

AUSTRALIAN  
**RESEARCH**  
INDEPENDENT INVESTMENT RESEARCH

# Listed Managed Investments

March 2017  
Quarterly Review

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Welcome to the Independent Investment Research Listed Managed Investments March 2017 Quarterly Review. In this edition we provide detailed coverage, including commentary, investment views and ratings for 37 listed investment companies (LICs), listed investment trusts (LITs) and Active ETFs. At 31 March 2017, there were 96 LICs and LITs on the ASX, with a collective market capitalisation of \$31.8B. There are a number of new LICs in the pipeline including WAM Microcap (proposed ASX code: WMI) and Contango Global Growth (proposed ASX code: CQG). Both are expected to list on the ASX in June 2017.

### NEW RESEARCH

We have added the following three listed managed investments (LMIs) to our coverage since our December 2016 LMI Quarterly Review.

- Forager Australian Shares Fund (FOR) - Recommended Plus
- Perpetual Investment Company (PIC) - Recommended
- QV Equities (QVE) - Recommended Plus

We also issued an initiation report on URB Investments (ASX:URB) a new listed investment company that invests in a portfolio of unlisted property assets and listed equities exposed to the urban renewal thematic. URB shares listed on the ASX in April and the LIC will be included in our June 2017 Quarter LMI Market Review. Our rating for URB is Recommended.

We also issued a pre-IPO report on Contango Global Growth. The CQG offer closed on 8 June and its shares are expected to commence trading on the ASX on 23 June. CQG will invest in a concentrated portfolio of quality global growth equities, typically comprising 20 to 40 stocks. While Contango Asset Management (ASX:CGA) is the Investment Manager, it has delegated the management of the portfolio to WCM Investment Management, an experienced, independent international equities asset management firm based in California. We will also add CQG to our June 2017 Quarter LMI Market Review. We rate CQG Recommended Plus given a strong track record by WCM Investment Management.

### RATINGS REVIEWS

In April we undertook a ratings review of Argo Investments (ASX:ARG), the second largest LIC by market cap. We upgraded our rating to Highly Recommended from Recommended Plus. ARG has a long track-record and has achieved its objective of delivering a stable, growing fully franked dividend. The team is well-qualified and stable and is supported by a strong board. An expense ratio of 15 basis points is one of the lowest in the sector.

We are currently undertaking ratings reviews of Australian Foundation Investment Company (ASX:AFI) and Mirrabooka Investments (ASX:MIR). We expect to publish these reviews in coming weeks.

Our ratings for both Hunter Hall Global Value (ASX:HHV) and Contango MicroCap (ASX:CTN) remain suspended. Whilst the merger of HHV's Investment Manager, Hunter Hall International (ASX:HHL) with Pengana Capital should bring some stability to the LIC, we plan to do a full review of HHV and the new investment management team before reinstating our rating. With CTN now reverting to a single manager LIC after OC Funds Management withdrew as the second manager, we will also commence a review of CTN. We expect to publish our reviews of HHV and CTN over coming weeks.

### MARKET UNDER PRESSURE AFTER STRONG 12 MONTHS

Australian equities performed well during the March quarter with the S&P/ASX 200 Accumulation Index up 4.8%, taking its 12 month performance to 20.5%. The strong performance was driven by the resurgence in large caps and the recovery in resources stocks. Small caps again underperformed during the quarter and for the 12 months to 31 March 2017 delivered a return of 13.7%, well below the broader market return. The market has floundered since the end of March and at the time of writing has given back some of the March quarter gains. With many of the large cap stocks looking fully priced and the banks under pressure on a number of fronts, the next few months could be difficult for the market. There appears to be some value amongst the small caps, but a number of small caps that have experience earnings weakness have been punished by the market, so investors are likely to remain wary.

## PERFORMANCE

Figures 2 and 3 illustrate the performance of the LMIs covered in this review as at 31 March 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, Global Masters Fund (ASX:GFL) was the best performer for the quarter, with the share price increasing 19.2%. The strong performance saw the discount to pre-tax NTA for the shares improve from 22.3% at 31 December 2016 to 4.2% at 31 March 2017.

The best performing portfolio (pre-tax NTA plus dividends) over the March quarter was Forager Australian Shares Fund (ASX:FOR) with a 10.3% increase in portfolio value. FOR has also been one of the strongest performers over the past 12 months delivering a portfolio return of 21.0%. With a positive market performance the majority of LICs posted positive portfolio returns during the March quarter. Of those LICs that did generate negative returns over the quarter, a number invest in the small and micro-cap sectors.

**Figure 2. Share Price (including dividends) Performance Analysis to 31 March 2017**

	ASX Code	% Return Mar Qtr	Annual Returns, %		
			1 Year	3 Years	5 Years
<b>LMIs</b>					
AFIC Limited	AFI	1.7%	8.6%	2.7%	10.8%
Aberdeen Leaders Fund	ALR	4.0%	19.1%	1.1%	7.8%
Amcil Limited	AMH	-3.7%	5.4%	5.7%	12.6%
Argo Limited	ARG	3.1%	8.0%	5.2%	12.1%
Asian Masters Fund Limited	AUF	6.7%	6.7%	9.0%	9.0%
Australian United Investment Company Limited	AUI	3.8%	17.0%	4.3%	11.1%
Barrack St Investments Limited	BST	-6.0%	-4.0%	na	na
Bailador Technology Investments Limited	BTI	-7.5%	-2.0%	na	na
CBG Capital Limited	CBC	8.2%	8.8%	na	na
Cadence Capital Limited	CDM	6.1%	-2.8%	2.3%	8.8%
Contango Income Generator Limited	CIE	5.3%	8.1%	na	na
Contango MicroCap Limited	CTN	-8.8%	12.9%	6.1%	4.6%
Djerriwarrh Investments Limited	DJW	0.2%	-4.5%	-0.9%	6.3%
Diversified United Investment Limited	DUI	5.9%	18.4%	6.1%	13.3%
Emerging Markets Masters Fund	EMF	3.4%	8.1%	8.1%	na
Future Generation Global Investment Company Limited	FGG	-0.5%	-4.0%	na	na
Future Generation Fund Limited	FGX	-0.4%	6.3%	na	na
Forager Australian Shares Fund	FOR	15.2%	na	na	na
Flagship Investments Limited	FSI	1.5%	21.1%	5.3%	12.7%
Glennon Small Companies Limited	GC1	-3.1%	-1.6%	na	na
Global Masters Fund Limited	GFL	19.2%	28.3%	14.5%	27.1%
Hunter Hall Global Value Limited	HHV	0.0%	10.0%	12.1%	16.4%
K2 Global Equities Fund (Hedge Fund)	KII	3.8%	9.0%	na	na
K2 Australian Small Cap Fund (Hedge Fund)	KSM	2.0%	9.7%	na	na
Mirrabooka Investments Limited	MIR	-8.0%	8.9%	6.5%	16.0%
Milton Corporation Limited	MLT	3.2%	10.1%	5.8%	12.5%
Perpetual Equity Investment Company Limited	PIC	5.2%	14.9%	na	na
QV Equities Limited	QVE	0.4%	27.9%	na	na
US Select Private Opportunities Fund	USF	-4.1%	3.2%	10.0%	na
US Select Private Opportunities Fund II	USG	-1.8%	-0.6%	9.6%	na
US Select Private Opportunities Fund III	USP	-3.4%	na	na	na
WAM Active Limited	WAA	0.4%	14.5%	1.4%	8.7%
WAM Capital Limited	WAM	5.8%	20.4%	15.2%	17.2%

	ASX Code	% Return Mar Qtr	Annual Returns, %		
			1 Year	3 Years	5 Years
WAM Research Limited	WAX	2.3%	27.0%	17.3%	23.7%
Whitefield Limited	WHF	4.2%	8.9%	6.1%	15.7%
Westoz Investment Company	WIC	4.0%	36.3%	0.3%	8.8%
WAM Leaders Limited	WLE	-0.9%	na	na	na
<b>Indices</b>					
S&P/ASX 200 Accumulation	XJOAI	4.8%	20.5%	7.5%	11.1%
S&P/ASX All Ordinaries Accumulation	XAOAI	4.5%	19.5%	7.6%	10.7%
S&P/ASX Small Ords Accumulation	XSOAI	1.5%	13.7%	6.4%	2.3%
S&P/ASX 200 Property Accumulation	XPJAI	-0.3%	6.0%	16.7%	16.9%
S&P/ASX 200 Industrials Accumulation	XJIAI	5.3%	17.4%	9.8%	15.2%

Source: IRESS/Independent Investment Research

**Figure 3. Pre-tax NTA/NAV (including dividends) Performance Analysis to 31 March 2017**

	ASX Code	% Return Mar Qtr	Annual Returns, %		
			1 Year	3 Years	5 Years
<b>LMIs</b>					
AFIC Limited	AFI	4.2%	16.6%	5.2%	9.9%
Aberdeen Leaders Fund	ALR	5.6%	22.0%	7.8%	9.9%
Amcil Limited	AMH	1.1%	8.3%	6.5%	10.5%
Argo Limited	ARG	4.8%	18.9%	6.7%	10.9%
Asian Masters Fund Limited	AUF	4.8%	7.3%	9.9%	9.4%
Australian United Investment Company Limited	AUI	6.1%	23.1%	5.5%	10.4%
Barrack St Investments Limited	BST	-0.9%	-7.2%	na	na
Bailador Technology Investments Limited	BTI	-1.7%	0.0%	na	na
CBG Capital Limited	CBC	1.0%	2.8%	na	na
Cadence Capital Limited	CDM	1.7%	9.4%	0.9%	5.9%
Contango Income Generator Limited	CIE	4.1%	13.0%	na	na
Contango MicroCap Limited	CTN	-3.7%	5.5%	2.8%	0.8%
Djerriwarrh Investments Limited	DJW	2.9%	18.3%	3.3%	7.6%
Diversified United Investment Limited	DUI	7.3%	23.0%	7.3%	12.3%
Emerging Markets Masters Fund	EMF	2.5%	10.2%	9.2%	na
Future Generation Global Investment Company Limited	FGG	0.6%	10.7%	na	na
Future Generation Fund Limited	FGX	1.8%	4.8%	na	na
Forager Australian Shares Fund	FOR	10.3%	21.0%	16.2%	20.7%
Flagship Investments Limited	FSI	1.4%	5.1%	4.9%	11.2%
Glennon Small Companies Limited	GC1	-1.3%	-1.3%	na	na
Global Masters Fund Limited	GFL	-3.3%	14.6%	10.8%	16.9%
Hunter Hall Global Value Limited	HHV	2.2%	-0.4%	9.3%	12.9%
K2 Global Equities Fund (Hedge Fund)	KII	4.2%	9.3%	na	na
K2 Australian Small Cap Fund (Hedge Fund)	KSM	3.1%	9.6%	na	na
Mirrabooka Investments Limited	MIR	0.7%	7.8%	8.3%	11.7%
Milton Corporation Limited	MLT	5.7%	16.1%	6.9%	11.1%
Perpetual Equity Investment Company Limited	PIC	1.8%	12.9%	na	na
QV Equities Limited	QVE	1.7%	14.5%	na	na
US Select Private Opportunities Fund	USF	-1.4%	9.0%	13.1%	na
US Select Private Opportunities Fund II	USG	-4.5%	5.3%	10.9%	na
US Select Private Opportunities Fund III	USP	-4.4%	na	na	na
WAM Active Limited	WAA	1.2%	13.0%	7.5%	7.7%
WAM Capital Limited	WAM	0.1%	12.3%	10.2%	11.7%
WAM Research Limited	WAX	-0.8%	13.7%	11.8%	15.3%
Whitefield Limited	WHF	5.0%	16.0%	8.9%	15.1%
Westoz Investment Company	WIC	9.5%	28.1%	0.4%	1.9%
WAM Leaders Limited	WLE	2.5%	na	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 March quarter. At 31 March 2017, 13 of the 37 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 March with the premium widening from 20.7% to 27.6% over the quarter. However, since quarter end some of this premium has unwound.

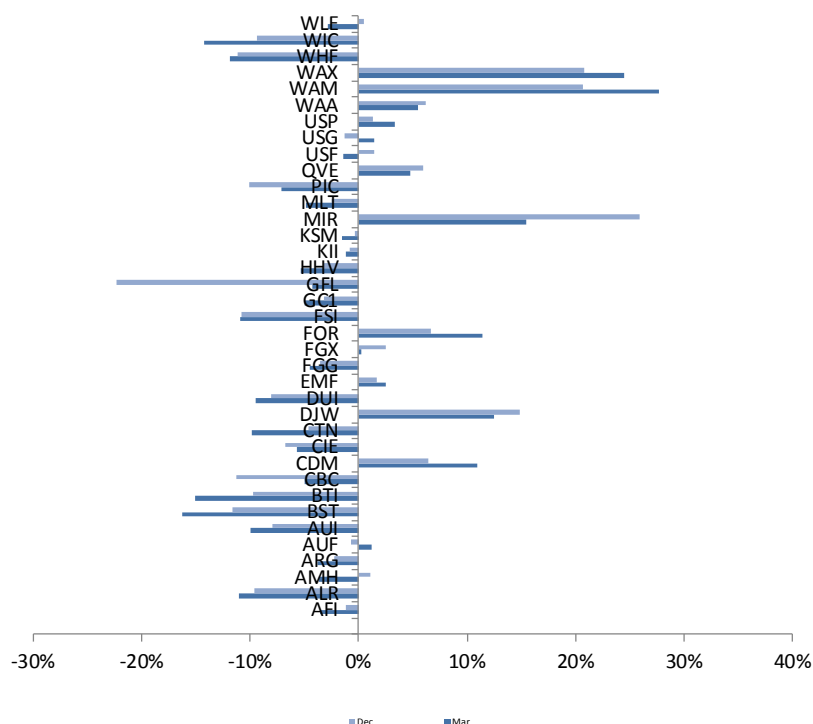
Barrack St Investments (ASX:BST) traded at the largest discount to pre-tax NTA at 31 March 2017, with the discount widening from 11.6% to 16.3% over the quarter. We think the shares are likely to remain at a discount until BST can establish a track record of consistent outperformance.

**Figure 4. Premium/Discount to pre-tax NTA as at 31 March 2017**

	ASX Code	Premium/Discount	3 year Average Premium/Discount
AFIC Limited	AFI	-3.5%	2.8%
Aberdeen Leaders Fund	ALR	-11.1%	-6.5%
Amcil Limited	AMH	-3.7%	-0.6%
Argo Limited	ARG	-3.8%	3.2%
Asian Masters Fund Limited	AUF	1.2%	0.5%
Australian United Investment Company Limited	AUI	-10.0%	-4.9%
Barrack St Investments Limited	BST	-16.3%	-14.4%
Bailador Technology Investments Limited	BTI	-15.1%	-13.7%
CBG Capital Limited	CBC	-5.0%	-6.9%
Cadence Capital Limited	CDM	11.0%	7.3%
Contango Income Generator Limited	CIE	-5.7%	-3.4%
Contango MicroCap Limited	CTN	-9.9%	-11.3%
Djerriwarrh Investments Limited	DJW	12.5%	25.9%
Diversified United Investment Limited	DUI	-9.4%	-6.0%
Emerging Markets Masters Fund	EMF	2.6%	2.2%
Future Generation Global Investment Company Limited	FGG	-4.5%	2.1%
Future Generation Fund Limited	FGX	0.2%	-1.4%
Forager Australian Shares Fund	FOR	11.4%	10.4%
Flagship Investments Limited	FSI	-10.9%	-15.1%
Glennon Small Companies Limited	GC1	-5.0%	-5.0%
Global Masters Fund Limited	GFL	-4.2%	-14.0%
Hunter Hall Global Value Limited	HHV	-5.3%	-9.9%
K2 Global Equities Fund (Hedge Fund)	KII	-1.2%	0.0%
K2 Australian Small Cap Fund (Hedge Fund)	KSM	-1.5%	0.0%
Mirrabooka Investments Limited	MIR	15.4%	14.6%
Milton Corporation Limited	MLT	-4.9%	1.1%
Perpetual Equity Investment Company Limited	PIC	-7.1%	-6.0%
QV Equities Limited	QVE	4.7%	0.4%
US Select Private Opportunities Fund	USF	-1.4%	4.2%
US Select Private Opportunities Fund II	USG	1.4%	4.0%
US Select Private Opportunities Fund III	USP	3.3%	5.2%
WAM Active Limited	WAA	5.4%	9.6%
WAM Capital Limited	WAM	27.6%	12.0%
WAM Research Limited	WAX	24.4%	9.2%
Whitefield Limited	WHF	-11.8%	-7.4%
Westoz Investment Company	WIC	-14.3%	-10.2%
WAM Leaders Limited	WLE	-2.8%	1.9%

Source: LMIs/Independent Investment Research

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



## RECOMMENDATION SUMMARY

The March 2017 LMI quarterly review includes 37 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 April 2017 we upgraded our recommendation for Argo Investments (ASX:ARG) to Highly Recommended. The table below reflects this change.

