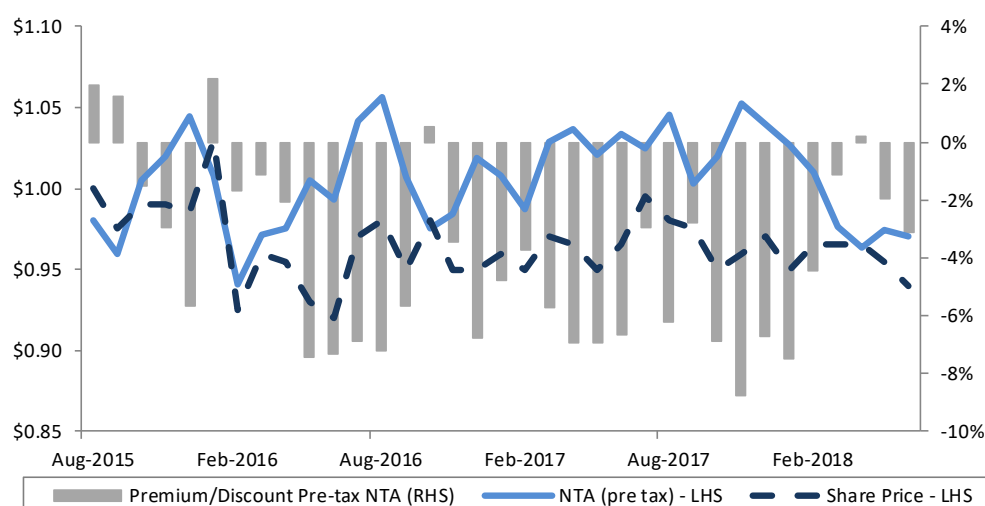
- ◆ **Dividend policy** – CIE will seek to pay annual dividends (with quarterly dividend payments) amounting to a minimum 6.5%pa yield on the net tangible asset value per share prevailing at the beginning of the financial year.
- ◆ **Capital management policy** – CIE can buy back its shares, however has no buy back facility in operation.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes, at 3% discount.

### CIE's Portfolio (Top 10) Weighting

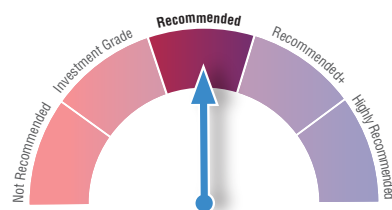
Code	Portfolio (%)	ASX All Ordinaries Index (%)
BOQ	4.6	0.2
BEN	4.4	0.3
TAH	4.2	0.5
CTX	3.1	0.4
SGP	2.6	0.5
SKI	2.6	0.2
ASX	2.5	0.6
AGL	2.4	0.8
IRE	2.4	0.1
DLX	2.3	0.2
	<b>31.1</b>	<b>3.7</b>

Source all figures: CIE/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment trust

## Investment Area

US

## Investment Assets

Private equity funds & Private companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	1.83
Market cap (\$M)	71.4
Units on issue (M)	39.0
Units traded (\$M p.a)	2.4
12-month L/H (\$)	1.60/1.97
Listing date	August 2012

## Fees

Management Fee (% p.a)	2.33
Performance incentives (%)	na

Investment manager fee of 2.0% plus 0.33% responsible entity and administration fee.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-4.9%
3 year average	4.2%

## Dividend Yield

	%
FY16	9.86uf
FY17	14.63uf
FY18	16.67uf

Note: Dividend yield is based on June fiscal year.

## FUND OVERVIEW

Cordish Dixon Private Equity Fund I (ASX:CD1), (formerly US Select Private Opportunities Fund, ASX:USF) is a listed investment trust that invests in a fund (the Fund) that invests in an underlying portfolio of boutique private equity funds in the US. CD1 has an ~85% interest in the Fund, with Cordish Private Ventures, LLC owning the remaining interest. Walsh & Company Asset Management Limited is the Investment Manager for the Fund and an affiliate of Cordish Private Ventures, LLC provides administrative services. The Investment Manager has appointed an Advisory Board to assist with the investment selection. Given the underlying funds are based in the US, investors will be subject to foreign exchange movements. CD1 does not intend to hedge the currency exposure however reserves the right to do so in the future. The Fund will have a life of approximately ten years from the time the capital is fully committed with the underlying funds having five years to invest the capital and then five years to exit. The Fund will return capital when the underlying funds exit their investments.

## INVESTMENT OBJECTIVE

CD1 seeks to provide Australian investors access to a portfolio of boutique US private equity investments, offering a family office style of investing, a style of investment typically not available to retail investors. The Fund has developed a relationship with the principals of Cordish Private Ventures, LLC, to provide them with advice and access to global private equity funds. The Fund seeks to generate capital growth over a 5-10 year period.

## STYLE AND PROCESS

CD1 has a fund of fund investment approach, whereby the Investment Team and Advisory Board select a portfolio of private equity funds. The Investment Manager focuses on those funds that have an established history of successful private equity investments. We note that the Investment Manager may look at newly established managers that have a proven track record at other firms. The Investment Manager uses its industry contacts and experience in the industry to identify investment opportunities. The Investment Manager is responsible for undertaking the due diligence on potential investments, which focuses on: 1) deal sourcing and acquisition discipline; 2) track record in management of investments; 3) track record in executing acquisitions to grow investments; and 4) exit execution.

## PORTFOLIO CHARACTERISTICS

The portfolio capital is fully committed across nine investment funds, all focused on small-to-mid-market private investment opportunities. The amount of capital drawdown by the underlying funds at 30 June 2018 was US\$66.6m, or 95.3% of the committed capital. Underlying funds have five years to invest the committed capital and five years to exit investments. The funds are invested across a broad range of industries.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

CD1 provides investors access to a portfolio of boutique US private equity funds with a focus on the small-to mid sized market. There are limited LICs on the ASX that provide exposure to private investments. We note that returns from private equity investments can be lumpy and take time to emerge. We compare the performance of the trust to the S&P 500 Index (AUD) given the Investment Manager believes private equity will outperform listed equities over the long-term. Over the long-term, the portfolio has underperformed the US market, however, we note that an investment in CD1 is a long-term investment with the returns not fully known until the underlying funds have realised their investments in full. Over the 12 months to 30 June 2018, the portfolio has slightly underperformed the S&P 500 Index (AUD). Over this period over 80% of the committed capital was drawn. CD1 paid a distribution of 11 cents per unit during the June quarter, taking the total distribution over the 12 months to 30 June 2018 to 29 cents per unit. The annual fees associated with the trust are high, however unlike its peers, CD1 does not charge a performance fee. The Investment Manager and Advisory Board are highly experienced in private equity and financial markets.



### Investment Limitations

1) The Fund can only invest in private investment funds and interests in private companies.

2) No more than 33% of the aggregated capital commitment of the Fund can be invested in an individual underlying fund.

3) No more than 25% of the aggregated capital commitment of the Fund can be invested in any underlying fund whose primary objective is to invest outside the US.

4) The Fund cannot invest in underlying funds that primarily focus on emerging market investments.

5) No more than 25% of the Fund can be invested in venture capital.

6) No more than 20% of the aggregated capital commitment of the Fund can be held in private companies.

### Directors of Responsible Entity

Alex MacLachlan	Executive Director
Warwick Keneally	Executive Director
Mike Adams	Non-Executive Director

### Advisory Board

Jonathan Cordish
Alan Dixon
Alex MacLachlan

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	5.0	15.1	10.0	10.2
S&P 500, AUD (%)	6.8	16.7	11.0	16.3
Out/Under performance of index (%)	-1.8	-1.6	-1.0	-6.1
Unit Price + Distributions (%)	3.7	-0.9	3.0	8.0
Tracking Error (%)	1.6	13.6	17.1	14.6

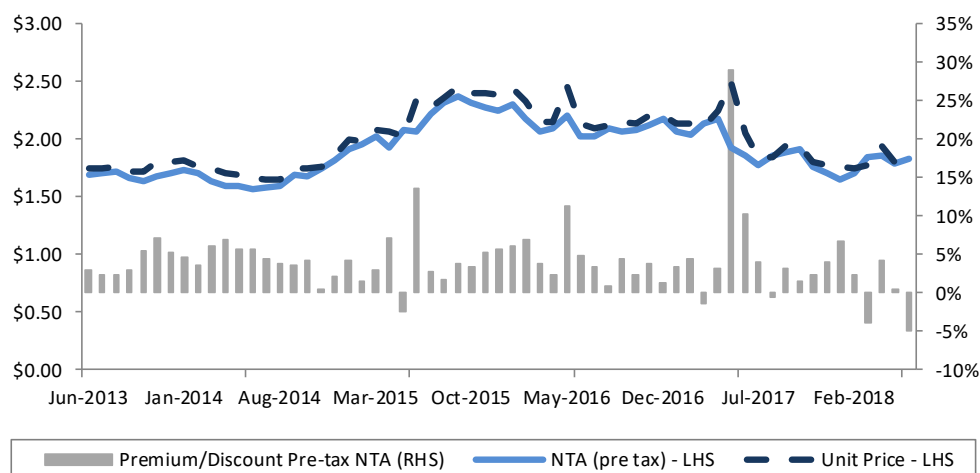
### CD1's Portfolio

Fund	Industry Focus	Committed Capital US\$m
DFW Capital Partners IV, L.P.	Healthcare, business services & industrial services	5.0
Encore Consumer Capital Fund II, L.P.	Non-discretionary consumer products	10.0
FPC Small Cap Fund I, L.P.	Lower-middle market service oriented companies	4.0
Incline Equity Partners III, L.P.	Manufacturing, value-added distribution & business services	10.0
KarpReilly Capital Partners II, L.P.	Apparel & brand consumer products, retail, restaurants	10.0
Peppertree Capital Fund IV, L.P.	Telecommunication infrastructure companies	3.0
Prometheus Partners IV, L.P.*	Quick service restaurants	4.8
Trivest Fund V, L.P.	Manufacturing, distribution, business services, consumer	10.0
U.S. Select Direct Private Equity (US), LP	Co-investment in private equity companies	13.0
<b>Total</b>		<b>69.8</b>

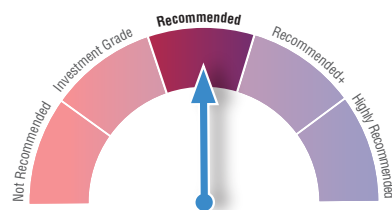
\*The LP received a final distribution from Prometheus Partners IV, LP on 30 September 2016 and has no remaining capital with this fund.

Source all figures: CD1/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Unit Price Performance



## Rating



## LMI Type

Listed investment trust

## Investment Area

US

## Investment Assets

Private equity funds & Private companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	1.99
Market cap (\$M)	109.8
Units on issue (M)	55.2
Units traded (\$M p.a)	2.7
12-month L/H (\$)	1.91/2.24
Listing date	April 2013

## Fees

Management Fee (% p.a)*	2.33
Performance incentives (%)	na

\* Investment manager fee of 2.0% plus 0.33% responsible entity and administration fee.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-1.9%
3 year average	3.5%

## Dividend Yield

	%
FY16	6.61uf
FY17	4.65uf
FY18	13.17uf

Note: Dividend yield is based on June fiscal year.

## FUND OVERVIEW

Cordish Dixon Private Equity Fund II (ASX:CD2) (formerly US Select Private Opportunities Fund II, ASX:USG) (the Trust) is the second issue of a listed investment trust investing in a fund (the Fund) that invests in an underlying portfolio of boutique private equity funds in the US. The Trust has an ~87% interest in the Fund, with Cordish Private Ventures, LLC owning the remaining interest. Dixon Asset Management USA Inc is the Investment Manager for the Fund and an affiliate of Cordish Private Ventures, LLC provides administrative services. The Investment Manager has appointed an Advisory Board to assist with the investment selection. The Trust was listed in April 2013, raising an initial \$61m, and has since raised additional funds. Given the underlying funds are based in the US, investors will be subject to foreign exchange movements. CD2 does not intend to hedge the currency exposure but reserves the right to do so in the future. The underlying investments will charge a management fee on the capital committed and a performance fee. The Fund will have a life of approximately ten years from the time the capital was fully committed with the underlying funds having five years to invest the capital and then five years to exit. The Fund will return capital when the underlying funds exit their investments.

## INVESTMENT OBJECTIVE

The Trust seeks to provide Australian investors access to a portfolio of boutique US private equity investments, offering a family office style of investing, a style of investment typically not available to retail investors. The Fund has developed a relationship with the principals of Cordish Private Ventures, LLC, to provide them with advice and access to global private equity funds. The Fund seeks to generate capital growth over a 5-10 year period.

## STYLE AND PROCESS

The Trust has a fund of fund investment approach, whereby the Investment Team and Advisory Board select a portfolio of private equity funds. The Investment Manager focuses on those funds that have an established history of successful private equity investments. We note that the Investment Manager may look at newly established managers that have a proven track record at other firms. The Investment Manager uses its industry contacts and experience in the industry to identify investment opportunities. The Investment Manager is responsible for undertaking the due diligence on potential investments, which focuses on: 1) deal sourcing and acquisition discipline; 2) track record in management of investments; 3) track record in executing acquisitions to grow investments; and 4) exit execution.

## PORTFOLIO CHARACTERISTICS

The portfolio capital is fully committed across 12 investment funds, all focused on small-to-mid-market private investment opportunities. At 30 June 2018, 80.4% (US\$76.4m) of committed capital has been called, a 3.2% increase from March-end. 72.7% of the capital is drawn. The remainder of the capital is held in cash. Underlying funds have five years to invest the committed capital and five years to exit investments. The funds are invested across a broad range of industries.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

CD2 provides investors access to a portfolio of boutique US private equity funds with a focus on the small-to mid sized market. The Investment Manager and Advisory Board are highly experienced in private equity and financial markets. Annual fees associated with the trust are high, but unlike its peers, CD2 does not charge a performance fee. An investment in CD2 is a long-term investment with returns from the trust only realised once the underlying funds have realised the investments. Returns from private equity investments can be lumpy and take time to be realised. We compare the performance of the trust to the S&P 500 Index (AUD), given the Investment Manager believes private equity will outperform listed equities over the long-term. The portfolio (NTA plus dividends) has generated returns largely in line with the S&P 500 Index (AUD) over the 12 months to 30 June 2018. Committed capital drawn was increased from 61.3% and 72.7% over this period. CD2 paid a distribution of 4 cents per share during the June quarter, taking the total distribution paid over the 12 months to 30 June 2018 to 27 cents per unit.

### Investment Limitations

1) The Fund can only invest in private investment funds and interests in private companies.

2) No more than 33% of the aggregated capital commitment of the Fund can be invested in an individual underlying fund.

3) No more than 25% of the aggregated capital commitment of the Fund can be invested in any underlying fund whose primary objective is to invest outside the US.

4) The Fund cannot invest in any underlying funds that primarily focus on emerging market investments.

5) The Fund cannot invest in any underlying funds whose primary investment objective is to invest in venture capital.

### Directors of Responsible Entity

Alex MacLachlan Executive Director

Warwick Keneally Executive Director

Mike Adams Non-Executive Director

### Advisory Board

Jonathan Cordish

Alan Dixon

Alex MacLachlan

## PERFORMANCE ANALYTICS

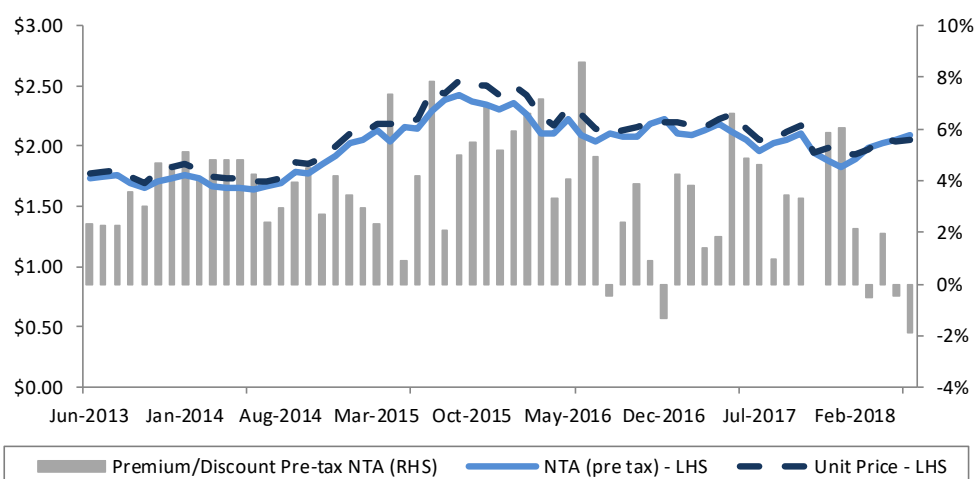
Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	7.6	16.3	7.7	9.1
S&P 500, AUD (%)	6.8	16.7	11.0	16.3
Out/Under performance of index (%)	0.8	-0.4	-3.3	-7.2
Unit Price + Distributions (%)	6.1	8.7	5.4	8.1
Tracking Error (%)	3.5	10.6	12.2	11.2

### CD2's Portfolio

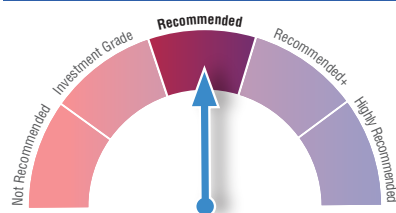
Fund	Industry Focus	Committed Capital US\$m
Blue Point Capital Partners III, LP	Engineering, industrial & distribution companies	5.0
Chicago Pacific Founders Fund, LP	Healthcare services & senior living companies	7.5
DFW Capital Partners IV, LP	Healthcare, business services and industrial services	5.0
High Road Capital Partners Fund II, LP	Middle market building companies	7.5
Main Post Growth Capital, LP	Consumer, business services & industrial growth sectors	7.5
NMS Fund II, LP	Healthcare, consumer products & specialised business services	6.5
RFE Investment Partners VIII, LP	Companies in leading market positions	8.0
Staple Street Capital Partners II, LP	Lower middle market companies with operational, balance or process complexities	8.0
Tengram Capital Partners Gen2 Fund, LP	Branded consumer product and retail	10.0
Tower Arch Partners I, LP	Family & entrepreneur-owned companies	8.0
Trive Capital Fund I, LP	Under-resourced middle market companies	10.0
U.S. Select Direct Private Equity (US), LP	Co-investment in private equity companies	15.0
<b>Total</b>		<b>98.0</b>

Source all figures: CD2/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Unit Price Performance



## Rating



## LMI Type

Listed investment trust

## Investment Area

US

## Investment Assets

Private equity funds & Private companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	1.48
Market cap (\$M)	106.6
Units on issue (M)	72.0
Units traded (\$M p.a)	3.3
12-month L/H (\$)	1.46/1.625
Listing date	July 2016

## Fees

Management Fee (% p.a)	1.0
Performance incentives (%)	10.0

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	1.9%
Average since inception	4.2%

## FUND OVERVIEW

Cordish Dixon Private Equity Fund III (ASX:CD3), (formerly US Select Private Opportunities Fund III, ASX:USP) (the Trust) was listed on the ASX in July 2016 after raising \$76.8m and is the third listed investment trust in a series. An additional \$36.5m was raised in September 2017 via an offer of new units. The Trust invests in a fund (the Fund) that invests in an underlying portfolio of boutique private equity funds in the US. The Trust has a 71.2% interest in the Fund, with Cordish Private Ventures, the GP and its associates owning the remaining interest. Dixon Asset Management USA Inc is the Investment Manager for the Fund and an affiliate of Cordish Private Ventures, LLC provides administrative services. The Investment Manager has appointed an Advisory Board to assist with the investment selection. Given the underlying funds are based in the US, investors will be subject to foreign exchange movements. CD3 does not intend to hedge the currency exposure, but has the right if it so decides. CD3 will pay an annual management fee of 1% of the capital committed and a performance fee of 10% on pre-tax returns in excess of 8% p.a. The underlying investments will charge a management fee on the capital committed and a performance fee. The Fund will return capital via the payment of distributions when the underlying funds exit investments.

## INVESTMENT OBJECTIVE

The Trust seeks to provide Australian investors access to a portfolio of boutique US private equity investments, offering a family office style of investing, a style of investment typically not available to retail investors. The Fund has developed a relationship with the principals of Cordish Private Ventures, LLC, to provide them with advice and access to global private equity funds. The Fund seeks to generate capital growth over a 10 year period.

## STYLE AND PROCESS

The Trust has a fund of fund investment approach, whereby the Investment Team and Advisory Board select a portfolio of private equity funds. The Investment Manager focuses on those funds that have an established history of successful private equity investments. We note that the Investment Manager may look at newly established managers that have a proven track record at other firms. The Investment Manager uses its industry contacts and experience in the industry to identify investment opportunities. The Investment Manager is responsible for undertaking the due diligence on potential investments, which focuses on: 1) deal sourcing and acquisition discipline; 2) track record in management of investments; 3) track record in executing acquisitions to grow investments; and 4) exit execution.

## PORTFOLIO CHARACTERISTICS

The LP has commitments of US\$115m across 13 private investment funds. The underlying investments currently provide exposure to 58 companies. The Fund is relatively new so only a portion of the committed capital has been called. At 30 June 2018, 42.5% (US\$48.5m) of committed capital was called and 35.1% was drawn. No additional capital was called over the June quarter, however, a further 2.9% of the capital was drawn.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

CD3 provides investors access to a portfolio of boutique US private equity funds with a focus on the small-to mid-sized market. While CD3 is listed, the underlying investments are not liquid with the Fund not able to exit investments with ease. As such investors should have a long-term investment horizon to realise the full potential of the underlying investments. The Investment Manager and Advisory Board are highly experienced in private equity and financial markets. The fees paid to the GP are comparable with its peers that charge a performance fee, however we note that CD3 has the lowest performance fee hurdle. Only a small portion of committed capital has been drawn to date, therefore a large portion of the portfolio remains in cash. The lack of exposure to the market has resulted in no meaningful returns from the portfolio, with the majority of the pre-tax NTA increase a result of the weakening AUD.

### Investment Limitations

1) The Fund can only invest in private investment funds and interests in private companies.

2) No more than 25% of the committed capital of the portfolio can be invested in an individual fund or company. The exception to this limitation is if an investment in the underlying fund or company is made either directly by the Fund or via a fund established by the GP or a related entity for the purpose of direct investment. In this circumstance the maximum investment including the direct investment is 33% of committed capital.

3) No more than 15% of the committed capital of the portfolio can be invested in funds whose primary objective is to invest outside the US.

4) The Fund cannot invest in any underlying funds that primarily focus on emerging market investments.

### Directors of Responsible Entity

Alex MacLachlan	Executive Director
Warwick Keneally	Executive Director
Mike Adams	Non-Executive Director

### Advisory Board

Jonathan Cordish
David Cordish
Alan Dixon
John Martin

## PERFORMANCE ANALYTICS

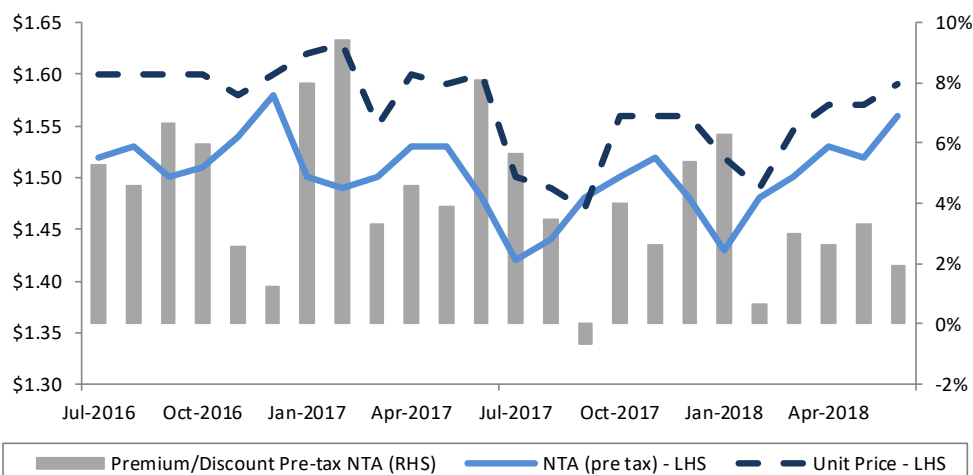
Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	4.0	5.4	na	na
S&P 500, AUD	6.8	16.7	na	na
Out/Under performance of index	-2.8	-11.3	na	na
Unit Price + Distributions	2.9	-0.6	na	na
Tracking Error	6.2	8.9	na	na

### CD3's Portfolio

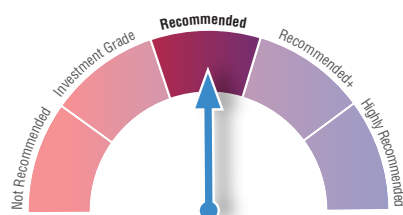
Fund	Committed Capital US\$m
Bertram Growth Capital III, L.P.	10.0
DFW Capital Partners V, L.P.	7.5
Elephant Partners Fund I, L.P.	5.0
Encore Consumer Capital Fund III, L.P.	7.5
Gemspring Capital Fund I, L.P.	10.0
Growth Street Partners I, L.P.	5.0
Incline Equity Partners IV, L.P.	7.5
Luminate Capital Partners, L.P.	7.5
NMS Fund III, L.P.	7.5
PeakSpan Capital Fund I, L.P.	5.0
Telescope Partners I, L.P.	5.0
Trive Capital Fund II, L.P.	10.0
U.S. Select Direct Private Equity II, L.P.	27.5
<b>Total</b>	<b>115.0</b>

Source all figures: CD3/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Unit Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 1 August 2018	4.18
Market cap (\$M)	877.1
Shares on issue (M)	209.8
Options on issue (M)	0.0
Shares traded (\$M p.a)	51.2
12-month L/H (\$)	3.69/4.34
Listing date	December 1991

## Fees

Management Fee (%)	0.12
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-8.3%
3 year average	-5.5%

## Dividend Yield

(%)

FY16	4.28ff
FY17	3.76ff
FY18	3.54ff

## Substantial Shareholders

(%)

Ian Potter Foundation & Australian United Investment	23.8
Australian Foundation Investment Company Ltd	5.7

As at 30 June 2018

## COMPANY OVERVIEW

DUI was listed on the ASX in 1991. The company invests in a portfolio of ASX-listed securities to generate income and capital appreciation over the long-term, similar to its sister company, AUI. The original investment mandate included diversified asset classes of international shares and fixed interest. The focus of the company has been on Australian equities for many years but the portfolio now includes an allocation to international equities.

## INVESTMENT OBJECTIVE

The company aims to generate capital and growing income returns from an investment in a portfolio of ASX-listed securities. The company has a long-term investment focus and does not intend to dispose of its portfolio.

## STYLE AND PROCESS

DUI has a buy-and-hold investment style, with the company only exiting investments if the board believes there has been deterioration in the industry and/or the management. The Board of Directors currently comprises four members who take on the role of investment management and stock selection. The Board meets formally on a monthly basis to review the portfolio. The company has a focus on maintaining and growing the dividend income paid to shareholders. Given the long-term investment horizon of the company, portfolio churn is low. The company relies on board members and their contacts to provide research as well as company visits to form opinions about investment prospects.

## PORTFOLIO CHARACTERISTICS

DUI invests in a portfolio of domestic listed stocks and gains exposure to international markets through ETFs and more recently managed funds. The company has a target allocation to international equities of 10-20% with a portfolio weighting of 14.5% at 30 June 2018. The upper target limit for international exposure was increased from 15% to 20% by the company. We do not envisage the company having more than 20% of the portfolio exposed to international equities. The portfolio is largely invested with less than 2% cash. There are no restrictions regarding the minimum or maximum investment in any individual stock or sector and as such the company may take high conviction positions in securities. The portfolio has a significant overweight exposure to its largest holding, CSL, which was a positive contributor to the portfolio value over the June quarter.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

DUI provides cost-effective access to a portfolio that primarily consists of ASX-listed securities, with a bias towards large-cap stocks. Up to 5% of the portfolio can be held in small-caps through an allocation to small cap fund managers. The portfolio also provides modest exposure to international markets with a target allocation of 10-20% of the portfolio, so investors need to be comfortable with the risks associated with international investing, including currency risk. Investors need to be aware that the Board can make changes to the asset allocation from time to time and should be comfortable with this fact. DUI has a \$115m debt facility, \$95m of which has been drawdown. DUI's portfolio (pre-tax NTA plus dividends) has outperformed the S&P/ASX 200 Accumulation Index over the short-and-medium term. DUI has been in the top two performing LICs in the peer group over the one, three and five year periods to 30 June 2018. Over the long-term the portfolio has slightly outperformed the market, with the portfolio increasing 6.9%p.a over the ten years to 30 June 2018, compared to the market return of 6.4%p.a. The discount to pre-tax NTA expanded over the June quarter with the company trading at a 8.3% discount at June-end. The discount expanded largely as a result of the portfolio value increasing at a much greater rate than the share price. The portfolio value increased 10.4% over the June quarter compared to the share price increase of 3.0%. The current levels provide a good entry point for prospective investors.



## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	6.4	6.8
Building Materials	0.7	0.7
Transportation	1.0	0.9
Consumer & Retail	6.0	6.7
Healthcare	11.6	12.8
Financials (ex Property)	34.2	31.2
Property	5.4	5.1
Telecommunications	0.0	0.0
Infrastructure & Utilities	9.4	9.2
Mining & Services	8.4	8.6
Managed Funds	2.1	1.9
International ETFs	13.0	14.5
Cash	1.8	1.6

### Board of Directors

Charles Goode	Chairman (Executive)
Anthony Burgess	Director (Executive)
Stephen Hiscock	Director (Executive)
Andrew Larke	Director (Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	10.4	15.8	10.8	11.1
Peer Group Median (pre-tax NTA plus dividends), %*	7.4	10.1	6.9	8.9
S&P/ASX 200 Acc Index (%)	8.5	13.0	9.0	10.0
Out/Under performance of index (%)	1.9	2.8	1.8	1.1
Share Price + Dividends (%)	3.0	14.4	9.6	11.4
Tracking Error (%)	1.6	1.5	3.4	3.7

\*Australian large cap shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

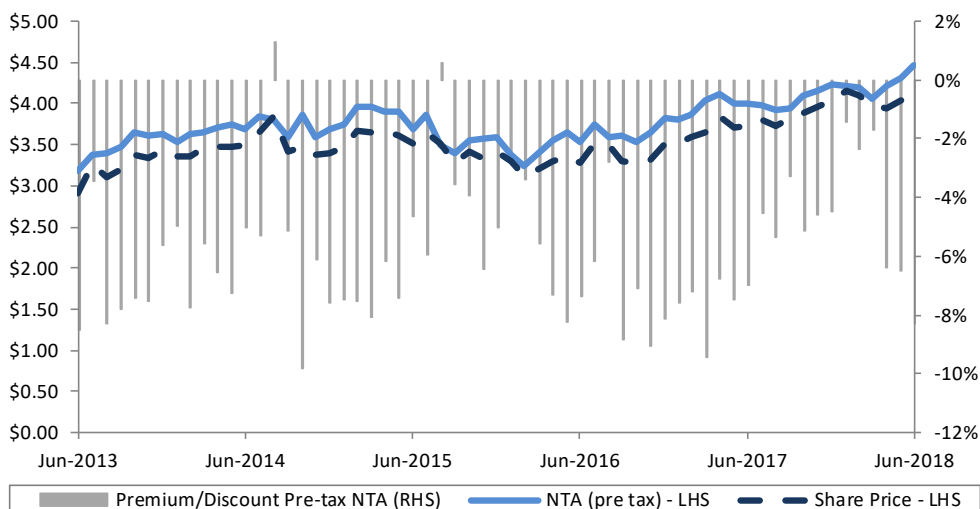
- ◆ **Dividend policy** – The company seeks through careful portfolio management to reduce risk and increase income over time so as to maintain and grow dividend distributions to shareholders over the long term.
- ◆ **Capital management policy** – The company offers a Dividend Reinvestment Plan and from time to time a Share Purchase Plan. DUI has an on-market share buy-back facility in place for up to 10m shares. The buy-back facility expires on 31 May 2019.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

### DUI's Portfolio (Top 10) Weighting

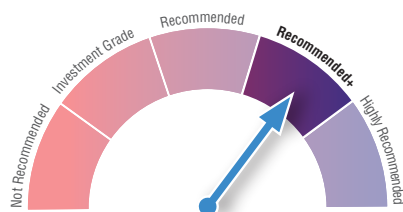
Code	Portfolio (%)	S&P/ASX 200 Index (%)
CSL	10.5	4.9
CBA	7.1	7.1
ANZ	5.5	4.6
WBC	5.4	5.6
TCL	5.0	1.5
NAB	4.0	4.2
BHP	3.9	6.0
WPL	3.8	1.9
RIO	3.8	1.9
VEU	3.3	na
	<b>52.3</b>	<b>31.6</b>

Source all figures: DUI/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	3.40
Market cap (\$M)	751.2
Shares on issue (M)	220.9
Options on issue (M)	0.0
Shares traded (\$M p.a)	117.4
12-month L/H (\$)	3.15/3.76
Listing date	June 1995
Fees:	
Management Fee (%)	0.46
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	2.1%
3 year average	19.4%

Dividend Yield*	%
FY16	6.37ff
FY17	6.52ff
FY18	5.92ff

\*Based on FY end data.

Largest Shareholders	%
AFC	3.4
Bruce Teele	1.0

As at 30 June 2018

## COMPANY OVERVIEW

DJW was established in December 1989 before being listed in June 1995. The company invests predominately in S&P/ASX 50 stocks listed on the ASX where there is an active options market available.

## INVESTMENT OBJECTIVE

DJW seeks to provide shareholders with attractive investment returns through access to an enhanced level of fully franked dividends and growth in capital invested.

## STYLE AND PROCESS

DJW invests in a portfolio of ASX-listed stocks, primarily from the S&P/ASX 50 index, given that this sector of the market offers an active options market. To increase its income, DJW writes covered call options over the stocks held in the portfolio. This generates income from the premiums paid by third parties to acquire the options. Where DJW believes the market is more likely to rise, it would likely reduce the level of the portfolio covered by options so that it could benefit from rising share prices. Conversely, in volatile markets, or high markets, DJW is likely to increase the option coverage of the portfolio. DJW also has a trading portfolio with short-term positions. The Investment Committee, which comprises five members of the Board, plays an active role in the investment process with the task of approving all investment orders and transactions, reviewing the performance of investments and reviewing sub-underwriting offers and deals with portfolio related activities.

## PORTFOLIO CHARACTERISTICS

DJW invests in a concentrated portfolio of stocks, predominantly from within the S&P/ASX 50 index. The company utilises options to generate increased income for the portfolio. Given the company writes call options, the portfolio may experience high levels of turnover if the options are exercised. While the company seeks to ward against this outcome by buying back options and writing new ones, in times of strong markets the exercise of options is inevitable. The portfolio has been repositioned throughout FY18 with a focus on adding stocks that have a positive outlook for dividend growth and reducing or exiting positions in stocks that are facing subdued dividend growth prospects.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

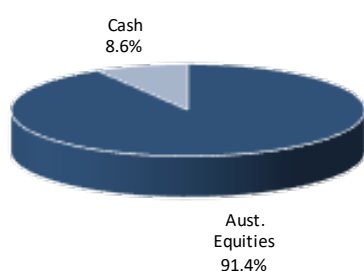
DJW provides a unique investment style in the LIC universe. The company makes frequent use of options in an attempt to increase portfolio income. The company writes covered call options over 20%-50% of the portfolio and as such, investors should be comfortable with the use of, and risks associated with, options. Options coverage was around 39% of the portfolio at the end of June 2018. Options coverage is expected to remain high given the current lofty valuations and potential increase in volatility in the market. The company currently has \$150m in credit facilities, \$109m of which has been drawdown. The portfolio (pre-tax NTA plus dividends) has underperformed the benchmark S&P/ASX 200 Accumulation Index on a one, three and five-year basis. We note that the portfolio is likely to underperform in strong markets. DJW's overlaying option strategy seeks to provide shareholders with an above market dividend yield. The company has achieved this objective by continuing to offer a greater dividend yield than the benchmark index. While the dividend yield remains above that of the market, dividends declined in FY16 and FY17 due to a decline in dividends received from the portfolio, reduced options income and a smaller level of realised capital gains. The dividends have stabilised in FY18 with the company declaring a final dividend for FY2018 of 10 cents per share, fully franked, taking the full year dividend to 20 cents per share, in line with the full year dividend for FY17. The declining dividends in recent years has contributed to the weakening share price. The share price (plus dividends) has fallen 4.8% over the three-years to 30 June 2018. The share price was trading at a small premium to pre-tax NTA at June-end and is currently trading significantly below the three-year average premium. This period of share price weakness provides an attractive entry point for prospective investors in a company that has been trading at significant premiums for a prolonged period of time.



