



Contango Asset Management to Launch New Global LIC

Contango Asset Management (ASX: CGA) is planning the launch of Contango Global Growth Limited and is working with a California based fund manager, WCM Investment Management which will be investment services consultant to the LIC. WCM was founded in 1976 and has A\$21bn in assets under management. It provides global equity strategies with a particular focus on growth sector such as technology, consumer discretionary, consumer staples and healthcare. It is expected that a prospectus will be lodged in April. We make no recommendations in relation to Contango Global Growth.

Plato to Launch High-income LIC

Plato Investment Management is launching a new Australian shares LIC with a high-income focus. Plato Income Maximiser Limited (ASX:PL8) will look to own a portfolio of cheap, high quality stocks and seek opportunities to generate additional franked income around dividend events. The strategy has been employed by the Plato Australian Shares Income Fund since its inception in 2011. Based on the Manager's data, this fund delivered a return of 14% p.a. since inception to 31 December 2016, after fees and expenses and including franking credits. PL8 aims to make monthly dividend payments once it has built sufficient profit reserves. The company is seeking to raise a minimum of \$75m and a maximum of \$220m with oversubscriptions of up to \$110m. The offer is expected to open on 9 March 2017 and close on 21 April 2017. We make no recommendations in relation to PL8.

CTN Appoints Additional Manager

Contango MicroCap (CTN) has appointed OC Funds Management as a second investment manager to manage the \$27m proceeds from the sale of CTN's interest in Contango Income Generator (CIE). OCFM, a member of the Copia Investment Partners group, is a boutique small and micro-cap Australian equities manager established in 2000. OCFM is led by Head of Investments, Robert Frost, who has been a portfolio manager since joining OCFM in 2001. Mr. Frost previously worked as a Senior Research Analyst at Austock Group specialising in small and mid-cap industrial companies. Based on its own reports, all three funds managed by OCFM have delivered outperformance since inception.

Shareholder Meeting to Vote on Removal of CTN Directors

CTN has also given notice of a requisitioned general meeting of shareholders to be held on 27 March 2017. The meeting will consider removing three directors and replacing them with two new directors. Full details are contained in the meeting notice. We make no recommendations as to how shareholders should vote.

Our rating for CTN has been suspended since the announcement of an additional manager in December 2016 and will remain suspended until we have had a chance to undertake a detailed review of the new manager and the Board composition is resolved. In our view, the current instability surrounding the company including the splitting of the investment portfolio and subsequent Board uncertainty is not in the best interests of shareholders.

Still No Resolution to Hunter Hall Impasse

The bidding war for Hunter Hall International (ASX:HHL), the manager of listed investment company Hunter Hall Global Value (ASX:HHV) continues without resolution. At the time of writing, Pinnacle Investment Management Group (ASX:PNI) has an unconditional offer of \$2.00 per share on the table for HHL but has indicated it will pay \$2.40 per share if it reaches a relevant interest of at least 24% prior to 15 March 2016. Washington H.

Soul Pattinson (WHSP) (ASX:SOL) is offering \$2.00 per HHL share. Its offer to pay \$2.20 per share on the condition it acquired 44% of HHV shares expired on 24 February.

Readers may recall that Peter Hall sold a 19.9% interest in HHL to WHSP at \$1.00 per share when he resigned as Chief Investment Officer in December 2016 and indicated he would sell his remaining 24.05% into the initial WHSP takeover offer in the absence of a superior proposal. PNI and WHSP have been attempting to flush out Peter Hall's remaining holding with their offers, but at this stage it is unclear where the bidding will end. The HHL Board has recommended shareholders reject both offers given the shares are trading on-market at \$2.51 at 24 February and the offer is well below the independent expert's \$2.75 to \$3.20 per share valuation. In a further development, investment management company, John Bridgeman Limited (JBL), announced it will seek to buy a stake of up to 20% off HHL on-market. At 20 February JBL held a 6.55% stake in HHL.

Wilson Asset Management Seeks Removal of HHV Board

The instability at the HHL management company level has flowed to its listed investment company, Hunter Hall Global Value (ASX:HHV) with significant shareholder, Wilson Asset Management (through various entities), seeking to replace the entire HHV Board. Wilson Asset Management has requisitioned a general meeting of HHV shareholders to remove the current directors and appoint three new directors. HHV is currently considering the request and no meeting date has yet been set. Following the departure of Peter Hall and the commencement of the corporate action surrounding HHL, Wilson Asset Management has been calling for HHV to undertake an equal access share buy-back. Wilson Asset Management entities have had a holding in HHV for some time and currently own a 12.97% stake. Wilson Asset Management, as part of its market-driven investment strategy, acquires stakes in LICs trading below NTA with a view to profiting from eradication of the discount over time. For the 12 months to 31 January 2017 the share price discount to pre-tax NTA narrowed from 15.3% to 3.8%.

An equal access share buy-back would allow Wilson Asset Management to exit its HHV stake without the need to sell on-market. The HHV Board continues to resist the call for an equal access share buy-back and is of the view that it would not be in the interest of small shareholders given the need to liquidate a significant portion of the portfolio. Such a process could result in it achieving a net return less than the price shareholders might achieve if selling their shares on-market.

The battle for control of the HHV Board has seen its Chairman, Paul Jensen, resign his position as a Director of WAM Capital given the differences in opinion between the Board of HHV and Wilson Asset Management and potential conflict of interest.

We make no recommendations in relation the proposal to replace the current HHV Board but note that the moves surrounding both HHL and HHV create instability and uncertainty for HHV shareholders. We note that WHSP has also become a substantial shareholder in HHV with a 6.95% stake, so it could seek to block the moves to replace the HHV Board.