	ASX Code	Rating
AFIC Limited	AFI	Recommended Plus
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
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	GC1	Recommended
Global Masters Fund Limited	GFL	Recommended Plus
Hunter Hall Global Value Fund	HHV	Rating Under Review
K2 Global Equities Fund (Hedge Fund)	KII	Recommended
K2 Australian Small Cap Fund (Hedge Fund)	KSM	Recommended

	ASX Code	Rating
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
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 31 May 2017	5.75
Market cap (\$M)	6,762.5
Shares on issue (M)	1,176.1
Options on issue (M)	0.0
Shares traded (\$M p.a)	636.4
12-month L/H (\$)	5.48/6.09
Listing date	June 1962
Fees:	
Management Fee (%)	0.16
Performance incentives (%)	na

## Discount/Premium to Pre-tax NTA

At 31 March 2017	-3.5%
3 year average	2.8%

## Dividend Yield

	%
FY14	3.56ff
FY15	3.76ff
FY16	4.28ff

## Largest Shareholders

	%
HSBC Custody Nominees	0.6
IOOF Investment Management	0.5

As at 31 March 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 steady 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 weekly basis to review the portfolio settings.

## PORTFOLIO CHARACTERISTICS

AFI invests only in stocks listed on the ASX, 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 31 March 2017 the portfolio weighting to top 50 stocks was 78.8%, up from 77.4% at 31 March 2016. This growth reflects the outperformance of large cap stocks over the past 12 months. 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 potentially higher capital requirements for the banks.

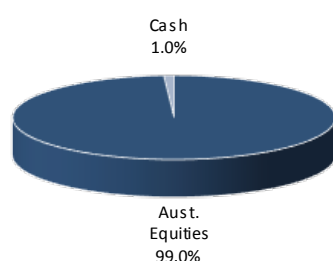
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

AFI is the largest LIC on the ASX, with a market cap of \$6.9b. AFI's portfolio (pre-tax NTA plus dividends) underperformed the benchmark (S&P/ASX 200 Accumulation Index) over the March 2017 quarter, with a return of 4.2% compared to the benchmark index return of 4.8%, with the portfolio underperforming the benchmark index by 3.9% over the 12-months to 31 March 2017. This underperformance largely reflects underweight positions in the strongly performing resources sector, particularly the mid-cap resources stocks. Over the long-term, the portfolio has outperformed the benchmark index, with an average rolling annual return over the ten years to 31 March 2017 of 7.0%, compared to the benchmark average rolling annual return of 6.4%. 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 \$300M in undrawn credit facilities. AFI held its interim 2017 dividend flat at 10 cents per share, fully franked, despite lower dividend income from its underlying portfolio. We expect the final 2017 dividend to at least be held flat, with the possibility of a small increase. At 31 March 2017, AFI shares were trading at a discount to pre-tax NTA of 3.5%, a good entry point for long-term investors seeking exposure to a well-managed, diversified Australian shares portfolio.

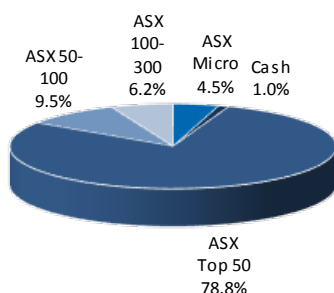
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	4.5	4.5
Materials	16.9	16.6
Industrials	10.5	10.1
Consumer Discretionary	1.8	1.8
Consumer Staples	8.5	8.8
Healthcare	9.1	9.6
Financials (ex Property)	36.5	36.9
Property	2.5	2.4
Information Technology	2.5	2.4
Telecommunication Services	4.8	4.6
Utilities	2.3	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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	4.2%	16.6%	5.2%	9.9%
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	6.0%	10.4%
S&P/ASX 200 Acc Index	4.8%	20.5%	7.5%	11.1%
Out/Under performance of index	-0.6%	-3.9%	-2.3%	-1.2%
Share Price + Dividends	0.3%	8.6%	2.7%	10.8%
Tracking Error	na	1.5%	1.3%	1.3%

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

## OTHER DATA

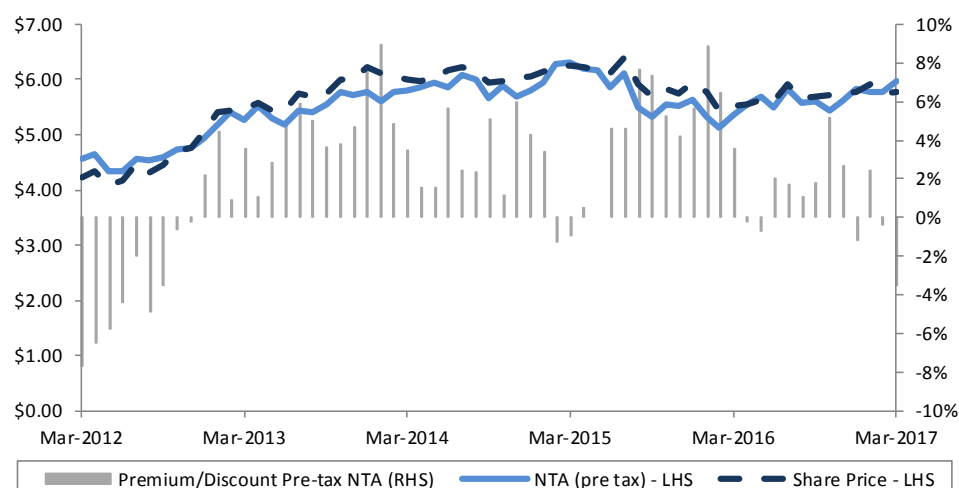
- ◆ **Dividend policy** – To pay out all received dividends so that over time the dividend stream grows faster than inflation.
- ◆ **Capital management policy** – A share buyback arrangement is in place to provide flexibility if shares trade at a discount to NTA. AFI also raises capital through its share purchase plan. AFI raised \$153m in a SPP with shares issued at \$5.51 in November 2015.
- ◆ **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	9.8	8.9
WBC	7.8	7.1
BHP	4.8	4.6
NAB	4.8	5.3
WES	4.4	3.1
ANZ	4.0	5.6
TLS	3.5	3.3
RIO	3.2	1.5
CSL	3.1	3.4
TCL	3.1	1.4
	<b>48.5</b>	<b>44.3</b>

Source all figures: AFI/Independent Investment Research/IRESS. All data as at 31 March 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 31 May 2017	1.16
Market cap (\$M)	68.9
Shares on issue (M)	59.4
Options on issue (M)	0.0
Shares traded (\$M p.a)	8.5
12-month L/H (\$)	1.03/1.20
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

31 March 2017	-11.1%
3 year average	-6.5%

## Dividend Yield %

FY14	5.69ff
FY15	4.46ff
FY16	4.76ff

## Substantial Shareholders %

HSBC Custody Nominees (Australia) Limited	21.6
GASWELD	5.1

As at 31 March 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 31 March 2017, with 74.3% of the portfolio allocated to top 50 stocks. ALR's top ten represented 52.3% of the portfolio compared to an index weighting of 33.2% for these stocks. The high conviction nature of the portfolio results in a high tracking error. The portfolio is overweight CSL, being the second largest position in the portfolio at 31 March 2017. It also has significant overweight positions in ASX, RIO, AGL, WFD and WPL, with underweight positions in the major banks.

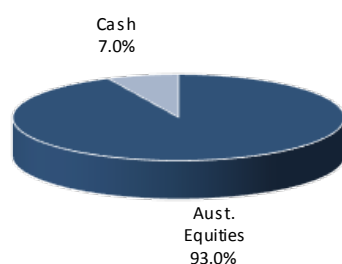
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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 22.0%, outperforming the benchmark by 1.5%. This reflected its overweight positions in CSL, RIO, WPL and AGL. Gearing the portfolio has not assisted in generating outperformance over the long-term. Over the ten years to 31 March 2017, the portfolio has underperformed the benchmark index generating an average rolling annual return of 4.6% compared to the benchmark average rolling annual return of 6.4%. The share price discount to pre-tax NTA was 11.1% at 31 March 2017, above the three year average of 6.5%. This 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. 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.

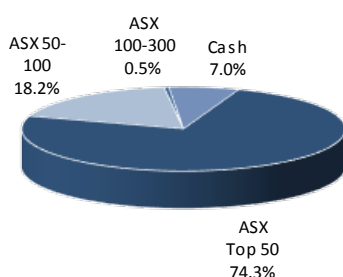
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	7.0	7.0
Materials	19.7	19.5
Industrials	1.4	1.1
Consumer Discretionary	1.5	0.8
Consumer Staples	4.7	5.4
Healthcare	16.4	16.4
Financials (ex Property)	27.5	29.0
Property	8.9	8.3
Information Technology	0.5	0.0
Telecommunication Services	5.1	4.6
Utilities	7.5	8.1

### 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)
Mark Daniels	Director (Executive Director)
Neville Miles	Director (Non-Executive Director)
Gil Orski	Company Secretary

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

## PERFORMANCE ANALYTICS

Performance	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	5.6%	22.0%	7.8%	9.9%
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	6.0%	10.4%
S&P/ASX 200 Acc Index	4.8%	20.5%	7.5%	11.1%
Out/Under performance of index	0.8%	1.5%	0.3%	-1.2%
Share Price + Dividends	4.0%	19.1%	1.1%	7.8%
Tracking Error	4.1%	4.5%	4.7%	6.0%

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

## OTHER DATA

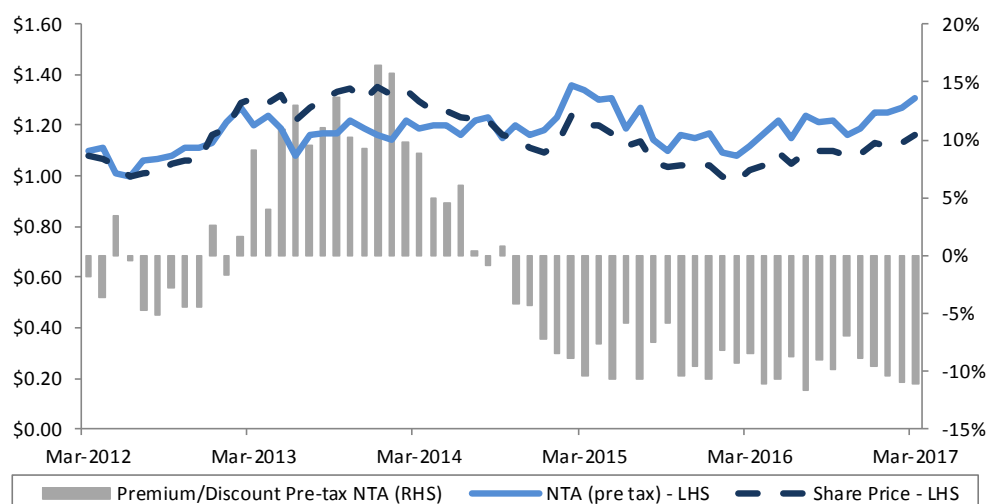
- ◆ **Dividend policy** – The Board will continue to monitor the quantum of dividends received from the portfolio's investments and will bear this in mind, together with other factors, when determining the overall level of dividends to be paid out in the future.
- ◆ **Capital management policy** – ALR 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 (%)
CBA	6.4	8.9
CSL	6.2	3.4
WBC	6.0	7.1
ASX	5.6	0.6
RIO	5.1	1.5
AGL	5.1	1.0
BHP	4.7	4.6
TLS	4.6	3.3
WPL	4.4	1.6
WFD	4.3	1.1
	<b>52.3</b>	<b>33.2</b>

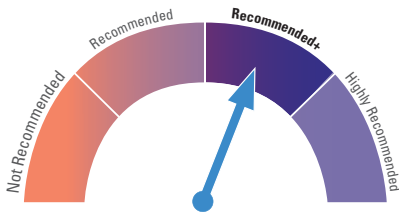
Source all figures: ALR/Independent Investment Research/IRESS. All data as at 31 March 2017 unless otherwise specified

### 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 May 2017	0.89
Market cap (\$M)	229.6
Shares on issue (M)	258.0
Options on issue (M)	0.0
Shares traded (\$M p.a)	19.5
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

31 March 2017	-3.7%
3 year average	-0.6%

## Dividend Yield

	%
FY14	8.58ff
FY15	7.22ff
FY16	4.17ff

## Largest Shareholders

	%
Bruce Teele	16.6
Djerriwarrh Investments	4.1

As at 31 March 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 42.2% invested in ASX 50 stocks at 31 March 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 heavily overweight to the Healthcare, Industrial and Consumer Discretionary sectors. Financials is the largest sector weighting, however, despite an increase during the quarter the portfolio continues to be underweight this sector relative to the benchmark index. Cash remains relatively high at 9.4% after the company sold a number of stocks that appeared overvalued or where growth prospects had become less certain.

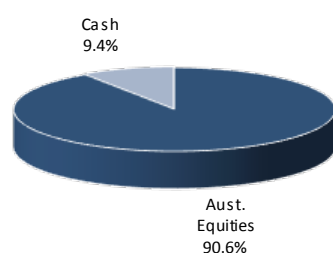
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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 (pre-tax NTA plus dividends) underperformed over the past three months delivering a return of 1.1% compared to the S&P/ASX 200 Accumulation Index gain of 4.8%. The portfolio significantly underperformed over the 12 months to 31 March 2017, given underweight positions in the strongly performing resources, energy and banking sectors. With AMH holding a weighting of 35% 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 31 March 2017, generated an average rolling annual return of 9.1%, compared to the average rolling annual benchmark return of 6.4%. At the end of March 2017, AMH shares were trading at a small 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.

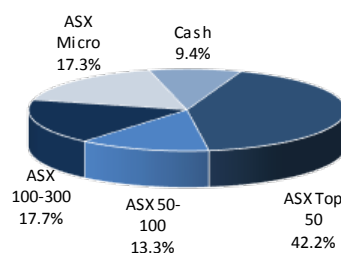
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	2.8	2.9
Materials	12.9	12.9
Industrials	18.6	17.5
Consumer Discretionary	8.6	7.5
Consumer Staples	8.5	8.7
Healthcare	17.0	15.8
Financials (ex Property)	24.2	25.4
Information Technology	4.3	5.1
Telecommunication Services	3.1	4.2
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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	1.1%	8.3%	6.5%	10.5%
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	6.0%	10.4%
S&P/ASX 200 Acc Index	4.8%	20.5%	7.5%	11.1%
Out/Under performance of index	-3.7%	-12.2%	-1.0%	-0.6%
Share Price + Dividends	-3.7%	5.4%	5.7%	12.6%
Tracking Error	na	4.7%	6.6%	6.3%

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

## OTHER DATA

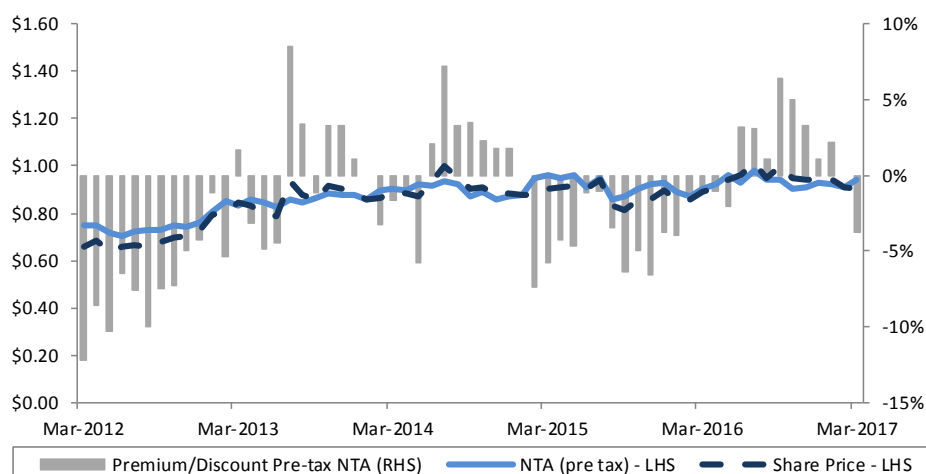
- ◆ **Dividend policy** – Depending on the profit, from year to year the dividends paid by the company will maximise the distribution of franking credits. It is not normal practice to distribute realised capital gains unless franking credits have been generated. As a result, AMH's dividends may vary 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 2.5%.

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

Code	Portfolio (%)	S&P/ASX 200 Index (%)
NAB	4.7	5.3
LIC	4.6	na
MFT	4.2	na
CBA	3.8	8.9
BXB	3.4	0.9
CSL	3.4	3.4
QBE	3.3	1.1
JHX	3.2	0.5
QUB	3.2	0.2
OSH	2.9	0.7
	<b>36.7</b>	<b>19.7</b>

Source all figures: AMH/Independent Investment Research/IRES. All data as at 31 March 2017 unless otherwise specified.

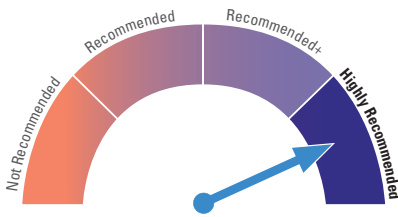
### NTA & Share Price Performance







## 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 May 2017	7.60
Market cap (\$M)	5,2969.3
Shares on issue (M)	693.3
Options on issue (M)	0.0
Shares traded (\$M p.a)	402.9
12-month L/H (\$)	7.11/7.89
Listing date	1948

## Fees

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

## Premium/Discount to Pre-tax NTA

31 March 2017	-3.8%
3 year average	3.2%

## Dividend Yield

	%
FY14	3.54ff
FY15	3.58ff
FY16	4.14ff

## 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 70% of the portfolio allocated to stocks within the S&P/ASX 50 at 31 March 2017. This has fallen from 75% at 30 June 2015 with the company adding small cap stocks in industries with stronger growth potential. At 31 March 2017, 10.2% of the portfolio was in small/micro cap stocks. The company also invests in other LIC's which comprised 5.4% of the portfolio at 31 March 2017. Investments in other LICs provides ARG with additional diversification, however increases exposure to securities already held. ARG has a high weighting to financials but is underweight the major banks.

