

# LISTED INVESTMENT COMPANIES AND TRUSTS.

BELL POTTER

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ABRIDGED

## LIC/LIT Reporting Standards

In this edition we discuss the common pitfalls and nuances associated with performance, the Net Asset Backing and premiums/discounts.

(Continued on page 3).

## Top Investment Picks

**Whitefield (ASX:WHF):** *Your one-stop stalwart to blend into portfolios*

Share Price	Pre-Tax NTA	Prem/Disc	Net Yield	1yr Returns	Share Price	Pre-Tax NTA
\$5.23 <sup>1</sup>	\$5.28 <sup>1</sup>	-1.0% <sup>1</sup>	3.9% <sup>1</sup>		-16.1% <sup>2</sup>	-10.5% <sup>2</sup>

WHF is one of the longest enduring LICs on the market, with a relative return awareness and low cost access point for investors to a highly diversified portfolio of industrial (i.e. non-resources) securities exposed to the long-term growth of the Australian economy, and are deemed capable of generating quality and reliable returns. WHF has either maintained or increased its annual fully franked dividend paid to shareholders, providing income certainty despite trading relatively at par to the asset backing. WHF is yielding 3.9% net (5.6% gross) on trailing 12 month dividends.

**Tribeca Global Natural Resources (ASX:TGF):** *Diversify your commodity exposure*

Share Price	Pre-Tax NTA	Prem/Disc	Net Yield	1yr Returns	Share Price	Pre-Tax NTA
\$2.30 <sup>1</sup>	\$2.56 <sup>1</sup>	-10.2% <sup>1</sup>	0.0% <sup>1</sup>		-13.2% <sup>2</sup>	-11.9% <sup>2</sup>

TGF implements an active long/short strategy across the global natural resources sector, targeting an aggressive compound annual net return that exceeds 15% over an investment period of greater than 5 years. A maximum net exposure equal to 150% of the portfolio's NAV and a gross limit of 200% is permitted. June net exposure was recorded at an all-time-high since inception of the listed strategy in October 2018, peaking at the max threshold of circa 150%. The portfolio reflects a robust outlook for base and battery metals which represented ~48% of net long exposure across copper, nickel, lithium, graphite and other specialty metal producer names. These producer equity prices have been volatile despite commodity markets remaining in deficit and strengthening fundamentals with high cash flow generation and shareholder returns. Yield and profits across the portfolio could spell an inaugural dividend for TGF.

**Qualitas Real Estate Income Fund (ASX:QRI):** *Your income solution at a discount*

Share Price	Pre-Tax NTA	Prem/Disc	Net Yield	1yr Returns	Share Price	Pre-Tax NTA
\$1.52 <sup>1</sup>	\$1.60 <sup>1</sup>	-5.4% <sup>1</sup>	5.7% <sup>1</sup>		-10.9% <sup>2</sup>	5.5% <sup>2</sup>

QRI aims to provide investors with monthly cash income and capital preservation through a portfolio of Australian originated Commercial Real Estate (CRE) loans, secured by real property mortgages that are diversified by borrower, loan type, property sector and location. The Trust seeks to achieve a Target Return equal to the prevailing RBA Cash Rate plus a margin of 5.0-6.5% p.a. net of fees and expenses, where it has consistently achieved in line. A discount has persisted of late with expectations of an economic recession and loan impairments, despite a stable NAV. The loan book has a 54% variable rate exposure that is anticipated to increase as the existing short duration assets mature. Pricing is set on the forward-looking SWAP bid rate plus a fixed risk margin which will keep an attractive spread over cash on distributions to be received by investors.

SOURCE: IRESS, COMPANY REPORTS. <sup>1</sup>AS AT 12 AUGUST 2022. <sup>2</sup>AS AT 30 JUNE 2022. 1 YEAR RETURNS INCLUDE NET DIVIDENDS. NET YIELD BASED ON LAST 12 MONTHS. PLEASE NOTE THAT HISTORICAL PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.

It is important that clients are aware that the share price of a LIC/LIT is impacted by the oscillation of the discount or premium to NTA/NAV, which should be taken into consideration when investing in LIC/LITs. We therefore advise clients to view this report in conjunction with the Bell Potter Weekly Indicative NTA. For further information please speak to your Bell Potter Adviser.

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## LIC/LIT Reporting Standards

### Calculating LIC Performance

LICs are required to publish their pre-tax and post-tax net tangible asset (NTA) value per share every month no longer than 14 days in arrears. This NTA reflects the total assets of the Company minus any intangibles, such as goodwill, and less any liabilities. Investment Entities will typically hold a mix of just cash and equities on the asset side, while investment management fees, tax and other fixed operating expenses weigh on this net figure.

LICs and LITs are additionally bound, like all listed entities for that matter, to produce semi-annual and annual financial statements that satisfy generally accepted accounting and auditing standards. These financial statements specifically require LICs and LITs to include an NTA/NAV backing for their securities at the beginning and end of a relevant reporting period, along with an explanation to the effects of any changes therein.

Investment performance figures for LICs materially differ from indices and unlisted unit trusts due to the opposite tax treatment of either structure. A LIC will incur corporate tax (30%) on realised investment positions and income while unit trusts generally do not incur tax within the structure. Drawing comparisons between a tax paying vehicle and a non tax paying vehicle therefore unfairly penalises LICs, particularly within a positive performance environment.

Issuers may therefore elect to report investment performance at the portfolio level gross of tax and transaction costs for a more like-for-like assessment. The methodology varies from issuer to issuer and it can be difficult to ascertain the workings unless you pay close attention to the footnotes. Investors should be notified of the actual LIC performance here. ASX Listing Rules also do not presently stipulate that an investment entity must publish their performance alongside the relevant benchmark in instances where the investment objective is to replicate or exceed a rate of return (however most do voluntarily as a form of best practice).

In order to compare against unit trusts and indices, performance should be calculated post management fees, performance fees (where applicable) and operating expenses; while adjusting for the impacts of tax paid to the Australian Taxation Office (ATO) with any dilution/accretion from capital adjustments. The matrix below both follows and omits this treatment to show the difference that tax can make over time.

Figure 1 - Return matrix for Global Value Fund (ASX:GVF)

Share Price	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD*
FY2022	1.8%	7.0%	-1.0%	1.3%	-2.9%	3.4%							9.6%
FY2021	4.3%	8.3%	-0.6%	2.5%	1.9%	2.9%	0.0%	2.8%	3.2%	-0.4%	-0.9%	2.7%	29.8%
FY2020	5.7%	1.5%	0.4%	3.0%	2.9%	4.2%	-2.2%	-10.0%	-1.6%	0.0%	-2.7%	0.5%	0.6%
FY2019	2.3%	-0.5%	2.9%	-4.1%	1.4%	-1.9%	1.0%	0.5%	1.1%	-2.4%	-2.5%	-1.0%	-3.4%
FY2018	-1.7%	0.4%	0.4%	3.2%	0.4%	0.9%	-1.3%	-3.9%	0.0%	-1.2%	1.4%	-1.4%	-2.9%
FY2017	3.3%	0.0%	-0.9%	3.3%	0.0%	3.7%	3.6%	-1.7%	-1.8%	1.5%	0.0%	5.0%	16.8%
FY2016	2.4%	-3.3%	1.0%	2.4%	0.0%	-1.0%	-1.5%	0.0%	0.5%	2.0%	0.5%	4.5%	7.6%
FY2015	0.0%	-1.0%	4.0%	-3.3%	-0.5%	4.0%	0.5%	4.3%	-2.7%	-1.9%	-0.5%	-1.4%	1.0%

Reported NTA^	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD*
FY2022	1.9%	2.4%	0.5%	-0.1%	1.8%	1.9%							8.7%
FY2021	1.6%	1.4%	3.2%	2.3%	5.4%	0.4%	2.6%	0.6%	-0.1%	2.9%	1.9%	1.8%	26.7%
FY2020	2.6%	0.2%	1.1%	-0.3%	2.4%	-0.5%	3.7%	-3.5%	-13.5%	2.4%	6.0%	0.8%	-0.2%
FY2019	0.3%	2.3%	-0.5%	-1.4%	-2.1%	-1.9%	0.4%	3.2%	-0.4%	1.9%	-0.3%	0.9%	2.5%
FY2018	-1.0%	0.4%	1.3%	2.3%	1.7%	-1.1%	0.7%	-0.1%	-0.3%	0.6%	-0.5%	1.8%	5.9%
FY2017	1.8%	1.9%	-0.6%	0.7%	1.8%	3.1%	-3.1%	0.4%	0.6%	1.6%	1.8%	-1.0%	9.1%
FY2016	4.8%	-2.3%	-1.3%	1.7%	-2.5%	-0.6%	-1.0%	-0.4%	-4.7%	2.4%	4.0%	-4.6%	-5.1%
FY2015	0.0%	-0.5%	4.3%	-1.0%	3.1%	2.6%	3.8%	0.9%	1.8%	-1.1%	5.6%	-1.0%	19.8%

Adjusted NTA+	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD*	Variance
FY2022	2.8%	2.4%	0.5%	0.0%	2.7%	1.9%							10.7%	+1.9%
FY2021	1.6%	1.4%	3.2%	2.7%	5.4%	1.4%	2.7%	0.7%	0.4%	2.9%	2.0%	1.8%	29.3%	+2.6%
FY2020	2.7%	0.2%	1.4%	-0.3%	2.4%	-0.5%	3.7%	-3.5%	-13.5%	2.4%	6.0%	0.8%	0.2%	+0.3%
FY2019	0.8%	2.3%	-0.5%	-1.2%	-2.1%	-1.6%	0.2%	3.2%	-0.4%	1.9%	-0.3%	0.9%	3.2%	+0.7%
FY2018	-0.9%	0.4%	1.3%	2.3%	1.7%	-0.9%	0.7%	0.8%	0.0%	1.6%	-0.5%	2.2%	9.1%	+3.2%
FY2017	2.0%	1.9%	-0.5%	0.7%	2.7%	3.1%	-2.1%	1.1%	1.8%	2.0%	2.1%	-1.0%	14.5%	+5.4%
FY2016	4.8%	-1.0%	-1.0%	2.3%	-1.9%	-0.4%	-1.0%	-0.4%	-1.7%	2.3%	4.0%	-3.0%	2.4%	+7.5%
FY2015	0.0%	-0.3%	4.3%	-1.0%	3.1%	2.6%	3.9%	1.3%	1.8%	-0.6%	5.6%	-1.0%	21.3%	+1.5%

\*Reported NTA returns are after all fees and Expenses and are Adjusted for the payment of dividends, and the effects of capital management initiatives. Geometric returns using the monthly disclosed "NTA before tax".

+Adjusted NTA returns are after all fees and Expenses and are Adjusted for the payment of taxes, dividends, and the effects of capital management initiatives. Performance data is estimated and unaudited. Source: Staude capital Ltd.

\*Refers to the full year returns for a given Financial Year, or the year-to-date returns in the current Financial Year.

SOURCE: COMPANY REPORTS, IRESS, BELL POTTER.

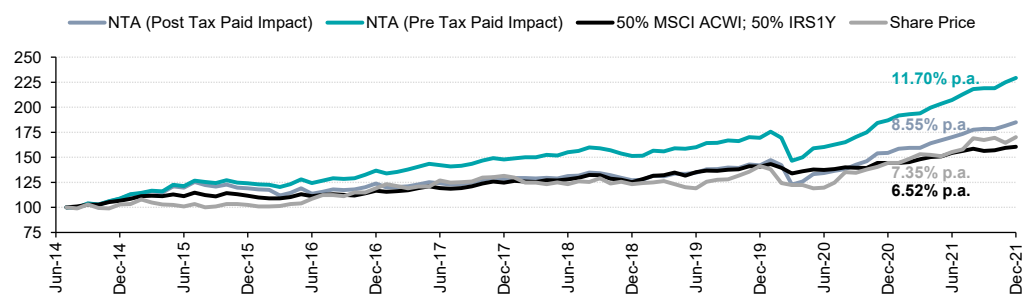
## LIC/LIT Reporting Standards

### Calculating LIC Performance

LICs do not presently report the actual monthly tax payments as cash movements per share along with monthly NTA releases. The current regime is varied, vague and creates an unfair representation for closed-end funds. Staude Capital, Investment Manager of the Global Value Fund (ASX:GVF), is the only LIC to conduct and publish a historical return series that excludes tax for a comparable treatment with unit trusts that details performance from a Company perspective.

Our performance metrics use pre-tax NTAs for the return series but inherently imply a realised tax drag until such footnotes or disclosures become available.

Figure 2 - Global Value Fund (ASX:GVF) performance indexed to 100



SOURCE: STAUDE CAPITAL LTD, COMPANY REPORTS, IRESS, BELL POTTER.

### Accounting Classification and Tax Treatment

LICs are afforded two classifications by the Australian Taxation Office (ATO) at the time of a disposal for a share investment: (1) Capital Account or (2) Revenue Account.

The fundamental question in determining this tax treatment is whether or not the profit/loss on a share investment occurs within the ordinary course of that business. Factors such as the nature of activity with a purpose of generating profit, repetition, volume and regularity in the trading of shares and the amount of capital invested will influence the designation for 'Traders'. LICs exhibiting higher portfolio turnover will record the mark-to-market movements in the fair value of investments through the income statement, as opposed to on balance sheet for those designated to be 'Investors'. The ability to attribute a higher tax liability within reporting periods is accretive for SMSF investors who seek fully franked dividends sourced through additional layers outside of the passive income earned on underlying investments. This also creates less disparity between the pre-tax and post-tax NTA as current tax liabilities fall due more regularly.

### Determining an NTA

Considering market movements to 30 June, the recent decline in performance and fair value for investments held has resulted in the opposite to what we would usually expect; post-tax NTAs are higher while pre-tax NTAs contract (i.e. a widening spread in the other direction). Realised and unrealised losses have triggered a series of tax benefits across the board that are being recognised on balance sheet and in turn shareholders' equity.

Again and as previously highlighted, investors and researchers must understand a LIC's fundamental investment style. Performance calculations should be underpinned by pre-tax figures while the NTA used as an estimate for worth will vary when compared to the share price.

Provided that Portfolio Turnover (a measure of how frequently securities in a LIC are either bought or sold over a given period) is low and deferred tax liabilities rarely fall due, then the NTA before estimated tax liabilities on unrealised gains should be used as a proxy for determining undervalued asset prices. The opposite is true for those Companies that routinely realise profitable investments. Estimated tax liabilities in this instance will become payable more frequently given the nature of business operations; and therefore an NTA after estimated tax liabilities on unrealised gains should be used.

We have adopted a conservative stance and compared the lower of pre-tax and post-tax NTA to the share price in the instance that a Company actively realises share investments. This is to avoid capturing tax benefits that would not otherwise be tangible in a liquidation event or be reasonably utilised to offset tax liabilities for the period.

## LIC/LIT Reporting Standards

## Determining an NTA

Our 'Asset Backing' column on the summary pages for each mandate uses the most relevant NTA with tax benefits excluded where applicable.

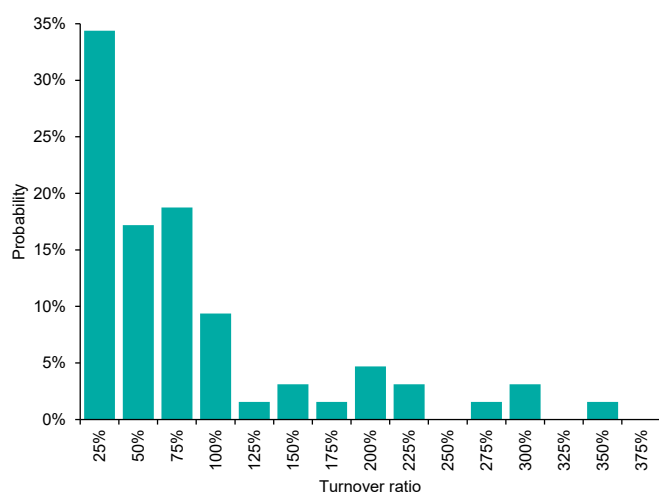
Figure 3 - Treatment within this report

ASX Code	Company/Trust Name	Investment Mandate	Market Cap (\$m)	Share/ Unit Price	Asset Backing	Prem/ Disc	Dividend LTM*	Net Yield	Franking	Gross Yield
AFI	AFIC	Large	\$9,236.6	\$7.51	\$6.63	13.3%	\$0.240	3.2%	100.00%	4.6%
ARG	Argo Investments	Large	\$6,601.2	\$8.80	\$8.45	4.1%	\$0.300	3.4%	100.00%	4.9%
AUI	Australian United Investment	Large	\$1,175.1	\$9.38	\$9.70	-3.3%	\$0.360	3.8%	100.00%	5.5%
BKI	BKI Investment	Large/Medium	\$1,233.5	\$1.66	\$1.66	0.0%	\$0.065	3.9%	100.00%	5.6%
DUI	Diversified United Investment	Large/Medium	\$983.2	\$4.60	\$4.96	-7.3%	\$0.155	3.4%	100.00%	4.8%
CIN	Carlton Investments	Large/Medium	\$750.6	\$28.35	\$36.99	-23.4%	\$0.810	2.9%	100.00%	4.1%
WLE	WAM Leaders	Large/Medium	\$1,509.7	\$1.46	\$1.37	6.3%	\$0.075	5.1%	100.00%	7.3%
WHF	Whitefield	Large/Medium	\$557.7	\$5.01	\$4.83	3.7%	\$0.205	4.1%	100.00%	5.8%
PIC	Perpetual Equity Investment	Large/Medium	\$436.2	\$1.16	\$1.19	-2.6%	\$0.056	4.8%	100.00%	6.9%
AMH	AMCIL	Large/Medium	\$333.1	\$1.08	\$1.03	4.4%	\$0.035	3.3%	100.00%	4.7%
CAM	Clime Capital	Large/Medium	\$115.0	\$0.82	\$0.79	4.5%	\$0.051	6.2%	100.00%	8.9%
FSI	Flagship Investments	Large/Medium	\$42.2	\$1.63	\$1.93	-15.5%	\$0.093	5.7%	100.00%	8.1%

SOURCE: STAUDE CAPITAL LTD, COMPANY REPORTS, IRESS, BELL POTTER.

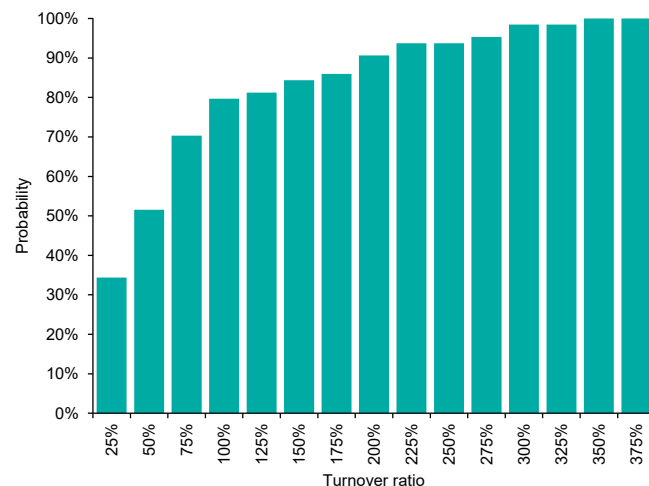
We have used Turnover Ratios as a yardstick for determining whether a Company's pre-tax or post-tax NTA is most appropriate. This amount is then compared against the share/unit price in calculating the quarterly premium or discount.

Figure 4 - LIC/LIT portfolio turnover, relative frequency



SOURCE: FY21 STATUTORY ACCOUNTS, IRESS, BELL POTTER.

Figure 5 - LIC/LIT portfolio turnover, cumulative frequency



SOURCE: FY21 STATUTORY ACCOUNTS, BELL POTTER.

Without delving too deep into the minutia of the statistics, we have deemed 68.7% to be the threshold Turnover Ratio. There was a range of 376.3% for FY21 with an arithmetic mean of 75.7%.

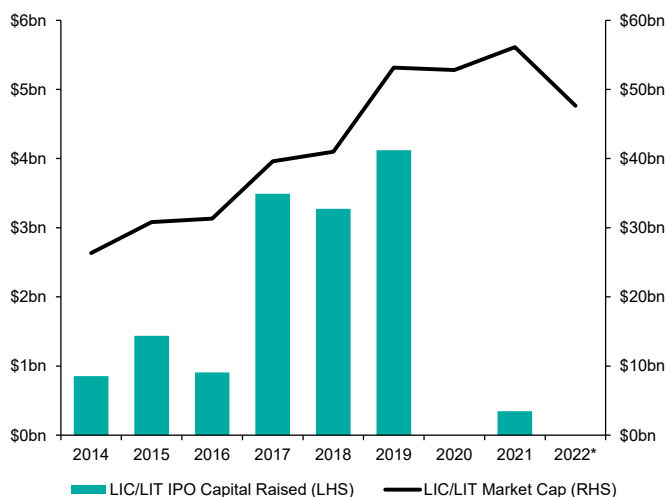
## Market Update

There was no primary market activity recorded during the June quarter. Investment Manager PIMCO was seeking to raise a target amount of \$502.5m in the previous quarter before being pulled. Rob Mead, Country Head and Co-Head of Asia Pacific Portfolio Management, said in a statement that: "In the current market environment, the level of demand did not give us confidence that the product would trade strongly in the secondary market. We therefore decided it would be in the best interests of investors not to proceed with the listing". Proceeds from the Offer would have been deployed across their multi-sector approach focused on risk-adjusted returns, instead of adopting a credit-oriented or single-sector strategy.

The Fund would have had an ability to invest in both Investment-Grade and Sub-Investment Grade Debt instruments, including Government Bonds (downside protection and predominantly a liquidity sleeve), Mortgage Credit, Corporate Credit, Emerging Market Debt and Speciality Finance. The Trust had an indicative Target Distribution Rate of between 4.75-5.75% p.a. net of fees and expenses paid monthly that would have been delivered to investors. The cancelled deal fell through despite a strong pedigree. PIMCO is one of the world's largest fixed income managers, managing over US\$2.2tn on behalf of investors globally (as at 31 Dec 21), with 50 years' experience and operations in Australia that date back to 1997. PIMCO is also considered to be a veteran closed-end manager, providing clients with access to a track record greater than 25 years. Managers with footholds onshore have recently proven to be better received by the market. PIMCO had highlighted their dedicated client servicing team and local trade floor that were thought of as positive assets during the roadshow.