We remain comfortable with the HHL investment management team and its ability to manage the HHV portfolio. We also note that both PNI and WHSP have indicated they will not make any changes to HHL's existing investment style and philosophy if they are successful in gaining control of the manager. However, our rating for HHV remains suspended until the current uncertainty surrounding the ownership of HHL and the Board composition of HHV is resolved.

PRICING & PERFORMANCE UPDATE

Table: LIC Dividends and Coverage

Australian Shares - Large Caps					Australian Shares - Mid/Small Cap					Austr/International Blended & International Shares				
Company	Interim Div. cps	Change cps	Div. Yield	Reserves Cover (x)	Company	Interim Div. cps	Change cps	Div. Yield	Reserves Cover (x)	Company	Interim Div. cps	Change cps	Div. Yield	Reserves Cover (x)
AFI	10.00	0.00	4.1%	3.9	WAM	7.50	+0.25	6.1%	1.7	CDM	4.0	-1.00	6.7%	0.9
ARG	15.00	0.00	4.0%	4.0	MIR	3.50	0.00	5.4%	2.8	HHV	3.5	+0.50	5.4%	6.3
MLT	8.70	0.00	4.2%	2.1	WAX	4.50	+0.25	5.5%	4.2	FGG	0.0	0.0	0.9%	0.6
DJW	10.00	0.00	6.4%	0.9	FGX	2.00	+0.10	3.5%	1.1	AUF	1.1	0.0	1.8%	10.8
AUI	15.50	0.00	4.4%	3.3	CTN	2.70	+0.10	5.8%	2.3					
DUI	6.50	0.00	4.0%	2.1	WIC	3.00	0.00	5.7%	3.4					
WLE#	1.00	n.a.	n.a.	n.a.	CIE	3.00	0.00	6.8%	1.0					
WHF	8.50	0.00	3.9%	9.4	WAA	2.75	+0.25	4.3%	1.6					
AMH	0.00	0.00	3.7%	2.7	GC1	1.00	+0.25	4.0%	1.9					
ALR*	2.00	0.00	4.5%	1.9	BST	1.00	0.00	2.9%	3.0					
FSI	3.50	0.00	4.6%	0.8	8EC#	1.00	n.a.	n.a.						
CBC	1.00	-0.60	3.3%	1.2										

Source: IIR Estimates/Company Accounts

#WLE and 8EC announced maiden dividends in February 2017

*Sum of last 2 quarterly dividends

Dividends flat despite lower LIC profits

With company reporting season now behind us, we take a look at how the listed investment company sector fared. The majority of LICs reported lower earnings for the six months to 31 December 2016, mainly due to lower dividend income. Some LICs, mainly those with a small cap-focus, experienced lower capital appreciation from their investment portfolios. The potential for lower earnings had been well-flagged by many LICs given the lower dividends from the mining, energy and retail sectors and ANZ bank.

Despite lower reported earnings, most LICs reported good portfolio returns (pre-tax-NTA plus dividends) for the period with the S&P/ASX 200 Accumulation index up 10.6% for the six months to 31 December 2016. The average portfolio return for the large-cap focused LICs under our coverage was 7.8% while the mid/small-cap focused LICs produced an average portfolio return of 3.7%.

The apparent disconnect between the good portfolio returns from the large-cap focused LICs and the lower reported earnings reflects the fact that most, particularly the larger, long established LICs report only dividend income and realised profits in the income statement. These LICs are long-term investors, so unrealised portfolio revaluations are not recognised in the income statement. Many of the newer LICs, particularly a number of the small-cap focused LICs, tend to hold investments for shorter periods and their reported earnings rely more on capital appreciation, with both realised and unrealised gains and losses reported through the income statement.

Given the trend of lower reported earnings, it was not surprising to see few increases in interim dividends. As shown in the above table, all of the large cap focused LICs in our coverage held dividends flat, except CBG Capital (ASX:CBC) which reduced its dividend. A number of the mid/small-cap focused LICs announced modest increases in dividends. Amongst the LICs with an international focus, Cadence Capital (ASX:CDM) reduced its dividend, not surprising given relatively low profit reserves, while Hunter Hall Global Value (ASX:HHV), which has a high level of profit reserves, increased its dividend despite reporting a lower profit.

Update on dividend sustainability

In our August 2016 LMI Update, we discussed dividend sustainability and how this is a critical issue when choosing LICs. We mentioned that LICs that rely largely on dividend income for earnings are less likely to report losses during periods of market downturns, and therefore the dividends they pay to their own

shareholders are likely to be more sustainable. However, if the companies they invest in are forced to lower dividends due to reduced earnings, then, depending on their own payout ratios, the LICs may also be forced to reduce dividends, or at best hold them at current levels. We have seen this occur in the recent reporting season, with the lower dividend income from portfolios resulting in flat dividend payments by the large-cap focused LICs. In our report we also noted that LICs with a greater reliance on capital appreciation were more likely to be forced to reduce or even stop payment of dividends in a sustained market downturn. However, with positive market returns this has not been the case over the past six months. Portfolio gains and reasonable profit reserves have allowed some of the mid/small-cap focused LICs to slightly increase dividends.

Whilst LICs need to generate profits in order to pay dividends, it is possible for them to pay out more than they generate in profits in a given year by dipping into retained profit or dividend reserves from prior years. So it is possible for LICs to smooth dividend payments to their shareholders by retaining profits rather than simply paying out 100% of earnings each year. The table above shows our estimates (based on the latest published accounts) of the number of years each LIC under our coverage (excluding those that don't pay dividends) could retain current dividend payments without generating any additional profits. This is a good indicator of dividend sustainability when markets turn down. Coverage of one means that a LIC could maintain its current dividend payout for one year without generating any profit in the current year. There a number of LICs with dividend coverage of more than two years which means they are reasonably well placed in the event of a sustained market downturn.