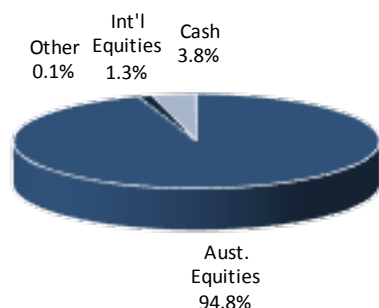
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

We recently upgraded our rating for ARG to Highly Recommended. This recognises ARG's 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 15 basis points is one of the lowest in the industry. ARG holds 9% of the capital issued in the 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, the five-year performance is broadly in line with the benchmark. Over the long-term the portfolio has also performed broadly in line with the market and over the ten years to 31 March 2017 has generated an average rolling annual return of 6.4% compared to the benchmark index average rolling annual return of 6.6%. ARG maintained its FY2017 interim dividend at 15 cents per share, fully franked and we expect the final dividend to at least be the same as last year. At 31 March 2017 the shares were trading at a discount to pre-tax NTA of 3.8%, a good entry point for investors looking to gain exposure to a well-managed, diversified portfolio of Australian equities.

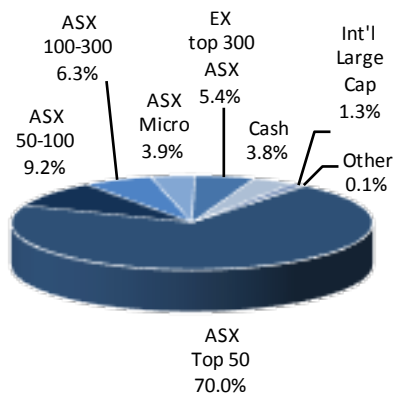
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	4.1	4.1
Materials	13.9	13.4
Industrials	6.0	5.9
Consumer Discretionary	7.2	7.3
Consumer Staples	7.7	8.0
Healthcare	7.2	7.5
Financials (ex Property)	32.3	32.8
Property	4.0	3.7
Information Technology & Telecommunication Services	6.9	6.6
Utilities	4.9	5.1
Listed Investment Companies	5.8	5.6

### 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	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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	4.8%	18.9%	6.7%	10.9%
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	6.0%	10.4%
S&P/ASX 200 Acc Index	4.8%	20.5%	7.5%	11.1%
Out/Under performance of index	0.0%	-1.6%	-0.9%	-0.2%
Share Price + Dividends	3.1%	8.0%	5.2%	12.1%
Tracking Error	na	1.5%	1.5%	1.6%

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

## OTHER DATA

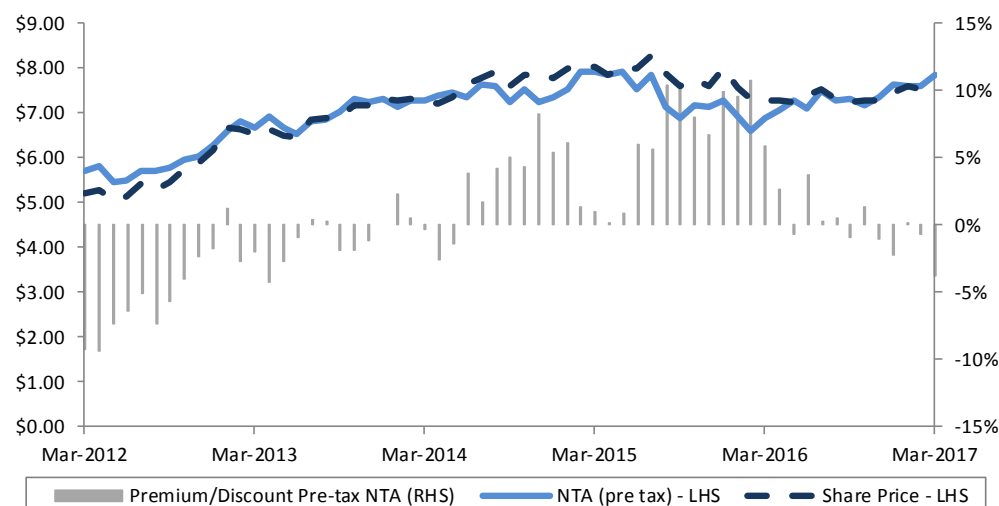
- ◆ **Dividend policy** – ARG pays dividends from income received from its investments and realised capital gains.
- ◆ **Capital management policy** – ARG actively manages its capital through on-market buybacks when its shares are trading at a discount to NTA, SPP, DRP and other share issues.
- ◆ **LIC 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	7.1	7.1
ANZ	5.7	5.6
CBA	5.0	8.9
WES	4.5	3.1
MQG	4.1	1.8
BHP	3.7	4.6
NAB	3.7	5.3
TLS	3.7	3.3
RIO	2.7	1.5
CSL	2.6	3.4
	<b>42.8</b>	<b>44.7</b>

Source all figures: ARG/Independent Investment Research/IRESS. All data as at 31 March 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 6 June 2017	1.34
Market cap (\$M)	175.2
Shares on issue (M)	130.7
Options on issue (M)	0.0
Shares traded (\$M p.a)	9.4
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>	
31 March 2017	1.2%
3 year average	0.5%

<b>Dividend Yield</b>	
	%
FY14	2.00
FY15	1.41
FY16	1.77

## 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 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 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 (34.7%) and India (17.0%). The fund can also indirectly invest in China A-Shares through its manager selection.

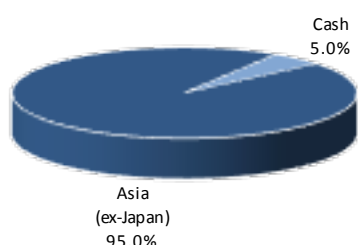
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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 31 March 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) significantly underperformed the MSCI All Countries Asia ex-Japan Index AUD for the 12-months to 31 March 2017. This 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 quarter some changes were made to make the portfolio more cyclical and less defensive. Since inception the portfolio has outperformed the benchmark generating a return of 4.8% p.a. versus a 3.2% p.a. return for the benchmark. At 31 March 2017, the shares were trading at a small premium to pre-tax NTA. AUF paid an unchanged FY2017 interim dividend of 1.1 cents per share, fully franked and has declared a special dividend of five cents per share, fully franked, to be paid in June 2017.

## SECTOR ALLOCATION

Sector	31 Dec (%)	31 Mar (%)
Information technology	22.8	23.6
Consumer staples	17.4	13.8
Consumer discretionary	17.9	15.7
Industrials	11.1	11.3
Financials	10.7	12.6
Health care	6.3	6.4
Materials	4.6	4.8
Utilities	2.3	1.7
Real estate	1.8	1.8
Telecommunication services	2.2	1.8
Energy	1.4	1.7
Cash	1.5	5.0

### Region Allocation



### Country Allocation

Country	(%)
China	34.7
India	17.0
Korea	17.4
Taiwan	11.1
Hong Kong	3.7
Indonesia	3.1
Philippines	2.2
Vietnam	2.1
Pakistan	1.1
Malaysia	0.3
Thailand	0.9
Singapore	0.6
Other	0.7
Cash	5.0

### Board of Directors

John Holland	Chairman & Independent Director
Maximilian Walsh	Executive Director
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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	4.8%	7.3%	9.9%	9.4%
MSCI AC Asia ex-Japan, AUD	7.0%	17.9%	11.6%	11.4%
Out/Under performance of index	-2.3%	-10.5%	-1.7%	-2.0%
Share Price + Dividends	6.7%	6.7%	9.0%	9.0%
Tracking Error	4.1%	3.2%	7.6%	6.9%

## OTHER DATA

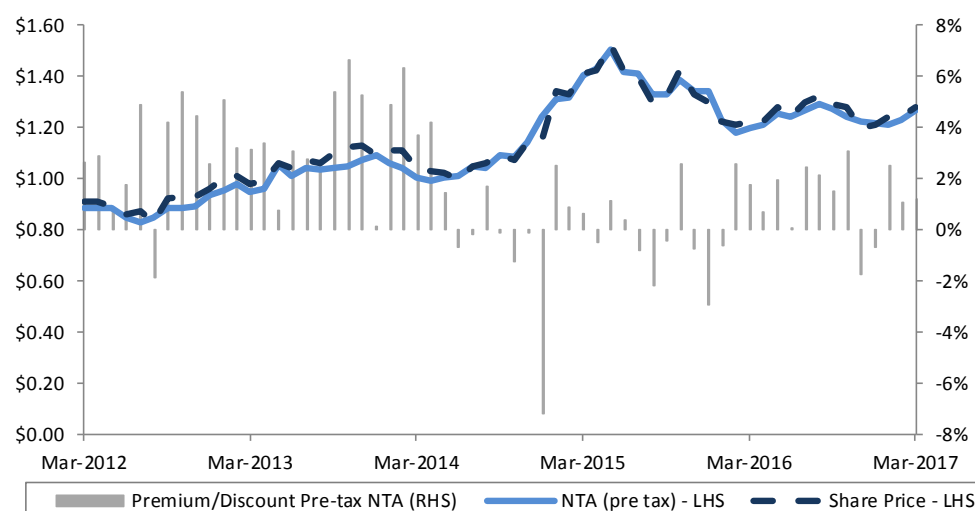
- ◆ **Dividend policy** – The board regularly reviews the suitability of declaring dividends. Historically, the Company has paid semi-annual dividends.
- ◆ **Capital management policy** – On-market buy-back program available to provide liquidity; further issue may be contemplated if there is significant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

### AUF's Portfolio

Fund	Portfolio (%)	Fund	Portfolio (%)
ANDA Korea Active Return Fund	11.8	Asian Opportunities Absolute Return Fund	7.1
Wells Fargo China Equity Fund	10.9	JPMorgan Taiwan Fund	6.7
Steadview Capital Fund	10.5	Asia New Stars No.1 Fund	6.1
Arisaig Asia Consumer Fund	8.3	APS China A-Share Fund	4.5
Prusik Asian Smaller Companies Fund	7.9	NCC China A-Share Fund	4.4
AllianceBernstein Asia ex-Japan Fund	7.9	Komodo Fund	2.0
Cephei QFII China Absolute Return Fund	7.1	Cash	5.0

Source all figures: AUF/Independent Investment Research/IRESS. All data as at 31 March 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 31 May 2017	8.19
Market cap (\$M)	1,013.1
Shares on issue (M)	123.7
Options on issue (M)	0.0
Shares traded (\$M p.a)	44.0
12-month L/H (\$)	7.00/8.32
Listing date	January 1974

## Fees

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

## Premium/Discount to Pre-tax NTA

31 March 2017	-10.0%
3 year average	-4.9%

## Dividend Yield

	%
FY14	3.74ff
FY15	4.02ff
FY16	4.71ff

## Substantial Shareholders

	%
Ian Potter Foundation	41.9
Argo Investments	12.4

As at 31 March 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 80.9% 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 56% of the portfolio compared to an index weighting of 41% for these stocks. The portfolio is heavily weighted to the financials sector, with 43.8% of the portfolio allocated to this sector and an 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 heavily weighted to banks. AUI has an 8% weighting to small and micro-cap stocks with 1.7% of this in small-cap managed funds.

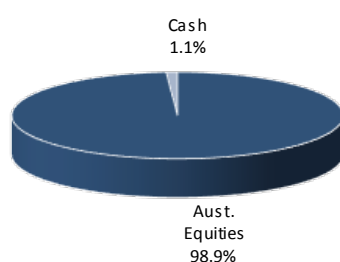
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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 31 March 2017, delivering a portfolio return (pre-tax NTA plus dividends) of 23.1%, outperforming the S&P/ASX 200 Accumulation Index return of 20.5%. This reflected the high weighting in large cap shares which have performed well over this time. The portfolio has marginally underperformed the benchmark over the long-term, with the portfolio generating an average rolling annual return of 6.2% for the past ten year period versus the benchmark return of 6.4%. However, we note that the portfolio has achieved this 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 members also take 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 of the company, with the company being listed in 1974, the Board consists of members with integrity and extensive investment/executive experience, which mitigates the risks associated with the organisational structure. Given the investment style and low trading volumes, an investment in the company is suited for long-term investors looking for exposure to Australian large cap shares. At 31 March 2017, the shares were attractively priced at a 10.0% discount to pre-tax NTA compared to a three year average discount of 4.9%.

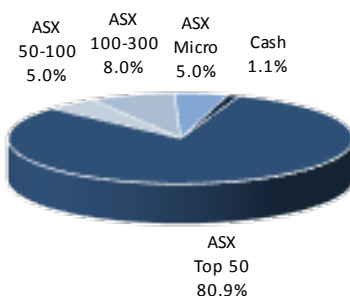
## SECTOR BREAKDOWN

Sector	31 Dec (%)	31 Mar (%)
Energy	6.5	6.4
Materials	1.0	0.9
Industrials	0.0	0.0
Transport	3.3	2.3
Mining & Mining Services	10.3	9.7
Consumer Discretionary & Staples	12.2	12.3
Healthcare	10.1	10.9
Financials (ex Property)	42.9	43.8
Property	1.4	1.4
Information Technology	0.0	0.0
Telecommunication Services	2.6	2.7
Utilities	6.4	6.8
Managed Funds	1.3	1.7
Cash	2.0	1.1

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	6.1%	23.1%	5.5%	10.4%
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	6.0%	10.4%
S&P/ASX 200 Acc Index	4.8%	20.5%	7.5%	11.1%
Out/Under performance of index	1.3%	2.6%	-2.0%	-0.7%
Share Price + Dividends	3.8%	17.0%	4.3%	11.1%
Tracking Error	na	4.5%	4.1%	3.5%

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

## OTHER DATA

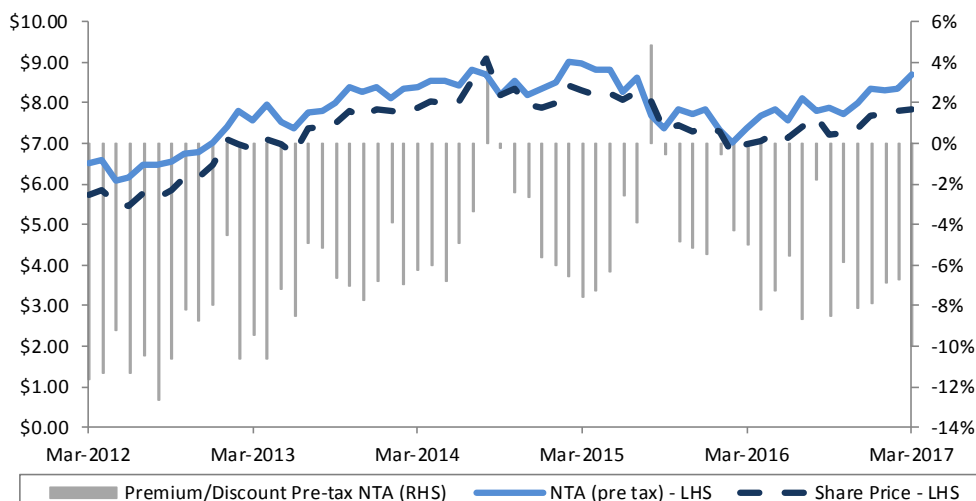
- ◆ **Dividend policy** – The Company's objective is to take a medium to long term view and to invest in a diversified portfolio of Australian equities which have the potential to provide income and capital appreciation over the longer term
- ◆ **Capital management policy** – The company offers a Dividend 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	9.1	8.9
ANZ	7.5	5.6
WBC	7.3	7.1
NAB	6.2	5.3
WES	5.2	3.1
CSL	4.7	3.4
DUI	4.4	na
TCL	4.1	1.4
RIO	3.8	1.5
BHP	3.7	4.6
	<b>56.0</b>	<b>41.0</b>

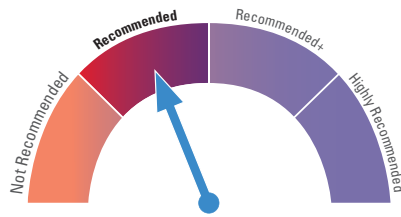
Source all figures: AUI/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

### 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 May 2017	0.855
Market cap (\$M)	15.7
Shares on issue (M)	18.3
Options on issue (M)	0.0
Shares traded (\$M p.a)	3.3
12-month L/H (\$)	0.835/1.02
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

31 March 2017	-16.3%
Average since inception	-14.4%

## Dividend Yield

	%
FY14	na
FY15	0.63ff
FY16	1.60ff

## Largest Shareholders

	%
Dr. E C Pohl	30.1

As at 31 March 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 21 stocks in the portfolio as at 31 March 2017. The Manager takes high-conviction positions in companies identified as attractive, with its top five holdings representing 45.8% 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. 49.6% of the portfolio is in micro cap and ex-S&P/ASX 100 companies. The main changes during the March quarter were the addition of A2 Milk (ASX:A2M) and SEEK (ASX:SEK).