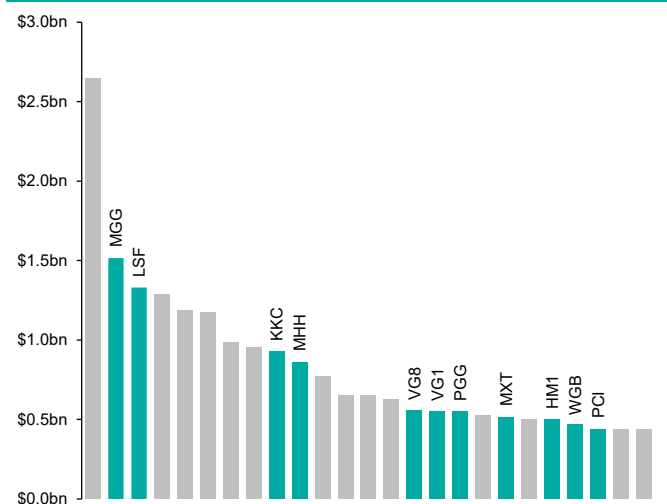
A total of 4 IPOs occurred throughout calendar year 2021, with WAM Strategic Value (ASX:WAR) scaled-back on high investor demand exceeding the \$225m subscription at \$1.25 per share in June (comprised of a \$125m entitlement allocation and a \$100m broker firm allocation), and Touch Ventures (ASX:TVL) successfully raising \$100m at \$0.40 per share in September.

Figure 6 - LIC/LIT IPOs



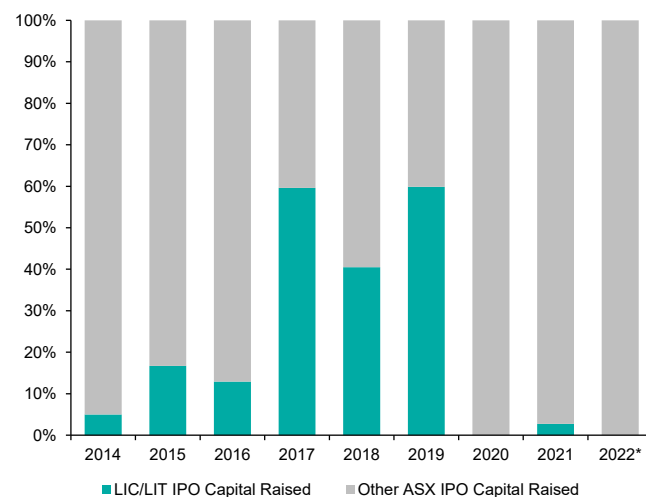
SOURCE: BLOOMBERG, BELL POTTER. \*AS AT 30 JUNE 2022.

Figure 8 - Largest ASX IPOs since 2017



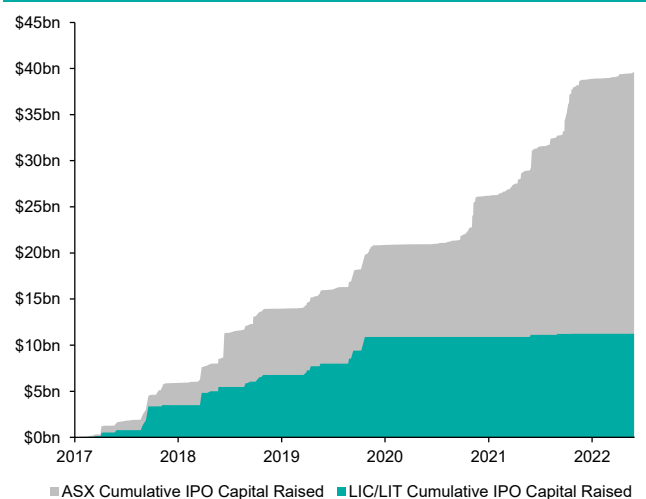
SOURCE: BLOOMBERG, BELL POTTER. AS AT 31 MARCH 2022.

Figure 7 - LIC/LITs IPOs compared to the ASX



SOURCE: BLOOMBERG, BELL POTTER. \*AS AT 30 JUNE 2022.

Figure 9 - Cumulative IPO capital raised since 2017



SOURCE: BLOOMBERG & BELL POTTER. DATA AS AT 30 JUNE 2022.

## Market Update

A total of \$308.6m was raised through the secondary markets over a range of Dividend Reinvestment Plans (DRPs), Placements, Rights Issues, Entitlement Offerings and Convertible Note issuances. Metrics Master Income Trust (ASX:MXT) was the largest beneficiary raising \$187.4m through a Wholesale Placement.

Figure 10 - 2Q22 Share Purchase Plans, Placements &amp; Entitlements

ASX Code	Company Name	Method	Shares Issued	Issue Price	Amount Raised
AIB	Aurora Global Income Trust	Placement	25,136,363	\$0.11	\$2,765,000
ARG	Argo Investments	Executive Share Plan	88,481	\$3.89	\$344,191
ECP	ECP Emerging Growth	Convertible Notes	-	\$0.00	\$12,000,000
MIR	Mirrabooka Investments	Share Purchase Plan	13,987,006	\$3.01	\$42,100,888
MXT	Metrics Master Income Trust	Placement	93,685,006	\$2.00	\$187,370,012
PE1	Pengana Private Equity Trust	Entitlement Offer	17,416,740	\$1.54	\$26,821,780
PE1	Pengana Private Equity Trust	Shortfall Offer	20,046,292	\$1.54	\$30,871,290
					<b>\$302,273,160</b>

SOURCE: COMPANY DATA, IRESS, BELL POTTER.

Figure 11 - 2Q22 Dividend Reinvestment Plans

ASX Code	Company Name	Shares Issued	DRP Price	Amount Raised
ACQ	Acorn Capital Investment Fund	626,300	\$1.31	\$817,697
CAM	Clime Capital	284,468	\$0.87	\$248,710
CDM	Cadence Capital	2,589,531	\$1.01	\$2,615,944
CDO	Cadance Opportunities Fund	175,648	\$2.57	\$451,928
D2O	Duxton Water	350,160	\$1.50	\$525,695
FGG	Future Generation Global	706,175	\$1.28	\$900,740
FGX	Future Generation Australia	912,549	\$1.34	\$1,220,042
GVF	Global Value Fund	633,354	\$1.17	\$741,456
HM1	Hearts and Minds Investments	1,817,031	\$2.88	\$5,235,230
LSF	L1 Long Short Fund	1,338,483	\$2.86	\$3,828,061
MEC	Morphic Ethical Equities Fund	70,076	\$1.08	\$75,682
MFF	MFF Capital Investments	2,104,731	\$2.50	\$5,270,878
MOT	Metrics Income Opportunities Trust	291,143	\$2.11	\$615,335
MXT	Metrics Master Income Trust	421,118	\$2.00	\$842,539
NBI	NB Global Corporate Income Trust	94,061	\$1.61	\$151,317
PAI	Platinum Asia Investments	129,473	\$0.97	\$124,941
PCI	Perpetual Credit Income Trust	102,965	\$1.09	\$112,680
PGF	PM Capital Global Opportunities Fund	586,612	\$1.67	\$982,282
PIA	Pengana International Equities	300,093	\$1.00	\$301,263
PIC	Perpetual Equity Investment Company	681,261	\$1.33	\$906,077
PMC	Platinum Capital	26,057	\$1.36	\$35,307
QRI	Qualitas Real Estate Income Fund	187,661	\$1.60	\$300,315
SNC	Sandon Capital Investments	1,251,779	\$0.85	\$1,063,511
WAA	WAM Active	364,221	\$0.95	\$344,382
WAM	WAM Capital Limited	5,534,452	\$1.90	\$10,514,850
WAR	WAM Strategic Value	125,760	\$1.18	\$147,831
WAX	WAM Research	1,110,895	\$1.64	\$1,822,368
WGB	WAM Global	997,649	\$2.00	\$1,999,259
WHF	Whitefield	360,187	\$5.29	\$1,905,389
WLE	WAM Leaders	2,114,005	\$1.54	\$3,262,142
WMA	WAM Alternative Assets	340,968	\$1.11	\$379,777
WMI	WAM Microcap	852,178	\$1.85	\$1,578,106
WQG	WCM Global Growth	824,386	\$1.36	\$1,121,165
				<b>\$50,442,902</b>

SOURCE: COMPANY DATA, IRESS, BELL POTTER.

## Market Update

Option exercises failed to be a fruitful avenue for new capital given most were quite deeply out of the money amid broad index drawdowns for the quarter. A total of just \$6.3m was obtained.

Investment managers will be keen to recoup losses and exceed high watermarks into the next calendar year, with a potential \$1,569.8m in options capital that could be exercised by this time.

Options for WCM Global Growth (ASX:WQG), Perpetual Equity Investment Company (ASX:PIC) and WAM Global (ASX:WGB) are due to expire by the conclusion of next quarter.

Figure 12 - 2Q22 Options Exercised

ASX Option Code	ASX Code	Company Name	Exercised	Exercise Price	Amount Raised	Expiry Date
FGXO	FGX	Future Generation Australia	20,000	\$1.48	\$29,600	28/04/2023
GC1AJ	GC1	Glennon Small Companies	2,240	\$0.95	\$2,128	28/04/2023
MFFOA	MFF	MFF Capital Investments	1,930,523	\$2.60*	\$5,019,360	31/10/2022
MGFO	MGF	Magellan Global Fund (Closed Class)	128,289	\$1.62	\$207,443	1/03/2024
NACOA	NAC	NAOS Ex-50 Opportunities Company	46,573	\$1.03	\$47,970	31/03/2023
PICOA	PIC	Perpetual Equity Investment Company	737,927	\$1.35	\$996,201	2/09/2022
WAAOA	WAA	WAM Active	17,118	\$1.10	\$18,830	31/10/2022
WGBO	WGB	WAM Global	113	\$2.54	\$287	12/09/2022
*AVERAGE EXERCISE PRICE					<b>\$6,321,819</b>	

SOURCE: COMPANY DATA, IRESS, BELL POTTER.

Figure 13 - 2Q22 Options Outstanding

ASX Option Code	ASX Code	Company Name	Share Price	Exercise Price	Outstanding Options	Potential Raise	Expiry Date
WQGOA	WQG	WCM Global Growth	\$1.17	\$1.50	49,651,668	\$74,477,502	31/08/2022
PICOA	PIC	Perpetual Equity Investment Company	\$1.16	\$1.35	371,334,558	\$501,301,653	2/09/2022
WGBO	WGB	WAM Global	\$1.69	\$2.54	278,453,160	\$707,271,026	12/09/2022
MFFOA	MFF	MFF Capital Investments	\$2.21	\$2.60*	81,926,543	\$213,009,012	31/10/2022
WAAOA	WAA	WAM Active	\$0.74	\$1.10	67,068,824	\$73,775,706	31/10/2022
NACOA	NAC	NAOS Ex-50 Opportunities Company	\$0.88	\$1.03	19,949,266	\$20,547,744	31/03/2023
FGXO	FGX	Future Generation Australia	\$1.14	\$1.48	400,206,835	\$592,306,116	28/04/2023
GC1AJ	GC1	Glennon Small Companies	\$0.65	\$0.95	8,763,249	\$8,325,087	28/04/2023
MGFO	MGF	Magellan Global Fund - Closed Class	\$1.34	\$1.57	1,063,389,465	\$1,667,655,212	1/03/2024
NSCOA	NSC	NAOS Small Cap Opportunities Company	\$0.73	\$1.02	50,874,164	\$51,891,647	28/06/2024
*EACH MGF OPTION WILL BE EXERCISABLE INTO ONE CLOSED CLASS UNIT WITH THE EXERCISE PRICE SET AT A 7.5% DISCOUNT TO THE ESTIMATED NET ASSET VALUE PER CLOSED CLASS UNIT AT THE PREVAILING TIME OF EXERCISE. THE 7.5% DISCOUNT WILL BE FUNDED BY MAGELLAN GROUP AND NOT BY THE MAGELLAN GLOBAL FUND OR UNITHOLDERS. THE ESTIMATED NAV (IN AUD) FOR 30 JUNE 2022 WAS \$ 16954.						<b>\$3,910,560,705</b>	

SOURCE: COMPANY DATA, IRESS, BELL POTTER.



**ECP Notes: Fixed coupon upside plus an option on the market**

During the June quarter ECP Emerging Growth (ASX: ECP) launched a redeemable, unsecured convertible note series.

**Key Terms**

- **Interest Payment:** 5.5% per annum fixed coupon payable quarterly in arrears until the Step-Up date of 11 April 2025 in each of March, June, September and December for the relevant year. Proceeding this date (3 years after the issue), the fixed coupon will be payable at 6.5% per annum provided that the prevailing 2 Year Swap Rate is above 2.5859%;
- **Mandatory:** Interest payments are non-discretionary and cumulative. Non-payment constitutes a default event. Interest accrues on the Face Value of each Note at the sum of the most recent interest rate plus a default rate of 2.0% per annum while an Event of Default occurs and is continuing, or an LTV Ratio Event occurs and is continuing. An LTV Ratio Event occurs when and if the Total Debt less Cash and Cash Equivalents, as a function of the Market Value of all Marketable Securities exceeds 50%;
- **Maturity:** Matures on 11 April 2027 (if not already redeemed or converted). The issuer will redeem the securities at the \$1.43 Face Value together with any accrued (but unpaid) interest on the series up to (but excluding) the Redemption Date for the Notes;
- **Convertibility:** Convertible into Ordinary Shares like an embedded American Option at the fixed Conversion Price of \$1.43. Therefore 1 ECP Note will convert into 1 Ordinary Share in the Parent Company. The Conversion Price was set equal to the per share net tangible asset value of the Company on 28 February 2022;
- **Size:** The Board issued \$12.5m of ECPGA Notes; and
- **Ranking:** Unsecured and unsubordinated, ranking second for payment only with respect to secured creditors (of which there are none at the time of writing). ECP Notes rank ahead of ECP Ordinary Shares.

**Application and Activity**

Largely illiquid given the issue size, albeit this is a function of the balance sheet in the Parent Company when considering the gearing amount and embedded covenants. In general we view Listed Investment Companies as favourable issuers of hybrids given the asset backing of marketable securities and usual absence of senior secured debt facilities.

The issue is another example of the depth offered to conservative investors seeking a fixed income return, accompanied with capital preservation and exposure to market upside. The structure of these Notes allow the securityholder to benefit from equity market gains, with the protection of the bond component if equity markets remain falling or stagnate over the next 5 years. Here downside risk is limited to the 5.5% fixed unfranked yield, with redemption in April 2027.

At a market price of \$1.46, ECP Notes are yielding 5.39% on a forward looking 12 month basis as compared to a 3.25% Australian Treasury Bond due 21 April 2025 yielding 3.01% on the mid price; and a 33 (2.75 Year) Month Commonwealth Bank of Australia Term Deposit yielding 1.50% on amounts between \$50,000-\$1,999,999.

This appears attractive in relative terms, especially when the Implied 1 Month Spot Rate out to April 2025 is 3.5572% on Bell Potter estimates averaged across our bootstrapped Yield Curve. The current 2 Year Swap Rate is 3.480%, which all things being equal, would increase the fixed coupon payable to 6.5% from 11 April 2025. Couple this with the embedded option on the market and Convertible Notes appear to be interesting security within the context of today's volatile and uncertain market conditions.

The current premium to par likely reflects the demand for a fixed income yield with some interest rate protection and an embedded call option.

## Convertible Securities

Figure 14 - Listed Convertible Notes From LIC Issuers

Company Name	Naos Ex-50 Opportunities Company	Naos Emerging Opportunities Company	Flagship Investments	Clime Capital	Global Masters Fund	ECP Emerging Growth
ASX Code	NAC	NCC	FSI	CAM	GFL	ECP
Share Price	\$0.87	\$0.88	\$1.61	\$0.82	\$2.08	\$1.08
Market Capitalisation	\$39.4m	\$60.6m	\$42.1m	\$115.0m	\$22.3m	\$20.2m
Convertible ASX Code	NACGA	NCCGA	FSIGA	CAMG	GFLGA	ECPGA
Face Value	\$100.00	\$100.00	\$2.70	\$1.00	\$3.10	\$1.43
Security Price	\$94.20	\$90.00	\$2.60	\$0.97	\$3.15	\$1.46
Conversion Price	\$1.15	\$1.15	\$2.70	\$1.00	\$3.10	\$1.43
Option Expiry (American)	30/09/2025	30/09/2026	17/09/2026	30/11/2025	10/11/2026	29/03/2027
Fixed Interest Rate	5.50%	4.50%	5.50%	5.25%	5.50%	5.50%
First Call	30/09/2025	30/09/2026	30/09/2024	n/a	23/11/2024	11/04/2025
Interest Rate Post First	6.50%	5.50%	6.50%	n/a	6.50%	6.50%
Second Call	30/09/2026	30/09/2027	n/a	n/a	n/a	n/a
Interest Rate Post Second	7.50%	6.50%	n/a	n/a	n/a	n/a
Maturity Date	30/09/2027	30/09/2028	1/10/2026	30/11/2025	24/11/2026	11/04/2027
Issue Size	\$17.5m	\$23.0m	\$20.0m	\$35.0m	\$10.0m	\$12.5m
Issue Size / Market Cap.	44.44%	37.98%	47.45%	30.44%	44.83%	61.96%
Gearing Covenant	45% (Net Debt / Portfolio)	50% (Net Debt / Portfolio)	50% (Net Debt / Portfolio)	40% (Total Debt / Total Assets)	50% (Net Debt / Portfolio)	50% (Net Debt / Portfolio)
Covenant Step-Up Margin	2.00%	2.00%	2.00%	n/a	2.00%	2.00%

SOURCE: COMPANY DATA, IRESS, BELL POTTER.

Figure 15 - Listed Convertible Notes Fair Value

Disc Rate	Coupon	Last	Fair Price	Low	Low-Mid	High-Mid	High	
Opt Val	\$2.688	8.08%	\$2.69	\$2.69	\$2.69	\$2.69	\$2.69	Attractive Fair Expensive
Buy	NACGA	\$95.00	\$98.56	\$96.66	\$97.92	\$99.21	\$100.52	96.66 97.92 98.56 99.21 100.52
4.25%	5.50%							
Opt Val	\$10.307	7.86%	\$10.31	\$10.31	\$10.31	\$10.31	\$10.31	Attractive Fair Expensive
Buy	NCCGA	\$89.97	\$100.34	\$98.02	\$99.56	\$101.13	\$102.74	98.02 99.56 100.34 101.13 102.74
4.25%	4.50%							
Opt Val	\$0.000	7.40%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Attractive Fair Expensive
Buy	FSIGA	\$2.60	\$2.64	\$2.60	\$2.63	\$2.65	\$2.68	2.60 2.63 2.64 2.65 2.68
3.50%	5.50%							
Opt Val	\$0.070	5.82%	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	Attractive Fair Expensive
Buy	CAMG	\$0.98	\$1.03	\$1.01	\$1.03	\$1.04	\$1.05	1.01 1.03 1.03 1.04 1.05
3.50%	5.25%							
Opt Val	\$0.000	5.51%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Attractive Fair Expensive
Sell	GFLGA	\$3.10	\$2.98	\$2.94	\$2.97	\$3.00	\$3.03	2.94 2.97 2.98 3.00 3.03
4.25%	5.50%							
Opt Val	\$0.081	4.66%	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	Attractive Fair Expensive
Sell	ECPGA	\$1.46	\$1.45	\$1.43	\$1.44	\$1.46	\$1.47	1.43 1.44 1.45 1.46 1.47
4.25%	5.50%							

SOURCE: COMPANY DATA, IRESS, BLOOMBERG, BELL POTTER. ASSUMES 20% EQUITY VOLATILITY AS A BASE CASE FOR OPTION VALUATION. AS AT 12 AUGUST 2022.

## Convertible Securities

Figure 16 - Naos Ex-50 Opportunities Unsecured Convertible Notes (NACGA)

INVESTMENT DATA					DIVIDEND DETAILS									
Rating	Unrated				Cum/Ex Dividend	Cum Div								
ASX Code	NACGA				Last Pay	31-Mar-22								
Security Price (Last)	\$95.00				Ex Dividend	21-Sep-22								
Securities on Issue (m)	0.18m				Dividend Payable	30-Sep-22								
Market Capitalisation (\$m)	\$16.6m				Dividend Amount	\$2.7600								
Issue Size (\$m)	\$17.5m				Franking	0.00%								
Issue Date	20-November-20				Dividend Frequency	Half Yearly								
52 Week Low/High	\$94.00 / \$108.11				Cumulative / Non Cumulative	Mandatory								
Gross Running Yield	5.79%				Accrued Income	\$2.0210								
Swap	3.53%				Gross Yield to Maturity	8.08%								
Gross Margin to Swap	2.26%				ISSUER DIVDEND DETAILS									
Gross YTM to Swap	4.54%													
Fair Valuation Margin	4.25%				Cum/Ex Dividend	Cum								
KEY DETAILS					Last Pay	6-Jun-22								
					Ex Dividend									
					Dividend Payable									
					Historical Dividend Amount	\$0.0635								
					Franking	100.00%								
					Dividend Frequency	Quarterly								
					Dividend Yield	7.02%								
					ISSUER DETAILS									
Parent Company	Naos Ex-50 Opportunities													
Parent ASX Code	NAC													
Parent Share Price (Last)	\$0.91													
CONVERSION / RESET					Credit Rating	Unrated								
					Rating Outlook	n/a								
					Franking Balance (\$m) 30-Jun-21	\$0.72								
					Interest Cover (EBITDA/NI)	n/a								
CASH FLOW PROJECTIONS					Gearing	n/a								
					Gearing Covenant	45% (Net Debt / Portfolio)								
					EOM	Cash	Franking	Gross	Franking	Payable	Ex Div	Books Close	Days	Actual
					30-Sep-25	\$2.7600	\$0.0000	\$2.7600	0.00%	30-Sep-25	19-Sep-25	22-Sep-25	183	5.50%
31-Mar-25	\$2.7400	\$0.0000	\$2.7400	0.00%	31-Mar-25	20-Mar-25	21-Mar-25	182	5.50%					
30-Sep-24	\$2.7300	\$0.0000	\$2.7300	0.00%	30-Sep-24	19-Sep-24	20-Sep-24	181	5.50%					
30-Apr-24	\$2.7600	\$0.0000	\$2.7600	0.00%	2-Apr-24	22-Mar-24	25-Mar-24	183	5.50%					
31-Oct-23	\$2.7900	\$0.0000	\$2.7900	0.00%	2-Oct-23	21-Sep-23	22-Sep-23	185	5.50%					
31-Mar-23	\$2.7400	\$0.0000	\$2.7400	0.00%	31-Mar-23	22-Mar-23	23-Mar-23	182	5.50%					
30-Sep-22	\$2.7600	\$0.0000	\$2.7600	0.00%	30-Sep-22	21-Sep-22	22-Sep-22	183	5.50%					
31-Mar-22	\$2.7400	\$0.0000	\$2.7400	0.00%	31-Mar-22	22-Mar-22	23-Mar-22	182	5.50%					
30-Sep-21	\$2.7600	\$0.0000	\$2.7600	0.00%	30-Sep-21	21-Sep-21	22-Sep-21	183	5.50%					
31-Mar-21	\$1.9700	\$0.0000	\$1.9700	0.00%	31-Mar-21	22-Mar-21	23-Mar-21	131	5.50%					
GROSS YIELD TO MATURITY (INCLUDING PREMIUM/DISCOUNT TO CONVERSION)														
8.077%														
PRESENT VALUE MATRIX														
IIR	8.542%	8.042%	7.792%	7.542%	7.042%	Swap	3.54%							
Interest	\$16.6275	\$16.7635	\$16.8323	\$16.9016	\$17.0420	Fair Margin	4.25%							
Face Value	\$77.3272	\$78.4554	\$79.0276	\$79.6053	\$80.7776									
Sum	\$93.9547	\$95.2188	\$95.8599	\$96.5070	\$97.8196									
REFERENCE RATES														
14-Aug-22														
1 Month BBSW	1.846%	2 Year Swap	3.500%											
2 Month BBSW	2.042%	3 Year Swap	3.524%											
3 Month BBSW	2.270%	4 Year Swap	3.658%											
4 Month BBSW	2.512%	5 Year Swap	3.681%											
5 Month BBSW	2.730%	7 Year Swap	3.770%											
6 Month BBSW	2.911%	10 Year Swap	3.870%											
1 Year Swap	3.342%	SOURCE: IRESS.												