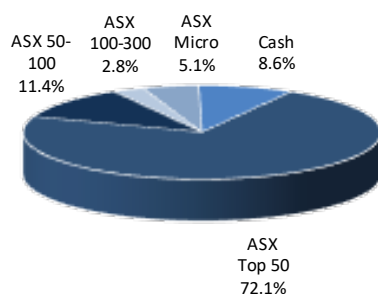
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	5.6	6.8
Materials	18.2	16.3
Industrials	9.7	12.1
Consumer Discretionary	0.9	0.7
Consumer Staples	7.7	6.8
Healthcare	8.2	7.1
Financials (ex Property)	40.0	41.4
Property	3.3	3.4
Information Technology	2.3	2.2
Telecommunication Services	2.8	2.1
Utilities	1.3	1.1

### Asset Weighting (ex cash)



### Size Weighting



### Board of Directors

John Paterson	Chairman
Mark Freeman	Managing Director
Bob Edgar	Director
Karen Wood	Director
Andrew Guy	Director (Ret. 19/4/18)
Kathryn Fagg	Director
Alice Williams	Director
Graham Goldsmith	Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	6.1	8.7	5.5	6.3
Peer Group Median (pre-tax NTA plus dividends, %)*	7.4	10.1	6.9	8.9
S&P/ASX 200 Acc Index (%)	8.5	13.0	9.0	10.0
Out/Under performance of index (%)	-2.4	-4.3	-3.6	-3.7
Share Price + Dividends (%)	3.0	-2.8	-4.8	1.3
Tracking Error (%)	0.2	1.7	1.9	2.0

\*Australian large cap shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

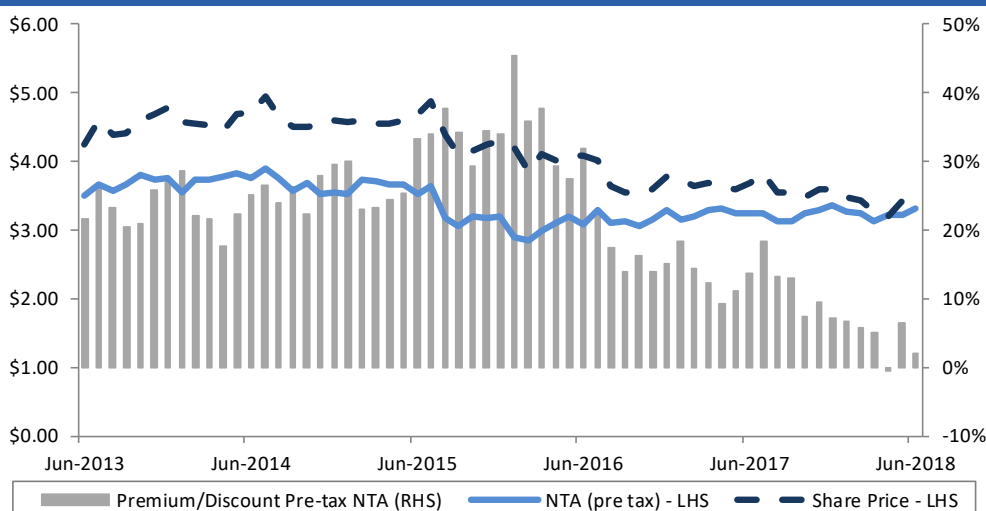
- ◆ **Dividend policy** – DJW looks to distribute all dividends and income received such that they are fully franked.
- ◆ **Capital management policy** – DJW has a buyback arrangement in place to buyback shares if trading at a discount to NTA.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes, at up to a 2.5% discount to the VWAP for the 5 trading days up to & including the record date. The DRP is currently active with a 5% discount.

### DJW's Portfolio (Top 10) Weighting

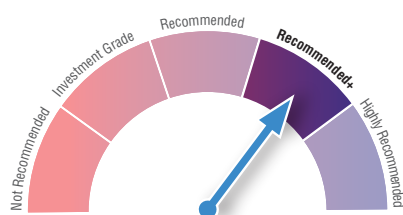
Code	Portfolio (%)	S&P/ASX200 Index (%)
CBA	8.3	7.1
WBC	7.7	5.6
BHP	5.8	6.0
NAB	5.0	4.2
ANZ	5.0	4.6
CSL	3.9	4.9
WES	3.6	3.1
MQG	3.1	2.4
BXB	2.3	0.8
RIO	2.2	1.9
	<b>46.9</b>	<b>40.5</b>

Source all figures: DJW/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Active Exchange Traded Fund

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	4.11
Market cap (\$M)	19.6
Units on issue (M)	4.8
Options on issue (M)	0.0
Units traded (\$M p.a)	6.4
12-month L/H (\$)	3.95/4.19
Listing date	May 2018

## Fees

Management Fee (%)	0.80
Performance incentives (%)	na

## Premium/Discount to NAV

As at 30 June 2018	0.6%
Average since listing	0.5%

## Dividend Yield

	%
FY16	na
FY17	na
FY18	na

## COMPANY OVERVIEW

The eInvest Income Generator Fund (Managed Fund), (ASX: EIGA), is a newly listed actively managed exchange traded fund. The Fund listed in May 2018, raising \$15.1m through the issue of 3.78m units at \$4.00 per unit. The portfolio is managed by Perennial Value Management Limited with the Fund seeking to mimic the Perennial Value Shares for Income Trust, which was established in December 2005.

## INVESTMENT OBJECTIVE

The objective of the Fund is to provide investors with an attractive level of tax effective income, paid via monthly distributions and deliver long-term capital growth. The Fund seeks to provide a gross distribution yield above that of the S&P/ASX 300 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt).

## STYLE AND PROCESS

The Fund will seek to invest in a well diversified portfolio of quality ASX-listed (or soon to be listed) companies that the Manager believes have the ability to: (1) pay an attractive level of dividend income; and (2) grow in value over the long-term. The Fund will be long-only and stocks are selected on a fundamental bottom up basis. The investment universe is determined through some high level quality filters before fundamental research is undertaken. For those stocks that are determined as attractive, the Manager applies a proprietary ranking system, Perennial Value Shares or Income Screen, for companies that meet the quality criteria. The ranking system looks at the relative value of companies based on six key measures: (i) gross yield; (ii) P/E ratio; (iii) P/FCF; (iv) net interest cover; (v) price/NTA; and (vi) EPS growth. The portfolio is constructed based on the ranking system outcome and the portfolio limitations.

## PORTFOLIO CHARACTERISTICS

The portfolio will have 20-70 stocks with the portfolio typically having 30-40 stocks and will largely comprise ASX 100 stocks. There are some portfolio limitations including (i) stocks must have a minimum market cap of \$500m at the time of investment; (ii) maximum holding in an individual stock of benchmark +5%; (iii) maximum investment in an one stock of 12.5% of portfolio value; (iv) maximum sector exposure of benchmark +/-20%; (v) maximum gross effective exposure to derivatives of 10% of the portfolio. The Manager will seek to maintain a cash weighting of no more than 20%.

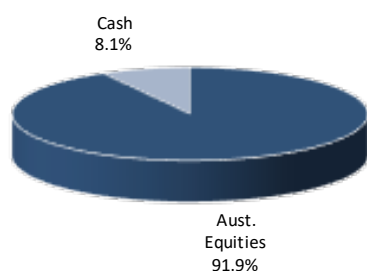
At 30 June 2018, the capital raised was largely invested with 8.1% cash. The portfolio has a heavy weighting to the Financials sector, which is to be expected given the income focus of the Fund.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

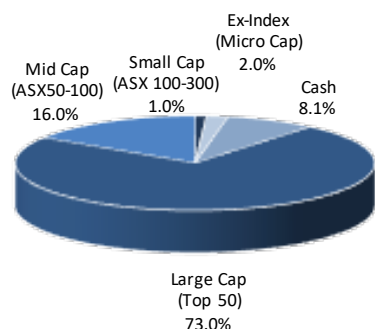
IIR has initiated coverage on EIGA with a Recommended Plus rating. IIR holds the Manager in high regard, with a strong and stable team and investment committee, proven processes and solid performance track-record. Structurally, the Fund will benefit from its listed status and high degree of portfolio transparency. Solid, sound and stable are the operative words in our view of both the investment strategy and the investment team. Both are proven over time and the past stability of the team suggests a no surprises outlook. We note that this strategy is best suited to investors in the retirement or possibly superannuation stage of their investment life cycle - the strategy has generally outperformed on a grossed up franked basis but less so if the benefit of franking credits is removed from the returns equation. The ability to ensure a reasonable volume and bid/offer spread at all times will be dependent upon the market maker (Macquarie Securities (Australia) Limited) to fulfil its duties as per its agreement with the Manager.

Sector Exposure	30 Jun (%)
Energy	6.3
Industrials	0.9
Materials	12.3
Consumer Discretionary	10.7
Consumer Staples	11.8
Healthcare	0.0
Financials (ex Property)	44.2
Property	1.0
Information Technology	0.0
Telecommunications Services	1.8
Utilities	2.9
Cash	8.1

#### Asset Weighting



#### Size Weighting



Investment Team	Position
John Murray	Managing Director/CIO
Stephen Bruce	Senior Portfolio Manager
Damian Cottier	Portfolio Manager

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
NAV + Distributions (%)	na	na	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	na	na	na	na
S&P/ASX 300 Franking Credit Adjusted Daily Total Return Index (%)	na	na	na	na
Out/Under performance of index (%)	na	na	na	na
Share Price + Dividends (%)	na	na	na	na
Tracking Error (%)	na	na	na	na

\*Australian large cap shares as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

- ◆ **Distribution policy** – EIGA seek to pay regular monthly distributions.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

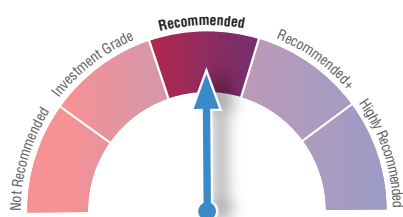
#### PL8's Portfolio (Top 10 Positions)

Company	Portfolio Weighting (%)	S&P/ASX 300 Index Weighting (%)
WBC	9.6	5.4
BHP	9.3	6.0
ANZ	8.6	4.6
CBA	7.4	7.1
NAB	6.3	4.2
MQG	5.5	2.4
WES	5.4	3.1
WPL	5.3	1.9
WOW	4.1	2.2
TAH	3.0	0.5
	<b>64.5</b>	<b>37.4</b>

Source all figures: EIGA/Independent Investment Research/IRES.

All data as at 30 June 2018 unless otherwise specified.

## Rating



## LMI Type

Listed investment company

## Investment Area

Global

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 27 August 2018	1.055
Market cap (\$M)	115.6
Shares on issue (M)	109.6
Options on issue (M)	0.0
Shares traded (\$M p.a)	33.0
12-month L/H (\$)	0.995/1.18
Listing date	October 2014
Fees:	
Management Fee (%)	0.75 (ex GST)
Performance incentives (%)	15.0
Performance Hurdle	MSCI World Index (Local)

## Discount/Premium to Pre-tax NTA

As at 30 June 2018	-8.1%
3 year average	-9.0%

## Dividend Yield

	%
FY16	2.19ff
FY17	1.98ff
FY18	3.74ff

## COMPANY OVERVIEW

EGI provides exposure to a long only, actively managed concentrated portfolio of global stocks. The company was listed on the ASX in October 2014 through the issue of 75m shares at \$1.00 per share. In addition to the shares issued at the IPO, 37.5m loyalty options were issued and expired on 10 April 2018. The portfolio is managed by Ellerston Capital Limited.

## INVESTMENT OBJECTIVE

The company seeks to generate superior risk-adjusted returns to the benchmark index, MSCI World Index (Local), with a focus on capital preservation. The Manager seeks to do this through the investment in a concentrated portfolio of global stocks.

## STYLE AND PROCESS

The Manager has a high conviction, benchmark agnostic approach to investing with stock selection based on bottom-up fundamental analysis. The Manager has a contrarian approach to investing with the proprietary screening process tailored towards this approach. The Manager seeks to exploit the inefficiencies that exist in the market and identify stocks that are mispriced. To manage risk the Manager cannot invest more than 10% of the portfolio at the time of investment in a single stock.

## PORTFOLIO CHARACTERISTICS

The portfolio will typically comprise 20 to 40 stocks with the Manager able to hold up to 50% cash in the event attractive opportunities cannot be identified. The portfolio will have a bias towards small and mid-cap stocks. The portfolio has always been heavily weighted to the US with an average weighting in excess of 40% and it is expected that this will continue. The default position of the portfolio will be to be currency hedged, however, in the event there is a compelling reason, the Manager may be fully or partially unhedged. Exposure to the US increased over the June quarter from 55.9% to 61.2%. The Manager significantly increased exposure to the Information Technology sector over the June quarter, with a 12% increase to the sector from March-end. Consistent with the small to mid-cap focus, 81.7% of the portfolio was invested in companies with a market cap below \$10b.

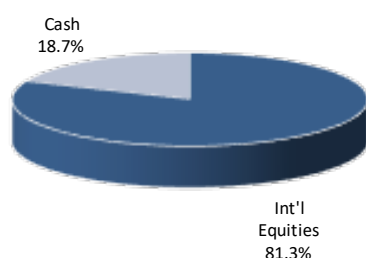
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

An investment in EGI is suitable for investors seeking exposure to an actively managed portfolio of global stocks. The portfolio has a bias towards small and mid cap stocks and can offer diversification to large cap global stock portfolios. The Manager has a contrarian approach to investing, developing a proprietary screening process through which it develops its focus list and constructs the portfolio. The investment team managing the portfolio has a significant amount of experience investing in global markets. The management fee is competitive, being one of the lowest of the peer group and the performance fee is in line with the median fees of the peer group. EGI will seek to pay a semi-annual dividend, franked to the maximum extent possible. To date, it has paid a fully franked dividend for each period since listing with a special dividend being paid in addition to the FY18 interim dividend. The portfolio (pre-tax NTA plus dividends) has underperformed the benchmark index since listing to 30 June 2018, with the portfolio increasing 6.9%p.a. compared to the benchmark index return of 8.6%p.a. Despite the lower volatility of the portfolio, the company has not achieved its objective of providing a superior risk-adjusted return to the benchmark index to date. During the quarter, the loyalty options issued as part of the IPO matured. The options were all exercised (including 1.2m options which were underwritten). The options were issued at a significant discount to the pre-tax NTA and therefore had a dilutive impact on the portfolio value. The share price has declined since the options have matured, resulting in the company trading at quite a discount to pre-tax NTA at June-end. With the option overhang now removed, the discount provides an attractive entry point for prospective investors.

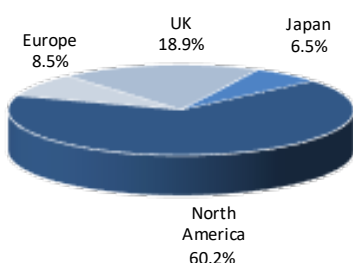
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	4.0	1.2
Materials	8.3	4.8
Industrials	15.2	8.0
Consumer Discretionary	19.8	14.0
Consumer Staples	0.0	0.0
Healthcare	4.4	5.8
Financials (ex Property)	11.0	8.4
Property	0.0	0.0
Information Technology	13.5	25.5
Telecommunication Services	5.8	13.6
Utilities	0.0	0.0
Cash	18.1	18.7

### Asset Weighting



### Country Weighting



### Board of Directors

Ashok Jacob	Executive Chairman
Sam Brougham	Independent Director
Paul Dortkamp	Independent Director
Stuart Robertson	Independent Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.5	5.1	3.8	na
Peer Group Median (pre-tax NTA plus dividends, %)*	2.1	10.3	5.6	na
MSCI World Index, Local (%)	3.6	10.9	8.6	na
Out/Under performance of index (%)	-3.0	-5.7	-4.8	na
Share Price + Dividends (%)	0.9	10.0	0.2	na
Tracking Error (%)	11.4	7.4	6.7	na

\*Global diversified LICs as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

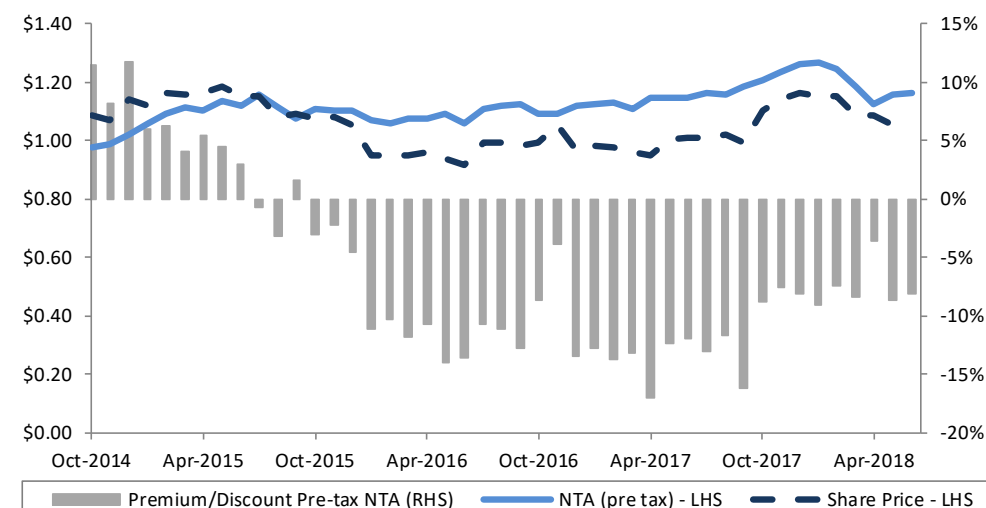
- ◆ **Dividend policy** – EGI seeks to pay semi-annual dividends that are franked to the maximum extent possible. The Company has reported its intention to pay a dividend of at least 3 cents per annum to Shareholders subject to various factors including financial conditions, corporate, legal and regulatory considerations.
- ◆ **Capital management policy** – The Company will actively consider capital management techniques such as managing the level of dividends through dividend profit reserve and other options such as share buybacks to enhance shareholder value.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes, at a 2.5% discount to the VWAP of EGI shares.

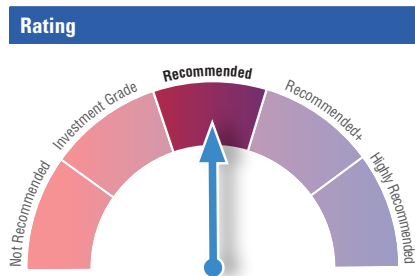
## EGI'S PORTFOLIO (TOP 10) WEIGHTING

Company	Portfolio (%)
Equiniti Group Plc	7.6
Zayo Group Holdings Inc	6.7
Entertainment One Ltd	5.0
Interxion Holding NV	4.9
Huntsman Corp	4.8
Cellnex Telecom SA	4.2
The Stars Group Inc	4.0
Premier Inc	3.9
Keysight Technologies Inc	3.6
Comerica Inc	3.2
<b>Total</b>	<b>47.8</b>

Source all figures: EGI/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

## NTA & Share Price Performance





<b>LMI Type</b>
Listed investment trust
<b>Investment Area</b>
Australia
<b>Investment Assets</b>
Listed companies
<b>Investment Sectors</b>
Diversified

Key Investment Information	
Price (\$) as at 24 August 2018	1.62
Market cap (\$M)	32.8
Units on issue (M)	20.3
Options on issue (M)	0.0
Units traded (\$M p.a)	0.0
12-month L/H (\$)	1.605/1.62
Listing date	June 2018
Fees	
Management Fee & RE Fee (%)	0.98%
Performance incentives*	10.0%*

\* Higher of S&P/ASX 200 Accumulation Index & RBA Cash Rate The Manager has waived the performance fee indefinitely.

Premium/Discount to NAV	
As at 30 June 2018	3.8%
3 year average	na

<b>Dividend Yield</b>	%
FY16	na
FY17	na
FY18	na

## COMPANY OVERVIEW

Evans & Partners Australian Flagship Fund (ASX: EFF) is a newly created fund that listed on the ASX in June 2018. The Trust raised \$32.4m through the issue of 20.3m units at \$1.60 per unit. The Trust paid for the costs associated with the offer and therefore the NAV at the time of listing was at a discount to the offer price. Evans & Partners Investment Management Pty Limited has been appointed as the Manager of the portfolio. The Manager is a wholly owned subsidiary of the Evans Dixon Group. The Manager will invest in a long only, concentrated portfolio of ASX-listed stocks, predominantly from the S&P/ASX 200 Index. The Trust will target an annual distribution of 5% of the NAV at the beginning of the financial year, to be paid semi-annually. The Trust is expected to have a DRP at a 5% discount. The RE may at its discretion, pay the 5% discount offered under the DRP so that the DRP does not have a dilutive impact on unitholders that do not participate.

## INVESTMENT OBJECTIVE

The Trust seeks to provide unitholders with attractive risk-adjusted returns and stable distributions over the medium-to-long term through exposure to what the Manager considers to be quality ASX-listed companies. The Trust will seek to deliver a distribution of 5%p.a of the NAV at the beginning of the financial year.

## STYLE AND PROCESS

The Manager will seek to identify quality ASX-listed companies, primarily from the S&P/ASX 200 Index. Stocks are required to have a minimum market cap of \$500m at the time of investment. The portfolio will be long only. The Manager has a buy and hold investment approach and therefore is expected to have little churn. The Manager has identified eight key investment themes on which it will focus for the construction and management of the portfolio. The Manager has identified these themes as areas of long-term growth combined with areas that will allow the portfolio to achieve its distribution objectives. The key investment themes are tourism, health and wellness, changing demographics, housing and infrastructure, coal substitution, disruption, income generation and industry leaders.

## PORTFOLIO CHARACTERISTICS

The portfolio is expected to be concentrated with typically 20 to 40 stocks. There are very few investment guidelines, therefore portfolio performance will depend on the stock picking abilities of the Manager. There are no sector limitations, however, the Manager will seek to be exposed to each of the eight investment themes detailed above. A maximum of 15% of the portfolio can be invested in a single position at the time of investment and the Manager seeks to be fully invested at all times with the Manager targeting a maximum 10% cash weighting.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

Independent Investment Research (IIR) has initiated coverage on EFF with a Recommended rating. The Trust is newly listed and therefore has no meaningful performance history. The Investment Committee (IC) that will be responsible for investment decisions is untested in this capacity, however, the IC comprises a group of highly experienced professionals and business leaders. The IC members are not 100% dedicated to the management of the portfolio with all of the IC members having multiple roles. However, we do not envisage this being an issue given the two dedicated Portfolio Consultants will be in charge of keeping watch over the portfolio and making recommendations to the IC where they see fit. The Portfolio Consultants both have over ten years experience in equity research at investment banks. The Manager has waived the performance fee which is a huge positive for investors and makes the fee structure competitive with the peer group. We note the performance fee may be reinstated at any time. The Trust is small with a market cap of \$32.8m at 6 August 2018, therefore liquidity is likely to be low. An inaugural distribution of 3.9 cents per share is targeted for 1H'19.



#### Investment Committee

David Evans

Margaret Jackson

Alan Dixon

David Crawford

Kevin McCann

Ted Alexander

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
NAV + Dividends (%)	na	na	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	na	na	na	na
S&P/ASX 200 Acc Index (%)	na	na	na	na
Out/Under performance of index (%)	na	na	na	na
Share Price + Dividends (%)	na	na	na	na
Tracking Error (%)	na	an	an	an

\*Australian large cap equities as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

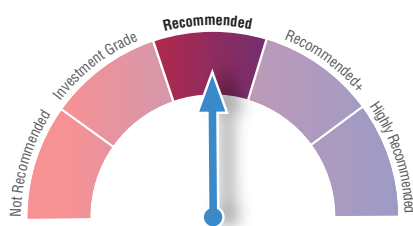
- ◆ **Distribution policy** – The RE intends to target a cash distribution of 5% per annum based on the NAV at or around the beginning of the relevant distribution period, paid semi-annually. To the extent the Target Distribution is not able to be met from income of the Fund, distributions may include a capital component. The RE may also require reinvestment of any surplus above the Target Distribution.
- ◆ **Capital management policy** – The Fund may buyback up to 10% of units in the event that they trade at a discount to NAV. The RE will need to obtain Unitholder approval if it intends to buyback more than 10% of the smallest number of Units on issue over the previous 12 months. To fund the buyback of Units, the Fund may liquidate some of its investments and, although not presently intended, may employ gearing up to the limit of 10%.
- ◆ **LIC tax concessions** – na
- ◆ **DRP available** – The RE has established a DRP. Under the DRP, Unitholders may elect to have all or part of their Target Distribution reinvested as additional units in the Fund. The RE intends to offer Unitholders who elect to participate in the DRP in respect of the Target Distribution an issue price which is set at a 5% discount to NAV. At its discretion, the full cost of the discount will be paid for by the RE, in its personal capacity, which may be effected through a partial waiver of fees.

## EFF's Portfolio (Top 10) Weighting

Code	Portfolio (%)
ANZ	ANZ Banking Group
CBA	Commonwealth Bank of Australia
CSL	CSL Limited
JHX	James Hardie Industries
MQG	Macquarie Group
SYD	Sydney Airport
TCL	Transurban Group
WES	Wesfarmers
WBC	Westpac Banking Corporation
WPL	Woodside Petroleum

Source all figures: EFF/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified

## Rating



## LMI Type

Listed Investment Trust

## Investment Area

Global

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	2.10
Market cap (\$M)	262.3
Units on issue (M)	124.9
Options on issue (M)	0.0
Units traded (\$M p.a)	21.9
12-month L/H (\$)	1.60/2.24
Listing date	August 2017

## Fees

Management Fee (% p.a)*	1.295
Performance incentives (%)*	na

\*Includes Responsible Entity fee of 0.0836% and administration fee 0.2613%, including GST.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	2.9%
Average since inception	4.7%

## Dividend Yield

	%
FY16	na
FY17	na
FY18	1.90uf

## COMPANY OVERVIEW

Evans & Partners Global Disruption Fund (the 'Fund') is a listed investment trust that invests in a portfolio of international securities in companies that are expected to benefit from disruptive innovation. The portfolio is managed by Evans and Partners Investment Management Pty Limited which is assisted by an Investment Committee comprising of individuals with a very high degree of industry experience. These individuals are in turn assisted by a Portfolio Consultant, an Evans and Partners Pty Ltd Senior Research Analyst. EGD listed on the ASX in August 2017 following an initial public offer that raised \$167m. It has since raised additional funds via follow on capital raisings.

## INVESTMENT OBJECTIVE

The objective of the Fund is to provide investors with capital growth over the long-term through exposure to companies that will benefit from disruptive innovation.

## STYLE AND PROCESS

The Fund adopts a top-down thematic approach with the Investment Committee guided by key investment themes that are associated with disruption. These key themes guide the Fund's investment process by focusing research efforts on specific industries and companies. An initial screening based on disruption themes results in a database of potential investments with further in-depth, bottom-up research that results in a short-list of potential investments. Following in-depth assessment of the short-listed securities, the Portfolio Consultant then makes recommendations to the Investment Committee which in turn makes stock selection recommendations to the Investment Manager.

## PORTFOLIO CHARACTERISTICS

The portfolio is constructed in a concentrated, benchmark unaware manner. Individual security weightings depend on a number of factors including assessed valuation to price; business quality and risk; company size and liquidity; portfolio concentration; and correlation to existing portfolio holdings. Specific portfolio targets include 30%–98% in listed international equities; up to 20% in listed Australian equities; 2%–50% in cash; a maximum weighting of 15% for any one security at time of acquisition; and not more than 20% of the portfolio to comprise unlisted securities based on acquisition price. Given the investment strategy of the Fund, the portfolio will have a large exposure to the Information Technology sector.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

IIR believes EGD has the potential to provide Australian investors with a number of benefits. The key appeal of the Fund is essentially two-fold: the thematic nature of the investment mandate and the calibre and experience of the Investment Committee. While the lack of direct equities and portfolio management experience of the Investment Committee could be seen as a negative, disruptive innovation is a thematic where, in our view, the key is understanding companies and products and services. In this regard, the direct industry experience and the variety of that experience across the Investment Committee members places it in a strong position. The Investment Committee has the support of an Evans & Partners senior research analyst. From a risk-return perspective, we perceive the Fund as moderately high risk/high return. By its very nature, the thematic of the Fund entails risk, specifically trying to identify forces of change and those companies that may benefit from that change. Over its short history, the portfolio has performed strongly, up 34.8% from the NTA at listing. Over the June quarter, the key contributors to performance in the top 10 holdings were Netflix (up 32.5%), Facebook (up 21.6%), Amazon (up 17.4%) and Salesforce.com (up 17.3%). We note, the weakening AUD against the USD has contributed to the AUD returns. The unit price has also generated strong returns with the Fund largely trading at a premium since listing. The Fund paid a distribution of 4 cents per share in June 2018, representing a yield of 1.90% based on the unit price at 30 June 2018.

### Board of Responsible Entity

Alex MacLachlan	Executive Director
Mike Adams	Non-Executive Director
Warwick Keneally	Executive Director

### Investment Committee

David Evans
Richard Goyder
Paul Bassat
David Thodey
Sally Herman
Jeffrey Cole

## PERFORMANCE ANALYTICS

### Performance

	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	13.0	na	na	na
Unit Price + Dividends (%)	12.6	na	na	na

## OTHER DATA

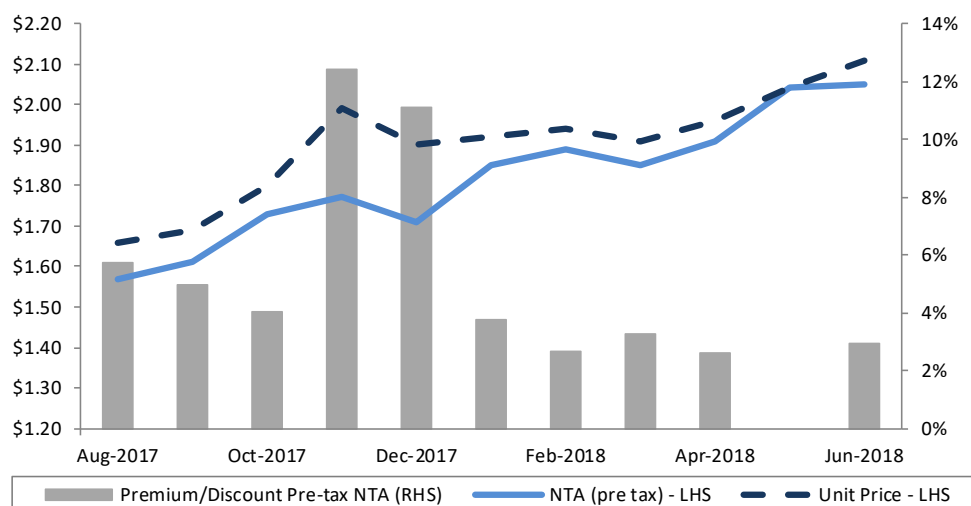
- ◆ **Dividend policy** – The Responsible Entity will generally determine the distributable income of the Fund for each financial year based on operating income of the Fund (which excludes unrealised gains and losses). As many of the underlying investments are not expected to have high dividend payout ratios, it is anticipated that the Fund will receive only limited dividends and distributions from its investments.
- ◆ **Capital management policy** – The Fund may undertake a buyback of its Units in the event that they trade at a discount to NTA. The Fund will need to obtain Unitholder approval for the buyback and comply with any Corporations Act, ASX Listing Rules and Constitution restrictions if it intends to buyback more than 10% of the smallest number of Units on issue over the previous 12 months. To fund the buyback of Units, the Fund may look to liquidate some of its investments and, although not presently intended, may employ gearing up to the limit stated in Section 2.7 of the PDS dated September 2017.
- ◆ **LIC tax concessions** – na
- ◆ **DRP available** – Yes

### EGD's Top 10 Holdings

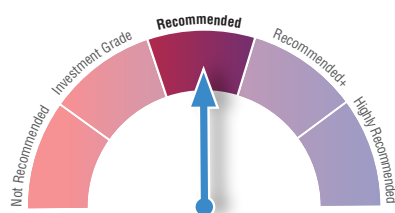
Company	Code
Activision Blizzard	ATVI US
Alibaba	BABA US
Alphabet	GOOGL US
Amazon	AMZN US
Baidu	BIDU US
Facebook	FB US
Microsoft	MSFT US
Netflix	NFLX US
Salesforce.com	CRM US
Tencent	700 HK

Source all figures: EGD/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Unit Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 1 August 2018	1.75
Market cap (\$M)	44.6
Shares on issue (M)	25.5
Options on issue (M)	0.0
Shares traded (\$M p.a)	4.2
12-month L/H (\$)	1.56/1.775
Listing date	December 2000

## Fees

Management Fee (%)	0.0
Performance incentives (%)	15.0*

\*15% of net outperformance of the benchmark (Bloomberg Bank Bill Index). Paid annually.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-16.2%
3 year average	-15.5%

## Dividend Yield

	%
FY16	4.93ff
FY17	4.69ff
FY18	4.52ff

## Largest Shareholders

	%
Dr. E C Pohl	37.3
Global Masters Fund Limited	5.1

As at 30 June 2018

## COMPANY OVERVIEW

FSI is a listed investment company that invests in a portfolio of ASX-listed shares. FSI was originally listed as Wilson Investments Taurine Fund. Its name was changed to Flagship Investments Limited (FSI) in October 2012. EC Pohl & Co was assigned as the portfolio manager in conjunction with the decision to change the name of the company to FSI. EC Pohl & Co is a company associated with the Managing Director, who has been managing the portfolio since inception.

## INVESTMENT OBJECTIVE

FSI aims for medium- to long-term capital growth and income through investing in a diversified portfolio of Australian companies. FSI seeks to preserve and enhance NAV for shareholders and provide a fully franked dividend that will grow faster than inflation over time.

## STYLE AND PROCESS

FSI seeks to identify high-quality companies that are able to grow sales and earnings at rates above GDP. FSI uses a three-stage process to find attractive investment opportunities. Initially, FSI screens ASX-listed companies based on three criteria: 1) the company has exhibited historical sales growth above nominal GDP; 2) the company has achieved a ROE of 15% or greater; and 3) the company must have an interest cover of at least four times. Post the screening process, the manager is left with between 80 and 100 companies. From these companies, FSI looks for those that offer a sustainable competitive advantage. Lastly, it asks itself: would it happily buy the company outright if it had the funds available? FSI primarily has a buy-and-hold approach, with portfolio churn being minimal. Portfolio weightings are determined by the risk-adjusted expected return, subject to some broad guidelines, including: providing exposure to at least 20 companies; and having the majority of investments be in companies with a market cap of greater than \$10M.

## PORTFOLIO CHARACTERISTICS

FSI invests in a concentrated portfolio of ASX-listed stocks with 30 stocks in the portfolio at June-end. The company takes high-conviction positions in companies identified as attractive with the top 5 holdings accounting for 27.9% of the portfolio. The portfolio is exposed to companies of all sizes with 33.1% of the portfolio allocated to large-cap (top 50) stocks. There was some turnover in the portfolio over the June quarter, with the Manager adding positions in Afterpay Touch (APT), Pushpay Holdings (PPH), Wisetech Global (WTC) and Xero Ltd (XRO) and selling out of positions in ARB Corporation (ARB), Blue Sky (BLA), Catapult Group International (CAT), Netwealth Group (NWL) and ResMed Inc. (RMD). Exposure to the financials sector declined significantly during the June quarter, but remains the largest sector exposure. The portfolio has a significant overweight exposure to the Information Technology sector (19.1%).

