

AUSTRALIAN  
**RESEARCH**  
INDEPENDENT INVESTMENT RESEARCH

# Listed Managed Investments

June 2017  
Quarterly Review

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Welcome to the Independent Investment Research Listed Managed Investments June 2017 Quarterly Review. In this edition we provide detailed coverage, including commentary, investment views and ratings for 39 listed investment companies (LICs), listed investment trusts (LITs) and Active ETFs. At 31 August 2017, there were 101 LICs and LITs on the ASX, with a collective market capitalisation of \$33.5B. There are a number of new LICs and LITs in the pipeline including VGI Partners Global Investments (Proposed ASX Code: VG1), Magellan Global Trust (Proposed ASX Code: MGG) Fat Prophets Global Property Fund (Proposed ASX Code: FPP) and MCP Master Income Trust (Proposed ASX Code: MXT). These entities are expected to list through September and October.

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### NEW RESEARCH

We have added the following three listed managed investments (LMIs) to our coverage since our March 2017 LMI Quarterly Review.

- ◆ Contango Global Growth (ASX:CQG) - Recommended Plus
- ◆ Switzer Dividend Growth Fund (ASX:SWTZ) - Recommended
- ◆ URB Investments (ASX:URB) - Recommended

We also issued pre-IPO reports on Evans & Partners Global Disruption Fund (ASX:EGD) and VGI Partners Global Investments (Proposed ASX Code: VG1). EGD will invest in a portfolio expected to comprise 10 to 20 largely international listed securities that benefit from the global disruption thematic. We rated EGD Recommended. VG1 will provide exposure to an actively managed long/short portfolio of global equities. We rated VG1 Recommended Plus.

We also recently initiated coverage of BKI Investment Company (ASX:BKI). BKI was listed in 2003 and invests in a portfolio of Australian equities, with a heavy weighting to large-caps. Although the BKI portfolio is externally managed, the LIC has one of the lowest management expense ratios in the sector. We initiated coverage with a Recommended Plus rating.

We will include two page profiles for EGD, VGI and BKI in our September Quarter 2017 LMI Market Review.

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### RATINGS REVIEWS

In July we published a report upgrading our rating for Australian Foundation Invest Company (ASX:AFI) to Highly Recommended from Recommended Plus. The upgrade recognises AFI's experienced investment team, strong processes, transparency, exceptionally low costs and the benefits of a lengthy track-record, particularly in delivering a stable and growing fully-franked dividend.

We are currently undertaking a rating review of Mirrabooka Investments (ASX:MIR) and expect to publish a report in coming weeks.

Following a detailed review, we have reinstated our Recommended rating for Hunter Hall Global Value Limited (ASX:HHV). Stability has returned to the LIC following the merger of its investment manager, Hunter Hall International and Pengana Capital. There have also been a number of positive changes to the company following the merger. Refer to our full review for further details.

Our review of Contango MicroCap is still underway and we expect to publish in coming weeks. Our rating for CTN remains suspended until our review is complete.

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### MARKET GIVES BACK SOME OF ITS GAINS

Australian equities fell during the June quarter with the S&P/ASX 200 Accumulation Index down 1.6%. However, for the 12 months to 30 June 2017 the index was up 14.1% driven by a good performance from large caps and strong gains in the resources sector with the S&P/ASX 200 Materials Index up 25.8%. Small caps slightly outperformed the broader market in the June quarter but the ASX Small Ordinaries Accumulation Index was still down 0.3% for the quarter. Small caps underperformed over the 12 months to 30 June 2017 with the index up 7.0%, but have started to rally since the end of May. We think there is some value in the small cap sector, although investors need to be selective. Companies that disappoint are seeing their share prices marked down significantly and are likely to take some time to recover.

## PERFORMANCE

Figures 2 and 3 illustrate the performance of the LMIs covered in this review as at 30 June 2017. Figure 2 illustrates the LMIs' performance based on their share prices (including dividends), which is the actual return investors receive from their investment, while Figure 3 shows the performance of the LMIs' portfolios (pre-tax NTA plus dividends). Independent Investment Research prefers to use NTA to evaluate the performance of a manager, as this can be directly influenced by the manager, whereas managers have limited control over the share price movement.

From a shareholder return perspective, US Select Private Equities Fund (ASX:GFL) was the best performer for the quarter, with the share price increasing 11.4%. The best performing portfolio (pre-tax NTA plus dividends) over the June quarter was Asian Masters Fund (ASX:AUF) with a 6.4% increase in portfolio value.

Despite the weaker market performance, around 50% of the LICs under our coverage managed to record positive portfolio returns for the quarter.

**Figure 2. Share Price (including dividends) Performance Analysis to 30 June 2017**

	ASX Code	% Return Jun Qtr	Annual Returns, %		
			1 Year	3 Years	5 Years
<b>LMIs</b>					
AFIC Limited	AFI	0.9%	8.0%	2.0%	11.3%
Aberdeen Leaders Fund	ALR	3.0%	16.4%	2.9%	9.0%
Amcil Limited	AMH	1.1%	-1.2%	4.4%	12.8%
Argo Limited	ARG	1.7%	8.4%	4.1%	12.7%
Asian Masters Fund Limited	AUF	6.4%	11.7%	12.8%	11.6%
Australian United Investment Company Limited	AUI	3.5%	18.4%	4.8%	12.9%
Barrack St Investments Limited	BST	3.5%	-3.3%	na	na
Bailador Technology Investments Limited	BTI	-8.6%	-20.7%	na	na
CBG Capital Limited	CBC	-1.6%	0.6%	na	na
Cadence Capital Limited	CDM	-2.2%	8.5%	1.4%	10.1%
Contango Income Generator Limited	CIE	-0.5%	12.2%	na	na
Contango MicroCap Limited	CTN	-9.5%	-4.6%	2.6%	5.5%
Contango Global Growth Limited	COG	na	na	na	na
Djerriwarrh Investments Limited	DJW	-0.3%	-3.8%	-2.2%	5.9%
Diversified United Investment Limited	DUI	1.9%	18.5%	6.3%	14.8%
Emerging Markets Masters Fund	EMF	3.8%	12.2%	8.3%	na
Future Generation Global Investment Company Limited	FGG	1.9%	3.3%	na	na
Future Generation Fund Limited	FGX	-4.3%	1.3%	na	na
Forager Australian Shares Fund	FOR	7.2%	na	na	na
Flagship Investments Limited	FSI	-4.0%	9.9%	4.7%	12.4%
Glennon Small Companies Limited	GC1	-4.3%	-5.4%	na	na
Global Masters Fund Limited	GFL	8.6%	48.5%	17.0%	25.5%
Hunter Hall Global Value Limited	HHV	-7.0%	-12.2%	10.7%	16.5%
K2 Australian Small Cap Fund (Hedge Fund)	KSM	10.8%	16.2%	na	na
Mirrabooka Investments Limited	MIR	0.0%	3.0%	7.9%	16.4%
Milton Corporation Limited	MLT	2.3%	10.0%	4.1%	13.0%
Perpetual Equity Investment Company Limited	PIC	1.5%	16.6%	na	na
QV Equities Limited	QVE	8.1%	28.0%	na	na
Switzer Dividend Growth Fund (Managed Fund)	SWTZ	-2.7%	na	na	na
URB Investments Limited	URB	-1.4%	na	na	na
US Select Private Opportunities Fund	USF	11.4%	10.3%	15.8%	na
US Select Private Opportunities Fund II	USG	4.2%	-0.9%	11.9%	na
US Select Private Opportunities Fund III	USP	3.2%	na	na	na
WAM Active Limited	WAA	-0.6%	15.9%	1.8%	9.0%
WAM Capital Limited	WAM	-3.3%	14.1%	14.6%	16.7%
WAM Research Limited	WAX	-2.5%	18.1%	17.4%	23.6%
Whitefield Limited	WHF	3.3%	14.3%	7.1%	16.6%
Westoz Investment Company	WIC	-2.5%	24.0%	-2.7%	8.5%
WAM Leaders Limited	WLE	-1.3%	2.3%	na	na

	ASX Code	% Return Jun Qtr	Annual Returns, %		
			1 Year	3 Years	5 Years
<b>Indices</b>					
S&P/ASX 200 Accumulation	XJOAI	-1.6%	14.1%	6.6%	11.8%
S&P/ASX All Ordinaries Accumulation	XAOAI	-1.5%	13.1%	6.8%	11.6%
S&P/ASX Small Ords Accumulation	XSOAI	-0.3%	7.0%	7.1%	5.7%
S&P/ASX 200 Property Accumulation	XPJAI	-3.4%	-6.3%	12.0%	14.1%
S&P/ASX 200 Industrials Accumulation	XJIAI	-1.4%	12.6%	8.8%	15.0%

Source: IRESS/Independent Investment Research

**Figure 3. Pre-tax NTA/NAV (including dividends) Performance Analysis to 30 June 2017**

	ASX Code	% Return Jun Qtr	Annual Returns, %		
			1 Year	3 Years	5 Years
<b>LMIs</b>					
AFIC Limited	AFI	-1.3%	11.7%	4.5%	10.7%
Aberdeen Leaders Fund	ALR	-0.8%	14.9%	7.4%	10.6%
Amcil Limited	AMH	1.1%	6.0%	6.5%	12.1%
Argo Limited	ARG	-1.7%	12.9%	5.8%	11.4%
Asian Masters Fund Limited	AUF	6.4%	10.5%	12.1%	11.8%
Australian United Investment Company Limited	AUI	-1.4%	18.0%	4.9%	11.2%
Barrack St Investments Limited	BST	2.8%	-3.67%	na	na
Bailador Technology Investments Limited	BTI	-7.8%	-8.55%	na	na
CBG Capital Limited	CBC	1.1%	4.3%	na	na
Cadence Capital Limited	CDM	2.4%	14.5%	1.3%	7.4%
Contango Income Generator Limited	CIE	0.5%	11.0%	na	na
Contango MicroCap Limited	CTN	-8.0%	-11.2%	0.8%	3.1%
Contango Global Growth Limited	CQG	na	na	na	na
Djerriwarrh Investments Limited	DJW	-1.2%	13.1%	2.7%	8.3%
Diversified United Investment Limited	DUI	-0.7%	17.6%	6.8%	13.0%
Emerging Markets Masters Fund	EMF	4.8%	10.8%	9.6%	na
Future Generation Global Investment Company Limited	FGG	3.3%	11.4%	na	na
Future Generation Fund Limited	FGX	1.1%	3.1%	na	na
Forager Australian Shares Fund	FOR	3.4%	25.2%	18.4%	21.3%
Flagship Investments Limited	FSI	1.3%	4.6%	6.0%	11.5%
Glennon Small Companies Limited	GC1	0.2%	-3.2%	na	na
Global Masters Fund Limited	GFL	1.0%	11.2%	11.3%	16.8%
Hunter Hall Global Value Limited	HHV	-6.4%	-13.9%	6.7%	12.9%
K2 Australian Small Cap Fund (Hedge Fund)	KSM	1.2%	6.4%	na	na
Mirrabooka Investments Limited	MIR	2.1%	6.9%	8.6%	13.8%
Milton Corporation Limited	MLT	-2.8%	11.3%	5.6%	11.2%
Perpetual Equity Investment Company Limited	PIC	0.9%	14.2%	na	na
QV Equities Limited	QVE	2.1%	12.7%	na	na
Switzer Dividend Growth Fund (Managed Fund)	SWTZ	-2.3%	na	na	na
URB Investments Limited	URB	-1.1%	na	na	na
US Select Private Opportunities Fund	USF	0.9%	6.4%	15.1%	na
US Select Private Opportunities Fund II	USG	0.9%	2.9%	12.0%	na
US Select Private Opportunities Fund III	USP	-1.3%	na	na	na
WAM Active Limited	WAA	1.0%	10.4%	7.6%	8.2%
WAM Capital Limited	WAM	1.5%	9.7%	10.9%	11.8%
WAM Research Limited	WAX	0.2%	7.3%	12.2%	15.7%
Whitefield Limited	WHF	-1.7%	10.8%	7.9%	15.3%
Westoz Investment Company	WIC	-6.8%	18.7%	0.0%	3.1%
WAM Leaders Limited	WLE	0.2%	10.3%	na	na

Source: LMIs/Independent Investment Research

## PREMIUMS AND DISCOUNTS

The discrepancy between portfolio value and share price is shown by the premium/discount to NTA/NAV table in Figure 4 and the chart in Figure 5. Figure 4 illustrates premiums and discounts to pre-tax NTA while figure 5 illustrates the movement in discounts/premiums over the June quarter. At 30 June 2017, 17 of the 39 LMIs covered in this review were trading at a premium to pre-tax NTA. WAM Capital (ASX:WAM) was trading at the largest premium at the end of June with the premium narrowing slightly from 27.6% to 22.4% over the quarter. WAM Research (ASX:WAX) was the second largest premium at 21.9%. Despite our positive ratings for these LICs, we see no value in buying their shares at such large premiums and prefer to wait for better opportunities closer to NTA.

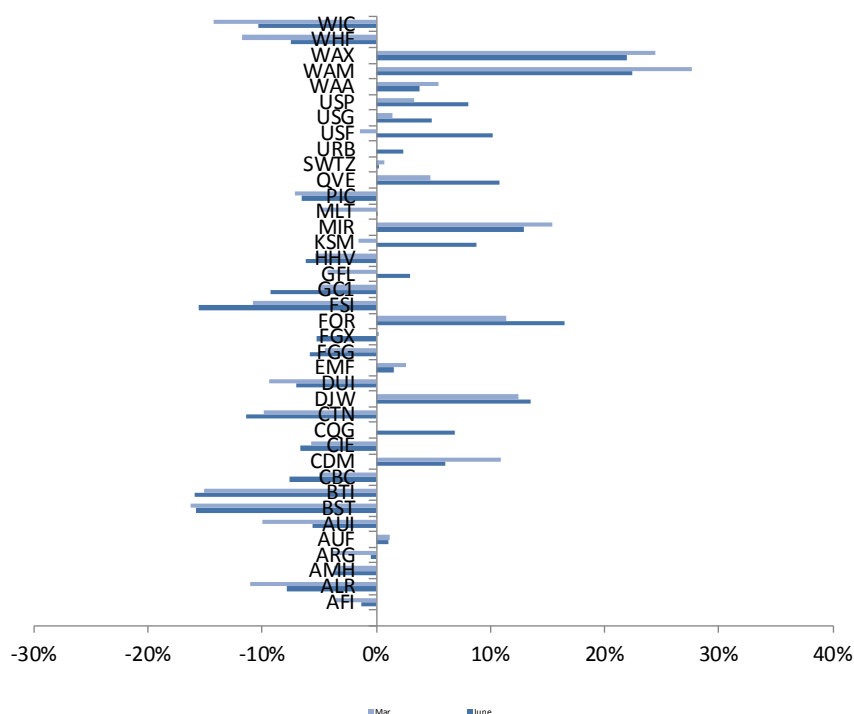
Bailador Technology Investments (ASX:BTI) was trading at the largest discount to pre-tax NTA closely followed by Barrack St Investments (ASX:BST) at 15.8% and Flagship Investments (ASX:FSI) at 15.5%.

**Figure 4. Premium/Discount to pre-tax NTA as at 30 June 2017**

	ASX Code	Premium/Discount	3 year Average Premium/Discount
AFIC Limited	AFI	-1.4%	2.5%
Aberdeen Leaders Fund	ALR	-7.9%	-7.8%
Amcil Limited	AMH	-3.7%	-0.8%
Argo Limited	ARG	-0.5%	3.2%
Asian Masters Fund Limited	AUF	1.1%	0.3%
Australian United Investment Company Limited	AUI	-5.6%	-4.8%
Barrack St Investments Limited	BST	-15.8%	-14.5%
Bailador Technology Investments Limited	BTI	-15.9%	-14.2%
CBG Capital Limited	CBC	-7.6%	-6.9%
Cadence Capital Limited	CDM	6.1%	7.4%
Contango Income Generator Limited	CIE	-6.7%	-3.8%
Contango MicroCap Limited	CTN	-11.4%	-10.8%
Contango Global Growth Limited	COG	6.9%	na
Djerriwarrh Investments Limited	DJW	13.6%	25.2%
Diversified United Investment Limited	DUI	-7.0%	-6.1%
Emerging Markets Masters Fund	EMF	1.6%	2.0%
Future Generation Global Investment Company Limited	FGG	-5.8%	0.8%
Future Generation Fund Limited	FGX	-5.2%	-1.6%
Forager Australian Shares Fund	FOR	16.5%	11.2%
Flagship Investments Limited	FSI	-15.5%	-15.5%
Glennon Small Companies Limited	GC1	-9.3%	-5.1%
Global Masters Fund Limited	GFL	3.0%	-12.6%
Hunter Hall Global Value Limited	HHV	-6.2%	-9.7%
K2 Australian Small Cap Fund (Hedge Fund)	KSM	8.7%	0.4%
Mirraboooka Investments Limited	MIR	13.0%	14.7%
Milton Corporation Limited	MLT	0.0%	1.0%
Perpetual Equity Investment Company Limited	PIC	-6.5%	-6.1%
QV Equities Limited	QVE	10.8%	1.0%
Switzer Dividend Growth Fund (Managed Fund)	SWTZ	0.2%	0.4%
URB Investments Limited	URB	2.4%	2.2%
US Select Private Opportunities Fund	USF	10.2%	4.8%
US Select Private Opportunities Fund II	USG	4.9%	4.0%
US Select Private Opportunities Fund III	USP	8.1%	5.3%
WAM Active Limited	WAA	3.8%	8.1%
WAM Capital Limited	WAM	22.4%	13.1%
WAM Research Limited	WAX	21.9%	10.4%
Whitefield Limited	WHF	-7.5%	-7.7%
Westoz Investment Company	WIC	-10.4%	-10.6%
WAM Leaders Limited	WLE	-4.4%	0.6%

Source: LMIs/Independent Investment Research

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



## RECOMMENDATION SUMMARY

The June 2017 LMI quarterly review includes 39 companies and trusts. These ratings are as at the date of the report and may change at any time. For further information regarding the individual LMIs and LITs, please refer to the company profiles.

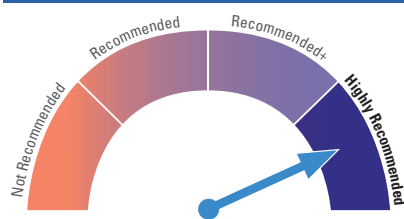
In July 2017 we upgraded our recommendation for Australian Foundation Investment Company (ASX:AFI) to Highly Recommended. We also reinstated our Recommended rating for Hunter Hall Global Value (ASX:HHV). The table below reflects these changes.

	ASX Code	Rating
AFIC Limited	AFI	Highly Recommended
Aberdeen Leaders Fund	ALR	Recommended
Amcil Limited	AMH	Recommended Plus
Argo Limited	ARG	Highly Recommended
Asian Masters Fund Limited	AUF	Recommended Plus
Australian United Investment Company Limited	AUI	Recommended Plus
Barrack St Investments Limited	BST	Recommended
Bailador Technology Investments Limited	BTI	Recommended Plus
CBG Capital Limited	CBC	Recommended
Cadence Capital Limited	CDM	Recommended Plus
Contango Income Generator Limited	CIE	Recommended Plus
Contango MicroCap Limited	CTN	Rating Under Review
Contango Global Growth Limited	COG	Recommended Plus
Diversified United Investment Limited	DUI	Recommended
Djerriwarrh Investments Limited	DJW	Recommended Plus
Emerging Markets Masters Fund	EMF	Recommended Plus
Future Generation Global Investment Company Limited	FGG	Recommended Plus
Future Generation Investment Company Limited	FGX	Highly Recommended
Forager Australian Shares Fund	FOR	Recommended Plus
Flagship Investments Limited	FSI	Recommended
Glennon Small Companies Limited	GCI	Recommended
Global Masters Fund Limited	GFL	Recommended Plus

	ASX Code	Rating
Hunter Hall Global Value Fund	HHV	Recommended
K2 Australian Small Cap Fund (Hedge Fund)	KSM	Recommended
Milton Corporation Limited	MLT	Highly Recommended
Mirrabooka Investments Limited	MIR	Recommended Plus
Perpetual Equity Investment Company Limited	PIC	Recommended
QV Equities Limited	QVE	Recommended Plus
Switzer Dividend Growth Fund (Managed Fund)	SWTZ	Recommended
URB Investments Limited	URB	Recommended
US Select Private Opportunities Fund	USF	Recommended
US Select Private Opportunities Fund II	USG	Recommended
US Select Private Opportunities Fund III	USP	Recommended
WAM Active Capital	WAA	Recommended
WAM Capital Limited	WAM	Recommended Plus
WAM Research Limited	WAX	Highly Recommended
Westoz Investment Company	WIC	Recommended
Whitefield Limited	WHF	Recommended Plus
WAM Leaders Limited	WLE	Recommended



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 1 August 2017	6.11
Market cap (\$M)	7,185.8
Shares on issue (M)	1,176.1
Options on issue (M)	0.0
Shares traded (\$M p.a)	700.5
12-month L/H (\$)	5.54/6.13
Listing date	June 1962
Fees:	
Management Fee (%)	0.14
Performance incentives (%)	na

## Discount/Premium to Pre-tax NTA

At 30 June 2017	-1.4%
3 year average	2.5%

## Dividend Yield

	%
FY15	3.76ff
FY16	4.28ff
FY17	4.13ff

## Largest Shareholders

	%
HSBC Custody Nominees	0.6
IOOF Investment Management	0.5

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

AFI invests only in stocks listed on the ASX and NZX, with a heavy focus on large cap stocks. The company has a long-term approach to investing and as such has low portfolio churn. There are no restrictions regarding the minimum or maximum investment in any individual stock or sector; however, the Investment Committee is wary of the risk of the portfolio and ensures that the portfolio is adequately diversified to reduce portfolio risk. At 30 June 2017 the portfolio weighting to top 50 stocks was 76.5%. There was a small weighting of 5.8% to small caps. The portfolio retains a strong weighting in financials, a key source of fully franked dividends. However, dividends from this sector are relatively flat at present reflecting flat earnings and higher capital requirements for the banks.

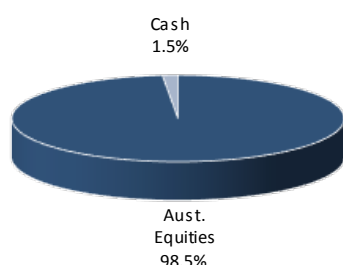
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

AFI is the largest LIC on the ASX, with a market cap of \$7.2b. In June we upgraded our rating for AFI to Highly Recommended reflecting a strong investment team and processes which have seen it achieve its investment objectives over the long-term, particularly the delivery of a stable and growing fully-franked dividend. We also like the transparency of the business and the exceptionally low costs. Whilst AFI's portfolio (pre-tax NTA plus dividends) has underperformed the benchmark (S&P/ASX 200 Accumulation Index) over the past few years, this largely reflects deliberate underweight positions in the strongly performing resources sector, particularly the mid-cap resources stocks, and REITs. Over the long-term, the portfolio has outperformed the benchmark index, with an average rolling annual return over the ten years to 30 June 2017 of 5.8%, compared to the benchmark average rolling annual return of 5.3%. Over time, the portfolio is expected to perform in close proximity to the benchmark index given the low tracking error. AFI has no outstanding debt at present, however has \$150m in undrawn credit facilities. AFI held its final 2017 dividend flat at 14 cents per share, fully franked, despite lower dividend income from its portfolio. This took the FY2017 dividend to 24 cents per share, fully franked, unchanged on FY2016. At 30 June 2017, AFI shares were trading at a discount to pre-tax NTA of 1.4%, a good entry point for long-term investors seeking exposure to a well-managed, diversified Australian shares portfolio.

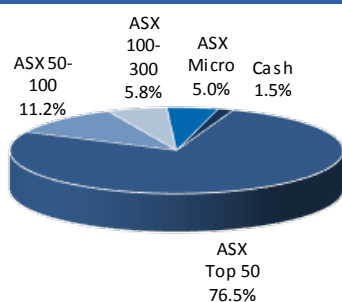
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	4.5	4.4
Materials	16.6	17.0
Industrials	10.1	11.1
Consumer Discretionary	1.8	1.8
Consumer Staples	8.8	8.8
Healthcare	9.6	10.0
Financials (ex Property)	36.9	35.8
Property	2.4	2.2
Information Technology	2.4	2.7
Telecommunication Services	4.6	3.8
Utilities	2.4	2.4

### Asset Weighting



### Size Weighting



### Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-1.34	11.68	4.45	10.72
Peer Group Median (pre-tax NTA plus dividends, %)*	-1.28	10.82	5.28	11.22
S&P/ASX 200 Acc Index (%)	-1.58	14.09	6.63	11.81
Out/Under performance of index (%)	0.24	-1.09	-2.18	-1.09
Share Price + Dividends (%)	0.87	7.98	1.97	11.32
Tracking Error (%)	0.84	1.20	1.25	1.27

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

## OTHER DATA

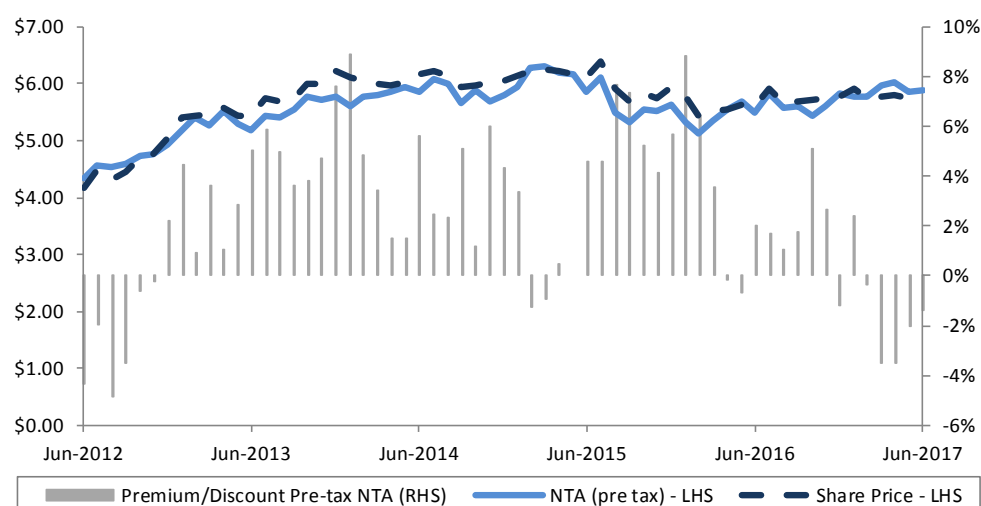
- ◆ **Dividend policy** – To pay out all received dividends so that over time the dividend stream grows faster than inflation.
- ◆ **Capital management policy** – A share buyback arrangement is in place to provide flexibility if shares trade at a discount to NTA. AFI also raises capital through its share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

## AFI'S PORTFOLIO (TOP 10) WEIGHTING

Code	Portfolio (%)	S&P/ASX 200 Index (%)
CBA	9.6	8.8
WBC	7.0	6.3
BHP	4.8	4.6
NAB	4.3	4.8
WES	4.0	2.8
ANZ	3.6	5.2
CSL	3.5	3.9
RIO	3.4	1.6
TLS	3.3	3.1
TCL	3.2	1.5
	<b>46.7</b>	<b>42.6</b>

Source all figures: AFI/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 17 August 2017	1.155
Market cap (\$M)	68.6
Shares on issue (M)	59.4
Options on issue (M)	0.0
Shares traded (\$M p.a)	7.6
12-month L/H (\$)	1.045/1.20
Listing date	September 1987

## Fees

Management Fee (%)	0.75*
Performance incentives	20.0**

\*0.60% Management fee + 0.15% administration fee.

\*\*20% of outperformance of the S&P/ASX 200

Accumulation index. Returns must be positive.

## Premium/Discount to Pre-tax NTA

30 June 2017	-7.9%
3 year average	-7.8%

## Dividend Yield %

FY15	4.46ff
FY16	4.76ff
FY17	4.27ff

## Substantial Shareholders %

HSBC Custody Nominees (Australia) Limited	21.9
GASWELD	5.2

As at 30 June 2017

## COMPANY OVERVIEW

ALR is a listed investment company that was listed on the ASX in 1987. The company is managed by Aberdeen Asset Management Limited, the Australian subsidiary of the global asset management group, Aberdeen Asset Management PLC. ALR focuses on investing in S&P/ASX 200 stocks.

## INVESTMENT OBJECTIVE

ALR seeks to invest in a portfolio of stocks from within the S&P/ASX 200 Index with the objective of delivering regular income and long-term capital growth.

## STYLE AND PROCESS

The manager adopts an active style of management, selecting stocks based on bottom-up fundamental analysis in order to identify what it believes to be good quality companies. The manager takes high-conviction positions in those companies identified as quality investments. Aberdeen utilises only internally generated research and is not concerned with mimicking the benchmark index, as can be seen from the portfolio's tracking error, which is higher than a number of its LIC peers. The manager adheres to some wide guidelines in relation to portfolio construction, including: individual stock exposure no greater than benchmark plus 15%; maximum industry exposure of benchmark plus 20%.

## PORTFOLIO CHARACTERISTICS

ALR invests in a concentrated portfolio of ASX-listed stocks. The portfolio comprised of largely top 100 stocks at 30 June 2017, with 74.9% of the portfolio allocated to top 50 stocks. ALR's top ten represented 51.4% of the portfolio compared to an index weighting of 32.7% for these stocks. The high conviction nature of the portfolio results in a high tracking error. The portfolio is significantly overweight ASX, being the largest position in the portfolio at 30 June 2017, and is also significantly overweight CSL, RIO, AGL, WPL and AMC. The portfolio has underweight positions in the major banks.

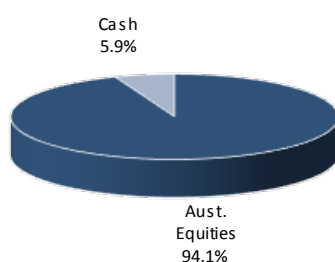
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

ALR's portfolio is concentrated with the Manager taking high conviction positions. The company has a \$30M gearing facility which is used to leverage positions in the portfolio. The gearing facility is fully drawn and accounts for around 30% of the company's asset base. The level of gearing will impact the portfolio's outperformance or underperformance of the benchmark index depending on the market direction. ALR's portfolio (pre-tax NTA plus dividends) was one of the better performing portfolios of the large cap focused LICs over the past 12 months with a return of 14.9%, outperforming the benchmark by 0.8%. This reflected its overweight positions in CSL, RIO and AGL. Gearing the portfolio has not assisted in generating outperformance over the long-term. Over the ten years to 30 June 2017, the portfolio has underperformed the benchmark index generating an average rolling annual return of 3.3% compared to the benchmark average rolling annual return of 5.3%. The share price discount to pre-tax NTA was 7.9% at 30 June 2017, in line with the three year average. The discount most likely reflects the decline in dividends over the past few years. Dividends seem to have stabilised at lower levels and at 30 June 2016 there were sufficient profit reserves to provide two years dividend cover based on the FY2016 dividend of five cents per share. Quarterly dividends of one cent per share, fully franked, were paid in each of October 2016, February 2017 and May 2017 with two cents per share paid at the end of July 2017. This takes the FY2017 dividends to a total of five cents per share. The company has an active share buyback underway but this does not seem to have had an impact on the market discount. If the company can build on the performance of the past year and maintain dividends at current levels, then the discount to NTA may start to narrow.

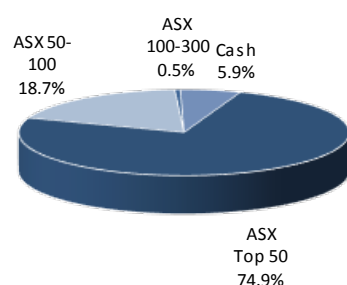
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	7.0	7.0
Materials	19.5	20.2
Industrials	1.1	1.7
Consumer Discretionary	0.8	0.8
Consumer Staples	5.4	5.2
Healthcare	16.4	16.6
Financials (ex Property)	29.0	28.6
Property	8.3	7.8
Information Technology	0.0	0.6
Telecommunication Services	4.6	4.1
Utilities	8.1	7.6

### Asset Weighting



### Size Weighting



### Board of Directors

Brian Sherman	Chairman (Non-Executive Director)
Barry Sechos	Alternate Chairman (Non-Executive Director)
David Elsum	Director (Non-Executive Director) Resigned 31/7/17
Mark Daniels	Director (Executive Director)
Neville Miles	Director (Non-Executive Director)
John Martin	Director (Non-Executive Director) Appt. 31/7/17
Gil Orski	Company Secretary

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-0.78	14.91	7.41	10.61
Peer Group Median (pre-tax NTA plus dividends), %*	-1.28	10.82	5.28	11.22
S&P/ASX 200 Acc Index (%)	-1.58	14.09	6.63	11.81
Out/Under performance of index (%)	0.80	0.82	0.78	-1.21
Share Price + Dividends (%)	3.03	16.40	2.88	8.98
Tracking Error (%)	1.66	3.50	4.72	5.79

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

## OTHER DATA

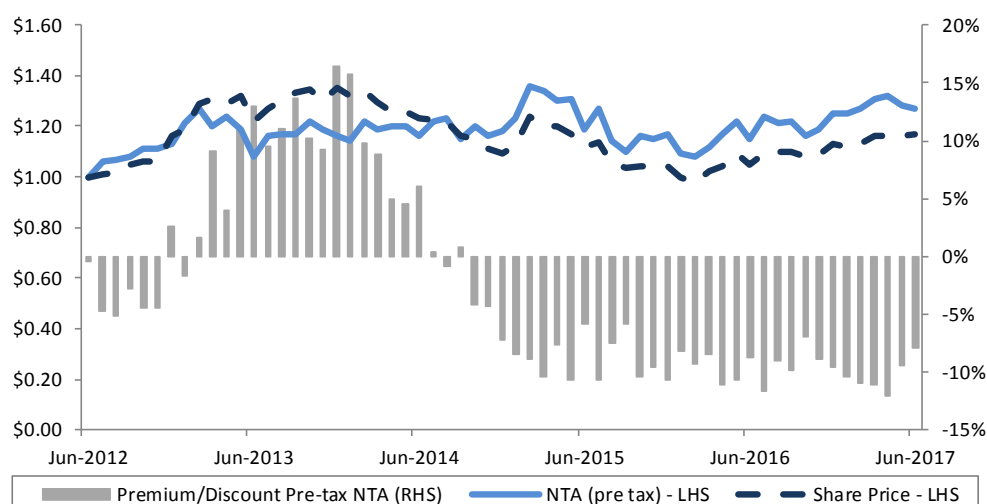
- ◆ **Dividend policy** – The Board will continue to monitor the quantum of dividends received from the portfolio's investments and will bear this in mind, together with other factors, when determining the overall level of dividends to be paid out in the future.
- ◆ **Capital management policy** – ALR has authority to undertake a buyback of up to 10% of issued shares for capital management purposes.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	S&P/ASX 200 Index (%)
ASX	6.4	0.6
CBA	6.3	8.8
CSL	6.1	3.9
RIO	5.6	1.6
WBC	5.3	6.3
BHP	4.9	4.6
AGL	4.4	1.0
WPL	4.2	1.5
AMC	4.1	1.2
TLS	4.1	3.1
	<b>51.4</b>	<b>32.7</b>

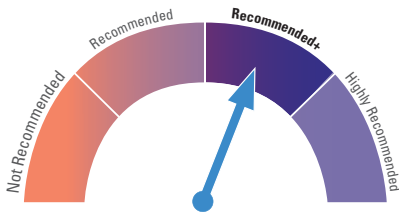
Source all figures: ALR/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 1 August 2017	0.925
Market cap (\$M)	238.6
Shares on issue (M)	258.0
Options on issue (M)	0.0
Shares traded (\$M p.a)	20.2
12-month L/H (\$)	0.885/1.035
Listing date	June 2000

## Fees

Management Fee (%)	0.64
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

30 June 2017	-3.7%
3 year average	-0.8%

## Dividend Yield

	%
FY15	7.22ff
FY16	4.17ff
FY17	3.83ff

## Largest Shareholders

	%
Bruce Teele	16.6
Djerriwarrh Investments	4.1

As at 30 June 2017

## COMPANY OVERVIEW

AMH was listed in February 2000. The company was initially a thematic investor, focusing on the telecommunications and media sectors. In 2002 shareholders voted to wind down the portfolio due to concerns about the viability of the portfolio and the sectors in which the company invested. In 2003, the board proposed to recapitalise the company and employ a different investment strategy. The recapitalisation raised \$41M and new shares were allotted in January 2004. AMH seeks to hold a high conviction portfolio with a limited number of holdings.