SOURCE: COMPANY REPORTS, IRESS, BELL POTTER ESTIMATES. AS AT 12 AUGUST 2022.

## Convertible Securities

Figure 17 - Naos Emerging Opportunities Unsecured Convertible Notes (NCCGA)

INVESTMENT DATA						DIVIDEND DETAILS					
Rating	Unrated					Cum/Ex Dividend			Cum Div		
ASX Code	NCCGA					Last Pay			0-Jan-00		
Security Price (Last)	\$89.97					Ex Dividend			21-Sep-22		
Securities on Issue (m)	0.23m					Dividend Payable			30-Sep-22		
Market Capitalisation (\$m)	\$20.7m					Dividend Amount			\$2.2600		
Issue Size (\$m)	\$23.0m					Franking			0.00%		
Issue Date	15-April-21					Dividend Frequency			Half Yearly		
52 Week Low/High	\$89.00 / \$102.73					Cumulative / Non Cumulative			Mandatory		
Gross Running Yield	5.00%					Accrued Income			\$1.6549		
Swap	3.65%					Gross Yield to Maturity			7.86%		
Gross Margin to Swap	1.35%					ISSUER DIVDEND DETAILS					
Gross YTM to Swap	4.21%										
Fair Valuation Margin	4.25%										
KEY DETAILS						Cum/Ex Dividend			Cum		
Par Value	\$100.00					Last Pay			21-Apr-22		
Conversion Price	\$1.15					Ex Dividend					
Adjusted Exercise Price	\$1.04					Dividend Payable					
Conversion Ratio	86.9565					Historical Dividend Amount			\$0.0750		
Coupon	4.50%					Franking			100.00%		
Spread	0.85%					Dividend Frequency			Half Yearly		
Days to Maturity	1,507					Dividend Yield			8.33%		
Years to Maturity	4.14					ISSUER DETAILS					
CONVERSION / RESET											
Redemption	30-Sep-26										
Value of Shares on Conversion	\$78.26					Parent Company			Naos Emerging Opportunities		
Step-Up Margin	1.00%					Parent ASX Code			NCC		
Step 1 Coupon	5.50%					Parent Share Price (Last)			\$0.90		
Step 2 Coupon	6.50%					Credit Rating			Unrated		
Premium (Discount) to Last Issue Price	-13.01%					Rating Outlook			n/a		
CASH FLOW PROJECTIONS						Franking Balance (\$m) 30-Jun-21			\$0.12		
EOM	Cash	Franking	Gross	Franking	Payable	Ex Div	Books Close	Days	Actual		
30-Sep-26	\$2.2600	\$0.0000	\$2.2600	0.00%	30-Sep-26	21-Sep-26	22-Sep-26	183	4.50%		
31-Mar-26	\$2.2400	\$0.0000	\$2.2400	0.00%	31-Mar-26	22-Mar-26	23-Mar-26	182	4.50%		
30-Sep-25	\$2.2600	\$0.0000	\$2.2600	0.00%	30-Sep-25	21-Sep-25	22-Sep-25	183	4.50%		
31-Mar-25	\$2.2400	\$0.0000	\$2.2400	0.00%	31-Mar-25	22-Mar-25	23-Mar-25	182	4.50%		
30-Sep-24	\$2.2600	\$0.0000	\$2.2600	0.00%	30-Sep-24	21-Sep-24	22-Sep-24	183	4.50%		
31-Mar-24	\$2.2600	\$0.0000	\$2.2600	0.00%	31-Mar-24	22-Mar-24	23-Mar-24	183	4.50%		
30-Sep-23	\$2.2600	\$0.0000	\$2.2600	0.00%	30-Sep-23	21-Sep-23	22-Sep-23	183	4.50%		
31-Mar-23	\$2.2400	\$0.0000	\$2.2400	0.00%	31-Mar-23	22-Mar-23	23-Mar-23	182	4.50%		
30-Sep-22	\$2.2600	\$0.0000	\$2.2600	0.00%	30-Sep-22	21-Sep-22	22-Sep-22	183	4.50%		
31-Mar-22	\$2.2400	\$0.0000	\$2.2400	0.00%	31-Mar-22	22-Mar-22	23-Mar-22	182	4.50%		
30-Sep-21	\$2.0700	\$0.0000	\$2.0700	0.00%	30-Sep-21	21-Sep-21	22-Sep-21	168	4.50%		
GROSS YIELD TO MATURITY (INCLUDING PREMIUM/DISCOUNT TO CONVERSION)											
7.863%											
PRESENT VALUE MATRIX											
IIR	8.651%	8.151%	7.901%	7.651%	7.151%	Swap			3.65%		
Interest	\$16.7778	\$16.9503	\$17.0377	\$17.1259	\$17.3049	Fair Margin			4.25%		
Face Value	\$70.9470	\$72.3138	\$73.0094	\$73.7134	\$75.1469						
Sum	\$87.7248	\$89.2640	\$90.0471	\$90.8393	\$92.4517						

SOURCE: COMPANY REPORTS, IRESS, BELL POTTER ESTIMATES. AS AT 12 AUGUST 2022.

## Convertible Securities

Figure 18 - Clime Capital Unsecured Convertible Notes (CAMG)

INVESTMENT DATA					DIVIDEND DETAILS					
Rating	Unrated				Cum/Ex Dividend	Cum Div				
ASX Code	CAMG				Last Pay	2-Dec-22				
Security Price (Last)	\$0.98				Ex Dividend	1-Sep-22				
Securities on Issue (m)	36.50m				Dividend Payable	9-Sep-22				
Market Capitalisation (\$m)	\$35.9m				Dividend Amount	\$0.0132				
Issue Size (\$m)	\$35.0m				Franking	0.00%				
Issue Date	1-December-21				Dividend Frequency	Quarterly				
52 Week Low/High	\$0.96 / \$1.02				Cumulative / Non Cumulative	Mandatory				
Gross Running Yield	5.34%				Accrued Income	\$0.0092				
Swap	3.55%				Gross Yield to Maturity	5.82%				
Gross Margin to Swap	1.79%				ISSUER DIVDEND DETAILS					
Gross YTM to Swap	2.27%									
Fair Valuation Margin	3.50%				Cum/Ex Dividend	Cum				
KEY DETAILS					Last Pay	28-Jul-22				
					Ex Dividend					
Par Value	\$1.00				Dividend Payable					
Conversion Price	\$1.00				Historical Dividend Amount	\$0.0511				
Adjusted Exercise Price	\$0.96				Franking	100.00%				
Conversion Ratio	1.0000				Dividend Frequency	Quarterly				
Coupon	5.25%				Dividend Yield	6.01%				
Spread	1.70%				ISSUER DETAILS					
Days to Maturity	1,203									
Years to Maturity	3.30				Parent Company	Clime Capital				
CONVERSION / RESET					Parent ASX Code	CAM				
					Parent Share Price (Last)	\$0.85				
Redemption	30-Nov-25				Credit Rating	Unrated				
Value of Shares on Conversion	\$85.00				Rating Outlook	n/a				
Step-Up Margin	1.00%				Franking Balance (\$m) 30-Jun-21	\$0.93				
Step 1 Coupon	n/a				Interest Cover (EBITDA/NI)	n/a				
Step 2 Coupon	n/a				Gearing	n/a				
Premium (Discount) to Last Issue Price	-13.53%				Gearing Covenant	40% (Total Debt / Assets)				
CASH FLOW PROJECTIONS										
EOM	Cash	Franking	Gross	Franking	Payable	Ex Div	Books Close	Days	Actual	
30-Sep-25	\$0.0132	\$0.0000	\$0.0132	0.00%	9-Sep-25	1-Sep-25	2-Sep-25	92	5.25%	
30-Jun-25	\$0.0132	\$0.0000	\$0.0132	0.00%	9-Jun-25	1-Jun-25	2-Jun-25	92	5.25%	
31-Mar-25	\$0.0129	\$0.0000	\$0.0129	0.00%	9-Mar-25	1-Mar-25	2-Mar-25	90	5.25%	
31-Dec-24	\$0.0131	\$0.0000	\$0.0131	0.00%	9-Dec-24	1-Dec-24	2-Dec-24	91	5.25%	
30-Sep-24	\$0.0132	\$0.0000	\$0.0132	0.00%	9-Sep-24	1-Sep-24	2-Sep-24	92	5.25%	
30-Jun-24	\$0.0132	\$0.0000	\$0.0132	0.00%	9-Jun-24	1-Jun-24	2-Jun-24	92	5.25%	
31-Mar-24	\$0.0131	\$0.0000	\$0.0131	0.00%	9-Mar-24	1-Mar-24	2-Mar-24	91	5.25%	
31-Dec-23	\$0.0131	\$0.0000	\$0.0131	0.00%	9-Dec-23	1-Dec-23	2-Dec-23	91	5.25%	
30-Sep-23	\$0.0132	\$0.0000	\$0.0132	0.00%	9-Sep-23	1-Sep-23	2-Sep-23	92	5.25%	
30-Jun-23	\$0.0132	\$0.0000	\$0.0132	0.00%	9-Jun-23	1-Jun-23	2-Jun-23	92	5.25%	
31-Mar-23	\$0.0129	\$0.0000	\$0.0129	0.00%	9-Mar-23	1-Mar-23	2-Mar-23	90	5.25%	
31-Dec-22	\$0.0131	\$0.0000	\$0.0131	0.00%	9-Dec-22	1-Dec-22	2-Dec-22	91	5.25%	
30-Sep-22	\$0.0132	\$0.0000	\$0.0132	0.00%	9-Sep-22	1-Sep-22	2-Sep-22	92	5.25%	
30-Jun-22	\$0.0132	\$0.0000	\$0.0132	0.00%	9-Jun-22	1-Jun-22	2-Jun-22	92	5.25%	
31-Mar-22	\$0.0129	\$0.0000	\$0.0129	0.00%	9-Mar-22	1-Mar-22	2-Mar-22	90	5.25%	
GROSS YIELD TO MATURITY (INCLUDING PREMIUM/DISCOUNT TO CONVERSION)										
5.822%										
PRESENT VALUE MATRIX										
IIR	7.804%	7.304%	7.054%	6.804%	6.304%	Swap		3.55%		
Interest	\$0.1485	\$0.1498	\$0.1504	\$0.1511	\$0.1524	Fair Margin		3.50%		
Face Value	\$0.7947	\$0.8061	\$0.8119	\$0.8177	\$0.8295					
Sum	\$0.9432	\$0.9559	\$0.9623	\$0.9688	\$0.9819					
REFERENCE RATES										
14-Aug-22										
1 Month BBSW	1.846%	2 Year Swap		3.490%						
2 Month BBSW	2.042%	3 Year Swap		3.514%						
3 Month BBSW	2.270%	4 Year Swap		3.648%						
4 Month BBSW	2.512%	5 Year Swap		3.671%						
5 Month BBSW	2.730%	7 Year Swap		3.765%						
6 Month BBSW	2.911%	10 Year Swap		3.865%						
1 Year Swap	3.338%	SOURCE: IRESS.								

SOURCE: COMPANY REPORTS, IRESS, BELL POTTER ESTIMATES. AS AT 12 AUGUST 2022.

## Convertible Securities

Figure 19 - Flagship Investments Unsecured Convertible Notes (FSIGA)

INVESTMENT DATA						DIVIDEND DETAILS														
Rating	Unrated					Cum/Ex Dividend	Cum Div													
ASX Code	FSIGA					Last Pay	23-Dec-21													
Security Price (Last)	\$2.60					Ex Dividend	22-Sep-22													
Securities on Issue (m)	7.41m					Dividend Payable	30-Sep-22													
Market Capitalisation (\$m)	\$19.3m					Dividend Amount	\$0.0374													
Issue Size (\$m)	\$20.0m					Franking	0.00%													
Issue Date	1-October-21					Dividend Frequency	Quarterly													
52 Week Low/High	\$2.56 / \$3.00					Cumulative / Non Cumulative	Mandatory													
Gross Running Yield	5.71%					Accrued Income	\$0.0175													
Swap	3.49%					Gross Yield to Maturity	7.40%													
Gross Margin to Swap	2.22%					ISSUER DIVIDEND DETAILS														
Gross YTM to Swap	3.91%																			
Fair Valuation Margin	3.50%																			
KEY DETAILS																				
Par Value	\$2.70					Cum/Ex Dividend	Ex													
Conversion Price	\$2.70					Last Pay	24-Feb-22													
Adjusted Exercise Price	\$2.64					Ex Dividend	11-Aug-22													
Conversion Ratio	1.0000					Dividend Payable	26-Aug-22													
Coupon	5.50%					Historical Dividend Amount	\$0.0925													
Spread	2.01%					Franking	100.00%													
Days to Maturity	777					Dividend Frequency	Half Yearly													
Years to Maturity	2.14					Dividend Yield	5.44%													
CONVERSION / RESET						ISSUER DETAILS														
						Redemption					30-Sep-24									
						Value of Shares on Conversion					\$62.96									
						Step-Up Margin					1.00%									
Step 1 Coupon					6.50%					Parent Company					Flagship Investments					
Step 2 Coupon					n/a					Parent ASX Code					FSI					
Premium (Discount) to Last Issue Price					-34.62%					Parent Share Price (Last)					\$1.70					
CASH FLOW PROJECTIONS											Credit Rating					Unrated				
EOM	Cash	Franking	Gross	Franking	Payable	Ex Div	Books Close	Days	Actual											
30-Sep-24	\$0.0374	\$0.0000	\$0.0374	0.00%	30-Sep-24	22-Sep-24	23-Sep-24	92	5.50%											
30-Jun-24	\$0.0370	\$0.0000	\$0.0370	0.00%	30-Jun-24	22-Jun-24	23-Jun-24	91	5.50%											
31-Mar-24	\$0.0370	\$0.0000	\$0.0370	0.00%	31-Mar-24	22-Mar-24	23-Mar-24	91	5.50%											
31-Dec-23	\$0.0374	\$0.0000	\$0.0374	0.00%	31-Dec-23	22-Dec-23	23-Dec-23	92	5.50%											
30-Sep-23	\$0.0374	\$0.0000	\$0.0374	0.00%	30-Sep-23	22-Sep-23	23-Sep-23	92	5.50%											
30-Jun-23	\$0.0370	\$0.0000	\$0.0370	0.00%	30-Jun-23	22-Jun-23	23-Jun-23	91	5.50%											
31-Mar-23	\$0.0366	\$0.0000	\$0.0366	0.00%	31-Mar-23	22-Mar-23	23-Mar-23	90	5.50%											
31-Dec-22	\$0.0374	\$0.0000	\$0.0374	0.00%	31-Dec-22	22-Dec-22	23-Dec-22	92	5.50%											
30-Sep-22	\$0.0374	\$0.0000	\$0.0374	0.00%	30-Sep-22	22-Sep-22	23-Sep-22	92	5.50%											
30-Jun-22	\$0.0370	\$0.0000	\$0.0370	0.00%	30-Jun-22	22-Jun-22	23-Jun-22	91	5.50%											
31-Mar-22	\$0.0366	\$0.0000	\$0.0366	0.00%	31-Mar-22	22-Mar-22	23-Mar-22	90	5.50%											
31-Dec-21	\$0.0370	\$0.0000	\$0.0370	0.00%	31-Dec-21	22-Dec-21	23-Dec-21	91	5.50%											
GROSS YIELD TO MATURITY (INCLUDING PREMIUM/DISCOUNT TO CONVERSION)											Gearing					n/a				
7.400%											Gearing Covenant					50% (Net Debt / Portfolio)				
PRESENT VALUE MATRIX											Gearing					n/a				
IIR	7.743%	7.243%	6.993%	6.743%	6.243%	Swap					3.49%									
Interest	\$0.3008	\$0.3028	\$0.3038	\$0.3048	\$0.3068	Fair Margin					3.50%									
Face Value	\$2.3022	\$2.3252	\$2.3368	\$2.3486	\$2.3722															
Sum	\$2.6030	\$2.6280	\$2.6406	\$2.6533	\$2.6791															
REFERENCE RATES																				
14-Aug-22																				
1 Month BBSW		1.846%	2 Year Swap		3.490%															
2 Month BBSW		2.042%	3 Year Swap		3.514%															
3 Month BBSW		2.270%	4 Year Swap		3.648%															
4 Month BBSW		2.512%	5 Year Swap		3.671%															
5 Month BBSW		2.730%	7 Year Swap		3.765%															
6 Month BBSW		2.911%	10 Year Swap		3.865%															
1 Year Swap		3.335%	SOURCE: IRESS.																	

SOURCE: COMPANY REPORTS, IRESS, BELL POTTER ESTIMATES. AS AT 12 AUGUST 2022.

## Convertible Securities

Figure 20 - Global Masters Fund Unsecured Convertible Notes (GFLGA)

INVESTMENT DATA						DIVIDEND DETAILS					
Rating	Unrated					Cum/Ex Dividend	Cum Div				
ASX Code	GFLGA					Last Pay	23-Mar-22				
Security Price (Last)	\$3.10					Ex Dividend	22-Sep-22				
Securities on Issue (m)	3.23m					Dividend Payable	30-Sep-22				
Market Capitalisation (\$m)	\$10.0m					Dividend Amount	\$0.0430				
Issue Size (\$m)	\$10.0m					Franking	0.00%				
Issue Date	24-November-21					Dividend Frequency	Quarterly				
52 Week Low/High	\$3.10 / \$3.39					Cumulative / Non Cumulative	Mandatory				
Gross Running Yield	5.50%					Accrued Income	\$0.0201				
Swap	3.48%					Gross Yield to Maturity	5.51%				
Gross Margin to Swap	2.02%					ISSUER DIVIDEND DETAILS					
Gross YTM to Swap	2.02%										
Fair Valuation Margin	4.25%					Cum/Ex Dividend					
KEY DETAILS						Last Pay	n/a				
						Ex Dividend					
Par Value	\$3.10					Dividend Payable					
Conversion Price	\$3.10					Historical Dividend Amount	\$0.0000				
Adjusted Exercise Price	\$2.96					Franking	n/a				
Conversion Ratio	1.0000					Dividend Frequency	n/a				
Coupon	5.50%					Dividend Yield	0.00%				
Spread	2.02%					ISSUER DETAILS					
Days to Maturity	831										
Years to Maturity	2.28					Parent Company	Global Masters Fund				
CONVERSION / RESET						Parent ASX Code	GFL				
						Parent Share Price (Last)	\$2.39				
Redemption	23-Nov-24					Credit Rating	Unrated				
Value of Shares on Conversion	\$77.10					Rating Outlook	n/a				
Step-Up Margin	1.00%					Franking Balance (\$m) 30-Jun-21	n/a				
Step 1 Coupon	6.50%					Interest Cover (EBITDA/NI)	n/a				
Step 2 Coupon	n/a					Gearing	n/a				
Premium (Discount) to Last Issue Price	-22.90%					Gearing Covenant	50% (Net Debt / Portfolio)				
CASH FLOW PROJECTIONS											
EOM	Cash	Franking	Gross	Franking	Payable	Ex Div	Books Close	Days	Actual		
30-Nov-24	\$0.0252	\$0.0000	\$0.0252	0.00%	23-Nov-24	21-Nov-24	22-Nov-24	54	5.50%		
30-Sep-24	\$0.0430	\$0.0000	\$0.0430	0.00%	30-Sep-24	22-Sep-24	23-Sep-24	92	5.50%		
30-Jun-24	\$0.0425	\$0.0000	\$0.0425	0.00%	30-Jun-24	22-Jun-24	23-Jun-24	91	5.50%		
31-Mar-24	\$0.0425	\$0.0000	\$0.0425	0.00%	31-Mar-24	22-Mar-24	23-Mar-24	91	5.50%		
31-Dec-23	\$0.0430	\$0.0000	\$0.0430	0.00%	31-Dec-23	22-Dec-23	23-Dec-23	92	5.50%		
30-Sep-23	\$0.0430	\$0.0000	\$0.0430	0.00%	30-Sep-23	22-Sep-23	23-Sep-23	92	5.50%		
30-Jun-23	\$0.0425	\$0.0000	\$0.0425	0.00%	30-Jun-23	22-Jun-23	23-Jun-23	91	5.50%		
31-Mar-23	\$0.0420	\$0.0000	\$0.0420	0.00%	31-Mar-23	22-Mar-23	23-Mar-23	90	5.50%		
31-Dec-22	\$0.0430	\$0.0000	\$0.0430	0.00%	31-Dec-22	22-Dec-22	23-Dec-22	92	5.50%		
30-Sep-22	\$0.0430	\$0.0000	\$0.0430	0.00%	30-Sep-22	22-Sep-22	23-Sep-22	92	5.50%		
30-Jun-22	\$0.0425	\$0.0000	\$0.0425	0.00%	30-Jun-22	22-Jun-22	23-Jun-22	91	5.50%		
31-Mar-22	\$0.0420	\$0.0000	\$0.0420	0.00%	31-Mar-22	22-Mar-22	23-Mar-22	90	5.50%		
31-Dec-21	\$0.0173	\$0.0000	\$0.0173	0.00%	31-Dec-21	22-Dec-21	23-Dec-21	37	5.50%		
GROSS YIELD TO MATURITY (INCLUDING PREMIUM/DISCOUNT TO CONVERSION)											
5.509%											
PRESENT VALUE MATRIX											
IIR	8.484%	7.984%	7.734%	7.484%	6.984%	Swap		3.48%			
Interest	\$0.3422	\$0.3445	\$0.3456	\$0.3467	\$0.3490	Fair Margin		4.25%			
Face Value	\$2.5737	\$2.6010	\$2.6148	\$2.6287	\$2.6568						
Sum	\$2.9159	\$2.9454	\$2.9604	\$2.9754	\$3.0059						
REFERENCE RATES											
14-Aug-22											
1 Month BBSW	1.846%	2 Year Swap		3.476%							
2 Month BBSW	2.042%	3 Year Swap		3.505%							
3 Month BBSW	2.270%	4 Year Swap		3.646%							
4 Month BBSW	2.512%	5 Year Swap		3.671%							
5 Month BBSW	2.730%	7 Year Swap		3.765%							
6 Month BBSW	2.911%	10 Year Swap		3.866%							
1 Year Swap	3.332%	SOURCE: IRESS.									