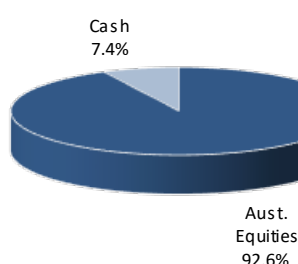
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

FSI has a disciplined investment process, which enables the manager to identify companies with strong cash flows, low debt and good growth potential. The manager only receives fees when the fund outperforms, thereby aligning managers' interests with those of shareholders, although we don't believe the Bloomberg Bank Bill Index is appropriate for an equity portfolio. We compare the performance to the ASX All Ordinaries Accumulation Index. Dr. Manny Pohl (founder of EC Pohl & Co) holds a 37.3% interest in FSI, which also helps align management interests with the performance of the company. EC Pohl & Co has also established a Private Equity Fund. An investment in the Private Equity Fund may be considered for inclusion in the FSI portfolio as part of the unlisted security allocation. The Manager has increased its exposure to the Information Technology sector and has taken some positions in growth stocks. Given the lofty valuations in this sector at present we note that the portfolio may experience some headwinds in the short-term. The discount expanded over the June quarter, with the portfolio value increasing 8.8% compared to the share price increase of 1.8%. This resulted in the company trading at a discount to pre-tax NTA of 16.2% at June-end. The Manager has embarked on a shareholder engagement program in an attempt to narrow the discount. If the Manager is successful at narrowing the discount, this may provide an additional element to shareholder returns.

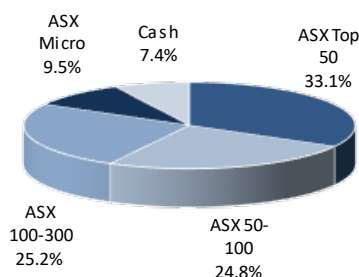
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Financials (ex Property)	37.8	29.4
Consumer Discretionary	13.5	12.5
Information Technology	12.3	19.1
Materials	5.1	6.5
Industrials	11.4	12.9
Consumer Staples	3.3	3.6
Energy	3.1	4.9
Healthcare	9.4	7.8
Telecommunication Services	4.1	3.3
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Dr. Emmanuel Pohl	Managing Director (Executive)
Dominic McGann	Chairman (Non-Executive)
Sophie Mitchell	Director (Non-Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	8.8	12.8	9.2	10.1
Peer Group Median (pre-tax NTA plus dividends), %*	7.4	10.1	6.9	8.9
ASX All Ords Acc Index (%)	8.0	13.7	9.5	10.3
Out/Under performance of index (%)	0.8	-0.9	-0.3	-0.2
Share Price + Dividends (%)	1.8	12.4	11.8	9.9
Tracking Error (%)	12.8	6.4	6.0	5.5

\*Australian large cap shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

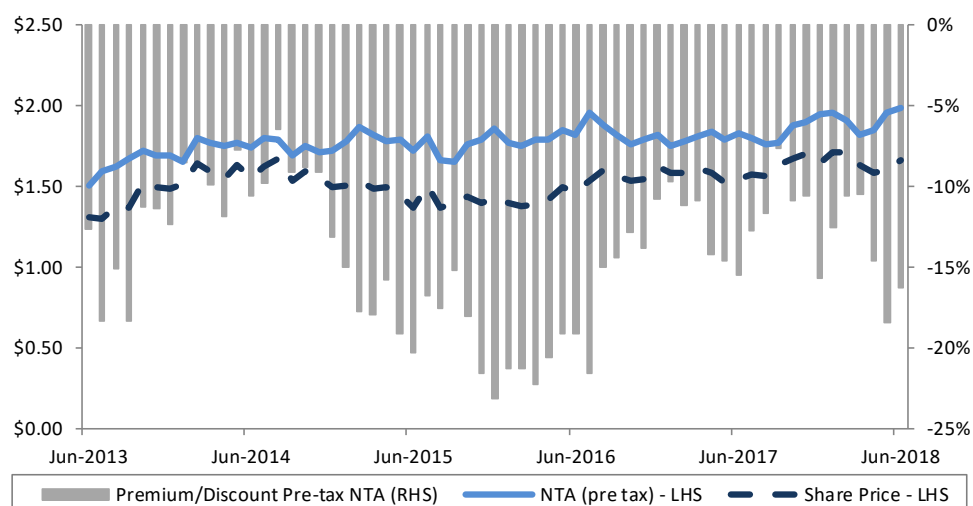
- ◆ **Dividend policy** – Provide shareholders with a fully franked dividend, which, over time, will increase at a rate in excess of the rate of inflation.
- ◆ **Capital management policy** – Share buyback in place.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

### FSI's Portfolio (Top 5) Weighting

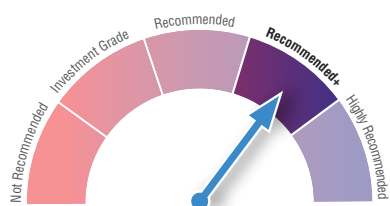
Code	Portfolio (%)	All Ords (%)
MQG	6.2	2.2
RIO	6.1	1.8
CBA	5.5	6.6
DMP	5.1	0.2
IPH	5.1	0.0
	<b>27.9</b>	<b>10.8</b>

Source all figures: FSI/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NAV & Share Price Performance



## Rating



## LMI Type

Listed investment trust

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 17 August 2018	1.81
Market cap (\$M)	179.4
Units on issue (M)	99.1
Units traded (\$M p.a)	16.5
12-month L/H (\$)	1.78/2.13
Listing date	December 2016
Fund inception date	October 2009

## Fees

Management Fee (%)	1.00
Performance incentives (%)	10.0*

\*10% of the net return in excess of 8%p.a, subject to a high watermark.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	19.0%
Average since listing	12.4%

## Distribution Yield\*

	%
FY16	12.15
FY17	5.59
FY18	11.09

\*Based on 30 June NAV.

## COMPANY OVERVIEW

The Forager Australian Shares Fund (ASX:FOR) was launched in 2009 and is managed by Forager Funds Management Pty Ltd (the Manager). In September 2016 the Fund was closed to new money and subsequently listed on the ASX in December 2016 as a listed investment trust. The Fund is based on a long-only, high conviction Australian equities mandate.

## INVESTMENT OBJECTIVE

The Fund's objective is to achieve superior risk-adjusted equity returns over the long term (5+ years). The Team believes this is best achieved by investing in a concentrated, unconstrained portfolio at the smaller end of the market cap spectrum where there is greater mispricing opportunities and occurrences of stocks that may be out of favour.

## STYLE AND PROCESS

The investment philosophy and process has a particular focus on asset plays, turnaround stories and under-appreciated/under-valued small caps. In this regard, the Manager can be contrarian in its investment style, often targeting 'beaten up' sectors and stocks as a potential source of investment opportunities. The Manager is attracted to simple businesses and simple investment thesis, and then engages in a research effort to attempt to disprove the original investment thesis. The approach to risk is capital preservation rather than a concern over shorter term price volatility. The Manager maintains a valuation discipline to make sure it only buys assets when they are attractively valued. At the same time they identify and sell overvalued shares out of the portfolio.

## PORTFOLIO CHARACTERISTICS

While based on an all-market capitalisation mandate (to maximise investment flexibility), the portfolio is overwhelmingly comprised of small cap stocks. This is the segment where the Manager believes it has a competitive advantage and where alpha generation potential is generally higher. The portfolio is concentrated (15-25 stocks) and unconstrained by benchmark considerations. The largest holding remains in Macmahon Holdings (ASX:MAH), representing 9.8% of the portfolio at June-end. The portfolio will typically have a circa 20% cash weighting, with 10% being viewed close to fully invested, although this may be even lower, especially in times of market distress. The Manager can hold high levels of cash when attractive investment opportunities cannot be identified.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

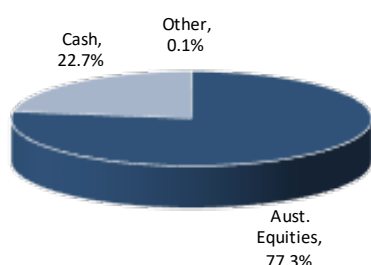
FOR provides the opportunity to invest in a professionally managed portfolio of small and micro-cap stocks. Given the very high conviction nature, investors must be confident in the Manager's stock picking ability and ability to preserve capital. In this regard, the Manager's track-record is strong with a well-established process proven over a market cycle. The small team ensures consistency of process and we believe the track record of alpha generation and superior risk-adjusted returns is repeatable. Key man risk in portfolio manager (and owner) Steve Johnson is high, although this is common in small boutique investment management firms and we note the Manager is working to mitigate the risk. The Manager recently appointed two new analysts in an effort to build out the team, with one analyst dedicated to the FOR portfolio. Given the concentrated nature of FOR's portfolio (NAV plus dividends), there will likely be periods of underperformance compared to the market and its peers. This has been the case over the 12 months to 30 June 2018. However, over the long-term the portfolio has significantly outperformed the market and the peer group. FOR should be viewed as a long-term investment to mitigate this market exit timing risk. Distributions have the potential to be highly variable so the Fund should be viewed as a longer-term capital appreciation play. The Trust has traded at a premium since listing in October 2009 with the Trust trading at a significant premium of 19% at 30 June 2018. We view the units to be overpriced at these levels.



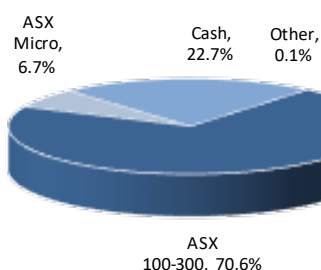
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	0.0	0.0
Materials	9.8	9.8
Industrials	20.7	20.2
Consumer Discretionary	17.2	26.2
Consumer Staples	0.0	0.0
Healthcare	0.0	0.0
Financials (ex Property)	9.6	11.0
Property	1.3	0.2
Information Technology	9.5	9.8
Telecommunication Services	0.0	0.0
Utilities	0.0	0.0
Unlisted Securities	0.1	0.1
Cash	32.0	22.7

### Asset Weighting



### Size Weighting



### Board of Directors \*

Christopher Green	Executive Director
Michael Henry Vainauskas	Executive Director
Andrew Vincent Cannane	Executive Director
Glenn Foster	Executive Director
Vicki Riggio	Alternate Director
Phillip Blackmore	Alternate Director

\*Board of Directors of the Responsible Entity, The Trust Company (RE Services) Limited.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
NAV + Dividends (%) **	3.8	6.4	16.3	15.8
Peer Group Median (pre-tax NTA plus dividends), %*	3.3	13.2	13.2	8.0
ASX All Ords Acc Index (%)	8.0	13.7	9.5	10.3
Out/Under performance of index (%)	-4.3	-7.3	6.8	5.5
Share Price + Dividends (%)**	6.6	6.6	na	na
Tracking Error (%)	3.2	7.1	11.1	11.0

\* Australian Small & Micro Cap Share LMI's as per IIR LMI classifications.

\*\* FOR only listed in December 2016. Pre-tax NTA + Dividends performance includes pre-listing performance. Share price performance is from listing.

## OTHER DATA

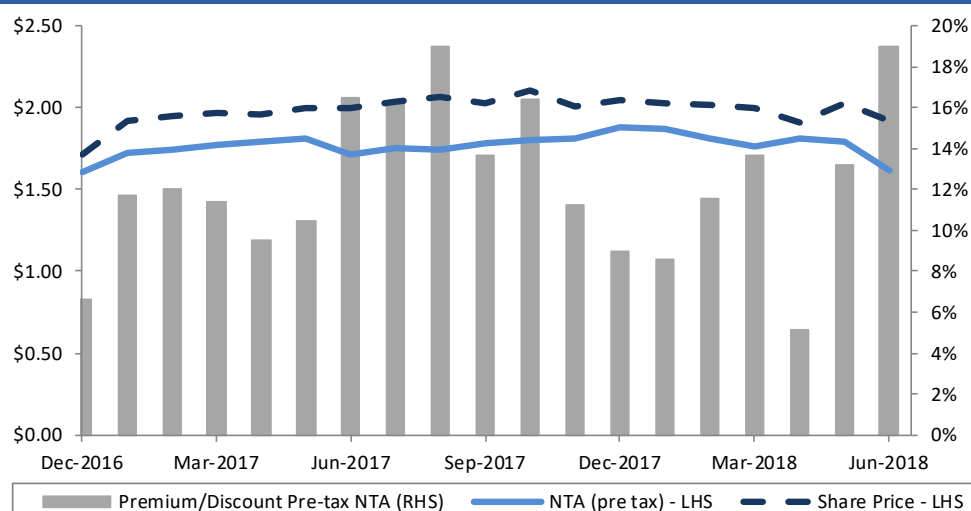
- ◆ **Distribution policy** – FOR pays an annual income distribution on 30 June.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No, however, as a trust, discounted capital gains are passed through to investors.
- ◆ **DRP available** – Yes

### FOR's Portfolio (Top 5) Weighting

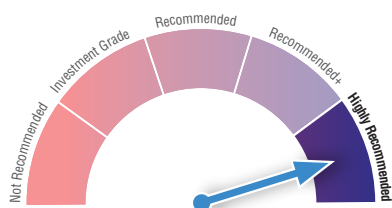
Code	Portfolio (%)	ASX All Ords (%)
MAH	9.8	0.02
ISU	8.4	0.01
EGG	6.7	na
FIG	6.3	na
MRM	5.5	0.01
	<b>36.7</b>	<b>0.04</b>

Source all figures: FOR/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NAV & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Managed Funds

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 August 2018 1.31

Market cap (\$M) 460.3

Shares on issue (M) 351.4

Options on issue (M) 0.0

Shares traded (\$M p.a) 102.7

12-month L/H (\$) 1.095/1.35

Listing date September 2014

## Fees\*

Management Fee (%) 0.0

Performance incentives (%) 0.0

\*There are no management or performance fees associated with the company. All managers from the underlying funds forgo management and performance fees.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018 -1.3%

3 year average -2.5%

## Dividend Yield

CY15 1.72ff

CY16 1.72ff

CY17 3.68ff

## COMPANY OVERVIEW

Future Generation Investment Company Limited (ASX:FGX) listed on the ASX in September 2014. FGX invests in a portfolio of Australian equity fund managers who forego the management and performance fees in order to donate 1% of the average NTA in a financial year to a selection of charitable causes.

## INVESTMENT OBJECTIVE

The company seeks to provide a stream of fully franked dividends, capital growth and preserve shareholder capital, as well as contribute to Australian charities with a focus on children at risk.

## STYLE AND PROCESS

FGX seeks to invest in a portfolio of between 15 and 25 Australian fund managers. No more than 10% of the portfolio will be allocated to an individual manager at the time of initial investment. FGX seeks to be fully invested at all times with minimal cash holdings, however, this remains at the discretion of Investment Committee. The company seeks to diversify the portfolio by investment strategy, seeking to hold long only, absolute return and market neutral funds. FGX has a buy and hold approach with respect to the underlying funds, with the Investment Committee selecting a portfolio of funds which they believe to be managed by quality fund managers.

## PORTFOLIO CHARACTERISTICS

The portfolio comprises 23 managed funds across 20 fund managers. FGX invests in managers who have agreed to forgo their management and performance fees. The forgone fees allow 1% of the average annual NTA to be donated to a variety of charities, with the difference between the value of the foregone fees and the donation amount flowing to shareholders. During the June quarter the company exited its position in the Discovery Australian Small Companies Fund and added the Firetrail Absolute Return Fund and the QVG Opportunities Fund. The portfolio has a bias to long only funds, with 56.1% of the portfolio allocated to this style of fund. The largest exposure is to the Bennelong Australian Equities Fund with 12.0% of the portfolio allocated to this fund. The portfolio is fully invested with a cash holding of 1.7% at 30 June 2018.

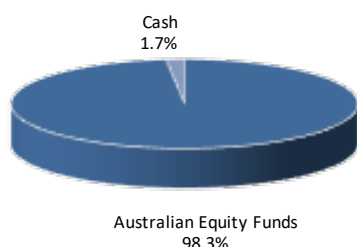
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

FGX provides investors an opportunity to invest in a diversified portfolio of Australian managed funds with the added benefit of contributing to charitable causes. The underlying funds forego their management and performance fees, enabling investors to access these funds on a pre-fee basis. Any gap between the foregone fees and the annual donation will flow through to shareholders. In addition to the underlying managers not charging fees, the Directors, Investment Committee and some other service providers are providing their services free of charge. The Board and Investment Committee receive a summary of underlying manager performance and contribution monthly and the Investment Committee meets formally on a quarterly basis to review managers and make changes as required. We note that some of the Board members are fund managers and have an allocation in the portfolio. The portfolio (pre-tax NTA after tax on realised gains but before tax on unrealised gains plus dividends) outperformed the All Ordinaries Accumulation Index over the 12 months to 30 June 2018, however has marginally underperformed over the three years to June-end. Dilution from the exercise of options issued at the IPO contributed to the underperformance. FGX continues to trade at a discount to pre-tax NTA, although the discount narrowed over the June quarter with the share price rising at a greater pace than the portfolio. FGX provides exposure to a well diversified portfolio Australian equity funds for a reduced fee level than if the funds were invested in directly.

## STRATEGY BREAKDOWN

Strategy	%
Long only	56.1
Absolute return	31.0
Market neutral	11.2
Cash	1.7

## Asset Weighting



## Board of Directors

Jonathan Trollip	Chairman
Geoff Wilson	Founder and Director
Gabriel Radzynski	Director
David Paradise	Director
David Leeton	Director
Scott Malcolm	Director
Kate Thorley	Director

## Investment Committee

Geoff Wilson
Gabriel Radzynski
Matthew Kidman
David Smythe
Bruce Tomlinson

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	5.8	14.8	8.7	na
ASX All Ords Acc Index (%)	8.0	13.7	9.5	na
Out/Under performance of index (%)	-2.3	1.1	-0.8	na
Share Price + Dividends (%)	8.3	19.0	7.6	na
Tracking Error (%)	3.8	3.5	6.1	na

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

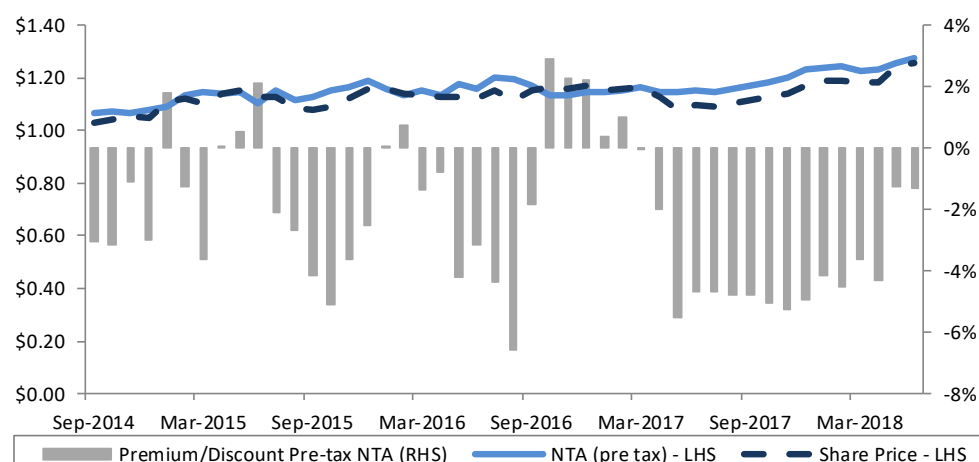
- ◆ **Dividend policy** – The company's objective is to pay fully franked dividends to shareholders provided the company has sufficient profit reserves and franking credits, and it is within prudent business practices. The company's current intention is to pay dividends semi-annually.
- ◆ **Capital management policy** – The company may undertake capital management initiatives which may involve the issue of other shares and/or the buy-back of its shares.
- ◆ **LIC tax concessions** – No.
- ◆ **DRP available** – Yes.

## FGX's Portfolio Weighting

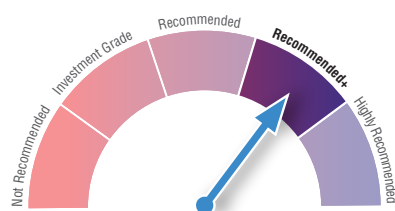
Fund	Portfolio (%)	Fund	Portfolio (%)
Bennelong Australian Equities Fund	12.0	L1 Capital Long Short Fund – Retail Class	3.0
Regal Australian Long Short Equity Fund	10.5	ARCO Investment Management (Optimal Australia) Absolute Trust	2.8
Wilson Asset Management Equity Fund	8.6	L1 Capital Australian Equities Fund	2.5
Tribeca Alpha Plus Fund	7.4	Vinva Australian Equities Fund	2.4
Watermark Market Neutral Trust	4.8	CBG Asset Australian Equities Fund	2.5
Paradise Mid Cap Fund – B Class	6.6	LHC Capital Australia High Conviction Fund	1.7
Eley Griffiths Group Small Companies Fund	5.5	The Level 18 Fund	1.7
Cooper Investors Australian Equities Fund	5.4	Smallco Broadcap Fund	1.4
Paradise Large Cap Fund	5.3	Lanyon Australian Value Fund	1.0
Sandon Capital Activist Fund	4.4	Eley Griffiths Group Emerging Companies Fund	1.0
Bennelong Long Short Equity Fund	3.6	QVG Opportunities Fund	1.0
Firetrail Absolute Return Fund	3.5	Cash	1.7

Source all figures: FGX/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

## NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

International

## Investment Assets

Managed Funds

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 August 2018	1.39
Market cap (\$M)	411.6
Shares on issue (M)	296.1
Options on issue (M)	0.0
Shares traded (\$M p.a)	75.7
12-month L/H (\$)	1.08/1.47
Listing date	September 2015

## Fees\*

Management Fee (%)	0.0
Performance incentives (%)	0.0

\*There are no management or performance fees associated with the company. All managers from the underlying funds forego management and performance fees.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	1.9%
Average since inception	-0.5%

## Dividend Yield

	%
CY15	na
CY16	0.94ff
CY17	0.79ff

## COMPANY OVERVIEW

Future Generation Global Investment Company Limited (ASX:FGG) listed on the ASX in September 2015. FGG invests in a portfolio of global fund managers who forego the management and performance fees so that FGG can donate 1% of the average NTA in a financial year to a selection of charitable causes.

## INVESTMENT OBJECTIVE

FGG seeks to provide capital growth, a stream of fully franked dividends and preserve shareholder capital, as well as contribute to Australian charities with a focus on youth mental health.

## STYLE AND PROCESS

FGG seeks to invest in a portfolio of global equity fund managers selected by the Investment Committee. No more than 10% of the portfolio is able to be invested in a single fund at the time of investment. FGG will seek to be fully invested at all times with minimal cash holdings, however, this remains at the discretion of the Investment Committee. FGG seeks to diversify the portfolio by investment strategy, seeking to hold long only, absolute bias and funds with a quantitative strategy, although the portfolio will have a long only bias. FGG has a buy and hold approach with respect to the underlying funds, with the portfolio expected to have minimal turnover. The Investment Committee will review the portfolio on a quarterly basis.

## PORTFOLIO CHARACTERISTICS

The portfolio will typically comprise 10 to 20 funds with a maximum of 10% of the portfolio allocated to an individual fund at the time of investment. At 30 June 2018, there were 14 funds in the portfolio with 56.1% long equities funds, 39.5% absolute bias funds and 4.0% in quantitative strategy funds. The company exited its position in the Ironbridge Global Focus Fund during the June quarter and acquired units in the Munro Global Growth Fund. Capital allocation is dependent on a number of things, including: (a) the capacity allocation provided by the underlying fund; (b) the portfolio optimisation process which is used to determine the optimal portfolio; and (c) the level of currency hedging the Investment Committee elects to have in the portfolio. The portfolio's currency exposure is managed through the underlying funds.

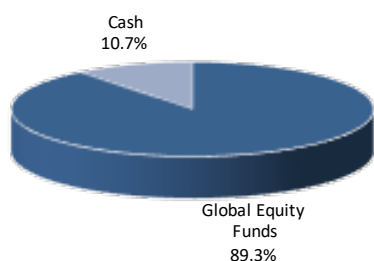
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

FGG provides shareholders with exposure to a diversified portfolio of global equity funds while also assisting youth mental health charities. All the funds have agreed to forego management and performance fees for the investment by the company. The funds may reduce or retract this capacity if they so choose. Given the management and performance fees associated with the underlying funds are greater than 1% on average, investors are getting exposure to the funds at a discounted rate. The difference between the fees and the 1% donation is to the benefit of shareholders. The Investment Committee is responsible for managing the portfolio. Its members have considerable experience in financial markets. The Investment Committee is independent of the underlying funds, however we note some directors are related to some of the underlying funds. The portfolio (pre-tax NTA after tax on realised gains but before tax on realised gains plus dividends) delivered returns largely in line with the benchmark index over the 12 months to 30 June 2018. Investor returns (share price plus dividends) have significantly outperformed both the portfolio and the benchmark index over the 12 months to June-end with total share price returns of 27.0% for the period. The share price was bolstered over the June quarter, rising 10.6%. The strong share price performance has seen the eradication of the discount to pre-tax NTA with the company trading at a small premium at June-end. FGG provides the opportunity for retail investors to gain access to a portfolio of global funds for a reduced rate than if they were to invest in the funds directly.

## STRATEGY BREAKDOWN (EX CASH)

Strategy	%
Long only	56.1
Absolute return	39.5
Quantitative Strategies	4.0

### Asset Weighting



### Board of Directors

Belinda Hutchinson	Chairman
Geoff Wilson	Director
Kiera Grant	Director
Karen Penrose	Director
Sarah Morgan	Director
Frank Casarotti	Director

### Investment Committee

Sean Webster (Chair)
Aman Ramrakha
Lukasz de Pourbaix
Geoff Wilson
Chris Donohoe

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	4.8	16.5	na	na
MSCI World Total Return Index, AUD (%)	5.7	16.3	na	na
Out/Under performance of index (%)	-0.9	0.2	na	na
Share Price + Dividends (%)	10.6	27.0	na	na
Tracking Error (%)	4.4	4.0	na	na

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

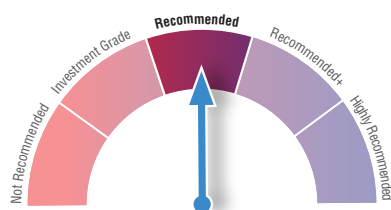
- ◆ **Dividend policy** – The company's objective is to pay fully franked dividends to shareholders provided the company has sufficient profit reserves and franking credits, and it is within prudent business practices.
- ◆ **Capital management policy** – The company may undertake capital management initiatives which may involve the issue of other shares and/or the buy-back of its shares.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes

## FGG'S PORTFOLIO WEIGHTING

Fund	31 Mar (%)	30 Jun (%)	Strategy
Cooper Investors Global Equities (Unhedged) Fund	10.2	9.9	Long equities
Magellan Global Fund	9.6	9.7	Long equities
Ironbridge Global Focus Fund	8.6	0.0	Long equities
Antipodes Global Fund	11.0	10.0	Absolute bias
Marisco Global Fund	7.8	8.1	Long Equities
VGI Partners Funds	7.6	7.6	Absolute bias
Caledonia Fund	8.1	8.8	Long equities
Nikko AM Global Share Fund	6.0	6.1	Long equities
Manikay Global Opportunistic USD Fund	4.7	4.6	Absolute bias
Ellerston Global Investments Wholesale Fund	4.6	4.5	Long equities
Morphic Global Opportunities Fund	4.4	4.2	Absolute bias
Neuberger Berman Systematic Global Equities Trust	3.7	3.6	Quant Strategies
Paradise Global Small Mid Cap Fund	3.6	3.2	Long equities
Avenir Value Fund	3.3	3.0	Absolute bias
Munro Global Growth Fund	0.0	6.0	Absolute bias
Cash	6.8	10.7	

Source all figures: FGG/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 28 August 2018	1.085
Market cap (\$M)	51.6
Shares on issue (M)	47.6
Options on issue (M)	0.0
Shares traded (\$M p.a)	14.0
12-month L/H (\$)	0.865/1.17
Listing date	August 2015

## Fees

Management Fee (% p.a)	1.0
Performance incentives (%)	20%*

\*The Manager is eligible for 20% of the outperformance of the S&P/ASX Small Ordinaries Accumulation Index, subject to a high watermark over the previous 36 months.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-17.4%
Average since inception	-7.6%

## Dividend Yield

	%
FY16	0.76ff
FY17	4.44ff
FY18	4.00ff

## COMPANY OVERVIEW

GC1 is a listed investment company that invests in Australian small and micro-cap companies. It listed on the ASX following an equity raising in August 2015. Glennon Capital Pty Ltd, an independent, boutique asset management company has been appointed as the Manager of the portfolio. Glennon Capital was established in 2008 and is owned and operated by Michael Glennon.

## INVESTMENT OBJECTIVE

The Company aims to provide investors capital growth in excess of the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term.

## STYLE AND PROCESS

The Manager has a long established fundamental bottom-up investment process. This process is rigorous and self-evidently appropriate for the small/micro-cap segment, with a strong emphasis upon management quality, competitive positioning, earnings visibility, key catalysts and valuations. The Manager undertakes its own independent and innovative research. This provides unique investment insights in conjunction with extensive depth and quality of research, which the Manager believes leads to investment ideas earlier than the broader market. The Manager only invests in quality companies, applying quality filters to ensure they are not investing in low quality companies. The five key considerations are: management; growth prospects; sustainability of the company; barriers to entry; and valuation and financial health of the business. The Manager is constrained to formal risk guidelines which include: a) maximum investment in a single stock of 12%; b) maximum of 20% of the portfolio allocated to an industry group, unless the industry group exceeds 20% of the benchmark index; c) stocks with market caps below \$100m to remain ~10% at cost; and d) maximum cash holding of 20%.

## PORTFOLIO CHARACTERISTICS

The portfolio will typically consist of around 20 to 60 small and micro-cap securities (ex-S&P/ASX 100 stocks). The micro-cap component of the portfolio will be constrained to limit total portfolio risk, with stocks below \$100m in market cap limited to around 10% of the portfolio, at cost. The Manager takes high conviction positions in stocks, with the largest holding at 30 June 2018 in EHL at 8.6% of the portfolio, compared to the 0.4% weighting in the ASX Small Ordinaries Index. The Manager reduced its exposure to the market over the June quarter with the cash holdings increasing to 13.5%.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

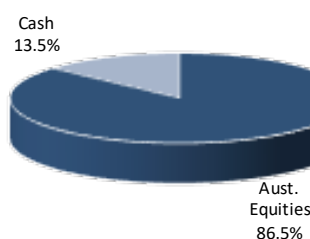
GC1 offers investors access to a professionally managed portfolio of small and micro cap stocks with ASX liquidity. Small and micro cap stocks tend to entail a greater level of risk than large cap stocks, however have the potential to offer considerable upside. Performance of the portfolio will primarily be a result of the Manager's stock picking skills with limited investment restrictions and a portfolio that is composed of the Manager's best ideas. The Manager has been executing the investment strategy since 2008 through SMA/IMA mandates and has outperformed the S&P/ASX Small Ordinaries Accumulation Index over this period, suggesting the Manager is a competent stock picker. The Manager has a relatively small team so key man risk is high. Recent hires will bring more depth to the team, but it may take some time for the team to achieve stability. The portfolio (pre-tax NTA plus dividends) performed strongly over the June quarter, rising 13.4% compared to the benchmark index rise of 7.7%. The strong performance resulted in the portfolio outperforming the benchmark index over the 12 months to 30 June 2018. While the portfolio has performed well in the short-term, since listing the portfolio has underperformed the benchmark index, however, we note the performance was diluted from the exercise of the 21.7m options that were issued at the IPO. The portfolio increased at a significantly greater rate than the share price, which has resulted in the company to be trading at a significant discount to pre-tax NTA at June-end, providing a good entry point for those that believe the Manager can continue to deliver. The company declared a final FY18 dividend of 3 cents per share, taking the full year dividend to 4 cents per share, fully franked, in line with the pcg. The company has 5.5 years dividend coverage if the company maintains the FY18 dividend based on the FY18 profit reserve.



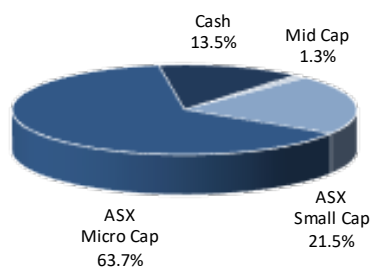
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	1.8	2.1
Materials	6.7	9.2
Industrials	31.8	24.0
Consumer Discretionary	19.6	20.6
Consumer Staples	9.5	7.9
Health Care	6.1	6.9
Financials	18.6	17.9
Information Technology & Telecommunication Services	5.3	8.9
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Michael Glennon	Executive Chairman
John Larsen	Non-Executive Director
Gary Crole	Non-Executive Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	13.4	26.8	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	3.3	9.2	na	na
ASX Small Ords Acc Index (%)	7.7	24.2	na	na
Out/Under performance of index (%)	5.7	2.5	na	na
Share Price + Dividends (%)	5.3	16.1	na	na
Tracking Error (%)	11.1	8.6	na	na

\*Australian mid/small cap LMLs as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

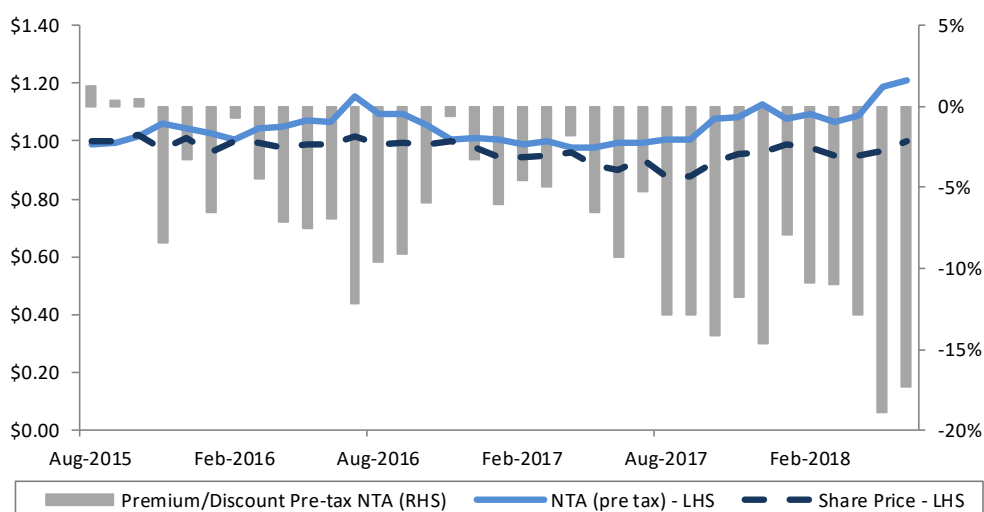
- ◆ **Dividend policy** – The Board is committed to paying a growing stream of fully franked dividends over the long-term, provided the company has sufficient profit reserves and franking credits, it is within prudent business practices and it's in line with capital growth objectives.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes, at a 3% discount to the VWAP over the declared period.

### GC1's Portfolio (Top 5) Weighting

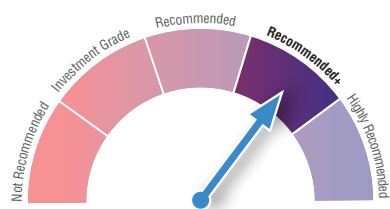
Code	Portfolio (%)	ASX Small Ordinaries Index (%)
EHL	8.6	0.4
CGR	6.3	na
MAH	5.6	na
AQZ	5.1	na
APT	5.1	0.7
	<b>30.7</b>	<b>1.2</b>

Source all figures: GC1/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia & International

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 1 August 2018	2.00
Market cap (\$M)	21.4
Shares on issue (M)	10.7
Options on issue (M)	0.0
Shares traded (\$M p.a)	2.8
12-month L/H (\$)	1.97/2.45
Listing date	May 2006

## Fees

Management Fee (%)	0.0*
Performance incentives (%)	0.0*

\*There are no management or performance fees associated with the passive investments. Active investments will incur a management fee of 1.0% and a performance fee of 20% of the outperformance of the FTSE 100 Index.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-5.0%
3 year average	-7.5%

## Dividend Yield

	%
FY16	na
FY17	na
FY18	na

## Largest Shareholders

	%
EC Pohl & Co Pty Ltd & Associated entities	54.1
As at 30 June 2018	

## COMPANY OVERVIEW

The Global Masters Fund (ASX: GFL) is an investment company listed on the ASX. The company was created to provide investors with access to quality global assets, such as Berkshire Hathaway A Stock. Berkshire Hathaway is the primary investment for the company, however given Berkshire Hathaway doesn't pay any dividends, the company also invests in other assets to earn dividend income to cover expenses.