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

AMH invests in a portfolio of ASX-listed stocks. It also maintains a small trading portfolio to take advantage of short-term investment opportunities. AMH invests in companies of all sizes with 44.7% invested in ASX 50 stocks at 30 June 2017 with the remainder of the portfolio invested in mid, small and micro cap stocks. The exposure to top 50 stocks has fallen from 59% since June 2015 as the company has increased its exposure to small and mid cap stocks which it believes have a stronger growth outlook. The portfolio is overweight to the Healthcare, Industrial and Consumer Discretionary sectors. Financials is the largest sector weighting, however the portfolio is underweight this sector relative to the benchmark index. Cash fell from 9.4% to 6.1% over the past quarter.

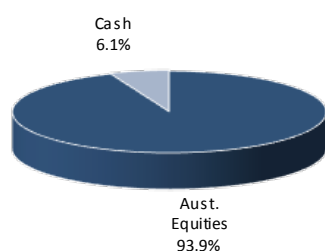
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

AMH is managed by an investment team that is largely the same as AFI, the largest LIC listed on the ASX by market capitalisation. The company aims to offer a different investment option to its sister funds (AFI, DJW and MIR), with a focus more on capital growth than dividend yield. The portfolio significantly underperformed over the 12 months to 30 June 2017, given underweight positions in the strongly performing resources, energy and banking sectors. With AMH holding a weighting of 33% in small and microcap stocks, performance was also impacted by the relative underperformance of these market sectors. However, the portfolio has outperformed over the long-term and over the ten years to 30 June 2017, generated an average rolling annual return of 9.4%, compared to the average rolling annual benchmark return of 5.3%. Despite a 30% fall in net profit, AMH Maintained its annual dividend at 3.5 cents per share, fully franked, in FY2017. However, given a drop in the corporate tax rate for small companies, franking reduces to 27.5%. At the end of June 2017, AMH shares were trading at a 3.7% discount to pre-tax NTA. This is a reasonable entry point for investors looking for exposure to a well-managed portfolio of large and small cap shares that has been able to generate alpha over the long-term.

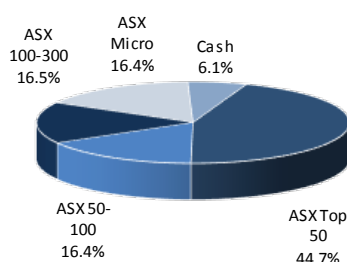
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	2.9	3.8
Materials	12.9	15.8
Industrials	17.5	18.2
Consumer Discretionary	7.5	6.6
Consumer Staples	8.7	7.8
Healthcare	15.8	13.6
Financials (ex Property)	25.4	24.7
Information Technology	5.1	6.8
Telecommunication Services	4.2	2.7
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Bruce Teele	Chairman (Executive)
Ross Barker	Managing Director
Siobhan McKenna	Director (Non-Executive)
Rupert Myer	Director (Non-Executive)
Richard Santamaria	Director (Non-Executive)
Roger Brown	Director (Non-Executive)
Jon Webster	Director (Non-Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	1.06	5.95	6.52	12.14
Peer Group Median (pre-tax NTA plus dividends, %)*	-1.28	10.82	5.28	11.22
S&P/ASX 200 Acc Index (%)	-1.58	14.09	6.63	11.81
Out/Under performance of index (%)	2.64	-8.14	-0.11	0.33
Share Price + Dividends (%)	1.10	-1.18	4.44	12.80
Tracking Error (%)	2.90	5.23	6.28	6.19

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

## OTHER DATA

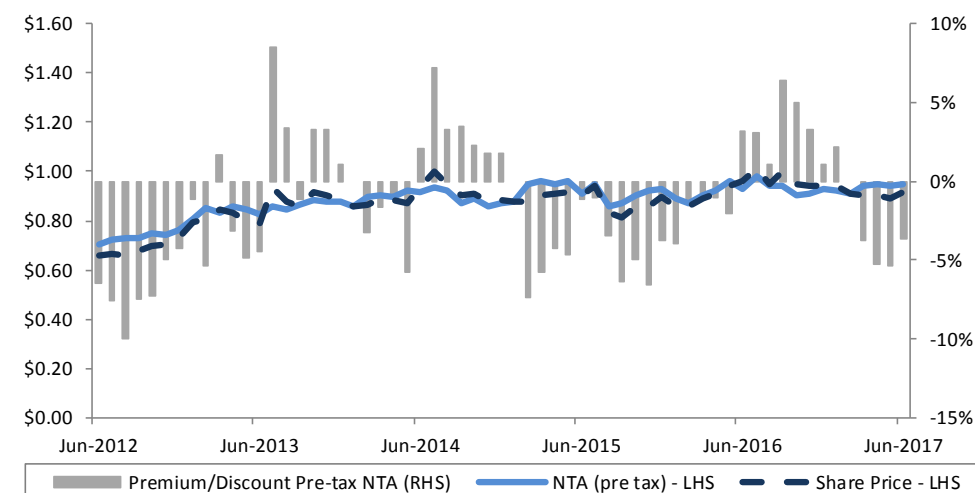
- ◆ **Dividend policy** – Depending on the profit, from year to year the dividends paid by the company will maximise the distribution of franking credits. It is not normal practice to distribute realised capital gains unless franking credits have been generated. As a result, AMH's dividends may vary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

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

Code	Portfolio (%)	S&P/ASX 200 Index (%)
MFT	4.3	na
BHP	4.1	4.6
LIC	4.1	na
CBA	3.8	8.8
NAB	3.8	4.8
CSL	3.6	3.9
BXB	3.5	1.0
QUB	3.4	0.3
JHX	3.3	0.6
WBC	3.2	6.3
	<b>37.1</b>	<b>24.1</b>

Source all figures: AMH/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

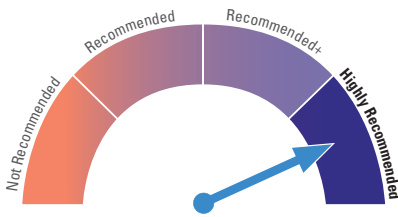
### NTA & Share Price Performance







## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 August 2017	8.01
Market cap (\$M)	5,553.5
Shares on issue (M)	693.3
Options on issue (M)	0.0
Shares traded (\$M p.a)	438.3
12-month L/H (\$)	7.11/8.04
Listing date	1948

## Fees

Management Fee (%)	0.16
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

30 June 2017	-0.5%
3 year average	3.2%

## Dividend Yield

	%
FY15	3.58ff
FY16	4.14ff
FY17	3.98ff

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

ARG invests in a diversified portfolio of ASX-listed stocks and interest rate securities. It has a long-term approach to investing and as such has low portfolio churn. The portfolio has exposure to stocks of all sizes however is weighted to large cap stocks, with 69.6% of the portfolio allocated to stocks within the S&P/ASX 50 at 30 June 2017. This has fallen from 75% at 30 June 2015 with the company adding small cap stocks in industries with stronger growth potential. At 30 June 2017, 10.6% of the portfolio was in small/micro cap stocks. ARG has a high weighting to financials but is underweight the major banks.

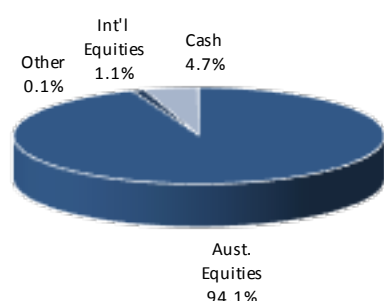
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

Argo has a long track-record in achieving its investment objectives, particularly in delivering a stable, growing and fully-franked dividend. The team is well-qualified and stable and is supported by a strong board. It's a culture of no surprises and, given the rigour of the investment process, we believe past performance is very much repeatable. The management expense ratio of 16 basis points is one of the lowest in the industry. ARG holds 9% of the capital issued in Argo Global Listed Infrastructure Limited (ASX: ALI), a LIC investing in a portfolio of global infrastructure securities. While there is a conflict of interest with this investment, it is common place for LICs to invest in related funds. While the portfolio has slightly underperformed the benchmark over the past year, this reflects a deliberate underweight position in resources, particularly small resources, and area of the market that has performed strongly over the past 12 months. Over the long-term the portfolio has performed broadly in line with the market and over the ten years to 30 June 2017 has generated an average rolling annual return of 5.5% compared to the benchmark index average rolling annual return of 5.2%. ARG declared a FY2017 final dividend of 16 cents per share, fully franked, taking the full year FY2017 dividend to 31 cents per share fully franked. This represents a slight increase on the 30.5 cents per share dividend paid in FY2016 despite the fact that ARG experienced a slight drop in net profit due mainly to lower trading income. At 30 June 2017 ARG shares were trading close to pre-tax NTA, a good entry point for long-term investors looking to gain exposure to a well-managed, diversified portfolio of Australian equities.

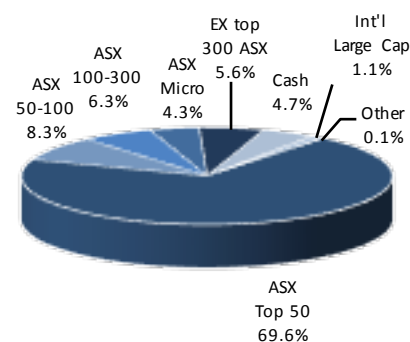
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	4.1	4.2
Materials	13.4	13.7
Industrials	5.9	6.3
Consumer Discretionary	7.3	6.4
Consumer Staples	8.0	7.7
Healthcare	7.5	8.5
Financials (ex Property)	32.8	32.7
Property	3.7	4.1
Information Technology & Telecommunication Services	6.6	6.6
Utilities	5.1	3.9
Listed Investment Companies	5.6	5.9

### Asset Weighting



### Size Weighting



### Board of Directors

Ian Martin AM	Chairman
Jason Beddow	Managing Director
Joycelyn Morton	Director (Non-Executive)
Anne Brennan	Director (Non-Executive)
Russell Higgins AO	Director (Non-Executive)
Chris Cuffe AO	Director (Non-Executive)
Roger Davis	Director (Non-Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-1.66	12.94	5.79	11.37
Peer Group Median (pre-tax NTA plus dividends), %*	-1.28	10.82	5.28	11.22
S&P/ASX 200 Acc Index (%)	-1.58	14.09	6.63	11.81
Out/Under performance of index (%)	-0.08	-1.15	-0.84	-0.45
Share Price + Dividends (%)	1.72	8.39	4.12	12.66
Tracking Error (%)	1.81	1.81	1.69	1.73

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

## OTHER DATA

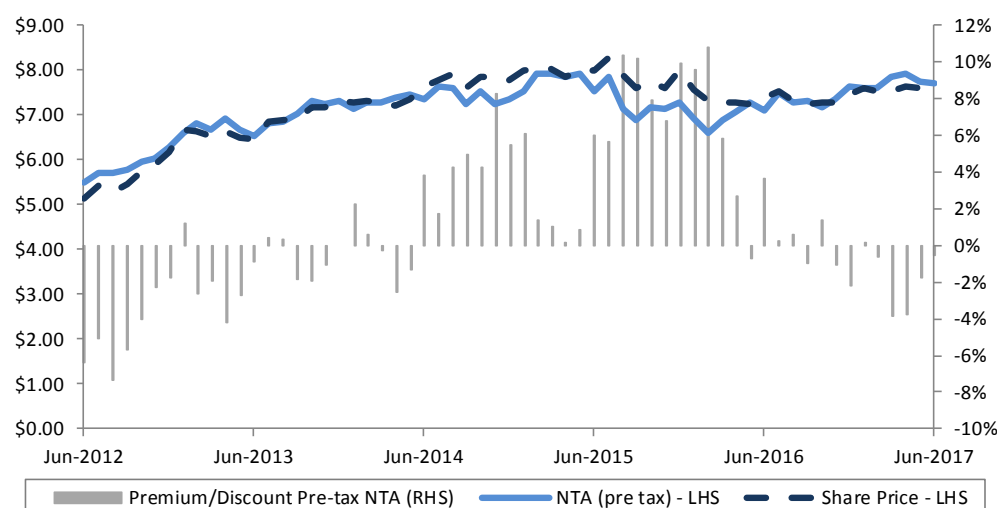
- ◆ **Dividend policy** – ARG pays dividends from income received from its investments and realised capital gains.
- ◆ **Capital management policy** – ARG actively manages its capital through on-market buybacks when its shares are trading at a discount to NTA, SPP, DRP and other share issues.
- ◆ **LIC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

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

Code	Portfolio (%)	S&P/ASX 200 (%)
WBC	6.3	6.3
ANZ	5.2	5.2
CBA	5.0	8.8
WES	4.1	2.8
MQG	4.1	1.8
BHP	3.7	4.6
TLS	3.5	3.1
NAB	3.4	4.8
CSL	2.9	3.9
RIO	2.8	1.6
	<b>41.0</b>	<b>43.0</b>

Source all figures: ARG/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance







<b>LMI Type</b>	Listed investment company
<b>Investment Area</b>	Asia ex-Japan
<b>Investment Assets</b>	Equity Funds and other
<b>Investment Sectors</b>	Diversified

<b>Key Investment Information</b>	
Price (\$) as at 4 September 2017	1.31
Market cap (\$M)	172.4
Shares on issue (M)	131.6
Options on issue (M)	0.0
Shares traded (\$M p.a)	8.2
12-month L/H (\$)	1.17/1.45
Listing date	Dec 2007

<b>Fees</b>	
Management Fee (% p.a) incl GST	1.1
Performance incentives (%)	na

<b>Premium/Discount to Pre-tax NTA</b>	
30 June 2017	1.1%
3 year average	0.3%

<b>Dividend Yield</b>	<b>%</b>
FY15	1.41
FY16	1.77
FY17	5.50

## COMPANY OVERVIEW

AUF is a listed investment company that invests in a portfolio of Asian equity funds. The Fund has appointed Walsh & Company Asset Management Pty Ltd, a wholly owned subsidiary of Walsh & Company Group, as the Investment Manager. The portfolio typically consists of between 8 to 20 regional and country specific fund managers. As a point of difference to many other Asian equities investment vehicles, the Fund invests in China A-Shares managed funds and historically its exposure to this market has been significant. The company does not undertake hedging of its foreign currency exchange risk exposure.

## INVESTMENT OBJECTIVE

The Fund seeks to provide Australian investors access to global fund managers specialising in Asian equities. The company seeks to achieve a high real rate of return within acceptable risk parameters and maintain a long-term exposure to Asia while maintaining strong diversification.

## STYLE AND PROCESS

The investment process is very much based on a standard multi-manager approach. Those managers that pass an initial quantitative and qualitative screen undergo a more detailed review considering a range of factors such as the organisation, quality of the investment team, the robustness of the investment process, risk management and operations. Following peer review of the manager research, funds which are approved by the manager are put on an "Approved List". However prior to any investment in a manager, the Investment Committee will also discuss the merits of any prospective investment with the portfolio manager, prior to approval. With respect to country allocations, the Investment Committee sets targets based on a bi-monthly meeting that involves all Investment Committee and investment team members. Once country allocation targets are set, the investment team identifies the best managers both from a regional and country level perspective and presents to the investment committee so it can the establish a portfolio in line with the targets.

## PORTFOLIO CHARACTERISTICS

The fund effectively has a high conviction investment mandate in which the Investment Manager makes strong country and sectoral 'bets', as expressed by the selection and portfolio weighting of underlying managed funds. While the MSCI Asia ex Japan Index serves as a point of reference to country weights, the Investment Manager is in no way constrained by it and the Fund's country allocation and the underlying stocks will look very different to that index. Currently the Fund is significantly overweight the more 'emerging' end of the MSCI Asia ex Japan spectrum especially to China (36.8%) and India (17.8%). The fund can also indirectly invest in China A-Shares through its manager selection.

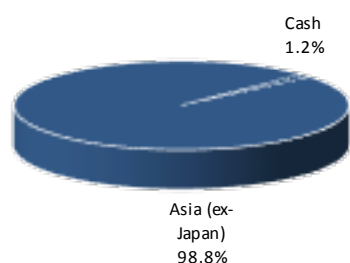
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

AUF provides domestic investors with exposure to a professionally managed fund of Asian equity funds. The fund is well-diversified with the portfolio having an interest in 13 funds at 30 June 2017. The fund does not seek to mimic an index and therefore has additional flexibility with respect to its investment capabilities. The investment process is well established, disciplined and very much consistent with a standard multi-manager research methodology. The Investment Manager research team is on the small and less experienced side but has proven itself capable and is well supported by senior colleagues and an experienced Board of Directors, which serves as the Investment Committee. The portfolio (pre-tax NTA plus dividends) delivered a portfolio return of 10.5% for the 12 months to 30 June 2017, although this was well below the strongly performing MSCI All Countries Asia ex-Japan Index AUD which delivered a return of 23.2%. The difference reflects AUF's bias to sectors leveraged to what it believes are growth sectors such as consumer staples and healthcare. These sectors have not performed as well as "value" sectors of the market over the past 12 months although consumer stocks did perform well in the June quarter. The portfolio has also underperformed the index over the medium-term. At 30 June 2017, the shares were trading at a small premium to pre-tax NTA. AUF paid a special dividend of five cents per share, fully franked, in June 2017.

## SECTOR ALLOCATION

Sector	31 Mar (%)	30 Jun (%)
Information technology	23.6	24.4
Consumer staples	13.8	14.0
Consumer discretionary	15.7	15.0
Industrials	11.3	11.7
Financials	12.6	15.7
Health care	6.4	6.3
Materials	4.8	4.7
Utilities	1.7	1.9
Real estate	1.8	1.8
Telecommunication services	1.8	1.7
Energy	1.7	1.5
Cash	5.0	1.2

### Region Allocation



### Country Allocation (%)

Country	Allocation (%)
China	36.8
India	17.8
Korea	17.0
Taiwan	10.9
Hong Kong	4.1
Indonesia	3.6
Vietnam	2.7
Philippines	2.0
Pakistan	1.7
Thailand	0.6
Singapore	0.5
Malaysia	0.1
Other	0.8
Cash	1.2

### Board of Directors

John Holland	Chairman & Independent Director
Maximilian Walsh	Executive Director (Retired 30/6/17)
Alex MacLachlan	Executive Director
June Aitken	Independent Director
Chris Lee	Independent Director

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	6.39	10.50	12.06	11.80
MSCI AC Asia ex-Japan, AUD (%)	8.08	23.16	12.51	14.40
Out/Under performance of index (%)	-1.68	-12.66	-0.45	-2.60
Share Price + Dividends (%)	6.37	11.70	12.75	11.63
Tracking Error (%)	3.26	2.73	7.43	6.69

## OTHER DATA

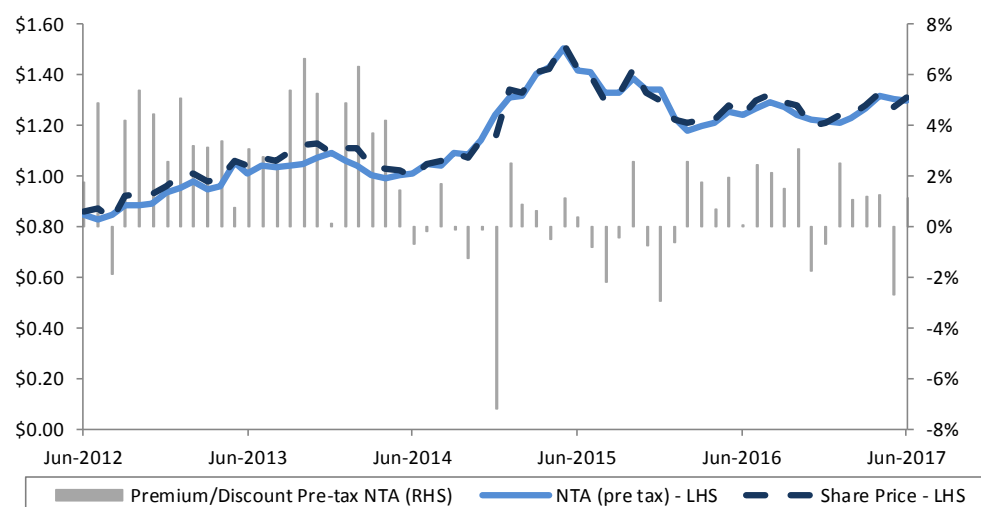
- ◆ **Dividend policy** – The board regularly reviews the suitability of declaring dividends. Historically, the Company has paid semi-annual dividends.
- ◆ **Capital management policy** – On-market buy-back program available to provide liquidity; further issue may be contemplated if there is significant demand for investment in the Fund.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

### AUF's Portfolio

Fund	Portfolio (%)	Fund	Portfolio (%)
Wells Fargo China Equity Fund	11.7	JPMorgan Taiwan Fund	7.2
ANDA Korea Active Return Fund	11.1	Asian Opportunities Absolute Return Fund	7.1
Steadview Capital Fund	10.7	Asia New Stars No.1 Fund	6.6
Arisaig Asia Consumer Fund	8.8	APS China A-Share Fund	5.0
Prusik Asian Smaller Companies Fund	8.0	NCC China A-Share Fund	4.9
AllianceBernstein Asia ex-Japan Fund	7.9	Komodo Fund	2.0
Cephei QFII China Absolute Return Fund	7.9	Cash	1.2

Source all figures: AUF/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 August 2017	8.38
Market cap (\$M)	1,036.6
Shares on issue (M)	123.7
Options on issue (M)	0.0
Shares traded (\$M p.a)	44.9
12-month L/H (\$)	7.10/8.60
Listing date	January 1974

## Fees

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

## Premium/Discount to Pre-tax NTA

30 June 2017	-5.6%
3 year average	-4.8%

## Dividend Yield

	%
FY15	4.02ff
FY16	4.71ff
FY17	4.20ff

## Substantial Shareholders

	%
Ian Potter Foundation	41.9
Argo Investments	12.2

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

AUI invests in ASX-listed stocks, with a heavy focus on large cap stocks, with 75.8% of the portfolio allocated to stocks within the ASX 50. There are no restrictions regarding the minimum or maximum investment in any individual stock or sector and as such the company may take high conviction positions in securities. The portfolio is concentrated with the top ten stocks accounting for 53.3% of the portfolio compared to an index weighting of 39.5% for these stocks. The portfolio is heavily weighted to the financials sector, with 39.4% of the portfolio allocated to this sector and a slightly overweight position in banks. The company holds a position in its sister company DUI. This provides some additional diversification through the portfolio of stocks held by DUI, however increases exposure to some stocks as the DUI portfolio is also invested in banks. AUI has a small weighting to small and microcap stocks with a portion held via an allocation to small cap fund managers. Over the June 2017 quarter, the allocation to cash increased from 1.1% to 4.5%.

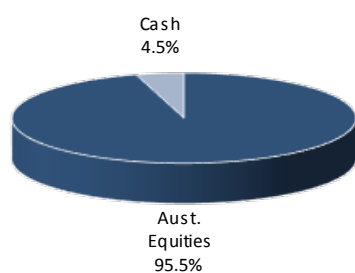
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

AUI provides cost-effective access to a portfolio of ASX-listed securities. AUI was one of the better performing LICs over the 12 months to 30 June 2017, delivering a portfolio return (pre-tax NTA plus dividends) of 18.0%, outperforming the S&P/ASX 200 Accumulation Index return of 14.1%. The portfolio benefited from a number of strongly performing mid-and-large-cap stocks as well as being underweight the REIT and Telecommunications sectors. The portfolio has marginally underperformed the benchmark over the long-term, with the portfolio generating an average rolling annual return of 5.0% for the past ten year period versus the benchmark return of 5.3%. However, we note that this has been achieved with a greater level of volatility, with a long-term beta in excess of 1.0 and a higher tracking error than many of its peers. AUI's Board takes on the role of the investment team, resulting in the Board effectively monitoring/regulating its own actions. However, in addition to the long track record, with the company being listed in 1974, the Board consists of members with integrity and extensive investment/executive experience, which mitigates risks associated with the organisational structure. AUI announced a final dividend of 18.5 cents per share, fully franked, taking FY2017 dividends to 34 cents per share, fully franked, unchanged on FY2016. Given the investment style and low trading volumes, an investment in AUI is suited for long-term investors looking for exposure to Australian large cap shares. At 30 June 2017, the shares were trading at a 5.6% discount to pre-tax NTA compared to a three-year average discount of 4.8%.

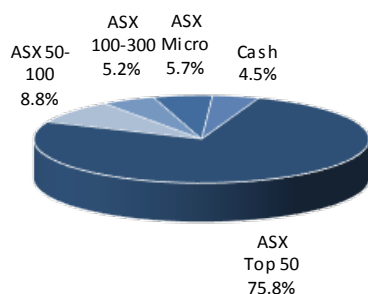
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	6.4	5.4
Materials	0.9	1.0
Industrials	0.0	0.0
Transport	2.3	2.8
Mining & Mining Services	9.7	10.0
Consumer Discretionary & Staples	12.3	11.9
Healthcare	10.9	11.3
Financials (ex Property)	43.8	39.4
Property	1.4	1.5
Information Technology	0.0	0.0
Telecommunication Services	2.7	2.2
Utilities	6.8	7.2
Managed Funds	1.7	1.5
Cash	1.1	4.5

### Asset Weighting



### Size Weighting



### Board of Directors

Charles Goode	Chairman (Executive)
Peter Wetherall	Director (Executive)
James Craig	Director (Executive)
Fred Grimwade	Director (Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-1.38	18.02	4.85	11.24
Peer Group Median (pre-tax NTA plus dividends), %*	-1.28	10.82	5.28	11.22
S&P/ASX 200 Acc Index (%)	-1.58	14.09	6.63	11.81
Out/Under performance of index (%)	0.20	3.93	-1.78	-0.57
Share Price + Dividends (%)	3.45	18.36	4.79	12.94
Tracking Error (%)	2.71	4.13	4.19	3.46

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

## OTHER DATA

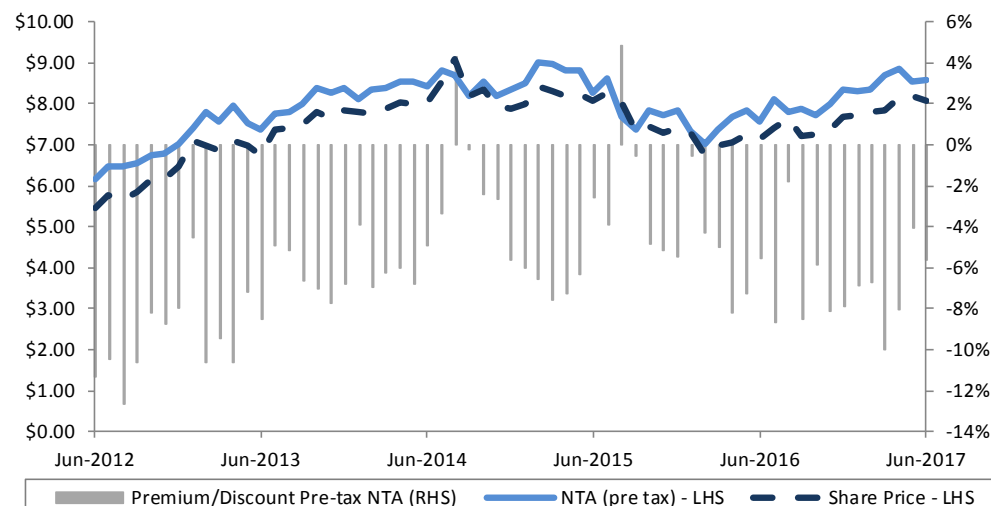
- ◆ **Dividend policy** – The Company's objective is to take a medium to long term view and to invest in a diversified portfolio of Australian equities which have the potential to provide income and capital appreciation over the longer term
- ◆ **Capital management policy** – The company offers a Dividend Reinvestment Plan and from time to time a Share Purchase Plan. AUI also has an on-market share buy-back facility in place for up to 6m shares. The buy-back facility has an expiry date of 31 May 2018.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	S&P/ASX 200 Index (%)
CBA	8.9	8.8
ANZ	6.8	5.2
WBC	6.4	6.3
NAB	5.6	4.8
WES	4.7	2.8
CSL	4.6	3.9
DUI	4.5	na
TCL	4.2	1.5
RIO	4.0	1.6
BHP	3.6	4.6
	<b>53.3</b>	<b>39.5</b>

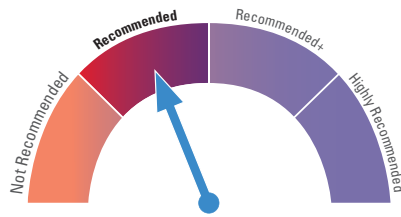
Source all figures: AUI/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 August 2017	0.865
Market cap (\$M)	15.8
Shares on issue (M)	18.3
Options on issue (M)	0.0
Shares traded (\$M p.a)	3.5
12-month L/H (\$)	0.835/1.015
Listing date	August 2014

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	-15.8%
Average since inception	-14.5%

## Dividend Yield

	%
FY15	0.63ff
FY16	1.60ff
FY17	2.82ff

## Largest Shareholders

	%
Dr. E C Pohl	30.1

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

BST has a concentrated portfolio of ASX-listed stocks with just 22 stocks in the portfolio at 30 June 2017. The Manager takes high-conviction positions in companies identified as attractive, with its top five holdings representing 32.4% of the portfolio. The portfolio is significantly underweight the Financials, Materials and Energy sectors as many of the companies within these sectors do not meet the investment requirements of the company including its mandate to invest outside the top 50 stocks. 47.4% of the portfolio is in micro cap and ex-S&P/ASX 100 companies. The main changes during the June quarter were the addition of Cochlear (ASX:COH) and ARB Corporation (ASX:ARB) and the removal of Sirtex Medical (ASX:SRX).

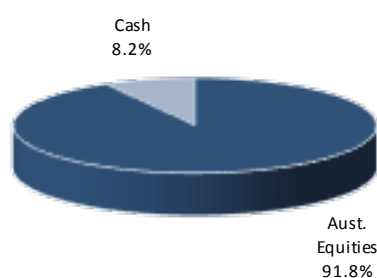
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

BST is a long-only Australian equity LIC that listed in August 2014. It is managed in a similar vein to FSI and as such has a disciplined investment process, which enables the manager to identify companies with strong cash flows, low debt and good growth potential. The Manager invests in a concentrated portfolio of mid and small cap stocks and as such may experience heightened levels of volatility. The portfolio (pre-tax NTA plus dividends) outperformed the benchmark over the June quarter but has significantly underperformed over the past 12 months, highlighting the risks of a concentrated portfolio. The exercise of options at \$1.00 also had a dilutive effect on the 12 month pre-tax NTA performance. The portfolio performed well in its first 18 months following inception, but performance over the past year and the options dilution has significantly dragged down returns. BST announced a final dividend of 1.5 cents per share, fully franked, taking FY2017 total dividends to 2.5 cents per share, fully franked, unchanged on the prior year. Over the June quarter the significant discount to pre-tax NTA was broadly unchanged. The shares are likely to remain at a discount until BST can establish a track record of consistent outperformance and is able to lift its dividend.

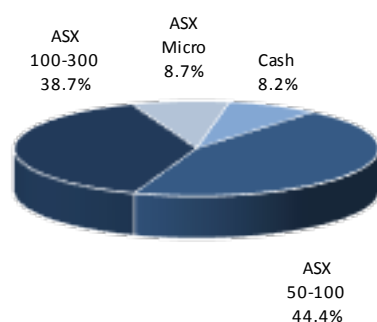
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Financials (ex Property)	19.9	20.5
Consumer Discretionary	27.6	24.9
Information Technology	19.0	18.3
Materials	0.0	0.0
Industrials	14.8	17.0
Consumer Staples	3.0	4.2
Energy	0.0	0.0
Healthcare	7.1	7.8
Property	0.0	0.0
Telecommunication Services	8.6	7.2

### Asset Weighting



### Size Weighting



### Board of Directors

Murry d'Almeida	Chairman (Non-Executive)
Dr. Emmanuel Pohl	Managing Director (Executive)
David Crombie	Director (Non-Executive)
Jared Pohl	Director (Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	2.84	-3.67	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	-0.49	6.81	na	na
ASX All Ords Acc Index (%)	-1.54	13.12	na	na
Out/Under performance of index (%)	4.38	-16.78	na	na
Share Price + Dividends (%)	3.51	-3.28	na	na
Tracking Error (%)	2.21	9.14	na	na

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

## OTHER DATA

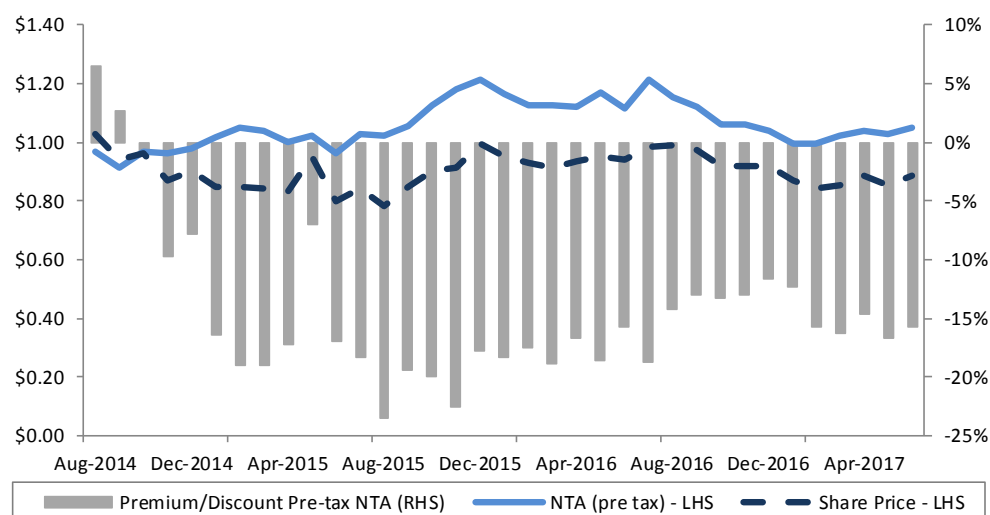
- ◆ **Dividend policy** – The company will seek to pay a semi-annual dividend franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	All Ords (%)
MFG	7.0	0.3
DMP	6.6	0.3
TPM	6.6	0.3
CAR	6.3	0.2
RWC	5.8	0.1
	32.4	1.1

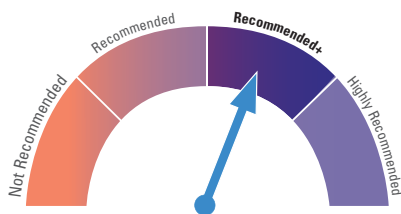
Source all figures: BST/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Private equity

## Investment Assets

Private companies

## Investment Sectors

Information Technology

## Key Investment Information

Price (\$) as at 31 August 2017	0.85
Market cap (\$M)	102.2
Shares on issue (M)	120.2
Options on issue (M)	0.0
Shares traded (\$M p.a)	19.1
12-month L/H (\$)	0.815/1.20
Listing date	November 2014
Fees:	
Management Fee (%)	1.75
Performance incentives (%)	17.5*

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

## Premium/Discount to Pre-tax NTA

30 June 2017	-15.9%
Average since listing	-14.2%

## Dividend Yield %

FY15	na
FY16	na
FY17	na

## Largest Shareholders %

Washington H Soul Pattinson	16.6
David Kirk via Kirk Family Holdgs	7.7

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

At 30 June 2017 the portfolio held 10 investments. However, one of BTI's investee companies (iPRO Solutions) has been placed into voluntary administration and is now valued at zero, down from \$8.5m at the end of May 2017. Another investment was also written down during the June quarter, with the Viostream valuation reduced by \$6.9m to \$23.0m. Other investment valuation movements in the portfolio during the quarter include revaluation uplifts of 49.2% in DocsCorp to \$7.5m and 42.3% in Lendi to \$7.2m. During the quarter BTI made follow-on investments including \$1.5m in Stackla, to coincide with the launch of its Co-Pilot UGC artificial intelligence feature, \$1m in Viostream and \$1.5m in Lendi. BTI also announced that Lendi has partnered with Domain to power Domain's new home loan finder service.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

BTI offers investors a unique opportunity to gain exposure to a portfolio of private technology companies with ASX liquidity. The Investment Manager comprises a team of six professionals with technology, business and investing experience led by two highly experienced individuals in the technology and investment industry. The capital structure of investments seeks to provide downside protection in addition to contractual rights negotiated with businesses. For the 12 months to 30 June 2017, pre-tax NTA per share fell 8.6%, driven by the write-down in iPRO. Since inception, pre-tax NTA per share return is an annualised 3.3% with returns impacted by options exercised and the iPRO write-down. The underlying portfolio of assets has delivered a gross investment return (before costs and fees) of 13.8% p.a.