Despite the flat, or modest increase in dividends, the LIC sector still offers attractive yields for investors. We calculate an average dividend yield of 4% across the Australian share focused LICs with most LICs paying fully franked dividends. We think it likely that the LICs will experience stability in their dividend income over the next six months and do not expect to see many reductions in dividend from the sector. It is possible we may see modest dividend increases from some LICs. As we have previously indicated, it is important to watch management commentary for any indications of potential changes to dividend payments. We note that Djerriwarrh Investments (DJW), one the highest yielding LICs currently, has already said it expects to cut its dividend from 24 cents per share to 20 cents per share in 2017. Also, keep an eye on those LICs that have low levels of profit reserves as this could also be an indicator of a potential dividend reduction.

Pricing & Recommendations – Australian Share Focus

All data as at 31 January 2017	ASX Code	Market Cap (\$M) *	Last Price (\$)	Dividend Yield	Pre-Tax NTA (\$)	Pre-tax NTA Prem/Disc	3 Year Avg Prem/Disc	M'ment	M'ment Fee	IIR Rating
Australian Shares - Large Cap										
Australian Foundation Investment Company	AFI	6,734.2	5.92	4.1%	5.78	2.4%	3.3%	Internal	0.16	Recommended+
Argo Investments	ARG	5,256.6	7.61	4.0%	7.60	0.1%	3.4%	Internal	0.17	Recommended+
Milton Corporation	MLT	2,903.5	4.46	4.2%	4.44	0.5%	1.5%	Internal	0.13	Highly Recommended
BKI Investment Company	BKI	1,031.2	1.71	4.2%	1.58	8.2%	1.6%	Internal	0.16	Not Rated
Djerriwarrh Investments	DJW	815.3	3.73	6.4%	3.15	18.4%	26.6%	Internal	0.46	Recommended+
Australian United Investment	AUI	955.1	7.73	4.4%	8.30	-6.9%	-4.7%	Internal	0.10	Recommended+
Diversified United Investments	DUI	732.8	3.52	4.0%	3.81	-7.6%	-5.9%	Internal	0.13	Recommended
WAM Leaders Limited	WLE	416.1	1.15	0.0%	1.14	0.9%	2.7%	External	1.00	Recommended
Whitefield Limited	WHF	362.1	4.32	3.9%	4.73	-8.7%	-7.2%	Internal	0.35	Recommended+
AMCIL Limited	AMH	242.5	0.94	3.7%	0.92	2.2%	-0.6%	Internal	0.65	Recommended+
Absolute Equity Performance Fund	AEQ	97.0	1.05	0.0%	0.99	6.2%	10.7%	External	na	Not Rated
Wealth Defender Equities	WDE	106.1	0.84	3.6%	0.90	-7.1%	-7.3%	External	0.98	Not Rated
Century Australia	CYA	74.9	0.92	3.8%	0.94	-2.2%	-5.5%	External	1.08	Not Rated
Aberdeen Leaders	ALR	67.2	1.12	4.5%	1.25	-10.4%	-5.2%	External	2.40	Recommended
Ironbark Capital	IBC	62.9	0.50	4.8%	0.55	-9.1%	-10.6%	External	0.65	Not Rated
Aust Governance Masters Index Fund	AQF	50.3	1.89	4.2%	1.92	-1.6%	-0.4%	External	0.49	Not Rated
Flagship Investments	FSI	40.3	1.58	4.6%	1.75	-9.7%	-15.0%	External	0.00	Recommended
CBG Capital	CBC	23.5	0.94	3.3%	0.94	-0.5%	-6.9%	External	1.00	Recommended
Aurora Property Buy Write Inc. Trust	AUP	12.8	5.20	8.5%	5.20	0.0%	-1.1%	External	2.00	Not Rated
Australian Shares - Mid/Small Cap										
WAM Capital	WAM	1,433.7	2.39	6.1%	2.00	19.5%	11.2%	External	1.00	Recommended+
Carlton Investments	CIN	861.8	32.55	3.7%	37.93	-14.2%	-11.2%	Internal	0.08	Not Rated
Mirrabooka Investments	MIR	437.1	2.79	5.4%	2.30	21.3%	14.3%	Internal	0.65	Recommended+
WAM Research	WAX	281.3	1.54	5.5%	1.28	19.9%	8.0%	External	1.00	Recommended
Future Generation Investment Company	FGX	401.0	1.15	3.5%	1.14	0.6%	-1.1%	External	0.00	Highly Recommended
QV Equities	QVE	284.6	1.29	2.6%	1.17	9.5%	-0.2%	External	0.90	Not Rated
Contango MicroCap	CTN	181.9	1.09	5.8%	1.20	-9.3%	-11.5%	External	1.25	Rating Under Review
Westoz Investment Company	WIC	135.5	1.05	5.7%	1.09	-4.0%	-10.1%	External	1.00	Recommended
Watermark Market Neutral Fund	WMK	95.2	1.05	6.2%	1.03	1.9%	-4.2%	External	1.00	Not Rated
Thorney Opportunities	TOP	117.8	0.70	1.7%	0.74	-5.8%	-4.5%	External	na	Not Rated
Contango Income Generator	CIE	77.8	0.96	6.8%	1.01	-4.8%	-3.5%	External	0.95	Recommended+
Naos Emerging Opp Company	NCC	63.3	1.34	5.0%	1.38	-2.9%	-10.3%	External	1.25	Not Rated
Ozgrowth Limited	OZG	62.7	0.18	2.9%	0.21	-14.6%	-17.0%	External	1.00	Not Rated
Acorn Capital Inv Fund	ACQ	50.6	1.03	1.7%	1.18	-12.5%	-14.0%	External	na	Not Rated
Sandon Capital Investments	SNC	43.4	0.98	5.1%	1.08	-9.0%	-7.6%	External	1.25	Not Rated
WAM Active Limited	WAA	41.1	1.15	4.3%	1.07	7.5%	10.1%	External	1.00	Recommended
Katana Capital Limited	KAT	35.2	0.79	7.0%	0.83	-4.5%	-6.2%	External	na	Not Rated
Ryder Capital	RYD	39.4	1.07	0.0%	1.17	-8.2%	-2.9%	External	na	Not Rated
8IP Emerging Companies	8EC	41.0	1.00	0.0%	1.15	-12.8%	-10.3%	External	1.25	Recommended
Lion Select Group	LSX	42.8	0.40	0.0%	0.41	-2.4%	-28.8%	External	1.50	Not Rated
Glennon Small Companies Fund	GC1	44.4	0.95	4.0%	1.01	-6.1%	-5.0%	External	1.00	Recommended
Naos Absolute Opportunities Coy.	NAC	49.0	1.14	4.2%	1.15	-0.9%	-10.0%	External	1.75	Not Rated
Barrack St Investments	BST	15.9	0.87	2.9%	0.99	-12.4%	-14.3%	External	1.00	Recommended
Bentley Capital	BEL	10.6	0.14	7.1%	0.18	-23.1%	-35.2%	External	na	Not Rated
Orion Equities	OEQ	2.8	0.16	0.0%	0.43	-63.9%	-58.6%	External	na	Not Rated
Australian/International Shares - Blended										
Cadence Capital	CDM	325.0	1.20	7.5%	1.14	5.0%	6.7%	External	1.00	Recommended+
Hunter Hall Global Value	HHV	291.6	1.20	5.4%	1.24	-3.8%	-10.2%	External	1.50	Rating Under Review
Perpetual Investment Company	PIC	252.7	1.00	2.8%	1.10	-9.4%	-6.1%	External	1.00	Not Rated
Clime Capital	CAM	71.2	0.90	5.4%	0.91	-1.6%	-7.5%	External	na	Not Rated
Mercantile Investment Company	MVT	46.2	0.17	0.0%	0.18	-5.8%	-13.7%	External	na	Not Rated
Sunvest Corporation	SVS	3.0	0.25	0.0%	0.61	-59.0%	-40.8%	External	na	Not Rated