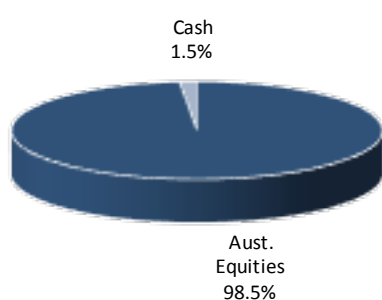
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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) underperformed the benchmark over the March quarter with pre-tax NTA down 0.9% against the All Ordinaries Accumulation Index rise of 4.5%. The portfolio 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 paid an unchanged interim FY2017 dividend of one cent per share, fully franked. Over the quarter the discount to pre-tax NTA increased from 11.6% to 16.3%. The shares are likely to remain at a discount until BST can establish a track record of consistent outperformance.

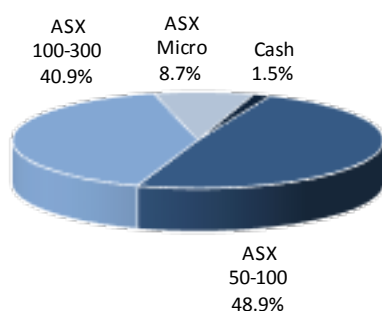
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Financials (ex Property)	21.7	19.9
Consumer Discretionary	26.5	27.6
Information Technology	24.3	19.0
Materials	0.0	0.0
Industrials	13.1	14.8
Consumer Staples	0.0	3.0
Energy	0.0	0.0
Healthcare	6.6	7.1
Property	0.0	0.0
Telecommunication Services	7.9	8.6

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	-0.9%	-7.2%	na	na
Peer Group Median (pre-tax NTA plus dividends)*	0.4%	12.4%	na	na
ASX All Ords Acc Index	4.5%	19.5%	na	na
Out/Under performance of index	-5.4%	-26.7%	na	na
Share Price + Dividends	-6.0%	-4.0%	na	na
Tracking Error	na	7.8%	na	na

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

## OTHER DATA

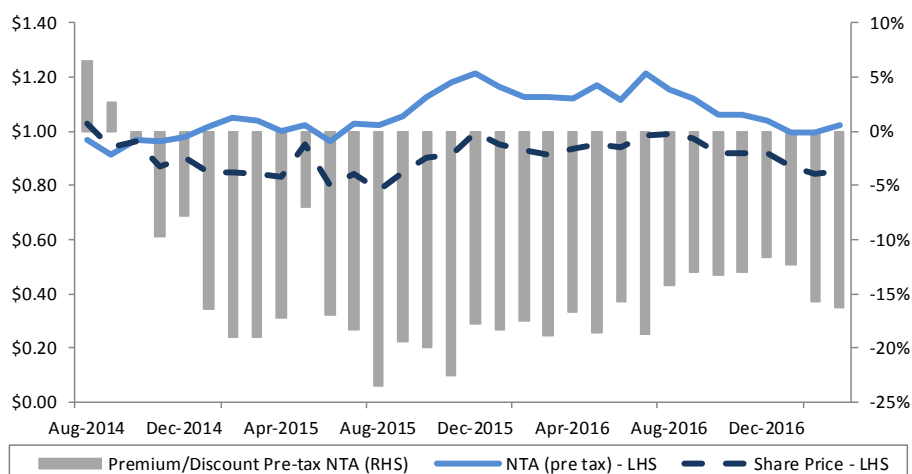
- ◆ **Dividend policy** – The company will seek to pay a semi-annual dividend franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	All Ords (%)
DMP	11.0	0.3
REA	9.4	0.4
CAR	9.0	0.2
TPM	8.4	0.3
BTT	8.0	0.2
	45.8	1.4

Source all figures: BST/Independent Investment Research/IRESS. All data as at 31 March 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 May 2017	0.84
Market cap (\$M)	101.0
Shares on issue (M)	120.2
Options on issue (M)	0.0
Shares traded (\$M p.a)	21.5
12-month L/H (\$)	0.82/1.26
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

31 March 2017	-15.1%
Average since listing	-13.7%

## Dividend Yield

	%
FY14	na
FY15	na
FY16	na

## Largest Shareholders

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

As at 31 March 2017

## COMPANY OVERVIEW

Bailador Technology Investments Limited (ASX: BTI) is a listed investment company that provides exposure to a portfolio of unlisted internet related businesses founded in Australia and New Zealand. The company invests in companies that are in the expansion stage, with a demonstrated revenue and customer base. The company does not invest in start-up companies and biotech companies. Bailador Investment Management Pty Ltd is the Investment Manager of the portfolio and is paid an annual management fee of 1.75% and a performance fee of 17.5% of the increase in the net asset value of the company, subject to the net asset value of the company increasing by 8% per annum compound. It is important to note that performance fees will only be paid on the receipt of cash from the exit from investments and not on unrealised gains.

## INVESTMENT OBJECTIVE

The company seeks to provide investors exposure to a portfolio of information technology private companies that have a recurring revenue stream, strong business model and are seeking additional capital to expand.

## STYLE AND PROCESS

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

## PORTFOLIO CHARACTERISTICS

The portfolio currently has 10 investments, the largest of which is in SiteMinder, which accounts for 29% of the portfolio. Over the March quarter BTI has made a number of follow-on investments including: \$1.0m in Rezdy, an online channel manager and booking software platform for the tours, activities and attractions sector; \$1.5m in ipro Solutions, a cloud based SaaS platform for corporate and government enterprises to manage vendor compliance risk; \$1.0m in SMI, a big data aggregation and analysis platform for the media and advertising industry; and the purchase of \$0.5m in shares in Instaclustr from an early investor in that business. With \$16.9m cash, BTI remains well-placed to make additional investments as well as portfolio follow on investments.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

BTI offers investors a unique opportunity of gaining access to a portfolio of private companies in the technology sector with ASX liquidity. BTI is the only LIC on the ASX that offers access to a portfolio of direct investments in private companies. The Investment Manager comprises two highly experienced individuals in the technology and investment industry. The capital structure of investments seeks to provide downside risk protection in addition to the contractual rights negotiated with businesses. The portfolio (pre-tax NTA per share) delivered a flat return for the 12 months to 31 March 2017 with pre-tax NTA per share unchanged at \$1.16. Since listing in November 2014 the portfolio (as measured by pre-tax NTA per share) has delivered a return of 7.3% p.a. This is lower than the underlying portfolio returns (which BTI calculates as an annualised internal rate of return of 14.3% after all fees to December 2016) due to the dilutive impact of options exercised in March 2016. At the end of March 2017 BTI shares were trading at a 15.1% discount to pre-tax NTA. This provides an attractive entry point for potential investors interested in the technology sector with potential capital appreciation on offer from revaluation of underlying investments and a narrowing of the share price discount.

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	-1.7%	0.0%	na	na
Share Price + Dividends	-7.5%	2.0%	na	na

## OTHER DATA

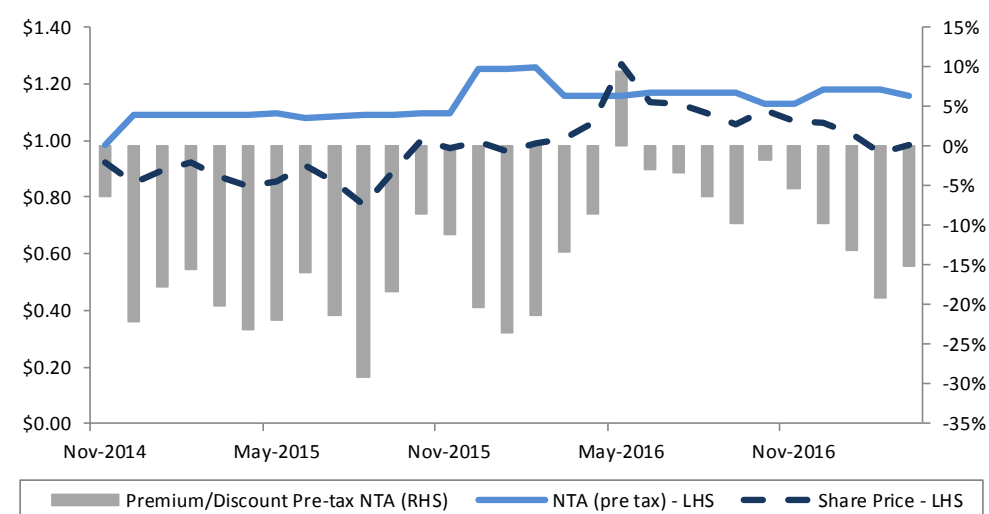
- ◆ **Dividend policy** – Dividends will be paid where possible following the realisation of investments.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – No

## BTI's Portfolio Weighting

Company	Current Value (\$m)	Portfolio (%)
SiteMinder	40.5	29.0
Viocorp International Pty Ltd	28.9	20.7
Standard Media Index Pty Ltd (SMI)	7.4	5.3
iPRO Solutions Pty Ltd	8.5	6.1
Straker Translations Limited	8.7	6.2
Stackla	11.1	7.9
Rezdy	4.5	3.3
Click Loans	4.0	2.9
DocsCorp	5.0	3.6
Instaclustr	4.5	3.2
Cash & Other	16.6	11.9

Source all figures: BTI/Independent Investment Research/IRESS.  
All data as at 31 March 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 May 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)	2.3
12-month L/H (\$)	0.84/0.955
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

31 March 2017	-5.0%
Average since listing	-6.9%

## Dividend Yield

	%
FY14	na
FY15	na
FY16	3.37ff

## Substantial Shareholders

	%
Dynasty Peak Pty Ltd	7.7
Jacqueline Kay Pty Ltd	6.1

As at 31 March 2017

## COMPANY OVERVIEW

CBG Capital Limited (ASX code: 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. The company will pay the Manager 1%p.a of the net value of the portfolio and a 20% performance fee for performance in excess of the S&P/ASX 200 Accumulation Index, subject to a high watermark. The company will seek to pay a semi-annual dividend franked to the maximum extent possible. The Manager may hold up to 50% cash if suitable opportunities cannot be identified.

## 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, with 48.2% of the portfolio allocated to ASX 50 stocks at 31 March 2017 and the remainder allocated to ex-50 stocks. The top ten stocks represent 47.8% of the portfolio, well above the benchmark weighting for these stocks, with a strong overweight position in infrastructure stocks. The portfolio is heavily weighted to the Financials sector with 41.9% of the invested portfolio allocated to this sector. There is currently minimal exposure to the Materials sector and no exposure to the Energy sector. Exposure to Healthcare increased over the quarter. CBC also had a relatively high cash position at 18.4% at 31 March 2017.

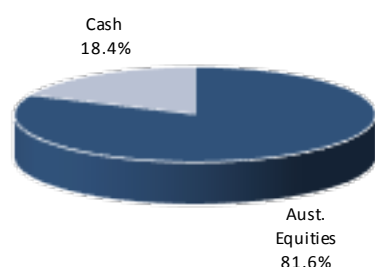
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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. An important aspect of the structure is that the Manager is 100% owned by the CIO and the CIO holds shares in CBC, thereby aligning the interests of the Manager and shareholders. In the March quarter, the portfolio (pre-tax NTA plus dividends) rose 1.0% against a 4.8% rise for the S&P/ASX 200 Accumulation Index. It underperformed the index by a significant 17.7% for the 12 months to 31 March 2017. The portfolio suffered from lack of exposure to the rebounding materials and energy sectors and an overweight position in Henderson Group (HGG) which has yet to fully recover share price losses following the Brexit vote. CBC paid a FY2017 interim dividend of one cent per share, fully franked, down from the prior year interim of 1.6 cents per share. The share price discount to pre-tax NTA fell from 9.6% to 5.0% during the quarter against an 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.

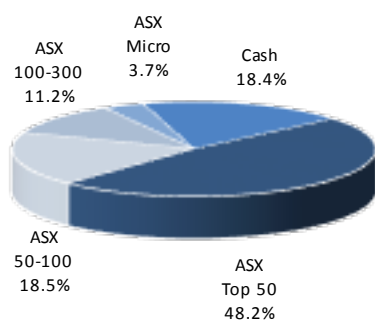
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Financials (ex Property)	46.9	41.8
Consumer Discretionary	10.8	8.6
Information Technology	4.4	7.0
Materials	1.9	2.8
Industrials	13.8	14.2
Consumer Staples	0.0	0.0
Energy	0.0	0.0
Healthcare	4.3	11.6
Property	7.3	5.3
Telecommunication Services	4.1	4.0
Utilities	6.5	4.7

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	1.0%	2.8%	na	na
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	na	na
S&P/ASX 200 Acc Index	4.8%	20.5%	na	na
Out/Under performance of index	-3.9%	-17.7%	na	na
Share Price + Dividends	8.2%	8.8%	na	na
Tracking Error	na	4.1%	na	na

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

## OTHER DATA

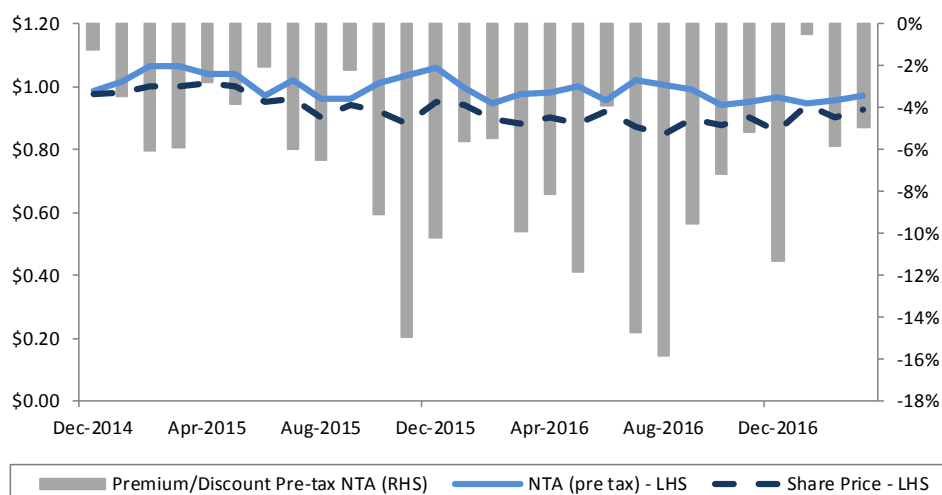
- ◆ **Dividend policy** – The company will seek to pay franked dividends semi-annually.
- ◆ **Capital management policy** – The company may undertake on-market buybacks and may also consider the issue of additional securities.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	S&P/ASX 200 (%)
CBA	9.7	8.9
WBC	8.4	7.1
NAB	4.6	5.3
ANZ	4.3	5.6
CSL	4.0	3.4
MQA	3.9	0.2
TCL	3.7	1.4
LLC	3.3	0.5
HGG	3.1	0.2
APA	2.7	0.6
	<b>47.8</b>	<b>33.3</b>

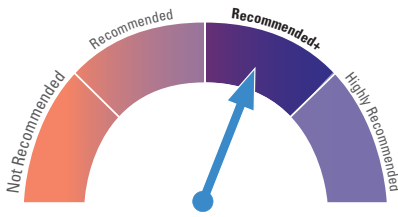
Source all figures: CBC/Independent Investment Research/IRESS. All data as at 31 March 2017 unless otherwise specified.

### 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 1 June 2017	1.215
Market cap (\$M)	332.9
Shares on issue (M)	274.0
Options on issue (M)	0.0
Shares traded (\$M p.a)	73.7
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

31 March 2017	11.0%
3 year average	7.3%

## Dividend Yield

	%
FY14	6.73ff
FY15	7.25ff
FY16	9.05ff

## 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 31 March 2017 only 18.6% was invested in international shares. At 31 March 2017, the portfolio had a net exposure of 85.0%, with the invested portfolio largely in long positions with shorts amounting to just 1.4% of the portfolio. Cash fell from 21% to 15% of the portfolio. Melbourne IT (ASX:MLB) overtook Macquarie Group (ASX:MQG) as the largest investment at 10.5% 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) has underperformed the ASX All Ordinaries Accumulation Index over the past 12 months reflecting underweight positions in resources and the major banks, market sectors that have performed well. Despite underperformance over a five-year period, the portfolio has outperformed over the longer-term, generating a 10-year portfolio return of 6.6% versus the market return of 4.3%. However, tracking error is high compared to many other LICs. CDM paid a FY2017 interim dividend of 4 cents per share, fully franked, down from the FY2016 interim of 5 cents per share. CDM shares are relatively expensive trading at an 11.0% premium to NTA at 31 March 2017.