We recently spoke with management about the iPRO write-down and remain comfortable with our Recommended Plus rating. Whilst the iPRO experience is unfortunate and included difficulties with the founder of the business, it is only one in a portfolio of 10 businesses. We believe BTI's investment processes remain sound and have been further strengthened by the learnings of the iPRO experience. Six of BTI's investments have been revalued upwards over the past 12 months and the Manager believes there is potential for material valuation lift over the next 12-24 months with at least one business expected to IPO over the next 12 months. Private equity style investing is a long-term proposition and returns can be lumpy, but it provides a degree of portfolio diversification. At 30 June 2017 BTI shares were trading at a 15.1% discount to pre-tax NTA. This provides an attractive entry point for potential investors with the risk tolerance and an interest in private equity style investing in the technology sector, with potential capital appreciation on offer from revaluation of underlying investments and a narrowing of the share price discount. However, we do not expect the discount to narrow until some of the expected revaluations and realisations start to emerge.

### Investment Limitations

1) Initial Investment cannot exceed 40% of the portfolio.

2) Up to 15% of the portfolio can be listed in publicly listed technology companies and IPO's, excluding any existing investments that have exited via IPO and in which the company has retained an interest.

3) Cannot invest in start-up businesses.

4) Cannot invest in biotechnology companies.

5) The Manager can make follow-up investments in subsequent fund raising rounds of businesses in the portfolio when the investment is deemed to be value creating for shareholders.

6) Can invest in a range of securities including but not limited to, convertible preference shares, convertible notes, preference share, ordinary equity, warrants and debt-like instruments.

### Board of Directors

David Kirk Executive Chairman

Paul Wilson Executive Director

Andrew Bullock Independent Director

Sankar Narayan Independent Director

Heith Mackay-Cruise Independent Director

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-7.76	-8.55	na	na
Share Price + Dividends (%)	-8.63	-20.70	na	na

## OTHER DATA

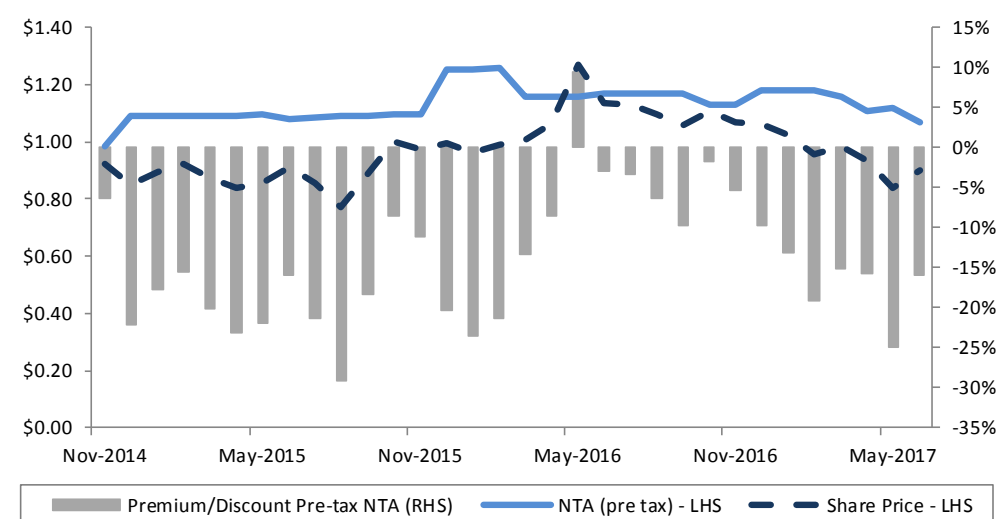
- ◆ **Dividend policy** – Dividends will be paid where possible following the realisation of investments.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – No

## BTI's Portfolio Weighting

Company	Current Value (\$m)	Portfolio (%)
SiteMinder	40.5	31.6%
Viocorp International Pty Ltd	23.0	17.9%
Standard Media Index Pty Ltd (SMI)	7.4	5.8%
iPRO Solutions Pty Ltd	0.0	0.0%
Straker Translations Limited	8.7	6.8%
Stackla	12.6	9.8%
Rezdy	4.5	3.5%
Lendi	7.2	5.6%
DocsCorp	7.5	5.8%
Instaclustr	4.5	3.5%
Cash & Other	12.4	9.7%

Source all figures: BTI/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

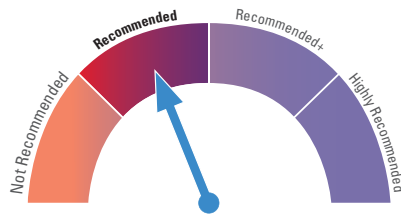
## NTA & Share Price Performance







## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 August 2017	0.90
Market cap (\$M)	22.5
Shares on issue (M)	25.0
Options on issue (M)	0.0
Shares traded (\$M p.a)	2.7
12-month L/H (\$)	0.845/0.955
Listing date	December 2014

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	-7.6%
Average since listing	-6.9%

## Dividend Yield

	%
FY15	na
FY16	3.37ff
FY17	2.78ff

## Substantial Shareholders

	%
Dynasty Peak Pty Ltd	7.7
Jacqueline Kay Pty Ltd	6.1

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The company has an all cap portfolio, but is heavily weighted to large and mid-cap stocks with 57.6% of the portfolio allocated to ASX 50 stocks at 30 June 2017 and 15.9% to ASX 50-100 stocks. The top ten stocks represent 48.7% of the portfolio, well above the benchmark weighting for these stocks. The portfolio is heavily weighted to the Financials sector although the weighting was reduced from 41.8% to 34.3% over the quarter, with the weighting to Materials increasing from 2.8% to 12.3%. The Manager may hold up to 50% cash if suitable opportunities cannot be identified. At 30 June 2007 cash amounted to 8.3% of the portfolio.

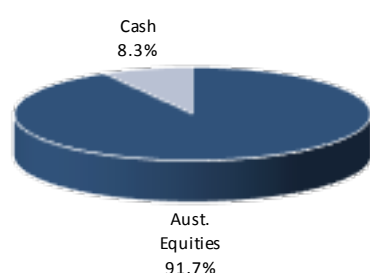
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

CBC offers investors the opportunity to invest in a professionally managed portfolio of domestic equities. While the Manager has the ability to invest in international equities, it currently has no intention to invest outside the domestic market. The portfolio is managed by an investment manager with significant experience in the investment industry. Following its acquisition by Clime Investment Management in July 2017, the Manager's investment processes and core investment team are unchanged. However, the Manager now has access to the additional resources, including investment analysts and administrative support, of a larger boutique fund manager. We see this as positive for CBC. In the June quarter, the portfolio (pre-tax NTA plus dividends) rose 1.1% against a 1.6% decline for the S&P/ASX 200 Accumulation Index. However, the portfolio underperformed the index significantly for the 12 months to 30 June 2017. CBC announced a final dividend of 1.55 cents per share, fully franked, taking FY2017 total dividends to 2.55 cents per share, down from 3.1 cents per share, fully franked, in the prior year. The share price discount to pre-tax NTA of 7.6% was close to the average discount of 6.9% since listing. It is difficult to see the discount being eliminated unless the manager is able to build a track record of outperformance over the medium-term.

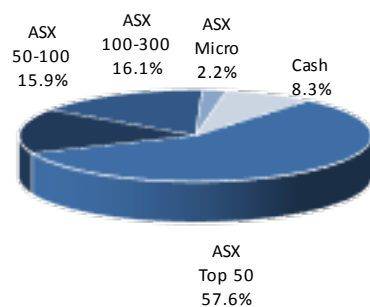
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Financials (ex Property)	41.8	34.3
Consumer Discretionary	8.6	7.9
Information Technology	7.0	7.2
Materials	2.8	12.3
Industrials	14.2	11.1
Consumer Staples	0.0	0.0
Energy	0.0	0.0
Healthcare	11.6	10.1
Property	5.3	6.8
Telecommunication Services	4.0	7.9
Utilities	4.7	2.5

### Asset Weighting



### Size Weighting



### Board of Directors

Ronni Chalmers	Chairman (Executive)
James Beecher	Director & Company Secretary (Executive)
Robert Swil	Director (Non-Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	1.06	4.32	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	-1.28	10.82	na	na
S&P/ASX 200 Acc Index (%)	-1.58	14.09	na	na
Out/Under performance of index (%)	2.64	-9.77	na	na
Share Price + Dividends (%)	-1.62	0.56	na	na
Tracking Error (%)	2.24	4.73	na	na

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

## OTHER DATA

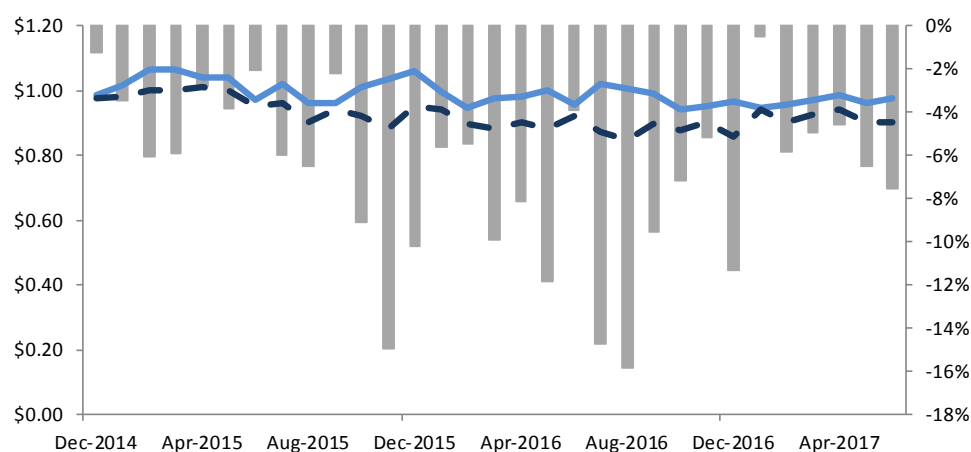
- ◆ **Dividend policy** – The company will seek to pay franked dividends semi-annually.
- ◆ **Capital management policy** – The company may undertake on-market buybacks and may also consider the issue of additional securities.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	S&P/ASX 200 (%)
CBA	9.4	8.8
WBC	7.4	6.3
BHP	5.8	4.6
CSL	4.5	3.9
NAB	4.1	4.8
ANZ	3.9	5.2
JHG	3.6	0.2
LLC	3.5	0.6
TLS	3.4	3.1
LNK	3.3	0.2
	<b>48.7</b>	<b>37.7</b>

Source all figures: CBC/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

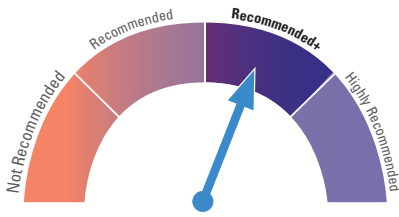
### NTA & Share Price Performance



Legend: Premium/Discount Pre-tax NTA (RHS), NTA (pre tax) - LHS, Share Price - LHS



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia & International

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 August 2017	1.27
Market cap (\$M)	348.0
Shares on issue (M)	274.0
Options on issue (M)	0.0
Shares traded (\$M p.a)	68.8
12-month L/H (\$)	1.14/1.32
Listing date	December 2006

## Fees

Management Fee (% p.a)	1.00
Performance incentives (%)	20.0
Performance Hurdle*	ASX All Ords Acc Index

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

## Premium/Discount to Pre-tax NTA

30 June 2017	6.1%
3 year average	7.4%

## Dividend Yield

	%
FY15	7.25ff
FY16	9.05ff
FY17	6.48ff

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The Manager invests in a portfolio of domestic and international listed companies, although at 30 June 2017 less than 20.0% was invested in international shares. At 30 June 2017, the portfolio had a net exposure of 77.9%, with the invested portfolio largely in long positions with shorts amounting to just 3.9% of the portfolio. Cash increased from 15% to 22% of the portfolio. Melbourne IT (ASX:MLB) remained the largest investment at 16.7% of the portfolio. We note that a maximum of 5% of the portfolio at cost can be invested in an individual stock and therefore a holding of greater than this can be attributed to growth in the stock value.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

The Manager employs a disciplined investment process. The rules based charter lends itself to a repeatable investment process and provides greater confidence that alpha generated can be attributed to both the process and individuals (not just the latter). While there are no portfolio concentration limitations, a rules based entry and exit strategy should have the effect of limiting portfolio risk, restricting investments up to 5% of the portfolio at cost with the inclusion of a stop-loss. There is a strong alignment of interest with shareholders, with the investment team collectively representing the largest investor in the company. The portfolio (pre-tax NTA plus dividends) outperformed the ASX All Ordinaries Accumulation Index over the past 12 months with a solid performance over the June 2017 quarter. Its top holding, MLB rose 26% over the quarter. Despite underperformance over a five-year period, the portfolio has outperformed over the longer-term, generating a 10-year portfolio return (pre-tax NTA plus dividends) of 5.7% versus the market return of 3.5%. However, tracking error is high compared to many other LICs. CDM declared a final FY2017 dividend of 4 cents per share, taking the fully year dividend to 8 cents per share fully franked, down from 9 cents in the prior year. Although the premium to pre-tax NTA narrowed during the June quarter, the shares remain expensive at a 6.1% premium to pre-tax NTA at 30 June 2017.

## SECTOR BREAKDOWN (NET EXPOSURE)

Sector	31 Mar (%)	30 Jun (%)
Diversified Financials	17.4	11.0
Financials	9.1	16.3
Consumer, Non Cyclical	6.3	5.3
Banks	10.1	9.3
Software & Services	10.5	16.7
Communications	10.4	6.8
Consumer, Cyclical	2.3	1.9
Consumer Services	4.3	1.0
Industrial	1.5	3.9
Basic Materials	6.3	1.1
Technology	4.3	4.8
Capital Goods	1.0	0.0
Energy	0.5	0.9
Materials	1.1	0.1
Telecommunication Services	0.0	-1.2
Cash	15.0	22.1

Exposure	30 Jun (%)
Long exposure	81.8
Short Exposure	3.9
Cash	22.1

### Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	2.41	14.45	1.31	7.38
ASX All Ords Acc Index (%)	-1.54	13.12	6.83	11.60
Out/Under performance of index (%)	3.95	1.34	-5.53	-4.22
Share Price + Dividends (%)	-2.22	8.52	1.40	10.09
Tracking Error (%)	2.53	5.66	7.81	8.18

## OTHER DATA

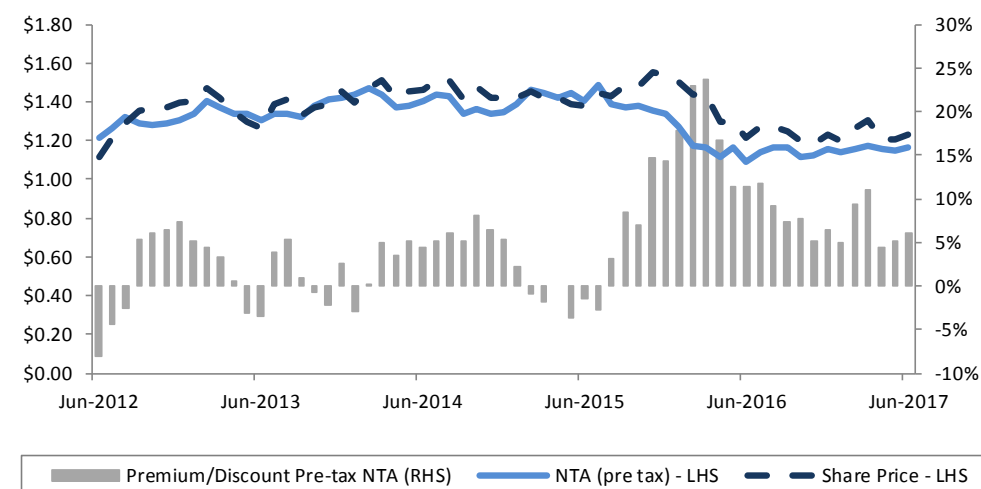
- ◆ **Dividend policy** – CDM will seek to pay a consistent and growing dividend.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes, at a 3% discount.

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

Stock	Portfolio (%)	Currency Exposure	Direction
Melbourne IT Ltd	16.7	AUD	Long
Macquarie Group Ltd	10.8	AUD	Long
Janus Henderson Group Ltd	6.1	AUD	Long
Samsung Electronics Co Ltd	4.7	USD	Long
Softbank Group Corp	4.4	AUD	Long
ANZ Banking Group	3.7	AUD	Long
Eclipx Group Ltd	3.2	AUD	Long
National Australia Bank Ltd	3.2	AUD	Long
Estia Health Ltd	3.0	AUD	Long
Ardent Leisure Group	2.9	AUD	Long
	<b>58.7</b>		

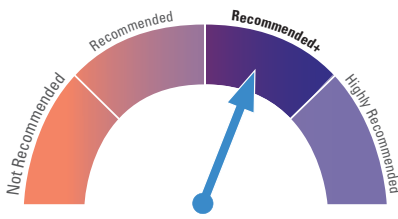
Source all figures: CDM/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 15 August 2017	0.98
Market cap (\$M)	79.5
Shares on issue (M)	81.2
Options on issue (M)	33.9
Shares traded (\$M p.a)	51.7
12-month L/H (\$)	0.915/1.00
Listing date	August 2015

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	-6.7%
3 year average	-3.8%

## Dividend Yield

	%
FY15	na
FY16	3.26pf
FY17	6.74pf

## Largest Shareholders

	%
Victor Plummer	3.1
HSBC Custody Nominees (Australia) Limited	1.0

As at 30 June 2017

## COMPANY OVERVIEW

Contango Income Generator Limited (ASX: CIE) is an investment company which listed on the ASX in August 2015 following an initial public offer. Contango Asset Management Limited (ASX:CGA), an ASX listed company partly owned by its management and staff, is the Manager of the portfolio. CIE invests primarily in companies outside the top 30 ASX-listed securities and seeks to pay an annual dividend of at least 6.5% of NTA at the beginning of the financial year. Dividends will be franked to the maximum extent possible and will be paid on a semi-annual basis.

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

CIE holds a portfolio of ASX ex-30 stocks heavily weighted to the Financials and Consumer Discretionary sectors, with 43% of the portfolio allocated to these two sectors. The Manager takes high conviction positions and is index agnostic and therefore not concerned with the weighting of a stock in the index. This is highlighted by the top ten holdings, which account for 34.8% of the portfolio, compared to the relevant weighting in the All Ordinaries Index of 2.6%. Portfolio performance will largely be dependent on the stock picking abilities of the Manager.

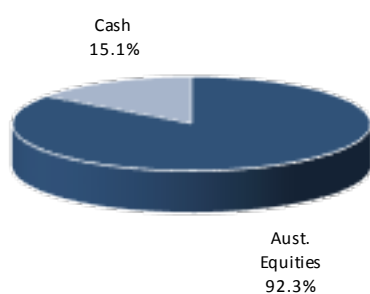
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

CIE seeks to maintain a portfolio that provides lower than market beta and offers a yield of at least 6.5%. Given the Manager's history we believe the yield is achievable. The Manager has shown its ability to manage a portfolio that achieves the stated objectives of the company through its management of the Contango Midcap Income Trust. The Trust was established in December 2012 and has similar objectives to CIE. For the 12 months to 30 June 2017, CIE delivered a portfolio return (pre-tax NTA plus dividends) of 11.0%, underperforming the ASX All Ordinaries Accumulation Index which increased 13.1% over the period. This reflects underweight positions in materials and energy, sectors which performed strongly. The S&P/ASX 200 Industrials Accumulation Index, which excludes resource focused stocks, rose 12.6% over the 12 months. CIE announced a FY2017 final dividend of 3.5 cents per share, 50% franked, taking the full year dividend to 6.5 cents per share, 50% franked, unchanged on the prior year. CIE shares have mostly traded at a discount since listing and at 30 June 2017 were at a 6.7% discount to pre-tax NTA. This is a reasonable entry point for investors seeking exposure to a portfolio of Australian shares outside the top 30 companies. However, we think the discount is likely to remain until the company can establish a track record of outperformance.

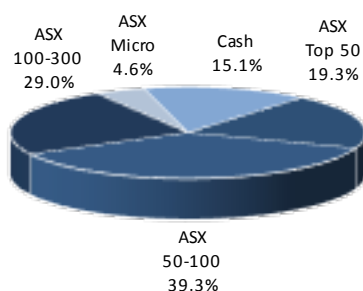
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	2.3	2.5
Materials	6.3	8.1
Industrials	9.6	7.5
Consumer Discretionary	21.5	16.5
Consumer Staples	2.5	2.1
Health Care	1.9	2.2
Financials	32.2	26.5
Information Technology	2.2	4.6
Telecommunication Services	0.0	0.0
Utilities	4.5	4.7
REITS	9.0	10.2
SPI Futures	-6.7	0.0
Cash	14.6	15.1

### Asset Weighting



### Size Weighting



### Board of Directors

Dr. Andrew MacDonald	Chairman (Non-Executive)
Mark Kerr	Director (Non-Executive)
Don Clarke	Director (Non-Executive)
George Boubouras	Director (Executive)
Steve Bennett	Director (Non-Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.49	11.02	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	-0.49	6.81	na	na
ASX All Ords Acc Index (%)	-1.54	13.12	na	na
Out/Under performance of index (%)	2.03	-2.10	na	na
Share Price + Dividends (%)	-0.52	12.19	na	na
Tracking Error (%)	2.03	4.69	na	na

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

## OTHER DATA

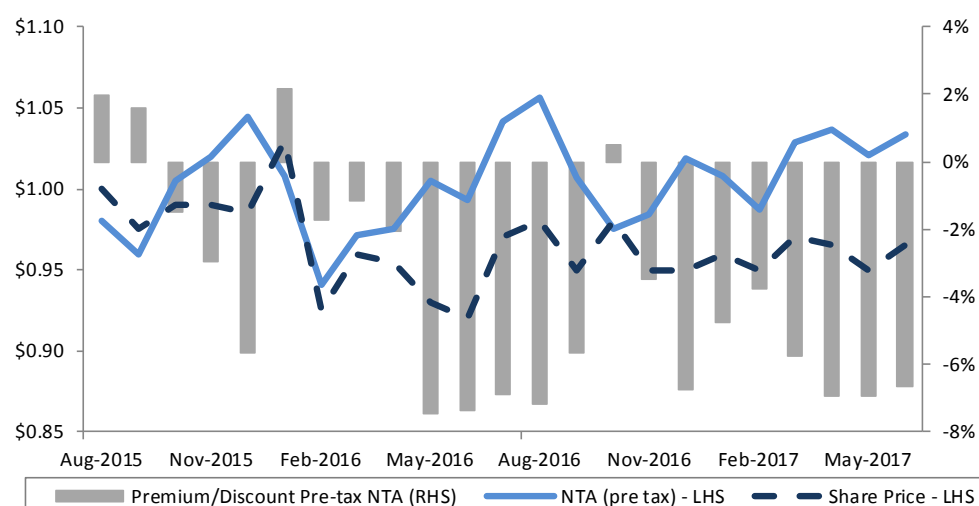
- ◆ **Dividend policy** – CIE will seek to pay annual dividends amounting to a minimum 6.5%pa yield on the net tangible asset value per share prevailing at the beginning of the financial year.
- ◆ **Capital management policy** – CIE can buy back its shares, however has no buy back facility in operation.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

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

Code	Portfolio (%)	ASX All Ordinaries Index (%)
ASX	6.0	0.6
BOQ	5.3	0.3
TAH	4.4	0.2
BEN	3.7	0.3
SKI	2.8	0.3
ABC	2.7	0.2
CHC	2.7	0.1
HPI	2.6	0.0
CTX	2.5	0.5
IFL	2.4	0.2
	<b>34.8</b>	<b>2.6</b>

Source all figures: CIE/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance







## Rating

### Rating Under Review

#### LMI Type

Listed investment company

#### Investment Area

Australia

#### Investment Assets

Listed companies and other

#### Investment Sectors

Diversified

#### Key Investment Information

Price (\$) as at 15 August 2017	0.93
Market cap (\$M)	156.3
Shares on issue (M)	168.1
Shares traded (\$M p.a)	56.0
12-month L/H (\$)	0.88/1.20
Listing date	March 2004

#### Fees

Management Fee (% p.a)	1.0-1.25*
Performance incentives (%)	na

\*The management fee is 1.25% for the first \$200m managed and 1% thereafter. There is no performance fee.

#### Premium/Discount to Pre-tax NTA

30 June 2017	-11.4%
3 year average	-10.8%

#### Dividend Yield

	%
FY15	8.00pf
FY16	6.30pf
FY17	7.11pf

#### Largest Shareholders

	%
RBC Investor Services (Australia) Nominees Pty Ltd	4.5
Victor Plummer	2.4

As at 30 June 2017

## COMPANY OVERVIEW

CTN is a listed investment company focusing on small/micro cap stocks. The portfolio is managed by Contango Asset Management Ltd (ASX:CGA), an ASX listed fund manager partly owned by management and staff. CTN aims to pay annual dividends amounting to a minimum 6% p.a. yield on the Net Tangible Asset value per share prevailing at the beginning of the financial year.

## INVESTMENT OBJECTIVE

CTN aims to achieve a return above the benchmark index (All Ordinaries Accumulation Index) and pay regular dividends to investors through investment in a portfolio of ASX listed small/micro cap stocks. There tends to be increased risk levels when investing in small/micro cap stocks, however, the upside potential can be considerable.

## STYLE AND PROCESS

CTN uses a combination of top down and bottom up fundamental analysis to identify attractive investment opportunities in the small/micro cap universe. CGA focuses on stocks that have a market cap of between \$10M and \$350M at the time of acquisition. There is often a lack of research on small/micro cap stocks. CTN endeavours to take advantage of this situation to identify market inefficiencies. When the economy is growing strongly, the fund focuses on companies that can grow their businesses rapidly, while in more difficult times, it focuses on companies with more stable earnings.

## PORTFOLIO CHARACTERISTICS

CTN holds a diversified portfolio of small/micro cap stocks with the company aiming to have between 40 to 100 stocks in the portfolio. Given the risk associated with the investment universe, the manager does not tend to take large positions in companies and reduces risk through portfolio diversification. During the March quarter the company increased its exposure to Materials which is now the largest sector exposure. Compared to the market, the portfolio is significantly underweight the Consumer Staples and Financials sectors.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

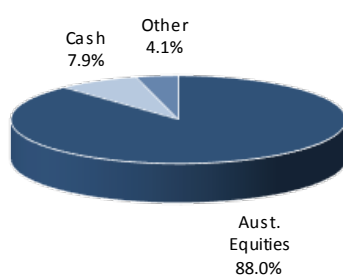
We placed our CTN rating under review in December 2016 following the announcement that it would add an additional manager and change the LIC name. We saw this as a highly unusual step that would add new risks for shareholders. CTN has since returned to being a one manager listed investment company with OC Funds Management (OCFM) ceasing to provide investment management services to the company. Management of the entire CTN investment portfolio has reverted back to Contango Asset Management (ASX:CGA). In our view, and without making any judgement about OCFM's portfolio management capabilities, we see the reversion to a single manager as a good outcome for CTN shareholders. It removes much of the uncertainty that has surrounded the LIC since the December announcement and removes the risks and administrative complications of the two manager arrangement. Whilst we are familiar with the single manager, CGA, there have been changes at the Board level since we suspended our rating. We are currently undertaking a detailed review of CTN and will publish a full report and new investment rating in coming weeks.

During the June 2017 quarter, the portfolio (pre-tax NTA plus dividends) significantly underperformed the market with a negative return of 8.0% versus the ASX Small Ordinaries Accumulation Index return of minus 0.4%. This dragged down the 12 month and medium term performance returns, with underperformance over 1, 3 and five-year periods. Over the long-term, the portfolio has outperformed with an average rolling annual return for the portfolio over the ten years to 30 June 2017 of 7.1%, compared to the ASX Small Ordinaries Accumulation Index average rolling annual return of 2.8%. CTN announced a final FY2017 dividend of 3.9 cents per share, 50% franked, taking full year dividends to 6.6 cents per share, 50% franked compared to 6.3 cents per share, 50% franked, in FY2016. Given the recent portfolio underperformance, we have some concerns that the dividend may not be sustainable at these levels. In our view, CTN shares are likely to remain at a discount to pre-tax NTA until performance improves.

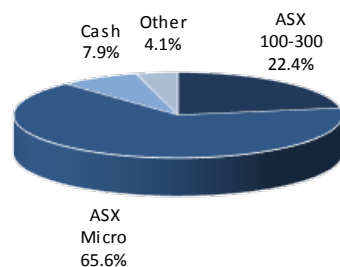
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	2.5	4.0
Materials	26.3	21.4
Industrials	9.5	9.9
Consumer Discretionary	10.4	10.5
Consumer Staples	1.9	0.5
Health Care	8.7	8.9
Financials & REITS	17.3	10.8
Information Technology	9.0	7.4
Telecommunication Services	1.9	9.9
Utilities	2.2	2.0
SPI Futures	6.8	2.7
Cash	3.5	4.1

### Asset Weighting



### Size Weighting



### Board of Directors

Mark Kerr	Chairman & Independent Director
Alistair Drummond	Executive Director
Trevor Carroll	Non-Executive Director
Ken Poutakidis	Non-Executive Director

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-7.97	-11.20	0.79	3.07
Peer Group Median (pre-tax NTA plus dividends), %*	-2.17	-2.07	4.68	3.07
ASX Small Ords Acc Index (%)	-0.35	7.01	7.13	5.66
Out/Under performance of index (%)	-7.62	-18.21	-6.34	-2.59
Share Price + Dividends (%)	-9.55	-4.55	2.59	5.53
Tracking Error (%)	12.24	13.15	9.71	9.20

\*LICs that invest in Small and Micro cap equities.

## OTHER DATA

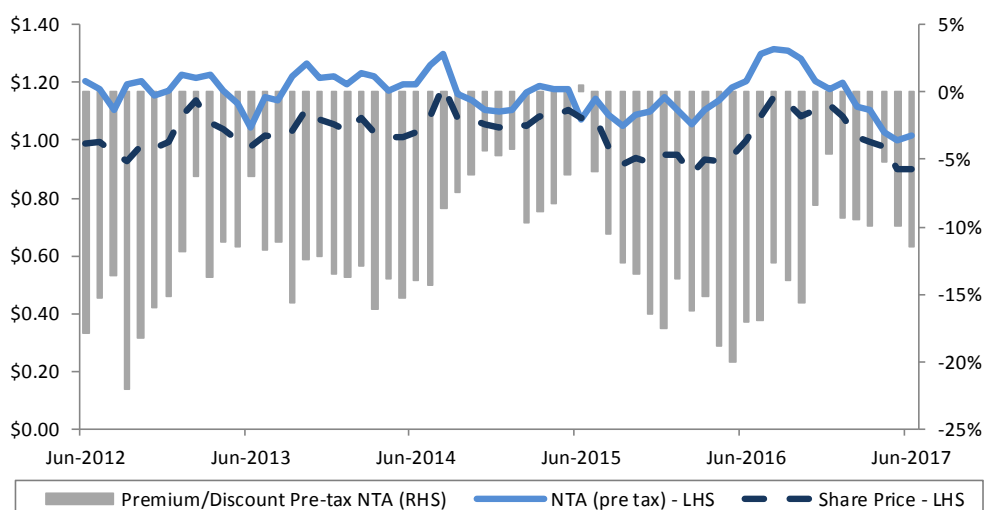
- ◆ **Dividend policy** – CTN aims to pay annual dividends amounting to a minimum 6%pa yield on net tangible asset value per share prevailing at the start of the financial year.
- ◆ **Capital management policy** – CTN announced an on-market share buy-back program of up to \$5m of its ordinary shares, approximately 3.35% of its issued capital. The buy-back started on 19 June 2017 and will remain in place for a period up to 12 months.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes at a 3% discount.

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

Code	Portfolio (%)	All Ords (%)
EML	3.1	0.0
ASL	2.8	0.0
ENN	2.8	0.0
ASB	2.2	0.0
VLW	2.2	0.0
RVR	2.1	na
CAT	2.1	0.0
PEA	2.1	0.0
HPI	2.0	0.0
HUB	1.9	0.0
	<b>23.3</b>	<b>0.2</b>

Source all figures: CTN/Independent Investment Research/IRES. All data as at 30 June 2017 unless otherwise specified.

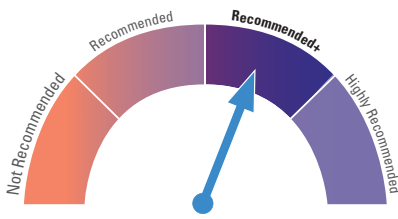
### NTA & Share Price Performance







## Rating



## LMI Type

Listed investment company

## Investment Area

International

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 15 August 2017	1.07
Market cap (\$M)	97.4
Shares on issue (M)	91.0
Options on issue (M)	90.9
Shares traded (\$M p.a)	4.7
12-month L/H (\$)	1.05/1.19
Listing date	June 2017

## Fees

Management Fee (% p.a)	1.25
Performance incentives (%)*	10.0

\*Outperformance of MSCI ACWI ex Australia (AUD), subject to a high water mark. The maximum performance fee payable in any financial year will be capped at 0.75% of the value of the portfolio. Any amount due above this will be carried forward to future financial years and can be offset against periods of underperformance.

## Premium/Discount to Pre-tax NTA

30 June 2017	6.9%
Average since inception	6.9%

## Dividend Yield

	%
FY15	na
FY16	na
FY17	na

## Largest Shareholders

	%
HSBC Custody Nominees	4.2
Brispot Nominees Pty Ltd	4.0

As at 30 June 2017

## COMPANY OVERVIEW

Contango Global Growth Limited (ASX:CQG) is a listed investment company that invests in a portfolio of global growth equities, excluding Australia. The company listed in June 2017 after raising \$100m through the issue of 90.9m shares at \$1.10. Investors also received one free attaching option for each share issued. Contango International Management Pty Limited, a wholly owned subsidiary of Contango Asset Management Limited (ASX:CGA), has been appointed the Manager but has delegated the management of the portfolio to the Investment Adviser, WCM Investment Management (WCM) an independent asset management firm based in California.

## INVESTMENT OBJECTIVE

CQG seeks to deliver long-term capital appreciation through an investment in what the Manager considers to be quality global growth stocks. The company will seek to provide portfolio returns (before fees and expenses) that exceed the benchmark index, the MSCI ACWI ex-Australia (AUD), by 3%p.a over a rolling 3 year period. The Investment Adviser (WCM) will seek to achieve this with lower volatility than the benchmark index.

## STYLE AND PROCESS

WCM has developed a unique investment strategy based on rigorous bottom-up analysis to identify quality stocks with sustainable growth potential. It looks for companies that have durable and competitive advantages (growing economic moat), good corporate cultures and are involved in industries with growth tailwinds. It has a focused approach to investing, investing only in its best ideas and not diluting the portfolio with inferior ideas. The valuation discipline is to invest in shares at a fair price where there is a margin of safety that helps provide downside protection. The investment process includes five main stages, idea generation and screening; quantitative analysis; fundamental analysis; portfolio construction; and portfolio monitoring and ongoing management.

## PORTFOLIO CHARACTERISTICS

The portfolio is managed on a high conviction, active approach and is concentrated across 20-40 high quality growth companies. The portfolio is diversified across global sub-sectors and countries, both developed markets and emerging markets, based upon WCM's rigorous bottom-up analysis. Up to 7% of the portfolio may be held in cash. At 30 June 2017, the portfolio was close to fully invested with just 5.6% in cash. The majority of the portfolio was invested in developed markets with a 79.8% weighting at 30 June 2017, with a 51.3% weighting to U.S. stocks. The portfolio is relatively well-diversified with the largest stock exposure at 3.9% of the portfolio.