## INVESTMENT OBJECTIVE

The company seeks to achieve moderate to high portfolio returns over the long-term through investment in global listed investment companies with a history of profitability and a superior growth profile.

## STYLE AND PROCESS

The company invests in high quality global assets. Essentially this entails an investment in Berkshire Hathaway Inc and Athelney Trust Plc. The portfolio is managed by the Board of Directors. Historically, GFL has not sought other investment opportunities, but the proceeds of an October 2017 equity raising have been invested in UK listed small and mid-cap companies. The Board will also look to invest in other assets that pay dividends to cover the expenses associated with the company, given Berkshire Hathaway does not pay a dividend. The currency exposure is unhedged, therefore investors are exposed to movements in the Australian dollar compared to the US dollar and the British Pound.

## PORTFOLIO CHARACTERISTICS

GFL's primary investment is a holding in Berkshire Hathaway with 43.7% of the portfolio invested in its Class A shares and 16.4% in Class B shares. GFL also has a 6.7% weighting to Athelney Trust Plc, an investment company listed in the UK that has a focus on UK listed small cap investments. The Board views the UK market as attractive and as such the capital raised during the 2H'CY17 was used to invest in UK stocks. The total exposure to UK equities at 31 March 2018 was 29.7%. In order to help generate cash to pay costs, GFL also has a 9.2% weighting to Australian LIC, Flagship Investments (ASX: FSI).

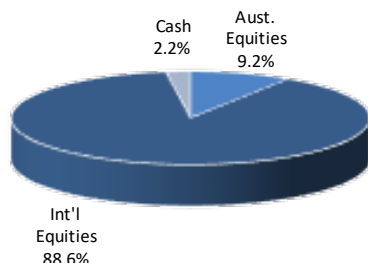
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

GFL provides investors with access to Berkshire Hathaway Inc, an investment company listed on the New York Stock Exchange. Class A shares in Berkshire Hathaway are currently trading at US\$301,200 per share, making them highly inaccessible to retail investors. By pooling funds GFL has been able to acquire shares in Berkshire Hathaway. GFL also holds B class shares in Berkshire Hathaway if A class shares are inaccessible. However, A shares are preferred given B class shares have voting right limitations. GFL also invests in UK mid and small-cap shares both directly (since October 2017) and indirectly via its holding in Athelney Trust. The GFL Board does not charge management or performance fees for managing the passive investments of the portfolio (76% of the portfolio), but the Directors are paid a small annual fee for their services. Dr. Pohl (Managing Director) and associated entities hold over half the issued shares in GFL. To cover expenses, GFL typically invests in bond funds, however, given the low interest rate environment it has invested a portion of its portfolio in FSI to generate income. FSI is a LIC also managed by Dr. Manny Pohl. We note that while this provides a conflict of interest, investing in associated LICs is a common practice in the LIC market. With a focus on capital growth GFL does not pay dividends so its shares are more suited to investors looking for a long-term investment without the need for regular income. Despite a 5.7% decline in Berkshire Hathaway, the portfolio (pre-tax NTA) remained largely unchanged over the June quarter but has performed strongly over the 12-months to 30 June 2018, up 12.2%. The share price fell 6.7% over the June quarter, resulting in the company trading at a discount to pre-tax NTA. Any time the company is trading at a discount provides a good opportunity for prospective investors to acquire access to Berkshire Hathaway shares.

## COUNTRY WEIGHTING (EX CASH)

Country Weighting	(%)
Australia	10.2
North America	60.1
United Kingdom	29.7

### Asset Weighting



### Board of Directors

Jonathan Addison	Chairman (Non-Executive)
Dr. Emmanuel Pohl	Managing Director (Executive)
Patrick Corrigan AM	Director (Non-Executive)
Murray d'Almeida	Director (Non-Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.1	12.2	9.7	12.4
Peer Group Median (pre-tax NTA plus dividends), %*	5.9	6.8	6.4	-5.1
MSCI World AUD (%)	4.8	13.1	7.8	12.5
Out/Under performance of index (%)	-4.7	-1.0	1.9	-0.1
Share Price + Dividends (%)	-6.7	3.5	8.2	14.2
Tracking Error (%)	3.6	4.3	7.3	7.5

\*International specialist as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

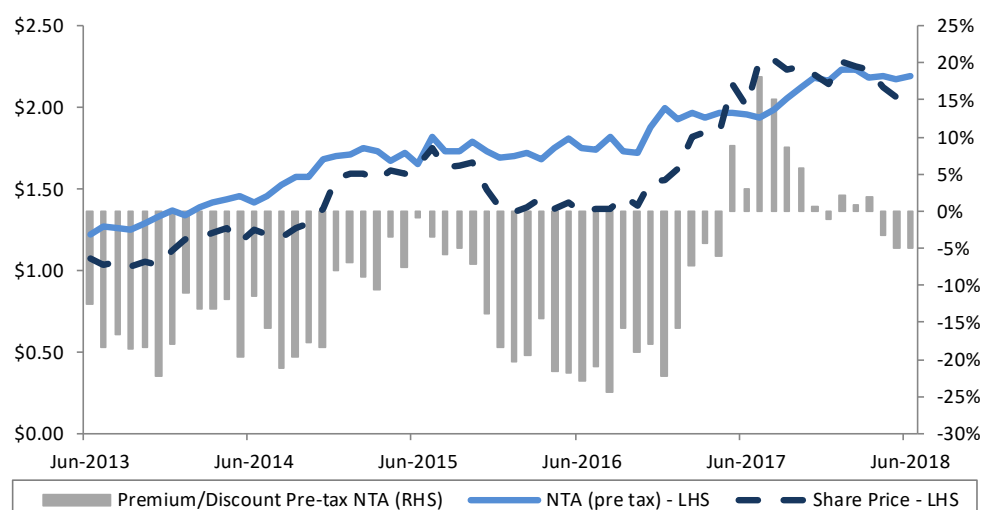
- ◆ **Dividend policy** – No dividend is paid.
- ◆ **Capital management policy** – None
- ◆ **LIC tax concessions** – na
- ◆ **DRP available** – na

### GFL's Portfolio Weighting

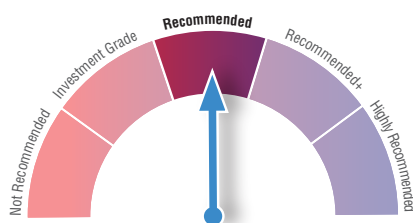
Company	Portfolio (%)
Berkshire Hathaway Inc - Class A Shares - BRK.A	43.7
Berkshire Hathaway Inc - Class B Shares - BRK.B	16.4
Flagship Investments Limited - FSI	9.2
Athelney Trust Plc - ATY	6.7
Rightmove Plc - RMV	2.0
	<b>77.9</b>

Source all figures: GFL/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment trust

## Investment Area

Australia

## Investment Assets

RMBS & ABS

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 30 August 2018 1.995

Market cap (\$M) 174.9

Units on issue (M) 87.7

Options on issue (M) 0.0

Units traded (\$M p.a) 15.9

12-month L/H (\$) 1.97/2.02

Listing date May 2018

## Fees

Management Fee (p.a) 0.96%\*

Performance incentives (%) na

\*Includes RE & Custody fee and expenses.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018 0.0%

Average since listing 0.2%

## Distribution Yield

FY16 na

FY17 na

FY18 0.23uf

## COMPANY OVERVIEW

Gryphon Capital Income Trust (ASX: GCI) is a newly established investment trust that listed on the ASX in May 2018. The trust raised \$175.3m through the issue of 87.65m units at \$2.00 per unit. The Trust invests in a portfolio of floating rate Asset Backed Securities (ABS) and Residential Mortgage Backed Securities (RMBS). The Trust has appointed Gryphon Capital Investments Pty Ltd as the Manager of the Trust. The Manager specialises in managing fixed income strategies, traditionally for institutional clients, and has in excess of \$1.9b FUM at 30 June 2018. The Manager will be paid an annual management fee of 0.72% (incl. GST). No performance fee is applicable. NAV at the day of listing was the same as the offer price of \$2.00 as the Trust provided a loan to the Manager to cover the costs of the offer. The Manager will repay the loan over a 10 year period and will pay interest on the loan of 5%p.a.

## INVESTMENT OBJECTIVE

The objective of the Trust is to provide a monthly income stream with a focus on capital preservation. The Trust has a target return of 3.5% above the RBA cash rate, per annum, net of fees and expenses. With the cash rate currently at 1.5%, the target return is 5.0%p.a.

## STYLE AND PROCESS

The Manager has a long-only, research driven, macro-aware investment process that incorporates both top-down and bottom-up analysis to construct portfolios. The Manager intends to hold the investment until maturity at the time of investment, however, will sell an investment prior to maturity if the Manager believes the capital could be deployed more effectively elsewhere.

## PORTFOLIO CHARACTERISTICS

The Trust invests in a portfolio of floating rate RMBS and ABS. At 30 June 2018, the capital raised was largely deployed with 17% cash. 84% of the portfolio was invested in investment grade securities (BBB and above, including cash and cash equivalents) with 44% of portfolio invested in AAA rated securities. The large majority of the portfolio was invested Prime RMBS with 83% of the invested capital in Prime RMBS. The portfolio is concentrated with 20 bond holdings, however, these bonds have underlying loans/mortgages of 57,329.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

Independent Investment Research (IIR) has initiated coverage on GCI with a Recommended rating. The Manager has a robust investment process with strict investment criteria. The Manager was founded in 2014 and specialises in the secured credit asset class, predominantly RMBS and ABS. Prior to the establishment of the Trust, the Manager only managed portfolios on behalf of institutional investors. The Manager has a focus on capital preservation and will only invest in RMBS that pass the 1 in 200 year event as defined by APRA's Probable Maximum Loss (PML), without incurring any loss. The key members of the Manager have a significant amount of experience in the RMBS and ABS market both domestically and internationally. RMBS and ABS are tradable securities and therefore the Trust may experience capital gains or losses, however we expect returns to be largely income. While the Trust provides an alternative fixed income investment, investors should be aware of and comfortable with the risks associated with RMBS and ABS. Up to 50% of the portfolio may be invested in non-investment grade securities which carry a higher level of risk than investment grade securities. The Trust is newly listed and therefore does not have a meaningful performance history as yet. The Trust declared its first monthly distribution of 0.46 cents per unit in June 2018.

Asset Exposure	30 Jun (%)
Prime RMBS	69.0
ABS	7.0
Non-Prime RMBS	4.0
Cash	17.0

Credit Quality	30 Jun (%)
AAA	44.0
AA	17.0*
A	11.0
BBB	12.0
BB	11.0
<BB	2.0

\*Cash and cash equivalents.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
NAV + Distributions (%)	na	na	na	na
Unit Price + Distributions (%)	na	na	na	na

## OTHER DATA

- ◆ **Distribution policy** – The trust intends to pay distributions to unitholders monthly. Distributions are expected to match the income (net of fees and expenses) achieved by the Trust.
- ◆ **Capital management policy** – The Trust structure allows GCI to invest a permanent and stable pool of capital, while also offering investors ASX liquidity. This allows the Manager to make long term investment decisions without the need to source liquidity for potential investor redemptions, which may impact returns.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – No but the Responsible Entity may establish a DRP.

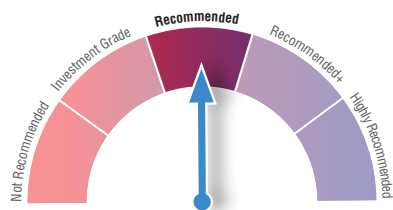
### GCI's Portfolio Characteristics

Portfolio Characteristics	
Number of Bond Holdings	20
Number of Underlying Loans	57,329
Net Running Yield	3.47%
Interest Rate Duration	0.04 years
Credit Spread Duration	2.35 years
Weighted Average LVR	63%
Weighted Average Interest Rate	4.71%
% of Loans 30+ Days in Arrears	0.59%

Source all figures: GCI/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

# K2 Australian Small Cap Fund (Hedge Fund) (KSM)

## Rating



## LMI Type

Active Exchange Traded Fund

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 17 August 2018	2.48
Market cap (\$M)	15.8
Units on issue (M)	6.4
Units traded (\$M p.a.)	7.4
12-month L/H (\$)	2.40/2.80
Listing date	December 2015

## Fees

Management Fee (%)	1.31
Performance incentives (%)*	15.38

\*Performance hurdle of 6%p.a, subject to a high water mark.

## Premium/Discount to Pre-tax NAV

As at 30 June 2018	5.5%
Average since inception	0.2%

## Dividend Yield

	%
FY16	na
FY17	9.98uf
FY18	6.64uf

## FUND OVERVIEW

K2 Australian Small Cap Fund (Hedge Fund), (ASX code: KSM), is an Active ETF managed by K2 Asset Management Ltd. It provides exposure to a long/short portfolio of domestic small cap equities, however has historically had a long bias. The Fund commenced as an unlisted unit trust established in December 2013, before being listed in December 2015.

## INVESTMENT OBJECTIVE

The Manager seeks to deliver capital growth over the longer-term by identifying opportunities in mispriced securities in all market cycles. The Manager seeks to deliver this objective by exploiting inefficiencies in the market place. The Manager will seek to protect client funds from adverse moves in markets while also participating in the upside from equity markets.

## STYLE AND PROCESS

The Investment Manager employs a bottom up investment process to identify investment opportunities. This process targets four key investment pillars; Operating Environment, Earnings, Management and Valuation. The manager undertakes extensive research in each of these key areas to determine if an investment opportunity exists. If so, the level of conviction across the investment pillars is reflected in the weight of the stock within the portfolio. Portfolio construction limits apply across the portfolio which include; maximum gross exposure of 100%, individual stock limit of 10% of longs and 5% for shorts. There are also stop loss guidelines which apply to individual stocks. Cash levels for the funds are set in the context of capital protection over the cycle and relative to the number of investment opportunities that are prevalent.

## PORTFOLIO CHARACTERISTICS

The Fund will hold between 50 and 100 stocks, however has the capacity to hold 100% cash. The Manager takes high conviction positions with the top ten holdings accounting for over 40% of the portfolio at June-end. The investment team has a focus on industrial stocks and as a result tends to have little to no exposure to the materials and energy sectors. The largest sector exposures are to Financials, Consumer Discretionary and IT.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

KSM provides exposure to an index unaware, flexible, actively managed Australian small cap portfolio. The investment process sees Portfolio Managers allocated capital with the ability to individually select stocks. However, there are defined portfolio construction limitations in place to manage portfolio concentration risk and stop loss guidelines to minimise the impact of poor investment decisions. Short positions are permitted, but historically have been a very small portion of the portfolio. We believe this is unlikely to change. Compensation for the Portfolio Managers' is partially performance based which seeks to provide them with incentive to generate alpha and align the interests of the Manager with unitholders. KSM has a performance hurdle being 6% p.a, subject to a high watermark. Given the portfolio is going to be primarily long, we believe a more appropriate benchmark would be a market index. The portfolio (NAV plus distributions) has significantly underperformed the S&P/ASX Small Ordinaries Accumulation Index over the 12 months to 30 June 2018, with the portfolio increasing 8.2% compared to the index rise of 24.2%. We note that the lack of exposure to the resources sector was a drag on the portfolio compared to the benchmark index. The underperformance was exacerbated by a decline in the portfolio value over the June quarter, a period in which the index was up 7.7%. MVP, one of the top 10 holdings, was a significant detractor from the portfolio performance over the June quarter with the company declining over 17% over the quarter. There was no significant performers in the top 10 that made up for this decline. Since listing in December 2015, the portfolio has increased 5.1%p.a. compared to the benchmark index return of 14.6%p.a. The performance over the June quarter highlights the risks associated with a concentrated portfolio. The distribution for FY18 declined 34.4% from the pcp. Given the trust structure, all distributable income is distributed on an annual basis and can be volatile.



## SECTOR EXPOSURE

Sector	31 Mar (%)	30 Jun (%)
Energy	0.2	2.7
Materials	3.4	6.5
Industrials	6.4	7.8
Consumer Discretionary	17.5	14.1
Consumer Staples	0.7	0.0
Healthcare	12.1	12.1
Financials (ex-REITS)	19.3	20.8
REITS	5.7	8.0
Info Technology & Telecommunications	15.0	12.6
Utilities	1.6	2.0
Cash	21.1	17.6

## LONG/SHORT EXPOSURE

Net Exposure	31 Mar (%)	30 Jun (%)
Long	81.9	86.7
Short	3.0	4.3
Net Exposure	78.9	82.4

## Board of Directors\*

Campbell Neal	Managing Director
Mark Newman	Director (Executive)
Robert Hand	Director (Non-Executive)
Hollie Wight	Director (Executive)
Matt Lawler	Director (Non-Executive)

\*Board of Directors of the Manager.

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
NAV + Dividends (%)	-2.4	8.2	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	3.3	13.2	na	na
ASX Small Ords Acc Index (%)	7.7	24.2	na	na
Out/Under performance of index (%)	-10.1	-16.1	na	na
Share Price + Dividends (%)	3.0	4.6	na	na
Tracking Error (%)	4.8	9.1	na	na

\* Australian Small & Micro Cap Share LMI as per IIR LMI classifications.

## OTHER DATA

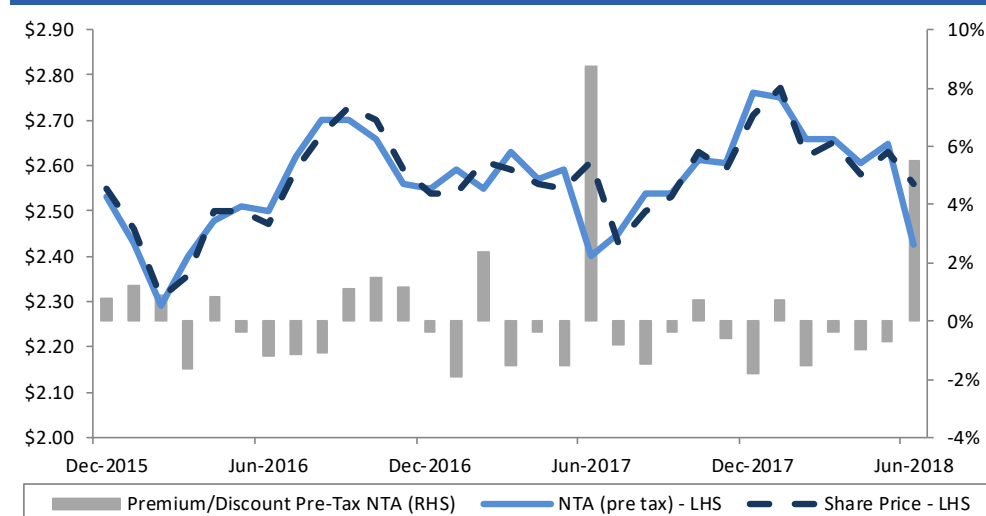
- ◆ **Dividend policy** – The company will seek to pay distributions shortly after the financial year end (30 June), if applicable.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – None
- ◆ **DRP available** – Yes

## KSM's Portfolio (Top 10) Weighting

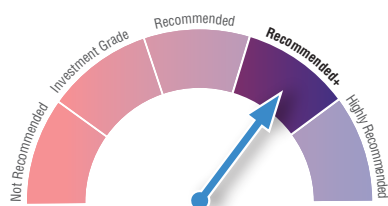
Company	ASX Code
Axesstoday Ltd	AXL
Cedar Woods Properties Ltd	CWP
Citadel Group Ltd/The	CGL
Elanor Investor Group	ENN
Medical Developments International	MVP
Metlifecare Ltd	MET
National Tyre & Wheel Ltd	NTD
Pioneer Credit Ltd	PNC
Sundance Energy Australia Energy	SEA
Updater Inc	UPD

Source all figures: KSM/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

## NAV & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia and Global

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 27 August 2018	1.785
Market cap (\$M)	1,156.8
Shares on issue (M)	664.8
Options on issue (M)	0.0
Shares traded (\$M)	152.3
12-month L/H (\$)	1.715/2.09
Listing date	April 2018

## Fees

Management Fee (% p.a)	1.4
Performance incentives (%)	20.0
Performance Hurdle	High Water Mark

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	5.6%
Average since inception	4.9%

## Dividend Yield

FY18	na
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## COMPANY OVERVIEW

L1 Long Short Fund Limited (ASX: LSF) is a listed investment company that listed on the ASX in April 2018. The company raised \$1.33b through the issue of 664.8m shares at \$2.00 per share. The portfolio is managed by L1 Capital Pty Limited, a boutique asset management firm that was established in 2007. LSF provides exposure to an actively managed long/short portfolio of primarily Australian equities, with the Manager able to invest up to 30% of the portfolio in global securities.

## INVESTMENT OBJECTIVE

The investment objectives of the company are to deliver superior risk-adjusted returns over the long-term, which the Manager considers a period of five years, and to preserve capital.

## STYLE AND PROCESS

The Manager has an absolute return objective with a bottom up fundamental approach to determine attractive investment opportunities. The investment process includes the use of the Manager's proprietary ranking system which is an important input in the stock selection and portfolio construction process. The Manager's investment strategy is based on three core premises (1) Valuation and qualitative factors are the ultimate determinant of long-term share price performance and both factors are of equal importance; (2) The market continually presents opportunities to investors who can remain unemotional and have a long-term view. By remaining disciplined and adhering to their investment process, the Manager seeks to avoid the behavioural biases that they believe are common among investors; and (3) Meeting with a variety of stakeholders can provide a more complete view of a company's potential. The Manager will take high conviction positions with stock weightings determined by the Manager's level of conviction in a stock. The Manager has a focus on capital growth with dividends paid at the discretion of the board.

## PORTFOLIO CHARACTERISTICS

The portfolio will invest in both long and short positions. The portfolio will typically have 50-100 positions. In the event attractive opportunities cannot be identified, the Manager can hold up to 100% in cash. The portfolio can have a maximum net exposure of 150% and a maximum gross exposure of 300%. Therefore the portfolio has the potential for significant levels of leverage. At 30 June 2018, the portfolio had 79 positions and gross exposure of 188% with a long exposure of 122% and short exposure of 66%. The Manager can invest a maximum of 10% of the portfolio value in a single security (both long and short) at the time of investment. Typically long positions will be between 1%-6% and short positions will be 1%-4%. Positions that are greater than this range are typically reserved for those investments that the Manager believes exhibits exceptional risk/reward characteristics.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

An investment in the company is suitable for those investors seeking exposure to an actively managed, absolute return style fund. The Manager has a long-term investment return objective, therefore, an investment in the company is suited to investors that have a long-term investment horizon. The company will take short positions in stocks and use derivatives. Shorting stocks and the use of derivatives involves additional risks to that of investing long. Investors should be aware of and comfortable with the risks associated with shorting stocks and derivatives before investing in the company. In addition to the leverage created from shorting, the Manager can use debt to increase the scale of the portfolio. The use of debt in the portfolio can magnify both the gains and losses in investments. With a gross exposure limit of 300%, there is the potential for significant leverage. As such, we view an investment in LSF as suitable for those investors that have a higher level of risk tolerance. LSF was listed in April 2018 and therefore has limited performance history. The portfolio performance has been disappointing in its initial months of trading with the pre-tax NTA falling 11.0% from the offer price of \$2.00. Despite the poor performance since listing we view the Manager to have an investment strategy and process that can generate alpha over the long-term. We note that there is a strong alignment of interest between the Manager and shareholders, with the co-founders and co-CIOs investing \$5m each through the IPO and these shares will be held in voluntary escrow for a period of 10 years from the listing date.

## LONG/SHORT EXPOSURE

	30 Jun (%)
Long Exposure	122%
Short Exposure	66%
Gross Exposure	188%
Net Exposure	56%

### Board of Directors

Andrew Larke	Independent Chairman
John Macfarlane	Independent Director
Harry Kingsley	Independent Director
Raphael Lamm	Executive Director
Mark Landau	Executive Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter*	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-9.8	na	na	na
S&P/ASX 200 Accumulation Index (%)	4.4	na	na	na
Out/Under performance of index (%)	-14.2	na	na	na
Share Price + Dividends (%)	-6.5	na	na	na
Tracking Error (%)	10.0	na	na	na

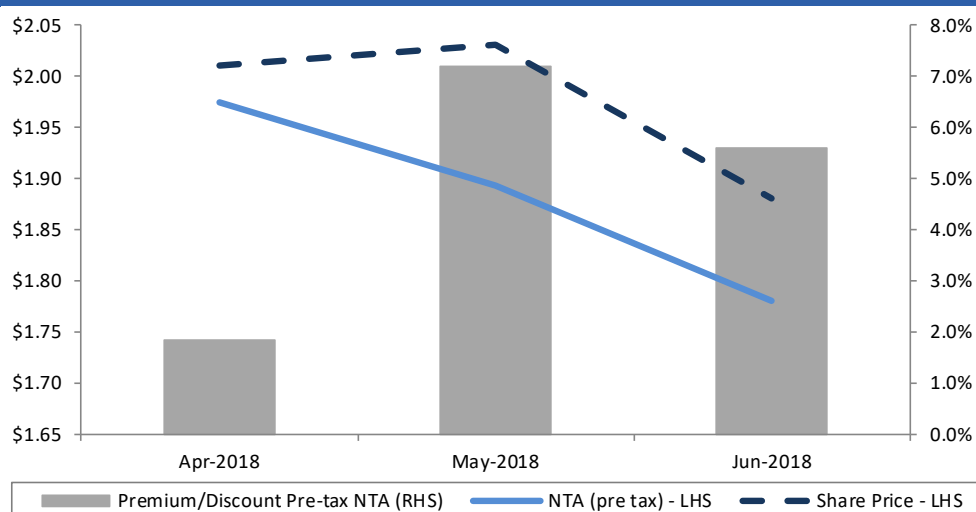
\*The returns are from 30 April 2018 to 30 June 2018.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

- ◆ **Dividend policy** – Delivering a high dividend is not a primary objective of company however, the company will seek to pay dividends, franked to the maximum extent possible, at the discretion of the board. The board will pay dividends if it is determined to be within prudent business practices based on cashflow and the profit reserve of the company.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – No

### NTA & Share Price Performance



Source all figures: LSF/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

## LMI Type

Listed investment trust

## Investment Area

Australia & International

## Investment Assets

Listed companies and other

## Investment Sectors

Resources and Energy

## Key Investment Information

Price (\$) as at 17 August 2018 6.75

Market cap (\$M) 18.9

Shares on issue (M) 2.8

Options on issue (M) 1.2

Shares traded (\$M p.a) 0.7

12-month L/H (\$) 6.57/8.50

Listing date March 2018

Inception Date January 1986

Fees:

Management Fee (%) 2.1645%

Performance incentives (%) 17.94% of returns above a 10% hurdle

## Discount/Premium to NAV

As at 30 June 2018 -14.9%

Average since listing -2.2%

## Dividend Yield

FY16 0.00

FY17 5.21

FY18 0.00

## Largest Shareholders

Tizima Pty Ltd 2.45

Lowell Pty Ltd 1.91

As at 30 June 2018

## COMPANY OVERVIEW

Lowell Resources Fund (ASX:LRT) is a listed investment trust that invests in a portfolio of global junior mining and energy securities. The Fund is managed by Lowell Resources Funds Management Ltd which has managed the fund for 14 years. The trust has been established for many years, but only listed on the ASX in March 2018 following a public offer of new units.

## INVESTMENT OBJECTIVE

The investment objectives of the Fund are to maximise absolute returns to unitholders over the medium to long-term, along with annual distribution payment contingent on taxable profits generated over the term.

## STYLE AND PROCESS

The investment process is a combination of top-down and bottom-up. The top-down view will inform and influence commodity weightings as well as focus the Manager's attention in terms of prospective investments. The ultimate focus of the top-down investment process is optimising the stock selection process to achieve maximum performance, whereby bullish commodity sectors are up-weighted, while the less promising sectors are downgraded. The Manager then considers individual stocks within those weighted sectors, based on their fundamentals, chart patterns and pricing, and identifies entry positions and potential exit strategies for each stock. However, weightings are also partly driven by identifying stock specific opportunities based predominantly on bottom-up, company specific analysis.

## PORTFOLIO CHARACTERISTICS

Depending on market conditions, the portfolio usually comprises around 20-40 junior mining and energy companies that are actively exploring for, developing, and/or producing specific commodities and that have strong fundamentals. The Manager will mainly target mining and energy companies on the ASX, but to a lesser extent may include companies listed on overseas stock exchanges as well as a smaller proportion of investments pre-listing. At 30 June 2018, the top five holdings amounted to 31% of the portfolio with a heavy weighting to gold companies. The largest exposure was to unlisted gold company, Laguna Gold, which is pursuing a listing on the ASX. Its shareholders passed a resolution facilitating the listing during April.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

Largely by the nature of the investment strategy, LRT is a high risk-return investment proposition, with a concentrated portfolio of earlier stage, relatively illiquid junior resource companies and material concentrations to particular commodities, such as gold currently. Junior resource stocks are heavily influenced by commodity prices, which can result in high levels of volatility. This provides opportunities for profits, but can also increase the potential for losses. So investors should be comfortable with the expected additional volatility the portfolio may experience. The Fund is generally a capital vs income investment proposition, although annual distributions have been paid in four of the last seven years, with the variability reflecting the inherent volatility of the sector. The investment team was expanded post the end of the quarter, with the addition of two new members to the Investment Committee (IC). Mr. Stuart Baker joined the IC in July 2018 and has over 30 years' experience as a resource analyst, including 14 years with Morgan Stanley. Mr. Richard Morrow has also been appointed to the IC. Mr. Morrow is a Non-Executive Director of LRT and has over 30 years' experience in markets in Australia and the UK, with a focus on the resources sector. FY18 was a volatile year for the portfolio with the portfolio being up 13.8% in the 1H'18 before dropping back to the same level at the beginning of FY18. The portfolio did not participate in the upside of the S&P/ASX 300 Resources Accumulation Index over FY18, however, over the long-term has outperformed the benchmark index with the portfolio returning 7.9%p.a. over the 10 years to 30 June 2018 compared to the benchmark index return of -1.2%p.a.

## Board of Directors (Investment Manager)

Stephen Mitchell	Non-Executive Chairman
Richard Morrow	Non-Executive Director
Steven O'Connell	Non-Executive Director
John Forwood	Executive Director
David Hobday	Executive Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance*	Jun Quarter	1 year	3 year p.a	5 year p.a
NAV + Distributions (%)	-3.8	0.0	15.9	12.5
S&P/ASX 300 Resources Acc Index (%)	16.0	40.3	15.1	8.3
Out/Under performance of index (%)	-19.8	-40.3	0.8	4.2
Share Price + Dividends (%)	19.2	na	na	na

\*LRT only listed on 22 March 2018, however, the company listed the existing unlisted trust which has been in operation since January 1986. The above numbers reflect the returns of the unlisted vehicle, not the listed vehicle.

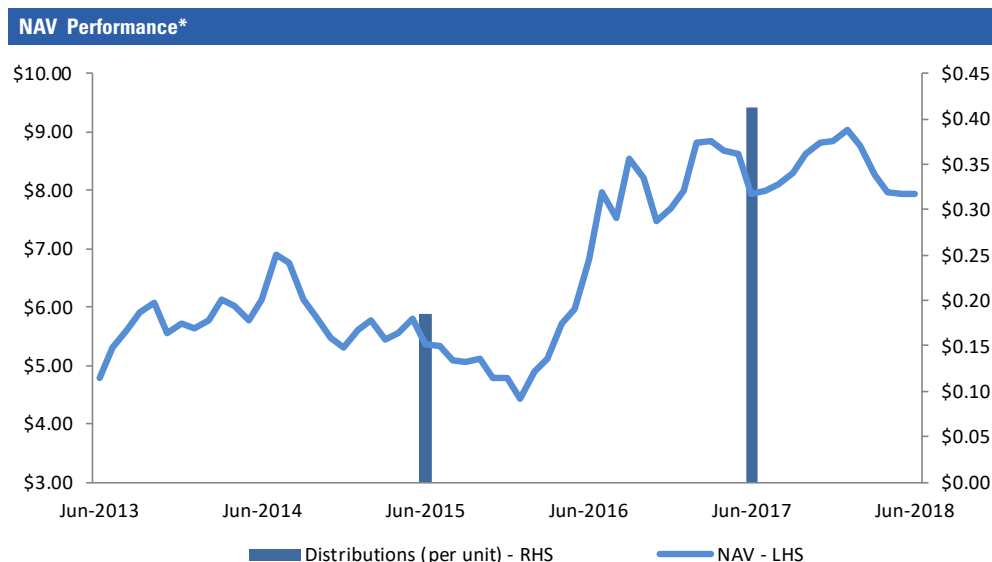
## OTHER DATA

- ◆ **Distribution policy** – If the fund pays a distribution to unitholders, it is generally expected to be paid on an annual basis. The amount of the distribution is anticipated to be an amount approximately equal to the taxable components of the Fund for the period that the distribution relates to, usually the financial year in which the income is earned. In some years it is possible that no distribution will be paid.
- ◆ **Capital management policy** – n.a.
- ◆ **LIC tax concessions** – n.a.
- ◆ **DRP available** – Yes.

## LRT'S PORTFOLIO (TOP 5) WEIGHTING

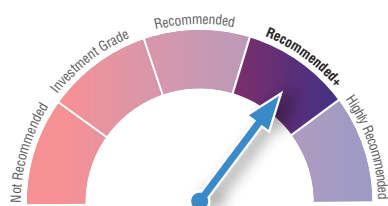
Name	Portfolio (%)
Laguna Gold (unlisted)	13.0
Gold Road Resources (ASX:GOR)	8.0
Kidman Resources (ASX:KDR)	4.0
Indago Energy (ASX:INK)	3.0
Bounty Mining Ltd (ASX:B2Y)	3.0
	<b>31.0</b>

Source all figures: LRT/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.



\*LRT only listed on 22 March 2018, however, the company listed the existing unlisted trust which has been in operation since January 1986. The above numbers reflect the NAV per unit and distributions of the unlisted vehicle and the first three months of trading on the ASX.

## Rating



## LMI Type

Listed investment trust

## Investment Area

Global

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	1.71
Market cap (\$M)	1,804.1
Units on issue (M)	1,055.0
Options on issue (M)	0.0
Units traded (\$M p.a)	345.3
12-month L/H (\$)	1.42/1.735
Listing date	October 2017
Fees:	
Management Fee (%)	1.35
Performance incentives (%)*	10.0 *

\*10.0% of outperformance of the higher of the MSCI World Net Total Return Index and the 10-year government bond rate, subject to a high water mark.

## Discount/Premium to Pre-tax NTA

As at 30 June 2018	-0.6%
Average since inception	-0.1%

## Dividend Yield

	%
FY16	na
FY17	na
FY18	3.75uf

## COMPANY OVERVIEW

Magellan Global Trust (ASX:MGG) is a listed investment trust that invests in a long-only portfolio of global equities. Magellan Asset Management Ltd (the Manager), a wholly owned subsidiary of the ASX-listed Magellan Financial Group Limited (MFG), is both the Investment Manager and Responsible Entity for the Trust. MGG listed on the ASX in October 2017.

## INVESTMENT OBJECTIVE

MGG's investment objectives are to achieve attractive risk-adjusted returns over the medium to long-term, whilst reducing the risk of permanent capital loss. The trust targets a cash distribution yield of 4% per annum with investors expected to also benefit from capital growth over the medium to long term.