## SECTOR BREAKDOWN (NET EXPOSURE)

Sector	31 Dec (%)	31 Mar (%)
Diversified Financials	17.5	17.4
Financials	8.1	9.1
Consumer, Non Cyclical	6.7	6.3
Banks	8.7	10.1
Software & Services	8.8	10.5
Communications	10.0	10.4
Consumer, Cyclical	1.8	2.3
Consumer Services	5.7	4.3
Industrial	1.4	1.5
Basic Materials	3.9	6.3
Technology	3.9	4.3
Capital Goods	0.0	1.0
Energy	1.1	0.5
Materials	0.1	1.1
Cash	21.3	15.0

Exposure	31 Mar (%)
Long exposure	86.4
Short Exposure	1.4
Cash	15.0

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	1.7%	9.4%	0.9%	5.9%
ASX All Ords Acc Index	4.5%	19.5%	7.6%	10.7%
Out/Under performance of index	-2.8%	-10.1%	-6.7%	-4.8%
Share Price + Dividends	6.1%	-2.8%	2.3%	8.8%
Tracking Error	na	7.0%	8.0%	8.3%

## OTHER DATA

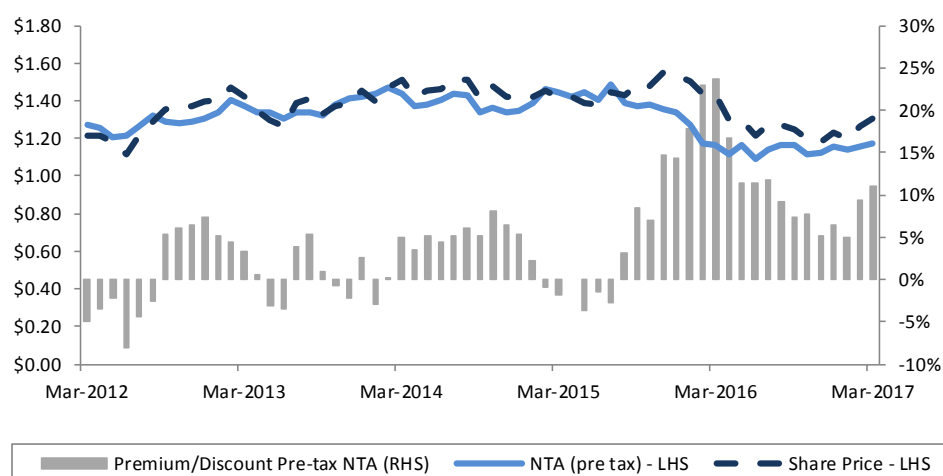
- ◆ **Dividend policy** – CDM will seek to pay a consistent and growing dividend.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes, at a 3% discount.

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

Stock	Portfolio (%)	Currency Exposure	Direction
Melbourne IT Ltd	10.5	AUD	Long
Macquarie Group Ltd	9.8	AUD	Long
Henderson Group Ltd	5.3	AUD	Long
Retail Food Group	4.2	AUD	Long
Samsung Electronics Co Ltd	4.2	USD	Long
ANZ Banking Group	4.0	AUD	Long
National Australia Banks	3.6	AUD	Long
Facebook Inc	3.5	AUD	Long
Independence Group NL	3.0	AUD	Long
Alphabet Inc	3.0	AUD	Long
<b>51.1</b>			

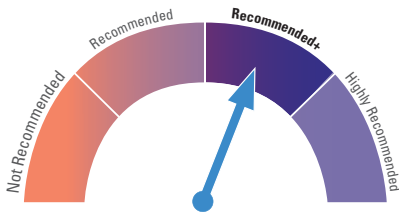
Source all figures: CDM/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

### 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 June 2017	0.94
Market cap (\$M)	76.3
Shares on issue (M)	81.1
Options on issue (M)	33.9
Shares traded (\$M p.a)	51.6
12-month L/H (\$)	0.91/1.00
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

31 March 2017	-5.7%
3 year average	-3.4%

## Dividend Yield

	%
FY14	na
FY15	na
FY16	3.26pf

## Largest Shareholders

	%
Victor Plummer	3.1
HSBC Custody Nominees (Australia) Limited	0.9

As at 31 March 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 in 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 53.7% 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 39.3% of the portfolio, compared to the relevant weighting in the All Ordinaries Index of 2.8%. Portfolio performance will largely be dependent on the stock picking abilities of the Manager.

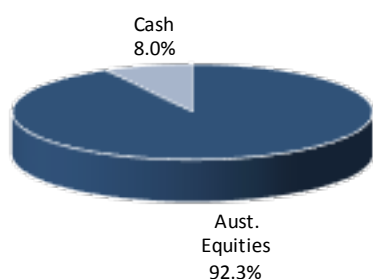
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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 31 March 2017, CIE delivered a portfolio return (pre-tax NTA plus dividends) of 13.0%, significantly underperforming the ASX All Ordinaries Accumulation Index which increased 19.5% over the period. This reflects the absence of major banks and underweight positions in materials and energy, all sectors which performed strongly. A number of CIE's top ten holdings including, Bank of Queensland (ASX:BOQ) and Tabcorp (ASX:TAH) underperformed the market over this time. The S&P/ASX 200 Industrials Accumulation Index, which excludes resource focused stocks, rose 17.4% over the 12 months. CIE paid an unchanged interim FY2017 dividend of 3 cents per share, 50% franked and is guiding for a FY2017 final of at least 3.4 cents per share. CIE shares have mostly traded at a discount since listing and at 31 March 2017 were at a 5.7% 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.

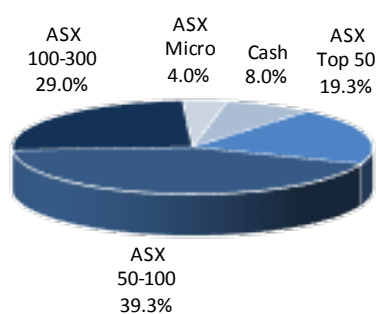
## SECTOR BREAKDOWN

Sector	31 Dec (%)	31 Mar (%)
Energy	1.9	2.3
Materials	4.5	6.3
Industrials	6.1	9.6
Consumer Discretionary	18.3	21.5
Consumer Staples	5.1	2.5
Health Care	0.0	1.9
Financials	30.5	32.2
Information Technology	2.1	2.2
Telecommunication Services	0.0	0.0
Utilities	6.1	4.5
REITS	8.4	9.0
SPI Futures	0.0	-6.7
Cash	17.1	14.6

### 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) from 11 May 2017

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

## PERFORMANCE ANALYTICS

Performance	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	4.1%	13.0%	na	na
Peer Group Median (pre-tax NTA plus dividends)*	0.4%	12.4%	na	na
ASX All Ords Acc Index	4.5%	19.5%	na	na
Out/Under performance of index	-0.5%	-6.5%	na	na
Share Price + Dividends	5.3%	8.1%	na	na
Tracking Error	na	5.2%	na	na

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

## OTHER DATA

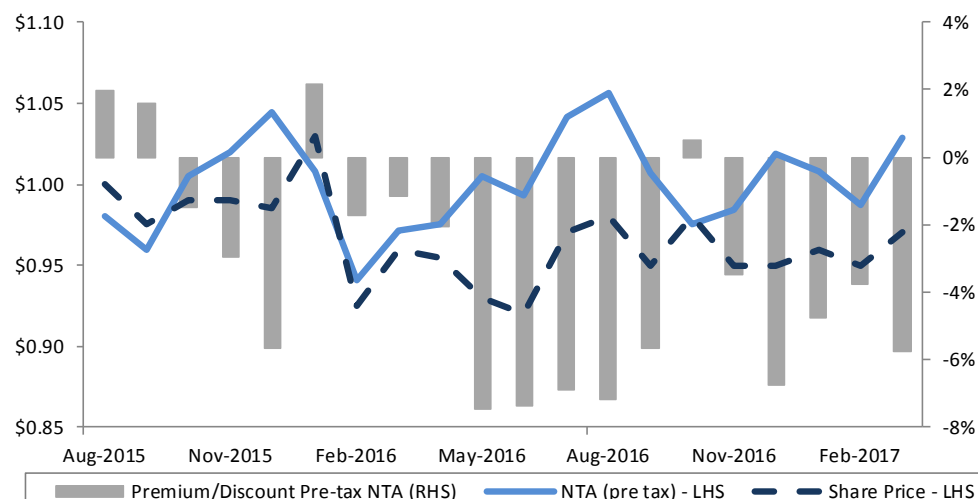
- ◆ **Dividend policy** – CIE will seek to pay annual dividends amounting to a minimum 6.5%pa yield on the net tangible asset value per share prevailing at the beginning of the financial year.
- ◆ **Capital management policy** – CIE can buy back its shares, however has no buy back window in operation.
- ◆ **Options** – 33.9m options exercisable at \$1.00 per share. Expiry date 30 March 2018.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes, at 3% discount.

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

Code	Portfolio (%)	ASX All Ordinaries Index (%)
BOQ	6.2	0.3
ASX	6.2	0.5
TAH	4.8	0.2
BEN	4.0	0.3
TTS	3.4	0.4
PPT	3.4	0.1
ABC	3.3	0.2
GUD	2.9	0.1
SKI	2.5	0.2
CCL	2.5	0.5
	<b>39.3</b>	<b>2.8</b>

Source all figures: CIE/Independent Investment Research/IRESS. All data as at 31 March 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 8 June 2017	0.91
Market cap (\$M)	153.3
Shares on issue (M)	168.5
Shares traded (\$M p.a)	64.1
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

31 March 2017	-9.9%
3 year average	-11.3%

#### Dividend Yield %

FY14	7.80pf
FY15	8.00pf
FY16	6.30pf

#### Largest Shareholders %

Victor Plummer	2.4
HSBC Customdy Nominees	1.6

As at 31 March 2017

## COMPANY OVERVIEW

CTN is a listed investment company focusing on small/micro cap stocks. Historically the portfolio has been entirely managed by Contango Asset Management Ltd (ASX:CGA), an ASX listed fund manager partly owned by management and staff. However, in February 2017 an additional manager, OC Funds Management was appointed to manage a \$27m parcel of funds. 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

On 25 May 2017 CTN announced it will return 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 reverts back to Contango Asset Management (ASX:CGA) after a 60 business day transition period.

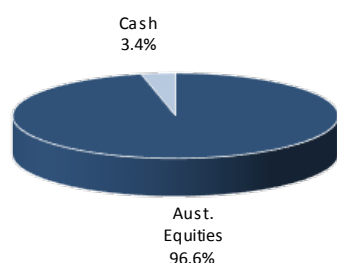
We placed our CTN rating under review in December 2016 following the announcement that it would add an additional manager and change the LIC name. We saw this as a highly unusual step that would add new risks for shareholders. In our view, and without making any judgement about OCFM's portfolio management 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, so we will need to undertake a new review before reinstating our rating.

During the March 2017 quarter, the portfolio (pre-tax NTA plus dividends) significantly underperformed the market with a negative return of 3.7% versus the ASX Small Ordinaries Accumulation Index return of positive 1.5%. 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 31 March 2017 of 3.5%, compared to the ASX Small Ordinaries Accumulation Index average rolling annual return of 0.7%. CTN paid an interim FY2017 dividend of 2.7 cents per share, 50% franked, and has guided for a final FY2017 dividend of at least 3.9 cents per share. This would give a FY2017 total dividend of at least 6.6 cents per share compared to 6.3 cents per share in FY2016.

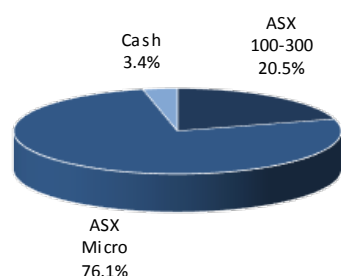
## SECTOR BREAKDOWN

Sector	31 Dec (%)	31 Mar (%)
Energy	2.0	2.5
Materials	17.6	26.3
Industrials	11.2	9.5
Consumer Discretionary	13.0	10.4
Consumer Staples	9.7	1.9
Health Care	8.8	8.7
Financials & REITS	17.8	17.3
Information Technology	13.1	9.0
Telecommunication Services	0.0	1.9
Utilities	0.0	2.2
SPI Futures	3.5	6.8
Cash	3.4	3.5

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	-3.7%	5.5%	2.8%	0.8%
Peer Group Median (pre-tax NTA plus dividends)*	-1.4%	15.7%	5.9%	0.8%
ASX Small Ords Acc Index	1.5%	13.7%	6.4%	2.3%
Out/Under performance of index	-5.1%	-8.2%	-3.6%	-1.5%
Share Price + Dividends	1.5%	13.7%	6.4%	2.3%
Tracking Error	na	14.8%	10.8%	11.6%

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

## OTHER DATA

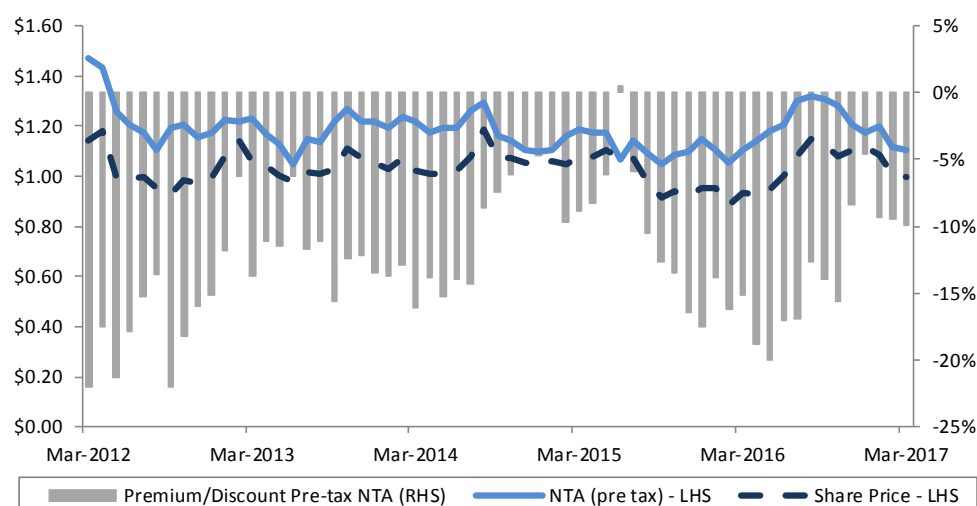
- ◆ **Dividend policy** – CTN aims to pay annual dividends amounting to a minimum 6%pa yield on net tangible asset value per share prevailing at the start of the financial year.
- ◆ **Capital management policy** – CTN announced an on-market share buy-back program of up to \$5m of its ordinary shares, approximately 3.35% of its issued capital. The buy-back is expected to start on 19 June 2017 and 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	3.5	0.0
ENN	3.3	0.0
VLW	2.4	0.0
RVR	2.4	na
MOD	2.3	na
PEA	2.2	0.0
ASB	2.2	0.0
PME	2.2	0.0
XIP	2.1	0.0
HUB	2.1	0.0
	<b>24.7</b>	<b>0.2</b>

Source all figures: CTN/Independent Investment Research/IRESS. All data as at 31 March 2017 unless otherwise specified.

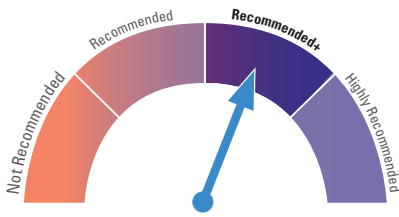
### NTA & Share Price Performance







## 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 May 2017	3.60
Market cap (\$M)	789.7
Shares on issue (M)	219.4
Options on issue (M)	0.0
Shares traded (\$M p.a)	136.7
12-month L/H (\$)	3.50/4.23
Listing date	June 1995
Fees:	
Management Fee (%)	0.42
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

31 March 2017	12.5%
3 year average	25.9%

## Dividend Yield

	%
FY14	5.52ff
FY15	5.54ff
FY16	6.37ff

## Largest Shareholders

	%
AFIC	3.4
Bruce Teele	0.9

As at 31 March 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 enhancement of 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 12 months DJW has reduced its weighting to large cap (top 50) stocks, down from 81.8% to 75.5%, increasing its exposure to the small and micro cap market sectors.

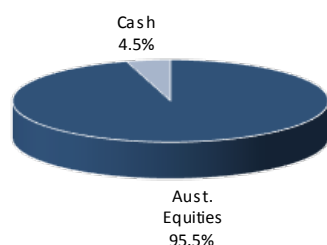
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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, \$75m of which has been drawdown (~9% of the company's market cap). The portfolio underperformed the benchmark index over the March quarter, with the portfolio (pre-tax NTA plus dividends) gaining 2.9% compared to the benchmark index which was up 4.8%. The portfolio has also underperformed on a one, three and five-year basis. DJW's overlaying option strategy seeks to provide shareholders with an above market dividend yield. The company has achieved this by continuing to offer a greater dividend yield than the benchmark index. However, for FY2016 DJW paid a lower dividend of 24 cents per share fully franked, down two cents on the prior year. The first half 2017 interim dividend was steady at 10 cents per share despite a 35% fall in net operating profit, but DJW has previously foreshadowed a reduction in the full year dividend to 20 cents per share. The share price premium to pre-tax NTA continued to fall over the March quarter and has fallen from 32% at 30 June 2016 to 12.5% at 31 March 2017 given the outlook for a lower dividend. At this price the shares are still overvalued and we suggest potential investors remain patient when seeking an entry point.