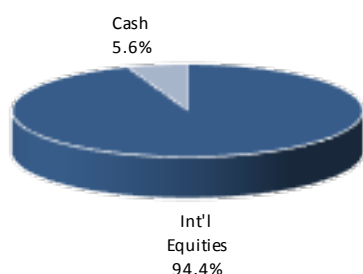
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

An investment in CQG is suitable for those investors seeking to diversify their portfolio with an actively managed portfolio of international quality growth companies with ASX liquidity. The portfolio is managed by WCM (under the supervision of the Manager) using a global investment strategy that has been successfully deployed since the establishment of the WCM Global Growth strategy in March 2008. WCM has met all of its objectives since the establishment of the strategy and has consistently outperformed the benchmark index, MSCI ACWI ex-Australia (AUD). The strategy has also offered downside protection with a downside capture ratio of 70.2 in USD and 73.8 in AUD from 31 March 2008 to 31 March 2017. WCM has had a stable investment team with the five members that make up the Investment Strategy Group being with WCM for an average of 19 years. This provides stability to the management of the portfolio and significantly reduces key man risk with all five members having a significant amount of experience with the investment strategy and philosophy. We are of the view that over the long-term, WCM will continue to outperform the benchmark index and provide downside protection while remaining fully invested. WCM has a long-term investment view and therefore the company is suitable for investors with a medium-to-long term investment horizon. Investors should not be seeking a regular income from this investment but have a focus on capital appreciation.

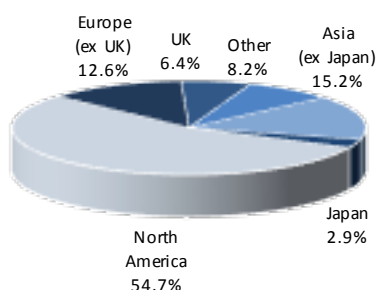
## SECTOR BREAKDOWN

Sector	30 Jun (%)
Energy	4.3
Materials	5.4
Industrials	8.5
Cons. Discret.	15.5
Cons.Staples	8.6
Health Care	14.0
Financials	10.1
Information Technology	25.2
Telco Svcs	0.0
Property	2.9
Utilities	0.0
Cash	5.6

### Asset Weighting



### Country Weighting



### Board of Directors

Valentina Stojanovska	Chairman (Non-Executive & Independent)
Micheal Liu	Director (Non-Executive)
Stephen Merlicek	Director (Non-Executive)
Paul Rickard	Director (Non-Executive)
Martin Switzer	Director (Non-Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	na	na	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	na	na	na	na
MSCI ACWI (ex Australia) (%)	na	na	na	na
Out/Under performance of index (%)	na	na	na	na
Share Price + Dividends (%)	na	na	na	na
Tracking Error (%)	na	na	na	na

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

## OTHER DATA

- ◆ **Dividend policy** – Dividends will be paid at the board's discretion and will be largely dependent on the profit reserve position of the company and franking credits available.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – no
- ◆ **DRP available** – na

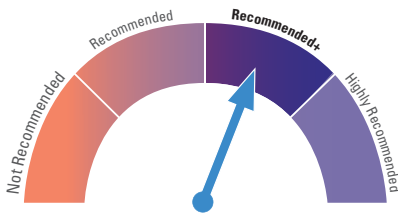
### CQG's Portfolio (Top 10) Weighting

Company	Portfolio (%)
The Cooper Companies	3.9
Amazon.Com Inc	3.8
Reckitt Benckiser Group PLC	3.5
Canadian National Railway Co	3.4
HDFC Bank Ltd	3.4
Boston Scientific Corp	3.2
Techtronic Industries Co Ltd	3.1
Amphenol Corp	3.1
Quintiles Transnational Holdings	3.1
Cisa Inc	3.1
	<b>33.5</b>

Source all figures: CQG/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 1 August 2017	3.83
Market cap (\$M)	840.1
Shares on issue (M)	219.4
Options on issue (M)	0.0
Shares traded (\$M p.a)	131.4
12-month L/H (\$)	3.50/4.05
Listing date	June 1995
Fees:	
Management Fee (%)	0.42
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

30 June 2017	13.6%
3 year average	25.2%

## Dividend Yield

	%
FY15	5.54ff
FY16	6.37ff
FY17	6.52ff

## Largest Shareholders

	%
AFIC	3.4
Bruce Teele	0.9

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

DJW invests in a concentrated portfolio of stocks, predominantly from within the S&P/ASX 50 index. The company utilises options to generate increased income for the portfolio. Given the company writes call options, the portfolio may experience high levels of turnover if the options are exercised. While the company seeks to ward against this outcome by buying back options and writing new ones, in times of strong markets the exercise of options is inevitable. The portfolio's largest exposure is to the Financials sector with 41.8% of the portfolio allocated to the sector. Over the past 15 months DJW has reduced its weighting to large cap (top 50) stocks from 81.8% to 77.1%, increasing its exposure to the small and micro cap market sectors.

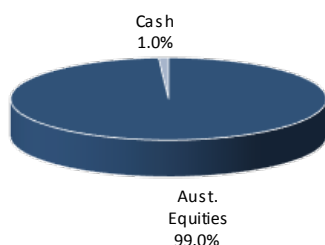
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

DJW provides a unique investment style in the LIC universe. The company makes frequent use of options in an attempt to increase portfolio income. The company writes covered call options over 20%-50% of the portfolio and as such, investors should be comfortable with the use of, and risks associated with, options. The company currently has \$150m in credit facilities, \$84.5m of which has been drawdown (~10% of the company's market cap). The portfolio has underperformed the benchmark S&P/ASX 200 Accumulation Index on a one, three and five-year basis and also on a long-term basis delivering an average rolling annual return of 4.0% compared to the benchmark S&P/ASX 200 Accumulation Index average rolling annual return of 5.3%. DJW's overlaying option strategy seeks to provide shareholders with an above market dividend yield. The company has achieved this objective by continuing to offer a greater dividend yield than the benchmark index. However, for FY2017 DJW paid a lower dividend of 20 cents per share fully franked, down four cents on the prior year. The first half 2017 interim dividend was steady at 10 cents but the final dividend was down from 14 to 10 cents per share. The lower dividend reflects a decline in dividends received from the portfolio and reduced options income. The share price premium to pre-tax NTA was relatively steady over the quarter but has fallen from 32% at 30 June 2016 to 13.6% at 30 June 2017 given the lower dividend. At this price the shares are still overvalued and we suggest potential investors remain patient when seeking an entry point.

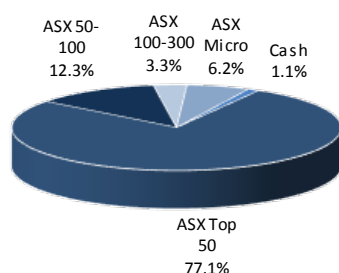
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	5.3	5.0
Materials	14.5	16.3
Industrials	9.7	10.0
Consumer Discretionary	1.4	0.9
Consumer Staples	7.9	7.1
Healthcare	9.4	8.2
Financials (ex Property)	41.8	41.2
Property	2.7	3.6
Information Technology	1.2	2.6
Telecommunication Services	4.9	4.2
Utilities	1.2	1.0

## Asset Weighting (ex cash)



## Size Weighting



## Board of Directors

John Paterson	Chairman
Ross Barker	Managing Director
Graham Kraehe	Director
Bob Edgar	Director
Karen Wood	Director
Andrew Guy	Director
Kathryn Fagg	Director
Alice Williams	Director
Graham Goldsmith	Director

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-1.22	13.07	2.68	8.28
Peer Group Median (pre-tax NTA plus dividends, %)*	-1.28	10.82	5.28	11.22
S&P/ASX 200 Acc Index (%)	-1.58	14.09	6.63	11.81
Out/Under performance of index (%)	0.36	-1.02	-3.95	-3.53
Share Price + Dividends (%)	-0.27	-3.82	-2.24	5.86
Tracking Error (%)	0.92	1.39	2.43	2.33

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

## OTHER DATA

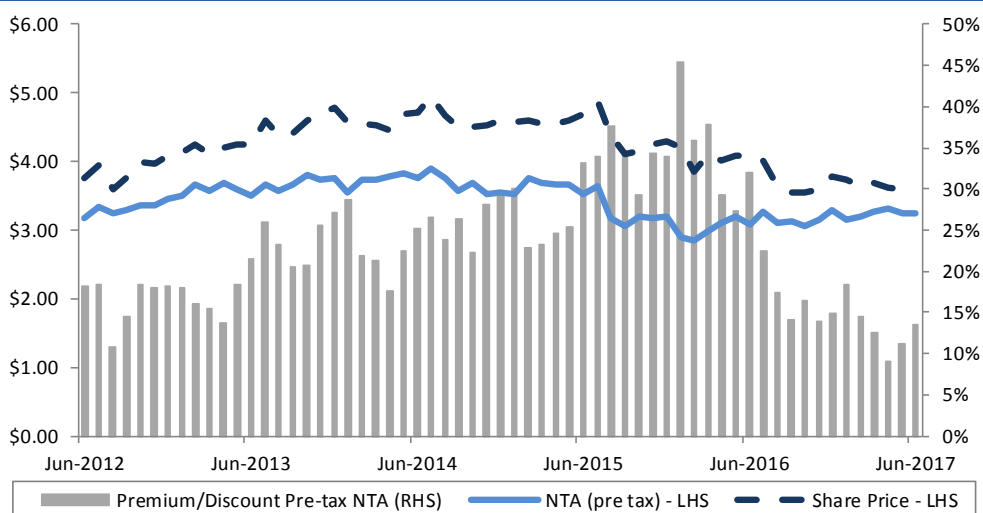
- ◆ Dividend policy – DJW looks to distribute all dividends and income received such that they are fully franked.
- ◆ Capital management policy – DJW has a buyback arrangement in place to buyback shares if trading at a discount to NTA.
- ◆ LIC tax concessions – Yes
- ◆ DRP available – Yes, at up to a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

## DJW's Portfolio (Top 10) Weighting

Code	Portfolio (%)	S&P/ASX200 Index (%)
CBA	9.0	8.8
WBC	8.5	6.3
BHP	5.8	4.6
NAB	4.7	4.8
ANZ	4.6	5.2
WES	3.5	2.8
TLS	3.5	3.1
CSL	3.4	3.9
BXB	2.6	1.0
RIO	2.4	1.6
	<b>48.0</b>	<b>42.1</b>

Source all figures: DJW/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

## NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 August 2017	3.83
Market cap (\$M)	799.4
Shares on issue (M)	208.7
Options on issue (M)	0.0
Shares traded (\$M p.a)	44.5
12-month L/H (\$)	3.16/3.85
Listing date	December 1991

## Fees

Management Fee (%)	0.13
Performance incentives (%)	Nil

## Premium/Discount to Pre-tax NTA

30 June 2017	-7.0%
3 year average	-6.1%

## Dividend Yield (%)

FY15	3.93ff
FY16	4.28ff
FY17	3.76ff

## Substantial Shareholders (%)

Ian Potter Foundation & Australian United Investment	24.0
The Myer Family Investments Pty Ltd	5.9

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

DUI invests in a portfolio of domestic listed stocks and gains exposure to international markets through ETFs. The company has a target allocation to international equities of 10-15% with a portfolio weighting of 11.5% at 30 June 2017. Large cap stocks remain a focus for the domestic portfolio with a weighting to S&P/ASX 50 stocks of 71.1% at 30 June 2017. At 30 June there was a 4.8% allocation to small cap stocks with 1.9% of this exposure via managed funds. There are no restrictions regarding the minimum or maximum investment in any individual stock or sector and as such the company may take high conviction positions in securities. The portfolio has significant exposure to financials at 36.2%, although its exposure to the four major banks is around index weight.

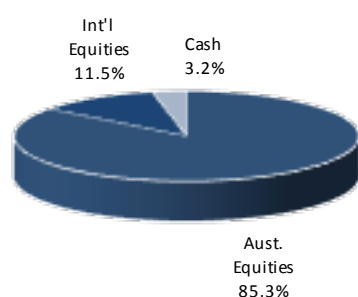
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

DUI provides cost-effective access to a portfolio that primarily consists of ASX-listed securities. However, it also provides modest exposure to international markets with a target allocation of 10-15% of the portfolio, so investors need to be comfortable with the risks associated with international investing, including currency risk. The international target was increased by the Board from 10% to a range of 10-15% in May 2017. This decision, along with the recent decision to allocate 5% of the portfolio to small cap fund managers provides further portfolio diversification. However, investors need to be aware that the Board makes changes to the asset allocation from time to time and should be comfortable with this fact. DUI was one of the best performing LICs over the 12 months to 30 June 2017 with the portfolio (pre-tax NTA plus dividends) generating a return of 17.6% versus the S&P/ASX 200 Accumulation Index return of 14.1%. Performance benefited from stock selection in the Resource, Financials and Healthcare sectors, and underweight positions in Telecommunications and REITS. The portfolio has also outperformed on a five-year basis and over the long-term, with the portfolio generating an average rolling annual return of 6.6% compared to the benchmark index of 6.2% for the ten years to 30 June 2017. DUI announced a final dividend of 8.0 cents per share, fully franked, taking FY2017 dividends to 14.5 cents per share, fully franked, up from 14.0 cents per share in FY2016. DUI was trading at a 7.0% discount to pre-tax NTA at 30 June 2017, broadly in line with its three-year average.

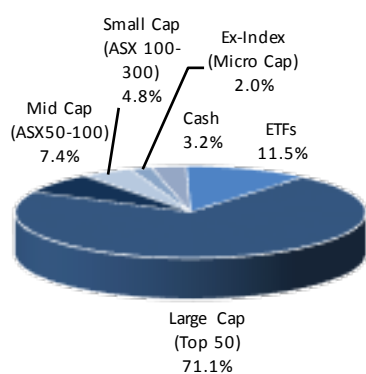
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	6.4	6.0
Building Materials	0.6	0.6
Transportation	1.2	1.2
Consumer & Retail	5.8	5.6
Healthcare	11.1	11.2
Financials (ex Property)	39.5	36.2
Property	5.8	5.6
Telecommunications	1.2	1.2
Infrastructure & Utilities	8.2	8.6
Mining & Services	7.2	7.2
Managed Funds	2.1	1.9
International ETFs	9.6	11.5
Cash	1.3	3.2

### Asset Weighting



### Size Weighting



### Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-0.74	17.61	6.80	12.95
Peer Group Median (pre-tax NTA plus dividends), %*	-1.28	10.82	5.28	11.22
S&P/ASX 200 Acc Index (%)	-1.58	14.09	6.63	11.81
Out/Under performance of index (%)	0.83	3.52	0.17	1.14
Share Price + Dividends (%)	1.92	18.46	6.30	14.79
Tracking Error (%)	2.73	3.87	4.60	3.70

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

## OTHER DATA

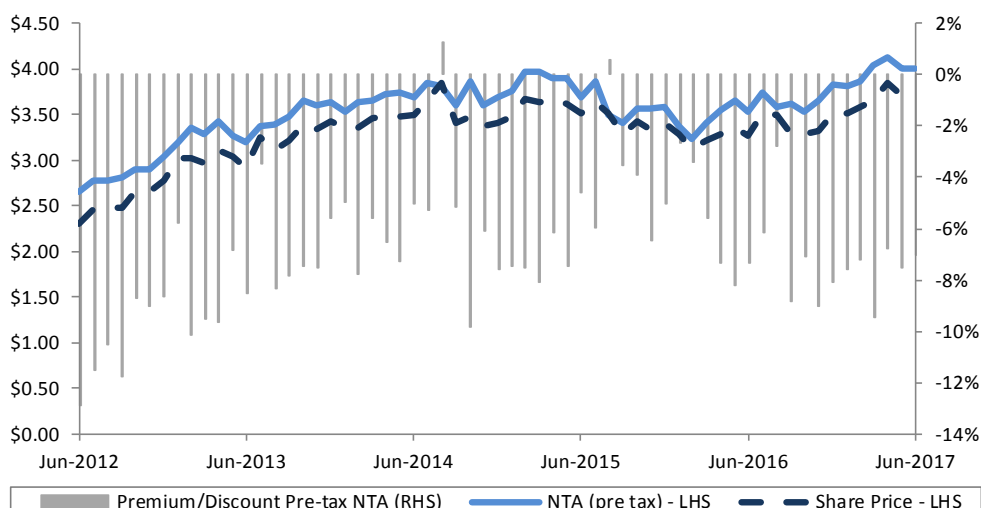
- ◆ **Dividend policy** – The company seeks through careful portfolio management to reduce risk and increase income over time so as to maintain and grow dividend distributions to shareholders over the long term.
- ◆ **Capital management policy** – The company offers a Dividend Reinvestment Plan and from time to time a Share Purchase Plan. DUI has an on-market share buy-back facility in place for up to 10m shares. The buy-back facility expires on 31 May 2018.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	S&P/ASX 200 Index (%)
CBA	8.9	8.8
CSL	8.4	3.9
WBC	6.2	6.3
ANZ	6.2	5.2
TCL	5.1	1.5
NAB	4.8	4.8
VEU	3.4	na
WPL	3.2	1.5
RIO	3.2	1.6
BHP	3.0	4.6
	<b>52.4</b>	<b>38.2</b>

Source all figures: DUI/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

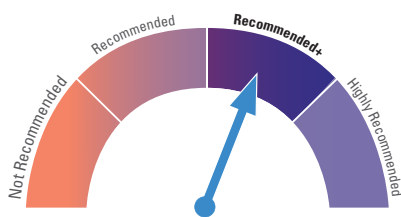
### NTA & Share Price Performance







## Rating



## LMI Type

Listed investment trust

## Investment Area

Global

## Investment Assets

Equity Funds and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 September 2017	1.95
Market cap (\$M)	185.4
Units on issue (M)	95.1
Units traded (\$M p.a)	6.8
12-month L/H (\$)	1.77/2.00
Listing date	Oct 2012

## Fees

Management Fee (% p.a) incl GST	1.1
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

30 June 2017	1.6%
3 year average	2.0%

## Dividend Yield

	%
FY15	2.99uf
FY16	3.45uf
FY17	3.17uf

## FUND OVERVIEW

EMF is a listed investment trust that invests in a portfolio of emerging market funds. The Fund has appointed Walsh & Company Asset Management Pty Ltd, a wholly owned subsidiary of Walsh & Company Group, as the Investment Manager. The portfolio is expected to comprise between 8 and 20 funds at any one time, with a combination of global emerging market, regional and country specific funds. The portfolio will have a long-only bias, however the Investment Manager can invest in funds that have a long-short strategy. The Investment Manager has the ability to hedge the portfolio's currency exposure. The Investment Manager has appointed an Advisory Board to assist the investment team with the investment strategy and portfolio construction. The Fund seeks to pay a consistent and growing distribution stream over time, with distributions to be paid on a semi-annual basis.

## INVESTMENT OBJECTIVE

The Fund seeks to provide Australian investors access to global fund managers specialising in emerging markets. The trust seeks to generate an attractive total return through a combination of long-term capital appreciation and a consistent and growing distribution stream.

## STYLE AND PROCESS

The Fund has a multi-manager investment approach, whereby the Investment Team and Advisory Board select emerging and frontier market funds to invest in. A quantitative and qualitative screen is applied to the investment universe, which comprises approximately 2,000 funds. Based on these screens and the accompanying research, the Investment Team compiles an Approved Investment List, from which the portfolio is compiled. All investments must be approved by the Advisory Board. With respect to country allocations, the Investment Team classifies countries as Core, Satellite or Frontier. Core countries will always have some exposure in the portfolio and comprise the BRIC countries plus Mexico and South Africa. Satellite countries are represented in the MSCI Emerging Markets Index and may or may not have exposure in the portfolio, while frontier countries will be invested in on an opportunistic basis and can represent up to 25% of the portfolio. The country allocations are set on a consultative basis with the Advisory Board and are formally reviewed on a quarterly basis.

## PORTFOLIO CHARACTERISTICS

The portfolio will typically comprise between 8 and 20 funds. At the end of the June quarter the portfolio was well-diversified with investments in 14 funds. From a country perspective, the largest allocations are to China (26.6%) and India (16.9%). A significant portion (17.3%) is also invested in what the company refers to as Frontier Markets. The portfolio is significantly overweight India and the Frontier Markets relative to the benchmark.

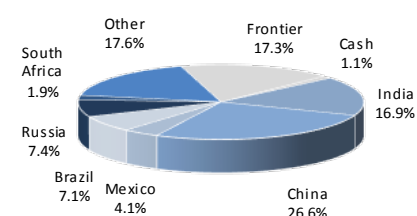
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

EMF provides domestic investors with exposure to a professionally managed fund of emerging market funds, a unique proposition on the ASX. There is some conflict of interest associated with the Fund, given the Investment Manager and Responsible Entity (RE) are related parties and therefore it is unlikely that the RE would seek to remove the Investment Manager irrespective of performance. In addition, some Board members of the RE are heavily involved in the investment process, however this conflict is mitigated through the use of an independent Advisory Board and the use of an independent auditor. The Fund does not seek to mimic an index and therefore has additional flexibility with respect to its investment capabilities. EMF's portfolio (pre-tax NTA plus dividends) increased by 10.7% in the 12-months to 30 June 2017, below the very strong MSCI Emerging Market Index AUD return of 18.9%. This reflects EMF's bias to sectors leveraged to what it believes are growth sectors such as consumer staples and healthcare. These sectors have not performed as well as "value" sectors of the market over the past year, although consumer stocks performed well in the June quarter. EMF paid a 3 cents per unit final distribution for FY2017 taking the full year distribution to 6 cents per unit, unchanged on the prior year. At 30 June 2017, the units were trading at a small premium to pre-tax NTA, a reasonable entry point for long-term investors seeking emerging markets exposure.

## SECTOR ALLOCATION

Sector	31 Mar (%)	30 Jun (%)
Consumer Staples	14.8	16.1
Financials	20.6	23.7
Telecommunication Services	3.1	3.5
Information Technology	11.9	13.4
Industrials	9.4	9.0
Consumer Discretionary	10.2	11.8
Materials	4.9	5.1
Energy	5.2	5.6
Healthcare	5.2	5.6
Utilities	2.1	2.9
Real Estate	1.8	2.1
Cash	10.6	1.1

## Country Allocation



## Directors of Responsible Entity

Alex MacLachlan	Executive Director
Warwick Keneally	Executive Director
Tristan O'Connell	Executive Director

## Advisory Board

John Holland
Maximillian Walsh (Retired 30 June 2017)
David Thomas
June Aitken

## PERFORMANCE ANALYTICS

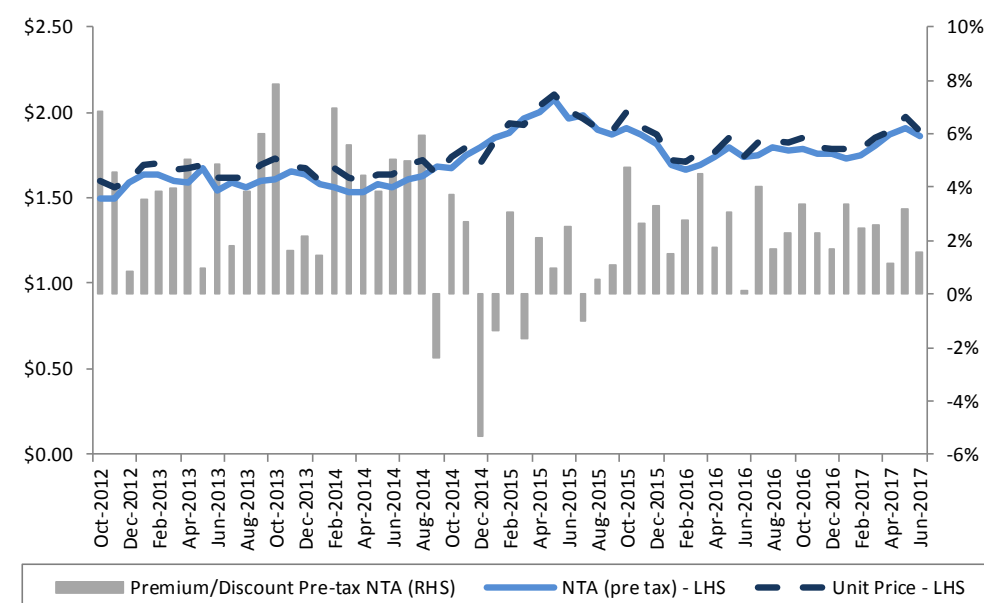
Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	4.81	10.77	9.56	na
MSCI Emerging Markets Index, AUD (%)	4.81	18.87	7.87	na
Out/Under performance of index (%)	0.00	-8.10	1.69	na
Unit Price + Dividends (%)	3.78	12.19	8.31	na
Tracking Error (%)	0.00	2.87	7.55	na

## EMF'S PORTFOLIO

Fund	Portfolio (%)	Fund	Portfolio (%)
Steadview Capital Fund	14.7	Russian Prosperity Fund	4.6
Lazard Emerging Markets Equity Fund	12.7	Brasil Capital Equity Fund	4.6
BMO LGM Frontier Markets Fund	11.9	NCC China A-Share Fund	4.1
Polunin Discovery Frontier Markets Fund	11.2	Schroder Emerging Europe Fund	3.5
Wells Fargo China Equity Fund	11.0	Arisaig Latin America Consumer Fund	2.9
Cephei QFII China Absolute Return Fund	5.5	GBM Crecimiento Fund	2.4
APS China A-Share Fund	5.1	Cash	1.1
Somerset Emerging Markets Dividend Growth Fund	4.8		

Source all figures: EMF/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

## NTA & Unit Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

International

## Investment Assets

Managed Funds

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 8 August 2017	1.105
Market cap (\$M)	310.0
Shares on issue (M)	280.5
Options on issue (M)	269.1
Shares traded (\$M p.a)	73.1
12-month L/H (\$)	1.025/1.125
Listing date	September 2015

## Fees\*

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	-5.8%
Average since inception	0.8%

## Dividend Yield

	%
CY14	na
CY15	na
CY16	0.94

## Largest Shareholders

	%
Citigroup Nominees	9.9
HSBC Custody Nominees (Australia)	4.3

As at 30 June 2017

## COMPANY OVERVIEW

Future Generation Global Investment Company Limited (ASX:FGG) listed on the ASX in September 2015 after raising over \$300m. The company invests in a portfolio of global fund managers who forego the management and performance fees in order to donate 1% of the average NTA in a financial year to a selection of charitable causes.

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The portfolio will typically comprise 10 to 20 funds with a maximum of 10% of the portfolio allocated to an individual fund at the time of investment. At 30 June 2017, there were 15 funds in the portfolio with 54.6% long equities funds, 32.8% absolute bias funds, 3.9% in quantitative strategy funds and 8.7% in cash. The portfolio is largely invested in global equity funds however some funds have specific country and region exposure. Earlier this year the Investment Committee started a portfolio rebalance to move asset allocations away from countries and regions towards the global fund managers reducing the active tilt towards Asian equities. Capital allocation is dependent on a number of things, including: (a) the capacity allocation provided by the underlying fund; (b) the portfolio optimisation process which is used to determine the optimal portfolio; and (c) the level of currency hedging the Investment Committee elects to have in the portfolio. The portfolio's currency exposure is managed through the underlying funds.

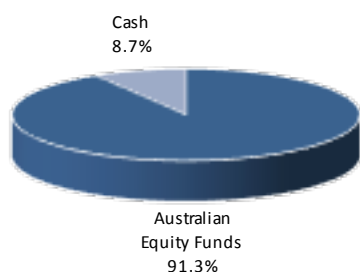
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

FGG provides shareholders with exposure to a diversified portfolio of global equity funds while also assisting youth mental health charities. All the funds have agreed to forego management and performance fees for the investment by the company. The funds may reduce or retract this capacity if they so choose. Given the management and performance fees associated with the underlying funds are greater than 1% on average, investors are getting exposure to the funds at a discounted rate. The difference between the fees and the 1% donation is to the benefit of shareholders. The Investment Committee is responsible for managing the portfolio. Its members have, on average, 23 years' experience in financial markets. The Investment Committee is independent of the underlying funds, however we note some directors are related to some of the underlying funds. Over the 12 months to 30 June 2017, the portfolio (pre-tax) NTA plus dividends) increased 11.4% compared to a 15.2% increase for the MSCI World Total Return Index, AUD. At 30 June 2017, FGG had 269m options on issue, exercisable at \$1.10 per share before 30 September 2017. At 30 June 2017 the pre-tax NTA for FGG was \$1.1466 per share. For investors wishing to increase their investment in FGG, it makes sense for option holders to exercise given the discount to NTA, unless they can buy FGG shares cheaper on market. However, the exercise of options will be dilutive to existing shareholders.

## STRATEGY BREAKDOWN (EX CASH)

Strategy	%
Long only	59.8
Absolute return	35.9
Quantitative Strategies	4.3

## Asset Weighting



## Board of Directors

Belinda Hutchinson	Chairman
Geoff Wilson	Director
Susan Cato	Director
Karen Penrose	Director
Sarah Morgan	Director
Frank Casarotti	Director

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

## Investment Committee

Amanda Gillespie
Aman Ramrakha
Sean Webster
Geoff Wilson
Chris Donohoe

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	3.32	11.37	na	na
MSCI World Total Return Index, AUD (%)	3.84	15.21	na	na
Out/Under performance of index (%)	-0.52	-3.85	na	na
Share Price + Dividends (%)	1.89	3.33	na	na
Tracking Error (%)	2.10	2.26	na	na

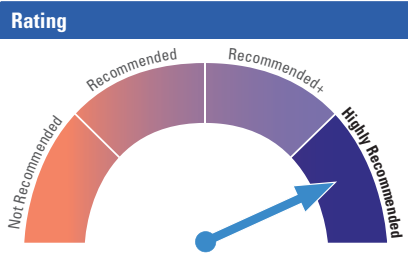
## OTHER DATA

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

## FGG'S PORTFOLIO WEIGHTING

Fund	31 Mar (%)	30 Jun (%)	Strategy
Magellan Global Fund	10.3	10.3	Long equities
Ironbridge Global Focus Fund	9.7	9.7	Long equities
Cooper Investors Global Equities (Unhedged) Fund	8.9	9.2	Long equities
Antipodes Global Fund	8.7	8.7	Absolute bias
VGI Partners Funds	8.0	7.9	Absolute bias
Marisco Global Fund	7.2	7.5	Long equities
Nikko AM Global Share Fund	6.1	6.0	Long equities
Manikay Global Opportunistic USD Fund	5.4	5.2	Absolute bias
Ellerston Global Investments Wholesale Fund	4.8	4.8	Long equities
Morphic Global Opportunities Fund	4.7	4.5	Absolute bias
Neuberger Berman Systematic Global Equities Trust	4.0	3.9	Quant Strategies
Paradice Global Small Mid Cap Fund	3.6	3.7	Long equities
Cooper Investors Asian Tiger Fund	3.4	3.4	Long equities
Antipodes Asia Fund	2.9	2.9	Absolute bias
Avenir Value Fund	4.0	3.6	Absolute bias
Cash	8.3	8.7	

Source all figures: FGG/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.



<b>LMI Type</b>	Listed investment company
<b>Investment Area</b>	Australia
<b>Investment Assets</b>	Managed Funds
<b>Investment Sectors</b>	Diversified

<b>Key Investment Information</b>	
Price (\$) as at 8 August 2017	1.11
Market cap (\$M)	388.1
Shares on issue (M)	349.7
Options on issue (M)	0.0
Shares traded (\$M p.a)	120.7
12-month L/H (\$)	1.07/1.175
Listing date	September 2014
<b>Fees*</b>	
Management Fee (%)	0.0
Performance incentives (%)	0.0

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

<b>Premium/Discount to Pre-tax NTA</b>	
30 June 2017	-5.2%
Average since inception	-1.6%

<b>Dividend Yield</b>	<b>%</b>
CY14	na
CY15	1.72ff
CY16	3.42ff

<b>Largest Shareholders</b>	<b>%</b>
HSBC Custody Nominees (Australia) Limited	6.5
The Minderoo Foundation Pty Ltd	3.2
As at 30 June 2017	

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

The company seeks to invest in a portfolio of between 10 and 20 Australian fund managers. No more than 20% of the portfolio is able to be invested in a single fund manager. The company will seek to be fully invested at all times with minimal cash holdings, however, this remains at the discretion of Investment Committee. The company seeks to diversify the portfolio by investment strategy, seeking to hold long only, absolute return and market neutral funds. The company has a buy and hold approach with respect to the underlying funds, with the Investment Committee selecting a portfolio of funds which they believe to be managed by good managers.

## PORTFOLIO CHARACTERISTICS

The portfolio comprises 23 managed funds across 20 fund managers. The company invests in managers who have agreed to forgo their management and performance fees. The forgone fees will allow 1% of the average annual NTA to be donated to a variety of charities, with the difference between the foregone fees and donation amount flowing to shareholders. The portfolio has a bias to long only funds, with 43.5% of the invested portfolio allocated to this style of fund, with 36.3% in absolute return funds and 14.5% in market neutral funds. The largest single exposure is to Paradise Investment with a 10.9% exposure spread between two funds. The cash holding continued to reduce over the June quarter and at 30 June represented 5.7% of the portfolio.

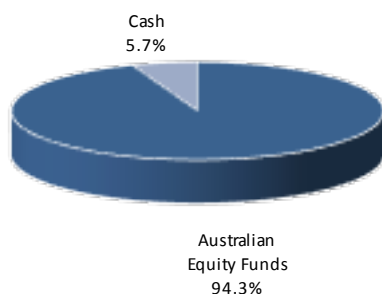
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

FGX provides investors an opportunity to invest in a diversified portfolio of Australian managed funds with the added benefit of contributing to charitable causes. The underlying funds will forego their management and performance fees, enabling investors to access these funds on a pre-fee basis. Any gap between the foregone fees and the annual donation will flow through to shareholders. In addition to the underlying managers not charging fees, the Directors, Investment Committee and some other service providers are providing their services free of charge. The Board and Investment Committee receive a summary of underlying manager performance and contribution monthly and the Investment Committee meets formally on a quarterly basis to review managers and make changes as required. We note that some of the Board members are fund managers and have an allocation in the portfolio. While they are providing their services free of charge we note that there is a conflict of interest with it being highly unlikely that these funds would be removed from the portfolio irrespective of their performance. The portfolio (pre-tax NTA plus dividends) significantly underperformed the All Ordinaries Accumulation Index over the 12 months to 30 June 2017, partly due to the dilutive effect of options being exercised. FGX shares were trading at a discount of 5.2% to pre-tax NTA at 30 June 2017 compared to an average discount of 1.6% since inception. This looks a reasonable entry point for investors seeking exposure to a well-diversified portfolio of Australian equities via a portfolio of fund managers. However, FGX shares could continue to trade at a discount until it establishes a longer track record.