## STYLE AND PROCESS

The Manager's investment process can be divided into three key 'legs' or disciplines; fundamental bottom-up stock research, broad and detailed macroeconomic insight, and rigorous portfolio construction and risk discipline. Through in-depth proprietary company research, the Manager seeks to identify companies with sustainable competitive advantages that enable the businesses to generate excess returns on capital and predictable cash flow streams. It seeks to purchase investments when they are trading at a discount to the Manager's assessment of their intrinsic value. The Manager also undertakes proprietary macroeconomic research in order to identify and manage risks and opportunities presented by the macroeconomic environment. The Manager views both portfolio construction and formal risk controls as important processes in protecting the Portfolio from external shocks. There are a number of investment parameters in place including limiting individual stock exposures to 15% of the trust's gross value at purchase.

## PORTFOLIO CHARACTERISTICS

The portfolio is concentrated and will typically consist of 15-35 stocks. Portfolio turnover is expected to be low reflecting the Manager's long-term view on companies. The currency exposure of the portfolio will be actively managed. The Manager has the ability to tactically allocate up to 50% of the portfolio to cash however it would only be in the most extreme market environment that the Manager would contemplate approaching such a level. The portfolio has a strong bias to the US. By source of revenue, US exposure accounted for 47% of the portfolio at June-end. The largest sector exposures by source of revenue at 30 June 2018 were Internet & eCommerce (19%) and Consumer Defensive (16%).

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

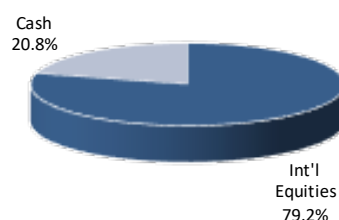
MGG provides investors with access to a well-managed portfolio of global equities. The Manager has a strong and stable team, proven processes and strong performance track-record with a focus on downside risk mitigation and capital preservation. Given the Manager's focus on quality business we would expect the portfolio to have a bias to developed markets with a material exposure to the technology sector. Investors should note that the active currency hedging adds additional risk, with the potential for both positive and negative incremental returns. The target cash distribution of 4% will appeal to income investors, but investors should be aware this may involve capital drawdown, particularly in a poorly performing market environment. The portfolio (NAV plus distributions) slightly outperformed the benchmark index over the June quarter. The positions in Facebook, Alphabet and Apple were the best performers. We note that Facebook has given up most of its gains post the quarter end. The share price increased at a greater pace than the portfolio value, resulting in the discount to NAV largely being eradicated as at June-end. The trust paid a FY18 distribution of 6 cents per unit, which equated to a yield of 3.75% based on the share price at 30 June 2018.



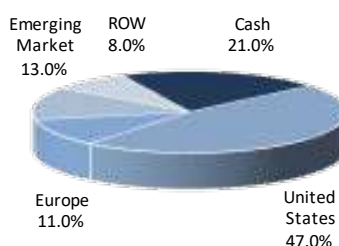
## SECTOR BREAKDOWN\*

Sector	31 Mar (%)	30 Jun (%)
Consumer, Defensive	16.0	16.0
Mass-Market Retail	1.0	1.0
Health Care	8.0	8.0
Internet & eCommerce	17.0	19.0
Information Technology	12.0	13.0
Consumer Discretionary	5.0	6.0
Payments	8.0	9.0
Financials	5.0	5.0
Infrastructure	3.0	3.0
Cash	23.0	21.0

### Asset Weighting\*



### Country Weighting\*



\*By source of revenue.

### Board of Directors \*

Brett Cairns	Executive Chairman
Hamish Douglass	CEO
John Eales AM	Non-Executive Director
Robert Fraser	Non-Executive Director
Paul Lewis	Non-Executive Director
Hamish McLennan	Non-Executive Director
Karen Phin	Non-Executive Director

\*Board of Directors of the Responsible Entity

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
NAV + Distributions (%)	6.1	na	na	na
Peer Group Median (pre-tax NTA plus dividends, %)*	2.1	na	na	na
MSCI World Net Total Return Index (AUD) (%)	5.7	na	na	na
Out/Under performance of index (%)	0.4	na	na	na
Share Price + Dividends (%)	8.7	na	na	na

\*Global diversified LICs/LITs as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

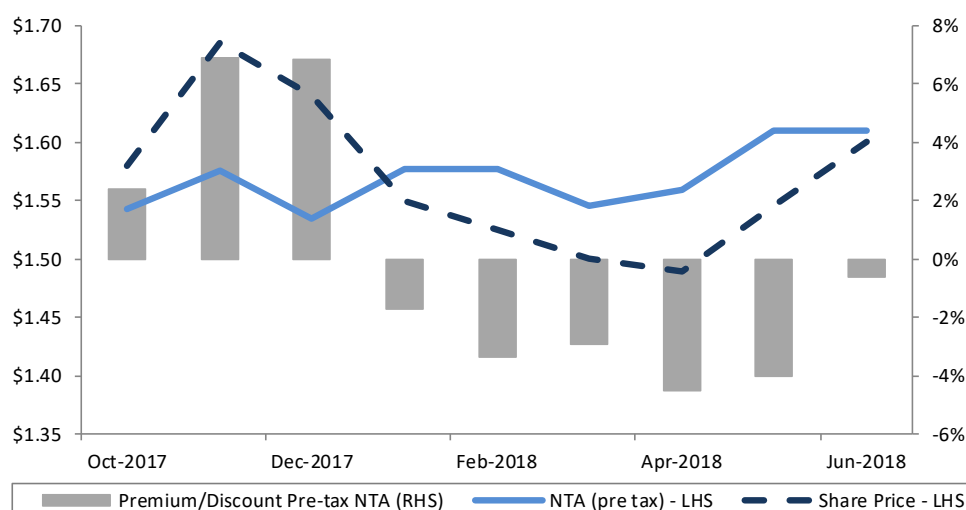
- ◆ **Distribution policy** – The Trust seeks to generate a distribution yield of 4% p.a, with distributions paid on a semi-annual basis.
- ◆ **Capital management policy** – MGG may undertake an on market buyback of Units where it determines that this is in the interests of Unitholders.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes, at a 5% discount to NAV per unit.

## MGG'S PORTFOLIO (TOP 10) WEIGHTING

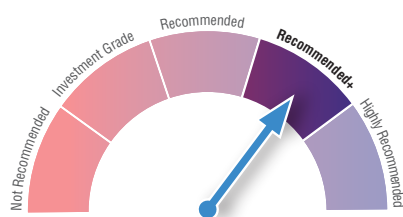
Code	Portfolio (%)
Facebook Inc-A	8.7
Alphabet Inc	7.2
Lowe's Co Inc	5.5
Kraft Heinz Co	5.3
HCA Healthcare Inc	5.2
Apple Inc	5.2
Visa Inc	4.9
Wells Fargo & Co	4.8
Starbucks Corp	4.2
MasterCard Inc	4.2
	<b>55.2</b>

Source all figures: MGG/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

## NAV & Unit Price Performance



## Rating



## LMI Type

Listed investment trust

## Investment Area

Australia

## Investment Assets

Fixed Income Trusts

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 30 August 2018	2.07
Market cap (\$M)	752.6
Units on issue (M)	363.6
Options on issue (M)	0.0
Units traded (\$M p.a)	191.1
12-month L/H (\$)	1.988/2.137
Listing date	October 2017

## Fees

Management Fee (%)	0.67
Performance incentives (%)	Nil, but underlying wholesale funds may charge a performance fee.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	3.4%
Average since listing	2.9%

## Distribution Yield

	%
FY16	na
FY17	na
FY18	3.40uf

## COMPANY OVERVIEW

MCP Master Income Trust (ASX:MXT) is a listed investment trust that invests in a portfolio of Australian corporate loans. It does so through investments in wholesale funds managed by its Investment Manager, debt-specialist fund manager Metrics Credit Partners (MCP or Manager). MXT listed on the ASX in October 2017. The Manager is targeting a return equal to the RBA Cash Rate plus 3.25% per annum net of fees and pays cash distributions monthly.

## INVESTMENT OBJECTIVE

MXT's objective is to provide monthly cash income, low risk of capital loss and portfolio diversification by actively managing diversified loan portfolios and participating in Australia's bank-dominated corporate loan market. The Manager seeks to implement active strategies designed to balance delivery of the target return, while seeking to preserve capital.

## STYLE AND PROCESS

The Manager directly originates and sources all loans and uses a detailed due diligence process for all transactions. The process considers and assesses all the risks associated with a business' cashflows and the likely impact on the Manager's capital. The analysis incorporates industry analysis as well as company specific aspects such as management, strategy, financial projections and capital structure. The process culminates with a credit rating for both the issuer and the proposed transaction which is then reviewed by the Investment Committee and decision arrived at whether to proceed or not. Knowledge gained through the due diligence phase is used to negotiate appropriate terms and conditions with the borrower. All loans are monitored on a daily basis and a formal review process is conducted when new financial information is received about a particular borrower.

## PORTFOLIO CHARACTERISTICS

MXT invests in several wholesale funds managed by Metrics Credit Partners, all of which provide exposure to the Australian corporate loan market but with differing risk-return investment profiles and target loan investments. From a credit quality perspective, the Manager targets the investment grade through to sub-investment grade segment (A through to BB rated), reflecting the Manager's view that this segment presents a particularly attractive opportunity set in terms of market pricing relative to default risk. At 30 June 2018, there were 82 individual investments with 73% in investment grade assets. The credit duration of the portfolio is relatively short at 1.9 years.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

MXT is a unique investment proposition in that it provides exposure to a diversified portfolio of direct-lending corporate loans by way of a listed investment trust structure. It does so through a portfolio created and actively managed by a team with a deep skill set and a track-record of delivering a risk-return outcome in excess of target levels and without a single negative month or credit loss, albeit during a period of benign credit markets. The investment team is stable, operates according to a flat culture and there is a strong alignment of interest with investors. A concern we have, if not addressed effectively, is ongoing growth in funds under management by the Manager may necessitate changes in the size of, and the way the team operates lest excessive workload issues may arise. To date, the Manager has expanded the team in line with growth in funds under management. A systemic deterioration in credit quality could possibly be cause for a rating review. MXT has paid a monthly distribution since December 2017 (based on the ex-distribution date) with total distributions to 30 June 2018 of 7.04 cents per unit, which equates to a distribution yield of 3.40% based on the unit price at 30 June 2018. On an annualised basis the trust has a distribution yield of 4.88%, above the current target yield of 4.75%.

Industry Exposure	30 Jun (%)
Real Estate Development	27.0
Transportation Infrastructure	9.0
Real Estate Investment Trusts	8.0
Hotel, Restaurants & Leisure	10.0
Other	31.0
Cash	15.0

Credit Quality	30 Jun (%)
AA	15
A	8
BBB	50
BB	26
<BB	1

Investment Committee
Justin Hynes
Andrew Lockhart
Graham McNamara
Andrew Tremain

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
NAV + Distributions (%)	1.3	na	na	na
Unit Price + Distributions (%)	3.7	na	na	na

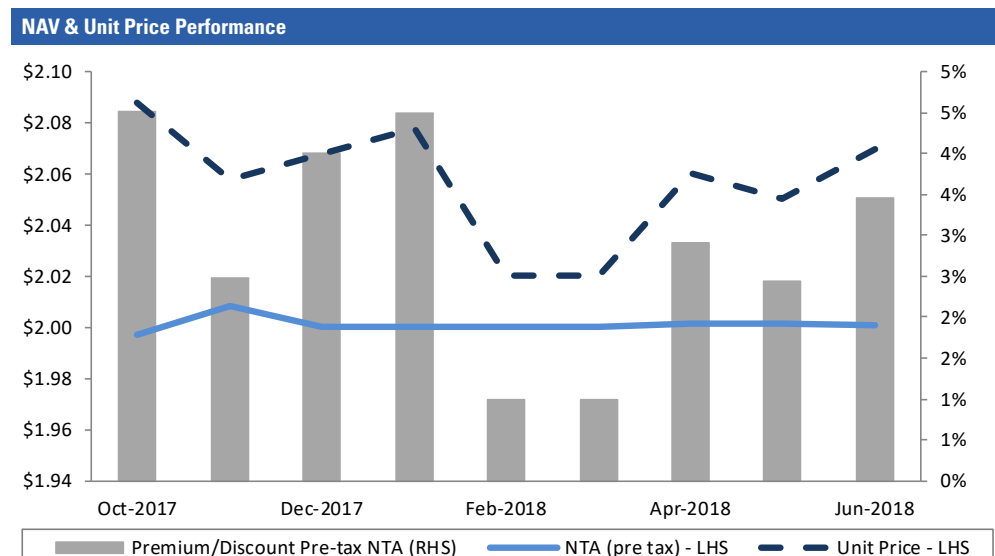
## OTHER DATA

- ◆ **Distribution policy** – The trust intends to pay distributions to unitholders monthly. Distributions are expected to match the income (net of fees and expenses) achieved by the Trust.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – n.a
- ◆ **DRP available** – Yes.

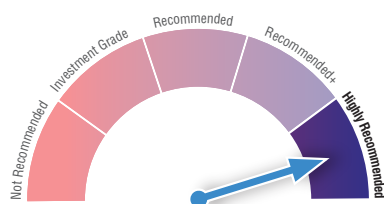
## MXT's Portfolio

Trust	Weighting (%)
Metrics Credit Partners Diversified Australian Senior Loan Fund	60
Metrics Credit Partners Real Estate Debt Fund	20
Metrics Credit Partners Secured Private Debt Fund II	20
<b>Total</b>	<b>100</b>

Source all figures: MXT/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 2 August 2018	4.72
Market cap (\$M)	3,106.6
Shares on issue (M)	658.2
Options on issue (M)	0.0
Shares traded (\$M p.a)	227.2
12-month L/H (\$)	4.40/4.80
Listing date	April 1962
<b>Fees</b>	
Management Expense Ratio (%)	0.14
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-2.5%
3 year average	0.2%

Dividend Yield*	%
FY16	4.44ff
FY17	4.12ff
FY18	4.08ff

\*Based on FY end data.

Largest Shareholders	%
Washington H Soul Pattinson & Company Limited	3.8
Higlett Pty Ltd	3.8

As at 30 June 2018

## COMPANY OVERVIEW

MLT is a listed investment company that was listed on the ASX in 1958. It is a long-term investor in a portfolio of companies, trusts, interest-bearing securities and real property.

## INVESTMENT OBJECTIVE

MLT's objective is to provide investors with a growing, fully franked dividend income stream over time and long-term capital appreciation, through exposure to ASX-listed companies that are well managed, have a profitable history and carry expectations of sound dividend growth.

## STYLE AND PROCESS

MLT uses bottom-up fundamental analysis to identify attractive investments. The company has a long-term focus, therefore portfolio churn is low and capital profits are reinvested. MLT combines in-house and external research to develop company models. The investment team has a focus on liaising with the company management to gauge the quality of management. Investment proposals are ratified by an investment committee, which consists of most of the board and the chief executive.

## PORTFOLIO CHARACTERISTICS

MLT's portfolio is weighted towards large cap stocks with 62.1% allocated to ASX top 50 stocks at 30 June 2018. The portfolio also has a modest exposure to small-caps. The portfolio tends to be overweight banks and underweight resource stocks. The portfolio's largest holding is in Westpac (ASX:WBC), which at a 9.9% weighting is significantly above the All Ordinaries Index weighting of 5.1%. In fact, MLT holds overweight positions in seven of its top ten holdings. The company holds a significant overweight position in SOL, one of the largest shareholders of the company. MLT takes high conviction positions in companies it has identified as attractive, and as such, the portfolio may have a higher tracking error than some of its peers over the longer term.

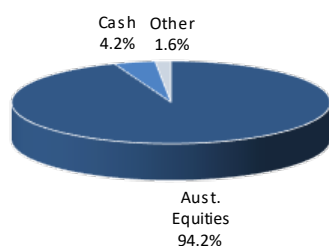
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

MLT is the third largest LIC on the ASX with a market cap in excess \$3 billion. It offers investors access to a portfolio of ASX-listed securities and other investments at low cost, with a management fee of just 0.14%. The company has a multi-decade history with a highly experienced board and investment team and a proven, well established investment process. Board and investment team turnover rates are very low, creating considerable stability. While the portfolio will vary from the performance of the benchmark index (ASX All Ordinaries Accumulation Index) over shorter periods, over the long-term the portfolio has performed largely in line with the market. The company has a long history and has achieved its goal of providing a growing dividend stream over time. Effective 1 August 2018, Brendan O'Dea took over the role of Managing Director, succeeding Frank Gooch who has retired. The company has announced a final FY18 dividend of 10.2 cents per share, up 2% on the pcp. This takes the full year dividend to 19 cents per share, a 1.6% increase on FY17. The portfolio has underperformed the Australian market over the one, three and five year periods to 30 June 2018. The overweight exposure to the financials sector and the underweight exposure to the resource sector contributed to the underperformance. The share price increased at a lesser rate than the portfolio which resulted in the company trading at a 2.5% discount to pre-tax NTA at June-end. Any time the company is trading at a discount provides a good entry point for prospective investors. An investment in MLT is suitable for long-term investors looking for exposure to a low-cost, well managed, diversified portfolio of Australian equities.

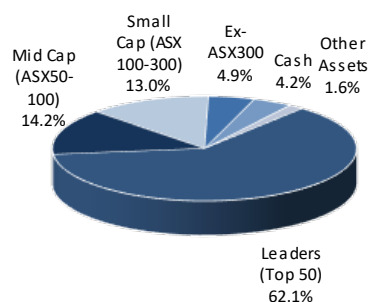
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Banks	30.6	29.0
Other Financials	12.9	12.4
Consumer Staples	9.4	10.1
Consumer Discretionary	4.6	4.4
Materials	9.7	9.9
Energy	7.6	8.0
Industrials	6.7	6.5
Telecommunications	2.3	1.9
Healthcare	4.6	5.0
Real estate	3.2	3.4
Utilities	2.5	2.8
Information Technology	0.7	0.7
Other shares	0.0	0.0
Cash	3.5	4.2
Other assets	1.7	1.7

### Asset Weighting



### Size Weighting



### Board of Directors

Robert Millner	Chairman (Non-Executive)
Frank Gooch	Managing Director (Executive), Retired 1 August 2018
Brendan O'Dea	Managing Director (Executive), Effective from 1 August 2018
Ian Pollard	Director (Non-Executive)
Graeme Crampton	Director (Non-Executive)
Justine Jarvinen	Director (Non-Executive)
Kevin Eley	Director (Non-Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	6.5	9.3	7.0	8.5
Peer Group Median (pre-tax NTA plus dividends), %*	7.4	10.1	6.9	8.9
ASX All Ords Acc Index (%)	8.0	13.7	9.5	10.3
Out/Under performance of index (%)	-1.5	-4.4	-2.5	-1.8
Share Price + Dividends (%)	2.4	6.5	5.2	9.1
Tracking Error (%)	3.2	1.9	2.9	2.9

\*Australian Large Cap Shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

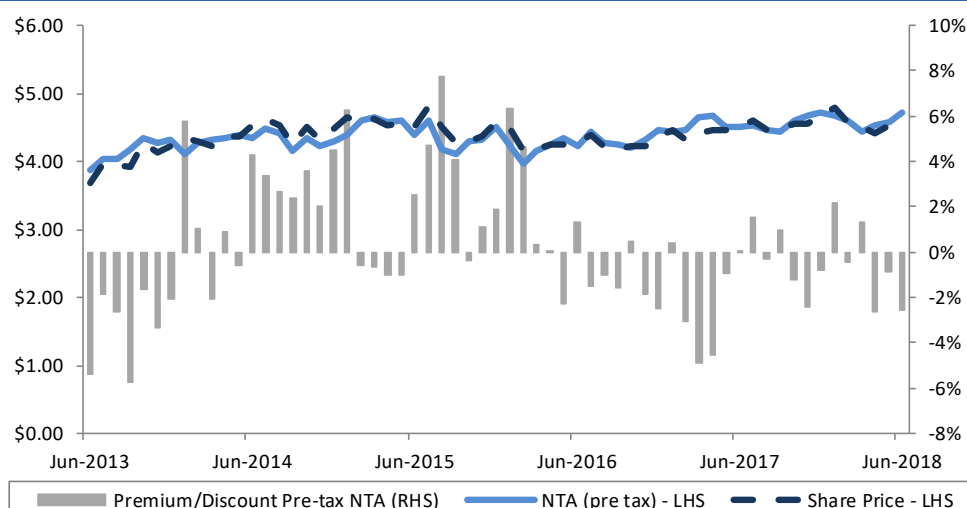
- ◆ **Dividend policy** – Target payout is 90% to 95% of underlying profit (excludes special dividends).
- ◆ **Capital management policy** – MLT generally offers a share purchase plan which allows shareholders to invest up to A\$15,000 in new shares. It may also acquire unlisted investment companies to expand its capital base.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

### MLT's Portfolio (Top 10) Weighting

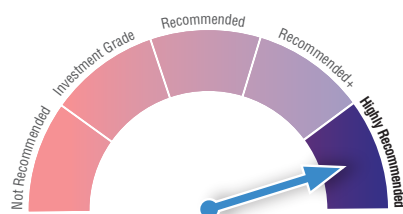
Code	Portfolio (%)	All Ords (%)
WBC	9.9	5.1
CBA	7.3	6.6
SOL	6.1	0.3
WES	4.5	2.9
NAB	4.2	3.8
BHP	4.0	5.6
CSL	3.7	4.5
ANZ	3.1	4.2
WOW	2.8	2.1
MQG	2.6	2.2
	<b>48.2</b>	<b>37.3</b>

Source all figures: MLT/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	2.68
Market cap (\$M)	426.2
Shares on issue (M)	159.0
Options on issue (M)	0.0
Shares traded (\$M p.a)	40.7
12-month L/H (\$)	2.54/2.83
Listing date	June 2001

## Fees:

Management Fee (%)	0.62
Performance incentives (%)	na

## Premiu/Discount to Pre-tax NTA

As at 30 June 2018	3.9%
3 year average	13.6%

## Dividend Yield\*

	%
FY16	6.16ff
FY17	5.56ff
FY18	5.20ff

\*Based on FY end data.

## Largest Shareholders

	%
AFIC	5.5
Djerriwarrh Investments	2.6

As at 30 June 2018

## COMPANY OVERVIEW

MIR was established in April 1999 and was listed in June 2001. It focuses on the small- to mid-cap universe of the ASX, defined as those companies that fall outside the S&P/ ASX 50 index. MIR is a sister company of DJW and AFI, and these are the two largest shareholders in MIR.

## INVESTMENT OBJECTIVE

The company aims to provide medium- to long-term investment gains through holding core investments in small- and medium-sized companies, and to provide attractive dividend returns from these investments.

## STYLE AND PROCESS

MIR predominately focuses on investing in small- to medium-sized ASX listed companies. It seeks to hold a diversified portfolio of stocks which it believes offer attractive value, measured by low price to earnings ratios and high dividend yields. There is also a focus on those companies that show strong growth prospects. The small- to mid-cap universe tends to entail greater levels of risk than the large cap universe, and as such, MIR invests in a diversified portfolio to reduce portfolio risk. It also has the ability to allocate funds to a trading portfolio, which has a short-term focus. Typically only a small part of MIR's assets are allocated to the trading portfolio. To generate increased income, MIR may also write options over selected stocks in the portfolio, although this is not frequent. MIR's Investment Committee reviews and approves all transactions proposed by the investment team.

## PORTFOLIO CHARACTERISTICS

The portfolio is well-diversified, typically consisting of 50 to 80 stocks and has a bias towards mid and small cap stocks, with just 1.8% allocated to large cap (ASX 50) stocks at 30 June 2018. The portfolio returns do not mimic an index return, with the company taking high conviction positions in stocks. At 30 June 2018, the top ten holdings represented 30.2% of the portfolio, well above the relevant index weightings for these stocks. Consumer Discretionary is the largest sector exposure in the portfolio at 18% at June-end. This is significantly overweight compared to the market. The portfolio also has a significant overweight position in the Information Technology sector, with 14.0% allocated to this sector. The portfolio remains largely invested with 6.9% cash at June-end. The company is wary of the lofty market valuations and has been repositioning the portfolio with a focus on companies with earnings resilience, balance sheet strength and good growth prospects.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

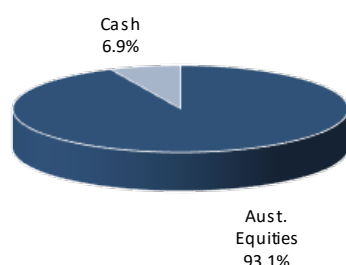
MIR has a focus on mid and small-cap stocks which tends to entail greater levels of risk, but it can also produce substantial returns. It has a strong investment team, good transparency, low costs and the benefits of a lengthy track-record. MIR's portfolio (pre-tax NTA including dividends) has outperformed the ASX All Ordinaries Accumulation Index over the one, three and five year periods to 30 June 2018. Over the long-term the company has generated consistent alpha with the portfolio generating an average rolling annual return of 13.2% over the ten years to 30 June 2018 compared to the ASX All Ordinaries Accumulation Index average rolling annual return of 9.6%. The company announced a 36.9% increase in Net Profit for FY18 on the pcp. The increase was largely due to a significant improvement in the gains from the trading portfolio. The company declared a final dividend of 4 cents per share, fully franked, for FY18 taking the full year dividend to 10 cents per share. The company has paid a 10 cent per share dividend since FY07, with variances coming from special dividends. The company has also declared a special dividend of 2 cents per share, resulting in a total dividend for FY18 of 12 cents per share. The share price return (including dividends) for MIR has been significantly below the portfolio return, with a share price return of 4.9% over the 12 months to 30 June 2018, compared to the portfolio return of 14.9%. The share price has experienced minimal movements over the 12 month period which has seen the premium narrow significantly. These levels provide much better priced opportunities to gain access to a company that has our highest rating.



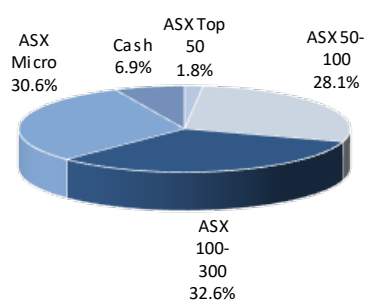
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	2.2	3.2
Materials	14.9	12.1
Industrials	16.2	15.7
Consumer Discretionary	16.6	18.0
Consumer Staples	6.5	7.5
Healthcare	9.5	7.4
Financials (ex Property)	15.7	14.3
Property	5.8	4.9
Information Technology	10.6	14.0
Telecommunication Services	2.0	2.8
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Terrence Campbell	Chairman
Mark Freeman	Managing Director
Ross Barker	Director
Ian Campbell	Director
David Meiklejohn	Director
Jackie Fairley	Director
Graeme Sinclair	Director (Ret. 29/3/18)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	7.0	14.9	11.3	13.0
Peer Group Median (pre-tax NTA plus dividends), %*	3.3	9.2	9.2	8.3
ASX All Ords Acc Index (%)	8.0	13.7	9.5	10.3
Out/Under performance of index (%)	-1.0	1.1	1.8	2.7
Share Price + Dividends (%)	4.7	4.9	6.9	10.3
Tracking Error (%)	3.6	3.6	6.2	5.6

\*Australian mid/small cap shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

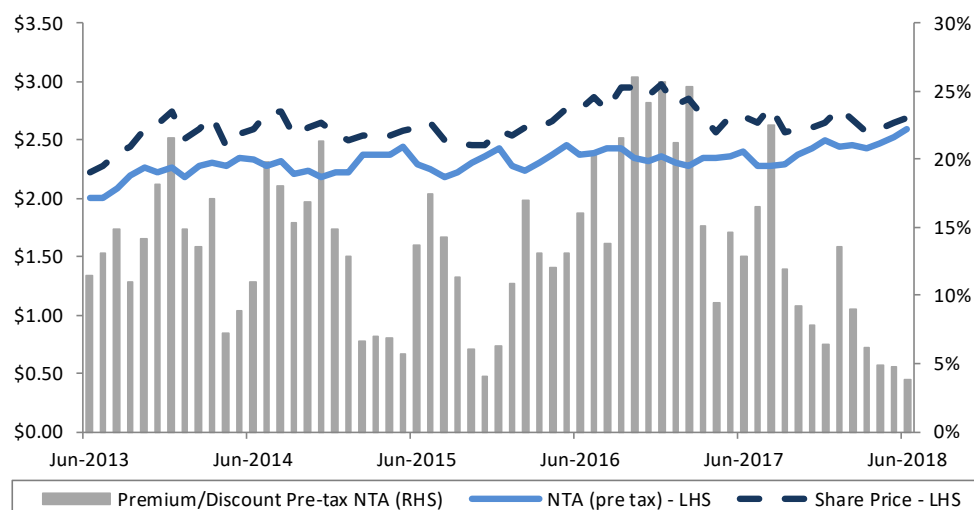
- ◆ **Dividend policy** – To provide attractive dividend returns from the portfolio of investments.
- ◆ **Capital management policy** – Share purchase plan allows shareholders to subscribe for a total of A\$15,000 of shares per annum. The company raised \$26m in November 2015 through a Share Purchase Plan.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes, up to a 2.5% discount to the VWAP for the 5 trading days including and immediately following the shares being quoted ex-dividend. Current discount is 5%.

### MIR's Portfolio (Top 10) Weighting

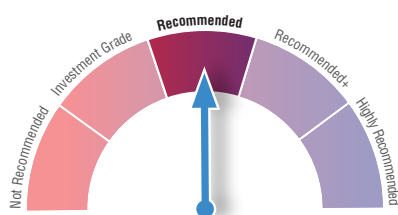
Code	Portfolio (%)	ASX All Ordinaries (%)
LIC	4.3	0.0
MFT	3.3	na
QUB	3.3	0.2
AWC	3.1	0.4
FNP	3.0	0.1
SEK	2.8	0.4
REH	2.8	0.4
CGF	2.7	0.4
ARB	2.5	0.1
IRE	2.4	0.1
	<b>30.2</b>	<b>2.1</b>

Source all figures: MIR/Independent Investment Research/IRES.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Global

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	1.205
Market cap (\$M)	298.2
Shares on issue (M)	247.5
Options on issue (M)	242.6
Shares traded (\$M p.a)	67.9
12-month L/H (\$)	1.11/1.21
Listing date	March 2004
Fees:	
Management Fee (%)	1.23%
Performance incentives (%)	15.38%
Performance Fee Hurdle	Outperformance of MSCI World Total Return Index AUD, subject to high water mark

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-5.7%
3 year average	-7.7%

## Dividend Yield

	%
FY16	8.27ff
FY17	6.33ff
FY18	6.03ff

## Largest Shareholders

	%
Wilson Asset Management	12.2
Washington H Soul Pattinson	9.0

As at 30 June 2018

## COMPANY OVERVIEW

Pengana International Equities Limited (ASX: PIA) (formerly Hunter Hall Global Value Limited) is a listed investment company that invests in a concentrated portfolio of international equities. In June 2017, Hunter Hall International and Pengana Holdings merged to form Pengana Capital Group Limited (ASX: PCG), which is now the Manager of the portfolio. PCG brings a largely new investment team with a very different investment philosophy and strategy to the previous investment team. At the November 2017 AGM, shareholders approved a reduction in the management fee from 1.5% to 1.2% and reset the high watermark for the performance fee, which will be retained at 15% of any outperformance of the benchmark index subject to a high watermark.

## INVESTMENT OBJECTIVE

The Manager seeks to generate long-term consistent returns whilst reducing volatility and the risk of losing capital. The Manager seeks to do this through the proprietary investment strategy developed by the Portfolio Manager.

## STYLE AND PROCESS

The Manager employs a bottom-up fundamental analysis to select stocks. It uses a number of filters, including market cap, an ethical screen, debt and cashflow metrics and revenue growth. The Manager generates ideas from multiple sources in addition to the high level filters, including company meetings, industry and company research, and macro economic trends. For those companies that meet the initial investment requirements, further research is undertaken. The Manager seeks to identify companies that have: sustainable and growing cash generation; leading or growing market share; a 'reason for being'; a competent management team; low balance sheet risk; reasonable valuation; and positive change. The Manager undertakes detailed analysis of those companies that meet the investment criteria.

## PORTFOLIO CHARACTERISTICS

The portfolio will typically comprise 30-50 stocks and be divided into three segments, core (60%-80%), cyclical (0%-30%) and opportunistic (0%-20%). The portfolio is benchmark agnostic, however, there are a number of portfolio limits designed to manage portfolio risk. The portfolio is largely invested in developed markets with some exposure to emerging markets. The Manager reduced its exposure to the Financials sector during the June quarter, while exposure to Materials sector grew to 21.5% of the portfolio (ex cash). 58% of the portfolio is invested in large cap stocks (market cap greater than US\$10b), with 9.9% of the portfolio invested in mega cap stocks (market cap greater than US\$100b).

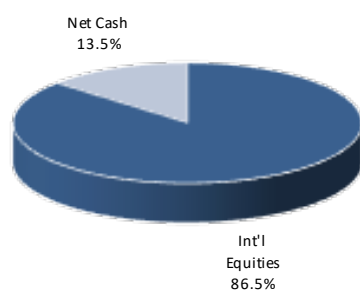
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

PIA provides investors with exposure to an actively managed portfolio of global securities with an ethical screening process. PIA seeks to pay a regular and growing dividend, franked to the maximum extent possible, on a semi-annual basis so an investment in the company is suitable for those investors seeking a regular income stream. However, investors should be comfortable with foreign exchange exposure given the default position of the Manager is to be unhedged. The portfolio (pre-tax NTA plus dividends) underperformed the benchmark index (MSCI World Total Return Index, AUD) over the June quarter, increasing 0.7% compared to the 5.6% increase by the benchmark index. One of the big detractors over the June quarter was a significant decline in Wacker Chemie. Over the 12-months to 30 June 2018, the portfolio has underperformed the benchmark index. We note that the new investment team only took over management of the portfolio in June 2017. During this period the new investment team repositioned the entire portfolio. The company continues to trade at a discount to pre-tax NTA. The company has 242.6m options on issue with an exercise price of \$1.18 and an exercise date of 10 May 2019. If the NTA continues to grow, we would expect the discount to continue to widen given the option overhang.

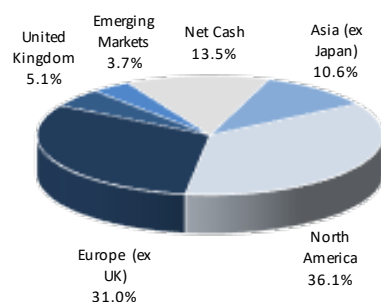
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	0.0	0.0
Industrials	6.1	11.1
Materials	18.0	21.5
Consumer Discretionary	10.9	8.4
Consumer Staples	17.3	16.1
Healthcare	10.2	8.6
Financials (ex Property)	18.4	10.7
Property	2.8	2.7
Information Technology	6.4	12.7
Telecommunications Services	6.9	5.5
Utilities	2.1	2.3
Other	0.8	0.5

### Asset Weighting



### Country Weighting



Country weightings are based on country of domicile.