Pricing & Recommendations – International Shares & Specialist Focus

All data as at 31 January 2017	ASX Code	Market Cap (\$M) *	Last Price (\$)	Dividend Yield	Pre-Tax NTA (\$)	Pre-tax NTA Prem/Disc (\$)	3 Year Avg Prem/Disc	M'ment	M'ment Fee	IIR Rating
International Shares - Diversified										
Magellan Flagship Fund	MFF	865.5	1.83	1.1%	2.18	-16.2%	-5.8%	External	1.50	Not Rated
Platinum Capital	PMC	378.1	1.60	4.4%	1.54	4.2%	9.4%	External	1.50	Not Rated
Future Generation Global Investment Company	FGG	293.8	1.06	0.9%	1.08	-71.3%	-76.7%	External	0.00	Recommended+
PM Capital Global Opportunities Fund	PGF	345.2	0.99	3.0%	1.13	-12.2%	-9.7%	External	1.00	Not Rated
Templeton Global Growth	TGG	284.2	1.24	3.6%	1.41	-12.4%	-7.9%	External	1.00	Not Rated
Ellerston Global Investments	EGI	74.3	0.98	2.0%	1.13	-13.1%	-3.8%	External	0.75	Not Rated
International Shares - Emerging Markets										
Platinum Asia Investments	PAI	266.8	0.91	0.0%	1.00	-8.5%	-0.5%	External	1.10	Not Rated
Asian Masters Fund	AUF	162.7	1.24	1.8%	1.21	2.5%	0.8%	External	1.00	Recommended+
Emerging Markets Masters Fund	EMF	170.1	1.79	3.4%	1.73	3.5%	2.3%	External	1.10	Recommended+
Ellerston Asian Investments	EAI	102.1	0.86	0.0%	0.96	-11.1%	-9.3%	External	0.95	Not Rated
PM Capital Asian Opportunities Fund	PAF	52.2	0.94	2.7%	1.11	-15.0%	-11.9%	External	1.00	Not Rated
International - Specialist										
Argo Global Listed Infrastructure	ALI	238.5	1.67	1.8%	1.91	-12.8%	-7.5%	External	1.20	Not Rated
Global Value Fund	GVF	119.4	1.16	5.2%	1.09	5.9%	-5.4%	External	1.50	Not Rated
Zeta Resources	ZER	31.0	0.31	0.0%	0.47	-33.7%	-18.8%	External	0.50	Not Rated
Global Masters Fund	GFL	14.0	1.63	0.0%	1.94	-15.8%	-14.3%	Internal	0.00	Recommended+
Aurora Global Income Trust	AIB	6.0	0.80	8.1%	0.78	1.4%	-1.8%	External	1.33	Not Rated
Fixed Income Funds										
Australian Enhanced Income Fund	AYF	19.8	6.05	6.0%	6.05	0.1%	-0.6%	External	na	Not Rated
Australian Masters Yield Fund No 1	AYD	16.1	17.75	6.0%	18.63	-4.7%	0.3%	External	0.59	Not Rated
Australian Masters Yield Fund No 2	AYH	7.7	18.17	10.7%	17.95	1.2%	0.4%	External	0.59	Not Rated
Australian Masters Yield Fund No 3	AYJ	70.2	71.86	3.7%	71.26	0.8%	0.8%	External	0.59	Not Rated
Australian Masters Yield Fund No 4	AYK	51.0	51.26	3.5%	50.77	1.0%	1.1%	External	0.59	Not Rated
Australian Masters Yield Fund No 5	AYZ	76.7	75.82	3.5%	74.90	1.2%	0.2%	External	0.50	Not Rated
Private Equity Funds										
US Select Private Opportunities Fund	USF	83.1	2.13	9.9%	2.06	3.4%	4.2%	External	2.33	Recommended
Bailador Technology Investments	BTI	123.3	1.03	0.0%	1.18	-13.1%	-13.3%	External	1.75	Recommended+
US Select Private Opportunities Fund 2	USG	121.4	2.20	6.8%	2.11	4.3%	4.1%	External	2.33	Recommended
IPE Limited	IPE	22.4	0.17	48.2%	0.16	4.4%	-0.8%	External	1.50	Not Rated
Absolute Return Funds										
Australian Leaders Fund Limited	ALF	388.0	1.43	7.0%	1.29	10.9%	8.5%	External	na	Not Rated
Arowana Australasian Value Op. Fund	AWQ	65.6	0.95	4.2%	1.02	-6.9%	-4.6%	External	1.00	Not Rated
Monash Absolute Investment Company Limited	MA1	47.2	0.90	0.0%	0.90	0.0%	-2.8%	External	1.50	Not Rated
Alternative Investment Trust	AIQ	11.6	0.09	16.9%	0.10	-14.0%	-16.6%	External	na	Not Rated
Hastings High Yield Fund	HHY	9.3	0.11	0.0%	0.12	-13.4%	-17.2%	External	na	Not Rated
Aurora Absolute Return Fund	ABW	8.5	0.76	4.7%	0.83	-7.9%	-2.1%	External	na	Not Rated
Other Specialist										
Blue Sky Alternatives Access Fund	BAF	196.7	1.15	4.3%	1.09	5.3%	1.2%	External	1.20	Not Rated