## STRATEGY BREAKDOWN (EX CASH)

Strategy	%
Long only	46.1
Absolute return	38.5
Market neutral	15.4

### Asset Weighting



### Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	1.14	3.10	na	na
ASX All Ords Acc Index (%)	-1.54	13.12	na	na
Out/Under performance of index (%)	2.68	-10.02	na	na
Share Price + Dividends (%)	-4.25	1.30	na	na
Tracking Error (%)	4.19	6.07	na	na

## OTHER DATA

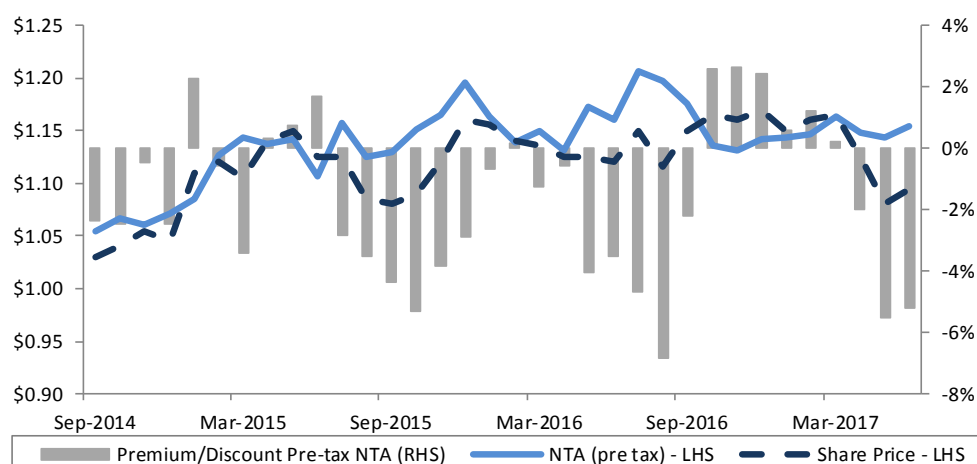
- ◆ **Dividend policy** – The company's objective is to pay fully franked dividends to shareholders provided the company has sufficient profit reserves and franking credits, and it is within prudent business practices. The company's current intention is to pay dividends semi-annually.
- ◆ **Capital management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

### FGX's Portfolio Weighting

Fund	Portfolio (%)	Fund	Portfolio (%)
Bennelong Australian Equities Fund	10.4	Optimal Australia Absolute Trust	2.9
Regal Australian Long Short Equity Fund	9.0	L1 Capital Australian Equities Fund	2.5
Wilson Asset Management Equity Fund	8.6	Vinva Australian Equities Fund	2.4
Watermark Absolute Return Fund	7.5	CBG Australian Equities Fund (Wholesale)	2.4
Tribeca Alpha Plus Fund	7.0	Discovery Australian Small Companies Fund	2.0
Paradise Australian Equities Mid Cap Fund	6.2	LHC Capital Australia High Conviction Fund	1.8
Cooper Investors Australian Equities Fund	5.3	Centennial Asset Management The Level 18 Fund	1.7
Eley Griffiths Group Small Companies Fund	5.1	Smallco Broadcap Fund	1.6
Paradise Large Cap Fund	4.7	Lanyon Australian Value Fund	1.1
Sandon Capital Activist Fund	4.2	Eley Griffiths Group Emerging Companies Fund	0.8
Bennelong Long Short Equity Fund	3.5	Qato Capital Market Neutral L/S Fund	0.6
L1 Capital Long Short Fund - Retail Class	2.9	Cash	5.7

Source all figures: FGX/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment trust

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 9 August 2017	2.08
Market cap (\$M)	189.4
Units on issue (M)	91.0
Units traded (\$M p.a)	12.9
12-month L/H (\$)	1.63/2.14
Listing date	December 2016

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	16.5%
Average since listing	11.2%

## Distribution Yield\*

	%
FY15	9.69
FY16	12.15
FY17	5.59

\*Based on 30 June NAV

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

While based on an all-market capitalisation mandate (to maximise investment flexibility), the portfolio is overwhelmingly comprised of small market capitalisation (ex S&P/ASX 100) stocks. This is the segment where the Manager believes it has a competitive advantage and where alpha generation potential is generally higher than the large to mid-cap sectors. The portfolio is concentrated (15-25 stocks) and unconstrained by benchmark considerations. At 30 June 2017 the largest holding, Macmahon Holdings (ASX:MAH) represented 10.0% of the portfolio. We note that the second largest holding at 30 June 2017, Reckon (ASX:RKN), has since been exited. The portfolio will typically have a circa 20% cash weighting, with 10% being viewed close to fully invested, although being close-end this may be even lower, especially in times of market distress. The Manager can hold high levels of cash when there are fewer attractive investment opportunities. The cash weighting at 30 June 2017 was 18.3%. Micro-caps comprised the largest portion of the portfolio with a weighting of 61.4%. The remainder was in small caps with currently no exposure to S&P/ASX 100 stocks.

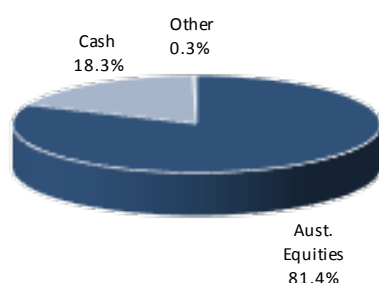
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

FOR provides the opportunity to invest in a professionally managed portfolio of small and micro-cap stocks. Given the very high conviction nature, investors must be confident in the Manager's stock picking ability and ability to preserve capital. In this regard, the Manager's track-record is strong with a well-established process proven over a market cycle. The small team ensures consistency of process and we believe the track record of alpha generation and superior risk-adjusted returns is repeatable. Key man risk in portfolio manager (and owner) Steve Johnson is high, although this is common in small boutique investment management firms and we note the Manager is working to mitigate the risk, although this is several years away from being addressed. In June 2017 a senior analyst left the Manager after just one year, but has since been replaced. The Fund may exhibit material volatility and, given the smaller market capitalisation and relative illiquidity of some holdings, may be subject to material drawdown risk in periods of market stress. This Fund should be viewed as a long-term investment to mitigate this market exit timing risk. Distributions have the potential to be highly variable so the Fund should be viewed as a longer-term capital appreciation play. At 30 June 2017 FOR units were expensive trading at an 16.5% premium to net asset value.

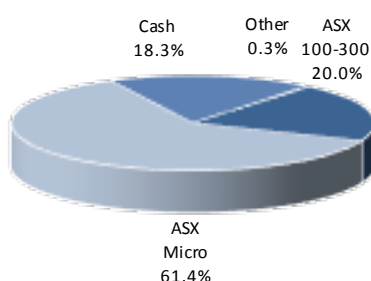
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Energy	3.6	2.6
Materials	3.8	3.4
Industrials	27.6	27.1
Consumer Discretionary	22.2	22.9
Consumer Staples	0.0	0.0
Healthcare	0.0	0.0
Financials (ex Property)	2.1	2.3
Property	0.3	0.3
Information Technology	16.6	18.6
Telecommunication Services	0.0	0.0
Utilities	3.4	4.1
Unlisted Securities	0.3	0.3
Cash	20.1	18.3

### Asset Weighting



### Size Weighting



### Board of Directors \*

Christopher Green	Executive Director
Michael Henry Vainauskas	Executive Director
Andrew Vincent Cannane	Executive Director
Glenn Foster	Executive Director
Rodney Garth Ellwood	Alternate Director
Vicki Riggio	Alternate Director

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%) **	3.36	25.16	18.39	21.74
Peer Group Median (pre-tax NTA plus dividends), %*	-0.49	6.81	6.03	4.61
ASX All Ords Acc Index (%)	-1.54	13.12	6.83	11.60
Out/Under performance of index (%)	4.90	12.04	11.56	10.15
Share Price + Dividends (%)**	7.20	na	na	na
Tracking Error (%)	6.41	13.49	12.12	11.97

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

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

## OTHER DATA

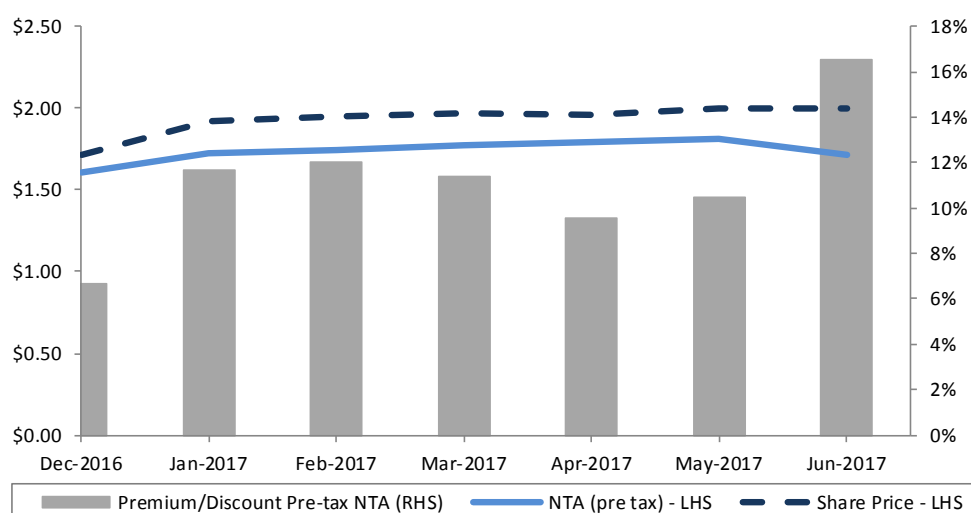
- ◆ Dividend policy – na
- ◆ Capital management policy – na
- ◆ LIC tax concessions – na
- ◆ DRP available – Yes

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

Code	Portfolio (%)	All Ords (%)
MAH	10.0	0.01
RKN	8.1	0.01
NZM	7.5	na
CDD	6.4	0.03
EGG	6.3	na
	<b>38.3</b>	<b>0.05</b>

Source all figures: FOR/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

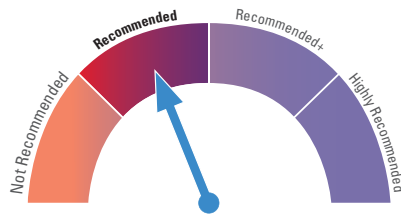
### NTA & Share Price Performance







## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 August 2017	1.595
Market cap (\$M)	40.7
Shares on issue (M)	25.5
Options on issue (M)	0.0
Shares traded (\$M p.a)	5.2
12-month L/H (\$)	1.49/1.65
Listing date	December 2000

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	-15.5%
3 year average	-15.5%

## Dividend Yield

	%
FY15	2.92ff
FY16	4.93ff
FY17	4.69ff

## Largest Shareholders

	%
Dr. E C Pohl	36.2
Global Masters Fund Limited	8.4

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

FSI has a concentrated portfolio of ASX-listed stocks with 28 stocks in the portfolio. The company takes high-conviction positions in companies identified as attractive. Large-cap (top 50) stocks account for 39.7% of the portfolio at the end of June 2017, down from 44.5% at the end of the previous quarter. The rest of the portfolio is split between mid, small and micro-cap stocks. Financials remains the largest sector weighting at 34.9% of the portfolio with Consumer Discretionary the second largest exposure at 17.1%. The top five stocks represent 33.5% of the portfolio compared to the index weighting for these stocks of 19.8%. This highlights the concentrated, high-conviction nature of the portfolio. Key changes to the portfolio during the quarter included the addition of ARB Corporation (ASX:ARB) and Cochlear (ASX:COH) and the removal of Sirtex Medical (ASX:COH).

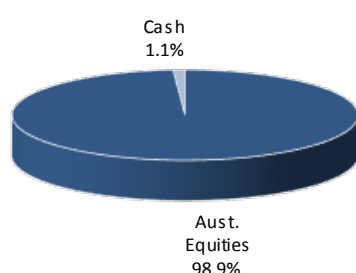
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

FSI has a disciplined investment process, which enables the manager to identify companies with strong cash flows, low debt and good growth potential. The manager only receives fees when the fund outperforms, thereby aligning managers' interests with those of shareholders, although we don't believe the UBS Bank Bill Index is appropriate for an equity portfolio. We compare the performance to the ASX All Ordinaries Accumulation Index. Dr. Manny Pohl (founder of EC Pohl & Co) holds a 36.2% interest in FSI, which also helps align management interests with the performance of the company. EC Pohl & Co has also established a Private Equity Fund. An investment in the Private Equity Fund may be considered for inclusion in the FSI portfolio as part of the unlisted security allocation. The portfolio (pre-tax NTA plus dividends) outperformed the market during the June quarter but has significantly underperformed over the past 12 months. Over a five-year period the portfolio has performed in line with the ASX All Ordinaries Accumulation Index. FSI announced a final dividend of 3.75 cents per share fully franked, taking the full year FY2017 dividend to 7.25 cents per share, fully franked, unchanged on the prior year. The discount to pre-tax NTA increased from 10.9% to 15.5% during the quarter in line with its three-year average.

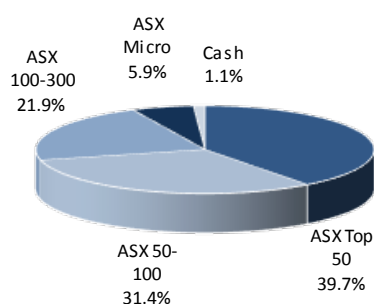
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Financials (ex Property)	38.6	34.9
Consumer Discretionary	15.1	17.1
Information Technology	8.5	8.2
Materials	5.0	5.1
Industrials	10.3	12.0
Consumer Staples	1.4	1.9
Energy	3.3	2.9
Healthcare	8.6	9.9
Telecommunication Services	5.5	4.3
Utilities	3.7	3.6

### Asset Weighting



### Size Weighting



### Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	1.27	4.60	5.96	11.54
Peer Group Median (pre-tax NTA plus dividends), %*	-1.28	10.82	5.28	11.22
ASX All Ords Acc Index (%)	-1.54	13.12	6.83	11.60
Out/Under performance of index (%)	2.82	-8.52	-0.88	-0.06
Share Price + Dividends (%)	-4.04	9.90	4.73	12.38
Tracking Error (%)	4.43	6.03	5.24	5.37

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

## OTHER DATA

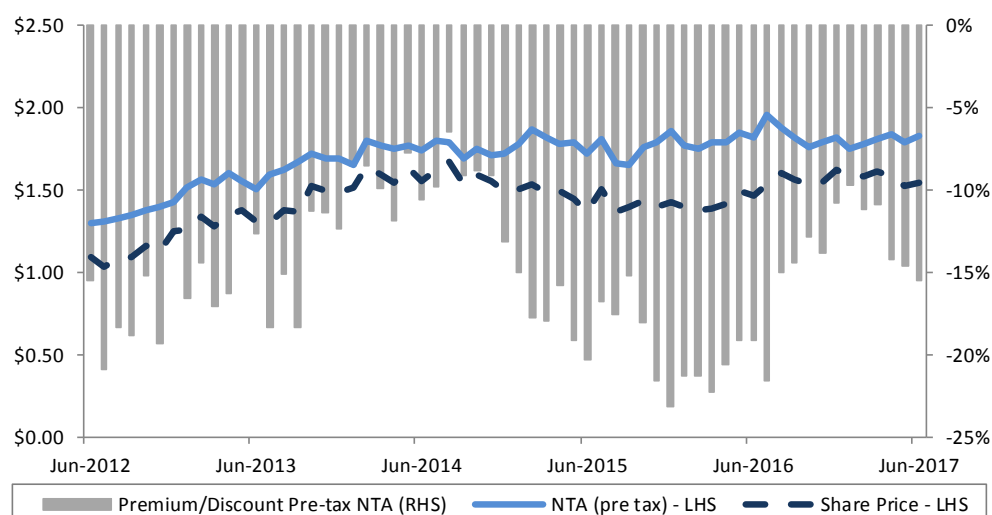
- ◆ **Dividend policy** – Provide shareholders with a fully franked dividend, which, over time, will increase at a rate in excess of the rate of inflation.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	All Ords (%)
MQG	7.5	1.7
WBC	7.1	5.8
CBA	7.0	8.2
CSL	6.5	3.6
REA	5.4	0.5
	<b>33.5</b>	<b>19.8</b>

Source all figures: FSI/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

### NAV & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 16 August 2017	0.945
Market cap (\$M)	44.5
Shares on issue (M)	47.1
Options on issue (M)	0.0
Shares traded (\$M p.a)	11.4
12-month L/H (\$)	0.86/1.02
Listing date	August 2015

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	-9.3%
Average since inception	-5.1%

## Dividend Yield

	%
FY15	na
FY16	0.76ff
FY17	4.44ff

## COMPANY OVERVIEW

GC1 is a listed investment company that invests in small and micro-cap companies. It listed on the ASX following an equity raising in August 2015. The investment portfolio is managed by Glennon Capital Pty Limited, a boutique asset management company established in 2008.

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

The Manager has a fundamental bottom-up investment process and will adopt an active long-only management style. The investment process is rigorous and self-evidently appropriate for the small/micro-cap segment, with a strong emphasis upon management quality, competitive positioning, earnings visibility, key catalysts and valuations. Issues of liquidity, especially with micro-cap stocks, are well managed. The Manager will take high conviction positions in companies identified as attractive with stock weightings determined by the Manager's level of conviction. The Manager is constrained to formal risk guidelines which include: a) maximum investment in a single stock of 12%; b) maximum of 20% of the portfolio allocated to an industry group, unless the industry group exceeds 20% of the benchmark index; c) micro cap stocks to remain ~10% at cost; and d) maximum cash holding of 20%.

## PORTFOLIO CHARACTERISTICS

The equity portfolio will typically consist of around 20 to 60 small and micro-cap securities (ex-S&P/ASX 100 stocks). The micro-cap component of the portfolio will be constrained to limit total portfolio risk, based on the manager's definition of business risk, and will typically constitute around 10% of the portfolio, at cost. The Manager defines micro-caps as those stocks with a market cap below \$100m. At 30 June 2017 10.7% of the portfolio was in this category. The portfolio was well diversified comprising 29 stocks with a maximum individual stock exposure of 6.3%. The top 5 holdings accounted for 22.5% of the portfolio. At 30 June 2017 the portfolio had a relatively high cash weighting at 31.8%, although we see this as temporary whilst the portfolio transitions following the departure of a portfolio manager.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

GC1 offers investors access to a professionally managed portfolio of small and micro cap stocks with ASX liquidity. Small and micro cap stocks tend to entail a greater level of risk than large cap stocks, however have the potential to offer considerable upside. Performance of the portfolio will primarily be a result of the Manager's stock picking skills with limited investment restrictions and a portfolio that is composed of the Manager's best ideas. The Manager has been executing the investment strategy since 2008 through SMA/IMA mandates and has outperformed the S&P/ASX Small Ordinaries Accumulation Index over this period, suggesting the Manager is a competent stock picker. The Manager has a relatively small team which was reduced in size by the departure of a portfolio manager. Mr. Glennon is largely responsible for the portfolio, so key man risk is high. However, a new portfolio manager has been hired with plans to also add a senior analyst. A Chief Operating Officer has also been appointed and this will help free up the investment team to focus more on portfolio management. Two junior analysts have also been recently added to the team. The recent and planned hires will bring more depth to the team, but it may take some time for the team to achieve stability. The portfolio (pre-tax NTA plus dividends) underperformed the ASX Small Ordinaries Accumulation Index over the 12-months to 30 June 2017. We think the shares are likely to remain at a discount to pre-tax NTA until GC1 delivers an improved performance. GC1 announced a final dividend of 3 cents per share, fully franked, taking the FY2017 total dividends to 4 cents per share, fully franked, up from 3.75 cents per share, fully franked, in the prior year.

## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	0.2	0.0
Materials	15.1	1.9
Industrials	18.1	22.1
Consumer Discretionary	26.1	34.4
Consumer Staples	6.8	4.7
Health Care	11.1	14.8
Financials	9.0	12.4
Information Technology & Telecommunication Services	9.5	5.8
Utilities	0.0	0.0

### Asset Weighting (ex cash)



Aust.  
Equities  
100.0%

### Size Weighting (ex cash)

ASX Micro  
Cap  
28.3%



ASX Small  
Cap  
71.7%

### Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.22	-3.22	na	na
Peer Group Median (pre-tax NTA plus dividends),%*	-0.49	6.81	na	na
ASX Small Ords Acc Index (%)	-0.35	7.01	na	na
Out/Under performance of index (%)	0.57	-10.24	na	na
Share Price + Dividends (%)	-4.28	-5.37	na	na
Tracking Error (%)	6.08	7.17	na	na

\*Australian Mid/small cap LMI's as classified in the IIR monthly LIC report.

## OTHER DATA

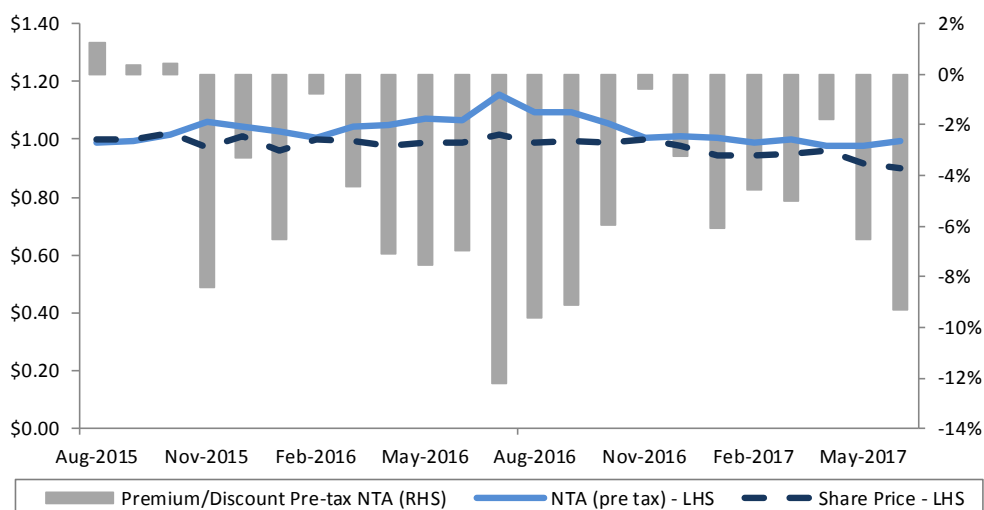
- ◆ **Dividend policy** – The Board is committed to paying a growing stream of fully franked dividends over the long-term, provided the company has sufficient profit reserves and franking credits, it is within prudent business practices and it's in line with capital growth objectives.
- ◆ **Capital management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

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

Code	Portfolio (%)	ASX Small Ordinaries Index (%)
NVL	6.3	na
ATL	5.3	na
SKB	4.0	na
SIQ	3.5	0.4
PGC	3.4	na
	<b>22.5</b>	<b>0.4</b>

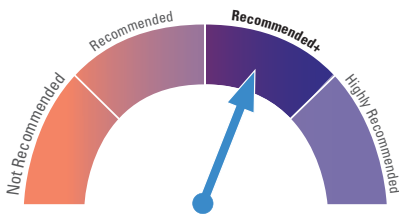
Source all figures: GC1/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia & International

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 August 2017	2.25
Market cap (\$M)	19.3
Shares on issue (M)	8.6
Options on issue (M)	0.0
Shares traded (\$M p.a)	3.0
12-month L/H (\$)	1.35/2.48
Listing date	May 2006

## Fees

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

\*There are no management or performance fees associated with the management of the company.

## Premium/Discount to Pre-tax NTA

30 June 2017	3.0%
3 year average	-12.6%

## Dividend Yield

	%
FY15	na
FY16	na
FY17	na

## Largest Shareholders

	%
EC Pohl & Co Pty Ltd & Associated entities	54.1

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

The company invests in high quality global assets. Essentially this entails an investment in Berkshire Hathaway Inc and Athelney Trust Plc. The portfolio is managed by the Board of Directors. The company is not seeking to identify other opportunities but gain access to shares in the two above mentioned companies. The Board will look to invest in other assets that pay dividends to cover the expenses associated with the company, given Berkshire Hathaway does not pay a dividend. The currency exposure is unhedged, therefore investors are exposed to movements in the Australian dollar compared to the US dollar and the British Pound.

## PORTFOLIO CHARACTERISTICS

GFL's primary investment is a holding in Berkshire Hathaway with 53.0% of the portfolio invested in its Class A shares and 20.0% in the Class B shares. Berkshire Hathaway has been made famous by its founder, Warren Buffet, with the company experiencing a history of strong asset growth. GFL has an 8.9% weighting to the Athelney Trust Plc, an investment company listed in the UK that has a focus on UK listed small cap investments. Both Berkshire Hathaway and Athelney Trust are trading at high nominal prices, making access to these companies limited for retail investors. In order to help generate cash to pay costs, GFL also has a 12.0% weighting to Australian LIC, Flagship Investments (ASX: FSI).

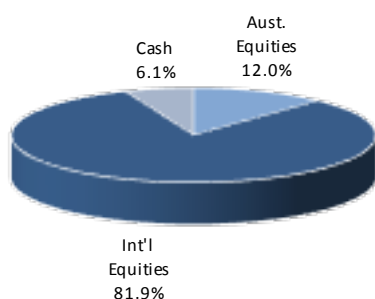
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

GFL provides investors with access to Berkshire Hathaway Inc, an investment company listed on the New York Stock Exchange. Class A shares in Berkshire Hathaway are currently trading at US\$267,075 per share, making them highly inaccessible to retail investors. By pooling funds GFL has been able to acquire shares in Berkshire Hathaway. GFL also holds B class shares in Berkshire Hathaway if A class shares are inaccessible. However, A shares are preferred given B class shares have voting right limitations. The GFL Board does not charge any management or performance fees for managing the portfolio, but the Directors are paid a small annual fee for their services. Dr. Pohl (Managing Director) and associated entities hold over half the issued shares in GFL. To cover expenses, the company typically invests in bond funds, however, given the low interest rate environment the company has invested a portion of its portfolio in FSI to generate income. FSI is a LIC also managed by Dr. Manny Pohl. We note that while this provides a conflict of interest, investing in associated LICs is a common practice in the LIC market. The company has not and does not intend to pay a dividend, with returns being purely the capital growth of the net assets. As such, investors should be looking for a long-term investment without the need for regular income. The portfolio value rose 1.0% over the June quarter and is up 11.2% over the 12 months to 30 June 2017 reflecting the strong outperformance of Berkshire Hathaway shares and Athelney Trust securities, partly offset by the strength of the Australian dollar. The GFL discount continued to narrow through the quarter with the shares moving to a small premium to pre-tax NTA at the end of June 2017. GFL provides Australian investors with a unique opportunity to gain access to Berkshire Hathaway Inc shares, but we would prefer to buy GFL shares at or below NTA.

## COUNTRY WEIGHTING (EX CASH)

Country Weighting	(%)
Australia	18.1
North America	73.0
United Kingdom	8.9

## Asset Weighting



## Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	1.03	11.22	11.34	16.82
Peer Group Median (pre-tax NTA plus dividends), %*	1.03	9.10	-1.29	8.76
MSCI World AUD (%)	2.62	12.38	10.49	15.64
Out/Under performance of index (%)	-1.59	-1.16	0.84	1.18
Share Price + Dividends (%)	8.60	48.53	17.04	25.45
Tracking Error (%)	9.13	9.78	8.00	7.54

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

## OTHER DATA

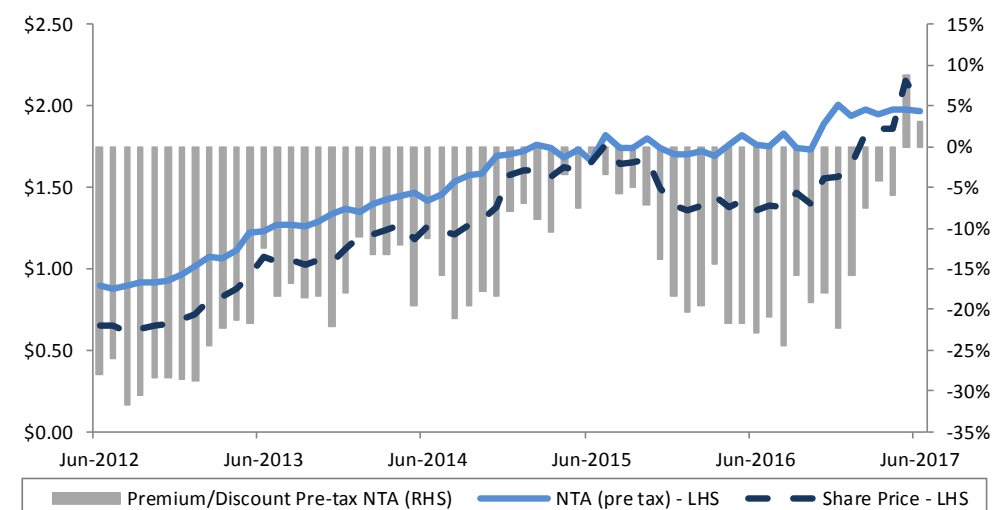
- ◆ **Dividend policy** – No dividend is paid
- ◆ **Capital management policy** – None
- ◆ **LIC tax concessions** – na
- ◆ **DRP available** – na

## GFL's Portfolio Weighting

Company	Portfolio (%)
Berkshire Hathaway Inc - Class A Shares - BRK.A	53.0
Flagship Investments Limited - FSI	12.0
Berkshire Hathaway Inc - Class B Shares - BRK.B	20.0
Athelney Trust Plc - ATY	8.9
	<b>93.9</b>

Source all figures: GFL/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

## NTA & Share Price Performance







## Rating



## LMI Type

Listed investment company

## Investment Area

Global

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 15 August 2017	1.17
Market cap (\$M)	285.7
Shares on issue (M)	244.2
Options on issue (M)	0.0
Shares traded (\$M p.a)	131.9
12-month L/H (\$)	1.045/1.475
Listing date	March 2004
Fees:	
Management Fee (%)	1.5%
Performance incentives (%)	15%
Performance Fee Hurdle	Outperformance of MSCI World Total Return Index AUD, subject to high watermark

## Premium/Discount to Pre-tax NTA

30 June 2017	-6.2%
3 year average	-9.7%

## Dividend Yield

	%
FY15	5.82pf
FY16	8.27ff
FY17	6.33ff

## Largest Shareholders

	%
Wilson Asset Management	14.5
Washington H Soul Pattinson	10.0

As at 30 June 2017

## COMPANY OVERVIEW

Hunter Hall Global Value Limited (ASX: HHV) is a listed investment company that invests in a concentrated portfolio of international equities. It has undergone a period of uncertainty after Peter Hall, Chief Investment Officer and founder of the Investment Manager, Hunter Hall Investment Limited (ASX: HHL), announced his resignation and sale of his shares in HHL. In June 2017, shareholders approved the merger of HHL and Pengana Holdings to form Pengana Capital Group Limited (ASX: PCG), which is now the Manager of the portfolio. PCG brings a largely new investment team with a very different investment philosophy and strategy to the previous investment team. Subject to shareholder approval at the November 2017 AGM, the new Manager is proposing to reduce the management fee from 1.5% to 1.2% and reset the high watermark for the performance fee, which will be retained at 15% of any outperformance of the benchmark index subject to a high watermark.

## INVESTMENT OBJECTIVE

The Manager seeks to generate superior risk-adjusted returns to the benchmark index (MSCI ACWI Total Return, AUD) over the long-term. The Manager seeks to do this through the proprietary investment strategy developed by the Chief Investment Officer.

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The portfolio will typically comprise 30-50 stocks and be divided into three segments, core (60%-80%), cyclical (0%-30%) and opportunistic (0%-20%). The portfolio is benchmark agnostic, however, there are a number of portfolio limitations designed to manage portfolio risk. At 30 June 2017, the portfolio comprised 52 stocks. The largest position was in IAC/ InterActiveCorp with a 5.1% position. The portfolio is concentrated with 29.5% invested in the top ten holdings. At 30 June 2017, the portfolio was heavily overweight the Telecommunication and IT, Consumer Staples and Materials sectors compared to the benchmark index, with the largest allocation to Telecommunication Services and IT. The portfolio had no exposure to Utilities, Property and Energy, and was heavily underweight Industrials. We note that the allocation to the Financials sector has no exposure to banks.

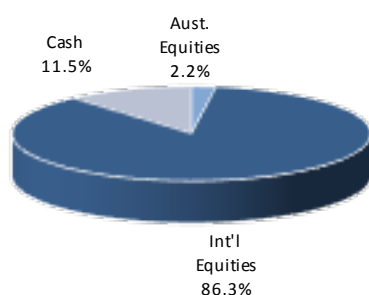
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

After assessing its new structure and strategy, IIR has reinstated its Recommended rating for HHV. There have been a number of positive changes post the merger of Pengana Holdings with HHL, including the proposed management fee reduction and lower Directors' fees. Board additions are also welcomed particularly the appointment of Frank Gooch, long-time Managing Director of Milton Corporation Limited (ASX: MLT), the third largest LIC by market cap on the ASX. The portfolio has suffered a significant decline over the 12-months to 30 June 2017 with performance no doubt impacted by the uncertainty and disruption associated with the departure of Peter Hall. Since listing, HHV has traded at a discount to pre-tax NTA. We would expect the ability of the Manager to achieve its objectives of generating a superior risk-adjusted return to the benchmark index, coupled with the company delivering a stable and growing dividend, and returning stability to the investment team and Board will contribute to narrowing the discount. The new investment team has a disciplined and unique investment process seeking to invest in quality companies with strong cashflow generation.

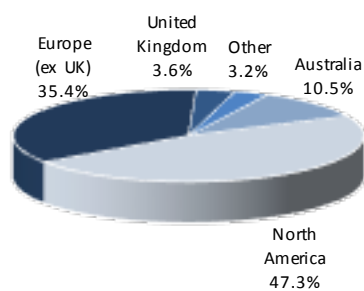
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Listed Investment Companies	0.0	0.0
Utilities	0.0	0.0
Telecommunication Services & I.T.	27.9	26.8
Property Trusts	0.0	0.0
Materials	11.7	12.7
Industrials	8.2	5.8
Health Care	12.5	10.6
Banks	0.0	0.0
Other Financials	12.9	16.8
Energy	0.0	0.0
Consumer Staples	4.0	13.7
Consumer Discretionary	22.8	13.6

### Asset Weighting



### Country Weighting



### Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-6.40	-13.90	6.66	12.92
Peer Group Median (pre-tax NTA plus dividends), %*	3.55	19.21	6.79	14.64
MSCI World Total Return Index, AUD (%)	3.46	14.74	12.77	18.03
Out/Under performance of index (%)	-9.86	-28.63	-6.11	-5.11
Share Price + Dividends (%)	-7.03	-12.23	10.67	16.52
Tracking Error (%)	5.28	14.60	12.92	11.01

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

## OTHER DATA

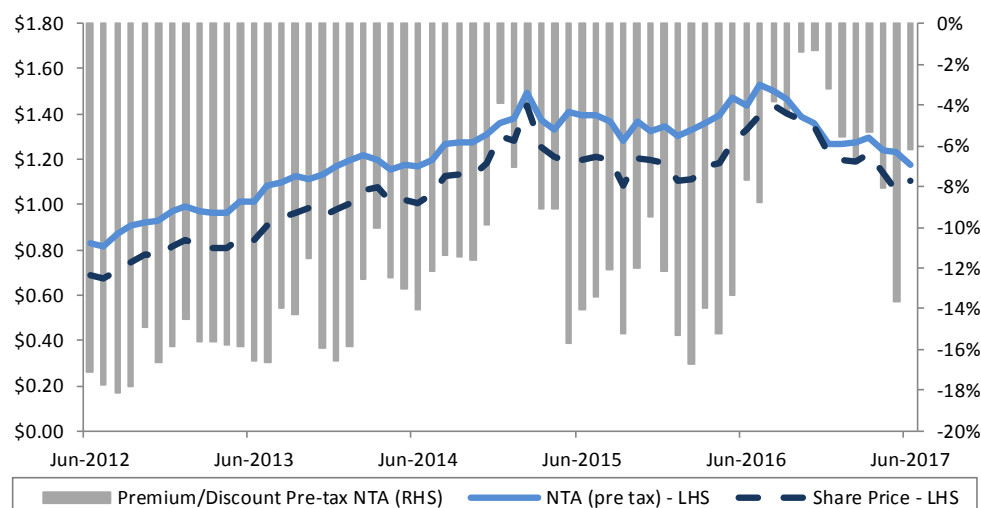
- ◆ **Dividend policy** – HHV seeks to pay a regular and growing stream of fully franked dividends, provided there are sufficient profit reserves and franking credits and it is within prudent business practices.
- ◆ **Capital management policy** – Following the departure of Peter Hall in December 2016,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

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

Company	Exposure	Portfolio (%)
IAC/InterActiveCorp	International	5.1
Alphabet Inc	International	3.3
Comcast	International	3.1
Dollar General	International	2.8
Wacker Chemie	International	2.8
Novo Nordisk	International	2.8
Ahold	International	2.5
BBVA	International	2.5
Apple	International	2.3
Oracle	International	2.3
		<b>29.5</b>

Source all figures: HHV/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





<b>LMI Type</b>	Active Exchange Traded Fund
<b>Investment Area</b>	Australia
<b>Investment Assets</b>	Listed companies and other
<b>Investment Sectors</b>	Diversified

Key Investment Information	
Price (\$) as at 15 August 2017	2.44
Market cap (\$M)	17.3
Units on issue (M)	7.1
Units traded (\$M p.a)	4.1
12-month L/H (\$)	2.42/2.78
Listing date	December 2015
<b>Fees</b>	
Management Fee (%)	1.31
Performance incentives (%)*	15.38

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

Premium/Discount to Pre-tax NAV	
30 June 2017	8.7%
Average since inception	0.4%

Dividend Yield	%
FY15	na
FY16	na
FY17	9.98uf

## FUND OVERVIEW

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

## INVESTMENT OBJECTIVE

KSM aims to deliver clients with consistent absolute returns with a target return of 10% pa over the long term. The fund has a flexible investment mandate, which includes the ability to short stocks and hold 100% cash, to navigate across all investment environments. Capital protection is a key focus with cash allocations used during market downturns for superior returns though the cycle. The manager employs a robust stock selection process to identify investment opportunities, both long and short, with each investment made with an absolute return mindset.

## STYLE AND PROCESS

The Investment Manager employs a bottom up investment process to identify investment opportunities. This process targets 4 key investment pillars; Operating Environment, Earnings, Management and Valuation. The manager undertakes extensive research in each of these key areas to determine if an investment opportunity exists. If so, the level of conviction across the investment pillars is reflected in the weight of the stock within the portfolio. Portfolio construction limits apply across the portfolio which include; maximum gross exposure of 100%, individual stock limit of 10% of longs and 5% for shorts. There are also stop loss guidelines which apply to individual stocks. Cash levels for the funds are set in the context of capital protection over the cycle and relative to the number of investment opportunities that are prevalent. The average cash level for the fund since inception is 23%.