### Board of Directors

Frank Gooch	Chairman (Non-Executive)
Russell Pillemer	Director (Executive)
Julian Constable	Director (Non-Executive)
David Groves	Director (Non-Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.7	10.2	1.6	10.2
Peer Group Median (pre-tax NTA plus dividends), %*	2.1	10.3	5.6	9.9
MSCI World Total Return Index, AUD (%)	5.6	15.3	9.9	14.8
Out/Under performance of index (%)	-4.9	-5.2	-8.3	-4.5
Share Price + Dividends (%)	4.4	11.5	6.1	13.8
Tracking Error (%)	0.8	4.7	11.6	10.9

\*International Diversified LICs as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

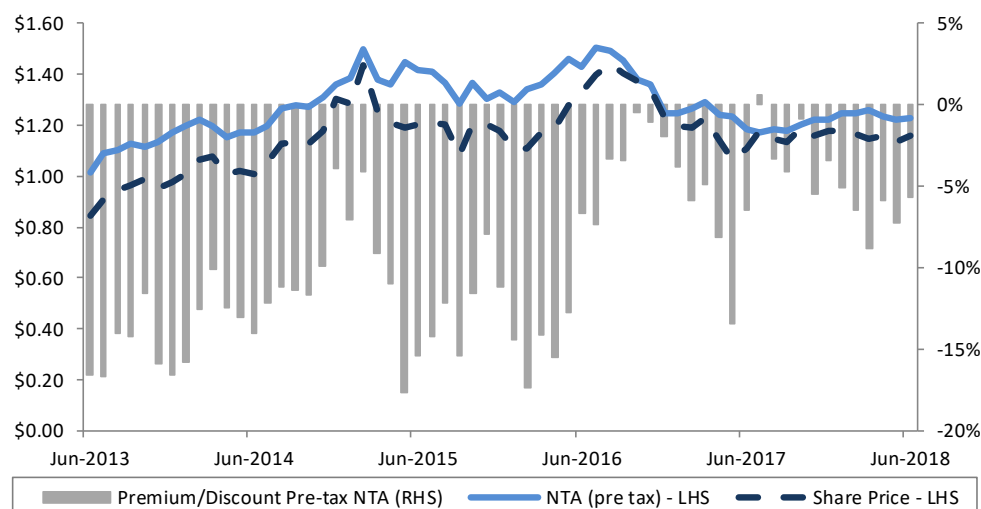
- ◆ **Dividend policy** – PIA seeks to pay a regular and growing stream of fully franked dividends, provided there are sufficient profit reserves and franking credits and it is within prudent business practices.
- ◆ **Capital management policy** – Following the departure of Peter Hall in December 2016, the Board announced an on-market share buy-back facility for up to 10% of its capital. No shares have been purchased under the facility which expired in January 2018.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes

### PIA's Portfolio (Top 10)

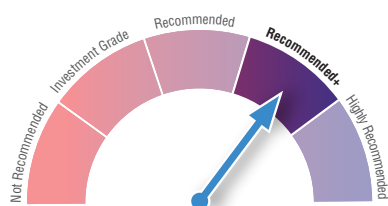
Company	Country
Bharti Infratel	India
Cigna	United States
Dollar General	United States
Heineken	Netherlands
KAR Auction Services	United States
Newmont Mining	United States
Reckitt Benckiser	United Kingdom
Sabre	United States
Tencent Holdings	China
Wacker Chemie	Germany

Source all figures: PIA/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia and International

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 17 August 2018	1.195
Market cap (\$M)	304.1
Shares on issue (M)	254.4
Options on issue (M)	0.0
Shares traded (\$M p.a)	73.8
12-month L/H (\$)	1.045/1.24
Listing date	December 2014

## Fees

Management Fee (%)	1.00
Performance incentives (%)	na

\*The management fee of 1% of the portfolio NAV will be charged up to \$1b. A fee of 0.85% p.a. will be charged for any amount in excess of \$1b.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	1.2%
3 year average	-5.1%

## Dividend Yield

	%
FY16	1.41ff
FY17	4.06ff
FY18	4.70ff

## COMPANY OVERVIEW

Perpetual Equity Investment Company Limited (ASX: PIC) is a listed investment company providing exposure to an actively managed concentrated portfolio primarily of ASX-listed stocks. The company can also invest up to 25% of the portfolio in internationally listed stocks, providing the Investment Manager the ability to source value in other markets and opportunities not available in a concentrated domestic market. Perpetual Investment Management Limited has been appointed as the Investment Manager for an initial term of five years, with the appointment automatically extended for a further five years unless a termination clause is activated.

## INVESTMENT OBJECTIVE

The objective is to provide investors with a growing income stream and long-term capital growth in excess of the benchmark index (S&P/ASX 300 Accumulation Index) over a rolling five year period. The company seeks to achieve this objective through an investment in Australian and internationally listed securities.

## STYLE AND PROCESS

The Investment Manager is a value investor with a fundamental, bottom-up investment philosophy. The Investment Manager seeks to invest in what it determines to be high quality securities at attractive prices. The process focuses on quality and value and involves four steps: (1) Filter companies based on the quality criteria to determine the investment universe; (2) Company valuation; (3) Rank the stocks that have been valued; (4) Portfolio construction. The Investment Manager undertakes a substantial number of company visits throughout the year as part of its process of company due diligence.

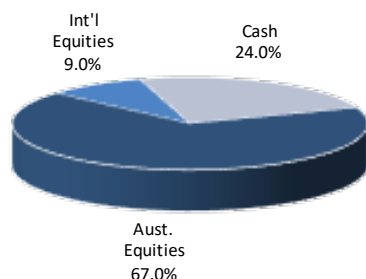
## PORTFOLIO CHARACTERISTICS

The Manager can invest up to 100% of the portfolio in listed Australian securities with this portion of the portfolio expected to typically have a mid-cap bias. However, up to 25% of the portfolio can be invested in global securities and up to 25% can be held in cash. The portfolio is actively managed and may have periods of high turnover. While there are no sector limitations, the Manager will also take into consideration the concentration to any single sector. The Manager takes high conviction positions in stocks it identifies as attractive. At 30 June 2018 the top five Australian and top three global holdings represented 38.2% of the portfolio. Exposure to international stocks was reduced from 14% to 9% over the June quarter and the cash position increased from 18% to 24%. The Portfolio Manager believes markets remain fully valued and maintains a cautious outlook.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

The portfolio (pre-tax NTA plus dividends) clawed back the losses from the previous quarter, with the portfolio value rising 6.1%. However, the portfolio has underperformed the benchmark index (S&P/ASX 300 Accumulation Index), over the 12 months to 30 June 2018. Since listing in December 2014, the portfolio has slightly underperformed the benchmark index, increasing 7.9%p.a compared to the benchmark return of 8.5%p.a. Over its short history, PIC has provided investors with a growing income stream and offers an above market dividend yield of 4.5% based on the share price at 3 August 2018. The Manager's history using the investment strategy and process used for the PIC portfolio provides us with confidence that the Portfolio Manager has the ability to generate alpha for a concentrated portfolio over the longer-term. Given the Manager's value approach, an investment in PIC is likely to suit investors with a medium-to-long term investment time frame and may also suit investors seeking some offshore exposure, provided they are comfortable with an element of foreign currency exposure. Over the three years to 30 June 2018, the share price (plus dividends) has outperformed both the portfolio and the benchmark index. This is due to the eradication of the discount with the company trading at a small premium at June-end.

## Asset Weighting



## Board of Directors

Nancy Fox	Chairman & Non-Executive director
Virginia Malley	Independent director
John Edstein	Independent director
Christine Feldmanis	Independent director
David Lane	Executive director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	6.1	9.7	8.8	na
S&P/ASX 300 Acc Index (%)	8.4	13.2	9.1	na
Out/Under performance of index (%)	-2.3	-3.5	-0.3	na
Share Price + Dividends (%)	5.9	18.9	11.0	na
Tracking Error (%)	2.5	8.8	7.8	na

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

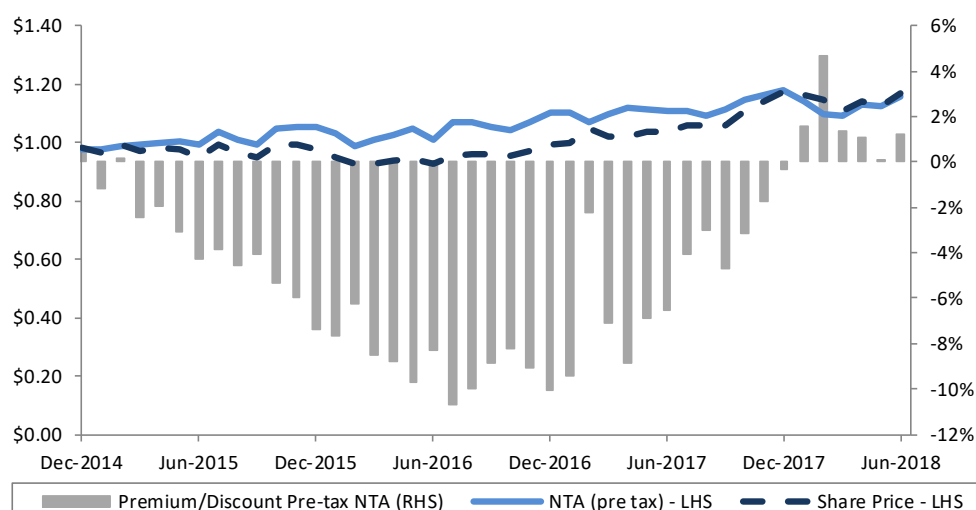
- ◆ **Dividend policy** – The company seeks to pay dividends semi-annually, franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – na
- ◆ **DRP available** – Yes

## PIC's Portfolio (Top 5 Australian & Top Three Global Shares)

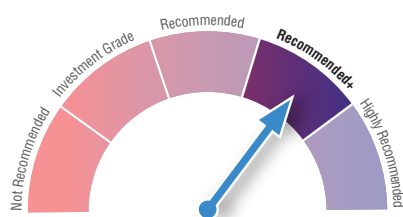
Company	Portfolio (%)	Listing
Westpac Banking Corporation	8.1	Australia
Woolworths Ltd	7.6	Australia
Suncorp Group Ltd	5.0	Australia
National Australia Bank Ltd	4.6	Australia
BHP Billiton Ltd	4.0	Australia
Shire PLC	8.0	International
DowDuPont Inc	0.5	International
General Electric Co	0.4	International
	<b>38.2</b>	

Source all figures: PIC/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

## NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 3 September 2018	1.035
Market cap (\$M)	307.0
Shares on issue (M)	296.6
Options on issue (M)	295.9
Shares traded (\$M p.a)	80.7
12-month L/H (\$)	0.955/1.14
Listing date	May 2017

## Fees

Management Fee (%)	0.80
Performance incentives (%)	None

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-6.7%
Average since listing	1.4%

## Dividend Yield

	%
FY16	na
FY17	na
FY18	4.10ff

## COMPANY OVERVIEW

Plato Income Maximiser Limited (PL8) is a listed investment company that invests in a diversified portfolio of Australian shares with an income focus. The portfolio is managed by Plato Investment Management Limited, a boutique Australian equities manager with a focus on income strategies. The investment strategy is implemented through an investment in the Plato Australian Shares Income Fund. PL8 listed on the ASX in May 2017.

## INVESTMENT OBJECTIVE

PL8's objectives are to: 1) provide an annual income (including franking credits) that exceeds the gross income of the benchmark (S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index); and 2) to outperform the benchmark (after fees) in total return terms, including franking credits, over each full investment cycle, which the Manager considers to be typically 3-5 years. The company aims to pay monthly dividends, franked to the maximum extent possible.

## STYLE AND PROCESS

The Manager's investment process involves extensive research focusing on relative market values, business momentum, the quality of the potential investee company and the prospect for dividends. A model, which ranks stocks based on value, quality and business momentum, is the basis of the portfolio's longer term holdings and a dividend run-up and dividend yield model, tied in with a dividend trap model, generates shorter-term investment decisions designed specifically to capture an enhanced level of (franked) income. The portfolio construction process factors in the Manager's forecast returns ranking and then optimises for risk, transaction costs, and liquidity.

## PORTFOLIO CHARACTERISTICS

The portfolio typically consists of 50 to 120 stocks and has a high turnover at around 150-200% p.a. The portfolio is managed in accordance with a number of Individual security weightings, sector weightings, and size exposure limits. The portfolio is typically underweight the A-REIT and Utilities sectors due to a lack of franking credits. At 30 June 2018, the portfolio was largely invested with 1.4% in cash. Reflecting the focus on franked dividends, 74.6% of the portfolio was invested ASX 50 stocks. Unsurprisingly, Financials was the largest weighting at 34.9%. The Materials sector also has a significant weighting in the portfolio at 18.8%.

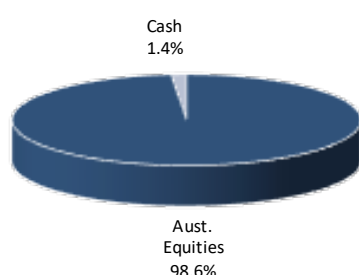
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

PL8 is specifically designed and managed for zero tax-rate investors given the strategic emphasis on capitalising on franking credit market inefficiencies. In our view, one of the more attractive features, and point of differentiation for an equity income strategy, is its ability to successfully deliver an enhanced, and growing, level of income without taking material active risks or incorporating the concentration risks and style biases common in the space. The investment team is highly qualified, experienced, stable and proven. Whilst PL8 has a limited history, the Plato Australian Shares Income Fund, into which PL8 invests, has outperformed its benchmark since inception in September 2011. PL8 aims to provide investors with regular income and has paid monthly, fully franked dividends since October 2017. For the June quarter, PL8 paid monthly fully franked dividends of 0.50 cents per share. Over the 12 months to 30 June 2018, the company paid a total of 4.2 cents per share equating to a dividend yield of 4.1% based on the share price at 3 September 2018. The company reported a FY18 NPAT of \$19.1m with a dividend payout ratio of 65.2%. PL8 has a significant number of options on issue with a strike price of \$1.10 that expire in April 2019. At the current share price the options are out-of-the-money.



Sector Exposure	31 Mar (%)	30 Jun (%)
Energy	5.4	6.2
Industrials	7.7	9.2
Materials	20.0	18.8
Consumer Discretionary	5.8	4.8
Consumer Staples	5.2	7.6
Healthcare	6.1	6.6
Financials (ex Property)	37.9	34.9
Property	4.5	6.6
Information Technology	1.4	1.6
Telecommunications Services	3.2	1.4
Utilities	2.0	0.8
Cash	0.7	1.4

#### Asset Weighting



#### Size Weighting



#### Board of Directors

Jonathan Trollip	Chairman (Independent)
Katrina Onishi	Independent Director
Lorraine Berends	Independent Director
Dr Don Hamson	Executive Director
Alex Ihlenfeldt	Non-independent Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	9.2	10.1	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	7.4	10.1	na	na
S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (%)	8.7	14.5	na	na
Out/Under performance of index (%)	0.4	-4.4	na	na
Share Price + Dividends (%)	6.7	-2.6	na	na
Tracking Error (%)	1.4	2.2	na	na

\*Australian large cap shares as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

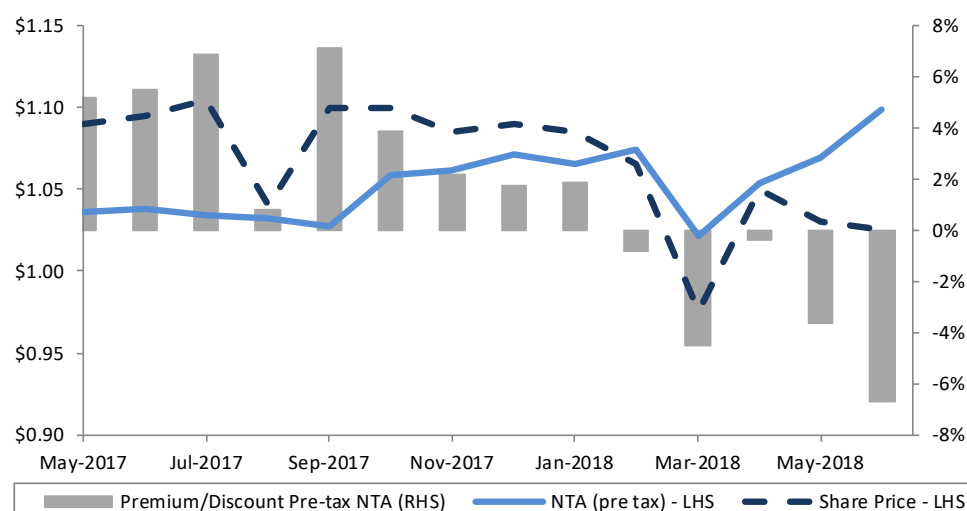
- ◆ **Dividend policy** – PL8's policy is to pay regular monthly dividends from available profits, provided it has sufficient reserves and it is permitted by law and within prudent business practices to do so.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – na
- ◆ **DRP available** – na

#### PL8's Portfolio (Top 10 Positions)

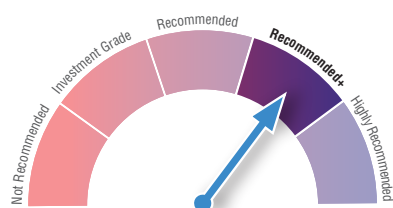
Company	Code
BHP Billiton	BHP
Commonwealth Bank of Australia	CBA
CSL limited	CSL
Insurance Australia	IAG
Macquarie Group	MQG
Rio Tinto	RIO
Suncorp Group	SUN
Wesfarmers	WES
Westpac Banking Corp	WBC
Woolworths	WOW

Source all figures: PL8/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

#### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 7 September 2018	1.165
Market cap (\$M)	321.0
Shares on issue (M)	275.5
Options on issue (M)	0.0
Shares traded (\$M p.a)	74.6
12-month L/H (\$)	1.105/1.375
Listing date	August 2014

## Fees

Management Fee (%)	0.90% p.a NAV up to \$150m 0.75% p.a NAV over \$150m
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-6.1%
Average since inception	2.0%

## Dividend Yield

	%
FY16	2.78ff
FY17	2.84ff
FY18	3.57ff

## Largest Shareholders

	%
Citicorp Nominees	6.5
Navigator Australia Ltd	3.0

As at 30 June 2018

## COMPANY OVERVIEW

QV Equities Limited (ASX:QVE) is a listed investment company (LIC) that listed on the ASX in August 2014. It invests in a diversified portfolio of ASX listed entities outside the S&P/ASX 20. QVE is managed by Investors Mutual Limited. In October 2017, french based Natixis Investment Managers (NIM) acquired a 51.9% stake in Investors Mutual.

## INVESTMENT OBJECTIVE

QVE's primary objective is to provide both long term capital growth and income, through investment in a diversified portfolio of quality, undervalued ASX listed equities and other investment securities outside of the S&P/ASX 20 Index. It aims to achieve net returns that are higher than the S&P/ASX 300 Accumulation Index excluding the S&P/ASX 20 Index on a rolling five year basis.

## STYLE AND PROCESS

The Manager's investment philosophy and process emphasises companies with four clear quality characteristics: a competitive advantage over their peers; recurring, predictable earnings; a capable management team; and the ability to grow over time. The Manager has an active, "bottom-up" approach to identifying, researching and valuing quality companies. The Manager's approach is systematic, disciplined and focuses on finding entities that meet its investment criteria and then determining an appropriate valuation for those entities. The Manager conducts a detailed fundamental analysis of various industries seeking opportunities to profit from the mispricing of listed securities.

## PORTFOLIO CHARACTERISTICS

The portfolio is managed according to a fundamentally based, long-only, high conviction and benchmark unaware investment mandate. It consists of a concentrated portfolio of 20-50 holdings, drawn from outside the S&P/ASX top 20. This means it has no exposure to the big four banks and so is underweight Financials relative to the broader market. The largest sector exposure is to the Materials sector with 16.7% of the portfolio allocated to this sector at June-end. The Manager remains cautious and has said it will continue to use any further weakness in good quality industrial names to put the portfolio's cash holding to work.

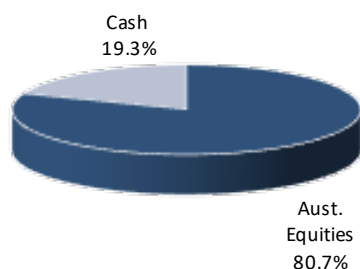
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

QVE provides the opportunity for investors who already have a high degree of exposure to the top 20 Australian stocks to gain industry, sector and company diversification by investing in a well-managed portfolio of S&P/ASX ex 20 shares. The Manager's investment philosophy and process is proven and tested over the long run. With that said, the portfolio (pre-tax NTA plus dividends) has underperformed the benchmark index (S&P/ASX 300 ex 20 Accumulation Index) since listing in August 2014, increasing 8.9%p.a compared to the benchmark index rise of 11.6%p.a to 30 June 2018. The value end of the market that the Manager typically plays in has underperformed the greater market. We note that despite the absolute underperformance, the portfolio has experienced lower levels of volatility and on a risk-adjusted basis the portfolio has slightly outperformed the benchmark index. The share price continued to decline over the June quarter, with the share price falling a further 1.7%. This takes the investor return (share price plus dividends) over the 12 months to 30 June 2018 to -11.3%. As a result of the share price moving in the opposite direction to the portfolio, the company was trading at a discount to pre-tax NTA of 6.5% at June-end. The company declared a final dividend of 2.1 cents per share, fully franked, a slight increase on the pc.p. The company also announced a special dividend of 1 cent per share. This takes the total full year dividend for FY18 to 5.2 cents per share, compared to the total dividend of 4 cents per share paid for FY17. The company has a paid a steadily growing dividend since listing.

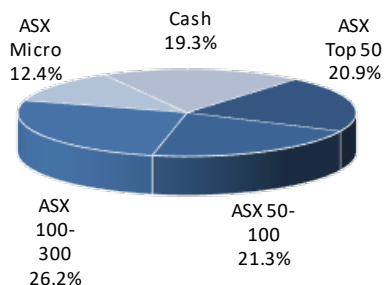
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	7.0	6.9
Materials	15.7	16.7
Industrials	9.7	5.8
Consumer Discretionary	12.9	13.1
Consumer Staples	1.4	1.1
Healthcare	10.1	10.6
Financials (ex Property)	11.4	11.1
Property	6.3	4.5
Information Technology	0.0	0.6
Telecommunication Services	0.0	0.0
Utilities	9.2	9.1
Cash & Other	14.9	19.3

### Asset Weighting



### Size Weighting



### Board of Directors

Peter McKillop	Chairman & Non-executive Director
John McBain	Non-executive Director
Jennifer Horrigan	Non-executive Director
Anton Tagliaferro	Executive Director
Simon Conn	Executive Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	4.7	6.0	8.9	na
Peer Group Median (pre-tax NTA plus dividends), %*	3.3	9.2	9.2	na
S&P/ASX 300 ex 20 Acc Index (%)	7.4	15.7	14.7	na
Out/Under performance of index (%)	-2.6	-9.7	-5.7	na
Share Price + Dividends (%)	-1.7	-11.3	6.0	na
Tracking Error (%)	2.8	4.9	4.9	na

\*Australian mid/small cap shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

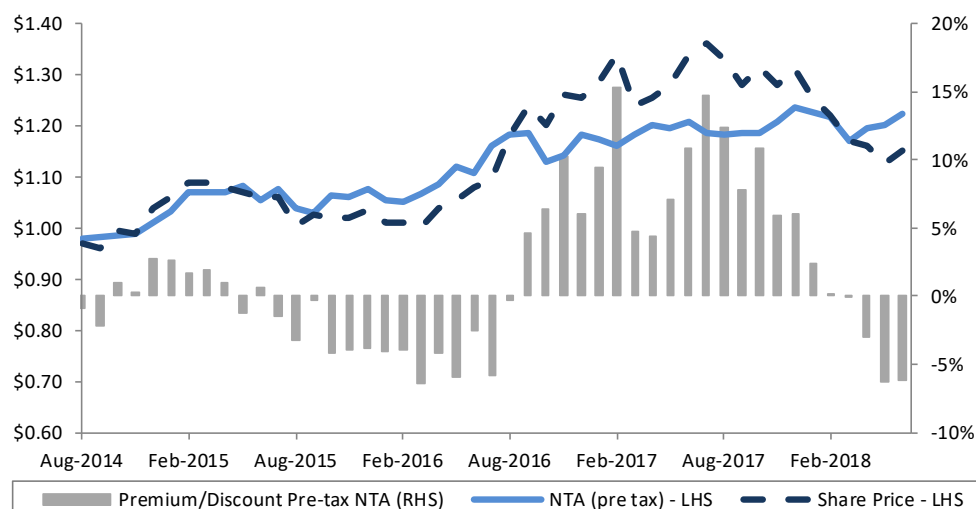
- ◆ **Dividend policy** – The company intends to pay a dividend to shareholders twice a year. The amount of the dividend is at the discretion of the Board and is franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – None
- ◆ **DRP available** – Yes

### QVE's Portfolio (Top 10) Weighting

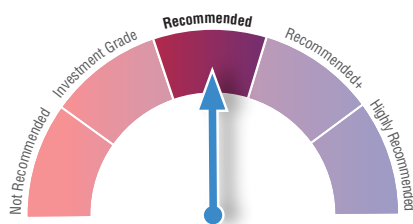
Code	Portfolio (%)
PGH	4.3
SHL	4.1
CTX	4.1
CYB	4.0
AMC	4.3
CWN	4.0
FBU	3.8
SKI	3.7
ORI	3.4
SDF	3.0
	<b>38.6</b>

Source all figures: QVE/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Active Exchange Traded Fund

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 August 2018	2.62
Market cap (\$M)	79.7
Shares on issue (M)	30.4
Shares traded (\$M p.a)	37.7
12-month L/H (\$)	2.42/2.67
Listing date	February 2017

## Fees

Management Fee (% p.a)	0.89
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-0.8%
Average since inception	0.2%

## Distribution Yield

	%
FY16	na
FY17	0.39pf
FY18	3.67pf

## FUND OVERVIEW

The Switzer Dividend Growth Fund (ASX: SWTZ) is an Active ETF that invests in a portfolio of primarily ASX 100 stocks, although it can also invest in stocks from the ASX 200. SWTZ listed on the ASX in February 2017. It raised \$51.6m through the issue of 20.6m units at \$2.50 per unit. The trust is open-ended and therefore units can be issued and redeemed. The Responsible Entity and Investment Manager is Switzer Asset Management Limited, majority owned by Switzer Financial Group and Contango Asset Management Limited (ASX: CGA). CGA is the Investment Adviser for SWTZ and provides advice to the Investment Committee.

## INVESTMENT OBJECTIVE

The trust seeks to deliver capital growth over the long-term and an attractive income stream for unitholders, franked to the maximum extent possible. The trust seeks to achieve this through investing in a portfolio of primarily ASX 100 stocks that offer desirable and sustainable dividend streams and high levels of franking.

## STYLE AND PROCESS

The Investment Adviser selects stocks based on a combination of a top down and bottom up analysis. It believes economic conditions drive earnings and valuations and that sectors perform differently at each stage of the economic cycle. As such stocks are selected based on company fundamentals and then investment is based on the economic overlay determined. The Investment Adviser focuses on stocks that typically have a sound balance sheet; desirable dividend streams that are sustainable and able to grow; fully franked or a high level of franked dividends; moderate to low volatility and good levels of liquidity.

## PORTFOLIO CHARACTERISTICS

Given the focus on top 100 stocks the top 10 holdings will typically comprise a significant weighting in the portfolio given the concentration of the S&P/ASX 100 index. The portfolio is largely invested in top 50 stocks with 85.2% of the portfolio allocated to top 50 stocks at June-end. In line with the index, the portfolio has a significant weighting to the financials sector, with four of the top five largest holdings in the big four banks.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

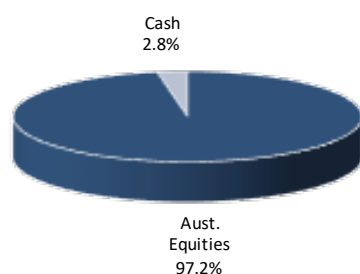
With the restructuring complete and the investment team in place we are confident that CGA is a more sustainable business and comfortable that the restructured investment team is well placed to advise the SWTZ Investment Manager on the portfolio. Shawn Burns remains as Portfolio Manager at CGA, responsible for its income strategies, and he will continue to provide portfolio advice to the SWTZ Investment Committee. Mr. Burns is assisted by two analysts who have recently joined CGA and whilst they do not have lengthy market experience, we believe the team is adequately resourced given the strategy. However, with a smaller investment team at CGA, key man risk is a little higher.

SWTZ seeks to provide investors exposure to a portfolio of actively managed large cap stocks with a focus on providing an attractive income stream with the benefits of high levels of franking. Given this objective, we would expect the trust to provide an above market dividend yield over the long-term. The trust paid a full year distribution of 14.28 cents per unit for FY18, a distribution yield of 5.45% based on the unit price at 31 August 2018. The portfolio underperformed the S&P/ASX 200 Accumulation Index over the 12 months to 30 June 2018. The high allocation to ASX top 50 stocks was a drag on the portfolio over this period compared to the benchmark index, in particular the overweight positions in the big four banks. The big four banks could continue to weigh on the portfolio over the next 12-months. Prospective investors should have a positive view on the top 50 stocks if considering an investment in the trust.

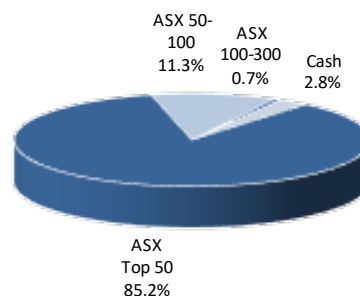
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	5.9	6.2
Materials	15.6	16.1
Industrials	4.8	3.3
Consumer Discretionary	1.7	3.0
Consumer Staples	6.5	6.7
Health Care	6.8	5.7
Financials	44.2	43.2
Information Technology	0.0	1.1
Telco Services	2.7	2.2
Property	5.4	5.4
Utilities	4.0	4.2
Cash	2.4	2.9

### Asset Weighting



### Size Weighting



### Board of Directors

Paul Switzer	Chairman (Non-Executive)
Paul Rickard	Director (Non-Executive)
Martin Switzer	Director (Executive)
Jarrod Deakin	Director (Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	7.3	9.1	na	na
S&P/ASX 200 Acc Index (%)	8.5	13.0	na	na
Out/Under performance of index (%)	-1.2	-3.9	na	na
Share Price + Dividends (%)	6.2	8.0	na	na
Tracking Error (%)	3.3	1.6	na	na

## OTHER DATA

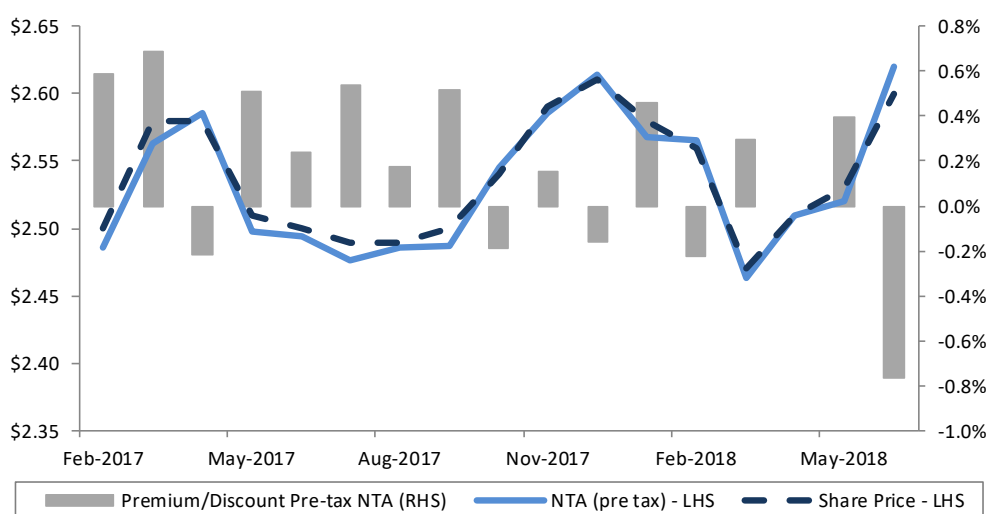
- ◆ **Dividend policy** – Distributions will be paid quarterly.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – no
- ◆ **DRP available** – Yes

### SWTZ's Portfolio (Top 10) Weighting

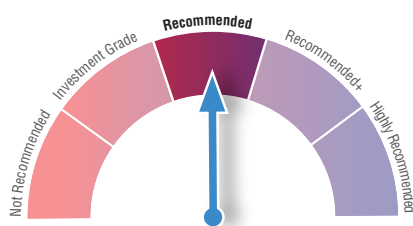
Company	Portfolio (%)	S&P/ASX 200 Index
CBA	8.6	7.1
WBC	8.4	5.6
ANZ	7.5	4.6
BHP	7.3	6.0
NAB	6.0	4.2
WES	5.4	3.1
CSL	5.3	4.9
WPL	4.5	1.9
MQG	3.7	2.4
SUN	3.0	1.1
	<b>59.7</b>	<b>40.7</b>

Source all figures: SWTZ/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed Investment Company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 24 August 2018	0.96
Market cap (\$M)	70.2
Shares on issue (M)	73.2
Options on issue (M)	0.0
Shares traded (\$M p.a)	14.5
12-month L/H (\$)	0.88/1.10
Listing date	April 2017

## Fees

Management Fee (% p.a)	0.50
Performance incentives (%)*	15.0

\*Outperformance of increase in pre-tax NTA of 8% p.a.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-14.3%
Average since inception	-2.6%

## Dividend Yield

	%
FY16	na
FY17	na
FY18	0.56

## Largest Shareholders

	%
Washington H. Soul Pattinson & Co	12.4
Jasgo Nominees	2.5

As at 30 June 2018

## COMPANY OVERVIEW

URB Investments Limited (ASX:URB) is a listed investment company that listed on the ASX in April 2017. URB aims to capitalise on urban renewal and regeneration opportunities by investing in a portfolio of equity assets and direct property assets. The portfolio is managed by Contact Asset Management Pty Limited. Contact also has access to Pitt Street Real Estate Partners, the real estate advisory division of Washington H. Soul Pattinson and Company Limited (ASX:SOL) which has experience in identifying and securing direct property assets for Soul Pattinson over the last seven years.

## INVESTMENT OBJECTIVE

URB's objective is to capture long-term value by investing in a diversified portfolio of equities and direct properties with exposure to urban renewal and regeneration. It aims to maximise total shareholder return through a combination of capital and income growth, with the long term target to offer shareholders sustainable and growing fully franked dividends and a yield that is competitive within the listed investment company sector.

## STYLE AND PROCESS

The investment philosophy is based on the Manager's belief that exposure to urban renewal and regeneration can deliver attractive long term value and provide diversification benefits for investors' portfolios. The equities investment process mirrors that which has been used at listed investment company, BKI Investment Company (ASX:BKI), with the exception of the addition of the urban renewal screen. The Manager utilises a high-conviction, fundamental bottom-up investment approach. Key criteria for stock selection include: dividend income and dividend sustainability; principal activity and competitive advantage; appropriately geared balance sheet; quality of management; and valuation. Property investment will be targeted at undervalued assets that again are expected to benefit from urban renewal in its various forms. Targeted property assets are likely to include those requiring either a short term repositioning for income, capital for restructuring, or have an underlying opportunity for capital revaluation through a change in use.

## PORTFOLIO CHARACTERISTICS

Typically 50% of the portfolio will be invested in equities likely to benefit from urban renewal and regeneration, with no exposure to banking or resource stocks. Property will comprise 30.0% to 49.9% and will target direct property assets set to benefit from changes in use, such as rezoning, gentrification and maximisation of available floor space. URB has access to direct property through a co-investment agreement with Washington H Soul Pattinson. The company added a direct property investment over the June quarter, with a \$3.0m investment in the Fortius Sydney Homemaker Trust, Home HQ. Home HQ is a leading homemaker centre located in Sydney with 28 retail tenants.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

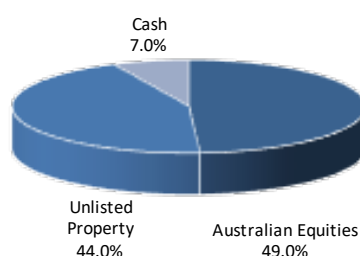
URB is a unique investment proposition, being the first such domestic vehicle to specifically target the theme of urban renewal and gentrification. Investors should have a positive view on urban renewal and the ability of some well positioned companies and direct property assets to benefit from that process. URB is also a high-conviction mandate so it is important investors have confidence and conviction in the abilities of the investment team. We believe the team is well qualified, both in relation to the equities portfolio, with a proven track-record in managing BKI, and the acquisition of direct property assets where drivers of future revaluations based on urban renewal and regeneration have been identified. The investment teams are small but we do not believe over stretched. Key person risk in such a small team inevitability exists. The fee level and structure are a positive and reflect the Manager's interest in acting in the best interest of investors. In April, the 72.9m options issued at IPO matured. Only 250,473 options were exercised as a result of the options being out-of-the money. The share price continued to fall over the June quarter, which has resulted in the company trading at a significant discount to pre-tax NTA. The share price (including dividends) has fallen 15.1% over the 12 months to 30 June 2018. This may provide an attractive investment opportunity for those seeking exposure to urban renewal thematic.



## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	0.0	0.0
Materials	0.0	0.0
Industrials	12.0	14.0
Consumer Discretionary	6.0	6.0
Consumer Staples	4.0	4.0
Healthcare	3.0	2.0
Financials (ex Property)	0.0	0.0
Property (listed)	19.0	23.0
Information Technology	0.0	0.0
Telecommunication Services	0.0	0.0
Utilities	0.0	0.0
Unlisted Property	42.0	44.0
Cash	14.0	7.0

### Asset Weighting



### Size Weighting



### Board of Directors

Warwick Negus	Chairman
Victoria Weekes	Director (Independent)
Tony McDonald	Director (Independent)
Bruce Dungey	Director (Independent)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	2.1	5.8	na	na
Share Price + Dividends (%)	-5.8	-15.1	na	na

## OTHER DATA

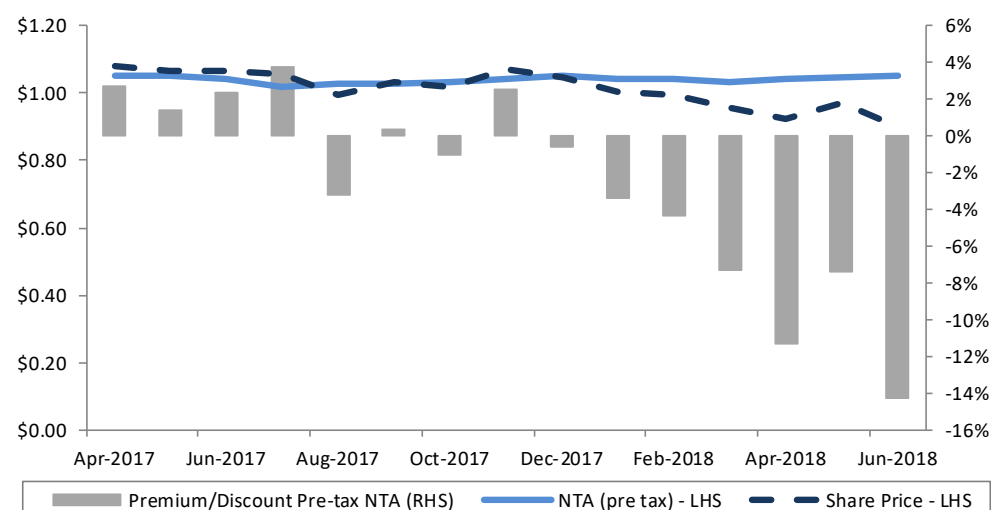
- ◆ **Dividend policy** – The company aims to pay out between 50% and 70% of net operating profits, franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – No

### URB's Portfolio (Top 10) Weighting

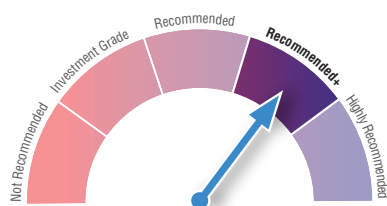
Company/Property	Portfolio (%)
Prestons Property	18.0
Kingsgrove Property	12.9
Penrith Property	10.2
Transurban Ltd	6.3
Sydney Airport Ltd	6.3
Home HQ Artarmon	3.9
Lendlease Group	3.6
360 Capital Group	2.7
AGL Energy Ltd	2.3
Harvey Norman Holdings	2.2
	<b>68.4</b>

Source all figures: URB/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Global

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 30 August 2018	2.55
Market cap (\$M)	707.9
Shares on issue (M)	277.6
Options on issue (M)	0.0
Shares traded (\$M since listing)	155.8
12-month L/H (\$)	1.99/2.59
Listing date	September 2017

## Fees

Management Fee (% p.a)	1.5
Performance incentives (%)	15.0

\*Performance hurdle = previous high NTA.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	4.5%
Average since inception	4.1%

## Dividend Yield

FY18	na
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## Largest Shareholders

HSBC Custody Nominees (Australia) Limited	13.8
National Nominees Limited	3.1
As at 30 June 2018	

## COMPANY OVERVIEW

VGI Partners Global Investments Limited (ASX:VG1) is a listed investment company that listed on the ASX in September 2017 and is managed by VGI Partners Pty Limited. VG1 invests in an actively managed long/short portfolio of global equities, with the portfolio expected to have a long bias.

## INVESTMENT OBJECTIVE

The Manager will invest in an actively managed long/short portfolio of global equities with the aim of generating long-term capital growth and superior risk adjusted returns over the long-term, with a focus on capital preservation.

## STYLE AND PROCESS

The Manager has a fundamental bottom-up stock picking approach. It uses a number of tools and sources to generate investment ideas including a combination of quantitative filters such as debt and returns on equity/capital and qualitative filters including strong competitive advantage, favourable industry structure, high barriers to entry, brand and sustainability of growth profile. Short positions are largely identified via a screening process that includes more than 90 red flags such as accounting irregularities, balance sheet weakness, management changes, and management selling of equity. The Manager conducts detailed due diligence on stocks identified by its screening process including speaking with management, competitors, suppliers, customers and creating detailed financial models. From the detailed analysis, the Manager will select its best ideas to include in the portfolio in accordance with a number of portfolio guidelines and limits. The portfolio is continuously monitored and rebalanced as required.

## PORTFOLIO CHARACTERISTICS

VG1's portfolio will be concentrated, with the long portfolio typically comprising 10 to 25 positions with 10 to 35 short positions. The Manager has a buy and hold strategy for long positions and as such turnover is expected to be low. While there are no geographic limitations for the portfolio, the Manager will focus on investing in developed markets that are transparent and have strong accounting and regulatory standards. At June-end, the portfolio had long equity exposure of 65% across 17 positions and short exposure of 24% across 22 positions. The company still has a significant cash holding of 59% with the Manager still deploying the capital raised at the IPO.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

VG1 provides retail investors access to an investment strategy and Manager that prior to the establishment of the company was only accessible to high net wealth individuals and family offices. The Manager has a disciplined investment process using a number of resources to make investment decisions. There are some positives regarding the structure of the company, including the Manager absorbing the listing costs so the NTA of the company on day one was the same as the issue price of \$2.00, strong alignment of interest and the Manager achieving its stated objective of capital preservation coupled with generating above market returns over the long-term. However, there are some drawbacks associated with the structure of the company including the performance hurdle for the payment of performance fees, which is the previous high NTA. We would prefer a market benchmark return be used. We believe the Manager will be able to continue to successfully implement its investment strategy and achieve its investment objectives of delivering outperformance of the market over the long-term while providing downside protection. VG1 is suited to investors looking for exposure to a well-managed long/short portfolio of global equities, with a long bias. However, investors should be aware of and comfortable with the risks associated with shorting stocks before investing in the company. VG1 will be focused on capital returns as opposed to income and therefore an investment in the company is not suitable for someone seeking a regular income stream. Over its short history, the pre-tax NTA has increased 8.6% to 30 June 2018. Investor returns (share price) have outperformed the pre-tax NTA return with the share price increasing 13.5% since listing to 30 June 2018, with the company trading at a premium to pre-tax NTA.

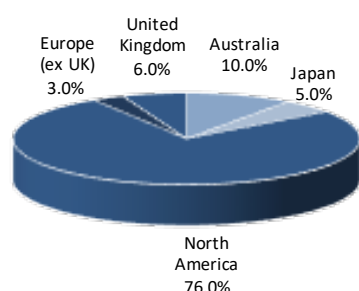
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	0.0	0.0
Materials	5.0	7.0
Industrials	4.0	6.0
Consumer Discretionary	14.0	18.0
Consumer Staples	39.0	29.0
Healthcare	0.0	0.0
Financials (ex Property)	29.0	26.0
Property	0.0	0.0
Information Technology	0.0	1.0
Telecommunication Services	9.0	13.0
Utilities	0.0	0.0

## LONG/SHORT EXPOSURE

	30 Jun (%)
Long Equity Exposure	65.0
Short Equity Exposure	24.0
Net Equity Exposure	41.0
Cash	59.0

### Country Weighting (Long Equity Exposure)



### Board of Directors

David Jones	Executive Chairman
Robert Luciano	Executive Director, Portfolio Manager
Douglas Tynan	Executive Director, Head of Research
Lawrence Myers	Independent Director
Noel Whittaker	Independent Director
Jaye Gardner	Independent Director

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	5.1	na	na	na
Peer Group Median (pre-tax NTA plus dividends, %)*	2.1	na	na	na
MSCI World Net Total Return Index, AUD (%)	5.8	na	na	na
Out/Under performance of index (%)	-0.8	na	na	na
Share Price + Dividends (%)	9.1	na	na	na
Tracking Error (%)	2.7	na	na	na

\*International Shares Diversified as classified in IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

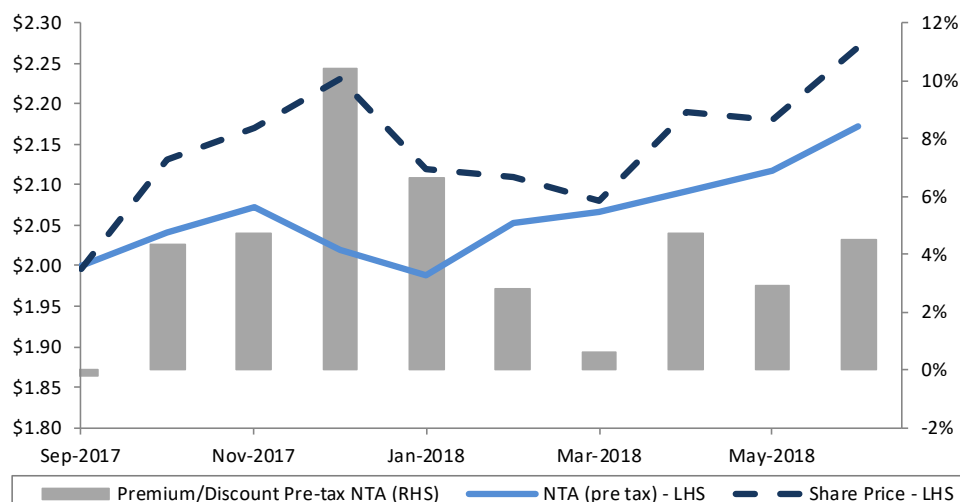
- ◆ **Dividend policy** – Delivering a high dividend is not a primary objective of the Investment Strategy or the Manager. The Investment Strategy's primary objectives are focused on capital preservation and generating superior risk-adjusted returns over the long-term. As a result, there may be extended periods where the Company does not pay regular franked dividends to Shareholders. Notwithstanding, the Board does intend to pay fully franked dividends to the extent permitted by law and provided the Board considers the payment to be consistent with the Company's investment objectives and prudent business practices.
- ◆ **Capital management policy** – The Board will regularly review the capital structure of the Company and, where the Board considers appropriate; undertake capital management initiatives which may involve: (a) the issue of other Shares (through bonus options issues, placement, pro rata issues, etc.); and (b) the buy-back of its Shares on-market.
- ◆ **LIC tax concessions** – No.
- ◆ **DRP available** – Not at present.

## VG1'S PORTFOLIO (TOP 5 LONG POSITIONS)

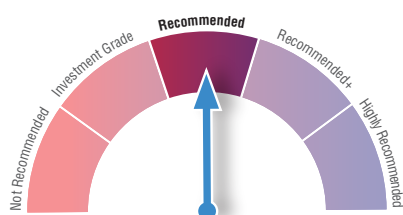
Company	Portfolio (%)
CME Group Inc.	10.0
Medibank Private Limited	6.0
Colgate Palmolive Co.	6.0
Praxair Inc.	5.0
The Coca-Cola Co.	5.0
	<b>32.0</b>

Source all figures: VG1/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

## NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 August 2018	1.145
Market cap (\$M)	48.5
Shares on issue (M)	42.4
Options on issue (M)	28.5
Shares traded (\$M p.a)	9.6
12-month L/H (\$)	1.065/1.175
Listing date	January 2008

## Fees

Management Fee (%)	1.00
Performance incentives (%)	20.0*

\*20% of the increase in the gross value of the portfolio, subject to a high watermark.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	2.0%
3 year average	4.0%

## Dividend Yield

	%
FY16	4.85ff
FY17	4.77ff
FY18	5.07ff

## Largest Shareholders

	%
GW Holdings Pty Ltd	2.46
Sanolu Pty Ltd	1.78

As at 30 June 2018

## COMPANY OVERVIEW

WAM Active Limited (ASX:WAA) is a listed investment company that provides exposure to an active trading style with the aim of achieving a positive return in all market conditions and a low correlation to traditional markets. The company was listed in January 2008 and the portfolio is managed by MAM Pty Limited, a member of the Wilson Asset Management group.

## INVESTMENT OBJECTIVE

The company has an absolute return focus and therefore aims to generate positive returns in both rising and falling markets. The Manager seeks to deliver shareholders a steady stream of fully franked dividends, provide a positive return with low volatility (after fees) and preserve the company's capital in both the short-and long-term.

## STYLE AND PROCESS

WAA invests predominantly in ASX-listed securities. Given the objective of the company, the Manager has the ability to short sell securities. The Manager uses a market-driven approach to investing, in which it aims to take advantage of short-term arbitrage and mispricing in the market. The Manager participates in IPOs, rights issues, placements, schemes of arrangement and looks for arbitrage opportunities and discount to asset plays, along with other market events viewed as favourably priced. The Manager utilises stop-losses on trading positions of 10%. The portfolio is actively managed and therefore portfolio turnover is high.

## PORTFOLIO CHARACTERISTICS

The portfolio may hold between 10 and 100 investments and therefore the level of concentration will vary. There are no restrictions regarding the minimum or maximum investment in any individual stock or sector and as such the manager may take large positions in an individual security. The Manager may hold up to 100% in cash if attractive investment opportunities cannot be identified. The company currently has three LICs in its top ten holdings, one of which (PIA) is the largest holding in the portfolio. WAA invests in LICs trading at a discount to NTA and aims to profit from the eradication of this discount. During the June quarter the Manager significantly reduced its exposure to the Financials sector and increased its exposure to the Consumer Discretionary sector. The portfolio has a significant cash weighting of 33.3% at June-end.

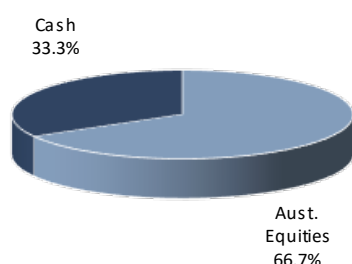
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

The absolute return nature of WAA means that the company does not intend to mimic the returns of the market but generate positive returns despite the direction of the market. This is reflected by the high tracking error. The company's strategy incorporates the use of short selling to generate returns. No more than 10% of the portfolio has been 'short' since inception with portfolio having a 1.4% short exposure at June-end. The portfolio may hold high levels of cash, which will contribute to the outperformance of the portfolio when the market generates negative returns, however may result in the manager not participating in market upturns. The portfolio is actively managed and therefore experiences high levels of turnover. The portfolio (pre-tax NTA after tax on realised gains but before tax on unrealised gains plus dividends) has underperformed the market (ASX All Ordinaries Accumulation Index) over the short-term. The underperformance can partially be attributed to the lack of exposure to the Materials sector which performed strongly over the 12 months to June-end. Since listing in 2008, the portfolio has outperformed the market generating a return of 7.4%p.a to 30 June 2018 compared to the market return of 5.4%p.a. The portfolio has achieved this with significantly lower volatility. We note that lower volatility is expected given the tendency of the portfolio to have large cash holdings. The company announced a final dividend of 2.85 cents per share, fully franked, taking the total FY18 dividend to 5.7 cents per share, a 3.6% increase on FY17. The company has 1.5 years of coverage at the FY18 dividend amount based on the profit reserve as at 30 June 2018.

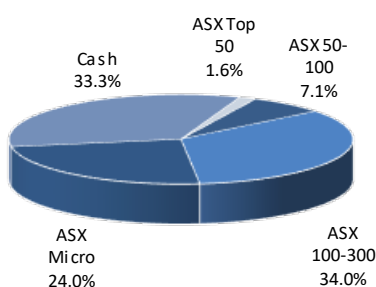
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	0.6	2.0
Materials	3.3	3.7
Industrials	17.9	13.7
Consumer Discretionary	14.3	30.8
Consumer Staples	9.0	3.4
Healthcare	6.7	1.2
Financials (ex Property)	46.3	29.4
Property	0.0	13.1
Information Technology	1.0	2.7
Telecommunication Services	0.9	0.0
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Geoff Wilson	Chairman (Executive)
Emma Rugge-Price	Director (Non-Executive)
Karina Kwan	Director (Non-Executive)
Kate Thorley	Director (Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	2.1	8.6	9.3	8.0
Peer Group Median (pre-tax NTA plus dividends), %*	3.3	9.2	9.2	8.3
ASX All Ords Acc Index (%)	8.0	13.7	9.5	10.3
Out/Under performance of index (%)	-5.9	-5.2	-0.2	-2.3
Share Price + Dividends (%)	-0.1	5.5	10.3	6.8
Tracking Error (%)	3.3	5.0	8.6	9.2

\*Australian Mid/Small Cap Shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

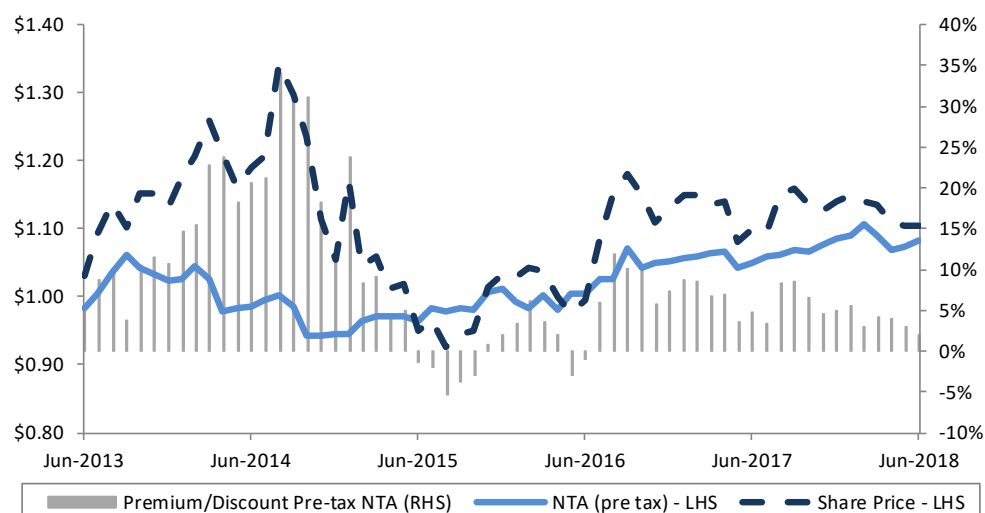
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient profit reserves, franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are paid on a six-monthly basis.
- ◆ **Capital management policy** – The Board regularly reviews the most efficient manner by which the company employs its capital. At the core is the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs, to be used when deemed appropriate by the Board.
- ◆ **LIC tax concessions** – None.
- ◆ **DRP available** – Yes.

### WAA's Portfolio (Top 10) Weighting

Code	Portfolio (%)	All Ords (%)
PIA	4.4	na
AOG	4.0	0.1
TGG	3.9	na
ASB	3.2	0.0
GXL	3.1	0.0
SVW	2.8	0.3
WDE	2.5	na
BGA	2.4	0.1
SXL	2.4	0.1
HT1	2.1	0.0
	<b>30.8</b>	<b>0.6</b>

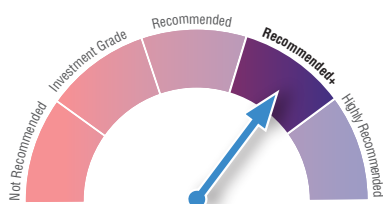
Source all figures: WAA/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 August 2018	2.50
Market cap (\$M)	1,670.9
Shares on issue (M)	668.4
Options on issue (M)	0.0
Shares traded (\$M p.a.)	438.0
12-month L/H (\$)	2.20/2.56
Listing date	August 1999

## Fees

Management Fee (%)	1.00
Performance incentives (%)	20.0*

\*Outperformance of the All Ords Acc index or the amount of the increase in the value of the portfolio in the event the All Ords Acc index has fallen.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	28.5%
3 year average	17.7%

## Dividend Yield

	%
FY16	6.39ff
FY17	6.17ff
FY18	5.90ff

## Largest Shareholders

	%
EHJ Investments Pty Ltd	1.0
HSBC Custody Nominees (Australia)	0.8

As at 30 June 2018

## COMPANY OVERVIEW

WAM Capital Limited (ASX:WAM) was listed in August 1999 and is managed by Wilson Asset Management (International) Pty Ltd. WAM provides an actively managed portfolio that focuses on investing in a diversified portfolio of growth companies, primarily small-to-mid cap industrial securities.

## INVESTMENT OBJECTIVE

The investment objectives of the fund are to provide a growing stream of fully franked dividends, provide capital growth and preserve capital.

## STYLE AND PROCESS

WAM predominantly invests in a diversified portfolio of growth companies. The manager uses a combination of two approaches to select investments:

- (1) The research-driven approach involves making investment decisions based on extensive research on the security. The manager looks for management strength, earnings growth potential, low earnings multiple, advantageous industry position, generation of free cash flow, appropriate return on equity and a catalyst for share price growth. The manager has over 2,500 meetings with management each year; and
- (2) The market-driven approach involves participating in IPOs, placements and takeover arbitrages aiming to take advantage of short-term arbitrage opportunities and mispricing in the market.

## PORTFOLIO CHARACTERISTICS

WAM's portfolio focuses on small-to-mid cap stocks with 90% of the invested portfolio in companies outside the ASX 100. The portfolio has limited exposure to the resource and energy sectors. The Manager defaults to cash if acceptable investments cannot be identified. As such, prospective investors need to be aware that the portfolio may have large cash allocations. The portfolio is actively managed and as such will likely have significant turnover. The Manager reduced its exposure to the Financials sector over the June quarter and increased exposure to the Consumer Discretionary sector. The Consumer Discretionary sector was the largest sector exposure at June-end. The largest stock holding is small at 3.1%, however, the top ten weightings are significantly overweight the market weightings. WAM invests in other LICs trading at a discount to NTA as part of its market driven strategy, with a view to profiting from eradication of the discount over time.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

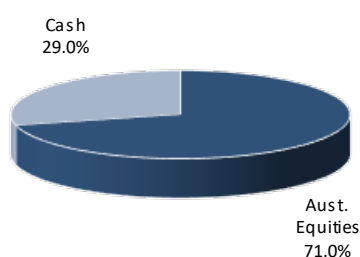
WAM invests primarily in small-to-mid cap industrial securities. The Manager primarily maintains small positions in securities to minimise risk. However, there are no size restrictions on investments so the manager can take high conviction positions in a stock if it desires. We note that smaller cap stocks tend to entail a greater level of risk; however, the upside potential can be considerable. The Manager also takes positions in other LICs trading at a discount and has the ability to short sell stocks. Short selling has never exceeded 5% of the portfolio. The portfolio (pre-tax NTA after tax on realised gains and before tax on unrealised gains plus dividends) has outperformed the benchmark index (ASX All Ordinaries Accumulation Index) over the long-term with the portfolio returning 10.2% p.a. over the ten years to 30 June 2018 compared to the market return of 6.2%p.a. This outperformance has been achieved with significantly lower volatility. Lower volatility is expected given the large cash holdings the portfolio typically has. The company continues to trade at a significant premium to pre-tax NTA. We view the company to be overvalued at these levels. The company announced a final dividend of 7.75 cents per share, fully franked, taking the full year dividend for FY18 to 15.5 cents per share. This is a 3.3% increase on the pcg.



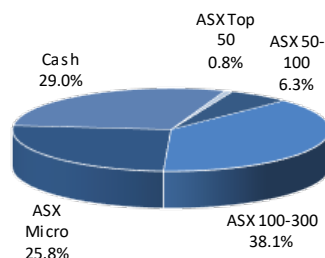
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	1.7	1.7
Materials	7.8	6.0
Industrials	14.8	11.2
Consumer Discretionary	21.3	36.2
Consumer Staples	5.0	2.8
Healthcare	5.6	4.2
Financials (ex Property)	36.5	25.4
Property	0.0	7.9
Information Technology	4.7	3.0
Telecommunication Services	2.6	1.6
Utilities	0.0	0.0
Unlisted Unit Trusts	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Geoff Wilson	Chairman (Executive)
Dr. Philippa Ryan	Director (Non-Executive)
James Chirnside	Director (Non-Executive)
Chris Stott	Director (Executive)
Lindsay Mann	Director (Non-Executive)
Kate Thorley	Director (Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	4.1	12.1	11.4	11.5
Peer Group Median (pre-tax NTA plus dividends), %*	3.3	9.2	9.2	8.3
ASX All Ords Acc Index (%)	8.0	13.7	9.5	10.3
Out/Under performance of index (%)	-3.9	-1.6	1.9	1.2
Share Price + Dividends (%)	6.5	14.8	17.7	16.8
Tracking Error (%)	3.6	3.3	8.4	7.8

\*Australian Mid/Small Cap Shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

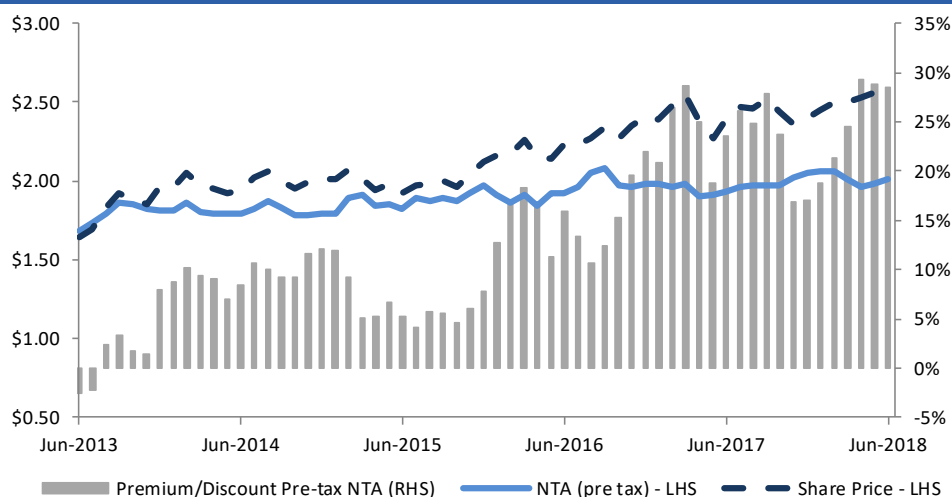
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient profit reserves, franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are paid on a six-monthly basis.
- ◆ **Capital management policy** – The Board regularly reviews the most efficient manner by which the company employs its capital. At the core is the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs, to be used when deemed appropriate by the Board.
- ◆ **LIC tax concessions** – None.
- ◆ **DRP available** – Yes.

### WAM's Portfolio (Top 10) Weighting

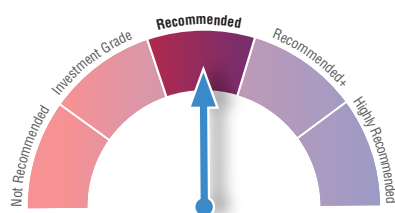
Code	Portfolio (%)	All Ords (%)
NEC	3.1	0.1
PIA	2.2	na
AOG	2.0	0.1
TGG	2.0	na
FLT	2.0	0.3
PSI	1.7	0.0
ASB	1.6	0.0
GXL	1.6	0.0
EHL	1.5	0.1
FXL	1.5	0.0
	<b>19.2</b>	<b>0.7</b>

Source all figures: WAM/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Global

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 August 2018	2.19
Market cap (\$M)	463.4
Shares on issue (M)	211.6
Options on issue (M)	0.0
Shares traded (\$M p.a)	29.2
12-month L/H (\$)	2.16/2.21
Listing date	June 2018

## Fees

Management Fee (%)	1.25
Performance incentives (%)	20.0*

\*20% of the outperformance of the MSCI World Index Net, AUD, subject to a high water mark.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	1.8%
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## Dividend Yield

	%
FY16	na
FY17	na
FY18	na

## COMPANY OVERVIEW

WAM Global Limited (ASX: WGB) recently listed on the ASX. The company raised \$465.5m through the issue of 211.6m shares at \$2.20 per share. The company provides exposure to an actively managed, benchmark unaware portfolio of global securities. The portfolio is managed by Wilson Asset Management (International) Pty Ltd, which along with MAM Pty Limited forms Wilson Asset Management.

## INVESTMENT OBJECTIVE

The company seeks to generate superior risk-adjusted returns to the market over the medium-to-long term with a focus on capital preservation. The company will seek to pay a stream of fully franked dividends, however, has not indicated how frequently they will be seeking to pay dividends.

## STYLE AND PROCESS

The Investment Manager utilises two investment processes for stock selection. Long-term investments are selected using the research-driven investment approach while short-term opportunistic investments are determined by the market-driven investment approach: (1) The research-driven approach involves making investment decisions based on extensive research on the security. The Manager looks for management strength, earnings growth potential, low earnings multiple, advantageous industry position, generation of free cash flow, appropriate return on equity and a catalyst for share price growth. The Manager has over 2,500 meetings with management each year; and (2) The market-driven approach involves participating in IPOs, placements and takeover arbitrages aiming to take advantage of short-term arbitrage opportunities and mispricing in the market.

## PORTFOLIO CHARACTERISTICS

The Manager was yet to fully deploy the capital raised at June-end, with 61.9% of the capital invested at 30 June 2018. The portfolio is expected to have a small and mid cap bias. There are no sector or geographical limitations, however, given the composition of the benchmark index we expect the portfolio to be largely invested in developed markets. The Manager has expressed that there will likely be some exposure to Australian securities, however, the portfolio is expected to be a global portfolio with limited amounts of exposure to Australia. The Manager has the ability to short up to 50% of the portfolio. While the Manager is able to do this, given the Manager's investment style we do not expect short positions to be a significant portion of the portfolio at any given time. The portfolio will have direct foreign currency exposure given the investment universe. The Manager will typically not hedge the currency exposure of the portfolio and therefore currency movements will impact the portfolio value.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

IIR has initiated coverage on WGB with a Recommended rating. The portfolio is expected to have a small and mid cap bias and is therefore suitable for investors that are looking for a diversified exposure from the large and mega cap securities that tend to be of focus for many international funds. This will be the first global mandate managed by the Manager. The Manager will be applying its proprietary investment process used to generate alpha in the Australian market to the global market. The Lead Portfolio Manager, Catriona Burns, has recently re-joined the Manager after beginning her career in funds management with the Manager over 14 years ago. Mrs. Burns has experience investing in global securities, working as a Portfolio Manager with Hunter Hall Investment Management for five years. Unfortunately we do not have access to the performance history of Mrs. Burns portfolio contribution, however, given Mrs. Burns assisted with the development of the Wilson Asset Management investment process we believe Mrs. Burns has a good grasp of the process and will be able to effectively apply the process to the global market.

#### Board of Directors

Geoff Wilson	Chairman (Executive)
Gabrielle Trainor	Director (Non-Executive)
Caesar Bryan	Director (Non-Executive)
Kate Thorley	Director (Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	na	na	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	na	na	na	na
S&P/ASX 200 Accumulation Index (%)	na	na	na	na
Out/Under performance of index (%)	na	na	na	na
Share Price + Dividends (%)	na	na	na	na
Tracking Error (%)	na	na	na	na

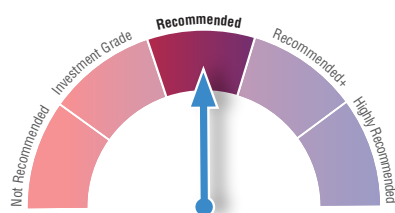
\*International Diversified as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

- ◆ **Dividend policy** – The Board will seek to pay an increasing stream of fully franked dividends to shareholders provided the company has sufficient profit reserves, franking credits, and it is within prudent business practices..
- ◆ **Capital management policy** – The company may undertake capital management initiatives which may involve the issue of other shares and/or the buy-back of its shares.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes

## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 August 2018	1.245
Market cap (\$M)	875.5
Shares on issue (M)	703.2
Options on issue (M)	0.0
Shares traded (\$M p.a)	352.5
12-month L/H (\$)	1.095/1.25
Listing date	May 2016

## Fees

Management Fee (%)	1.00
Performance incentives (%)	20.0*

\*20% of the outperformance of the S&P/ASX 200 Accumulation Index, subject to recoupment of underperformance.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-5.1%
Average since inception	-1.9%

## Dividend Yield

	%
FY16	na
FY17	0.90ff
FY18	3.91ff

## Largest Shareholders

	%
UBS Nominees Pty Limited	2.0
DCM Bluelake Partners Pty Ltd	1.0

As at 30 June 2018

## COMPANY OVERVIEW

WAM Leaders Limited (ASX:WLE) is a listed investment company that invests in an actively managed portfolio of stocks, primarily from within the S&P/ASX 200 Index. The company listed on the ASX in May 2016 following an initial public offer. The portfolio is managed by MAM Pty Ltd (MAM) a member of the Wilson Asset Management group.

## INVESTMENT OBJECTIVE

The company seeks to provide investors exposure to an actively managed portfolio of ASX listed stocks with a focus on undervalued growth stocks. The Company will seek to provide a steady and growing stream of fully franked dividends and will seek to preserve capital by holding cash in the event the Investment Manager cannot identify attractive investments.

## STYLE AND PROCESS

The Investment Manager utilises two investment processes for stock selection. Long-term investments are selected using the research-driven investment approach while short-term opportunistic investments are determined by the market-driven investment approach:

- (1) The research-driven approach involves making investment decisions based on extensive research on the security. The Manager looks for management strength, earnings growth potential, low earnings multiple, advantageous industry position, generation of free cash flow, appropriate return on equity and a catalyst for share price growth. The Manager has over 2,500 meetings with management each year; and
- (2) The market-driven approach involves participating in IPOs, placements and takeover arbitrages aiming to take advantage of short-term arbitrage opportunities and mispricing in the market.

## PORTFOLIO CHARACTERISTICS

The portfolio will typically hold between 25 to 60 investments with average stock weightings expected to be between 1-5%. However positions may be larger or smaller than this with no limitations on size. The portfolio will primarily hold long positions, however short positions may be held. The portfolio currently has no short exposure. In the event attractive investments cannot be identified, the portfolio can hold up to 100% cash. The portfolio had a 13.3% cash weighting at June-end. Financials remains the largest sector exposure with a weighting of 30.4% at 30 June 2018, however is underweight compared to the benchmark index (S&P/ASX 200 Index) weighting. The portfolio is overweight the Materials, Consumer Discretionary and Energy sectors.

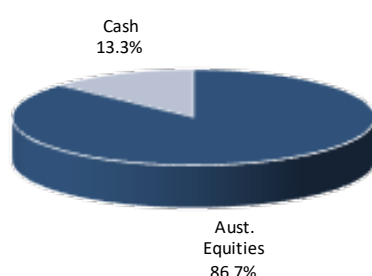
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

WLE offers investors exposure to an actively managed portfolio of ASX-listed securities, with the portfolio managed by a team with significant experience in managing LIC portfolios. The Investment Manager has a benchmark unaware investment mandate and few limitations on the portfolio investments and as such the performance of the portfolio will largely be a result of the Investment Manager's stock picking ability. The company was listed in May 2016 and therefore has a short performance history. The portfolio (pre-tax NTA after tax on realised gains but before tax on unrealised gains plus dividends) has underperformed the benchmark index since listing, generating a return of 7.3%p.a to 30 June 2018 compared to the benchmark return of 11.2%p.a. The performance of the portfolio has been adversely impacted by the dilutive effect of options exercised. The lack of exposure to the Information Technology sector has also been a drag on the portfolio over the past 12 months. The share price did not follow the portfolio value up over the June quarter, resulting in the discount to pre-tax NTA expanding to 5.1% at June-end, providing a good entry point into the company. The company announced a final dividend of 2.5 cents per share, taking the total dividend for FY18 to 5 cents per share, fully franked, a 66.7% increase on the pcg.