*Based on fully paid ordinary shares available for trade.

Source: ASX/IRESS

Performance – Australian Share Focus

All data as at 31 January 2017	ASX Code	NTA (plus dividends) Return (%)					Share Price (plus dividends) Return (%)					Benchmark
		1 Mth	3 Mths	1 yr	3 yrs	5 yrs	1 Mth	3 Mths	1 yr	3 yrs	5 yrs	
Australian Shares - Large Cap												
Australian Foundation Investment Company	AFI	-0.9	6.1	13.8	5.2	9.7	2.8	3.3	6.9	2.9	11.0	S&P/ASX 200 Acc Index
Argo Investments	ARG	-0.4	6.0	15.1	6.3	10.6	2.0	4.7	4.9	5.4	12.0	S&P/ASX 200 Acc Index
Milton Corporation	MLT	-0.7	5.7	9.5	7.1	11.2	2.3	5.7	3.3	5.2	13.0	All Ordinaries Acc Index
BKI Investment Company	BKI	-1.9	3.9	8.3	4.3	7.9	5.2	8.2	6.5	7.1	12.4	S&P/ASX 300 Acc Index
Djerriwarrh Investments	DJW	-1.2	6.6	17.5	3.7	7.5	1.3	7.9	-5.3	-0.8	6.3	S&P/ASX 200 Acc Index
Australian United Investment	AUI	-0.5	7.7	18.6	5.1	9.7	0.7	6.5	11.4	4.2	11.8	ASX 300 Acc Index
Diversified United Investments	DUI	-0.3	7.9	17.4	6.6	11.6	0.3	7.3	11.7	5.9	13.5	ASX 300 Acc Index
WAM Leaders Limited	WLE	-0.4	5.8	na	na	na	0.0	1.8	na	na	na	S&P/ASX 200 Acc Index
Whitefield Limited	WHF	-2.3	4.7	9.2	8.6	14.9	0.5	3.2	5.8	7.6	15.5	S&P/ASX 200 Industrials Acc (XJOAI) Index
AMCIL Limited	AMH	-1.1	2.2	7.2	7.7	11.4	0.0	-0.5	14.0	8.4	14.4	S&P/ASX 200 Acc Index
Absolute Equity Performance Fund	AEG	4.9	-0.9	-8.9	na	na	5.0	0.0	-21.3	na	na	na
Wealth Defender Equities	WDE	-0.9	4.6	7.1	na	na	5.7	9.8	14.7	na	na	na
Century Australia	CYA	-0.4	5.9	15.8	6.2	9.4	0.5	6.4	12.3	7.0	13.0	S&P/ASX 300 Acc Index
Aberdeen Leaders	ALR	0.8	8.6	19.6	7.7	9.9	0.0	4.6	17.3	-0.9	7.9	S&P ASX 200 Acc Index
Ironbark Capital	IBC	-2.0	2.7	8.5	3.6	4.1	6.4	6.4	14.4	2.2	6.7	na
Aust Governance Masters Index Fund	AQF	-0.5	7.2	16.1	5.9	9.8	1.1	8.5	14.3	5.4	8.7	S&P/ASX 100 Acc Index
Flagship Investments	FSI	-3.6	-0.6	2.8	6.1	10.7	-2.5	2.9	18.8	6.4	8.5	All Ordinaries Index
CBG Capital	CBC	-2.0	0.2	-2.1	na	na	9.9	9.2	3.5	na	na	S&P/ASX 200 Acc Index
Aurora Property Buy Write Inc. Trust	AUP	-0.7	2.6	1.9	7.5	9.2	-1.0	1.7	1.9	6.9	9.3	RBA Cash Rate
Australian Shares - Mid/Small Cap												
WAM Capital	WAM	0.0	1.2	12.7	11.8	12.9	-0.8	5.3	18.0	14.1	17.7	All Ordinaries Acc Index
Carlton Investments	CIN	2.7	6.9	8.7	14.3	17.0	3.0	2.9	6.1	12.5	20.7	S&P/ASX 200 Acc Index
Mirrabooka Investments	MIR	-1.1	-0.2	7.4	9.7	13.3	-4.9	-4.2	16.1	10.4	17.8	S&P/ASX Mid Cap 50's Acc Index, S&P/ASX Small Ordinaries Acc Index