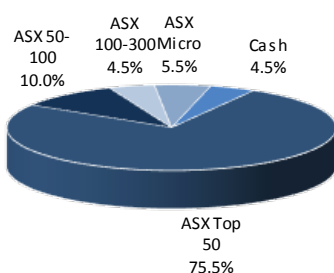
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	5.0	5.3
Materials	15.4	14.5
Industrials	9.3	9.7
Consumer Discretionary	1.5	1.4
Consumer Staples	7.3	7.9
Healthcare	8.6	9.4
Financials (ex Property)	42.1	41.8
Property	2.7	2.7
Information Technology	1.3	1.2
Telecommunication Services & Utilities	5.0	4.9
Utilities	1.6	1.2

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	2.9%	18.3%	3.3%	7.6%
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	6.0%	10.4%
S&P/ASX 200 Acc Index	4.8%	20.5%	7.5%	11.1%
Out/Under performance of index	-2.0%	-2.2%	-4.2%	-3.5%
Share Price + Dividends	0.2%	-4.5%	-0.9%	6.3%
Tracking Error	na	1.9%	2.4%	2.3%

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

## OTHER DATA

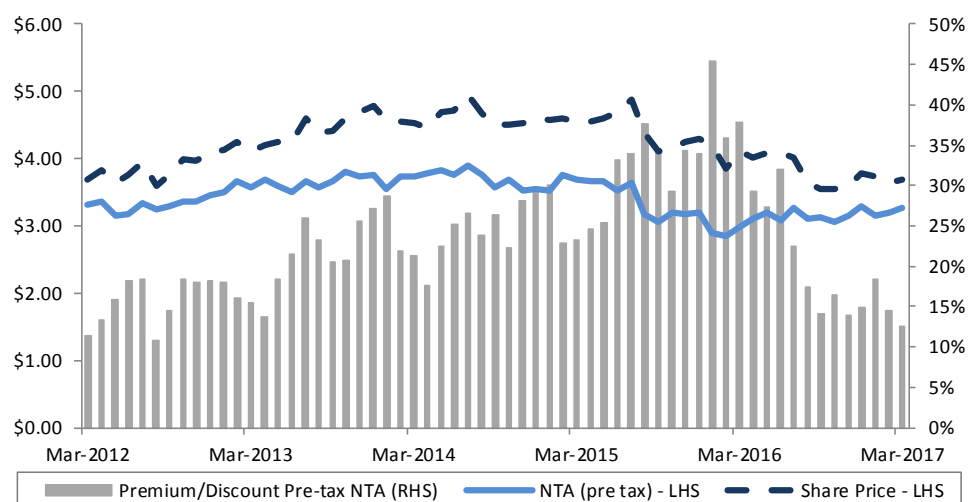
- ◆ **Dividend policy** – DJW looks to distribute all dividends and income received such that they are fully franked.
- ◆ **Capital management policy** – DJW has a buyback arrangement in place to buyback shares if trading at a discount to NTA.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – 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 (%)
WBC	7.8	7.1
CBA	6.7	8.9
NAB	6.6	5.3
ANZ	6.0	5.6
BHP	4.6	4.6
CSL	4.0	3.4
TLS	3.8	3.3
WES	3.5	3.1
BXB	2.3	0.9
OSH	2.1	0.7
	<b>47.4</b>	<b>42.9</b>

Source all figures: DJW/Independent Investment Research/IRESS. All data as at 31 March 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 May 2017	3.70
Market cap (\$M)	772.2
Shares on issue (M)	208.7
Options on issue (M)	0.0
Shares traded (\$M p.a)	40.9
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

31 March 2017	-9.4%
3 year average	-6.0%

## Dividend Yield (%)

FY14	3.89ff
FY15	3.93ff
FY16	4.28ff

## Substantial Shareholders (%)

Ian Potter Foundation & Australian United Investment	24.0
National Nominees Ltd	6.6

As at 31 March 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 a small 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 the potential to invest up to 10% of the portfolio in international equities, with 9.6% of the portfolio allocated to international stocks at 31 March 2017. Large cap stocks remain a focus for the domestic portfolio with 78.1% of the portfolio allocated to the stocks in the S&P/ASX 50. At 31 March there was a 6% allocation to small cap stocks with 2.1% 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 domestic banks with a 39.5% weighting to financials.

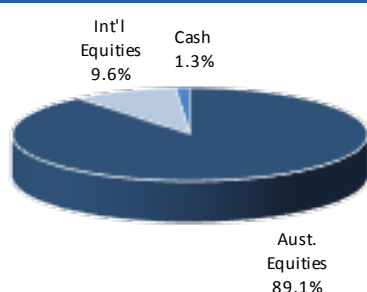
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

DUI provides cost-effective access to a portfolio that primarily consists of ASX-listed securities. The portfolio is close to its full 10% allocation in ETFs that provide exposure to international markets with potential for the company to increase this limit. Given the company's previous history with international investments, we retain a cautious view on the inclusion of international market exposure, however note that if the Australian dollar weakens then this will provide an additional source of returns to the company. We note that the decision to allocate 5% of the portfolio to small cap fund managers will provide further portfolio diversification, but is a departure from past practices. DUI was one of the best performing LICs over the past 12 months with the portfolio (pre-tax NTA plus dividends) generating a return of 23% versus the S&P/ASX 200 Accumulation Index return of 20.5%. This reflects the high weighting to large cap stocks which have performed well over the period. However, the portfolio has underperformed the benchmark index over the long-term with the portfolio generating an average rolling annual return of 5.3% compared to the benchmark index of 6.4%, over the ten years to 31 March 2017. DUI was trading at a 9.4% discount to pre-tax NTA at 31 March 2017. We attribute this to the long-term portfolio underperformance and low volumes. DUI expects to maintain its dividend at 14 cents per share in FY2017 despite the prospect of lower dividend income from its portfolio. This may lead to a payout ratio greater than 100% with the company prepared to utilise prior years' retained earnings.

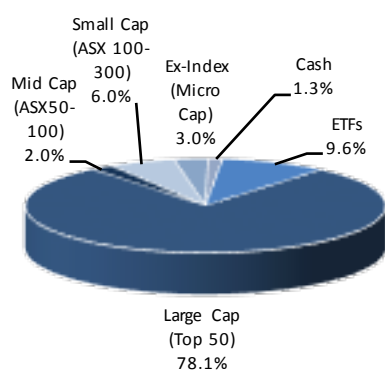
## SECTOR BREAKDOWN

Sector	31 Dec (%)	31 Mar (%)
Energy	6.5	6.4
Building Materials	0.6	0.6
Transportation	1.3	1.2
Consumer & Retail	5.7	5.8
Healthcare	9.9	11.1
Financials (ex Property)	39.3	39.5
Property	5.8	5.8
Telecommunications	1.4	1.2
Infrastructure & Utilities	7.5	8.2
Mining & Services	7.6	7.2
Managed Funds	2.2	2.1
International ETFs	10.0	9.6
Cash	2.0	1.3

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	7.3%	23.0%	7.3%	12.3%
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	6.0%	10.4%
S&P/ASX 200 Acc Index	4.8%	20.5%	7.5%	11.1%
Out/Under performance of index	2.5%	2.5%	-0.2%	1.2%
Share Price + Dividends	5.9%	18.4%	6.1%	13.3%
Tracking Error	na	4.0%	4.5%	3.7%

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

## OTHER DATA

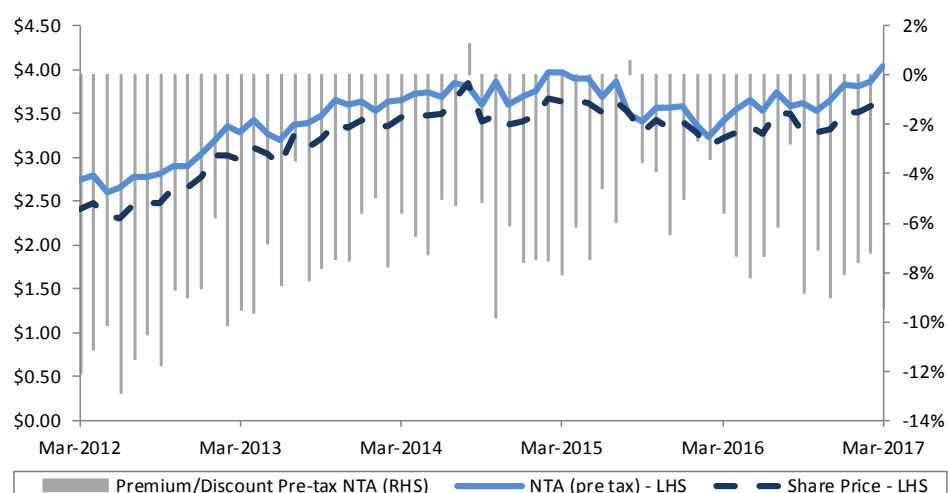
- ◆ **Dividend policy** – The company seeks through careful portfolio management to reduce risk and increase income over time so as to maintain and grow dividend distributions to shareholders over the long term.
- ◆ **Capital management policy** – The company offers a Dividend Reinvestment Plan and from 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	9.2	8.9
CSL	8.0	3.4
WBC	7.1	7.1
ANZ	6.8	5.6
TCL	5.0	1.4
NAB	4.6	5.3
WPL	3.4	1.6
VEU	3.2	na
WES	3.1	3.1
BHP	3.1	4.6
	<b>53.5</b>	<b>39.5</b>

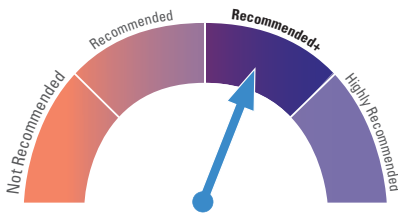
Source all figures: DUI/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

### 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 6 June 2017	1.98
Market cap (\$M)	188.2
Units on issue (M)	95.1
Units traded (\$M p.a)	7.5
12-month L/H (\$)	1.74/2.00
Listing date	Oct 2012

## Fees

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

## Premium/Discount to Pre-tax NTA

31 March 2017	2.6
3 year average	2.2

## Dividend Yield

	%
FY14	3.66uf
FY15	2.99uf
FY16	3.45uf

## COMPANY 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 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 March quarter the portfolio was well-diversified with investments in 14 funds. From a country perspective, the largest allocations are to China (24.9%) and India (17.1%). A significant portion (16.6%) 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.

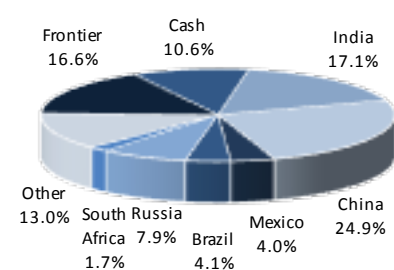
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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, two of the three 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 10.2% in the 12-months to 31 March 2017, underperforming the MSCI Emerging Market Index AUD which rose 17.6%. 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 quarter some changes were made to make the portfolio more cyclical and less defensive. The portfolio has outperformed over a three year period with a portfolio return of 9.2% p.a. against the benchmark return of 7.9% p.a. At 31 March 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 Dec (%)	31 Mar (%)
Consumer Staples	22.1	14.8
Financials	19.6	20.6
Telecommunication Services	3.2	3.1
Information Technology	12.6	11.9
Industrials	10.5	9.4
Consumer Discretionary	11.5	10.2
Materials	5.4	4.9
Energy	5.3	5.2
Healthcare	4.9	5.2
Utilities	2.2	2.1
Real Estate	1.5	1.8
Cash	1.1	10.6

## 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
David Thomas
June Aitken

## PERFORMANCE ANALYTICS

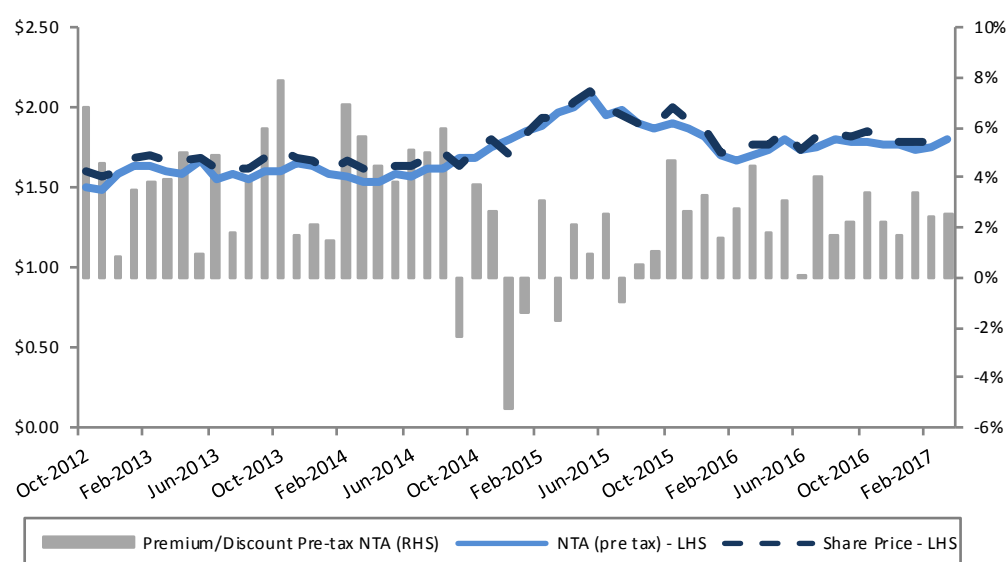
Performance	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	2.5%	10.2%	9.2%	na
MSCI Emerging Markets Index, AUD	5.2%	17.6%	7.9%	na
Out/Under performance of index	-2.7%	-7.4%	1.3%	na
Share Price + Dividends	3.4%	8.1%	8.1%	na
Tracking Error	4.3%	4.8%	7.9%	na

## EMF'S PORTFOLIO

Fund	Portfolio (%)	Fund	Portfolio (%)
Steadview Capital Fund	14.9	NCC China A-Share Fund	3.8
BMO LGM Frontier Markets Fund	11.7	Schroder International Emerging Europe Fund	3.4
Lazard Emerging Markets Fund	10.2	GBM Crecimiento Fund	2.4
Wells Fargo China Equity Fund	10.2	Brasil Capital Equity Fund	1.5
Polunin Discovery Frontier Markets Fund	8.9	Cash	10.6
Somerset Emerging Markets Dividend Growth Fund	4.6		
Cephei QFII China Absolute Return Fund	5.1		
APS China A-Share Fund	4.8		
Russian Prosperity Fund	4.9		
Arisaig Latin America Consumer Fund	2.9		

Source all figures: EMF/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

## NTA & Share Price Performance





## Rating



## LMI Type

Listed investment company

## Investment Area

International

## Investment Assets

Managed Funds

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 May 2017	1.08
Market cap (\$M)	299.3
Shares on issue (M)	277.2
Options on issue (M)	272.5
Shares traded (\$M p.a)	62.8
12-month L/H (\$)	1.025/1.09
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

31 March 2017	-4.5%
Average since inception	2.1%

## Dividend Yield

	%
CY14	na
CY15	na
CY16	0.94

## Largest Shareholders

	%
Citigroup Nominees	10.2
HSBC Custody Nominees (Australia)	3.2

As at 31 March 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 31 March 2017, there were 15 funds in the portfolio, down from 19 at the previous quarter end, with 54.0% long only funds, 33.7% absolute bias funds and 4.0% in quantitative strategy funds. The portfolio is largely invested in global equity funds however some funds have specific country and region exposure. FGG has recently indicated that it is rebalancing the portfolio and moving asset allocations away from countries and regions towards the global fund managers and this is expected to reduce 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.

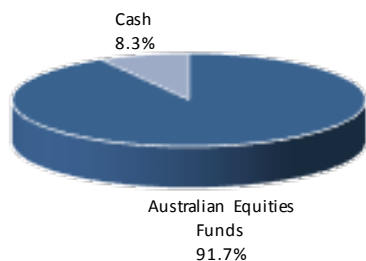
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

FGG seeks to provide shareholders 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. We note the underlying 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 31 March 2017, the portfolio (pre-tax) NTA plus dividends increased 10.7% compared to a 15.4% increase for the MSCI World Total Return Index, AUD. FGG paid an inaugural dividend of one cent per share, fully franked, in October 2016. It expects the next potential dividend will be an interim dividend for the six months to 30 June 2017. FGG has changed its year end to 31 December. At 31 March 2017 FGG shares were trading at a 4.5% discount to pre-tax NTA.

## STRATEGY BREAKDOWN (EX CASH)

Strategy	%
Long only	58.8
Absolute return	36.8
Quantitative Strategies	4.4

## 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	0.6%	10.7%	na	na
Peer Group Median (pre-tax NTA plus dividends)*	1.8%	10.0%	na	na
MSCI World Total Return Index, AUD	0.9%	15.4%	na	na
Out/Under performance of index	-0.3%	-4.7%	na	na
Share Price + Dividends	-0.5%	-4.0%	na	na
Tracking Error	1.7%	2.3%	na	na

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

## OTHER DATA

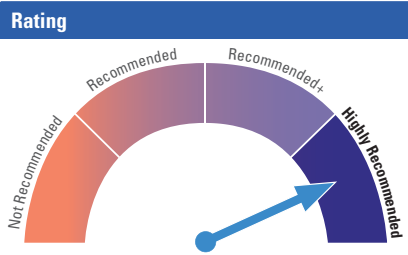
- ◆ **Dividend policy** – The company's objective is to pay fully franked dividends to shareholders provided the company has sufficient profit reserves and franking credits, and it is within prudent business practices.
- ◆ **Capital management policy** – The company may undertake capital management initiatives 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 Dec (%)	31 Mar (%)	Strategy
Magellan Global Fund	10.1	10.3	Long equities
Ironbridge Global Focus Fund	9.6	9.7	Long equities
Cooper Investors Global Equities (Unhedged) Fund	8.6	8.9	Long equities
Antipodes Global Fund	8.6	8.7	Absolute bias
VGI Partners Funds	8.1	8.0	Absolute bias
Marisco Global Fund	6.9	7.2	Long equities
Nikko AM Global Share Fund	6.0	6.1	Long equities
Manikay Global Opportunistic USD Fund	5.5	5.4	Absolute bias
Ellerston Global Investments Wholesale Fund	4.9	4.8	Long equities
Morphic Global Opportunities Fund	4.6	4.7	Absolute bias
Neuberger Berman Systematic Global Equities Trust	4.0	4.0	Quant Strategies
Paradise Global Small Mid Cap Fund	3.6	3.6	Long equities
Cooper Investors Asian Tiger Fund	3.2	3.4	Long equities
Tribeca Global Total Return Fund	2.1	0.0	Quant Strategies
Antipodes Asia Fund	2.8	2.9	Absolute bias
Avenir Value Fund	1.8	4.0	Absolute bias
InSync Global Titans Fund	1.4	0.0	Long equities
Hunter Hall Global Equities Trust	1.5	0.0	Long equities
Eastspring Investments Asian Dynamic Fund	1.4	0.0	Absolute bias
Cash	5.4	8.3	

Source all figures: FGG/Independent Investment Research/IRES.  
All data as at 31 March 2017 unless otherwise specified.





## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Managed Funds

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 31 May 2017	1.08
Market cap (\$M)	377.6
Shares on issue (M)	349.7
Options on issue (M)	0.0
Shares traded (\$M p.a)	120.6
12-month L/H (\$)	1.07/1.175
Listing date	September 2014

## Fees\*

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

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

## Premium/Discount to Pre-tax NTA

31 March 2017	0.2%
Average since inception	-1.4%

## Dividend Yield

	%
FY14	na
FY15	1.72ff
FY16	3.42ff

## Largest Shareholders

	%
HSBC Custody Nominees (Australia) Limited	6.1
The Minderoo Foundation Pty Ltd	3.3

As at 31 March 2017

## COMPANY OVERVIEW

Future Generation Investment Company Limited (ASX:FGX) listed on the ASX in September 2014 after raising \$200m. 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 21 managed funds across 19 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 43.0% of the invested portfolio allocated to this style of fund, with 41.3% in absolute return funds and 15.7% in market neutral funds. The largest single exposure is to Paradise Investment with a 10.9% exposure spread between two funds. The cash holding has reduced since December as FGX invests the funds raised from the exercise of options, but remains relatively high at 11.5%.

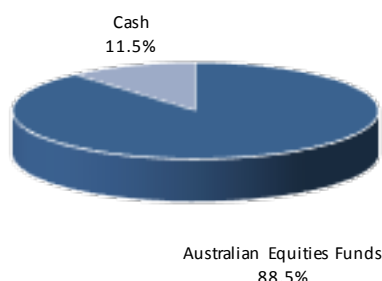
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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 31 March 2017, partly due to the dilutive effect of options being exercised. FGX shares were close to pre-tax NTA at 31 March 2017 compared to an average discount of 1.4% since inception. FGX paid a final dividend of 2.1 cents per share fully franked. FGX expects to announce an interim FY2017 dividend in August 2017. We note that FGX has changed its financial year end to 31 December.

## STRATEGY BREAKDOWN (EX CASH)

Strategy	%
Long only	43.0
Absolute return	41.3
Market neutral	15.7

## Asset Weighting



## Board of Directors

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

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

## PERFORMANCE ANALYTICS

Performance	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	1.8%	4.8%	na	na
Peer Group Median (pre-tax NTA plus dividends)*	-1.4%	15.7%	na	na
ASX All Ords Acc Index	4.5%	19.5%	na	na
Out/Under performance of index	-2.7%	-14.7%	na	na
Share Price + Dividends	-0.4%	6.3%	na	na
Tracking Error	5.3%	5.9%	na	na

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

## OTHER DATA

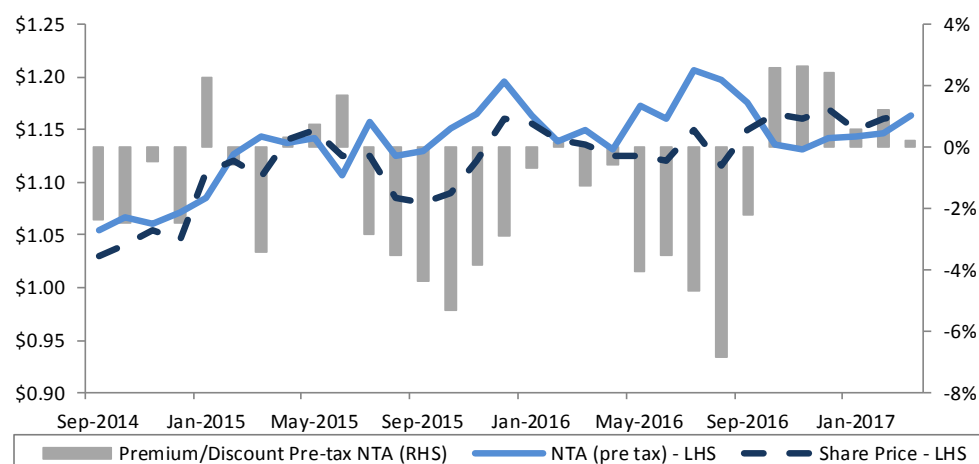
- ◆ **Dividend policy** – The company's objective is to pay fully franked dividends to shareholders provided the company has sufficient profit reserves and franking credits, and it is within prudent business practices. The company's current intention is to pay dividends semi-annually.
- ◆ **Capital management 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	10.1	Optimal Australia Absolute Trust	2.8
Regal Australian Long Short Equity Fund	9.3	L1 Capital Long Short Fund - Retail Class	2.8
Wilson Asset Management Equity Fund	8.5	CBG Australian Equities Fund (Wholesale)	2.4
Watermark Absolute Return Fund	7.4	Discovery Australian Small Companies Fund	2.1
Tribeca Alpha Plus Fund	7.1	LHC Capital Australia High Conviction Fund	1.8
Paradise Australian Equities Mid Cap Fund	6.0	Centennial Asset Management The Level 18 Fund	1.6
Cooper Investors Australian Equities Fund	5.1	Smallco Broadcap Fund	1.6
Eley Griffiths Group Small Companies Fund	5.1	Lanyon Australian Value Fund	1.2
Paradise Large Cap Fund	4.9	Eley Griffiths Group Emerging Companies Fund	0.7
Sandon Capital Activist Fund	4.3	Qato Capital Market Neutral L/S Fund	0.6
Bennelong Long Short Equity Fund	3.1	Cash	11.5

Source all figures: FGX/Independent Investment Research/IRESS. All data as at 31 March 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 8 June 2017	1.95
Market cap (\$M)	170.9
Units on issue (M)	87.6
Units traded (\$M p.a)	8.9
12-month L/H (\$)	1.63/2.04
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

31 March 2017	11.4%
Average since listing	10.4%

## Distribution Yield\*

	%
FY14	6.26
FY15	9.69
FY16	12.15

\*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). After reaching \$150m in funds under management (FUM) in September 2016 the Fund was closed 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 31 March 2017 there were 20 stocks in the portfolio with the largest holding, Macmahon Holdings (ASX:MAH) representing 9.8% of the portfolio. The portfolio will typically have a 10-20% cash weighting, with 10% being viewed as fully invested. The Manager can hold high levels of cash when there are few attractive investment opportunities. The cash weighting at 31 March 2017 was 20.1%. Micro-caps comprised the largest portion of the portfolio at 31 March 2017 with a weighting of 61.2%. The remainder was in small caps with no exposure to S&P/ASX 100 stocks.

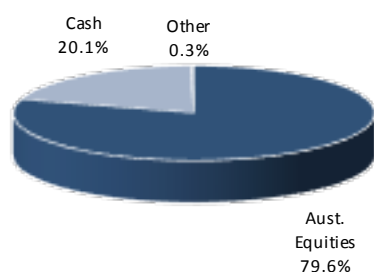
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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. 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 31 March 2017 FOR units were expensive trading at an 11.3% premium to pre-tax net asset value.

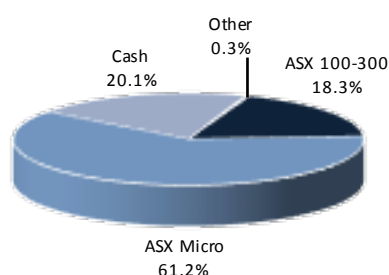
## SECTOR BREAKDOWN

Sector	31 Mar (%)
Energy	3.6
Materials	3.8
Industrials	27.6
Consumer Discretionary	22.2
Consumer Staples	0.0
Healthcare	0.0
Financials (ex Property)	2.1
Property	0.3
Information Technology	16.6
Telecommunication Services	0.0
Utilities	3.4
Unlisted Securities	0.3
Cash	20.1

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends**	10.3%	21.0%	16.2%	20.7%
Peer Group Median (pre-tax NTA plus dividends)*	-1.4%	15.7%	5.9%	0.8%
ASX All Ords Acc Index	4.5%	19.5%	7.6%	10.7%
Out/Under performance of index	5.8%	1.6%	8.6%	10.0%
Share Price + Dividends**	15.2%	na	na	na
Tracking Error	18.3%	13.5%	12.4%	12.2%

\* Australian Small & Micro Cap Share LMI 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

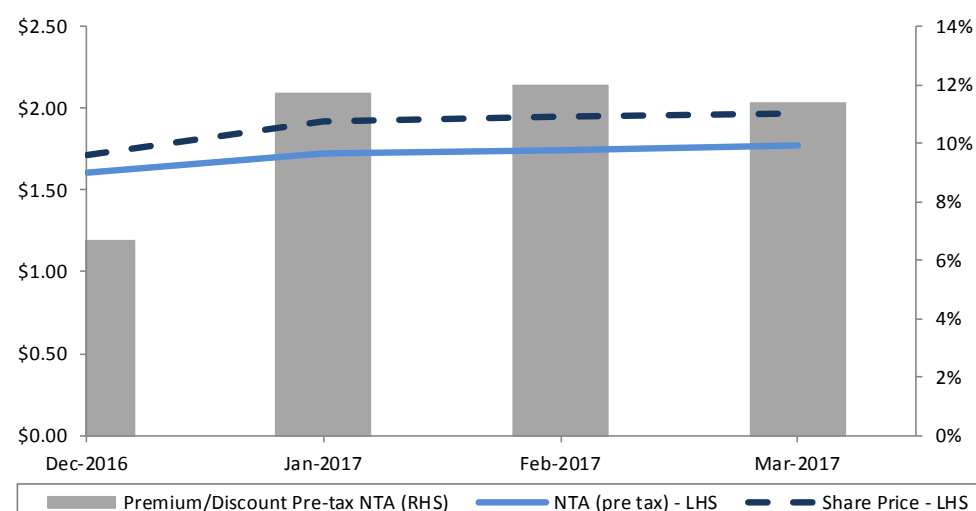
- ◆ **Dividend policy** – na
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – na
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	All Ords (%)
MAH	9.78	0.01
RKN	8.68	0.01
NZM	8.17	na
CDD	6.99	0.03
SSM	6.69	0.02
	<b>40.31</b>	<b>0.07</b>

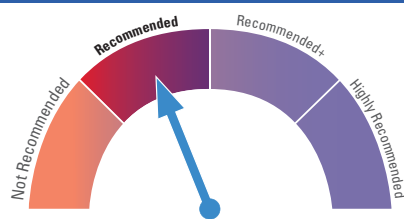
Source all figures: FOR/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

### 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 May 2017	1.525
Market cap (\$M)	38.9
Shares on issue (M)	25.5
Options on issue (M)	0.0
Shares traded (\$M p.a)	5.5
12-month L/H (\$)	1.44/1.65
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

31 March 2017	-10.9%
3 year average	-15.1%

## Dividend Yield

	%
FY14	4.34ff
FY15	2.92ff
FY16	4.93ff

## Largest Shareholders

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

As at 31 March 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 27 stocks in the portfolio. The company takes high-conviction positions in companies identified as attractive. Large-cap (top 50) stocks account for 44.5% of the portfolio, with the rest split between mid, small and micro-cap stocks. Financials remains the largest sector weighting increasing from 37.1% to 38.6% of the portfolio over the March quarter. Consumer Discretionary is the second largest exposure at 17.4%. The top five stocks represent 39.4% of the portfolio compared to the index weighting for these stocks of 20.1%. This highlights the concentrated, high-conviction nature of the portfolio. Key changes to the portfolio during the quarter included the addition of A2Milk (ASX:A2M) and software company Class (ASX:CL1) and the removal of Brambles (ASX:BXB) and ARB Corporation (ASX:ARB). FSI has the ability to invest up to 10% of the portfolio in unlisted securities.

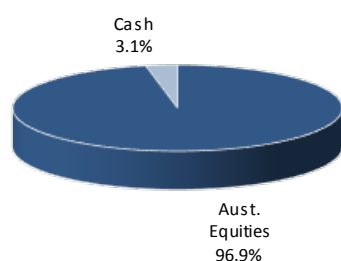
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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 NAV plus dividends) has significantly underperformed the market over the past 12 months with performance hurt by falls in a number of small cap exposures and underweight positions in resources and energy. Over a five-year period the portfolio has slightly outperformed the ASX All Ordinaries Accumulation Index. FSI paid an unchanged interim dividend of 3.5 cents per share, fully franked. The discount to pre-tax NTA was largely unchanged at 10.9% at the end of March.

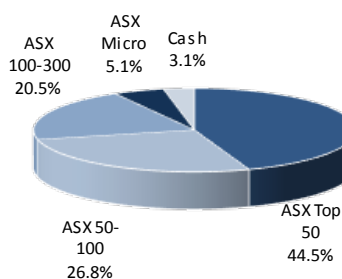
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Financials (ex Property)	37.1	38.6
Consumer Discretionary	17.4	15.1
Information Technology	9.5	8.5
Materials	3.2	5.0
Industrials	13.8	10.3
Consumer Staples	0.0	1.4
Energy	3.1	3.3
Healthcare	7.1	8.6
Telecommunication Services	5.4	5.5
Utilities	3.5	3.7

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	1.4%	5.1%	4.9%	11.2%
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	6.0%	10.4%
ASX All Ords Acc Index	4.5%	19.5%	7.6%	10.7%
Out/Under performance of index	-3.1%	-14.4%	-2.7%	0.5%
Share Price + Dividends	1.5%	21.1%	5.3%	12.7%
Tracking Error	na	5.6%	5.2%	5.5%

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

## OTHER DATA

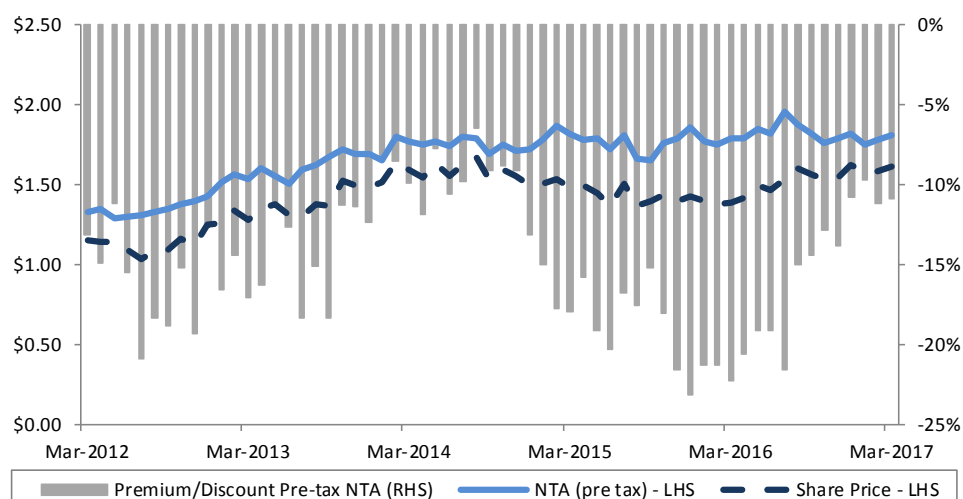
- ◆ **Dividend policy** – Provide shareholders with a fully franked dividend, which, over time, will increase at a rate in excess of the rate of inflation.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	All Ords (%)
MQG	9.6	1.7
CBA	8.8	8.2
WBC	8.4	6.5
REA	6.6	0.4
CSL	6.1	3.2
	<b>39.4</b>	<b>20.1</b>

Source all figures: FSI/Independent Investment Research/IRESS. All data as at 31 March 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 31 May 2017	0.915
Market cap (\$M)	43.1
Shares on issue (M)	47.1
Options on issue (M)	0.0
Shares traded (\$M p.a)	12.4
12-month L/H (\$)	0.885/1.045
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

31 March 2017	-5.0%
Average since inception	-5.0%

## Dividend Yield

	%
FY14	na
FY15	na
FY16*	0.76ff

\*Refer to IIR comments.

## COMPANY OVERVIEW

GC1 is listed investment company that invests in small and micro-cap companies. It listed on the ASX following an equity raising in August 2015. Subscribers to the offer were also issued with an attaching option, with an August 2016 expiry. Glennon Capital Pty Limited has been appointed as the Manager of the portfolio. Glennon Capital Pty Limited is 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. At 31 March 2017, the portfolio was well diversified comprising 36 stocks with a maximum individual stock exposure of 4.2%. The top 5 holdings accounted for 19.2% of the portfolio.

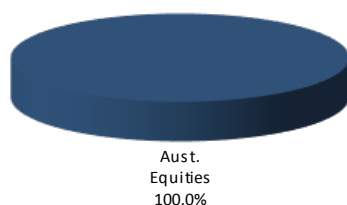
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

GC1 offers investors access to a professionally managed portfolio of small and micro cap (ex-100) 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. Historically the Manager has had a relatively small team with just two Portfolio Managers. However, during the March quarter the Manager added two junior analysts, and additional support staff bringing some more depth to the team. The portfolio (pre-tax NTA plus dividends) underperformed the ASX Small Ordinaries Accumulation Index over the 12-months to 31 March 2017. In part this reflects the dilutive effect of options being exercised at a sizable discount to NTA. Options not exercised by the original holders by the 18 August 2016 expiry date were exercised via an options underwriting agreement. GC1 paid a FY2017 interim dividend of one cent per share, fully franked, up on the previous interim of 0.75 cents per share. Added to the FY2016 final, GC1 has paid total dividends of 4.00 cents per share, fully franked, over the past 12 months. Based on the current share price this equates to a yield of 4.37%. At the end of March the shares were trading at a 5% discount to pre-tax-NTA. We think the shares are likely to remain at a discount until the LIC can establish a longer-term track record of outperformance.