SOURCE: COMPANY REPORTS, IRESS, BELL POTTER ESTIMATES. AS AT 12 AUGUST 2022.



## Convertible Securities

Figure 21 - ECP Emerging Growth Unsecured Convertible Notes (ECPGA)

INVESTMENT DATA						DIVIDEND DETAILS					
Rating	Unrated					Cum/Ex Dividend	Cum Div				
ASX Code	ECPGA					Last Pay	23-Sep-22				
Security Price (Last)	\$1.46					Ex Dividend	22-Sep-22				
Securities on Issue (m)	7.57m					Dividend Payable	30-Sep-22				
Market Capitalisation (\$m)	\$11.1m					Dividend Amount	\$0.0198				
Issue Size (\$m)	\$12.5m					Franking	0.00%				
Issue Date	12-April-22					Dividend Frequency	Quarterly				
52 Week Low/High	\$1.46 / \$1.46					Cumulative / Non Cumulative	Mandatory				
Gross Running Yield	5.39%					Accrued Income	\$0.0093				
Swap	3.50%					Gross Yield to Maturity	4.66%				
Gross Margin to Swap	1.89%					ISSUER DIVMDEND DETAILS					
Gross YTM to Swap	1.17%										
Fair Valuation Margin	4.25%					Cum/Ex Dividend					
KEY DETAILS						Last Pay	15-Mar-22				
						Ex Dividend					
Par Value	\$1.43					Dividend Payable					
Conversion Price	\$1.43					Historical Dividend Amount	\$0.0485				
Adjusted Exercise Price	\$1.36					Franking	100.00%				
Conversion Ratio	1.0000					Dividend Frequency	Half Yearly				
Coupon	5.50%					Dividend Yield	4.18%				
Spread	2.00%					ISSUER DETAILS					
Days to Maturity	970										
Years to Maturity	2.66					Parent Company	ECP Emerging Growth				
CONVERSION / RESET						Parent ASX Code	ECP				
						Parent Share Price (Last)	\$1.16				
Redemption	11-Apr-25					Credit Rating	Unrated				
Value of Shares on Conversion	\$81.12					Rating Outlook	n/a				
Step-Up Margin	1.00%					Franking Balance (\$m) 30-Jun-21	\$1.38				
Step 1 Coupon	6.50%					Interest Cover (EBITDA/NI)	n/a				
Step 2 Coupon	n/a					Gearing	n/a				
Premium (Discount) to Last Issue Price	-20.55%					Gearing Covenant	50% (Net Debt / Portfolio)				
CASH FLOW PROJECTIONS											
EOM	Cash	Franking	Gross	Franking	Payable	Ex Div	Books Close	Days	Actual		
30-Apr-25	\$0.0065	\$0.0000	\$0.0065	0.00%	30-Apr-25	9-Apr-25	10-Apr-25	30	5.50%		
31-Mar-25	\$0.0194	\$0.0000	\$0.0194	0.00%	31-Mar-25	22-Mar-25	23-Mar-25	90	5.50%		
31-Dec-24	\$0.0198	\$0.0000	\$0.0198	0.00%	31-Dec-24	22-Dec-24	23-Dec-24	92	5.50%		
30-Sep-24	\$0.0198	\$0.0000	\$0.0198	0.00%	30-Sep-24	22-Sep-24	23-Sep-24	92	5.50%		
30-Jun-24	\$0.0196	\$0.0000	\$0.0196	0.00%	30-Jun-24	22-Jun-24	23-Jun-24	91	5.50%		
31-Mar-24	\$0.0196	\$0.0000	\$0.0196	0.00%	31-Mar-24	22-Mar-24	23-Mar-24	91	5.50%		
31-Dec-23	\$0.0198	\$0.0000	\$0.0198	0.00%	31-Dec-23	22-Dec-23	23-Dec-23	92	5.50%		
30-Sep-23	\$0.0198	\$0.0000	\$0.0198	0.00%	30-Sep-23	22-Sep-23	23-Sep-23	92	5.50%		
30-Jun-23	\$0.0196	\$0.0000	\$0.0196	0.00%	30-Jun-23	22-Jun-23	23-Jun-23	91	5.50%		
31-Mar-23	\$0.0194	\$0.0000	\$0.0194	0.00%	31-Mar-23	22-Mar-23	23-Mar-23	90	5.50%		
31-Dec-22	\$0.0198	\$0.0000	\$0.0198	0.00%	31-Dec-22	22-Dec-22	23-Dec-22	92	5.50%		
30-Sep-22	\$0.0198	\$0.0000	\$0.0198	0.00%	30-Sep-22	22-Sep-22	23-Sep-22	92	5.50%		
30-Jun-22	\$0.0170	\$0.0000	\$0.0170	0.00%	30-Jun-22	21-Jun-22	22-Jun-22	79	5.50%		
GROSS YIELD TO MATURITY (INCLUDING PREMIUM/DISCOUNT TO CONVERSION)											
4.661%											
PRESENT VALUE MATRIX											
IIR	8.495%	7.995%	7.745%	7.495%	6.995%	Swap		3.50%			
Interest	\$0.1889	\$0.1904	\$0.1911	\$0.1918	\$0.1933	Fair Margin		4.25%			
Face Value	\$1.1506	\$1.1649	\$1.1721	\$1.1794	\$1.1941						
Sum	\$1.3395	\$1.3553	\$1.3632	\$1.3712	\$1.3875						
REFERENCE RATES											
14-Aug-22											
1 Month BBSW	1.846%	2 Year Swap		3.476%							
2 Month BBSW	2.042%	3 Year Swap		3.505%							
3 Month BBSW	2.270%	4 Year Swap		3.646%							
4 Month BBSW	2.512%	5 Year Swap		3.671%							
5 Month BBSW	2.730%	7 Year Swap		3.765%							
6 Month BBSW	2.911%	10 Year Swap		3.866%							
1 Year Swap	3.332%	SOURCE: IRESS.									

SOURCE: COMPANY REPORTS, IRESS, BELL POTTER ESTIMATES. AS AT 12 AUGUST 2022.



### What is a Listed Investment Company/Trust?

Listed Investment Companies (LICs) and Listed Investment Trusts (LITs) are collective investment entities whose business objective is to provide capital appreciation, investment income, or a mixture of both. Financial and/or non-financial assets are professionally managed and invested in by using the funds raised through issuing equity. They offer a range of underlying exposure across the asset class spectrum, including domestic equity, international equity, fixed income, private equity, infrastructure and real assets.

Similar to Managed Funds and Exchange Traded Funds (ETFs), LICs and LITs are backed by a tangible pool of assets, however they distinctively operate through the unique closed-end structure. This means that new shares cannot be created or redeemed at the asset backing; only existing securities can be bought and sold on market. The structure supplies internal and external investment managers with a stable pool of capital that can be invested without being exposed to capital inflows (applications) and outflows (redemptions), which can adversely impact on investment decisions. This effect becomes more pronounced as the holding period and time horizon of assets increases.

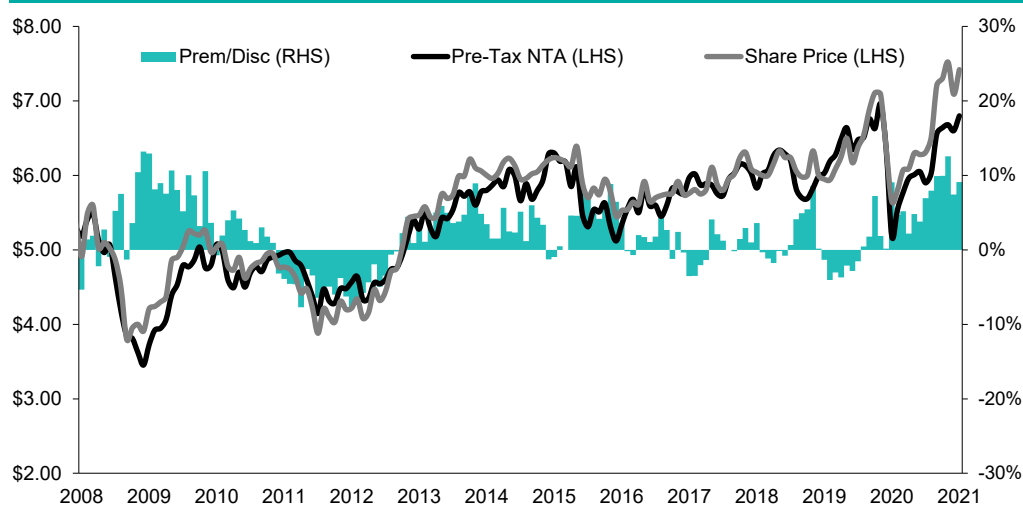
LICs and LITs that are listed on the Australian Securities Exchange (ASX) are required under Listing Rules to report the Net Tangible Asset (NTA) or Net Asset Value (NAV) per share on a monthly basis and no longer than 14 days in arrears of the preceding month. This discloses the effective worth, on a per share/unit basis, of the underlying portfolio of investments and cash. Depending on the tax system this is generally dichotomised into a pre-tax (including a provision for realised capital gains tax, but excluding unrealised capital gains tax that would be theoretically payable on the realisation of a LIC's current investments) and post-tax (all realised and unrealised capital gains tax implications if the portfolio were to be liquidated in its entirety) value for companies that pay corporate income tax.

### Premiums and Discounts

Being listed on the exchange in a closed-end structure means that a LIC/LIT will not necessarily trade at the fundamental NTA/NAV. In fact, and more often than not, a Fund will trade at a discount (below) or premium (above) to this look-through value because of the vagaries in supply and demand dynamics. Equilibrium or disequilibrium can be influenced by the popularity of an investment mandate, effectiveness of communication and engagement with share/unitholders, historical investment performance, history of dividends (consistency, payout level and frequency) and franking, fee structure of the vehicle, liquidity, longevity, the quality and reputation of management and prevailing market conditions.

From a quantitative perspective, there's also a tendency for LICs and LITs to revert in line with their mean premium or discount through the cycle. There is not necessarily a pull-to-par effect in positive conditions. So if a LIC or LIT was trading at an elevated price relative to the historical average discount or premium, an investor may be better placed to invest in a more appropriately valued Fund. Generally investors view this discount/premium dynamic as a problem to their investment case, however, we are ardently of the view if played correctly, this normalisation effect can add an additional element of attractiveness to a LIC or LIT.

Figure 22 - Premium/Discount Example



SOURCE: BELL POTTER. HYPOTHETICAL EXAMPLE.

### Key Benefits of Investing in a LIC or LIT

- **Structure:** LICs and LITs are closed-end vehicles and are therefore not exposed to inflows (new capital) and outflows (redemptions). As such, management are able to adopt a medium to long-term investment focus, maintain a fully invested position and are not susceptible to redemption risk.
- **Franking:** As LICs incur corporate tax on realised positions and income within the vehicle, they may pass on the franking credits generated to investors within the financial period, or retain this amount to be attached to future distributions.
- **Transparency:** LICs and LITs offer high levels of transparency with a share price that is published daily, asset backing discloses at least monthly, typically the top 20 positions provided quarterly and release statutory accounts. It's also now become best practice to provide stakeholders with running market commentary, detractors and contributors to portfolio performance, sector and regional exposures and more frequent asset backing updates that can be particularly useful during periods of market dislocation.
- **Ease of Investment:** Investors can transact on market as LICs and LITs are listed entities; and positions can be effectively valued intraday and liquidated throughout the trading day, similar to other listed securities.
- **Governance:** Like other listed companies, a LIC must comply with the ASX Listing Rules and Corporations Act. They are overseen by a Board of Directors. The Board is responsible for the strategic direction and overall operation of the company, approving capital management initiatives, growth and profitability. A professional investment manager is also appointed by way of an Agreement, with the objective to generate returns on the underlying investment portfolio in accordance with specified mandate parameters. A LIT on the other hand uses a Responsible Entity to govern the structure and administration of day to day operations.

### Key Risks of Investing in a LIC or LIT

- **Price Certainty:** The closed-ended structure and absence of a redemption facility could mean that the Company/Trust trades at either a premium or discount to the underlying Net Asset Backing. There is no guarantee that the share or unit price will consistently or actively track the movements in this Net Asset Backing, and may take extended periods of time to return to trading at par, or not at all based on supply and demand dynamics.
- **Liquidity:** LICs and LITs are listed securities with a fixed quantum of units that are supported by market supply and demand. This can make it difficult to enter and exit large positions, particularly for less liquid LICs.
- **Construction:** Due to active management, the resulting portfolio may be less diversified than other listed managed investments depending on the mandate. The Companies and Trusts may have additional flexibility to take on significant positions in individual investments themselves and the performance of individual investments may be correlated. This could reduce the diversity of a resulting portfolio.
- **Investment Manager Reliance:** The success and profitability of a Company/Trust will depend largely on the ability of the Manager to invest in securities and other instruments that have an ability to generate adequate returns. The LICs and LITs are exposed to the risk that the Investment Manager may cease to manage the portfolio, or key personnel depart may depart during this tenure. Historical performance is no guarantee of future performance.
- **Economic Risk:** The investment portfolio, regardless of regional exposure, will be subject to an array or combination of economic factors that are pertinent to that space, such as changes in the prevailing economic conditions, legislative and political environment as well as investor sentiment. Currency movements may also prove a risk for certain LICs and LITs.

## Investment Performance

The measurement of performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and assumes the reinvestment of dividends, but does not incorporate franking credits. LIC/LIT returns will consequently be understated relative to the Index return given that the Benchmarks do not factor in operating costs or taxation. The performance of Unlisted Unit Trusts are not measured on an after tax basis and are therefore, generally, not a valid comparison.

In order to assess a LIC/LIT's performance, the Net Asset Backing and share price need to be evaluated with respect to the relative mandate and/or Benchmark, giving varying outcomes from different styles of investment. To cater for this we have separated the coverage universe into domestic equity, global equity and alternative strategy. Within each categorization, the LICs and LITs are then re-coupled with other like-mandated entities to assist with general comparison. The one-page investment profiles detail the Net Asset Backing as compared to preferred relative Benchmark or dispersion around a hurdle rate of return that should be most reflective of the mandate.

Our value-add columns seek to quantify the value generated by the Manager, being the difference between the performance of the share price and Net Asset Backing against the relevant benchmark. A positive value indicates relative outperformance against the Benchmark, while a negative value indicates relative underperformance.

Our analysis further utilises two metrics to evaluate performance:

- Information Ratio: Which seeks to measure the excess return as a function of risk. This is calculated as the compound net return of the Fund less the benchmark (excess return), divided by the variability in these observed monthly excess returns (standard deviation). A positive number indicates an ability to deliver consistent excess returns. This is an effective method of measuring the managers ability to deliver on its mandate from a risk adjusted perspective. Note that the Information Ratio is a benchmark-relative statistic.
- Sharpe Ratio: Another risk and return measure, which evaluates the return relative to the risk free rate (assumed to be the 10 Year Australian Government Bond), divided by the volatility of the return. Again, the higher the Sharpe Ratio, the better the fund's performance relative to its risk profile. While this measure is generally a useful tool for analysis, it is not readily applicable when excess returns are negative, which given recent market conditions, currently invalidates the measure for most LICs and LITs.

## Dividends

Following changes to Federal law in 2010 relating to the payment of dividends by Australian companies, Listed Investment Companies have been provided the flexibility to pay dividends by applying a solvency test rather than out of profits. This enhances the ability to manage the payment of dividends in varying economic conditions and to increase certainty for shareholders as to the level of dividends to be paid.

A company must not pay a dividend unless:

- a) The company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; and
- b) The payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- c) The payment of the dividend does not materially prejudice the company's ability to pay its creditors.

LICs will fund dividends through either, or a combination of, investment income from underlying holdings or realisations with booked capital appreciation. The incorporation of LICs also requires them to pay company tax on corporate profits, in turn adding an additional source of franking credits that can be attached to dividends in addition to franking credits on investment income.

Therefore when comparing the dividend yields on LICs, it can be useful to observe the franking credit balances of each in order to analyse the future sustainability of dividends, and ultimately the maximum fully franked dividend that could be feasibly distributed.

## Domestic Equity

Figure 23 - Share Price Premium/Discount to NTA and Yield

ASX Code	Company/Trust Name	Investment Mandate	Market Cap (\$m)	Share/ Unit Price	Asset Backing	Prem/ Disc	Dividend LTM*	Net Yield	Franking	Gross Yield
AFI	AFIC	Large	\$9,236.6	\$7.51	\$6.63	13.3%	\$0.240	3.2%	100.00%	4.6%
ARG	Argo Investments	Large	\$6,601.2	\$8.80	\$8.45	4.1%	\$0.300	3.4%	100.00%	4.9%
AUI	Australian United Investment	Large	\$1,175.1	\$9.38	\$9.70	-3.3%	\$0.360	3.8%	100.00%	5.5%
BKI	BKI Investment	Large/Medium	\$1,233.5	\$1.66	\$1.66	0.0%	\$0.065	3.9%	100.00%	5.6%
DUI	Diversified United Investment	Large/Medium	\$983.2	\$4.60	\$4.96	-7.3%	\$0.155	3.4%	100.00%	4.8%
CIN	Carlton Investments	Large/Medium	\$750.6	\$28.35	\$36.99	-23.4%	\$0.810	2.9%	100.00%	4.1%
WLE	WAM Leaders	Large/Medium	\$1,509.7	\$1.46	\$1.37	6.3%	\$0.075	5.1%	100.00%	7.3%
WHF	Whitefield	Large/Medium	\$557.7	\$5.01	\$4.83	3.7%	\$0.205	4.1%	100.00%	5.8%
PIC	Perpetual Equity Investment	Large/Medium	\$436.2	\$1.16	\$1.19	-2.6%	\$0.056	4.8%	100.00%	6.9%
AMH	AMCIL	Large/Medium	\$333.1	\$1.08	\$1.03	4.4%	\$0.035	3.3%	100.00%	4.7%
CAM	Clime Capital	Large/Medium	\$115.0	\$0.82	\$0.79	4.5%	\$0.051	6.2%	100.00%	8.9%
FSI	Flagship Investments	Large/Medium	\$42.2	\$1.63	\$1.93	-15.5%	\$0.093	5.7%	100.00%	8.1%
WAM	WAM Capital	Medium/Small	\$1,871.0	\$1.72	\$1.57	9.8%	\$0.155	9.0%	100.00%	12.9%
OPH	Ophir High Conviction Fund	Medium/Small	\$511.8	\$2.40	\$2.49	-3.6%	\$0.053	2.2%	0.00%	2.2%
MIR	Mirrabooka Investments	Medium/Small	\$516.1	\$2.93	\$2.62	11.8%	\$0.100	3.4%	100.00%	4.9%
QVE	QV Equities	Medium/Small	\$214.4	\$0.94	\$1.04	-10.1%	\$0.047	5.0%	100.00%	7.2%
WAX	WAM Research	Medium/Small	\$256.5	\$1.30	\$1.00	29.2%	\$0.100	7.7%	100.00%	11.0%
CDM	Cadence Capital	Medium/Small	\$251.6	\$0.85	\$1.11	-24.1%	\$0.070	8.3%	100.00%	11.8%
TOP	Thorney Opportunities	Medium/Small	\$91.7	\$0.47	\$0.66	-29.1%	\$0.024	5.0%	100.00%	7.1%
RYD	Ryder Capital	Medium/Small	\$110.3	\$1.30	\$1.36	-4.8%	\$0.070	5.4%	100.00%	7.7%
TEK	Thorney Technologies	Medium/Small	\$89.3	\$0.21	\$0.32	-34.6%	\$0.000	0.0%	-	0.0%
WAA	WAM Active	Medium/Small	\$54.5	\$0.74	\$0.82	-10.8%	\$0.060	8.2%	100.00%	11.7%
NAC	Naos Ex-50 Opportunities	Medium/Small	\$39.4	\$0.88	\$0.96	-8.9%	\$0.064	7.3%	100.00%	10.4%
FOR	Forager Australian Shares Fund	Medium/Small	\$131.1	\$1.20	\$1.27	-5.5%	\$0.080	6.7%	0.00%	6.7%
WMI	WAM Microcap	Small/Micro	\$339.9	\$1.63	\$1.28	26.9%	\$0.090	5.5%	100.00%	7.9%
SEC	Spheria Emerging Companies	Small/Micro	\$118.5	\$1.97	\$2.09	-5.7%	\$0.101	5.1%	100.00%	7.3%
NSC	Naos Small Cap Opportunities	Small/Micro	\$105.0	\$0.73	\$0.84	-13.1%	\$0.052	7.1%	100.00%	10.2%
NCC	Naos Emerging Opportunities	Small/Micro	\$60.6	\$0.83	\$0.91	-8.8%	\$0.075	9.0%	100.00%	12.9%
ACQ	Acorn Capital Investment	Small/Micro	\$93.0	\$1.08	\$1.11	-2.5%	\$0.083	7.6%	100.00%	10.9%
DJW	Djerriwarrh Investments	Income	\$678.3	\$2.86	\$2.95	-3.1%	\$0.125	4.4%	100.00%	6.2%
PL8	Plato Income Maximiser	Income	\$648.8	\$1.17	\$0.98	18.9%	\$0.060	5.1%	100.00%	7.3%
SNC	Sandon Capital Investments	Activist	\$94.4	\$0.70	\$0.80	-13.1%	\$0.055	7.9%	100.00%	11.3%
WAR	WAM Strategic Value	Disc Capture	\$174.7	\$0.97	\$1.10	-11.9%	\$0.010	1.0%	100.00%	1.5%
FGX	Future Generation Investment	Fund of Funds	\$458.4	\$1.14	\$1.22	-7.2%	\$0.060	5.3%	100.00%	7.6%
<b>Arithmetic Average (Domestic)</b>						<b>-3.4%</b>		<b>5.2%</b>		<b>7.3%</b>
Arithmetic Average (Investment Mandate - Large)						4.7%		3.5%		5.0%
Arithmetic Average (Investment Mandate - Large/Medium)						-3.3%		4.4%		6.2%
Arithmetic Average (Investment Mandate - Medium/Small)						-6.7%		5.7%		7.8%
Arithmetic Average (Investment Mandate - Small/Micro)						-0.6%		6.9%		9.8%
Arithmetic Average (Investment Mandate - Income)						7.9%		4.7%		6.8%
<b>Weighted Average (Domestic)</b>						<b>5.3%</b>		<b>4.1%</b>		<b>5.8%</b>