WAM Research	WAX	-0.8	-0.9	13.1	12.7	17.0	-1.3	4.4	20.8	18.5	25.4	All Ordinaries Acc Index
Future Generation Investment Fund	FGX	0.1	0.6	1.8	na	na	-1.7	-1.3	3.1	na	na	All Ordinaries Acc Index
QV Equities	QVE	-0.9	4.0	14.8	na	na	2.4	7.1	31.1	na	na	na
Contango MicroCap	CTN	1.9	-6.6	14.3	6.7	4.1	-3.1	0.5	21.4	9.4	10.6	ASX All Ordinaries Acc Index
Westoz Investment Company	WIC	1.7	1.7	27.8	-0.5	2.2	7.7	12.9	38.8	4.1	10.7	Absolute return focus
Watermark Market Neutral Fund	WMK	0.0	-1.0	2.4	4.7	na	-0.5	-1.9	6.3	7.2	na	na
Thorney Opportunities	TOP	0.8	-1.7	34.6	17.3	na	-2.5	0.7	32.4	7.4	11.5	na
Contango Income Generator	CIE	-1.1	3.4	6.8	na	na	1.1	-2.0	-0.2	na	na	All Ordinaries Acc Index
Naos Emerging Opp Company	NCC	-0.7	0.7	36.0	10.5	na	-0.7	0.8	47.1	14.4	na	Small Ordinaries Acc Index (XSOAI)
Ozgrowth Limited	OZG	4.6	5.1	41.7	0.6	2.2	6.1	9.4	58.1	4.0	10.5	Absolute return focus
Acorn Capital Inv Fund	ACQ	-0.6	-0.9	24.9	na	na	-3.3	-1.9	26.1	na	na	na
Sandon Capital Investments	SNC	4.6	7.6	17.5	8.9	na	-0.5	8.9	22.0	6.6	na	na
WAM Active Limited	WAA	0.9	1.8	13.8	7.6	8.4	1.8	0.0	17.1	4.2	10.0	All Ordinaries Acc Index
Katana Capital Limited	KAT	0.4	1.8	4.8	0.2	3.1	9.7	6.0	10.6	3.6	9.9	na
Ryder Capital	RYD	2.7	4.1	14.2	na	na	0.0	0.0	9.2	na	na	na
8IP Emerging Companies	8EC	2.2	-3.3	19.2	na	na	-1.0	-2.4	4.2	na	na	ASX Emerging Co. Acc Index
Lion Select Group	LSX	7.9	2.5	46.4	-13.3	na	-4.8	14.3	100.0	-9.0	na	na
Glennon Small Companies Fund	GC1	-0.7	-4.4	1.4	na	na	-3.6	-4.5	2.2	na	na	ASX Small Ords Acc Index
Naos Absolute Opportunities Coy.	NAC	0.9	-5.3	5.0	na	na	-0.9	1.3	19.1	na	na	na
Barrack St Investments	BST	-4.6	-6.3	-12.7	na	na	-5.4	-5.4	-6.0	na	na	All Ordinaries Accum Index
Bentley Capital	BEL	1.7	0.0	-16.2	-4.3	0.3	0.0	7.7	11.8	6.1	10.9	na
Orion Equities	OEQ	-2.7	-0.7	-18.1	-6.7	-11.7	-11.4	-3.1	19.2	-16.9	-9.1	na
Australian/International Shares - Blended												
Cadence Capital	CDM	-1.6	2.2	-3.2	-0.1	5.8	-2.8	-0.4	-14.5	2.0	8.4	All Ordinaries Acc Index
Hunter Hall Global Value	HHV	-0.4	-10.4	-0.2	7.9	13.3	-2.2	-12.6	13.9	13.8	16.7	MSCI Total Return Index, Net Dividends Reinvested in Australian dollars
Perpetual Investment Company	PIC	0.3	6.1	10.3	na	na	1.0	4.7	8.4	na	na	na
Clime Capital	CAM	-1.9	4.8	7.9	-0.2	2.4	3.1	9.3	15.7	-0.7	7.6	na
Mercantile Investment Company	MVT	-1.5	-8.4	6.9	5.4	18.8	-5.7	0.0	22.2	5.6	17.4	na
Sunvest Corporation	SVS	19.6	10.9	35.6	-4.0	-8.1	0.0	0.0	4.2	-1.9	8.0	na