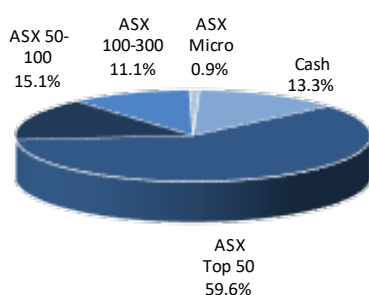
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	12.3	11.2
Materials	27.1	25.7
Industrials	2.8	2.6
Consumer Discretionary	12.3	11.9
Consumer Staples	5.7	8.9
Healthcare	5.4	4.3
Financials (ex Property)	30.0	30.4
Property	0.0	3.0
Information Technology	1.8	0.0
Telecommunication Services	1.4	0.0
Utilities	1.2	2.0

### Asset Weighting



### Size Weighting



### Board of Directors

Geoff Wilson	Chairman (Executive)
Lindsay Mann	Director (Non-Executive)
Melinda Snowden	Director (Non-Executive)
Kate Thorley	Director (Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	6.1	8.3	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	7.4	10.1	na	na
S&P/ASX 200 Accumulation Index (%)	8.5	13.0	na	na
Out/Under performance of index (%)	-2.3	-4.7	na	na
Share Price + Dividends (%)	2.2	7.3	na	na
Tracking Error (%)	1.5	4.2	na	na

\*Australian Large Cap Shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

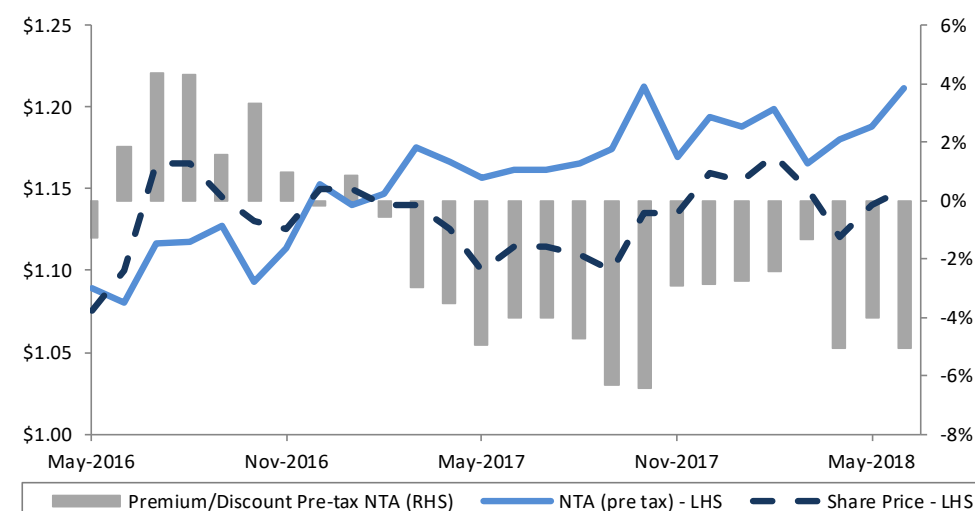
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient profit reserves, franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.
- ◆ **Capital management policy** – The company may undertake capital management initiatives which may involve the issue of other shares and/or the buy-back of its shares.
- ◆ **LIC tax concessions** – None.
- ◆ **DRP available** – Yes.

### WLE's Portfolio (Top 10) Weighting

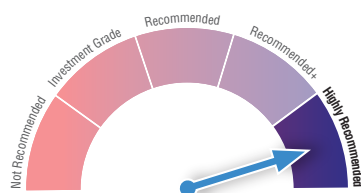
Code	Portfolio (%)	All Ords (%)
CBA	6.2	7.1
BHP	5.7	5.6
RIO	4.3	1.8
WPL	4.2	1.7
WBC	4.0	5.1
NAB	4.0	3.8
WOW	3.5	2.1
QBE	3.0	0.7
ORG	2.8	0.9
MQG	2.6	2.2
	<b>40.3</b>	<b>31.0</b>

Source all figures: WLE/Independent Investment Research/IRES.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Asset

Listed companies and other

## Investment Sectors

Diversified

## Investment Profile

Price (\$) as at 31 August 2018	1.68
Market cap (\$M)	316.5
Shares on issue (M)	188.4
Options on issue (M)	0.0
Shares traded (\$M p.a.)	62.6
12-month L/H (\$)	1.355/1.70
Listing date	August 2003
Fees	
Management Fee (%)	1.0
Performance incentives (%)	20.0*

\*Outperformance of the All Ords Acc index or the amount of the increase in the value of the portfolio in the event the All Ords Acc index has fallen.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	20.3%
3 year average	18.2%

## Dividend Yield

	%
FY16	6.11ff
FY17	5.81ff
FY18	6.13ff

## Largest Shareholders

	%
GW Holdings Pty Ltd	2.6
Victor John Plummer	1.9

As at 30 June 2018

## COMPANY OVERVIEW

WAM Research Limited (ASX:WAX) is a listed investment company that invests in growth companies which are generally small-to-medium sized industrial companies. The company was listed in 2003 and the portfolio is managed by MAM Pty Limited, a member of the Wilson Asset Management group.

## INVESTMENT OBJECTIVE

The company aims to provide shareholders a steady stream of fully franked dividends and a high real rate of return, comprising both capital and income.

## STYLE AND PROCESS

WAX's investment philosophy is to invest predominantly in industrial companies with an emphasis on companies that are under researched and are considered undervalued by the Manager. As such the company focuses on small-to-mid cap companies. The manager uses a research-driven approach to identify investment opportunities, which involves making investment decisions based on extensive research on the security. The manager looks for management strength, earnings growth potential, low earnings multiple, advantageous industry position, generation of free cash flow, appropriate return on equity and a catalyst for share price growth. The manager has over 2,500 meetings with management each year.

## PORTFOLIO CHARACTERISTICS

WAX aims to maintain a portfolio of between 30 and 60 securities. The manager focuses on small to-mid cap stocks with the majority of investments outside the top 100. Given the company focuses on industrial stocks, the portfolio has very little, if any, exposure to the resource and energy sectors, however, it does invest in companies that provide services to the resources sector. The Consumer Discretionary sector was the largest sector exposure at June-end. The Manager will hold cash if attractive investment opportunities cannot be identified or to preserve capital in times of heightened volatility. Cash levels are high with a cash holding of 35.9% at June-end.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

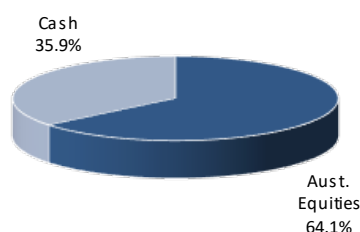
We consider WAX to be suitable for investors looking for a well-managed exposure to a diversified portfolio of Australian small and mid cap stocks. It has a highly experienced investment team with a proven track record and well-established investment processes. The portfolio (pre-tax NTA after tax on realised gains but before tax on unrealised gains plus dividends) underperformed the benchmark index (ASX All Ordinaries Accumulation Index) over the June quarter, however has outperformed consistently over the longer-term with an average rolling annual return 11.7% compared to the benchmark index average rolling annual return of 9.6% over the ten years to 30 June 2018. The portfolio has experienced significantly lower volatility than the market which is to be expected given the high levels of cash levels the Manager typically holds. From an investor return perspective, the share price fell over the June quarter, however, over the longer-term has outperformed. This is highlighted by the significant premium the company is trading at. We view the company to be overvalued at these levels. The company announced a final dividend of 4.75 cents per share, fully franked, taking the full year dividend for FY18 to 9.5 cents per share. This is a 5.6% increase on the pcp. Based on the profit reserves at 30 June 2018, the company has 2.5 years of dividend coverage at the FY18 dividend levels. In June, Chris Stott and Matthew Kidman resigned from the Board, reducing the Board to four with an equal mix of Executive and Non-Executive members.



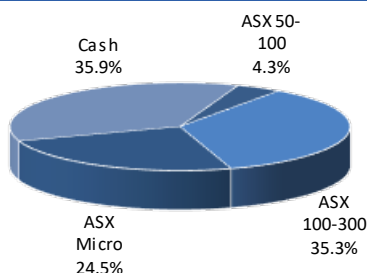
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	2.7	2.1
Materials	11.7	11.0
Industrials	12.5	9.5
Consumer Discretionary	28.0	34.5
Consumer Staples	1.7	1.9
Healthcare	7.6	3.8
Financials (ex Property)	26.7	25.1
Property	0.0	3.3
Information Technology	7.6	5.6
Telecommunication Services	1.5	3.2
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Geoff Wilson	Chairman (Executive)
John Abernethy	Director (Non-Executive)
Julian Gosse	Director (Non-Executive)
Kate Thorley	Director (Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	3.9	11.0	11.4	12.4
Peer Group Median (pre-tax NTA plus dividends), %*	3.3	9.2	9.2	8.3
ASX All Ords Acc Index (%)	8.0	13.7	9.5	10.3
Out/Under performance of index (%)	-4.1	-2.7	1.9	2.1
Share Price + Dividends (%)	-0.2	6.4	16.0	16.2
Tracking Error (%)	6.1	4.7	8.7	8.3

\*Australian Mid/Small Cap Shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

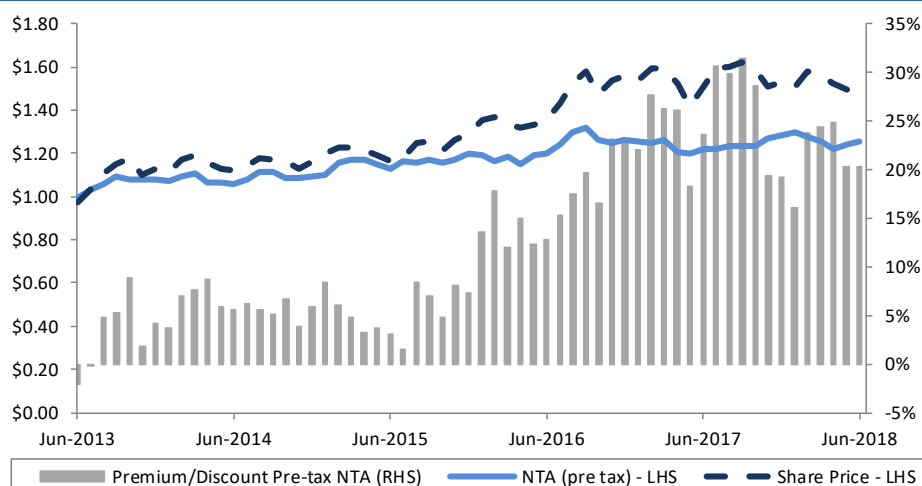
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient profit reserves, franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.
- ◆ **Capital management policy** – The Board manages the Company's capital by regularly reviewing the most efficient manner by which the company employs its capital. At the core of this management is the belief that shareholder value should be preserved. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.
- ◆ **LIC tax concessions** – None.
- ◆ **DRP Available** - Yes.

### WAX's Portfolio (Top 10) Weighting

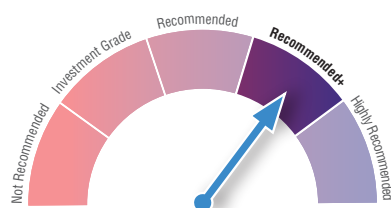
Code	Portfolio (%)	All Ords (%)
NEC	5.1	0.1
IMD	3.5	0.0
EHL	3.3	0.1
SCO	3.0	0.0
FLT	3.0	0.3
FXL	2.8	0.0
PSI	2.7	0.0
CTD	2.4	0.1
ASL	2.1	0.0
LIC	2.1	0.0
	<b>30.0</b>	<b>0.8</b>

Source all figures: WAX/Independent Investment Research/IRES.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

International

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 August 2018	1.09
Market cap (\$M)	98.6
Shares on issue (M)	90.4
Options on issue (M)	90.9
Shares traded (\$M p.a)	30.4
12-month L/H (\$)	0.955/1.14
Listing date	June 2017

## Fees

Management Fee (% p.a)	1.25
Performance incentives (%)*	10.0

\*Outperformance of MSCI ACWI ex Australia (AUD), subject to a high water mark. The maximum performance fee payable in any financial year will be capped at 0.75% of the value of the portfolio. Any amount due above this will be carried forward to future financial years and can be offset against periods of underperformance.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-11.4%
Average since inception	-6.8%

## Dividend Yield

	%
FY16	na
FY17	na
FY18	na

## COMPANY OVERVIEW

WCM Global Growth Limited (ASX:WQG), previously Contango Global Growth Limited (ASX:CQG), is a listed investment company that invests in a portfolio of global growth equities, excluding Australia. Contango International Management Pty Limited, a wholly owned subsidiary of Contango Asset Management Limited (ASX:CGA), has been appointed the Manager but has delegated the management of the portfolio to the Investment Adviser, WCM Investment Management (WCM) an independent asset management firm based in California.

## INVESTMENT OBJECTIVE

WQG seeks to deliver long-term capital appreciation through an investment in what the Manager considers to be quality global growth stocks. The company will seek to provide portfolio returns (before fees and expenses) that exceed the benchmark index, the MSCI ACWI ex-Australia (AUD), by 3%p.a over a rolling 3 year period. The Investment Adviser (WCM) will seek to achieve this with lower volatility than the benchmark index.

## STYLE AND PROCESS

WCM has developed a unique investment strategy based on rigorous bottom-up analysis to identify quality stocks with sustainable growth potential. It looks for companies that have durable and competitive advantages (growing economic moat), good corporate cultures and are involved in industries with growth tailwinds. It has a focused approach to investing, investing only in its best ideas and not diluting the portfolio with inferior ideas. The valuation discipline is to invest in shares at a fair price where there is a margin of safety that helps provide downside protection. The investment process includes five main stages, idea generation and screening; quantitative analysis; fundamental analysis; portfolio construction; and portfolio monitoring and ongoing management.

## PORTFOLIO CHARACTERISTICS

The portfolio is managed with a high conviction, active approach and is concentrated across 20-40 high quality growth companies. The portfolio is diversified across global sub-sectors and countries, both developed markets and emerging markets, based upon WCM's rigorous bottom-up analysis. Up to 7% of the portfolio may be held in cash. The portfolio is weighted towards the Americas with 57% of the portfolio invested in this region at June-end. The portfolio is relatively well-diversified with the largest stock exposure at 3.9% of the portfolio. The Company has adopted a currency policy that the portfolio will be unhedged. That is, the portfolio is exposed to exchange rate movements between the AUD and foreign currencies.

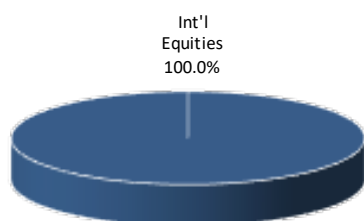
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

An investment in WQG is suitable for those investors seeking to diversify their portfolio with an actively managed portfolio of global quality growth companies with ASX liquidity. The portfolio is managed by WCM (under the supervision of the Manager) using a global investment strategy that has been successfully deployed since the establishment of the WCM Quality Global Growth strategy in March 2008. WCM has met all of its objectives since the establishment of the strategy and has consistently outperformed the benchmark index, MSCI ACWI ex-Australia. The strategy has also offered downside protection. WCM has a stable investment team. This provides stability to the management of the portfolio and significantly reduces key man risk. We are of the view that over the long-term, WCM will continue to outperform the benchmark index and provide downside protection while remaining fully invested. WCM has a long-term investment view and therefore the company is suitable for investors with a medium-to-long term investment horizon. The portfolio (pre-tax NTA) has performed well over the 12 months to 30 June 2018, increasing 16.3% compared to the benchmark index rise of 15.2%. There is currently a disconnect between the share price and the portfolio value, with the company trading at an 11.4% discount to pre-tax NTA at June-end. There are 90.9m options on issue with a strike price of \$1.10. At 17 August 2018, the company was trading at the strike price. In the event the Manager continues to grow the portfolio value, we would expect the discount to continue to widen until the options mature in June 2019.

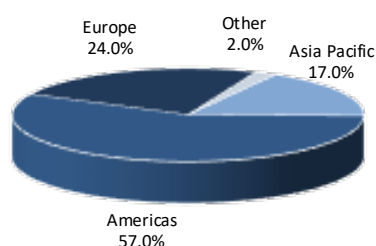
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	3.8	4.1
Materials	2.7	5.1
Industrials	8.2	7.6
Cons. Discret.	13.5	10.5
Cons. Staples	11.3	6.5
Health Care	18.4	22.1
Financials	10.5	13.4
Information Technology	24.7	26.4
Telco Svcs	0.0	0.0
Property	2.7	2.6
Utilities	0.0	0.0
Cash	4.1	0.0

### Asset Weighting



### Country Weighting



### Board of Directors

Valentina Stojanovska	Chairman (Non-Executive & Independent)
Micheal Liu	Director (Non-Executive)
Stephen Merlicek	Director (Non-Executive)
Paul Rickard	Director (Non-Executive)
Martin Switzer	Director (Non-Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	7.0	16.3	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	2.1	10.3	na	na
MSCI ACWI (ex Australia) (%)	4.6	15.2	na	na
Out/Under performance of index (%)	2.4	1.1	na	na
Share Price + Dividends (%)	8.6	-2.3	na	na
Tracking Error (%)	3.6	2.6	na	na

\*Diversified International Shares as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

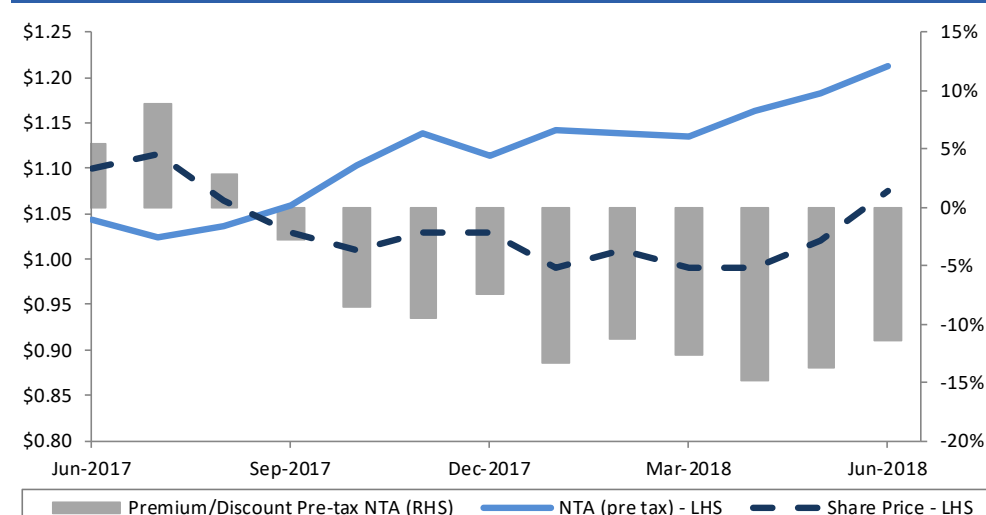
- ◆ **Dividend policy** – Dividends will be paid at the board's discretion and will be largely dependent on the profit reserve position of the company and franking credits available.
- ◆ **Capital management policy** – A buy-back program commenced on 22 June 2018 with the company able to buy back up to 10% of the shares on issue over a 12 month period.
- ◆ **LIC tax concessions** – no
- ◆ **DRP available** – na

### CQG's Portfolio (Top 10) Weighting

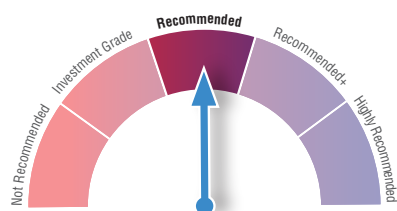
Company	Portfolio (%)
Visa Inc	3.9
Costco Wholesale	3.9
HDFC Bank	3.6
The Cooper Companies	3.4
Keyence	3.4
Amphenol	3.3
Boston Scientific	3.3
Steris	3.2
Canadian National Railway	3.1
AIA Group	3.0
	<b>34.1</b>

Source all figures: CQG/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Asset

Listed companies

## Investment Sectors

Diversified

## Investment Profile

Price (\$) as at 2 August 2018	1.205
Market cap (\$M)	157.7
Shares on issue (M)	130.8
Options on issue (M)	11.0
Shares traded (\$M p.a.)	17.1
12-month L/H (\$)	0.905/1.215
Listing date	September 2009

## Fees

Management Fee (%)	1.0
Performance incentives (%)	20.0*

\*20% of returns in excess of 10% per annum.

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-7.9%
3 year average	-12.2%

## Dividend Yield\*

	%
FY16	9.09ff
FY17	6.25ff
FY18	5.15ff

\*Based on FY end data.

## Largest Shareholders

	%
Euroz Limited	26.3
Wilson Asset Management	7.9

As at 30 June 2018

## COMPANY OVERVIEW

WIC is a listed investment company established in May 2005 and listed in September 2009. The company is based in Western Australia (WA) and focuses on investing in ASX-listed stocks from around that area. The portfolio is managed by Westoz Funds Management, a wholly owned subsidiary of Euroz Limited.

## INVESTMENT OBJECTIVE

WIC seeks to provide investors with exposure to a portfolio of ASX-listed investments that provides consistent positive returns, regardless of the general direction of the market. The company has an absolute return focus and as such does not tie its performance fees to a benchmark index, but to a set figure of 10% return p.a.

## STYLE AND PROCESS

WIC has a medium-to long-term investment outlook with investment selection based on the premise that financial markets and individual securities can, and do, deviate from fair value. The manager uses research provided by Euroz Securities (the stockbroking arm of Euroz Limited) as a primary screen to identify suitable investment opportunities. It then determines investment opportunities through the use of fundamental analysis, with a focus on the growth potential of target companies. An investment committee will ratify identified investment opportunities. The manager has the discretion to use derivatives to achieve performance objectives and must adhere to some broad investment guidelines including: no individual stock can represent more than 20% of the total portfolio value at the time of acquisition; and WIC's position can comprise no more than 20% of the issued securities of a company.

## PORTFOLIO CHARACTERISTICS

WIC has a concentrated portfolio with the Manager taking high conviction positions in ASX-listed stocks, as highlighted in the Portfolio Weightings table below. The Manager will hold cash in the event attractive opportunities are not available. The Manager is currently holding a significant level of cash at 31%. The Manager focuses on companies with a connection to WA. Due to its investment philosophy, WIC invests primarily in ex-50 stocks, and as such, an investment in WIC incorporates the risks associated with an investment in the smaller cap universe and exposure to a narrow geographic base. The portfolio's largest exposure is to Australia Oil & Gas Limited (ASX: ATS) with a 12.7% weighting in the portfolio. The weighting of ATS has increased as a result of strong share price performance in recent months. The Manager had a small portion of the portfolio (6%) exposed to short positions.

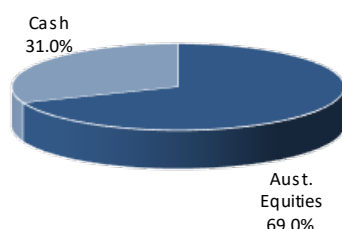
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

Given the characteristics of WIC's portfolio, we expect it to experience greater volatility than the benchmark index. As such, prospective investors should be risk-tolerant and understand the risks associated with the smaller cap investment universe and exposure to the cyclical, resource based WA economy. Investors should also be aware that the Manager may hold significant amounts of cash, diluting exposure to the market. The company declared a final dividend for FY18 of 3 cents per share, taking the full year dividend to 6 cents per share, in line with the target and the same as FY17. The company is targeting a 6 cent dividend in FY19. The company currently has 11m options on issue with a maturity date of 31 August 2019 and a strike price of \$1.06. At the current share price, the options are in-the-money. If 100% of the options were exercised, the options would have a dilution impact of 1.3% on the pre-tax NTA as at 30 June 2018. WIC has largely traded at a discount historically given the cyclical nature of its investment portfolio and the volatility of dividends. We expect improved performance and the continued stabilisation of the dividend to continue to improve the discount level. The narrowing of the discount over the 12 months to 30 June 2018, has seen investor returns (share price plus dividends) outperforming pre-tax NTA and market returns.

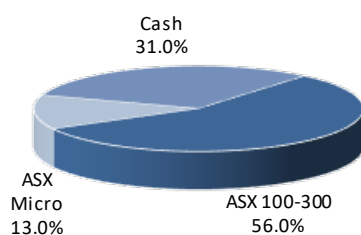
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	35.4	31.0
Materials	21.6	23.0
Industrials	20.5	19.0
Consumer Discretionary	0.0	0.0
Consumer Staples	0.0	0.0
Healthcare	0.0	0.0
Financials (ex Property)	4.3	1.0
Property	18.2	26.0
Information Technology	0.0	0.0
Telecommunication Services	0.0	0.0
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Jay Hughes	Chairman (Non-Executive)
Terry Budge	Director (Non-Executive)
Simon Joyner	Director (Non-Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	1.7	24.1	14.5	8.1
Peer Group Median (pre-tax NTA plus dividends) %*	3.3	9.2	9.2	8.3
S&P/ASX Small Ords Acc Index (%)	7.7	24.2	15.0	11.6
Out/Under performance of index (%)	-5.0	-0.2	-0.5	-3.5
Share Price + Dividends (%)	4.0	28.4	15.9	9.9
Tracking Error (%)	4.7	11.0	13.1	11.8

\*Australian mid/small cap LICs as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

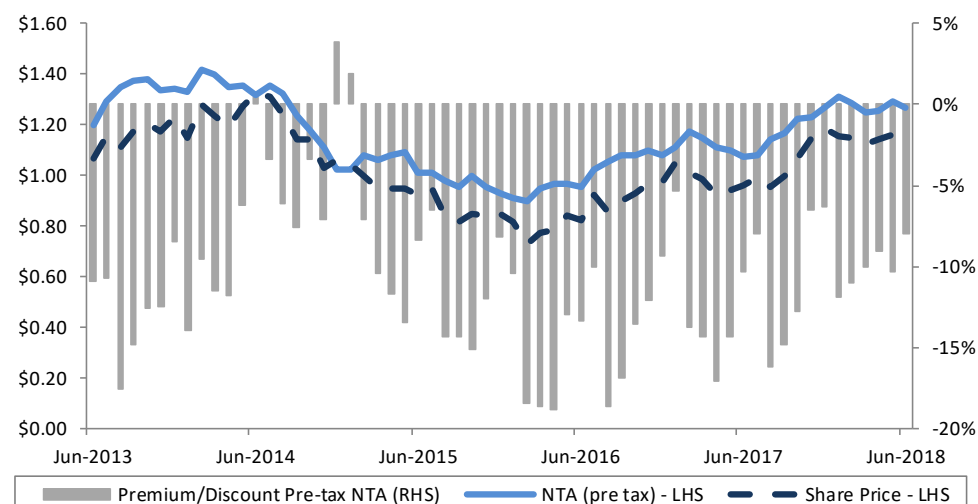
- ◆ **Dividend policy** – Objective is to pay a consistent stream of dividends to investors. The level of dividend payments will be set after considering the level of realised net profits after tax, retained earnings and availability of franking credits.
- ◆ **Capital management policy** – Share buyback in place.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes

### WIC's Portfolio Weightings (Top 10)

Code	Portfolio (%)	All Ordinaries Acc Index (%)
ATS	12.7	0.0
CWP	9.0	0.0
FRI	6.7	0.0
COE	4.4	0.0
MGX	4.0	0.0
ASB	3.7	0.0
SXE	3.7	0.0
MAH	3.6	0.0
WAF	3.3	0.0
NWH	3.0	na
	<b>54.1</b>	<b>0.2</b>

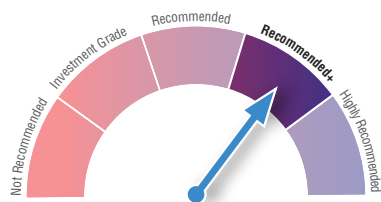
Source all figures: WIC/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Asset

Listed companies

## Investment Sectors

Diversified

## Investment Profile

Price (\$) as at 31 August 2018	4.78
Market cap (\$M)	418.2
Shares on issue (M)	87.5
Options on issue (M)	0.0
Shares traded (\$M p.a.)	32.6
12-month L/H (\$)	4.43/4.90
Listing date	1923
Fees:	
Management Fee (%)	0.25
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

As at 30 June 2018	-9.4%
3 year average	-7.8%

## Dividend Yield\*

	%
FY16	4.12ff
FY17	3.74ff
FY18	3.91ff

\*Based on FY end data.

## Largest Shareholders

	%
Fiducio Pty Ltd, Caithness Nominees Pty Ltd, AJ Gluskie and DM Gluskie	20.2
LJ Gluskie & SC Gluskie	17.7

As at 30 June 2018

## COMPANY OVERVIEW

WHF was founded in 1923 and is one of Australia's oldest listed investment companies. The company provides exposure to ASX listed industrial stocks; therefore there will be little, if any, exposure to resource and energy stocks.

## INVESTMENT OBJECTIVE

WHF seeks to provide investors with a cost effective investment, that delivers long-term capital growth and a reliable and growing dividend stream. The company seeks to generate portfolio returns that are higher than the benchmark index (S&P/ASX 200 Industrials Accumulation Index) over rolling five year periods and to provide superior risk-adjusted returns than its peers. The company seeks to achieve its objective through investment in a highly diversified portfolio of industrial securities.

## STYLE AND PROCESS

WHF seeks to own a portfolio of attractively priced, high-quality businesses with a proven or strengthening ability to deliver shareholder value. The company utilises a disciplined quantitative and qualitative process to identify and assess: (1) quality; (2) intrinsic value; and (3) mispricing, and seeks to invest where each of these elements are favourable.

## PORTFOLIO CHARACTERISTICS

WHF has a diversified portfolio containing a significant number of stocks. The majority of its holdings are in S&P/ASX 200 Industrials Index companies, providing investors with exposure to the industrials sector of the market. While the portfolio is well diversified, the top 10 stocks account for 50.7% of the portfolio, slightly higher than the benchmark index. There is a high weighting to the Financials sector with the four major banks representing 28.7% of the portfolio. The portfolio largely tends to track the benchmark index, with the portfolio having a low tracking error to the benchmark, as highlighted in the Performance table below.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

WHF provides low cost access to a diversified portfolio of Australian industrial securities. The company has \$40m in borrowings (at face value) in the form of convertible resettable preference shares which have a reset date of 30 November 2018. The company recently adjusted its objective from a longer-term outperformance objective to a medium-term objective. The company is now seeking to generate portfolio returns (before fees and taxes) that outperform the benchmark index (S&P/ASX 200 Industrials Accumulation Index) over rolling five year periods. The change was made to account for the evolution of the investment strategy with the introduction of quantitative techniques allowing for a shorter-term outlook. The company pays a consistent fully franked dividend stream, that has grown steadily since listing back in 1923. The company seeks to pay out dividends that are approximately equal to its net operating profit after tax. The company paid a final dividend in June 2018 of 9 cents per share, 5.9% above the pcg. The company paid a full year dividend for FY18 of 17.75 cents per share, an increase of 4.4% on FY17. WHF has largely traded at a discount to pre-tax NTA throughout its history. The discount expanded over the June quarter as a result of the pre-tax NTA increasing at a greater rate than the share price, with the pre-tax NTA (plus dividends) rising 6.1% compared to the share price (plus dividends) rising 0.7%.

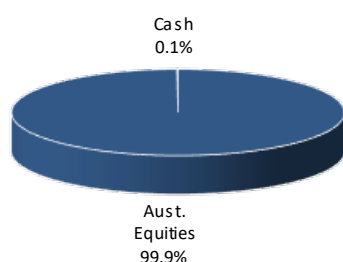
At the AGM in July, the Chairman, David Iliffe, announced that after 28 years as a Director of WHF he would be stepping down at some stage in 2018. Further details will be released throughout the year. With no ETF that provides Industrials exposure, WHF provides a cost effective option for investors looking for exposure to the Industrials index through a single trade.



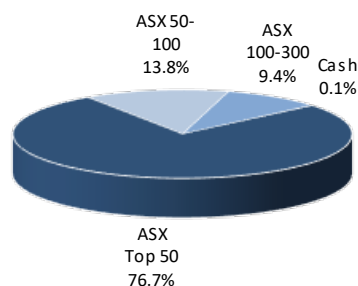
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	0.0	0.0
Materials	5.9	4.8
Industrials	9.1	9.0
Consumer Discretionary	5.5	5.3
Consumer Staples	10.5	11.4
Healthcare	10.1	11.8
Financials (ex Property)	41.2	40.1
Property	8.9	8.7
Information Technology	2.4	3.4
Telecommunication Services	3.4	2.8
Utilities	3.0	2.8

### Asset Weighting



### Size Weighting



### Board of Directors

David Iliffe	Chairman (Non-Executive)
Angus Gluskie	Director, Chief Executive Officer
Mark Beardow	Director (Non-Executive)
Martin Fowler	Director (Non-Executive)
Lance Jenkins	Director (Non-Executive)
William Seddon	Director (Executive)

Note: IIR classifies Directors that are employed by the appointed Investment Manager as Executive Directors.

## PERFORMANCE ANALYTICS

Performance	Jun Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	6.1	5.7	6.2	9.8
Peer Group Median (pre-tax NTA plus dividends), %*	7.4	10.1	6.9	8.9
S&P/ASX 200 Industrials Acc Index (%)	6.7	7.8	7.7	10.3
Out/Under performance of index (%)	-0.6	-2.0	-1.5	-0.5
Share Price + Dividends (%)	0.7	3.9	4.4	9.6
Tracking Error (%)	2.3	1.1	1.5	1.6

\*Australian Large Cap LICs as classified in the IIR monthly LIC report.

Note: All pre-tax NTA figures are after tax on realised gains and before tax on unrealised gains.

## OTHER DATA

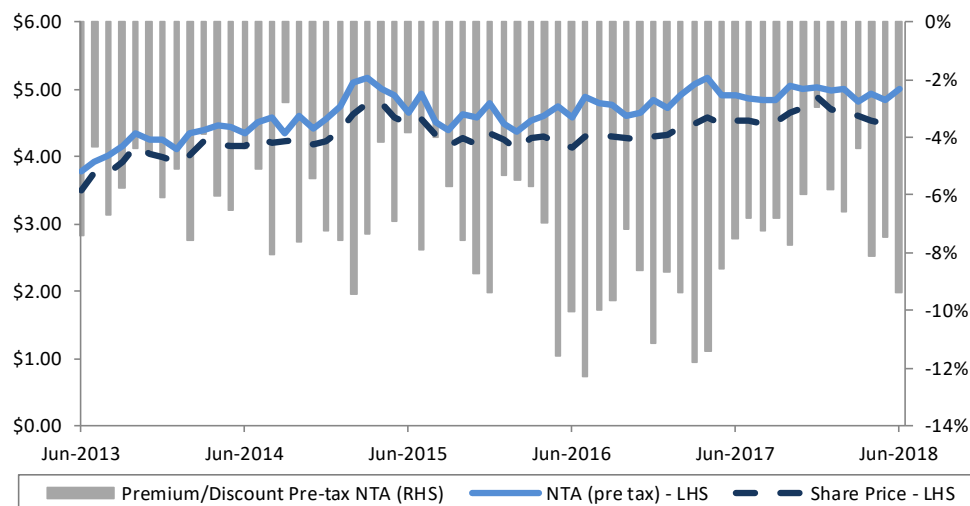
- ◆ **Dividend policy** – WHF aims to pay out dividends that are approximately equal to its net operating profit after tax. All dividends are fully franked.
- ◆ **Capital management policy** – None currently.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

## WHF'S PORTFOLIO (TOP 10) WEIGHTING

Code	Portfolio (%)	S&P/ASX 200 Industrials Index (%)
CBA	9.1	8.9
WBC	7.5	7.0
CSL	6.5	6.1
ANZ	6.5	5.7
NAB	5.6	5.2
WES	4.7	3.9
WOW	3.5	2.8
MQG	3.0	3.0
TLS	2.4	2.2
IAG	2.0	1.4
	<b>50.7</b>	<b>46.1</b>

Source all figures: WHF/Independent Investment Research/IRESS.  
All data as at 30 June 2018 unless otherwise specified.

### NTA & Share Price Performance



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