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

## Domestic Equity

Figure 24 - NTA Performance

ASX Code	Company/Trust Name	Investment Mandate	Pre-tax NTA/NAV									
			Performance (%)					Value-add+ (%)				
			3m	6m	1y	3y	5y	3m	6m	1y	3y	5y
AFI	AFIC	Large	-10.8	-13.3	-8.1	4.4	6.6	1.1	-3.4	-1.6	1.1	-0.2
ARG	Argo Investments	Large	-10.1	-9.6	-3.1	3.8	5.8	1.8	0.3	3.4	0.5	-1.0
AUI	Australian United Investment	Large	-9.4	-6.0	-4.0	3.3	6.5	2.5	3.9	2.5	0.0	-0.3
BKI	BKI Investment	Large/Medium	-7.8	-4.5	1.1	3.7	5.3	4.4	5.9	7.9	0.3	-1.6
DUI	Diversified United Investment	Large/Medium	-8.0	-7.7	-4.5	4.2	7.9	3.9	2.2	2.0	0.9	1.1
CIN	Carlton Investments	Large/Medium	-10.6	-8.6	-2.1	3.1	3.2	1.3	1.3	4.4	-0.2	-3.6
WLE	WAM Leaders	Large/Medium	-8.4	-3.3	3.8	9.1	8.6	3.5	6.6	10.3	5.8	1.8
WHF	Whitefield	Large/Medium	-11.4	-13.9	-10.5	1.3	3.6	-0.2	-0.4	-1.3	-0.9	-1.3
PIC	Perpetual Equity Investment	Large/Medium	-12.8	-14.0	-12.1	6.2	6.5	-0.6	-3.6	-5.3	2.8	-0.4
AMH	AMCIL	Large/Medium	-13.9	-22.6	-15.7	5.3	6.3	-2.0	-12.7	-9.2	2.0	-0.5
CAM	Clime Capital	Large/Medium	-14.5	-16.1	-18.0	-2.1	3.2	-1.6	-4.6	-10.6	-5.9	-4.0
FSI	Flagship Investments	Large/Medium	-19.9	-29.0	-27.3	0.7	5.0	-7.0	-17.5	-19.9	-3.1	-2.2
WAM	WAM Capital	Medium/Small	-12.5	-18.5	-13.4	2.1	3.5	0.4	-7.0	-6.0	-1.7	-3.7
OPH	Ophir High Conviction Fund	Medium/Small	-13.8	-25.0	-23.0	3.0	-	3.8	-4.6	-8.8	-1.0	-
MIR	Mirrabooka Investments	Medium/Small	-18.4	-29.0	-21.8	6.9	7.4	-1.7	-9.7	-9.2	1.9	0.4
QVE	QV Equities	Medium/Small	-6.1	-5.9	-0.5	1.2	1.4	6.1	4.5	6.3	-2.2	-5.5
WAX	WAM Research	Medium/Small	-12.2	-18.6	-12.1	2.2	4.0	0.7	-7.1	-4.7	-1.6	-3.2
CDM	Cadence Capital	Medium/Small	-12.4	-13.5	-7.5	8.0	2.0	0.5	-2.0	-0.1	4.2	-5.2
TOP	Thorney Opportunities	Medium/Small	-15.1	-6.6	-0.6	-5.4	-0.1	5.3	17.1	18.9	-5.8	-5.2
RYD	Ryder Capital	Medium/Small	-18.4	-24.8	-26.9	0.2	5.0	-19.6	-27.0	-31.3	-4.4	0.0
TEK	Thorney Technologies	Medium/Small	-25.5	-37.4	-34.2	1.4	7.3	-12.6	-25.9	-26.8	-2.4	0.1
WAA	WAM Active	Medium/Small	-12.0	-16.6	-16.1	-1.1	1.4	0.9	-5.1	-8.7	-4.9	-5.8
NAC	Naos Ex-50 Opportunities	Medium/Small	-21.0	-37.5	-40.2	0.8	1.1	-9.6	-23.6	-30.6	-1.4	-3.9
FOR	Forager Australian Shares Fund	Medium/Small	-26.5	-35.3	-27.8	3.2	-0.8	-13.6	-23.8	-20.4	-0.6	-8.0
WMI	WAM Microcap	Small/Micro	-20.3	-25.4	-19.0	4.8	8.2	0.1	-1.7	0.5	4.4	3.1
SEC	Spheria Emerging Companies	Small/Micro	-17.6	-21.0	-15.6	4.7	-	2.8	2.7	3.9	4.3	-
NSC	Naos Small Cap Opportunities	Small/Micro	-10.3	-22.1	-20.3	10.6	-	10.1	1.6	-0.8	10.2	-
NCC	Naos Emerging Opportunities	Small/Micro	-18.0	-24.7	-22.4	3.9	-0.4	2.4	-1.0	-2.9	3.5	-5.5
ACQ	Acorn Capital Investment	Small/Micro	-23.3	-28.8	-21.5	5.4	7.4	-2.9	-5.1	-2.0	5.0	2.3
DJW	Djerriwarrh Investments	Income	-10.9	-13.2	-7.8	0.5	3.3	1.0	-3.3	-1.3	-2.8	-3.5
PL8	Plato Income Maximiser	Income	-11.7	-9.4	-7.8	2.0	4.9	0.1	-0.1	-2.7	-2.6	-3.4
SNC	Sandon Capital Investments	Activist	-20.9	-25.4	-23.3	2.6	2.6	-21.1	-25.6	-23.5	2.3	1.7
WAR	WAM Strategic Value	Disc Capture	-12.0	-14.9	-13.3	-	-	-12.2	-15.1	-13.5	-	-
FGX	Future Generation Investment	Fund of Funds	-15.1	-17.5	-12.8	4.1	5.4	-2.2	-6.0	-5.4	0.3	-1.8
Arithmetic Average (Domestic)			-14.5	-18.2	-14.4	3.2	4.4	-1.6	-5.6	-5.5	0.2	-2.0
Arithmetic Average (Investment Mandate - Large)			-10.1	-9.6	-5.1	3.8	6.3	1.8	0.3	1.4	0.5	-0.5
Arithmetic Average (Investment Mandate - Large/Medium)			-11.9	-13.3	-9.5	3.5	5.5	0.2	-2.5	-2.4	0.2	-1.2
Arithmetic Average (Investment Mandate - Medium/Small)			-16.2	-22.4	-18.7	1.9	2.9	-3.3	-9.5	-10.1	-1.7	-3.6
Arithmetic Average (Investment Mandate - Small/Micro)			-17.9	-24.4	-19.8	5.9	5.0	2.5	-0.7	-0.3	5.5	0.0
Arithmetic Average (Investment Mandate - Income)			-11.3	-11.3	-7.8	1.3	4.1	0.5	-1.7	-2.0	-2.7	-3.5
Weighted Average (Domestic)			-11.1	-12.5	-7.3	4.0	5.6	1.2	-1.8	-0.2	0.7	-0.9

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

## Domestic Equity

Figure 25 - Share Price Performance

ASX Code	Company/Trust Name	Investment Mandate	Share/Unit Price									
			Performance (%)					Value-add+ (%)				
			3m	6m	1y	3y	5y	3m	6m	1y	3y	5y
AFI	AFIC	Large	-9.5	-10.1	-1.1	10.0	9.4	2.4	-0.2	5.4	6.7	2.6
ARG	Argo Investments	Large	-7.6	-12.1	1.6	6.4	6.7	4.3	-2.2	8.1	3.1	-0.1
AUI	Australian United Investment	Large	-6.6	-3.0	-4.2	5.2	7.2	5.3	6.9	2.3	1.9	0.4
BKI	BKI Investment	Large/Medium	-2.4	1.8	6.9	6.5	5.3	9.8	12.2	13.7	3.1	-1.6
DUI	Diversified United Investment	Large/Medium	-9.1	-9.9	-8.6	5.2	8.0	2.8	0.0	-2.1	1.9	1.2
CIN	Carlton Investments	Large/Medium	-12.8	-8.9	-3.1	-0.2	1.4	-0.9	1.0	3.4	-3.5	-5.4
WLE	WAM Leaders	Large/Medium	-6.7	2.2	-2.2	16.1	11.1	5.2	12.1	4.3	12.8	4.3
WHF	Whitefield	Large/Medium	-7.2	-9.8	-16.1	5.0	6.1	4.0	3.7	-6.9	2.8	1.2
PIC	Perpetual Equity Investment	Large/Medium	-12.8	-8.8	-6.8	9.5	8.2	-0.6	1.6	0.0	6.1	1.3
AMH	AMCIL	Large/Medium	-11.5	-19.4	-8.1	11.0	8.2	1.4	-7.9	-0.7	7.2	1.0
CAM	Clime Capital	Large/Medium	-5.5	-8.8	-9.0	0.1	5.1	7.4	2.7	-1.6	-3.7	-2.1
FSI	Flagship Investments	Large/Medium	-24.5	-34.2	-29.3	1.8	5.5	-11.6	-22.7	-21.9	-2.0	-1.7
WAM	WAM Capital	Medium/Small	-21.2	-19.4	-15.1	2.0	0.5	-8.3	-7.9	-7.7	-1.8	-6.7
OPH	Ophir High Conviction Fund	Medium/Small	-23.3	-34.2	-39.0	2.8	-	-5.7	-13.8	-24.8	-1.2	-
MIR	Mirrabooka Investments	Medium/Small	-12.3	-25.7	-15.3	10.3	6.7	4.4	-6.4	-2.7	5.3	-0.3
QVE	QV Equities	Medium/Small	-7.2	-7.0	-1.6	1.9	-2.4	5.0	3.4	5.2	-1.5	-9.3
WAX	WAM Research	Medium/Small	-25.2	-18.1	-16.5	5.9	3.5	-12.3	-6.6	-9.1	2.1	-3.7
CDM	Cadence Capital	Medium/Small	-15.9	-11.7	-15.6	10.2	-1.6	-3.0	-0.2	-8.2	6.4	-8.8
TOP	Thorney Opportunities	Medium/Small	-16.1	-13.0	-10.1	-7.6	-4.5	4.3	10.7	9.4	-8.0	-9.6
RYD	Ryder Capital	Medium/Small	-14.5	-21.8	-23.6	5.2	7.0	-1.6	-10.3	-16.2	1.4	-0.2
TEK	Thorney Technologies	Medium/Small	-37.3	-49.4	-51.2	-4.8	-0.8	-24.4	-37.9	-43.8	-8.6	-8.0
WAA	WAM Active	Medium/Small	-28.4	-31.9	-28.7	-3.4	-2.0	-15.5	-20.4	-21.3	-7.2	-9.2
NAC	Naos Ex-50 Opportunities	Medium/Small	-11.0	-24.6	-21.4	7.9	2.5	0.4	-10.7	-11.8	5.7	-2.5
FOR	Forager Australian Shares Fund	Medium/Small	-25.9	-27.8	-20.0	5.5	-5.1	-13.0	-16.3	-12.6	1.7	-12.3
WMI	WAM Microcap	Small/Micro	-15.9	-12.1	-4.9	17.1	13.0	4.5	11.6	14.6	16.7	7.9
SEC	Spheria Emerging Companies	Small/Micro	-13.0	-19.4	-13.5	8.5	-	7.4	4.3	6.0	8.1	-
NSC	Naos Small Cap Opportunities	Small/Micro	-13.1	-14.7	-20.9	15.9	-	7.3	9.0	-1.4	15.5	-
NCC	Naos Emerging Opportunities	Small/Micro	-19.8	-20.4	-14.0	5.2	-2.8	0.6	3.3	5.5	4.8	-7.9
ACQ	Acorn Capital Investment	Small/Micro	-24.6	-29.4	-19.0	10.9	11.0	-4.2	-5.7	0.5	10.5	5.9
DJW	Djerriwarrh Investments	Income	-10.6	-11.7	-3.1	-1.9	-0.1	1.3	-1.8	3.4	-5.2	-6.9
PL8	Plato Income Maximiser	Income	-3.6	0.9	-2.9	7.0	7.2	8.2	10.2	2.2	2.4	-1.1
SNC	Sandon Capital Investments	Activist	-20.7	-27.1	-25.2	2.0	1.6	-7.8	-15.6	-17.8	-1.8	-5.6
WAR	WAM Strategic Value	Disc Capture	-17.8	-21.1	-23.3	-	-	-4.9	-9.6	-15.9	-	-
FGX	Future Generation Investment	Fund of Funds	-15.3	-17.4	-13.7	3.6	5.1	-2.4	-5.9	-6.3	-0.2	-2.1
<b>Arithmetic Average (Domestic)</b>			<b>-15.0</b>	<b>-17.0</b>	<b>-14.1</b>	<b>5.5</b>	<b>4.0</b>	<b>-0.9</b>	<b>-3.2</b>	<b>-4.4</b>	<b>2.5</b>	<b>-2.6</b>
Arithmetic Average (Investment Mandate - Large)			-7.9	-8.4	-1.2	7.2	7.8	4.0	1.5	5.3	3.9	1.0
Arithmetic Average (Investment Mandate - Large/Medium)			-10.3	-10.6	-8.5	6.1	6.5	1.9	0.3	-1.3	2.7	-0.2
Arithmetic Average (Investment Mandate - Medium/Small)			-19.9	-23.7	-21.5	3.0	0.3	-5.8	-9.7	-12.0	-0.5	-6.4
Arithmetic Average (Investment Mandate - Small/Micro)			-17.3	-19.2	-14.5	11.5	7.1	3.1	4.5	5.0	11.1	2.0
Arithmetic Average (Investment Mandate - Income)			-7.1	-5.4	-3.0	2.6	3.5	4.8	4.2	2.8	-1.4	-4.0
<b>Weighted Average (Domestic)</b>			<b>-10.3</b>	<b>-11.0</b>	<b>-4.3</b>	<b>7.3</b>	<b>6.7</b>	<b>2.2</b>	<b>-0.1</b>	<b>2.9</b>	<b>4.0</b>	<b>0.0</b>

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

## Global Equity

Figure 26 - Share Price Premium/Discount to NTA and Yield

ASX Code	Company/Trust Name	Investment Mandate	Market Cap (\$m)	Share/ Unit Price	Asset Backing	Prem/ Disc	Dividend LTM*	Net Yield	Franking	Gross Yield
MGF	Magellan Global Fund (Closed CIs)	Global	\$2,064.5	\$1.34	\$1.70	-21.0%	\$0.073	5.5%	0.00%	5.5%
MFF	MFF Capital Investments	Global	\$1,291.4	\$2.21	\$2.75	-19.5%	\$0.070	3.2%	100.00%	4.5%
WGB	WAM Global	Global	\$593.3	\$1.69	\$2.18	-22.4%	\$0.105	6.2%	100.00%	8.9%
PMC	Platinum Capital	Global	\$370.4	\$1.26	\$1.47	-14.3%	\$0.070	5.6%	100.00%	7.9%
PGF	PM Capital Global Opportunities	Global	\$594.9	\$1.52	\$1.51	0.8%	\$0.100	6.6%	100.00%	9.4%
PIA	Pengana International Equities	Global	\$224.0	\$0.88	\$1.12	-22.2%	\$0.054	6.2%	100.00%	8.8%
WQG	WCM Global Growth	Global	\$217.6	\$1.17	\$1.27	-7.7%	\$0.053	4.5%	100.00%	6.4%
ALI	Argo Global Listed Infrastructure	Global (Infrastructure)	\$388.7	\$2.32	\$2.39	-2.9%	\$0.080	3.4%	100.00%	4.9%
LRT	Lowell Resources Fund	Global (Jnr Resources)	\$38.1	\$1.30	\$1.60	-18.7%	\$0.116	8.9%	0.00%	8.9%
GVF	Global Value Fund	Global (Disc Capture)	\$190.8	\$1.10	\$1.11	-1.2%	\$0.066	6.0%	100.00%	8.6%
FGG	Future Generation Global Investment	Global (Fund of Funds)	\$420.0	\$1.07	\$1.31	-18.9%	\$0.060	5.6%	100.00%	8.0%
HM1	Hearts and Minds Investments	Global (High Conviction)	\$460.3	\$2.02	\$2.58	-21.7%	\$0.135	6.7%	100.00%	9.5%
PAI	Platinum Asia Investments	Asia	\$316.5	\$0.86	\$1.07	-19.9%	\$0.085	9.9%	100.00%	14.1%
EAI	Ellerston Asian Investments	Asia	\$102.6	\$0.81	\$0.99	-19.0%	\$0.060	7.5%	100.00%	10.6%
<b>Arithmetic Average (Global)</b>						<b>-14.9%</b>		<b>6.1%</b>		<b>8.3%</b>
Arithmetic Average (Investment Mandate - Equities)						-15.2%		5.4%		7.3%
Arithmetic Average (Investment Mandate - Asia)						-19.4%		8.7%		12.4%
<b>Weighted Average (Global)</b>						<b>-16.7%</b>		<b>5.4%</b>		<b>7.1%</b>

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.



## Global Equity

Figure 27 - NTA Performance

ASX Code	Company/Trust Name	Investment Mandate	Pre-tax NTA/NAV									
			Performance (%)					Value-add+ (%)				
			3m	6m	1y	3y	5y	3m	6m	1y	3y	5y
MGF	Magellan Global Fund (Closed CIs)	Global	-5.4	-16.8	-10.6	-	-	3.1	-0.8	-4.1	-	-
MFF	MFF Capital Investments	Global	-11.0	-19.8	-14.4	-1.2	6.4	-1.9	-3.5	-7.3	-8.7	-3.6
WGB	WAM Global	Global	-9.5	-19.4	-17.3	1.2	-	-1.0	-3.4	-10.8	-6.5	-
PMC	Platinum Capital	Global	-0.4	-8.6	-8.5	2.1	3.1	8.1	7.4	0.1	-4.6	-6.2
PGF	PM Capital Global Opportunities	Global	-7.6	-6.4	-6.0	9.3	8.2	1.6	9.9	1.0	1.7	-1.8
PIA	Pengana International Equities	Global	-13.8	-27.2	-23.2	0.0	3.2	-5.3	-11.2	-16.7	-7.7	-6.8
WQG	WCM Global Growth	Global	-13.3	-30.8	-25.4	2.8	6.0	-5.0	-14.9	-17.1	-4.5	-3.9
ALI	Argo Global Listed Infrastructure	Global (Infrastructure)	-0.4	-1.0	7.8	2.6	6.4	-1.4	-2.4	-4.5	-2.0	-1.8
LRT	Lowell Resources Fund	Global (Jnr Resources)	-16.2	-11.9	8.2	48.8	-	10.4	4.1	10.0	38.6	-
GVF	Global Value Fund	Global (Disc Capture)	-2.6	-7.0	2.9	10.0	8.4	-4.2	-9.9	-2.1	5.4	3.2
FGG	Future Generation Global Investment Global (Fund of Funds)	Global (Fund of Funds)	-9.0	-21.8	-22.4	-0.3	4.2	-0.5	-5.8	-13.8	-7.0	-5.1
HM1	Hearts and Minds Investments	Global (High Conviction)	-18.1	-34.5	-35.9	-1.5	-	-9.6	-18.5	-29.4	-9.2	-
PAI	Platinum Asia Investments	Asia	3.3	-8.5	-16.9	4.5	4.8	4.6	3.4	1.8	1.9	-0.5
EAI	Ellerston Asian Investments	Asia	-3.5	-14.9	-23.6	-1.5	0.7	-1.3	-2.0	-3.2	-2.0	-2.3
<b>Arithmetic Average (Global)</b>			<b>-7.7</b>	<b>-16.3</b>	<b>-13.2</b>	<b>5.9</b>	<b>5.2</b>	<b>-0.2</b>	<b>-3.4</b>	<b>-6.9</b>	<b>-0.4</b>	<b>-2.9</b>
Arithmetic Average (Investment Mandate - Equities)			-8.7	-18.4	-15.1	2.4	5.4	-0.1	-2.4	-7.8	-5.1	-4.5
Arithmetic Average (Investment Mandate - Asia)			-0.1	-11.7	-20.2	1.5	2.8	1.7	0.7	-0.7	-0.1	-1.4
<b>Weighted Average (Global)</b>			<b>-7.5</b>	<b>-16.9</b>	<b>-13.5</b>	<b>1.6</b>	<b>3.3</b>	<b>0.1</b>	<b>-2.5</b>	<b>-7.1</b>	<b>-3.2</b>	<b>-1.8</b>

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

Figure 28 - Share Price Performance

ASX Code	Company/Trust Name	Investment Mandate	Share/Unit Price									
			Performance (%)					Value-add+ (%)				
			3m	6m	1y	3y	5y	3m	6m	1y	3y	5y
MGF	Magellan Global Fund (Closed CIs)	Global	-13.8	-24.0	-22.9	-	-	-5.3	-8.0	-16.4	-	-
MFF	MFF Capital Investments	Global	-14.2	-22.2	-21.3	-4.4	5.9	-5.1	-5.9	-14.2	-11.9	-4.1
WGB	WAM Global	Global	-22.4	-27.6	-32.3	-0.1	-	-13.9	-11.6	-25.8	-7.8	-
PMC	Platinum Capital	Global	-6.7	-14.0	-13.1	-2.5	-0.6	1.8	2.0	-4.5	-9.2	-9.9
PGF	PM Capital Global Opportunities	Global	-9.0	-0.9	1.8	17.2	11.1	0.2	15.4	8.8	9.6	1.1
PIA	Pengana International Equities	Global	-27.4	-38.8	-30.8	-1.1	0.8	-18.9	-22.8	-24.3	-8.8	-9.2
WQG	WCM Global Growth	Global	-17.6	-30.0	-25.9	5.2	3.4	-9.3	-14.1	-17.6	-2.1	-6.5
ALI	Argo Global Listed Infrastructure	Global (Infrastructure)	-5.7	-2.0	10.0	4.4	7.8	-6.7	-3.4	-2.3	-0.2	-0.4
LRT	Lowell Resources Fund	Global (Jnr Resources)	-25.1	-19.1	-5.6	57.3	-	1.5	-3.1	-3.8	47.1	-
GVF	Global Value Fund	Global (Disc Capture)	-9.5	-6.7	2.3	10.1	4.6	-5.2	1.6	6.9	7.2	0.3
FGG	Future Generation Global Investment Global (Fund of Funds)	Global (Fund of Funds)	-20.4	-32.0	-27.8	-4.7	1.4	-11.9	-16.0	-19.2	-11.4	-7.9
HM1	Hearts and Minds Investments	Global (High Conviction)	-30.6	-46.8	-51.1	-8.8	-	-22.1	-30.8	-44.6	-16.5	-
PAI	Platinum Asia Investments	Asia	-9.5	-19.5	-24.7	-0.2	2.3	-8.2	-7.6	-6.0	-2.8	-3.0
EAI	Ellerston Asian Investments	Asia	-11.0	-22.3	-28.8	-0.1	0.1	-8.8	-9.4	-8.4	-0.6	-2.9
<b>Arithmetic Average (Global)</b>			<b>-15.9</b>	<b>-21.8</b>	<b>-19.3</b>	<b>5.6</b>	<b>3.7</b>	<b>-8.0</b>	<b>-8.1</b>	<b>-12.2</b>	<b>-0.6</b>	<b>-4.3</b>
Arithmetic Average (Investment Mandate - Equities)			-15.9	-22.5	-20.6	2.4	4.1	-7.2	-6.4	-13.4	-5.0	-5.7
Arithmetic Average (Investment Mandate - Asia)			-10.3	-20.9	-26.7	-0.2	1.2	-8.5	-8.5	-7.2	-1.7	-3.0
<b>Weighted Average (Global)</b>			<b>-15.1</b>	<b>-22.2</b>	<b>-20.9</b>	<b>0.6</b>	<b>2.8</b>	<b>-7.3</b>	<b>-7.5</b>	<b>-14.3</b>	<b>-4.2</b>	<b>-2.3</b>

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.