Performance – International Shares & Specialist Focus

All data as at 31 January 2017	ASX Code	NTA (plus dividends) Return (%p.a)					Share Price (plus dividends) Return (%p.a)					Benchmark
		1 Mth	3 Mths	1 yr	3 yrs	5 yrs	1 Mth	3 Mths	1 yr	3 yrs	5 yrs	
International Shares - Diversified												
Magellan Flagship Fund	MFF	-1.4	11.8	10.0	15.3	24.4	-4.7	7.3	-1.6	6.8	23.9	na
Platinum Capital	PMC	-1.4	3.4	8.7	2.8	12.4	0.3	3.9	-6.0	0.7	16.5	MSCI All Country World Net Index in A\$
Future Generation Global Investment Company	FGG	-2.2	3.4	4.9	na	na	-0.5	-0.5	-7.8	na	na	MSCI World Index AUD
PM Capital Global Opportunities Fund	PGF	-1.7	12.4	8.9	5.3	na	1.0	15.1	10.8	1.2	na	na
Templeton Global Growth	TGG	-1.4	8.5	10.6	4.4	14.5	0.8	5.6	15.1	-0.3	16.7	MSCI All Country World Free Index
Ellerston Global Investments	EGL	0.8	3.3	7.3	na	na	1.6	-1.5	5.3	na	na	na
International Shares - Emerging Markets												
Platinum Asia Investments	PAI	0.9	0.1	8.7	na	na	-2.7	-2.7	-5.7	na	na	na
Asian Masters Fund	AUF	-0.7	-2.6	0.4	6.4	9.7	2.5	-3.1	3.4	5.6	9.1	MSCI AC Asia ex Japan Index
Emerging Markets Masters Fund	EMF	-1.7	-1.7	5.9	6.6	na	0.0	-1.6	7.6	7.3	na	MSCI Emerging Mkt Index
Ellerston Asian Investments	EAI	0.2	-2.4	7.4	na	na	-1.7	-3.9	0.6	na	na	na
PM Capital Asian Opportunities Fund	PAF	1.1	6.6	3.3	na	na	-0.5	3.3	11.6	na	na	na
International - Specialist												
Argo Global Listed Infrastructure	ALI	-2.6	0.0	0.5	na	na	-0.6	-4.0	-1.3	na	na	na
Global Value Fund	GVF	-3.1	1.6	1.7	na	na	3.6	7.4	22.2	na	na	BBSW 1 year swap rate + 4
Zeta Resources	ZER	3.5	9.1	244.7	-16.3	na	3.3	-16.2	106.7	-14.7	na	na
Global Masters Fund	GFL	-3.6	11.9	13.5	12.8	16.6	4.5	16.4	19.9	10.7	20.2	S&P 500 US Index
Aurora Global Income Trust	AIB	1.8	2.4	-0.3	4.4	3.2	0.6	3.9	3.9	5.2	3.7	UBS Australia Bank Bill Index
Fixed Income Funds												
Australian Enhanced Income Fund	AYF	-1.0	3.2	10.0	4.3	5.5	1.7	2.3	12.3	4.7	6.5	na
Australian Masters Yield Fund No 1	AYD	-6.1	-5.8	3.1	9.1	na	-1.4	-9.4	-8.5	6.9	na	na
Australian Masters Yield Fund No 2	AYH	-6.4	-6.4	2.2	13.3	na	0.0	-5.8	2.0	13.1	na	na
Australian Masters Yield Fund No 3	AYJ	-0.7	1.1	4.3	4.9	na	0.0	0.7	3.6	5.1	na	na
Australian Masters Yield Fund No 4	AYK	-1.1	8.2	3.8	4.2	na	0.0	0.7	3.0	4.1	na	na
Australian Masters Yield Fund No 5	AYZ	-0.7	1.3	5.1	na	na	1.9	1.6	4.7	na	na	na
Private Equity Funds												
US Select Private Opportunities Fund	USF	-5.1	-1.0	4.1	11.4	na	-3.2	0.0	0.9	10.8	na	na
Bailador Technology Investments	BTI	0.0	4.4	-6.0	na	na	-3.8	-7.7	6.8	na	na	8% p.a. compound
US Select Private Opportunities Fund II	USG	-5.4	1.4	-4.3	8.7	na	0.0	1.9	-6.3	8.2	na	Absolute Return w H/W Mark
IPE Limited	IPE	-1.3	-4.0	-0.8	8.0	11.1	0.0	-8.1	15.3	10.1	21.3	na
Absolute Return Funds												
Arowana Australasian Value Op. Fund	AWQ	2.0	-4.7	2.8	na	na	1.6	-1.6	-2.1	na	na	na
Aurora Absolute Return Fund	ABW	-1.1	-1.4	-9.8	-3.5	-0.2	-5.0	-6.9	-15.7	-6.1	-1.7	RBA Cash Rate
Alternative Investment Trust	AIQ	-2.9	-2.5	-1.0	4.0	32.5	-5.3	-6.3	14.8	6.4	37.7	na
Hastings High Yield Fund	HHY	-1.1	-4.0	4.6	18.6	59.5	-12.5	-12.5	5.0	40.9	92.7	na
Australian Leaders Fund Limited	ALF	0.0	-1.5	2.1	2.0	9.6	-1.0	-4.3	4.7	2.4	15.8	All Ordinaries Acc Index
Monash Absolute Investment Company Limited	MA1	-3.9	-8.6	na	na	na	3.4	-3.2	na	na	na	na
Other Specialist												
Blue Sky Alternatives Access Fund	BAF	0.5	1.4	7.2	na	na	0.9	4.1	21.5	na	na	na
Benchmark Returns												
S&P/ASX 50 Accumulation Index	XFLAI	na	na	na	na	na	-0.7	7.5	16.8	6.5	10.7	na
S&P/ASX 200 Accumulation Index	XJOAI	na	na	na	na	na	-0.8	6.6	17.3	7.4	10.6	na
S&P/ASX 300 Accumulation Index	XKQAI	na	na	na	na	na	-0.8	6.4	17.3	7.4	10.4	na
All Ordinaries Accumulation Index	XAOAI	na	na	na	na	na	-0.8	5.9	17.1	7.5	10.3	na
Small Ordinaries Accumulation Index	XSOAI	na	na	na	na	na	-2.4	-0.1	16.4	6.4	2.8	na
S&P/ASX 200 Industrials Accumulation Index	XJIAI	na	na	na	na	na	-1.9	5.4	10.9	9.4	14.9	na
S&P/ASX 200 Resources Accumulation Index	XMJAI	na	na	na	na	na	4.7	11.6	65.4	4.4	0.8	na
RBA Cash Rate at 31 January 2017: 1.5%												