## PORTFOLIO CHARACTERISTICS

The Fund will hold between 50 and 100 stocks, however has the capacity to hold 100% cash. At 30 June 2017 the largest stock holding in the portfolio was Updater Inc (ASX:UPD) with an 8.9% weighting. There was a high weighting in technology stocks at 30 June 2017 with this sector representing 16.5% of the portfolio. The investment team has a focus on industrial stocks and as a result tends to have little to no exposure to the materials sector.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

KSM provides exposure to an index unaware, flexible, actively managed Australian small cap portfolio. The investment process sees Portfolio Managers allocated capital with the ability to individually select stocks. However, there are defined portfolio construction limitations in place to manage portfolio concentration risk and stop loss guidelines to minimise the impact of poor investment decisions. Short positions are permitted, but historically have been a very small portion of the portfolio. We think this is unlikely to change. Compensation for the Portfolio Managers is partially performance based which seeks to provide them with incentive to generate alpha and align the interests of the Manager with unitholders. The Manager has made some significant changes to the fee structure which apply from 3 July 2017. We believe these changes are a step in the right direction, although the investment management fee is still a little on the high side and we would have preferred a market benchmark rather than a 6% absolute return hurdle. KSM has slightly underperformed over the past 12 months delivering a return of 6.4% against a return of 7.0% for the ASX Small Ordinaries Accumulation Index. However, since being established in December 2013, the Fund has performed strongly with the NAV (including distributions) rising 12.3% p.a., significantly outperforming the benchmark index (S&P/ASX Small Ordinaries Accumulation Index) which increased 6.3% p.a. over the same period. We note that the 30 June price shows the shares trading at a premium to NAV. This reflects the fact that the shares went ex-dividend on 27 June and did not trade again until July. The first trade in July was broadly in line with NAV.

## SECTOR NET EXPOSURE

Sector	31 Mar (%)	30 Jun (%)
Energy	0.0	0.0
Materials	2.9	1.1
Industrials	7.4	4.3
Consumer Discretionary	20.5	8.4
Consumer Staples	7.7	5.5
Healthcare	7.7	9.0
Financials (ex-REITS)	17.0	12.8
REITS	9.8	6.7
Info. Technology	12.9	16.5
Telecommunications	2.3	0.9
Utilities	0.5	0.0
Cash	11.3	34.9

## LONG/SHORT EXPOSURE

Net Exposure	31 Mar (%)	30 Jun (%)
Long	88.7	69.2
Short	0.0	4.0
Net Exposure	88.7	65.2

## Board of Directors\*

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

\*Board of Directors of the Manager.

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
NAV + Dividends (%)	1.16	6.42	na	na
ASX Small Ords Acc Index (%)	-0.35	7.01	na	na
Out/Under performance of index (%)	1.50	-0.60	na	na
Share Price + Dividends (%)	10.83	16.21	na	na
Tracking Error (%)	8.46	10.85	na	na

## OTHER DATA

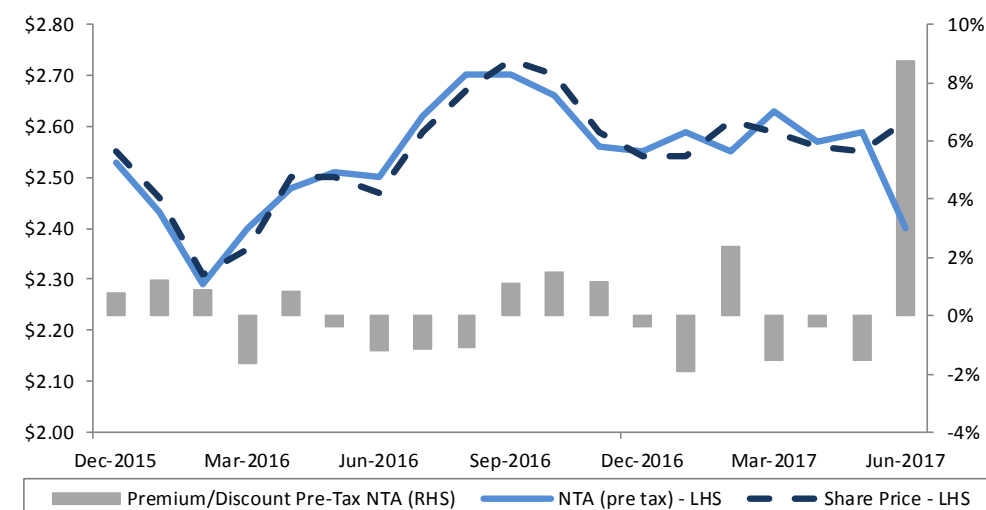
- ◆ **Dividend policy** – The company will seek to pay distributions shortly after the financial year end (30 June), if applicable.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – None
- ◆ **DRP available** – Yes

## KSM's Portfolio (Top 5) Weighting

Company	ASX Code	Portfolio (%)
Updater Inc	UPD	8.9
Medical Developments International Limited	MVP	4.4
Synlait Milk Limited	SM1	4.0
Regis Healthcare Ltd	REG	3.5
The Citadel Group Limited	CGL	3.4
		<b>27.6</b>

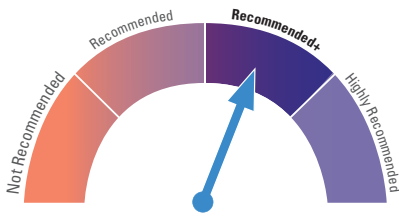
Source all figures: KSM/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

## NAV & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 August 2017	2.69
Market cap (\$M)	421.4
Shares on issue (M)	156.7
Options on issue (M)	0.0
Shares traded (\$M p.a)	53.3
12-month L/H (\$)	2.45/3.12
Listing date	June 2001

## Fees:

Management Fee (%)	0.65
Performance incentives (%)	na

## Premiu/Discount to Pre-tax NTA

30 June 2017	13.0%
3 year average	14.7%

## Dividend Yield

%

FY15	7.69ff
FY16	6.16ff
FY17	5.56ff

## Largest Shareholders

%

AFIC	5.6
Djerriwarrh Investments	2.7

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The portfolio is well-diversified, typically consisting of 50 to 80 stocks and has a bias to towards mid and small cap stocks, with just 3.2% allocated to large cap (ASX 50) stocks at 30 June 2017. The portfolio returns do not mimic an index return, with the manager taking high conviction positions in stocks. At 30 June 2017, the top ten holdings represented 30.0% of the portfolio, well above the relevant index weightings for these stocks. The largest portfolio holding was Qube Holdings (ASX:QUB) at 4.0%, so no one holding has a material impact on performance. Consumer Discretionary and Industrials remain the largest sector exposures in the portfolio, followed by Healthcare, with a significant underweight position to financials relative to the ASX All Ordinaries Index.

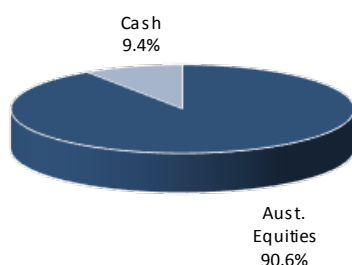
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

MIR has a focus on mid and small cap stocks which tends to entail greater levels of risk, but it can also produce substantial returns. Over the June 2017 quarter, the portfolio (pre-tax NTA plus dividends) outperformed the broader market, increasing 2.1% compared to the ASX All Ordinaries Accumulation Index, which declined 1.5%. However, it significantly underperformed over the 12 months to 30 June 2017 given underweight positions in the strongly performing resources, energy and banking sectors. Over the long-term the company has generated consistent alpha and, over the ten-years to 30 June 2017, the portfolio generated an average rolling annual return of 8.5% compared to the market average rolling annual return of 0.7%. We prefer to use the All Ordinaries Accumulation Index as a benchmark for performance given the portfolio incorporates stocks of all sizes. MIR declared a final 2017 dividend of 6.5 cents per share and special fully franked dividend of 4 cents per share (5 cents in FY2016) taking full year dividends to 14 cents per share fully franked. This compares to total 2016 dividends of 15 cents per share. Franking has reduced to 27.5% due to the lower corporate tax rate for small companies. The lower dividend reflects a decline in dividend income from the portfolio. While the company has shown it has the ability to consistently generate alpha, we view its shares as overpriced at the current premium and suggest prospective investors remain patient when seeking an entry point.

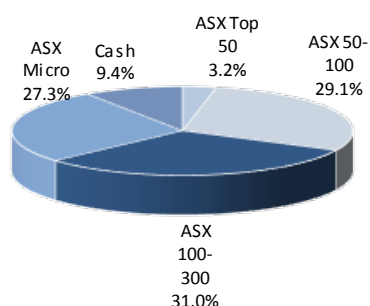
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	1.7	1.6
Materials	10.1	10.3
Industrials	15.8	18.0
Consumer Discretionary	15.8	14.6
Consumer Staples	8.5	8.4
Healthcare	14.8	13.3
Financials (ex Property)	14.1	14.5
Property	5.8	5.4
Information Technology	10.2	11.5
Telecommunication Services	3.3	2.4
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Terrence Campbell	Chairman (Non-Executive)
Ross Barker	Managing Director (Executive)
Ian Campbell	Director (Non-Executive)
David Meiklejohn	Director (Non-Executive)
Graeme Sinclair	Director (Non-Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	2.14	6.87	8.58	13.79
Peer Group Median (pre-tax NTA plus dividends), %*	-0.49	6.81	6.03	4.61
ASX All Ords Acc Index (%)	-1.54	13.12	6.83	11.60
Out/Under performance of index (%)	3.68	-6.24	1.74	2.19
Share Price + Dividends (%)	0.00	3.02	7.94	16.38
Tracking Error (%)	5.11	7.24	6.35	5.76

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

## OTHER DATA

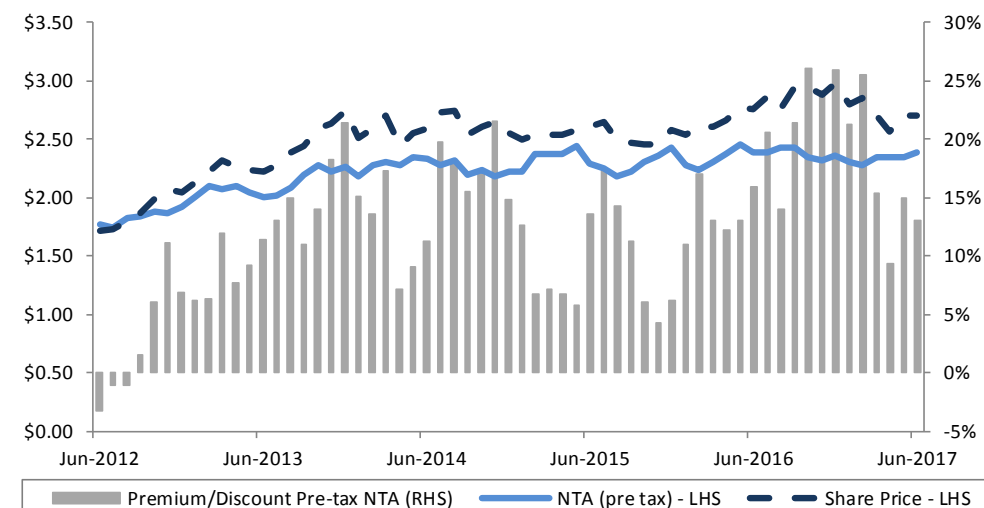
- ◆ **Dividend policy** – To provide attractive dividend returns from the portfolio of investments.
- ◆ **Capital management policy** – Share purchase plan allows shareholders to subscribe for a total of A\$15,000 of shares per annum. The company raised \$26m in November 2015 through a Share Purchase Plan.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes, up to a 10% discount to the VWAP for the 5 trading days including and immediately following the shares being quoted ex-dividend. Current discount of 10%.

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

Code	Portfolio (%)	ASX All Ordinaries (%)
QUB	4.0	0.2
LIC	4.0	0.0
MFT	3.3	na
ALQ	3.2	0.2
IRE	3.1	0.1
CGF	2.6	0.4
FNP	2.5	0.1
RMD	2.5	0.8
SEK	2.4	0.3
AWC	2.4	0.3
	<b>30.0</b>	<b>2.6</b>

Source all figures: MIR/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

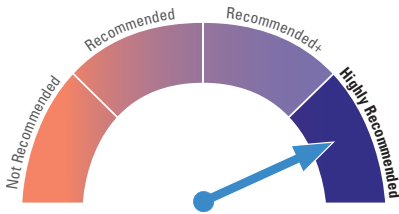
### NTA & Share Price Performance







## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 August 2017	4.57
Market cap (\$M)	2,979.5
Shares on issue (M)	652.0
Options on issue (M)	0.0
Shares traded (\$M p.a)	246.2
12-month L/H (\$)	4.14/4.65
Listing date	April 1962
<b>Fees</b>	
Management Expense Ratio (%)	0.12
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

30 June 2017	0.0%
3 year average	1.0%

## Dividend Yield

	%
FY15	4.07ff
FY16	4.44ff
FY17	4.12ff

## Largest Shareholders

	%
Washington H Soul Pattinson & Company Limited	4.6
Higlett Pty Ltd	4.2

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

MLT's portfolio is weighted towards large cap stocks with 62.5% allocated to top 50 stocks at 30 June 2017. It also has a modest exposure to small-caps which grew over the quarter from 7.3% to 11.8% of the portfolio. The portfolio tends to be overweight banks, with a 35.1% weighting, and underweight resource stocks. The portfolio's largest holding is in WBC, which at a 10.8% weighting is significantly above the All Ordinaries Index weighting of 5.8%. In fact, MLT holds overweight positions in seven of its top ten holdings. The company has a significant 5.2% weighting in investment company, SOL. MLT takes high conviction positions in companies it has identified as attractive, and as such, the portfolio may have a higher tracking error than some of its peers over the longer term.

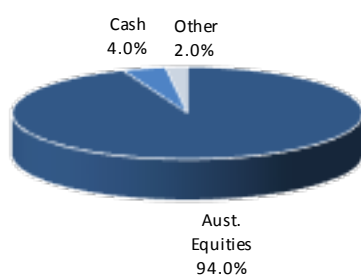
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

MLT is the third largest LIC on the ASX with a market cap of \$3.0b. It offers investors access to a portfolio of ASX-listed securities and other investments at low cost, with a management fee of just 0.12%. The company has a multi-decade history with a highly experienced board and investment team and a proven, well established investment process. Board and investment team turnover rates are very low, creating considerable stability. MLT has underperformed the market over a one-year period reflecting its underweight position in the strongly performing resources sector. Over the long-term, the portfolio has performed better than the ASX All Ordinaries Accumulation Index and over the ten years to 30 June 2017 has delivered an average annual rolling return of 6.1% compared to the benchmark index average annual rolling return of 5.2%. The company has a long history and has achieved its goal of providing a growing dividend stream over time. MLT declared a final FY2017 dividend of 10 cents per share, fully franked, taking the full year dividend to 18.7 cents per share, fully franked, up from the prior year dividends of 18.6 cents per share. At 30 June 2017, the shares were trading at pre-tax NTA, compared to a three-year average premium to pre-tax NTA of 1.0%. This offers a reasonable entry point for long-term investors looking for exposure to a low-cost, well managed, diversified portfolio of Australian equities.

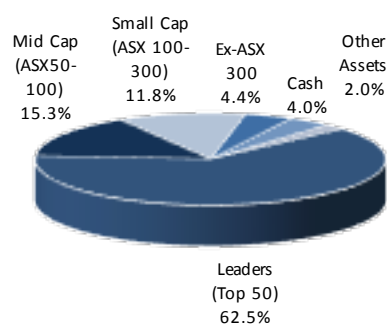
## SECTOR BREAKDOWN

Sector	31 Mar (%)	30 Jun (%)
Banks	35.1	32.8
Consumer Staples	9.3	8.7
Materials	4.3	1.8
Energy	7.3	7.0
Commercial Services	2.0	2.4
Diversified Financials	7.1	7.5
Insurance	4.6	4.9
Telecommunications	3.2	3.0
Healthcare	3.7	4.2
Retailing	2.9	2.8
Real estate	2.9	3.0
Capital goods	1.2	1.4
Transport	2.5	2.7
Utilities	2.9	3.0
Metals & Mining	4.1	4.1
Other shares	2.1	2.0
Cash	3.1	4.0
Other assets	1.7	2.0

### Asset Weighting



### Size Weighting



### Board of Directors

Robert Millner	Chairman (Non-Executive)
Frank Gooch	Managing Director (Executive)
John Church	Director (Non-Executive)
Ian Pollard	Director (Non-Executive)
Graeme Crampton	Director (Non-Executive)
Kevin Eley	Director (Non-Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-2.80	11.30	5.63	11.21
Peer Group Median (pre-tax NTA plus dividends), %*	-1.28	10.82	5.28	11.22
ASX All Ords Acc Index (%)	-1.54	13.12	6.83	11.60
Out/Under performance of index (%)	-1.26	-1.82	-1.20	-0.39
Share Price + Dividends (%)	2.27	10.01	4.10	12.96
Tracking Error (%)	2.00	2.22	3.02	3.05

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

## OTHER DATA

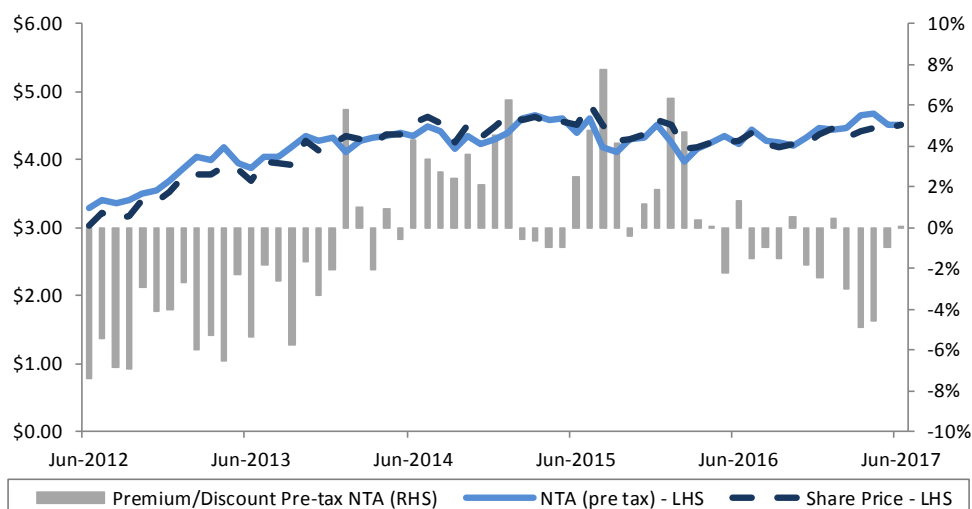
- ◆ **Dividend policy** – Pay out 90% to 95% of underlying profit (excludes special dividends).
- ◆ **Capital management policy** – MLT generally offers a share purchase plan which allows shareholders to invest up to A\$15,000 in new shares. It may also acquire unlisted investment companies to expand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

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

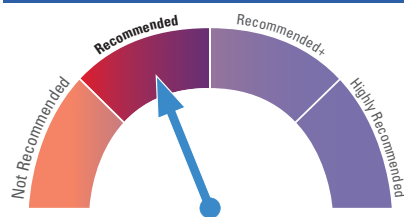
Code	Portfolio (%)	All Ords (%)
WBC	10.8	5.8
CBA	8.8	8.2
SOL	5.2	0.2
NAB	4.8	4.5
WES	3.9	2.6
ANZ	3.3	4.8
BHP	2.9	4.2
BOQ	2.8	0.3
CSL	2.8	3.6
WOW	2.5	1.9
	<b>47.8</b>	<b>36.0</b>

Source all figures: MLT/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance



## Rating



## LMI Type

Listed investment company

## Investment Area

Australia and International

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 August 2017	1.06
Market cap (\$M)	268.6
Shares on issue (M)	253.4
Options on issue (M)	0.0
Shares traded (\$M p.a)	65.5
12-month L/H (\$)	0.94/1.065
Listing date	December 2014

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	-6.5%
Average since inception	-6.1%

## Dividend Yield

	%
FY15	0.0
FY16	1.41ff
FY17	4.06ff

## Largest Shareholders

	%
Navigator Australia Limited	5.1
Nulis Nominess (Australia) Limited	2.9

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

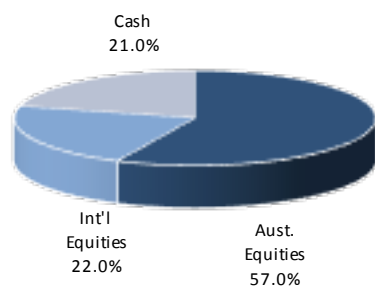
## PORTFOLIO CHARACTERISTICS

The Manager can invest up to 100% of the portfolio in listed Australian securities with this portion of the portfolio expected to typically have a mid-cap bias. However, up to 25% of the portfolio can be invested in global securities and up to 25% can be held in cash. The portfolio is actively managed and may have periods of high turnover. While there are no sector limitations, the Manager will also take into consideration the concentration to any single sector. The Manager takes high conviction positions in stocks it identifies as attractive. At 30 June 2017 the portfolio was concentrated, with the top eight holdings equating to 42.4% of the portfolio. 22% of the portfolio was invested in international equities, up from 15% at the end of the previous quarter, and cash remained a relatively high 21%. The Portfolio Manager believes markets remain fully valued and maintains a cautious outlook but has also taken advantage of the cash position to enter new positions, or increase the weighting in existing positions, in high quality Australian and global listed stocks trading at attractive valuations.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

Given the Manager's value approach, an investment in PIC is likely to suit investors with a medium-to-long term investment timeframe. The portfolio will be concentrated with the Manager taking high conviction positions in a small number of stocks, so investors should be comfortable with the investment style and stock picking abilities of the investment team. PIC may suit investors seeking some offshore exposure but they should be comfortable with an element of foreign currency exposure, which may have a positive or negative impact on the value of the investment. The Portfolio Manager's history using the investment strategy and process used for the PIC portfolio provides us with confidence that the Portfolio Manager has the ability to generate alpha for a concentrated portfolio over the longer-term. Over the past 12 months the portfolio (pre-tax NTA plus dividends) slightly outperformed its benchmark, the S&P/ASX 300 Index. Since inception in December 2014 the portfolio has delivered a return of 7.4% p.a. compared to the benchmark return of 8.6% p.a. Over its short history, PIC has largely traded at a discount to pre-tax NTA and at 30 June 2017 was at a discount of 6.5%, a reasonable entry point for long-term investors. PIC announced a final dividend of 2.5 cents per share, fully franked, taking the total dividends for FY2017 to 4.7 cents per share, fully franked, up from 2.8 cents per share, fully franked, in the prior year.

## Asset Weighting



## Board of Directors

Peter B Scott	Chairman & Non-Executive director (Ret. 30/6/17)
Nancy Fox	Chairperson & Non-Executive director (Effective 1/7/17)
Virginia Malley	Non-Executive director
John Edstein	Non-Executive director
Christine Feldmanis	Non-Executive director
Geoff Lloyd	Executive Director

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.89	14.17	na	na
S&P/ASX 300 Acc Index (%)	-1.57	13.82	na	na
Out/Under performance of index (%)	2.46	0.35	na	na
Share Price + Dividends (%)	1.47	16.63	na	na
Tracking Error (%)	4.50	6.07	na	na

## OTHER DATA

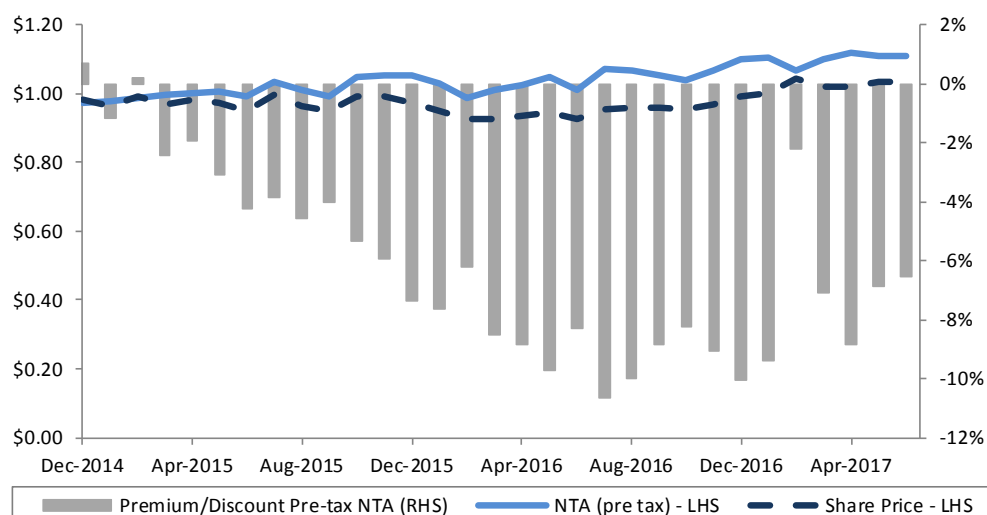
- ◆ **Dividend policy** – The company seeks to pay dividends semi-annually, franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – na
- ◆ **DRP available** – Yes

## PIC's Portfolio (Top 8) Weighting

Code	Portfolio (%)	Listing
Woolworths Ltd	7.7	Australia
Westpac Banking Corp	6.9	Australia
CYBG PLC	5.7	Australia
Star Entertainment Group Ltd	5.5	Australia
Medibank Private Ltd	4.6	Australia
AXA SA	4.2	International
ING Group	4.0	International
Shire PLC	3.8	International
	<b>42.4</b>	

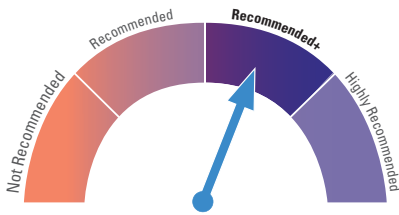
Source all figures: PIC/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

## NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 15 August 2017	1.33
Market cap (\$M)	365.8
Shares on issue (M)	275.1
Options on issue (M)	0.0
Shares traded (\$M p.a)	67.3
12-month L/H (\$)	1.14/1.40
Listing date	August 2014

## Fees

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

## Premium/Discount to Pre-tax NTA

30 June 2017	10.8%
Average since inception	1.0%

## Dividend Yield

	%
FY15	0.47
FY16	2.78
FY17	2.84

## Major Shareholders

	%
Citicorp Nominees	6.6
Navigator Australia Ltd	3.1

As at 30 June 2017

## COMPANY OVERVIEW

QV Equities Limited (ASX:QVE) is a listed investment company (LIC) that listed on the ASX in August 2014. It invests in a diversified portfolio of ASX listed entities outside the S&P/ASX 20. QVE is managed by Investors Mutual Limited.

## INVESTMENT OBJECTIVE

QVE's primary objective is to provide both long term capital growth and income, through investment in a diversified portfolio of quality, undervalued ASX listed equities and other investment securities outside of the S&P/ASX 20 Index. It aims to achieve net returns that are higher than the S&P/ASX 300 Accumulation Index excluding the S&P/ASX 20 Index over a 5+ year investment horizon.

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The portfolio is managed according to a fundamentally based, long-only, high conviction and benchmark unaware investment mandate. It consists of a concentrated portfolio of 20-50 holdings, drawn from outside the S&P/ASX top 20. This means it has no exposure to the major banks and so is underweight financials relative to the broader market. The portfolio is also underweight resources and energy. At 30 June 2017 the top ten holdings represented 31.4% of the portfolio against a benchmark weighting of 8.5%, highlighting the high conviction nature of the portfolio. Cash increased from 16.4% to 24.7% of the portfolio over the June quarter. The Manager has been deliberately slow to invest the proceeds of its recent \$65m equity raising given its view that the market is looking fully valued. The funds will be invested in attractively priced, good quality ex-20 companies as opportunities arise.

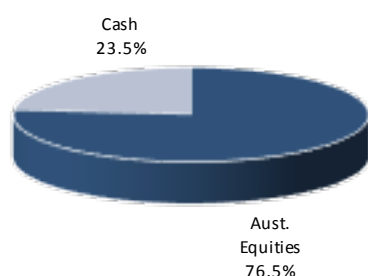
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

QVE provides the opportunity for investors who already have a high degree of exposure to the top 20 Australian stocks to gain industry, sector and company diversification by investing in a well-managed portfolio of S&P/ASX-ex 20 shares. The Manager's investment philosophy and process is proven and tested over the long run and its mandates have invariably outperformed over the longer term and, importantly, with generally materially lower volatility and downside risk. The Manager's Australian Share Fund has delivered 2.6% p.a. outperformance, after all fees, since inception in 1998. IIR has a high degree of conviction in the investment team's ability to continue to generate superior risk-adjusted returns over the long-term. The depth of the investment team and the stability of the relationship of the portfolio managers ensure consistency of process and, in this regard, the performance track-record is perceived to be repeatable. The investment process is well established, rigorous, disciplined, proven over a full market cycle and clearly articulated. QVE has a relatively short history and, since inception, has delivered a portfolio return (pre-tax NTA plus dividends of 10.2% p.a. slightly below the benchmark S&P/ASX 300 ex20 Accumulation Index return of 10.4% p.a. It also slightly underperformed the benchmark for the 12 months to 30 June 2017. QVE declared a final FY2017 dividend of 2 cents per share, fully franked, taking the full year dividend to 4 cents per share fully franked, up from 3.3 cents per share in the prior year. At 30 June 2017 QVE shares were trading at a 10.8% premium to pre-tax NTA. We would prefer to buy the shares closer to NTA.

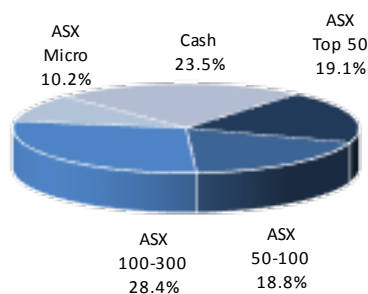
## SECTOR BREAKDOWN

Sector	30 Jun (%)
Energy	6.7
Materials	11.9
Industrials	8.1
Consumer Discretionary	9.1
Consumer Staples	0.0
Healthcare	10.2
Financials (ex Property)	13.8
Property	4.7
Information Technology	1.1
Telecommunication Services	0.0
Utilities	9.7
Cash	24.7

### Asset Weighting



### Size Weighting



### Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	2.15	12.71	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	-0.49	6.81	na	na
S&P/ASX 300 ex 20 Acc Index (%)	2.15	13.57	na	na
Out/Under performance of index (%)	-0.01	-0.86	na	na
Share Price + Dividends (%)	8.06	27.97	na	na
Tracking Error (%)	2.65	5.09	na	na

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

## OTHER DATA

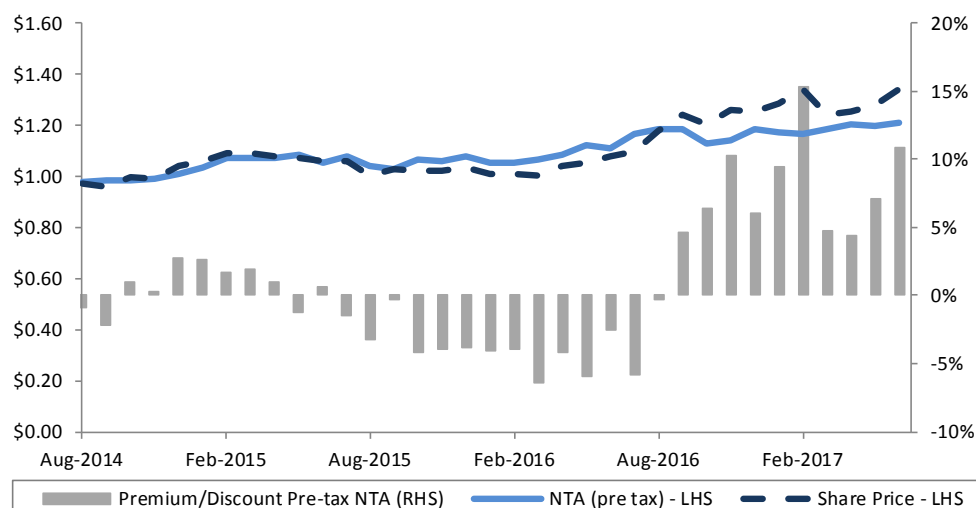
- ◆ **Dividend policy** – The company intends to pay a dividend to shareholders twice a year. The amount of the dividend is at the discretion of the Board and is franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	S&P/ASX 300 Ex20 (%)
SHL	3.6	1.6
PGH	3.2	0.2
FBU	3.2	0.2
CYB	3.2	0.5
SKI	3.1	0.7
ANN	3.1	0.5
BOQ	3.1	0.7
CTX	3.0	1.3
AMC	2.9	2.9
TOX	2.9	0.1
	<b>31.4</b>	<b>8.5</b>

Source all figures: QVE/Independent Investment Research/IRES. All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Active Exchange Traded Fund

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 15 August 2017	2.49
Market cap (\$M)	63.5
Shares on issue (M)	25.5
Shares traded (\$M p.a)	23.7
12-month L/H (\$)	2.45/2.61
Listing date	February 2017

## Fees

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

## Premium/Discount to Pre-tax NTA

30 June 2017	0.2%
Average since inception	0.4%

## Dividend Yield

	%
FY15	na
FY16	na
FY17	0.39pf

## Largest Shareholders

	%
Victor Plummer	1.6
Parkview Superannuation Investment Pty Ltd	1.3

As at 30 June 2017

## FUND OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

Given the focus on top 100 stocks the top 10 holdings will typically comprise a significant weighting in the portfolio given the concentration of the S&P/ASX 100 index. At 30 June 2017 the portfolio had an 88.7% weighting in top 50 stocks and the top 10 holdings accounted for 55.3% of the portfolio against an S&P/ASX 200 Index weight of 43.0%.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

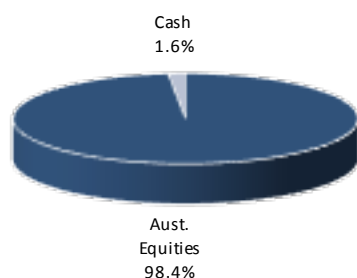
SWTZ seeks to provide investors exposure to a portfolio of actively managed large cap stocks with a focus on providing an attractive income stream with the benefits of high levels of franking. Given this objective, we would expect the trust to provide an above market dividend yield over the long-term. The trust's management fees are competitive given they are slightly below the average of the peer group. In addition to the actively managed peers, both listed and unlisted, there are a number of passive ETFs on the ASX that have a high yield focus from a portfolio of domestic equities. Given these trusts charge a significantly reduced management fee, SWTZ will need to generate above market returns over the long-term to warrant the higher fee level. The trust is recently established, only listing in February 2017, and therefore has very limited performance history. However, the investment process being used for the SWTZ portfolio is currently used to manage other mandates by the Investment Adviser. We have looked at the performance of an institutional mandate being managed by CGA in a similar manner to the SWTZ portfolio which has been in operation for over five years. Over the five years to 28 February 2017, the institutional mandate has marginally outperformed its benchmark index, the S&P/ASX 300 Accumulation Index.

An investment in SWTZ is appropriate for those investors seeking exposure to an actively managed portfolio of primarily ASX 100 companies with a dividend focus and ASX liquidity. The trust is appropriate for investors seeking a regular income stream with high levels of franking. The trust will be seeking to provide capital growth over the long-term through its active management of the portfolio. Given the investment style and objectives of the trust, an investment in SWTZ is more suited for those investors with a long-term investment horizon.