## Alternative Strategy

Figure 29 - Share Price Premium/Discount to NTA and Yield

ASX Code	Company/Trust Name	Investment Mandate	Market Cap (\$m)	Share/ Unit Price	Asset Backing	Prem/ Disc	Dividend LTM*	Net Yield	Franking	Gross Yield
LSF	L1 Long Short Fund	Long/Short (Global)	\$1,564.6	\$2.56	\$2.75	-7.1%	\$0.070	2.7%	100.00%	3.9%
VG1	VGI Partners Global Investments	Long/Short (Global)	\$550.6	\$1.47	\$1.85	-20.5%	\$0.100	6.8%	100.00%	9.7%
RF1	Regal Investment Fund	Long/Short (Global)	\$489.9	\$2.84	\$3.17	-10.4%	\$0.345	12.1%	0.00%	12.1%
TGF	Tribeca Global Natural Resources	Long/Short (Global)	\$125.5	\$2.04	\$2.33	-12.6%	\$0.000	0.0%	-	0.0%
VG8	VGI Partners Asian Investments	Long/Short (Asia)	\$395.6	\$1.79	\$2.22	-19.4%	\$0.105	5.9%	100.00%	8.4%
AEG	Absolute Equity Performance	Long/Short	\$76.8	\$0.85	\$0.99	-14.2%	\$0.026	3.1%	100.00%	4.4%
WMA	WAM Alternative Assets	Private Assets	\$201.3	\$1.04	\$1.24	-16.2%	\$0.040	3.9%	100.00%	5.5%
D2O	Duxon Water	Water Entitlements	\$202.1	\$1.69	\$2.21	-23.5%	\$0.063	3.7%	100.00%	5.3%
PE1	Pengana Private Equity Trust	Private Equity (Global)	\$394.7	\$1.42	\$1.68	-15.4%	\$0.055	3.9%	0.00%	3.9%
BTI	Bailador Technology Investments	Private Equity (Tech)	\$203.7	\$1.45	\$1.86	-22.3%	\$0.000	0.0%	-	0.0%
GCI	Gryphon Capital Income Trust	Fixed Income	\$477.8	\$1.97	\$2.01	-2.0%	\$0.095	4.8%	0.00%	4.8%
QRI	Qualitas Real Estate Income Fund	Fixed Income	\$515.9	\$1.38	\$1.60	-14.1%	\$0.086	6.2%	0.00%	6.2%
MXT	MCP Master Income Trust	Fixed Income	\$1,719.1	\$1.96	\$2.00	-2.3%	\$0.087	4.5%	0.00%	4.5%
MOT	MCP Income Opportunities Trust	Fixed Income	\$491.6	\$1.86	\$2.11	-12.2%	\$0.134	7.2%	8.38%	7.5%
NBI	NB Global Corporate Income Trust	Fixed Income	\$586.9	\$1.33	\$1.63	-18.4%	\$0.108	8.1%	0.00%	8.1%
PCI	Perpetual Credit Income Trust	Fixed Income	\$378.8	\$0.95	\$1.08	-12.3%	\$0.044	4.6%	0.00%	4.6%
KKC	KKR Credit Income Fund	Fixed Income	\$673.4	\$1.82	\$2.22	-17.9%	\$0.125	6.9%	0.00%	6.9%
<b>Arithmetic Average (Alternative)</b>						<b>-14.2%</b>		<b>5.0%</b>		<b>5.6%</b>
Arithmetic Average (Mandate - Long Short (Global))						-12.7%		5.4%		6.4%
Arithmetic Average (Mandate - Private Equity & Assets)						-19.4%		2.9%		3.7%
Arithmetic Average (Mandate - Fixed Income)						-12.6%		6.3%		6.3%
<b>Weighted Average (Alternative)</b>						<b>-11.3%</b>		<b>5.2%</b>		<b>5.8%</b>

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

## Alternative Strategy

Figure 30 - NTA Performance

ASX Code	Company/Trust Name	Investment Mandate	Pre-tax NTA/NAV									
			Performance (%)					Value-add+ (%)				
			3m	6m	1y	3y	5y	3m	6m	1y	3y	5y
LSF	L1 Long Short Fund	Long/Short (Global)	-14.5	-7.7	-1.3	18.4	-	-2.6	2.2	5.2	15.1	-
VG1	VGI Partners Global Investments	Long/Short (Global)	-12.3	-19.3	-28.2	-6.4	-	-3.8	-3.3	-21.7	-14.1	-
RF1	Regal Investment Fund	Long/Short (Global)	-9.4	-12.4	7.4	26.8	-	-9.5	-12.5	7.2	26.5	-
TGF	Tribeca Global Natural Resources	Long/Short (Global)	-30.0	-29.8	-11.9	-1.9	-	-23.9	-39.6	-29.7	-7.7	-
VG8	VGI Partners Asian Investments	Long/Short (Asia)	-5.1	-12.5	-17.2	-	-	-0.7	0.2	-1.5	-	-
AEG	Absolute Equity Performance	Long/Short	-2.2	-18.9	-21.3	1.3	0.7	10.7	-7.4	-13.9	-2.5	-6.5
WMA	WAM Alternative Assets	Private Assets	0.6	3.7	9.8	-	-	-1.3	-0.2	1.8	-	-
D2O	Duxton Water	Water Entitlements	3.9	9.1	22.0	11.4	16.1	2.0	5.2	14.0	3.4	8.1
PE1	Pengana Private Equity Trust	Private Equity (Global)	4.8	10.6	29.6	15.0	-	2.9	6.7	21.6	7.0	-
BTI	Bailador Technology Investments	Private Equity (Tech)	-6.1	-0.5	22.7	13.5	12.4	-8.0	-4.4	14.7	5.5	4.4
GCI	Gryphon Capital Income Trust	Fixed Income	0.8	1.7	3.7	4.6	-	-0.2	-0.2	0.0	0.8	-
QRI	Qualitas Real Estate Income Fund	Fixed Income	1.4	2.7	5.5	6.0	-	0.1	0.1	0.3	0.7	-
MXT	MCP Master Income Trust	Fixed Income	1.2	2.3	4.4	4.8	-	0.3	0.6	1.0	1.2	-
MOT	MCP Income Opportunities Trust	Fixed Income	1.6	3.3	11.2	9.0	-	-0.1	-0.1	4.2	2.0	-
NBI	NB Global Corporate Income Trust	Fixed Income	-11.6	-15.5	-15.9	-2.5	-	-12.6	-17.6	-20.1	-6.7	-
PCI	Perpetual Credit Income Trust	Fixed Income	-0.8	-0.5	0.8	3.0	-	-1.7	-2.2	-2.6	-0.6	-
KKC	KKR Credit Income Fund	Fixed Income	-7.8	-9.1	-7.2	-	-	-8.8	-11.1	-11.2	-	-
<b>Arithmetic Average (Alternative)</b>			<b>-5.0</b>	<b>-5.5</b>	<b>0.8</b>	<b>7.4</b>	<b>9.7</b>	<b>-3.4</b>	<b>-4.9</b>	<b>-1.8</b>	<b>2.2</b>	<b>2.0</b>
Arithmetic Average (Mandate - Long Short (Global))			-16.6	-17.3	-8.5	9.2	-	-10.0	-13.3	-9.8	5.0	-
Arithmetic Average (Mandate - Private Equity & Assets)			0.8	5.7	21.0	13.3	14.2	-1.1	1.8	13.0	5.3	6.3
Arithmetic Average (Mandate - Fixed Income)			-3.5	-3.9	-1.3	3.6	-	-4.6	-6.1	-5.7	-1.0	-
<b>Weighted Average (Alternative)</b>			<b>-5.2</b>	<b>-4.4</b>	<b>0.3</b>	<b>7.4</b>	<b>0.6</b>	<b>-3.0</b>	<b>-2.8</b>	<b>-0.8</b>	<b>3.5</b>	<b>0.2</b>

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

Figure 31 - Share Price Performance

ASX Code	Company/Trust Name	Investment Mandate	Share/Unit Price									
			Performance (%)					Value-add+ (%)				
			3m	6m	1y	3y	5y	3m	6m	1y	3y	5y
LSF	L1 Long Short Fund	Long/Short (Global)	-13.2	-5.3	3.3	23.4	-	-1.3	4.6	9.8	20.1	-
VG1	VGI Partners Global Investments	Long/Short (Global)	-19.2	-26.9	-37.0	-12.7	-	-10.7	-10.9	-30.5	-20.4	-
RF1	Regal Investment Fund	Long/Short (Global)	-22.7	-23.6	-28.7	20.9	-	-10.5	-13.2	-21.9	17.5	-
TGF	Tribeca Global Natural Resources	Long/Short (Global)	-29.2	-20.9	-13.2	-0.2	-	-23.1	-30.7	-31.0	-6.0	-
VG8	VGI Partners Asian Investments	Long/Short (Asia)	-11.4	-12.2	-22.6	-	-	-7.0	0.5	-6.9	-	-
AEG	Absolute Equity Performance	Long/Short	-3.4	-17.1	-20.8	3.6	-1.2	9.5	-5.6	-13.4	-0.2	-8.4
WMA	WAM Alternative Assets	Private Assets	-6.8	1.8	9.0	-	-	-8.7	-2.1	1.0	-	-
D2O	Duxton Water	Water Entitlements	11.3	12.8	24.2	12.7	14.0	24.2	24.3	31.6	8.9	6.8
PE1	Pengana Private Equity Trust	Private Equity (Global)	-8.1	-14.5	26.3	9.9	-	-10.0	-18.4	18.3	1.9	-
BTI	Bailador Technology Investments	Private Equity (Tech)	15.6	-0.3	9.7	13.0	11.0	13.7	-4.2	1.7	5.0	3.0
GCI	Gryphon Capital Income Trust	Fixed Income	-3.3	-2.3	1.4	3.0	-	-4.3	-4.2	-2.3	-0.8	-
QRI	Qualitas Real Estate Income Fund	Fixed Income	-11.6	-11.9	-10.9	0.2	-	-12.9	-14.5	-16.1	-5.1	-
MXT	MCP Master Income Trust	Fixed Income	-3.0	-3.8	0.0	3.3	-	-3.9	-5.5	-3.4	-0.3	-
MOT	MCP Income Opportunities Trust	Fixed Income	-12.5	-12.9	-3.1	4.0	-	-14.2	-16.3	-10.1	-3.0	-
NBI	NB Global Corporate Income Trust	Fixed Income	-18.6	-27.2	-23.1	-8.3	-	-19.6	-29.3	-27.3	-12.5	-
PCI	Perpetual Credit Income Trust	Fixed Income	-8.3	-10.8	-5.7	-1.8	-	-9.2	-12.5	-9.1	-5.4	-
KKC	KKR Credit Income Fund	Fixed Income	-15.4	-17.2	-15.4	-	-	-16.4	-19.2	-19.4	-	-
<b>Arithmetic Average (Alternative)</b>			<b>-9.4</b>	<b>-11.3</b>	<b>-6.3</b>	<b>5.1</b>	<b>7.9</b>	<b>-6.1</b>	<b>-9.2</b>	<b>-7.6</b>	<b>0.0</b>	<b>0.5</b>
Arithmetic Average (Mandate - Long Short (Global))			-21.1	-19.2	-18.9	7.8	-	-11.4	-12.6	-18.4	2.8	-
Arithmetic Average (Mandate - Private Equity & Assets)			3.0	-0.1	17.3	11.9	12.5	4.8	-0.1	13.2	5.3	4.9
Arithmetic Average (Mandate - Fixed Income)			-11.6	-14.4	-9.4	-0.7	-	-12.7	-16.6	-13.9	-5.3	-
<b>Weighted Average (Alternative)</b>			<b>-10.3</b>	<b>-10.8</b>	<b>-6.1</b>	<b>5.8</b>	<b>0.5</b>	<b>-7.1</b>	<b>-8.3</b>	<b>-6.5</b>	<b>1.9</b>	<b>0.1</b>

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

## Premium/Discount to NTA

We have sorted our mandate dichotomised LICs & LITs by the prevailing percentage premium or discount. The most appropriate net asset backing (i.e. pre-tax or post-tax) has been selected and compared against the share/unit price.

Figure 32 - Domestic Equity Prem/Disc

ASX Code	Company/Trust name	%	ASX Code	Company/Trust name	%
TEK	Thorney Technologies	-34.6%	OPH	Ophir High Conviction Fund	-3.6%
TOP	Thorney Opportunities	-29.1%	AUI	Australian United Investment	-3.3%
CDM	Cadence Capital	-24.1%	DJW	Djerriwarrh Investments	-3.1%
CIN	Carlton Investments	-23.4%	PIC	Perpetual Equity Investment	-2.6%
FSI	Flagship Investments	-15.5%	ACQ	Acorn Capital Investment	-2.5%
SNC	Sandon Capital Investments	-13.1%	BKI	BKI Investment	0.0%
NSC	Naos Small Cap Opportunities	-13.1%	WHF	Whitefield	3.7%
WAR	WAM Strategic Value	-11.9%	ARG	Argo Investments	4.1%
WAA	WAM Active	-10.8%	AMH	AMCIL	4.4%
QVE	QV Equities	-10.1%	CAM	Clime Capital	4.5%
NAC	Naos Ex-50 Opportunities	-8.9%	WLE	WAM Leaders	6.3%
NCC	Naos Emerging Opportunities	-8.8%	WAM	WAM Capital	9.8%
DUI	Diversified United Investment	-7.3%	MIR	Mirrabooka Investments	11.8%
FGX	Future Generation Investment	-7.2%	AFI	AFIC	13.3%
SEC	Spheria Emerging Companies	-5.7%	PL8	Plato Income Maximiser	19.6%
FOR	Forager Australian Shares Fund	-5.5%	WMI	WAM Microcap	26.9%
RYD	Ryder Capital	-4.8%	WAX	WAM Research	29.2%

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE.

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE.

Figure 33 - Global Equity Prem/Disc

ASX Code	Company/Trust name	%
HM1	Hearts and Minds Investments	-21.7%
MGF	Magellan Global Fund (Closed Class)	-21.0%
WGB	WAM Global	-20.1%
MFF	MFF Capital Investments	-19.5%
PIA	Pengana International Equities	-19.1%
FGG	Future Generation Global Investment	-18.9%
LRT	Lowell Resources Fund	-18.7%
PAI	Platinum Asia Investments	-18.6%
EAI	Ellerston Asian Investments	-15.1%
PMC	Platinum Capital	-14.3%
WQG	WCM Global Growth	-7.7%
ALI	Argo Global Listed Infrastructure	-5.3%
GVF	Global Value Fund	-4.8%
PGF	PM Capital Global Opportunities	0.8%

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE.

Figure 34 - Alternative Strategy Prem/Disc

ASX Code	Company/Trust name	%
D2O	Duxton Water	-23.5%
BTI	Bailador Technology Investments	-22.3%
VG1	VGI Partners Global Investments	-20.5%
VG8	VGI Partners Asian Investments	-19.4%
NBI	NB Global Corporate Income Trust	-18.4%
KKC	KKR Credit Income Fund	-17.9%
WMA	WAM Alternative Assets	-16.2%
PE1	Pengana Private Equity Trust	-15.4%
QRI	Qualitas Real Estate Income Fund	-14.1%
PCI	Perpetual Credit Income Trust	-12.3%
MOT	MCP Income Opportunities Trust	-12.2%
RF1	Regal Investment Fund	-10.4%
TGF	Tribeca Global Natural Resources	-9.5%
AEG	Absolute Equity Performance	-9.4%
LSF	L1 Long Short Fund	-5.4%
MXT	MCP Master Income Trust	-2.3%
GCI	Gryphon Capital Income Trust	-2.0%

SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE.

Premium/Discount to NTA

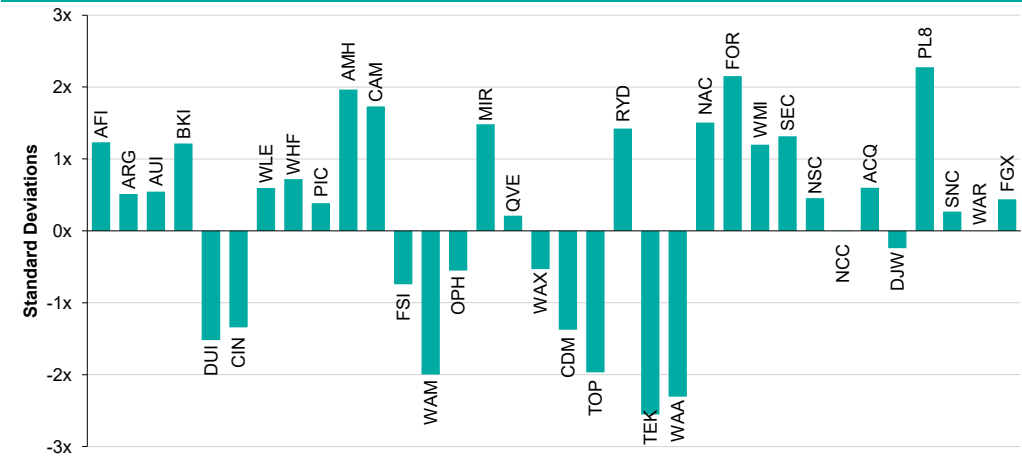
As there is no redemption facility present, LIC/LITs will often trade at a consistent premium or discount to the net asset backing, with the standard deviation providing a measure of range in which this value typically falls.

We have calculated the average percentage premium/discount for LIC/LITs over the trailing last 3 years and compared this result with the premium/discount to net asset backing.

Determining the number of standard deviations from the mean can reveal whether a current relative price is fair or expensive based on the assumption of periodic mean reversion and the degree of variability. This treatment shifts the focus from investing in discounted vehicles only and further enables us to compare two scores from different populations.

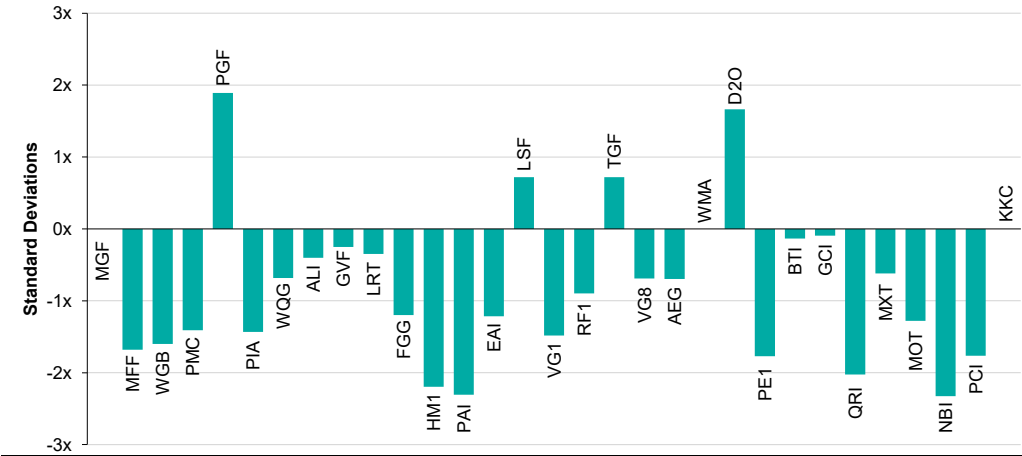
Note that a select few LIC/LITs have a tenure less than 3 years and so have been classified as non-applicable in the portrayal.