Source: ASX/IRESS

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

ASX Quoted Managed Funds

About ASX Quoted Managed Funds

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

Pricing & Rating

All data as at 31 January 2017	ASX Code	Market Cap (\$)	Last Price (\$)	Dividend Yield	Pre-Tax NTA (\$)	M'ment Fee	IIR Rating
Australian Share Strategies							
Aurora Dividend Income Trust	AOD	11.1	0.71	6.0%	0.71	1.30	Not Rated
Betashares Aus Top20 Equity Yield Max Fund	YMAX	342.0	9.12	9.6%	9.12	0.59	Not Rated
Betashares Australian Dividend Harvester Fund	HVST	386.1	20.16	11.4%	20.16	0.65	Not Rated
BetaShares Australian Equities Bear Hedge Fund	BEAR	62.5	15.46	1.1%	15.46	1.19	Not Rated
Betashares Australian Equities Strong Bear Hedge Fund	BBOZ	98.2	19.07	0.0%	19.07	1.19	Not Rated
Betashares Geared Australian Equity Fund	GEAR	48.8	19.89	6.5%	19.89	0.80	Not Rated
Betashares Managed Risk Australian Share Fund	AUST	30.6	15.28	2.6%	15.28	0.39	Not Rated
K2 Australian Small Cap Fund	KSM	20.3	2.54	0.0%	2.59	2.05	Recommended
International Share/Security Strategies							
AMP Capital Global Infrastructure Securities Fund (Unhedged)	GLIN	18.5	2.44	0.8%	2.44	0.95	Not Rated
AMP Capital Global Property Securities Fund (Unhedged)	RENT	13.8	2.29	1.0%	2.29	0.99	Not Rated
BetaShares Geared U.S. Equity Fund - Currency Hedged	GGUS	5.7	11.32	0.9%	11.32	0.74	Not Rated
Betashares Managed Risk Global Share Fund	WRLD	22.5	10.22	1.3%	10.22	0.39	Not Rated
BetaShares S&P 500 Yield Maximiser Fund	UMAX	79.6	17.20	5.7%	17.20	0.59	Not Rated
K2 Global Equities Fund	KII	35.5	2.40	0.0%	2.41	2.00	Recommended
Magellan Global Equities Fund	MGE	709.6	2.60	1.9%	2.60	1.35	Not Rated
Magellan Global Equities Fund (Currency Hedged)	MHG	42.6	2.58	1.9%	2.56	1.35	Not Rated
Schroders Real Return Fund (Managed Fund)	GROW	24.4	3.57	0.6%	3.57	0.90	Not Rated
AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT	13.9	2.63	1.6%	2.63	0.48	Not Rated
Magellan Infrastructure Fund (Currency Hedged) (Managed Fund)	MICH	44.9	2.40	0.5%	2.40	0.95	Not Rated

Performance

All data as at 31 January 2017	ASX Code	NTA (plus dividends) Return (%p.a)					Share Price (plus dividends) Return (%p.a)				
		1 Mth	3 Mths	1 year	3 years	5 years	1 Mth	3 Mths	1 year	3 years	5 years
Australian Share Strategies											
Aurora Dividend Income Trust	AOD	0.2	3.0	3.1	-5.0	1.0	1.2	2.2	5.5	-4.7	0.8
Betashares Aus Top20 Equity Yield Max Fund	YMAX	na	na	na	na	na	-0.6	5.7	12.5	2.4	na
Betashares Australian Dividend Harvester Fund	HVST	na	na	na	na	na	-2.2	3.8	7.2	na	na
BetaShares Australian Equities Bear Hedge Fund	BEAR	na	na	na	na	na	1.2	-6.3	-15.3	-6.3%	na
Betashares Australian Equities Strong Bear Hedge Fund	BBOZ	na	na	na	na	na	1.8	-15.5	-33.3	na	na
Betashares Geared Australian Equity Fund	GEAR	na	na	na	na	na	-2.0	14.6	34.3	na	na
Betashares Managed Risk Australian Share Fund	AUST	na	na	na	na	na	-0.1	4.4	8.0	na	na
K2 Australian Small Cap Fund	KSM	1.6	-2.6	6.6	na	na	0.0	-5.9	3.3	na	na
International Share/Security Strategies											
AMP Capital Global Infrastructure Securities Fund (Unhedged)	GLIN	na	na	na	na	na	-3.9	-0.4	na	na	na
AMP Capital Global Property Securities Fund (Unhedged)	RENT	na	na	na	na	na	-2.2	1.2	na	na	na
BetaShares Geared U.S. Equity Fund - Currency Hedged	GGUS	na	na	na	na	na	2.0	15.6	51.0%	na	na
Betashares Managed Risk Global Share Fund	WRLD	na	na	na	na	na	-2.5	5.1	6.0	na	na
BetaShares S&P 500 Yield Maximiser Fund	UMAX	na	na	na	na	na	-3.2	5.8	9.1	na	na
K2 Global Equities Fund	KII	2.1	4.3	3.4	na	na	2.6	2.6	4.8	na	na
Magellan Global Equities Fund	MGE	-2.6	4.2	2.7	na	na	-2.6	4.4	5.7	na	na
Magellan Global Equities Fund (Currency Hedged)	MHG	1.8	4.2	11.8	na	na	2.4	4.5	15.6	na	na
Schroders Real Return Fund (Managed Fund)	GROW	na	na	na	na	na	0.3	2.0	na	na	na
AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT	na	na	na	na	na	0.4	5.6	na	na	na
Magellan Infrastructure Fund (Currency Hedged) (Managed Fund)	MICH	na	na	na	na	na	-0.8	0.1	na	na	na

WHO IS IIR?

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

IIR was established in 2004 under Aegis Equities Research Group of companies to provide investment research to a select group of retail and wholesale clients. Since March 2010, IIR (the Aegis Equities business was sold to Morningstar) has operated independently from Aegis by former Aegis senior executives/shareholders to provide clients with unparalleled research that covers listed and unlisted managed investments, listed companies, structured products, and IPOs.

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