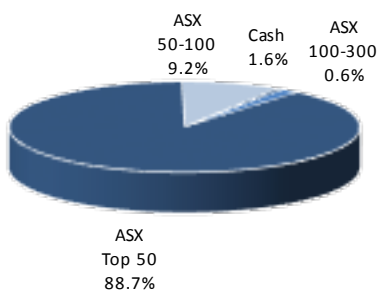
## SECTOR BREAKDOWN

Sector	30 Jun (%)
Energy	5.4
Materials	17.8
Industrials	6.1
Consumer Discretionary	1.9
Consumer Staples	5.1
Health Care	7.2
Financials	41.1
Information Technology	0.0
Telco Services	4.0
Property	6.2
Utilities	3.7
Cash	1.6

### Asset Weighting



### Size Weighting



### Board of Directors

Paul Switzer	Chairman (Non-Executive)
Paul Rickard	Director (Non-Executive)
Martin Switzer	Director (Executive)
Geroge Boubouras	Director (Executive)
Jarrold Deakin	Director (Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-2.30	na	na	na
S&P/ASX 200 Acc Index (%)	-1.58	na	na	na
Out/Under performance of index (%)	-0.73	na	na	na
Share Price + Dividends (%)	-2.73	na	na	na
Tracking Error (%)	1.59	na	na	na

## OTHER DATA

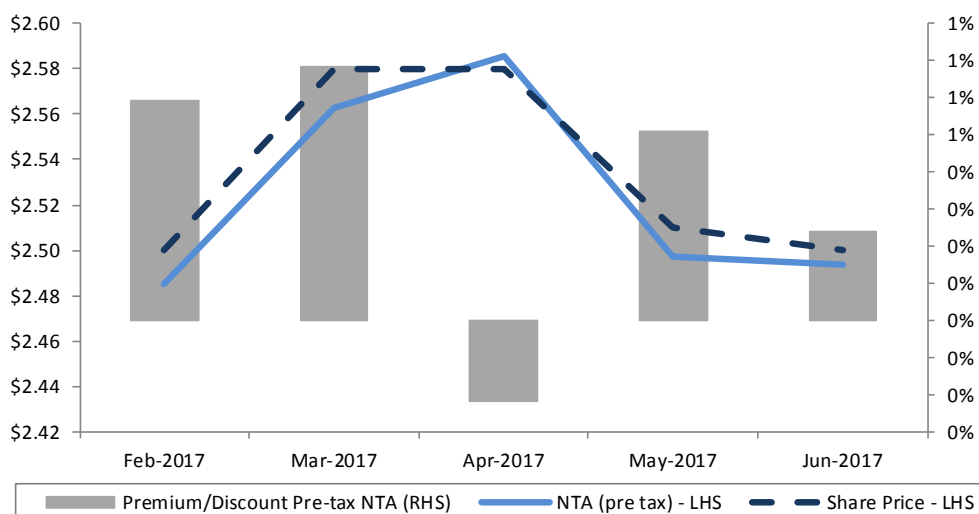
- ◆ **Dividend policy** – Distributions will be paid quarterly.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – no
- ◆ **DRP available** – Yes

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

Company	Portfolio (%)	S&P/ASX 200 Indec
CBA	9.7	8.8
ANZ	7.8	5.2
WBC	6.8	6.3
BHP	6.5	4.6
NAB	6.3	4.8
CSL	5.0	3.9
WES	4.1	2.8
RIO	3.7	1.6
MQG	3.5	1.8
TLS	3.4	3.1
	<b>56.6</b>	<b>43.0</b>

Source all figures: SWTZ/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed Investment Company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 15 August 2017	1.015
Market cap (\$M)	74.0
Shares on issue (M)	72.9
Options on issue (M)	72.8
Shares traded (\$M p.a)	4.0
12-month L/H (\$)	0.98/1.135
Listing date	April 2017

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	2.4%
Average since inception	2.2%

## Dividend Yield

	%
FY15	na
FY16	na
FY17	na

## Largest Shareholders

	%
Washington H. Soul Pattinson & Co	12.4

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

Typically 50% of the portfolio will be invested in equities, with this component of the portfolio comprising a diversified collection of equity assets that seek to capitalise on exposure to urban renewal and regeneration. URB does not intend to hold banking or resource stocks. Property will comprise 30.0% to 49.9% of the portfolio and will target direct property assets that are set to benefit from changes in use, such as rezoning, gentrification and the maximisation of available floor space. URB has access to direct property through a co-investment agreement with Washington H Soul Pattinson and Company. At 30 June 2017 37.7% of the portfolio was invested in equities, 44.0% in direct property (3 properties) and 18.3% in cash.

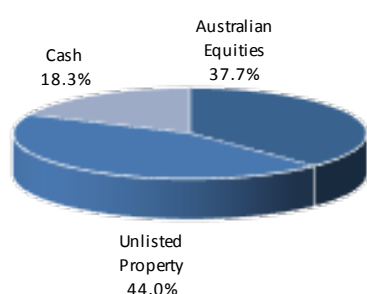
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

URB represents a unique investment proposition in the domestic market, being the first such vehicle to specifically target the theme of urban renewal and gentrification. URB is a thematic based investment vehicle. Therefore, investors should have a positive view on urban renewal and, specifically, the ability of some well positioned companies and direct property assets to benefit from that process. URB is also a high-conviction mandate and, as such, it is important that investors have confidence and conviction in the abilities of the investment team. In this regard, we believe the team is well qualified, both in relation to the equities portfolio, with a proven track-record in managing BKI, and the acquisition of direct property assets where drivers of future revaluations based on urban renewal and regeneration have been identified. The investment teams are small but we do not believe over stretched. Key person risk in such a small team inevitability exists. The fee level and structure are a positive and reflect the Manager's interest in acting in the best interest of investors. URB listed in April 2017 and has a limited performance track record. Expected returns will be in form of capital growth and what we would anticipate to be a relatively high and stable level of income.

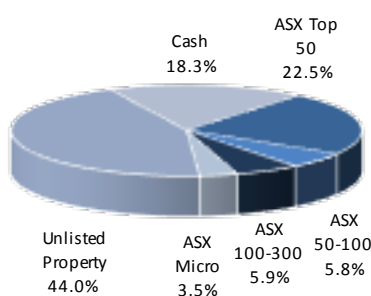
## SECTOR BREAKDOWN

Sector	30 Jun (%)
Energy	0.0
Materials	3.7
Industrials	11.7
Consumer Discretionary	3.3
Consumer Staples	2.0
Healthcare	0.8
Financials (ex Property)	0.0
Property	16.2
Information Technology	0.0
Telecommunication Services	0.0
Utilities	0.0
Unlisted Property	44.0
Cash	18.3

### Asset Weighting



### Size Weighting



### Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-1.06	na	na	na
Share Price + Dividends (%)	-1.39	na	na	na

## OTHER DATA

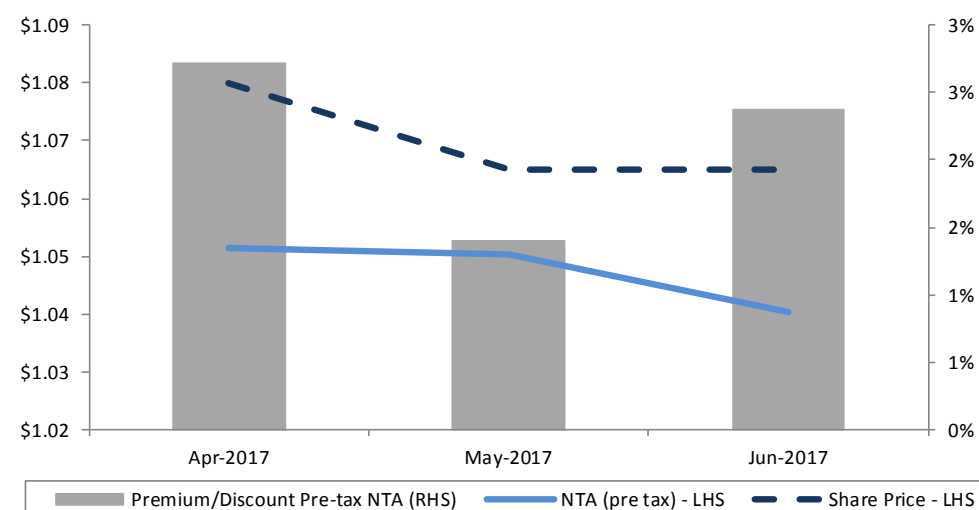
- ◆ **Dividend policy** – The company aims to pay out between 50% and 70% of net operating profits, franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – No

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

Company/Property	Portfolio (%)
Penrith Property	16.7
Prestons Property	15.8
Kingsgrove Property	11.5
Sydney Airport	5.1
Transurban Group	4.7
CSR Limited	3.3
Stockland	3.2
The GPT Group	2.7
BWP Trust	2.1
Harvey Norman Holdings Limited	1.7
	<b>66.9</b>

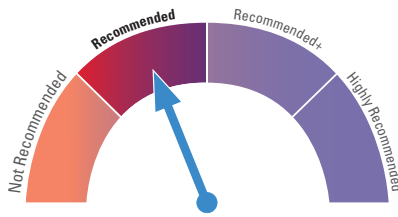
Source all figures: URB/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment trust

## Investment Area

US

## Investment Assets

Private equity funds & Private companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 September 2017	1.85
Market cap (\$M)	72.2
Units on issue (M)	39.0
Units traded (\$M p.a)	1.4
12-month L/H (\$)	1.85/2.53
Listing date	August 2012

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	10.2%
3 year average	4.8%

## Dividend Yield

	%
FY15	na
FY16	9.86uf
FY17	14.63uf

## FUND OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The portfolio capital is fully committed across nine investment funds, all focused on small-to-mid-market private investment opportunities. The amount of capital drawdown by the underlying funds at 30 June 2017 was US\$58.2m, or 83.3% of the committed capital. Underlying funds have five years to invest the committed capital and five years to exit investments. The funds are invested across a broad range of industries.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

USF provides investors access to a portfolio of boutique US private equity funds with a focus on the small-to mid sized market. There are limited LICs on the ASX that provide exposure to private investments. Over a one year period the portfolio (pre-tax NTA plus distributions) underperformed the benchmark but has slightly outperformed over a three-year period. We note that returns from private equity investments can be lumpy. We compare the performance of the trust to the S&P 500 Index (AUD) given the Investment Manager believes private equity will outperform listed equities over the long-term. The annual fees associated with the trust are high, however unlike its peers, USF does not charge a performance fee. The fees in the underlying funds are also high, but in line with industry standards. The Investment Manager and Advisory Board are highly experienced in private equity and financial markets. USF paid a distribution of 30 cents per share in June 2017. There were no other distributions paid in FY2017.

### Investment Limitations

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

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

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

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

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

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

### Directors of Responsible Entity

Alex MacLachlan	Executive Director
Warwick Keneally	Executive Director
Tristan O'Connell	Executive Director

### Advisory Board

Jonathan Cordish
Alan Dixon
Alex MacLachlan

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.93	6.40	15.14	na
S&P 500, AUD (%)	1.93	11.47	14.83	na
Out/Under performance of index (%)	-0.99	-5.07	0.32	na
Unit Price + Distributions (%)	11.37	10.33	15.80	na
Tracking Error (%)	47.93	22.40	16.08	na

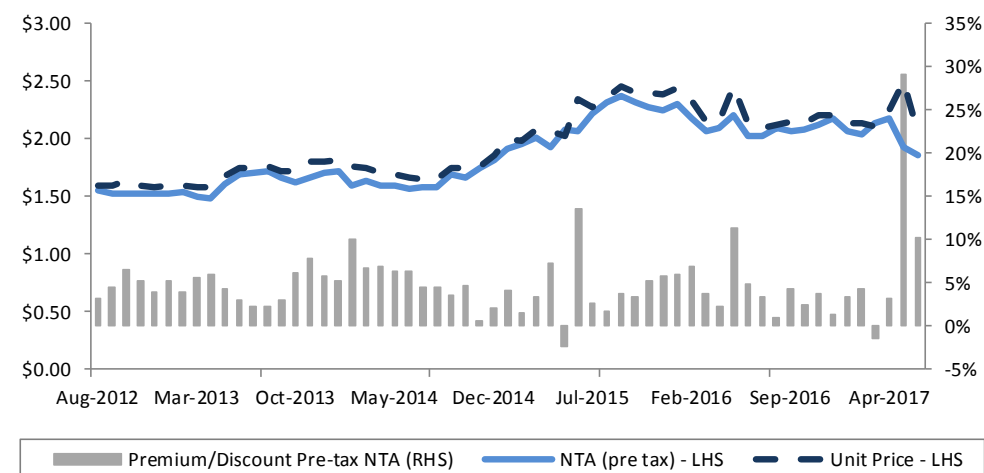
### USF's Portfolio

Fund	Industry Focus	Committed Capital US\$m	Capital Drawdown US\$m
DFW Capital Partners IV, L.P.	Healthcare, business services & industrial services	\$5.0	\$3.9
Encore Consumer Capital Fund II, L.P.	Non-discretionary consumer products	\$10.0	\$9.7
FPC Small Cap Fund I, L.P.	Lower-middle market service oriented companies	\$4.0	\$2.7
Incline Equity Partners III, L.P.	Manufacturing, value-added distribution & business services	\$10.0	\$7.4
KarpReilly Capital Partners II, L.P.	Apparel & brand consumer products, retail, restaurants	\$10.0	\$8.9
Peppertree Capital Fund IV, L.P.	Telecommunication infrastructure companies	\$3.0	\$2.9
Prometheus Partners IV, L.P.*	Quick service restaurants	\$4.8	\$4.3
Trivest Fund V, L.P.	Manufacturing, distribution, business services, consumer	\$10.0	\$6.9
U.S. Select Direct Private Equity (US), LP	Co-investment in private equity companies	\$13.0	\$11.5
<b>Total</b>		<b>\$69.8</b>	<b>\$58.2</b>

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

Source all figures: USF/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

### NTA & Unit Price Performance







## Rating



## LMI Type

Listed investment trust

## Investment Area

US

## Investment Assets

Private equity funds & Private companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 September 2017	2.05
Market cap (\$M)	113.1
Units on issue (M)	55.2
Units traded (\$M p.a)	1.8
12-month L/H (\$)	2.03/2.35
Listing date	April 2013

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	4.9%
3 year average	4.0%

## Dividend Yield

	%
FY15	na
FY16	6.61uf
FY17	4.65uf

## FUND OVERVIEW

USG is the second issue of a listed investment trust investing in the US Select Private Opportunities Fund, LP II (*the Fund*), a Cayman Islands based fund that invests in a portfolio of boutique private equity funds in the US. The trust has an ~87% interest in the Fund, with Cordish Private Ventures, LLC owning the remaining interest. US Select Private Opportunities Fund II, GP has appointed Dixon Asset Management USA Inc as the Investment Manager and Cordish Services (an affiliate of Cordish Private Ventures, LLC) to provide administrative services. The Investment Manager has appointed an Advisory Board to assist with the investment selection. The trust was listed in April 2013, raising \$61m, with an additional \$22.2m raised in June 2014. Given the underlying funds are based in the US, investors will be subject to foreign exchange movements. The trust does not intend to hedge the currency exposure but reserves the right to do so in the future. The underlying investments will charge a management fee on the capital committed and a performance fee. USG does not disclose these fees publicly. The Fund will have a life of approximately ten years from the time the capital was fully committed with the underlying funds having five years to invest the capital and then five years to exit. The Fund will return capital when the underlying funds exit their investments.

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The portfolio capital is fully committed across 12 investment funds, all focused on small-to-mid-market private investment opportunities. The capital drawn down by the underlying funds at 30 June 2017 was US\$60.1M, or 61.3% of the underlying commitment. The remainder of the capital is held in cash. Underlying funds have five years to invest the committed capital and five years to exit investments.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

USG provides investors access to a portfolio of boutique US private equity funds with a focus on the small-to mid sized market. The Investment Manager and Advisory Board are highly experienced in private equity and financial markets. Annual fees associated with the trust are high, but unlike its peers, USG does not charge a performance fee. The fees associated with the underlying funds are also high, but in line with industry standards. The portfolio (pre-tax NTA plus distributions) underperformed the S&P 500 Index (AUD) on both one and three-year time frames. In part this reflects the fact that the capital has only been partially allocated throughout the trust's history. We also note that returns from private equity investments can be lumpy. We compare the performance of the trust to the S&P 500 Index (AUD) given the Investment Manager believes private equity will outperform listed equities over the long-term. USG paid a 10 cents per unit distribution in June 2017. There were no other distributions in FY2017.

### Investment Limitations

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

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

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

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

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

### Directors of Responsible Entity

Alex MacLachlan	Executive Director
Warwick Keneally	Executive Director
Tristan O'Connell	Executive Director

### Advisory Board

Jonathan Cordish
Alan Dixon
Alex MacLachlan

## PERFORMANCE ANALYTICS

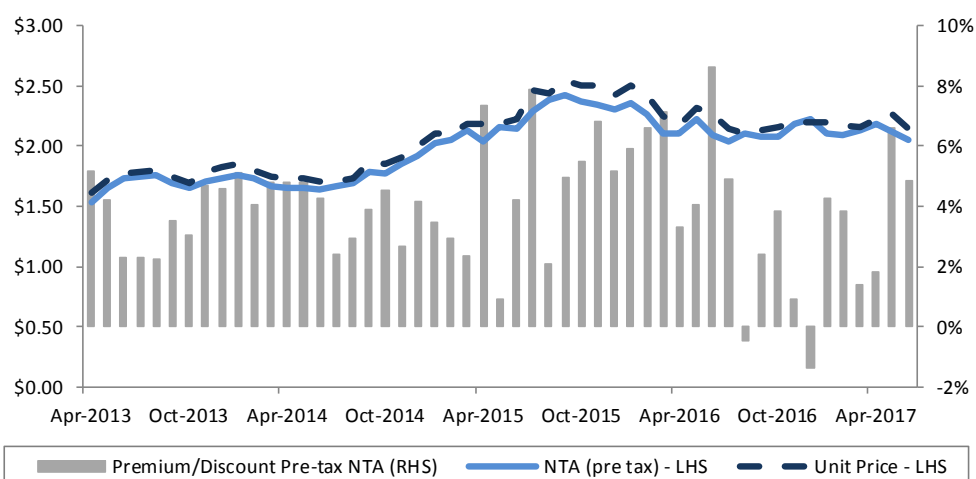
Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.94	2.87	11.95	na
S&P 500, AUD (%)	1.93	11.47	14.83	na
Out/Under performance of index (%)	-0.99	-8.60	-2.87	na
Unit Price + Distributions (%)	4.17	-0.88	11.91	na
Tracking Error (%)	14.53	10.10	11.74	na

### USG's Portfolio

Fund	Industry Focus	Committed Capital US\$m	Capital Drawdown US\$m
Blue Point Capital Partners III, LP	Engineering, industrial & distribution companies	5.0	\$2.3
Chicago Pacific Founders Fund, LP	Healthcare services & senior living companies	7.5	\$3.1
DFW Capital Partners IV, LP	Healthcare, business services and industrial services	5.0	\$3.9
High Road Capital Partners Fund II, LP	Middle market building companies	7.5	\$3.7
Main Post Growth Capital, LP	Consumer, business services & industrial growth sectors	7.5	\$2.8
NMS Fund II, LP	Healthcare, consumer products & specialised business services	6.5	\$4.4
RFE Investment Partners VIII, LP	Companies in leading market positions	8.0	\$6.0
Staple Street Capital Partners II, LP	Lower middle market companies with operational, balance or process complexities	8.0	\$0.9
Tengram Capital Partners Gen2 Fund, LP	Branded consumer product and retail	10.0	\$9.0
Tower Arch Partners I, LP	Family & entrepreneur-owned companies	8.0	\$3.7
Trive Capital Fund I, LP	Under-resourced middle market companies	10.0	\$7.0
U.S. Select Direct Private Equity (US), LP	Co-investment in private equity companies	15.0	\$13.3
<b>Total</b>		<b>98.0</b>	<b>\$60.1</b>

Source all figures: USG/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

### NTA & Unit Price Performance





## Rating



## LMI Type

Listed investment trust

## Investment Area

US

## Investment Assets

Private equity funds & Private companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 4 September 2017	1.49
Market cap (\$M)	71.6
Units on issue (M)	48.0
Units traded (\$M p.a)	1.1
12-month L/H (\$)	1.48/1.63
Listing date	July 2016

## Fees

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

## Premium/Discount to Pre-tax NTA

30 June 2017	8.1%
Average since inception	5.3%

## FUND OVERVIEW

USP was listed on the ASX in July 2016 after raising \$76.8m and is the third listed investment trust in a series. It invests in the US Select Private Opportunities Fund, LP III (the Fund), a Cayman Islands based fund that invests in a portfolio of boutique private equity funds in the US. The trust has a 62% interest in the Fund, with Cordish Private Ventures, CDW III, an entity associated with Evans Dixon (Walsh Trust) and the GP and its associates owning the remaining interest. US Select Private Opportunities Fund III, GP (the GP) has appointed Dixon Asset Management USA Inc as the Investment Manager and Cordish Services (an affiliate of Cordish Private Ventures, LLC) to provide administrative services. The Investment Manager has appointed an Advisory Board to assist with the investment selection. Given the underlying funds are based in the US, investors will be subject to foreign exchange movements. USP does not intend to hedge the currency exposure, but has the right if it so decides. USP will pay an annual management fee of 1% of the capital committed and a performance fee of 10% on pre-tax returns in excess of 8% p.a. The underlying investments will charge a management fee on the capital committed and a performance fee. The Fund will return capital via the payment of distributions when the underlying funds exit investments.

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The Fund is relatively new so the capital is not yet fully committed. At 30 June 2017 the LP had commitments totalling US\$65.0m across nine private investment funds. Capital drawn down by the underlying funds was US\$14.9m, or 23.0% of the underlying commitments made to date. The remainder of the capital is held in cash.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

USP provides investors access to a portfolio of boutique US private equity funds with a focus on the small-to mid-sized market. While USP is listed, the underlying investments are not liquid with the Fund not able to exit investments with ease. As such investors should have a long-term investment horizon to realise the full potential of the underlying investments. The Investment Manager and Advisory Board are highly experienced in private equity and financial markets. The fees paid to the GP are comparable with its peers that charge a performance fee, however we note that USP has the lowest performance fee hurdle. The fees associated with the underlying funds are high, however are in line with industry standards. This is a new fund and with only a small proportion of capital drawn to date it is too early to assess the performance of the fund. In August, Walsh & Company Investments announced an additional capital raising by USP with an offer to raise up to \$10.9m, with the capacity to raise up to \$36.5m subject to unitholder approval. The offer price is \$1.52 per unit, a premium to the July NTA of \$1.42 per unit, so will be accretive to NTA per unit.

### Investment Limitations

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

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

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

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

### Directors of Responsible Entity

Alex MacLachlan	Executive Director
Warwick Keneally	Executive Director
Tristan O'Connell	Executive Director

### Advisory Board

Jonathan Cordish
David Cordish
Alan Dixon
John Martin

## PERFORMANCE ANALYTICS

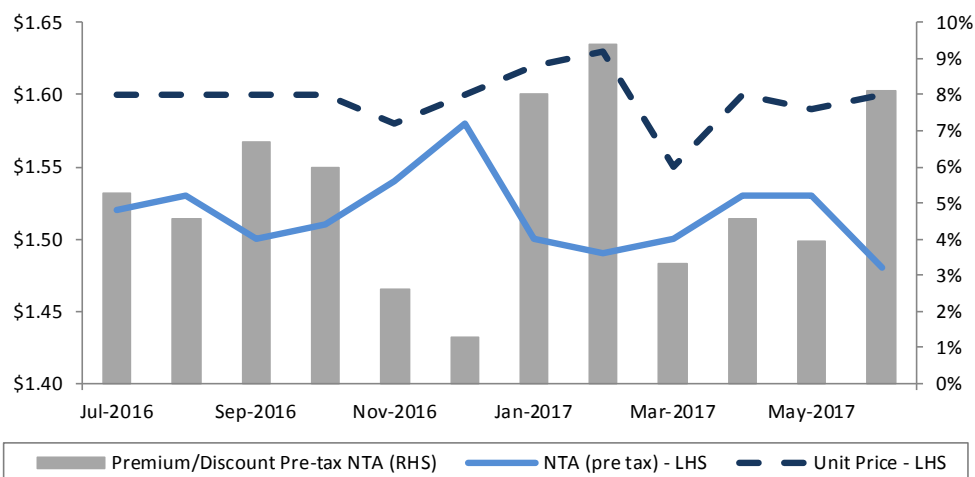
Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	-1.33	na	na	na
S&P 500, AUD	1.93	na	na	na
Out/Under performance of index	-3.26	na	na	na
Unit Price + Distributions	3.23	na	na	na
Tracking Error	1.60	na	na	na

### USP's Portfolio

Fund	Industry Focus	Committed Capital US\$m	Capital Drawdown US\$m
DFW Capital Partners V, L.P.	Health care, business services and industrial services	7.5	2.2
Elephant Partners Fund I, L.P.	Consumer internet, mobile and software companies	5.0	2.4
Encore Consumer Capital Fund III, L.P.	Food and consumer products	7.5	1.6
PeakSpan Capital Fund I, L.P.	Growth and software businesses	5.0	1.4
Trive Capital Fund II, L.P.	Under resourced middle market companies	10.0	4.6
Gemspring Capital Fund I, L.P.	Lower middle market companies	10.0	0.3
Growth Street Partners I, L.P.	Growth and software businesses	5.0	0.3
Incline Equity Partners IV, L.P.	Lower middle market companies	7.5	0.0
Luminate Capital Partners, L.P.	Middle-market growth and software businesses	7.5	2.1
<b>Total</b>		<b>65.0</b>	<b>14.9</b>

Source all figures: USP/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

### NTA & Unit Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 8 August 2017	1.13
Market cap (\$M)	43.8
Shares on issue (M)	38.8
Options on issue (M)	31.7
Shares traded (\$M p.a)	8.7
12-month L/H (\$)	1.00/1.19
Listing date	January 2008

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	3.8%
3 year average	8.1%

## Dividend Yield

	%
FY15	4.87ff
FY16	4.85ff
FY17	4.77ff

## Largest Shareholders

	%
GW Holdings Pty Ltd	2.6
Sanolu Pty Ltd	1.9

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The portfolio may hold between 10 and 100 investments and therefore the level of concentration will vary. There are no restrictions regarding the minimum or maximum investment in any individual stock or sector and as such the manager may take large positions in an individual security. The manager may hold up to 100% in cash if attractive investment opportunities cannot be identified. The largest investment at 30 June 2017 was in another LIC, HHV. The company invests in LICs trading at a discount to NTA and aims to profit from the eradication of this discount. The portfolio has a high weighting in small and micro cap stocks (44.4%). Cash reduced during the June quarter from 40.0% but remains relatively high at 29.5% of the portfolio.

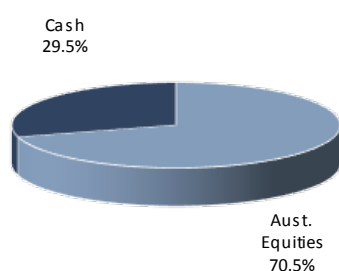
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

The absolute return nature of WAA means that the company does not intend to mimic the returns of the market but generate positive returns despite the direction of the market. This is reflected by the high tracking error. The company's strategy incorporates the use of short selling to generate returns. No more than 10% of the portfolio has been 'short' since inception. The portfolio may hold high levels of cash, which will contribute to the outperformance of the portfolio when the market generates negative returns, however may result in the manager not participating in market upturns. The portfolio is actively managed and therefore experiences high levels of turnover. On a rolling annual basis since listing to 30 June 2017, the portfolio (pre-tax NTA plus dividends) has generated a positive return 84% of the time. While it underperformed relative to the ASX All Ordinaries Accumulation Index for the 12 months to 30 June 2017, since listing the portfolio has delivered a rolling average annual return of 9.0% compared to 7.4% for the ASX All Ordinaries Accumulation Index. The company has achieved low volatility compared to the market, with the portfolio having a beta of 0.36 over the five years to 30 June 2017. WAA declared a FY2017 final dividend of 2.75 cents per share, taking the full year dividend to 5.5 cents per share fully franked, up from 5.0 cents per share in FY2016. At 30 June 2017 the shares were trading at a premium to NTA of 3.8%. This is below its average three-year premium and significantly lower than the premiums for WAM Capital and WAM Research.

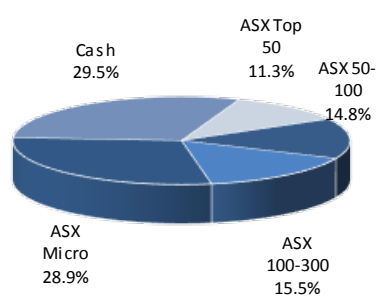
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	0.2	0.7
Materials	3.6	4.0
Industrials	4.4	11.0
Consumer Discretionary	12.7	16.1
Consumer Staples	7.6	2.8
Healthcare	1.9	13.1
Financials (ex Property)	58.3	38.3
Property	0.0	0.0
Information Technology	11.3	15.5
Telecommunication Services	0.0	-1.3
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Geoff Wilson	Chairman (Executive)
Matthew Kidman	Director (Non-Executive)
John Abernethy	Director (Non-Executive)
Chris Stott	Director (Executive)
Kate Thorley	Director (Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.99	10.45	7.58	8.18
Peer Group Median (pre-tax NTA plus dividends), %*	-0.49	6.81	6.03	4.61
ASX All Ords Acc Index (%)	-1.54	13.12	6.83	11.60
Out/Under performance of index (%)	2.54	-2.67	0.75	-3.42
Share Price + Dividends (%)	-0.62	15.92	1.84	8.97
Tracking Error (%)	5.63	8.87	9.34	9.11

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

## OTHER DATA

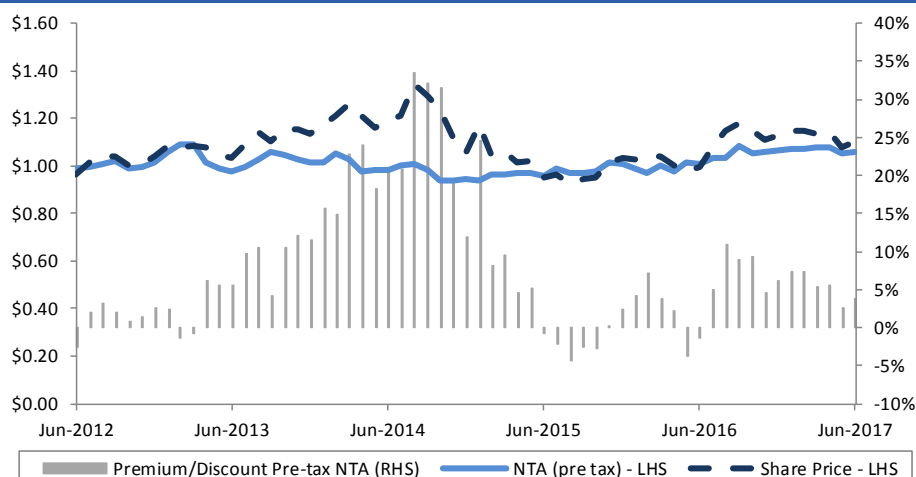
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient profit reserves, franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent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

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

Code	Portfolio (%)	All Ords (%)
HHV	5.4	na
FLT	3.9	0.2
TGG	3.8	na
APT	3.6	0.0
JHG	3.0	0.2
CPU	2.9	0.4
EHE	2.7	0.0
WOW	2.6	1.9
SGM	2.2	0.2
SVW	2.1	0.2
	<b>32.2</b>	<b>3.2</b>

Source all figures: WAA/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

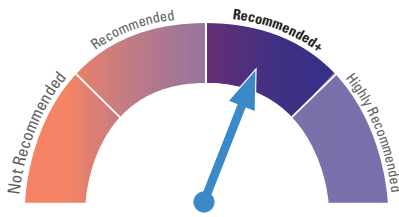
### NTA & Share Price Performance







## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 8 August 2017	2.46
Market cap (\$M)	1,558.0
Shares on issue (M)	633.3
Options on issue (M)	0.0
Shares traded (\$M p.a)	552.7
12-month L/H (\$)	2.17/2.59
Listing date	August 1999

## Fees

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

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

## Premium/Discount to Pre-tax NTA

30 June 2017	22.4%
3 year average	13.1%

## Dividend Yield

	%
FY15	7.03ff
FY16	6.39ff
FY17	6.17ff

## Major Shareholders

	%
HSBC Custody Nomiees (Australia)	1.3
Andrew Ashley Just	1.0

As at 30 June 2017

## COMPANY OVERVIEW

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

## INVESTMENT OBJECTIVE

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

## STYLE AND PROCESS

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

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

## PORTFOLIO CHARACTERISTICS

WAM's portfolio focuses on small-to-mid cap stocks with the majority of investments being in companies outside the ASX 100. The portfolio has limited exposure to the resource and energy sectors. The manager defaults to cash if acceptable investments cannot be identified. As such, prospective investors need to be aware that the portfolio may have large cash allocations. At 30 June 2017 cash was a relatively high 37.7%. The portfolio is actively managed and as such will likely have significant turnover. The portfolio is well-diversified and with the largest individual stock weighting at 2.8%, no single stock is likely to have a material impact on portfolio performance. WAM invests in other LICs trading at a discount to NTA as part of its market driven strategy, with a view to profiting from eradication of the discount over time.

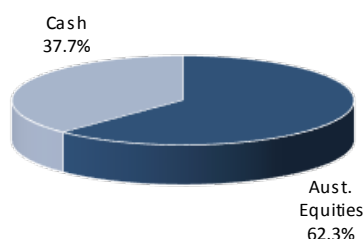
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

WAM invests primarily in small-to-mid cap industrial securities. The Manager primarily maintains small positions in securities to minimise risk. However, there are no size restrictions on investments so the manager can take high conviction positions in a stock if it desires. We note that smaller cap stocks tend to entail a greater level of risk; however, the upside potential can be considerable. The Manager also takes positions in other LICs trading at a discount and has the ability to short sell stocks. Short selling has never exceeded 5% of the portfolio. WAM's portfolio (pre-tax NTA plus dividends) increased 9.7% over the 12-months to 30 June 2017, underperforming the benchmark All Ordinaries Accumulation Index which rose 13.1% during the same period. WAM has little resources exposure, an area of the market that has performed well over the past year. We also note that small and micro-cap stocks have underperformed the market over the past 12 months. Over the long-term the portfolio has consistently outperformed the benchmark, with an average rolling annual return of 9.2% over the ten years to 30 June 2017, compared to a 5.2% average rolling annual return for the benchmark index. This has been achieved with a portfolio beta well below 1.0. WAM declared an increased final dividend of 7.5 cents per share, fully franked, taking FY2017 dividends to 15.0 cents per share fully franked, up from 14.5 cents per share in FY2016. WAM shares are suitable for long-term investors looking for exposure to small-to-mid-cap shares, but the shares are significantly overpriced trading at a 22.4% premium to 30 June 2017 pre-tax NTA.