Figure 35 - Domestic Equity Prem/Disc Relative to 3 Year Average



SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

Figure 36 - Global Equity and Alternate Strategy Prem/Disc Relative to 3 Year Average



SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

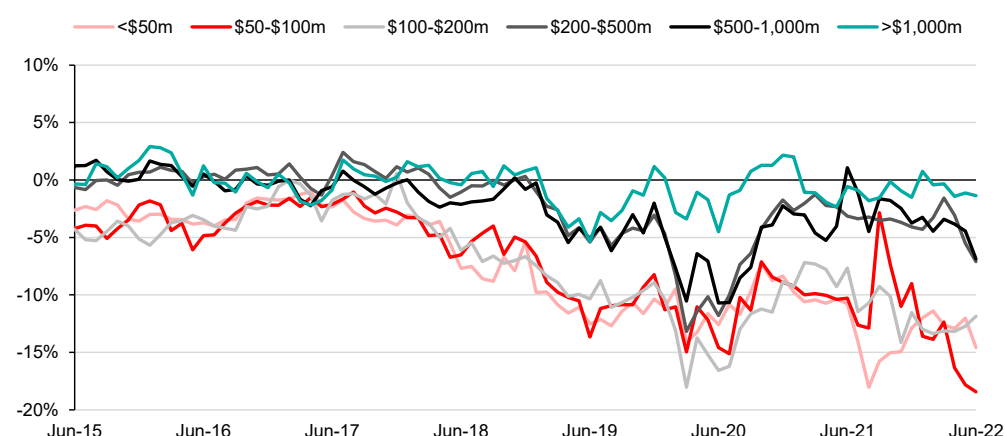
### Premium/Discount to NTA

A LIC/LIT's Indirect Cost Ratio (ICR) measures the aggregate indirect cost that is borne by investors as a function of the average net asset backing during a reporting period. These expenses may be fixed or variable and generally include management fees, performance fees, legal, accounting, auditing and other operational and compliance cost.

Certain strategies are also more cost intensive to execute than others. This can be due to the heavy resource requirements in filtering an investment universe, a need for in-depth research coverage and/or sophisticated investment strategies that harbor high operational costs. The specialised nature of engaging in less efficient parts of the market may give managers a consistent ability to outperform or deliver outsized returns, however when spread over a relatively smaller capital base, the cost loading trade-off in context may become unattractive, in turning garnering a large drag on investment returns and a greater discount to the net asset backing.

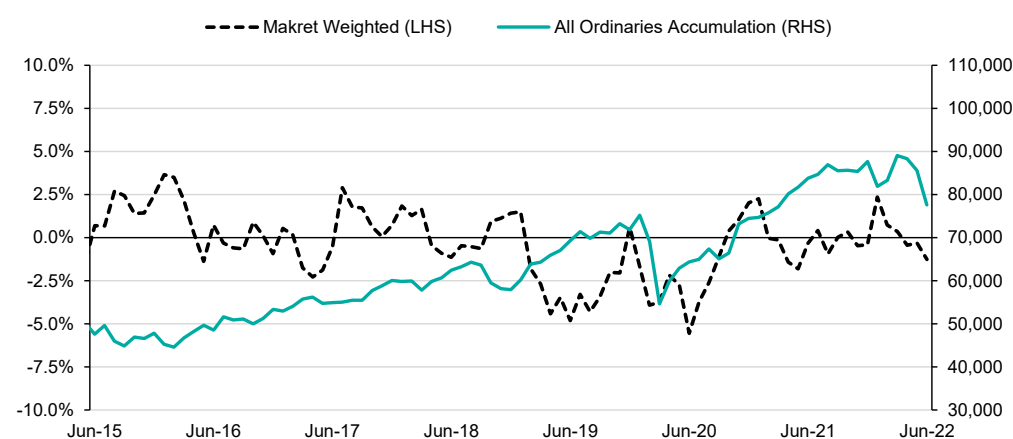
Smaller fund size also narrows the investment potential for larger investors when the volume and value of shares traded on the exchange is thin. Less ease in cash conversion will result in a higher premium for buyers who require an additional compensation for the illiquidity risk, resulting in a larger bid/ask spread and therefore greater discount to the underlying net asset backing of the LIC/LIT.

Figure 37 - Prem/Disc by Market Capitalisation Band



SOURCE: COMPANY DATA, IRESS, BELL POTTER.

Figure 38 - Market Weighted Prem/Disc and Index Trend



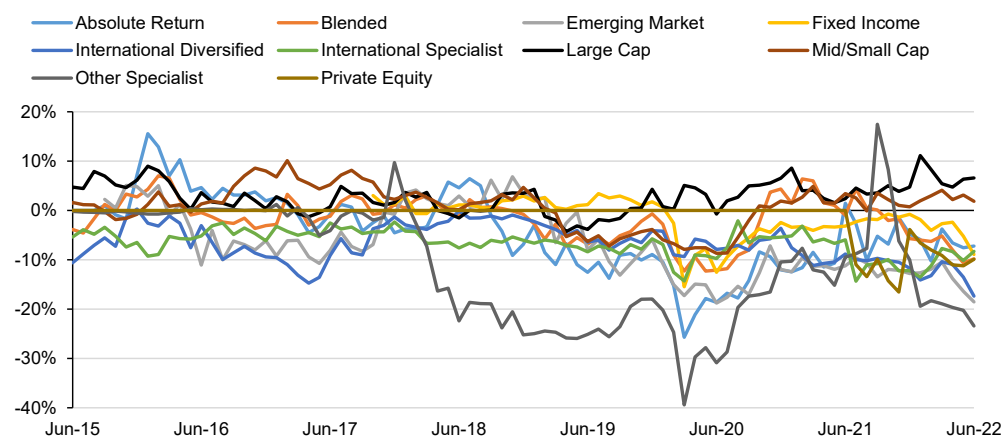
SOURCE: COMPANY DATA, IRESS, BELL POTTER.

### Premium/Discount to NTA

While LIC/LITs will often trade at a consistent premium or discount to the net asset backing, the subset of mandates themselves will tend to behave differently from one another through the economic cycle.

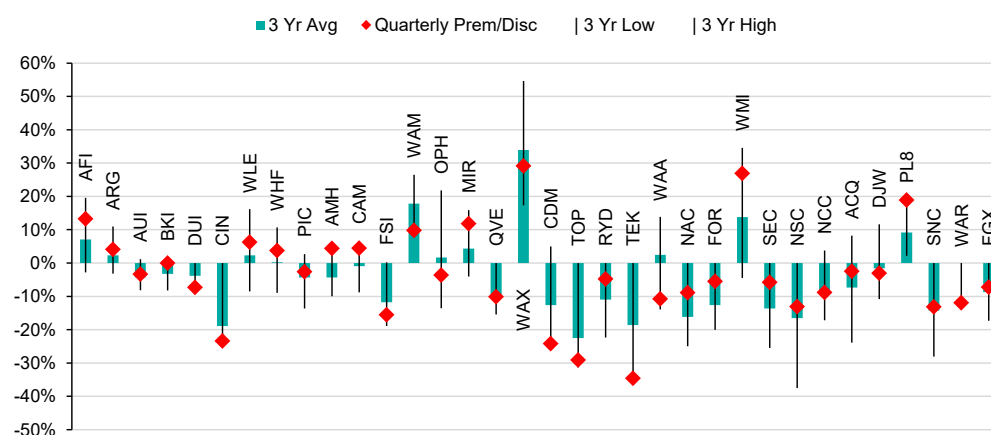
For instance, Large Capitalisation Domestic Equity LIC/LITs typically exhibit a heightened premium in perceivably difficult or uneasy market conditions and a lower premium in improving market conditions. Worldwide Specialist and Mid/Small Capitalisation Domestic Equity LIC/LITs meanwhile tend to be more procyclical and volatile. Periods of rising market confidence has traditionally crowded out lower investment return alternatives and driven investors into favoured boutique and exotic LIC/LITs, in turn narrowing the discounts of these mandates. However as market conditions turn, these small discounts tend to exacerbate into deep discounts.

Figure 39 - Prem/Disc by Investment Mandate



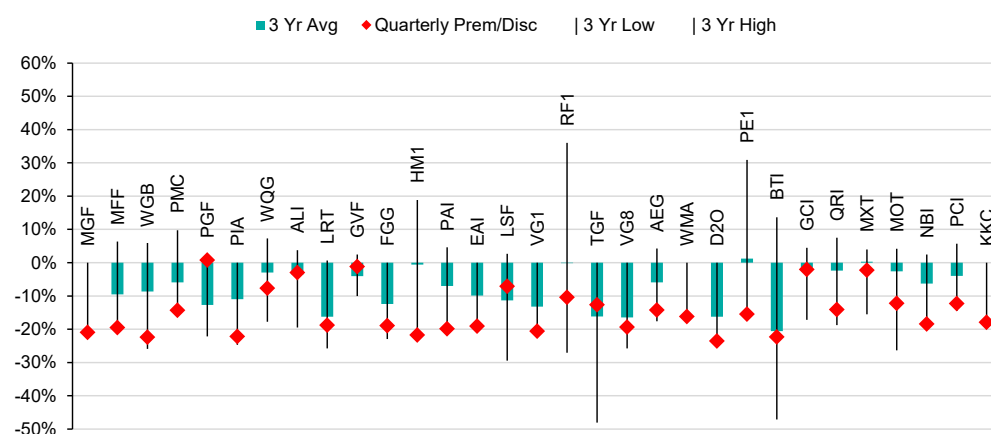
SOURCE: COMPANY DATA, IRESS, BELL POTTER.

Figure 40 - Domestic Equity Prem/Disc



SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

Figure 41 - Global Equity and Alternate Strategy Prem/Disc



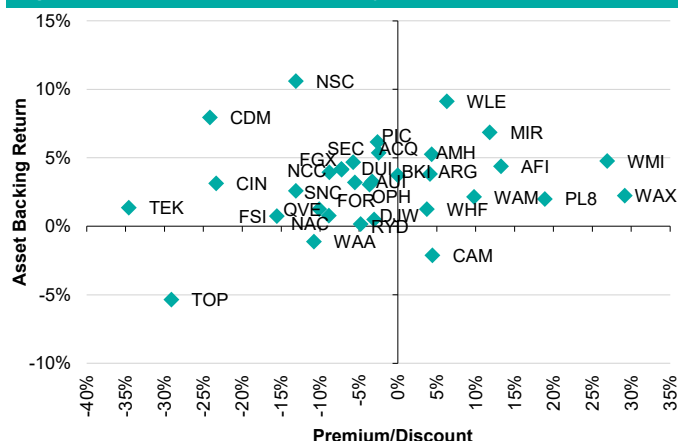
SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

### Premium/Discount to NTA

Intuitively the net performance consistency of a LIC/LIT through different market environments will drive or deter front running.

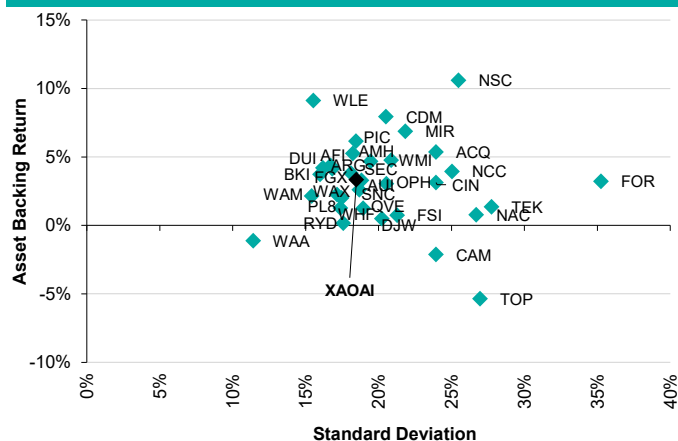
We have compared (1) the prevailing premium/discount against the net asset backing performance, as a reflection on investment decisions and (2) net asset backing performance versus the standard deviation of these performance figures as a measure of dispersion or risk from the average return.

Figure 42 - 3 Year Domestic Equity Perf vs Prem/Disc



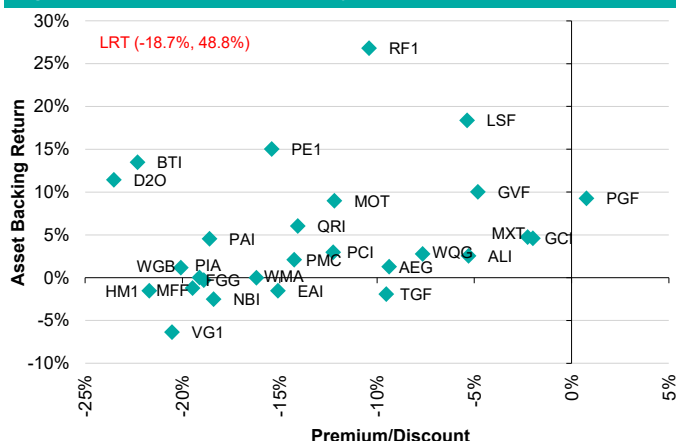
SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

Figure 44 - 3 Year Domestic Equity Perf vs St Dev



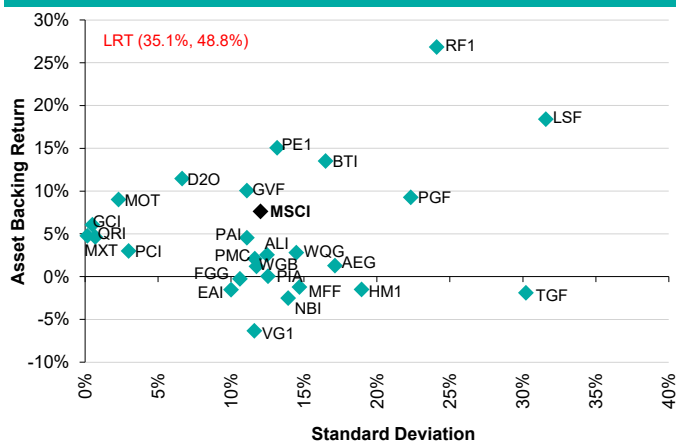
SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

Figure 43 - 3 Year Global Equity and Alt Perf vs Prem/Disc



SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

Figure 45 - 3 Year Global Equity and Alt Perf vs St Dev



SOURCE: COMPANY DATA, IRESS, BELL POTTER. AS AT 30 JUNE 2022.

## Premium/Discount to NTA

The magnitude, consistency and growth in dividends over time can also influence the prevailing premium/discount for a LIC.

By utilising the economies of scale that exist within the funds management industry for companies, we tend to observe that larger LICs with a standing tenure have favourable profit margins. This translates to higher return on equity, or superior effectiveness by management to generate returns from shareholders' investments.

Investment entities by nature do not engage in capex and therefore usually exhibit higher payout ratios (dividends paid divided by net income for the period). This makes dividend analysis an important consideration given usual sustainability in the program.

Figure 46 - Profitability and Dividends Example

Item	2014	2015	2016	2017	2018	2019
Revenue	284,899,000	325,648,000	293,624,000	277,651,000	308,501,000	441,353,000
% Change		14.30%	-9.83%	-5.44%	11.11%	43.06%
Net Income	254,293,000	293,604,000	265,756,000	245,300,000	279,007,000	406,373,000
% Profit Margin	89.26%	90.16%	90.51%	88.35%	90.44%	92.07%
Dividends Paid	-226,336,000	-241,486,000	-258,610,000	-267,751,000	-278,054,000	-372,670,000
% Payout Ratio	89.01%	82.25%	97.31%	109.15%	99.66%	91.71%
Shareholders Equity	5,184,152,000	5,446,444,000	5,408,541,000	5,965,503,000	6,339,260,000	6,624,746,000
% Return on Equity	4.91%	5.39%	4.91%	4.11%	4.40%	6.13%
Dividend Growth Rate	4.38%	4.86%	4.45%	3.63%	3.98%	5.65%

SOURCE: COMPANY REPORTS, BELL POTTER.

One means of valuation for fundamental investors is the Dividend Discount Model. This application follows the principles of time value in money, discounting the sum of future expected dividend payments into perpetuity by an appropriate risk-adjusted rate in order to receive a present value on those aggregate cash flows.

The model also offers a framework for observing the changes in common risk factors affecting all equity securities, such as variations in the inflation rate and nominal interest rate. Observing our derivations here may partially explain the consistent premium to net asset backing that some LICs enjoy.

Figure 47 - Single-Step Dividend Discount Model

			Growth Rate										
				0.00%	0.50%	1.00%	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%	4.50%
Covariance	0.00109		5.00%	\$4.80	\$5.36	\$6.06	\$6.96	\$8.16	\$9.84	\$12.36	\$16.56	\$24.96	\$50.16
Variance (Market)	0.00194		5.50%	\$4.36	\$4.82	\$5.39	\$6.09	\$6.99	\$8.20	\$9.89	\$12.42	\$16.64	\$25.08
Beta	0.56200		6.00%	\$4.00	\$4.39	\$4.85	\$5.41	\$6.12	\$7.03	\$8.24	\$9.94	\$12.48	\$16.72
			6.50%	\$3.69	\$4.02	\$4.41	\$4.87	\$5.44	\$6.15	\$7.06	\$8.28	\$9.98	\$12.54
Risk-Free Rate	3.20%		7.00%	\$3.43	\$3.71	\$4.04	\$4.43	\$4.90	\$5.47	\$6.18	\$7.10	\$8.32	\$10.03
Market Return (S&P/ASX 200 Accum.)	6.83%		7.50%	\$3.20	\$3.45	\$3.73	\$4.06	\$4.45	\$4.92	\$5.49	\$6.21	\$7.13	\$8.36
Equity Risk Premium	5.24%		8.00%	\$3.00	\$3.22	\$3.46	\$3.75	\$4.08	\$4.47	\$4.94	\$5.52	\$6.24	\$7.17
Growth Rate	2.50%		8.50%	\$2.82	\$3.02	\$3.23	\$3.48	\$3.77	\$4.10	\$4.49	\$4.97	\$5.55	\$6.27
Dividends Paid (Hist.)	\$295,177,513.44		9.00%	\$2.67	\$2.84	\$3.03	\$3.25	\$3.50	\$3.78	\$4.12	\$4.52	\$4.99	\$5.57
			9.50%	\$2.53	\$2.68	\$2.85	\$3.05	\$3.26	\$3.51	\$3.80	\$4.14	\$4.54	\$5.02
DDM	\$11,059,335,977.35		10.00%	\$2.40	\$2.54	\$2.69	\$2.87	\$3.06	\$3.28	\$3.53	\$3.82	\$4.16	\$4.56
Per Share	\$8.9920		10.50%	\$2.29	\$2.41	\$2.55	\$2.71	\$2.88	\$3.08	\$3.30	\$3.55	\$3.84	\$4.18
			11.00%	\$2.18	\$2.30	\$2.42	\$2.56	\$2.72	\$2.89	\$3.09	\$3.31	\$3.57	\$3.86
Indicative NTA (10 August 2022)	\$7.0402												
Last Price (10 August 2022)	\$7.9400												
Premium/(Discount)	12.78%												
Terminal Value Premium/(Discount)	-11.70%												

SOURCE: COMPANY REPORTS, BELL POTTER.



## Liquidity

Liquidity is the ability to buy or sell a particular security. The volume and value traded among some LIC/LITs can be quite thin at times and may be difficult to trade in larger lines. Liquidity therefore needs to be taken into account when considering an investment in the sector.

Figure 48 - Domestic Equity Liquidity

ASX Code	Company/Trust name	Shares/Units on Issue (18 July 2022)	Jun 22 Value Traded	2Q22 Volume Traded	2Q22 Value Traded	Quarterly Liquidity	3 Year Average Monthly Vol.	3 Year Average Monthly Val.
AFI	Australian Foundation Investment	1,230m	\$83.30m	25.77m	\$205.85m	2.09%	10.43m	\$73.97m
ARG	Argo Investments	750m	\$46.27m	12.41m	\$115.21m	1.65%	5.55m	\$46.86m
AUI	Australian United Investment	125m	\$4.71m	1.32m	\$12.98m	1.06%	0.63m	\$5.84m
BKI	BKI Investment	743m	\$13.83m	19.92m	\$33.31m	2.68%	8.92m	\$13.83m
DUI	Diversified United Investment	214m	\$8.33m	4.02m	\$19.37m	1.88%	1.33m	\$6.24m
CIN	Carlton Investments	26m	\$3.04m	0.17m	\$5.23m	0.64%	0.07m	\$2.06m
WLE	WAM Leaders	1,034m	\$22.96m	42.87m	\$64.39m	4.15%	20.46m	\$26.11m
WHF	Whitefield	111m	\$4.13m	2.12m	\$11.42m	1.90%	0.78m	\$4.07m
PIC	Perpetual Equity Investment	376m	\$5.71m	14.57m	\$18.07m	3.88%	6.18m	\$6.89m
AMH	AMCIL	310m	\$2.15m	5.98m	\$7.04m	1.93%	2.37m	\$2.47m
CAM	Clime Capital	140m	\$2.35m	7.90m	\$6.73m	5.64%	2.84m	\$2.49m
FSI	Flagship Investments	26m	\$0.19m	0.28m	\$0.55m	1.10%	0.14m	\$0.28m
WAM	WAM Capital	1,088m	\$103.51m	189.62m	\$384.87m	17.43%	26.69m	\$57.40m
OPH	Ophir High Conviction Fund	213m	\$5.68m	6.71m	\$18.32m	3.15%	3.21m	\$9.55m
MIR	Mirrabooka Investments	176m	\$5.43m	4.38m	\$13.42m	2.48%	1.58m	\$4.66m
QVE	QV Equities	229m	\$3.64m	12.92m	\$13.03m	5.64%	7.05m	\$6.56m
WAX	WAM Research	198m	\$5.95m	11.26m	\$16.70m	5.69%	3.89m	\$5.85m
CDM	Cadence Capital	298m	\$9.22m	22.74m	\$21.21m	7.64%	9.76m	\$8.41m
TOP	Thorney Opportunities	195m	\$0.85m	6.06m	\$3.10m	3.11%	3.02m	\$1.67m
RYD	Ryder Capital	85m	\$0.40m	0.74m	\$1.03m	0.87%	0.38m	\$0.59m
TEK	Thorney Technologies	425m	\$2.09m	19.74m	\$5.17m	4.64%	5.74m	\$1.85m
WAA	WAM Active	74m	\$2.16m	5.56m	\$5.03m	7.49%	1.63m	\$1.68m
NAC	Naos Ex-50 Opportunities	45m	\$0.46m	1.73m	\$1.67m	3.84%	1.04m	\$1.03m
FOR	Forager Australian Shares Fund	109m	\$2.69m	4.68m	\$6.66m	4.29%	1.42m	\$1.84m
WMI	WAM Microcap	209m	\$7.44m	10.93m	\$18.63m	5.23%	4.43m	\$7.23m
SEC	Spheria Emerging Companies	60m	\$1.95m	3.03m	\$6.46m	5.04%	1.57m	\$2.87m
NSC	Naos Small Cap Opportunities	144m	\$1.72m	8.80m	\$7.03m	6.13%	3.31m	\$2.37m
NCC	Naos Emerging Opportunities	73m	\$0.99m	3.23m	\$3.10m	4.42%	1.35m	\$1.37m
ACQ	Acorn Capital Investment	86m	\$1.79m	3.85m	\$5.01m	4.47%	1.67m	\$2.10m
DJW	Djerriwarrh Investments	237m	\$8.70m	8.69m	\$26.57m	3.66%	3.43m	\$10.50m
PL8	Plato Income Maximiser	555m	\$16.52m	35.47m	\$43.64m	6.40%	10.99m	\$12.63m
SNC	Sandon Capital Investments	136m	\$2.19m	6.02m	\$4.88m	4.44%	2.10m	\$1.78m
WAR	WAM Strategic Value	180m	\$6.83m	14.85m	\$16.09m	8.24%	5.67m*	\$6.86m*
FGX	Future Generation Investment	404m	\$6.42m	14.41m	\$18.18m	3.57%	7.09m	\$8.32m

SOURCE: COMPANY DATA, IRESS, BELL POTTER. \*FUND LONGEVITY OF LESS THAN 3 YEARS.