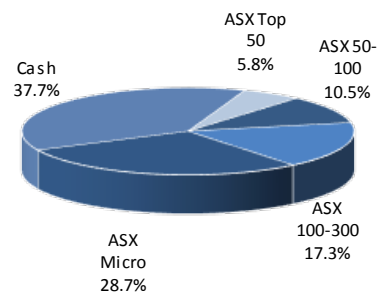
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	0.1	0.4
Materials	4.8	5.6
Industrials	3.7	11.5
Consumer Discretionary	28.1	21.4
Consumer Staples	3.5	1.7
Healthcare	2.4	8.9
Financials (ex Property)	42.9	32.5
Property	0.0	0.0
Information Technology	11.6	15.8
Telecommunication Services	1.6	1.1
Utilities	1.2	1.0
Unlisted Unit Trusts	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Geoff Wilson	Chairman (Executive)
Matthew Kidman	Director (Non-Executive)
James Chirnside	Director (Non-Executive)
Chris Stott	Director (Executive)
Lindsay Mann	Director (Non-Executive)
Kate Thorley	Director (Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	1.52	9.71	10.91	11.81
Peer Group Median (pre-tax NTA plus dividends), %*	-0.49	6.81	6.03	4.61
ASX All Ords Acc Index (%)	-1.54	13.12	6.83	11.60
Out/Under performance of index (%)	3.06	-3.41	4.07	0.22
Share Price + Dividends (%)	-3.32	14.08	14.55	16.69
Tracking Error (%)	6.86	9.80	9.32	8.56

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

## OTHER DATA

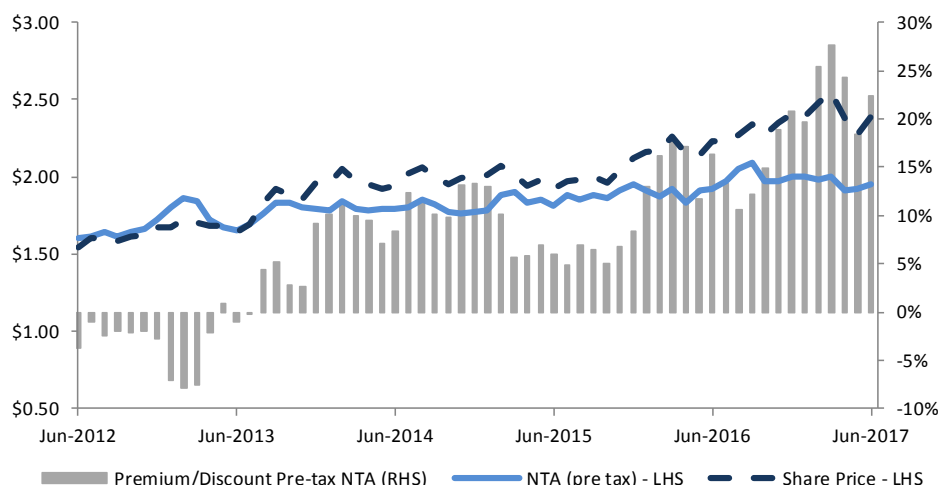
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient profit reserves, franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent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

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

Code	Portfolio (%)	All Ords (%)
HHV	2.8	na
FLT	2.0	0.2
TGG	1.9	na
APT	1.9	0.0
JHG	1.5	0.2
ALQ	1.5	0.2
CPU	1.5	0.4
CGF	1.5	0.4
EHE	1.4	0.0
SXL	1.3	0.1
	<b>17.3</b>	<b>1.6</b>

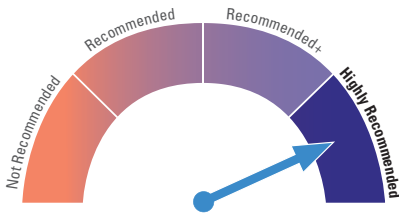
Source all figures: WAM/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Asset

Listed companies and other

## Investment Sectors

Diversified

## Investment Profile

Price (\$) as at 8 August 2017	1.605
Market cap (\$M)	296.0
Shares on issue (M)	184.4
Options on issue (M)	0.0
Shares traded (\$M p.a.)	79.1
12-month L/H (\$)	1.36/1.665
Listing date	August 2003
Fees	
Management Fee (%)	1.0
Performance incentives (%)	20.0*

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

## Premium/Discount to Pre-tax NTA

30 June 2017	21.9%
3 year average	10.4%

## Dividend Yield

	%
FY15	6.68ff
FY16	6.11ff
FY17	5.81ff

## Substantial Shareholders

	%
GW Holdings Pty Ltd	2.6
Victor John Plummer	1.9

As at 30 June 2017

## COMPANY OVERVIEW

WAM Research Limited (ASX:WAX) is a listed investment company that invests in growth companies which are generally small-to-medium sized industrial companies. The company was listed in 2003 and the portfolio is managed by MAM Pty Limited, a member of the Wilson Asset Management Group of companies.

## INVESTMENT OBJECTIVE

The company aims to provide shareholders a steady stream of fully franked dividends and a high real rate of return, comprising both capital and income.

## STYLE AND PROCESS

WAX's investment philosophy is to invest predominantly in industrial companies with an emphasis on companies that are under researched and are considered undervalued by the Manager. As such the company focuses on small-to-mid cap companies. The manager uses a research-driven approach to identify investment opportunities, which involves making investment decisions based on extensive research on the security. The manager looks for management strength, earnings growth potential, low earnings multiple, advantageous industry position, generation of free cash flow, appropriate return on equity and a catalyst for share price growth. The manager has over 1,500 meetings with management each year.

## PORTFOLIO CHARACTERISTICS

WAX aims to maintain a portfolio of between 30 and 60 securities. The manager focuses on small to-mid cap stocks with the majority of investments outside the top 100. Given the company focuses on industrial stocks, the portfolio has very little, if any, exposure to the resource and energy sectors and is significantly underweight financials. At 30 June 2017 the largest sector exposure was to financials at 29.4% of the equities portfolio. The next largest exposure was consumer discretionary at 27.6%, down from 42.0% on the prior quarter end. The portfolio is well-diversified with the largest individual stock holding at 3.1% at 30 June 2017. The manager will hold cash if attractive investment opportunities cannot be identified or to preserve capital in times of heightened volatility. Cash was a relatively high 45.3% of the portfolio at 30 June 2017.

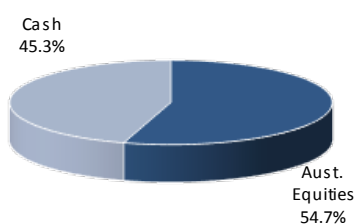
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

We consider WAX to be suitable for investors looking for a well-managed exposure to a diversified portfolio of Australian small and mid cap stocks. It has a highly experienced investment team with a proven track record and well-established investment processes. There is a track record of strong portfolio outperformance and, since inception in 2003, WAX has delivered portfolio returns well in excess of the S&P/ASX All Ordinaries Index with lower beta and volatility. For the 12 months to 30 June 2017 the portfolio (pre-tax NTA plus dividends) underperformed the ASX All Ordinaries Accumulation Index. The portfolio has little in the way of resources exposure, an area of the market that has performed well over the past year. Small caps have also underperformed the broader market over the past 12 months. With a portfolio return of 7.3% over the past 12 months, WAX slightly outperformed the S&P/ASX Small Ordinaries Accumulation Index return of 7.0%. Over a ten-year period WAX has delivered a rolling average annual return of 9.0% versus the ASX All Ordinaries Accumulation Index of 5.2%. WAX declared a final FY2017 dividend of 4.5 cents per share, fully franked, taking the full year 2017 dividend to 9.0 cents per share fully franked, up from 8.5 cents per share in the prior year. At 30 June 2017 WAX shares were trading at a 21.9% premium to pre-tax NTA, well above its three-year average premium of 10.4%. We would prefer to buy the shares at levels closer to pre-tax NTA.

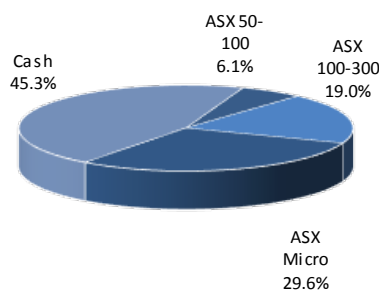
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	0.0	0.0
Materials	6.2	7.8
Industrials	3.3	9.1
Consumer Discretionary	42.0	27.6
Consumer Staples	0.0	0.0
Healthcare	2.8	3.2
Financials (ex Property)	29.4	29.4
Property	0.0	0.0
Information Technology	11.7	16.0
Telecommunication Services	3.0	4.6
Utilities	1.7	2.3

### Asset Weighting



### Size Weighting



### Board of Directors

Geoff Wilson	Chairman (Executive)
Matthew Kidman	Director (Non-Executive)
John Abernethy	Director (Non-Executive)
Julian Gosse	Director (Non-Executive)
Chris Stott	Director (Executive)
Kate Thorley	Director (Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.16	7.32	12.25	15.72
Peer Group Median (pre-tax NTA plus dividends), %*	-0.49	6.81	6.03	4.61
ASX All Ords Acc Index (%)	-1.54	13.12	6.83	11.60
Out/Under performance of index (%)	1.70	-5.80	5.41	4.13
Share Price + Dividends (%)	-2.54	18.10	17.43	23.55
Tracking Error (%)	7.80	11.71	10.57	8.96

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

## OTHER DATA

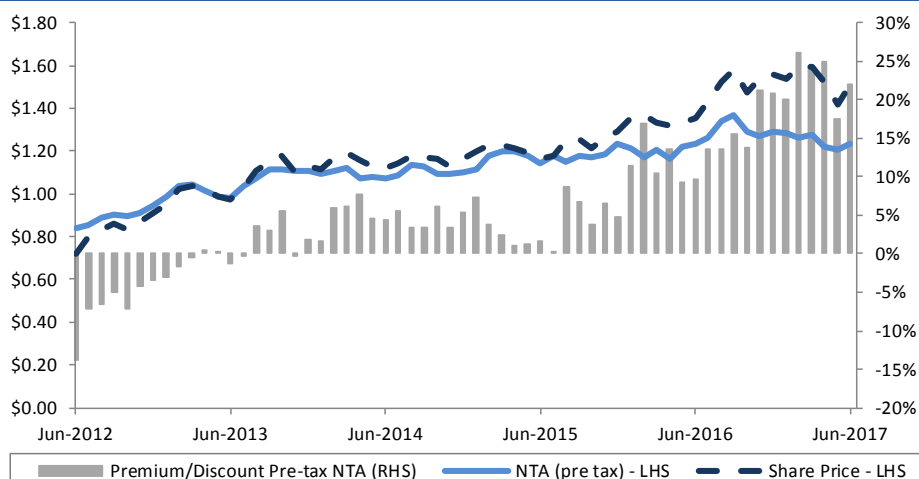
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient profit reserves, franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend.
- ◆ **Capital management policy** – The Board manages the Company's capital by regularly reviewing the most efficient manner by which the company employs its capital. At the core of this management is the belief that shareholder value should be preserved. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.
- ◆ **LIC tax concessions** – Has the potential to pay LIC Capital Gains out to investors.
- ◆ **DRP Available** - Yes.

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

Code	Portfolio (%)	All Ords (%)
ALQ	3.1	0.2
CGF	3.0	0.4
AUB	2.9	0.0
SXL	2.7	0.1
ISU	2.7	0.0
NCK	2.6	0.0
SLC	2.4	0.0
CL1	2.4	0.0
PNI	2.3	0.0
HT1	2.2	0.0
	<b>26.3</b>	<b>0.9</b>

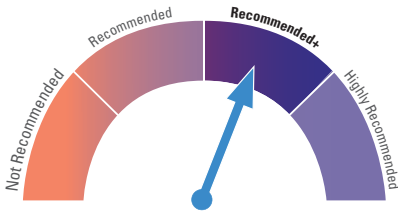
Source all figures: WAX/Independent Investment Research/IRESS.  
All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Asset

Listed companies

## Investment Sectors

Diversified

## Investment Profile

Price (\$) as at 4 August 2017	4.55
Market cap (\$M)	382.2
Shares on issue (M)	84.0
Options on issue (M)	0.0
Shares traded (\$M p.a.)	33.3
12-month L/H (\$)	4.03/4.65
Listing date	1923
Fees:	
Management Fee (%)	0.25
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

30 June 2017	-7.5%
3 year average	-7.7%

## Dividend Yield

	%
FY15	3.79ff
FY16	4.12ff
FY17	3.74ff

## Largest Shareholders

	%
Fiducio Pty Ltd, Caithness Nominees Pty Ltd, AJ Gluskie and DM Gluskie	21.0
LJ Gluskie & SC Gluskie	18.4

As at 30 June 2017

## COMPANY OVERVIEW

WHF was founded in 1923 and is one of Australia's oldest listed investment companies. The company provides exposure to ASX listed industrial stocks; therefore there will be little, if any, exposure to resource stocks.

## INVESTMENT OBJECTIVE

WHF seeks to provide investors with a cost effective investment, that delivers long-term capital growth and reliable and growing dividend stream.

## STYLE AND PROCESS

WHF seeks to own a portfolio of attractively priced, high-quality businesses with a proven or strengthening ability to deliver shareholder value. The company utilises a disciplined quantitative and qualitative process to identify and assess: (1) quality; (2) intrinsic value; and (3) mispricing, and seek to invest where each of these elements are favourable.

## PORTFOLIO CHARACTERISTICS

WHF has a diversified portfolio containing more than 160 stocks. The majority of its holdings are in S&P/ASX 200 Industrials Index companies, providing investors with exposure to the industrials sector of the market. While the portfolio is diversified, its top 10 stocks account for 46.6% of the portfolio, broadly in line with the benchmark index. There is a high weighting to the Financials sector with the four major banks representing 29.4% of the portfolio, again, broadly in line with the benchmark index. With the portfolio largely providing industrials market exposure, performance tends to track the benchmark index, with the portfolio having a low tracking error.

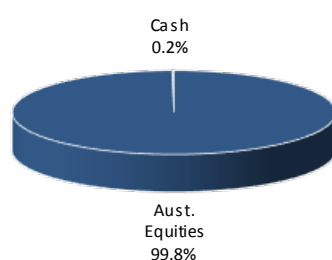
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

WHF provides cheap access to a portfolio of Australian industrial equities. Over the five years to 30 June 2017, the S&P/ASX Industrials Accumulation Index has significantly outperformed the S&P/ASX 200, with a return of 15.0% p.a compared to 11.8% p.a. for the S&P/ASX 200 Accumulation Index. Over the same period WHF has delivered a portfolio return (pre-tax NTA plus dividends) slightly ahead of the industrials benchmark, although its one and three year performance is below benchmark. The portfolio has underperformed the S&P/ASX 200 Industrials Accumulation Index benchmark over a ten-year period, generating an average rolling annual return of 7.1% compared to the benchmark index average rolling annual return of 7.8%. WHF paid a FY2017 final dividend of 8.5 cents per share taking the total FY2017 dividend to 17 cents per share fully franked. The company has paid a 17 cents per share full year dividend since FY2009. While dividends have been consistent, we believe that an incremental increase in dividends will assist with narrowing the share price discount to pre-tax NTA. With the reduction in the corporate tax rate WHF expects that dividends will most likely be franked at 27.5% from the 2108/19 financial year. WHF reported a strong first quarter result to 30 June 2017 with profit after tax up 17.1% due to growth in dividends and distributions from a number of its portfolio holdings. WHF has \$40m in borrowings (at face value) in the form of convertible resettable preference shares. In July and August 2017 WHF raised \$13.4m in new capital via a share purchase plan, at an issue price of \$4.40, a discount to both pre-tax and post-tax NTA at 30 June 2017. We are generally against LICs raising equity at discounts to NTA as this is dilutive to existing shareholders who do not take up new shares under the offer. With no ETF that provides Industrials exposure, WHF provides a cost effective option for investors looking for exposure to the Industrials index. The share price discount to pre-tax NTA of 7.5% at 30 June 2017 is broadly in line with the three-year average discount and represents a reasonable entry point for long-term investors.

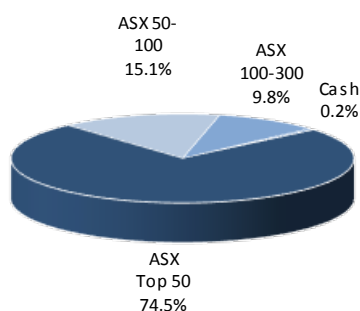
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	0.0	0.0
Materials	5.3	5.1
Industrials	7.7	8.4
Consumer Discretionary	7.2	6.9
Consumer Staples	8.3	8.0
Healthcare	9.2	8.9
Financials (ex Property)	43.5	42.7
Property	9.1	10.8
Information Technology	1.4	1.7
Telecommunication Services	4.7	4.4
Utilities	3.6	3.1

### Asset Weighting



### Size Weighting



### Board of Directors

David Illiffe	Chairman (Non-Executive)
Angus Gluskie	Director, Chief Executive Officer
Martin Fowler	Director (Non-Executive)
Lance Jenkins	Director (Non-Executive)
William Seddon	Director (Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-1.67	10.82	7.92	15.26
Peer Group Median (pre-tax NTA plus dividends), %*	-1.28	10.82	5.28	11.22
S&P/ASX 200 Industrials Acc Index (%)	-1.41	12.63	8.83	15.00
Out/Under performance of index (%)	-0.26	-1.81	-0.91	0.26
Share Price + Dividends (%)	3.26	14.26	7.06	16.61
Tracking Error (%)	0.95	0.92	1.72	1.72

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

## OTHER DATA

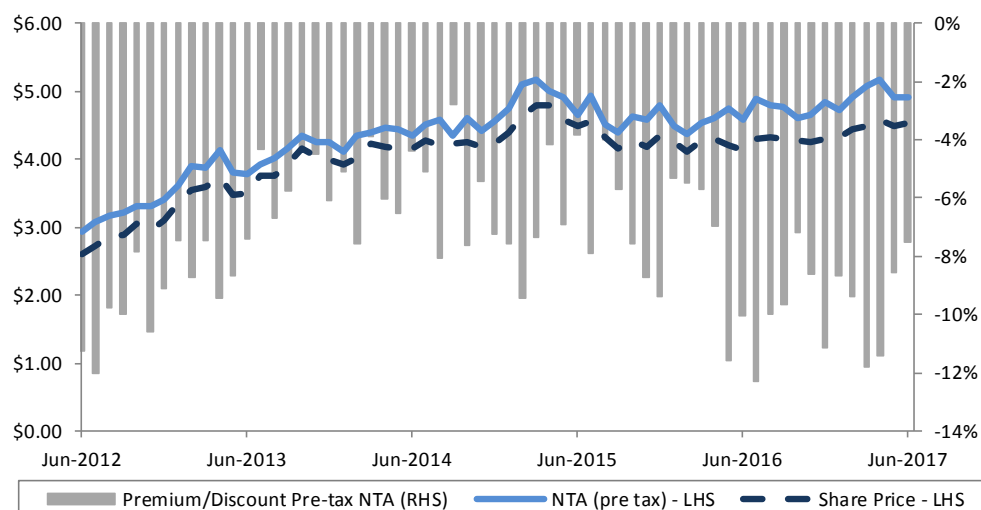
- ◆ **Dividend policy** – WHF aims to pay out dividends that are approximately equal to its net operating profit after tax. All dividends are fully franked.
- ◆ **Capital management policy** – None currently.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

## WHF'S PORTFOLIO (TOP 10) WEIGHTING

Code	Portfolio (%)	S&P/ASX 200 Industrials Index (%)
CBA	9.8	10.4
WBC	7.4	7.5
ANZ	6.1	6.1
NAB	6.1	5.8
CSL	4.0	4.6
WES	3.3	3.3
TLS	3.2	3.7
WOW	2.4	2.4
MQG	2.2	2.2
SCG	2.1	1.6
	<b>46.6</b>	<b>47.6</b>

Source all figures: WHF/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

## NTA & Share Price Performance







## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Asset

Listed companies

## Investment Sectors

Diversified

## Investment Profile

Price (\$) as at 15 August 2017	0.94
Market cap (\$M)	121.3
Shares on issue (M)	129.0
Options on issue (M)	12.9
Shares traded (\$M p.a.)	18.2
12-month L/H (\$)	0.85/1.055
Listing date	September 2009

## Fees

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

\*20% of returns in excess of 10% per annum.

## Premium/Discount to Pre-tax NTA

30 June 2017	-10.4%
3 year average	-10.6%

## Dividend Yield

	%
FY15	9.73ff
FY16	9.09ff
FY17	6.25ff

## Largest Shareholders

	%
Euroz Limited	25.2
Geoffrey Francis Brown	6.9
Wilson Asset Management	6.8

As at 30 June 2017

## COMPANY OVERVIEW

WIC is a listed investment company established in May 2005 and listed in September 2009. The company is based in Western Australia (WA) and focuses on investing in ASX-listed stocks from around that area. The portfolio is managed by Westoz Funds Management, a wholly owned subsidiary of Euroz Limited.

## INVESTMENT OBJECTIVE

WIC seeks to provide investors with exposure to a portfolio of ASX-listed investments that provides consistent positive returns, regardless of the general direction of the market. The company has an absolute return focus and as such does not tie its performance fees to a benchmark index, but to a set figure of 10% return p.a.

## STYLE AND PROCESS

WIC has a medium-to long-term investment outlook with investment selection based on the premise that financial markets and individual securities can, and do, deviate from fair value. The manager uses research provided by Euroz Securities (the stockbroking arm of Euroz Limited) as a primary screen to identify suitable investment opportunities. It then determines investment opportunities through the use of fundamental analysis, with a focus on the growth potential of target companies. An investment committee will ratify identified investment opportunities. The manager has the discretion to use derivatives to achieve performance objectives and must adhere to some broad investment guidelines including: no individual stock can represent more than 20% of the total portfolio value at the time of acquisition; and WIC's position can comprise no more than 20% of the issued securities of a company.

## PORTFOLIO CHARACTERISTICS

WIC has a concentrated portfolio, with the intent being to hold 10 to 25 stocks. The Manager takes high conviction positions and will hold cash in the event attractive investment opportunities are not available. The Manager focuses on companies with a connection to WA. Due to its investment philosophy, WIC invests primarily in ex-50 stocks, and as such, an investment in WIC incorporates the risks associated with an investment in the smaller cap universe and exposure to a narrow geographic base. Over the June 2017 quarter, WIC decreased its exposure to resources stocks with the Materials exposure falling from 34.3% to 26.2%, although the energy exposure increased from 15.1% to 25.4% of the portfolio. Cash continued to increase growing from 19.7% to 24.2% of the portfolio. Property remains a significant exposure at 18.0% of the portfolio.

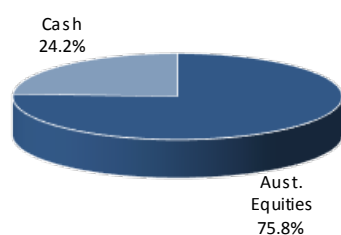
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

Given the characteristics of WIC's portfolio, we expect it to experience greater volatility than the benchmark index. Tracking error has been much higher than most LICs. As such, prospective investors should be risk-tolerant and understand the risks associated with the smaller cap investment universe and exposure to the cyclical, resource based WA economy. Investors should also be aware that the Manager may hold significant amounts of cash, diluting exposure to the market. After a strong March quarter, the portfolio (pre-tax NTA including dividends) fell 6.8% during the June 2017 quarter compared to the S&P/ASX Small Ordinaries Accumulation Index decline of 1.5%, highlighting the volatile nature of returns. The portfolio significantly outperformed this index over the past 12 months driven by a strong recovery in the resources sector, with the S&P/ASX 200 Resources Accumulation Index up 25.8% for the 12 months to 30 June 2017. However, the portfolio has underperformed over the medium and longer terms. WIC declared a FY2017 dividend of 3 cents per share, fully franked taking the full year dividend to 6 cents per share, fully franked, unchanged on the prior year. WIC is targeting a similar dividend for FY2018. WIC traded at a 10.4% discount to pre-tax NTA at 30 June 2017, in line with its three-year average discount. Given the cyclical nature of its investment portfolio, portfolio concentration and the volatility of dividends over time, we expect WIC will continue to trade at a discount.

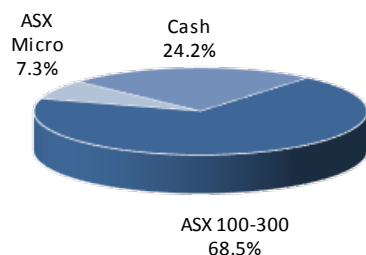
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	15.1	25.4
Materials	34.3	26.2
Industrials	20.6	21.5
Consumer Discretionary	0.0	0.0
Consumer Staples	0.0	0.0
Healthcare	0.0	0.0
Financials (ex Property)	11.4	6.4
Property	17.4	18.0
Information Technology	1.1	2.6
Telecommunication Services	0.0	0.0
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Jay Hughes	Chairman (Non-Executive)
Terry Budge	Director (Non-Executive)
Simon Joyner	Director (Non-Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-6.79	18.68	0.04	3.07
Peer Group Median (pre-tax NTA plus dividends) %*	-0.49	6.81	6.03	4.61
S&P/ASX Small Ords Acc Index (%)	-1.54	13.12	6.83	11.60
Out/Under performance of index (%)	-5.25	5.56	-6.79	-8.53
Share Price + Dividends (%)	-2.54	24.02	-2.71	8.45
Tracking Error (%)	10.29	14.83	14.06	13.40

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

## OTHER DATA

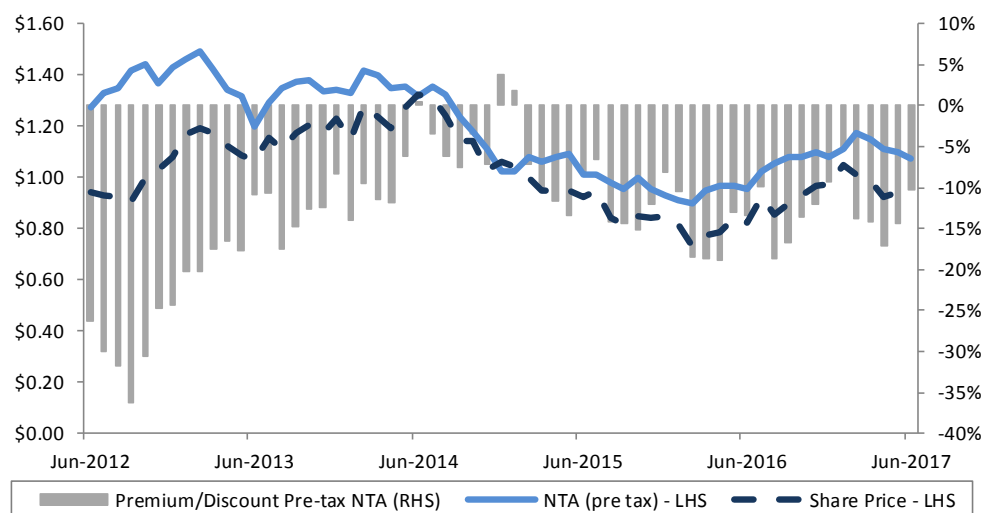
- ◆ **Dividend policy** – Objective is to pay a consistent stream of dividends to investors. The level of dividend payments will be set after considering the level of realised net profits after tax, retained earnings and availability of franking credits.
- ◆ **Capital management policy** – Share buyback in place.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes

### WIC's Portfolio Weightings (Top 10)

Code	Portfolio (%)	All Ordinaries Acc Index (%)
CWP	9.0	0.0
ATS	7.3	na
ASB	7.2	0.0
COE	6.5	0.0
NWH	6.1	0.0
SFR	5.6	0.0
WSA	5.6	0.1
BPT	5.4	0.0
MGX	5.0	0.0
FRI	4.6	na
	<b>62.3</b>	<b>0.2</b>

Source all figures: WIC/Independent Investment Research/IRES. All data as at 30 June 2017 unless otherwise specified.

### NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies and other

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 8 August 2017	1.11
Market cap (\$M)	461.5
Shares on issue (M)	415.7
Options on issue (M)	301.4
Shares traded (\$M p.a)	154.3
12-month L/H (\$)	1.07/1.175
Listing date	May 2016

## Fees

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

\*20% of the outperformance of the S&P/ASX 200 Accumulation Index, subject to recoupment of underperformance.

## Premium/Discount to Pre-tax NTA

30 June 2017	-4.4%
Average since inception	0.6%

## Dividend Yield

	%
FY15	na
FY16	na
FY17	0.90ff

## Major Shareholders

	%
Navigator Australia Ltd	1.3
Australian Investors Pty Ltd	1.2

As at 30 June 2017

## COMPANY OVERVIEW

WAM Leaders Limited (ASX:WLE) is a listed investment company that invests in an actively managed portfolio of stocks, primarily from within the S&P/ASX 200 Index. The company listed on the ASX in May 2016 following an initial public offer. The portfolio is managed by MAM Pty Ltd (MAM) a member of the Wilson Asset Management group of companies.

## INVESTMENT OBJECTIVE

The company seeks to provide investors exposure to an actively managed portfolio of ASX listed stocks with a focus on undervalued growth stocks. The Company will seek to provide a steady and growing stream of fully franked dividends and will seek to preserve capital by holding cash in the event the Investment Manager cannot identify attractive investments.

## STYLE AND PROCESS

The Investment Manager utilises two investment processes for stock selection. Long-term investments are selected using the Research Driven Investment Approach while short-term opportunistic investments are determined by the Market Driven Investment Approach:

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

## PORTFOLIO CHARACTERISTICS

The portfolio will hold 20 to 50 investments at any one time with average stock weightings expected to be between 1-5%. However positions may be larger or smaller than this with no limitations on size. The portfolio will primarily hold long positions, however short positions may be held. We expect short positions to make up only a small portion of the portfolio. In the event attractive investments cannot be identified, the portfolio is able to hold up to 100% cash. At 30 June 2017, the portfolio held 51 stocks with a 67.4% weighting to the S&P/ASX 100 Index. Financials remained the largest exposure with a weighting of 42.6%, although the portfolio is underweight the four major banks. The portfolio has a reasonable exposure to resources with a 21.4% weighting in materials and 7.2% in energy.

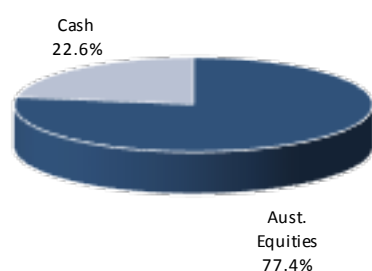
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

WLE offers investors exposure to an actively managed portfolio of ASX-listed securities, with the portfolio being managed by a team who have significant experience in managing LIC portfolios. The Investment Manager has a benchmark unaware investment mandate and few limitations on the portfolio investments and as such the performance of the portfolio will largely be a result of the Investment Manager's stock picking ability. WAM Capital, also managed by Wilson Asset Management, uses both the investment processes across a broader investment universe, and has significantly outperformed the market since June 2000. For the 12 months to 30 June 2017, WLE generated a portfolio return (pre-tax NTA plus dividends) of 10.3% against a return for the S&P/ASX 200 Accumulation Index of 14.1%. But it is still early days yet and WLE needs time to build a track record. The shares were trading at a discount to pre-tax NTA of 4.4% at 30 June 2017. Potential investors need to be aware that WLE had 302m options outstanding at end July 2017 exercisable at \$1.10 per share before 17 November 2017. If these options are exercised when NTA is above \$1.10, this will dilute NTA per share. We note that pre-tax NTA was \$1.15 per share at 31 July 2017. WLE declared a maiden final dividend of 2.0 cents per share, fully franked, taking its FY2017 dividend to 3.0 cents per share fully franked.

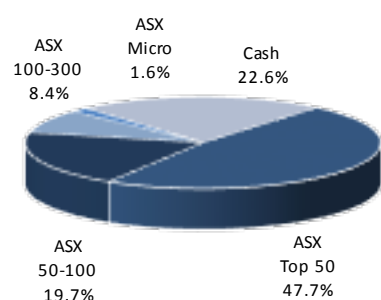
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Mar (%)	30 Jun (%)
Energy	6.8	7.2
Materials	21.4	21.4
Industrials	2.8	6.9
Consumer Discretionary	9.6	5.0
Consumer Staples	7.8	6.9
Healthcare	3.0	4.3
Financials (ex Property)	42.7	42.6
Property	0.0	0.0
Information Technology	5.9	5.7
Telecommunication Services	0.0	0.0
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Geoff Wilson	Chairman (Executive)
Lindsay Mann	Director (Non-Executive)
Melinda Snowden	Director (Non-Executive)
Chris Stott	Director (Executive)
Kate Thorley	Director (Executive)

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

## PERFORMANCE ANALYTICS

Performance	June Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	0.24	10.26	na	na
Peer Group Median (pre-tax NTA plus dividends), %*	-1.28	10.82	na	na
S&P/ASX 200 Accumulation Index (%)	-1.58	14.09	na	na
Out/Under performance of index (%)	1.82	-3.83	na	na
Share Price + Dividends (%)	-1.32	2.26	na	na
Tracking Error (%)	4.90	4.70	na	na

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

## OTHER DATA

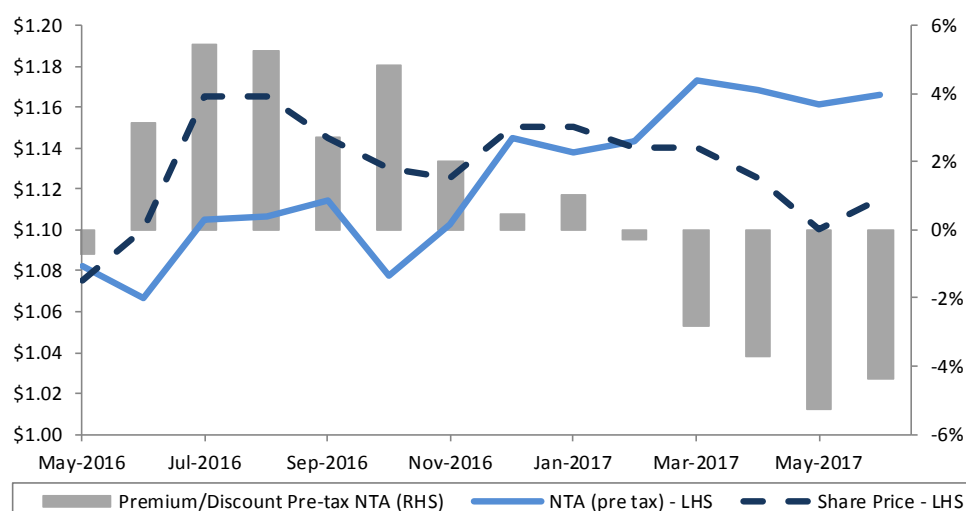
- ◆ **Dividend policy** – The company's objective is to pay fully franked dividends to shareholders provided the company has sufficient profit reserves and franking credits, and it is within prudent business practice.
- ◆ **Capital management policy** – The company may undertake capital management initiatives which may involve the issue of other shares and/or the buy-back of its shares.
- ◆ **LIC tax concessions** – None.
- ◆ **DRP available** – Yes.

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

Code	Portfolio (%)	All Ords (%)
NAB	4.9	4.5
WOW	4.4	1.9
CPU	3.9	0.4
IAG	3.8	0.9
WBC	3.6	5.8
BHP	3.5	4.3
CBA	3.3	8.2
CGF	3.2	0.4
MQG	2.5	1.7
CSL	2.2	3.5
	<b>35.3</b>	<b>31.6</b>

Source all figures: WLE/Independent Investment Research/IRESS. All data as at 30 June 2017 unless otherwise specified.

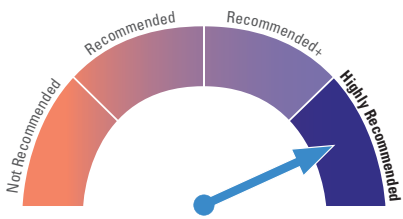
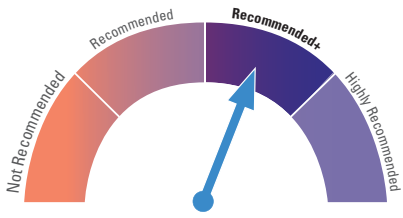

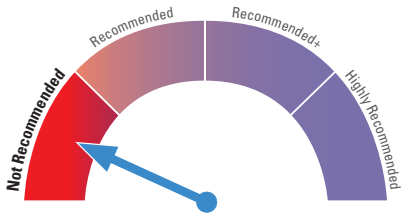
### NTA & Share Price Performance



## APPENDIX A – RATINGS PROCESS

### Independent Investment Research Pty Ltd “IIR” rating system.

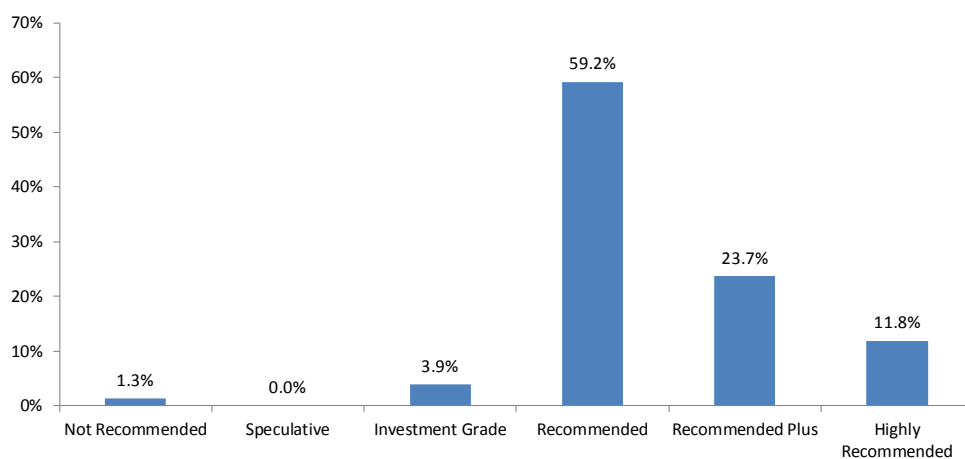
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
<p><b>Highly Recommended</b></p> 	<p><b>83 and above</b></p> <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>
<p><b>Recommended +</b></p> 	<p><b>79–82</b></p> <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>
<p><b>Recommended</b></p> 	<p><b>60–78</b></p> <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>
<p><b>Not Recommended</b></p> 	<p><b>&lt;60</b></p> <p>This rating indicates that IIR believes this is a suitable product that has met the aggregate requirements of our review process across a number of key evaluation criteria. The product provides some unique diversification opportunities, but may not stand apart from its peers. It has an acceptable risk/return trade-off and should generate risk adjusted returns in line with stated investment objectives. However, concerns over one or more features mean that it may not be suitable for most investors.</p>

## APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

**Spread of Managed Investment Ratings**





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