## Liquidity

Liquidity is the ability to buy or sell a particular security. The volume traded among some LIC/LITs can be quite thin at times and may be difficult to trade in larger lines. Liquidity therefore needs to be taken into account when considering an investment in the sector.

Figure 49 - Global Equity Liquidity

ASX Code	Company/Trust name	Shares/Units on Issue (18 July 2022)	Jun 22 Value Traded	2Q22 Volume Traded	2Q22 Value Traded	Quarterly Liquidity	3 Year Average Monthly Vol.	3 Year Average Monthly Val.
MGF	Magellan Global Fund (Closed Class)	1,502m	\$77.72m	158.53m	\$229.41m	10.56%	39.21m*	\$64.48m*
MFF	MFF Capital Investments	584m	\$25.02m	26.30m	\$63.46m	4.50%	7.12m	\$19.93m
WGB	WAM Global	351m	\$16.24m	23.17m	\$45.84m	6.60%	6.04m	\$13.02m
PMC	Platinum Capital	294m	\$5.89m	11.97m	\$15.55m	4.07%	5.88m	\$8.38m
PGF	PM Capital Global Opportunities	391m	\$5.73m	12.14m	\$19.56m	3.10%	6.59m	\$8.23m
PIA	Pengana International Equities	256m	\$4.02m	11.81m	\$12.23m	4.61%	4.48m	\$5.28m
WQG	WCM Global Growth	186m	\$3.74m	8.62m	\$10.43m	4.64%	4.51m	\$6.07m
ALI	Argo Global Listed Infrastructure	168m	\$3.61m	4.51m	\$10.75m	2.69%	2.08m	\$4.64m
GVF	Global Value Fund	174m	\$2.50m	4.80m	\$5.43m	2.75%	1.83m	\$1.98m
LRT	Lowell Resources Fund	29m	\$0.23m	0.63m	\$1.08m	2.14%	0.25m	\$0.28m
FGG	Future Generation Global Investment	394m	\$6.45m	13.06m	\$16.23m	3.31%	5.91m	\$7.81m
HM1	Hearts and Minds Investments	228m	\$18.81m	20.74m	\$47.71m	9.10%	3.85m	\$12.52m
PAI	Platinum Asia Investments	368m	\$9.33m	26.04m	\$22.82m	7.07%	7.16m	\$7.63m
EAI	Ellerston Asian Investments	127m	\$2.50m	6.46m	\$5.34m	5.10%	3.28m	\$3.38m

SOURCE: COMPANY DATA, IRESS, BELL POTTER. \*FUND LONGEVITY OF LESS THAN 3 YEARS.

Figure 50 - Alternative Strategy Liquidity

ASX Code	Company/Trust name	Shares/Units on Issue (18 July 2022)	Jun 22 Value Traded	2Q22 Volume Traded	2Q22 Value Traded	Quarterly Liquidity	3 Year Average Monthly Vol.	3 Year Average Monthly Val.
LSF	L1 Long Short Fund	611m	\$39.38m	35.85m	\$100.19m	5.87%	21.40m	\$39.04m
VG1	VGI Partners Global Investments	375m	\$22.05m	31.32m	\$49.34m	8.36%	9.79m	\$20.35m
RF1	Regal Investment Fund	172m	\$12.38m	7.95m	\$28.66m	4.61%	3.14m	\$10.18m
TGF	Tribeca Global Natural Resources	62m	\$4.94m	6.89m	\$18.36m	11.20%	2.76m	\$5.38m
VG8	VGI Partners Asian Investments	221m	\$9.73m	12.39m	\$22.95m	5.60%	4.48m*	\$9.57m*
AEG	Absolute Equity Performance	90m	\$3.41m	8.44m	\$7.02m	9.33%	2.42m	\$2.61m
WMA	WAM Alternative Assets	195m	\$4.29m	11.23m	\$12.14m	5.77%	5.11m	\$4.77m
D2O	Duxton Water	120m	\$2.58m	4.71m	\$7.41m	3.94%	1.72m	\$2.41m
PE1	Pengana Private Equity Trust	278m	\$7.53m	17.39m	\$25.54m	6.26%	4.29m	\$5.63m
BTI	Bailador Technology Investments	141m	\$4.73m	9.82m	\$13.53m	6.97%	2.56m	\$3.05m
GCI	Gryphon Capital Income Trust	243m	\$8.81m	11.71m	\$23.60m	4.82%	4.17m	\$8.27m
QRI	Qualitas Real Estate Income Fund	375m	\$12.76m	20.02m	\$29.44m	5.33%	4.99m	\$7.77m
MXT	MCP Master Income Trust	880m	\$72.56m	86.23m	\$170.84m	9.80%	21.70m	\$43.55m
MOT	MCP Income Opportunities Trust	265m	\$32.21m	36.16m	\$73.72m	13.64%	6.39m	\$12.73m
NBI	NB Global Corporate Income Trust	441m	\$27.25m	41.91m	\$61.20m	9.51%	10.65m	\$19.60m
PCI	Perpetual Credit Income Trust	401m	\$9.97m	32.81m	\$32.97m	8.18%	9.98m	\$10.54m
KKC	KKR Credit Income Fund	370m	\$23.23m	31.18m	\$64.38m	8.43%	9.80m*	\$20.83m*

SOURCE: COMPANY DATA, IRESS, BELL POTTER. \*FUND LONGEVITY OF LESS THAN 3 YEARS.

## Appendix A: Glossary of terms

**Annualised Compound Total Returns:** The Annualised Compound Total Return calculates the constant yearly return that would result in the initial value of an investment reaching its present value.

**Active Management:** Investing with the goal of outperforming a benchmark index.

**Balanced Investing:** Investing in securities with neither a preference for Growth or Value investing.

**Beta:** In the context of this report, a Beta is a representation of the tendency of a company's share price to respond to swings in the Market. A Beta of 1 indicates that a company's share price will move in line with the Market. A Beta of greater than 1 indicates that a share's price will be more volatile than the Market. Our Market Proxy is the All Ordinaries Accumulation Index.

**Dilutive Security:** When a company issues additional shares in itself at a price below the current value of existing shares this will have a dilutive effect.

**Estimated Fully Diluted NTA:** Some LICs have additional securities that have the ability to convert to, or create, new ordinary securities in the Company. If a security can be converted to ordinary securities at a price lower than the LIC's NTA, this will dilute its NTA on a per share basis.

**Excess Return to Risk Ratio:** This ratio, also known as the Sharpe Ratio (see Sharpe Ratio for definition), provides a measure of the return of each portfolio relative to the risk taken by the Investment Manager in achieving that return. A high return is only desirable if it does not come with too much additional risk (volatility of returns - see Standard Deviation).

**Grossed Up Dividend Yield:** Dividends paid plus any franking credits passed on to shareholders. We have focused on this measure to enable valid comparison between LICs whose dividends are franked and those that are not.

**Growth Investing:** Investing in securities with a bias towards higher projected Earnings Per Share growth rates and Return On Equity.

**Indirect Cost Ratio:** The ICR, as defined in the Corporations Act 2001, is the ratio of the Fund's management costs to average net assets. In layman's terms, it covers all expenditure, excluding transaction and finance costs, in the management of the Fund. This includes management fees, performance fees, marketing, audit, legal, rent, etc.

We are using this method of calculation to standardise the cost ratios across our LIC universe, given many different interpretations of the MER calculations by LICs and the inability to confirm the calculation. ICR is generally accepted as the principal expense ratio calculation for the Managed Funds industry.

**Net Tangible Assets (NTA):** Total assets of the Company minus any intangible assets such as goodwill and trademarks, less all liabilities of the Company. This is calculated before any theoretical tax is payable if the entire portfolio was sold. The largest liability of most LICs is the Management Fee, while some LICs also provide for performance fees, should the LIC's portfolio achieve certain benchmarks. Management fees are generally a reflection of how actively a portfolio is managed as well as its size.

**Option Adjusted Portfolio Return:** A LIC's calculated portfolio return over a period may be negatively impacted if there are new securities issued during a period. This is because the Manager will not have been able to generate returns off the new funds over the entire period, which will detract from the performance of the overall portfolio. Accordingly, where new securities have been issued in a LIC we will remove the impact of those securities creating an Option Adjusted Portfolio Return.

**Passive Management:** Investing in an attempt to track the return of the underlying benchmark index. Typically a passively managed portfolio has good diversification, low turnover (good for keeping down internal transaction costs), and lower management fees.

**Premium/Discount to Pre-Tax NTA:** While share prices of LICs are generally based around their NTA, the vagaries of supply and demand, as well as the market perception of a company's outlook, mean that a LIC's share price may move substantially below (discount) or above (premium) its NTA.

**Appendix A: Glossary of terms (continued)**

**Renounceable Rights Issue:** This is an offer by the LIC to shareholders to purchase more shares in the Company. Given these rights are normally issued at a discount they have an inherent value that can be traded on the ASX.

**Stapled Options:** These are options that cannot be traded individually. They are attached to a share or similar security and this combined security must be traded in a 'bundle'.

**Total Shareholder Return (TSR):** Highlights total increase in the value of \$100 invested in a LIC over a given period by a shareholder on the assumption that dividends are reinvested. TSR takes into account grossed up dividends paid as well as share price appreciation and may differ from share price performance in this regard.

**Value Investing:** Investing in securities that appear to be undervalued taking in to consideration certain valuation metrics.

## Appendix B: Legend to Performance Measures

The following provides an explanation of each item contained within 'our performance measures'.

**Figure 1 - Historical Performance of Pre-Tax NTA and Security Price versus the Benchmark**

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	3.9%	-6.0%	-14.7%	5.4%	-0.6%	6.9%
Index	1.9%	-9.6%	-11.4%	8.5%	-2.1%	6.3%
Active return	2.0%	3.6%	-3.3%	-3.1%	1.5%	0.6%
<b>NTA+</b>						
Performance	3.4%	-7.8%	-7.8%	9.0%	0.1%	7.4%
Benchmark	2.1%	-9.7%	-10.5%	7.6%	-2.3%	6.2%
Active return	1.3%	1.9%	2.7%	1.4%	2.4%	1.2%

**Performance** - The Annualised Compound Total Return calculates the compound yearly return over a period, inclusive of dividends. Dividends are reinvested from the payment date using the most recent historical pre-tax NTA for the NTA performance calculation and the closing price of the security on the prepayment date for the security calculation. Where a LIC has been listed for less than three years each return has been adjusted to reflect the annualised return since its listing.

**Benchmark** - The relevant benchmark has been selected by the Manager. In some instances, the exact Index as selected by a LIC will not be readily available. In such cases, we have determined the most appropriate surrogate index to provide readers with a reasonable guide as to the performance and volatility of that LIC's benchmark. The benchmark is either sourced from IRESS or Bloomberg.

**Active-return** - Active Return is the difference between the pre-tax NTA or security price and the underlying benchmark. A positive difference indicates an outperformance versus the benchmark and a negative difference indicates an underperformance relative to the benchmark.

**Figure 2 - Historical Performance in relative markets**

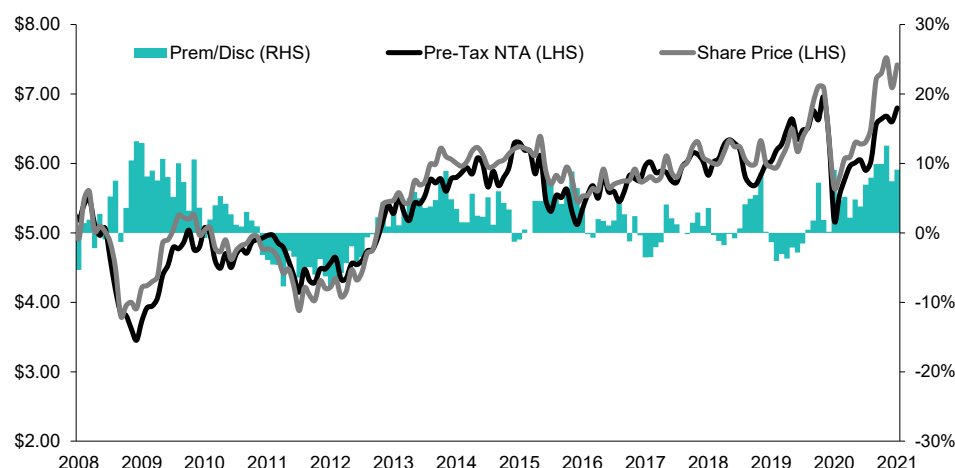
Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share Price*</b>						
Performance	-13.2%	-5.3%	3.3%	23.4%	n/a	n/a
Upside Capture	n/a	69.8%	40.0%	170.5%	n/a	n/a
Downside Capture	111.1%	62.9%	15.5%	82.8%	n/a	n/a
<b>NTA+</b>						
Performance	-14.5%	-7.7%	-1.3%	18.4%	n/a	n/a
Upside Capture	n/a	56.8%	99.4%	136.3%	n/a	n/a
Downside Capture	122.0%	70.0%	77.0%	72.0%	n/a	n/a

**Upside Capture Ratio** - This measure is calculated as the investment manager's geometric return divided by the benchmark geometric return, in a down market, scaled by 100. An investment manager with an Upside Capture Ratio of greater (less) than 100% has outperformed (underperformed) their relevant benchmark in a rising market environment.

**Downside Capture Ratio** - This measure is calculated as the investment manager's geometric return divided by the benchmark geometric return, in an up market, scaled by 100. An investment manager with a Downside Capture Ratio of less (greater) than 100% has outperformed (underperformed) their relevant benchmark in a falling market environment.

## Appendix B: Legend to Performance Measures (continued)

Figure 3 - Return and Premium/Discount to pre-tax NTA



**Share Price** - The light grey line highlights the total increase in the value of \$100 invested by that Investment Manager over the time period (assumes dividends reinvested) on a pre-tax basis. Portfolio performance is measured in dollars on the left-hand axis of the Graph.

**Pre-Tax NTA** - The black line provides a total increase in the value of \$100 if the investor were able to liquidate the investment at the underlying Pre-Tax NTA over the time period (assumes dividends reinvested). Performance is also referenced to the left-hand axis of the Graph.

**Premium/Discount to Pre-Tax NTA** - The teal columns represent the share price premium/discount relative to month-end pre-tax NTA and is measured as a percentage on the right-hand axis.

Figure 4 - Risk Return Indicators

### Risk/Return Indicators

	Information	Sharpe	Standard	Tracking
Share price*	Ratio	Ratio	Deviation	Error
Year 1	0.18	-0.02	16.4%	15.0%
Year 3	-0.40	-0.62	33.2%	30.2%
Year 5	0.16	-0.18	32.1%	30.5%
<b>NTA+</b>				
Year 1	2.21	0.99	11.4%	3.1%
Year 3	-0.60	-0.56	29.2%	7.2%
Year 5	-0.65	-0.33	25.8%	10.1%

**Information Ratio** - This Ratio is a measure of the risk adjusted return of the LIC. It is defined as the Active Return divided by the Tracking Error. Active Return is the difference between the return of the security and the return of a selected benchmark index. The Tracking Error is the standard deviation of the Active Return.

**Sharpe Ratio** - This Ratio provides a measure of the return of each LIC's portfolio relative to the risk taken by the Investment Manager in achieving that return. A high return is only desirable if it does not come with too much additional risk (volatility of returns - see Standard Deviation). A Sharpe Ratio is calculated by subtracting a selected *Risk Free Rate* (Aust. Govt 10-year Bond yield) from a return, and dividing that by the Standard Deviation of that return.

**Standard Deviation:** This is a measure of the dispersion of a portfolio's returns around its average return. A data set that has many monthly returns a long way from the average return will have a greater standard deviation than a set of monthly returns that are close to the average. In the context of this report, we calculate the average monthly return of each LIC, as represented by changes in its NTA, and from this we can calculate a standard deviation from its average. Theoretically, a LIC that achieves the exact same return every month would have a standard deviation of zero.

**Tracking Error:** This measures how much the return of a portfolio deviates from the return of its benchmark index. A data set that has a low Tracking Error means that its returns are closely tracking the Portfolio's benchmark. Tracking Error is the standard deviation of the differences between the return of the portfolio and the return of the benchmark.

**Appendix C: Disclosures****Future Generation Global Investment Company (FGG):**

Bell Potter Securities was a broker for the placement and share purchase plan in October 2018 and received a fee for the service.

**Future Generation Investment Company (FGX):**

Bell Potter Securities was a broker for the placement and share purchase plan in November 2018 and received a fee for the service.

**Gryphon Capital Income Trust (GCI):**

Bell Potter Securities was a Co-Manager for this IPO in May 2018 and received a fee for the service.

Bell Potter Securities was a Co-Manager to the Entitlement Offer in June 2019 and received a fee for the service.

Bell Potter Securities was a Co-Manager to the Entitlement Offer in November 2019 and received a fee for the service.

**Hearts and Minds Investments (HM1):**

Bell Potter Securities was a broker for this IPO in November 2018 and received a fee for the service.

**KKR Credit Income Fund (KKC):**

Bell Potter Securities was a Co-Manager for this IPO in November 2019 and received a fee for the service.

**L1 Long Short Fund (LSF):**

Bell Potter Securities was a Co-Manager for this IPO in April 2018 and received a fee for the service.

**Magellan Global Trust (MGG):**

Bell Potter Securities was a Co-Lead Manager for this IPO in October 2017 and received a fee for the service.

**MCP Income Opportunities Trust (MOT):**

Bell Potter Securities acted as a Co-Manager to the IPO in April 2019 and received fees for that service.

**MCP Master Income Trust (MXT):**

Bell Potter Securities acted as a Co-Manager to the IPO in September 2017 and received fees for that service.

Bell Potter Securities acted as a Co-Manager to the Entitlement Offer in March 2018 and received fees for that service.

Bell Potter Securities acted as a Co-Manager to the Entitlement Offer in May 2019 and received fees for that service.

Bell Potter Securities acted as a Co-Manager to the Entitlement Offer in February 2020 and received fees for that service.

**NB Global Corporate Income Trust (NBI):**

Bell Potter Securities acted as a Co-Manager to the IPO in September 2018 and received fees for that service.

Bell Potter Securities acted as a Co-Manager to the Entitlement Offer in May 2019 and received fees for that service.

Bell Potter Securities acted as a Joint Lead Manager to the Entitlement Offer in January 2020 and received fees for that service.

**Partners Group Global Income Fund (PGG):**

Bell Potter Securities acted as a Co-Manager to the IPO in September 2019 and received fees for that service.

**Perpetual Credit Income Trust (PCI):**

Bell Potter Securities acted as a Co-Manager to the IPO in May 2019 and received fees for that service.

**Pengana Private Equity Trust (PE1):**

Bell Potter Securities acted as a Joint Lead Manager to the IPO in April 2019 and received fees for that service.

**Appendix C: Disclosures (continued)****Plato Income Maximiser Limited (PL8):**

Bell Potter Securities acted as a Co-Manager to the Entitlement Offer in August 2019 and received fees for that service.

**Qualitas Real Estate Income Fund (QRI):**

Bell Potter Securities was a Co-Manager for this IPO in November 2018 and received a fee for the service.

**Regal Investment Fund (RF1):**

Bell Potter Securities acted as a Joint Lead Manager to the IPO in May 2019 and received fees for the service.

Bell Potter Securities acted as a Joint Lead Manager to the Placement in October 2021 and received fees for that service.

**Thorney Opportunities Ltd (TOP):**

Bell Potter Securities acted as the Lead Manager for a share placement in November 2017 and received a fee for the service.

**Thorney Technologies Ltd (TEK):**

Bell Potter Securities acted as the Lead Manager for two placement offers to raise up to \$15m in September 2017 and received a fee for the service.

Bell Potter Securities acted as the Lead Manager to a two tranche Placement in November and December 2020 and received fees for the service.

Bell Potter Securities acted as the Lead Manager to the Entitlement Offer in December 2020 and received fees for the service.

Bell Potter Securities acted as the Lead Manager to a two tranche Placement in July and August 2021 and received fees for the service.

**Tribeca Global Natural Resources (TGF):**

Bell Potter Securities was a Co-Manager for this IPO in October 2018 and received a fee for the service.

**VGI Partners Asian Investments Limited (VG8):**

Bell Potter Securities was a Co-Manager for this IPO in November 2019 and received a fee for the service.

**WAM Strategic Value (WAR):**

Bell Potter Securities was a Co-Manager for this IPO in June 2021 and received a fee for the service.

**WAM Global Limited (WGB):**

Bell Potter Securities was a Co-Manager for this IPO in June 2018 and received a fee for the service.

**WCM Global Growth Limited (WQG):**

Bell Potter Securities acted as a Joint Lead Manager for this IPO in June 2017 and received a fee for the service.



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