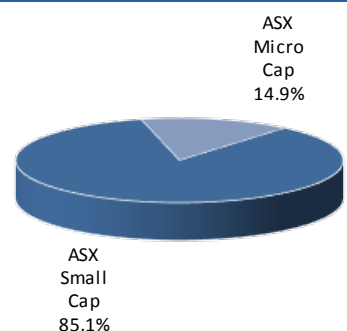
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	2.8	0.2
Materials	8.0	15.1
Industrials	9.8	18.1
Consumer Discretionary	35.9	26.1
Consumer Staples	1.6	6.8
Health Care	14.3	11.1
Financials	12.1	9.0
Information Technology & Telecommunication Services	15.5	9.5
Utilities	0.0	0.0

### Asset Weighting



### Size Weighting (ex cash)



### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	-1.3%	-1.1%	na	na
Peer Group Median (pre-tax NTA plus dividends)*	0.4%	12.4%	na	na
ASX Small Ords Acc Index	1.5%	13.7%	na	na
Out/Under performance of index	-2.7%	-14.8%	na	na
Share Price + Dividends	-3.1%	-1.6%	na	na
Tracking Error	8.5%	6.8%	na	na

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

## OTHER DATA

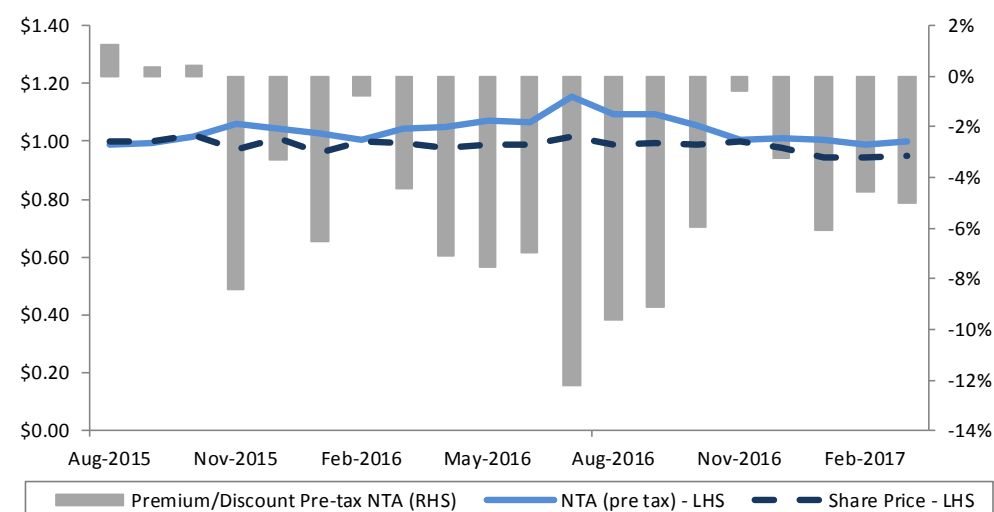
- ◆ **Dividend policy** – The Board is committed to paying a growing stream of fully franked dividends over the long-term, provided the company has sufficient profit reserves and franking credits, it is within prudent business practices and it's in line with capital growth objectives.
- ◆ **Capital management 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	4.2	na
ZML	3.9	na
GEM	3.8	0.7
CGC	3.8	0.6
SGM	3.5	1.1
	<b>19.2</b>	<b>2.5</b>

Source all figures: GC1/Independent Investment Research/IRESS. All data as at 31 March 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 31 May 2017	2.15
Market cap (\$M)	18.4
Shares on issue (M)	8.6
Options on issue (M)	0.0
Shares traded (\$M p.a)	2.3
12-month L/H (\$)	1.33/2.15
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

31 March 2017	-4.2%
3 year average	-14.0%

## Dividend Yield

	%
FY14	na
FY15	na
FY16	na

## Largest Shareholders

	%
EC Pohl & Co Pty Ltd & Associated entities	54.1
As at 31 March 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 52.8% 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 a 7.1% 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 15.9% weighting to Australian LIC, Flagship Investments (ASX: FSI).

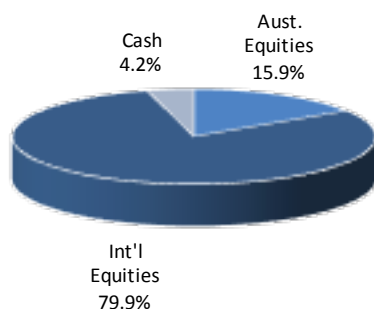
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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\$243,111 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 fell 3.3% over the March quarter but is up 14.6% over the 12 months to 31 March 2017 reflecting the strong outperformance of Berkshire Hathaway shares. The GFL discount to pre-tax NTA has narrowed substantially over the quarter from 22.3% to 4.2%. While not as attractive an entry point, it still provides Australian investors with a unique opportunity to gain access to Berkshire Hathaway Inc shares.

## COUNTRY WEIGHTING

Country Weighting	(%)
Australia	20.1
North America	72.8
United Kingdom	7.1

## 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	-3.3%	14.6%	10.8%	16.9%
Peer Group Median (pre-tax NTA plus dividends)*	-2.2%	8.2%	3.5%	10.0%
MSCI AUD	-0.1%	12.9%	10.4%	13.9%
Out/Under performance of index	-3.2%	1.8%	0.4%	3.0%
Share Price + Dividends	19.2%	28.3%	14.5%	27.1%
Tracking Error	na	9.5%	7.9%	7.9%

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

## OTHER DATA

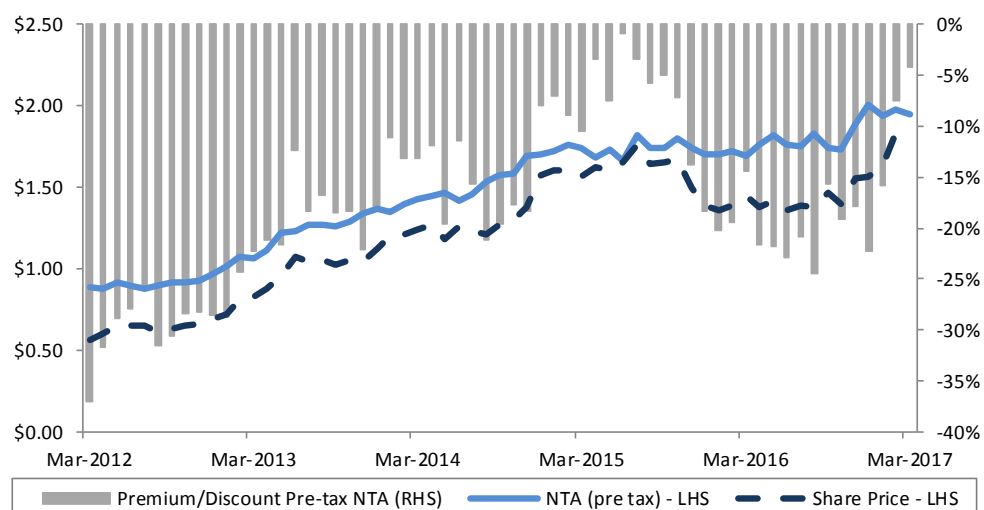
- ◆ **Dividend policy** – No dividend is paid
- ◆ **Capital management policy** – None
- ◆ **LIC tax concessions** – na
- ◆ **DRP available** – na

## GFL's Portfolio Weighting

Company	Portfolio (%)
Berkshire Hathaway Inc - Class A Shares - BRK.A	52.8
Flagship Investments Limited - FSI	15.9
Berkshire Hathaway Inc - Class B Shares - BRK.B	20.0
Athelney Trust Plc - ATY	7.1
	<b>95.8</b>

Source all figures: GFL/Independent Investment Research/IRESS. All data as at 31 March 2017 unless otherwise specified.

## NTA & Share Price Performance





## Rating

### Rating Under Review

#### LMI Type

Listed investment company

#### Investment Area

Global

#### Investment Assets

Listed companies and other

#### Investment Sectors

Diversified

#### Key Investment Information

Price (\$) as at 8 June 2017	1.135
Market cap (\$M)	277.2
Shares on issue (M)	244.2
Options on issue (M)	0.0
Shares traded (\$M p.a)	139.1
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

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

31 March 2017	-5.3%
3 year average	-9.9%

#### Dividend Yield

	%
FY14	5.94pf
FY15	5.82pf
FY16	8.27pf

#### Largest Shareholders

	%
Wilson Asset Management	14.5
Washington H Soul Pattinson	10.0

As at 31 March 2017

## COMPANY OVERVIEW

Hunter Hall Global Value Limited (ASX: HHV) is a listed investment company that invests in a portfolio of domestic and international equities. The portfolio is managed by Hunter Hall Investment Management Limited, a global equity investment management company that operates ethically screened portfolios. HHV seeks to pay a consistent regular stream of fully franked dividends, provided there are sufficient profit reserves and franking credits and it is within prudent business practices.

## INVESTMENT OBJECTIVE

The investment objective is to generate positive absolute returns in excess of the portfolio's benchmark over an investment horizon of five years.

## STYLE AND PROCESS

The Manager is a value investor with a fundamental, bottom up stock selection strategy. The company screens the investment universe for those companies that meet the value requirements of the Manager. Further analysis and due diligence is done on those stocks that look attractive. Stocks that are determined as attractive will be included in the portfolio if the stock is trading at a discount to the intrinsic value, a re-rating of the stock can be identified and liquidity requirements are met. Each Portfolio Manager is allocated a portion of the available capital with the Chief Investment Officer ultimately responsible for stock selection and portfolio construction. Portfolio Manager's capital allocation is scaled up and down depending on how the individual's portfolio performed compared to the other Portfolio Manager's over both the short and medium term.

## PORTFOLIO CHARACTERISTICS

The Manager invests in a concentrated portfolio of up to 60 stocks with a small to mid-cap bias and applies an ethical screen to stocks in the portfolio. It will not invest in stocks that do not meet the ethical requirements. Given the company invests in international markets, the portfolio is subject to currency risk which may be hedged by the investment team. The portfolio is subject to stock, sector and country limitations. As a benchmark agnostic manager, HHV may take large overweight positions in individual stocks. Large movements in the share prices of these companies can have a material impact on performance. We note that HHV has a much higher tracking error than most LICs.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

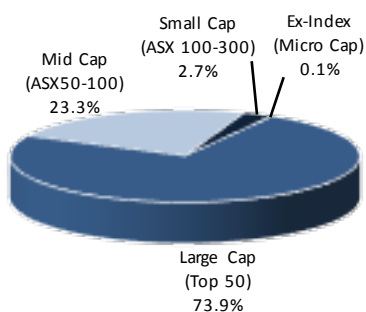
Shareholders in Hunter Hall International (ASX:HHL), the Investment Manager for HHV voted in favour of a merger with Pengana Capital. This effectively ends the instability surrounding HHV and its Manager since the departure of Peter Hall. Since the merger, HHV has announced a number of new strategic initiatives including Board renewal, dividend policy, fee reductions, changes to the investment mandate and a new investment management team. Former Hunter Hall Chief Investment Officer, James McDonald will be part of the investment management team. Our rating for HHV remains suspended until we have had an opportunity to meet with the new investment management team and conduct a full review.

HHV's portfolio performance (pre-tax NTA plus dividends) improved during the March quarter recording a gain of 2.2% against a 1.0% gain for the MSCI World Total Return Index, AUD. However, it has significantly underperformed for the 12 months to March 2017 with a negative 0.4% return underperforming the benchmark by 16.2%. The portfolio has also underperformed over three and five-year time periods. The portfolio suffered due to large positions in gold stocks, which did not perform as expected following the U.S. presidential election, and a large position in Sirtex Medical (SRX), which experienced a substantial decline in its share price following a disappointing trading update in December. This highlights the risks inherent in a high conviction, concentrated investment portfolio. HHV declared a 2017 interim dividend of 3.5cps, fully franked, and foreshadowed a final dividend of 3.5cps. This would take the FY2017 dividend to 7cps, up from 6cps in FY2016.

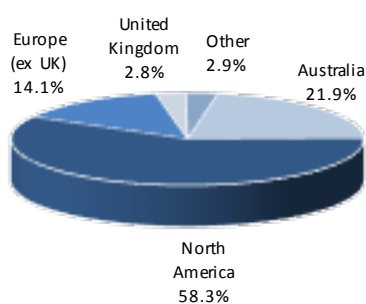
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Listed Investment Companies	0.0	0.0
Utilities	0.0	0.0
Telecommunication Services & I.T.	22.1	27.9
Property Trusts	0.0	0.0
Materials	17.7	11.7
Industrials	7.3	8.2
Health Care	17.5	12.5
Banks	0.0	0.0
Other Financials	14.9	12.9
Energy	0.0	0.0
Consumer Staples	3.2	4.0
Consumer Discretionary	17.3	22.8

### Size Weighting



### Country Weighting



### Board of Directors

David Groves	Chairman
Julian Constable	Director (Non-Executive)
Frank Gooch	Director (Non-Executive) Appointed 5 June 2017
Russel Pillemer	Director (Executive) Appointed 5 June 2017

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

## PERFORMANCE ANALYTICS

Performance	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	2.2%	-0.4%	9.3%	12.9%
Peer Group Median (pre-tax NTA plus dividends)*	1.8%	10.0%	4.5%	12.1%
MSCI World Total Return Index, AUD	1.0%	15.7%	12.6%	16.3%
Out/Under performance of index	1.3%	-16.2%	-3.3%	-3.4%
Share Price + Dividends	0.0%	10.0%	12.1%	16.4%
Tracking Error	n.a.	15.4%	12.5%	10.9%

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

## OTHER DATA

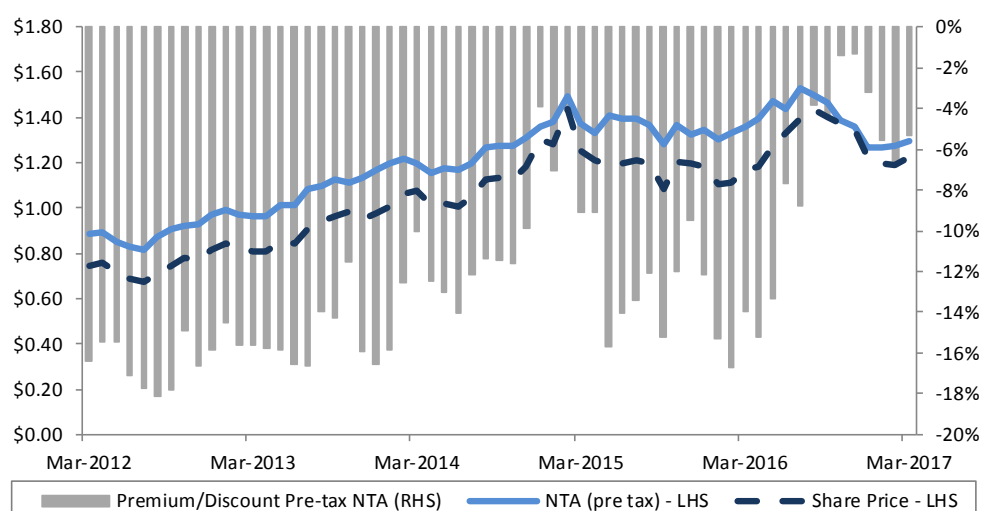
- ◆ **Dividend policy** – HHV seeks to pay a consistent regular stream of fully franked dividends, provided there are sufficient profit reserves and franking credits and it is within prudent business practices.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes

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

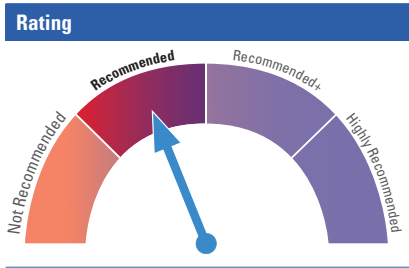
Company	Exposure	Portfolio (%)
Sirtex Medical	International	6.6
Lumentum	International	4.9
Prada	International	4.7
Finisar	International	3.1
Genworth Financial	International	2.6
Howard Hughes	International	2.6
SRG Ltd	Australia	2.5
Huntsman	International	2.4
KKR	International	2.4
Base Resources	International	2.3
		<b>33.9</b>

Source all figures: HHV/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

### NTA & Share Price Performance







**LMI Type**  
Active Exchange Traded Fund

**Investment Area**  
Global

**Investment Assets**  
Listed companies and other

**Investment Sectors**  
Diversified

**Key Investment Information**

Price (\$) as at 8 June 2017	2.47
Market cap (\$M)	25.4
Units on issue (M)	10.3
Units traded (\$M p.a)	22.4
12-month L/H (\$)	2.15/2.50
Listing date	July 2015

**Fees**

Management Fee (%)	2.05
Performance incentives (%)	20.5*

\*Outperformance of previous NAV high.

**Premium/Discount to Pre-tax NAV**

31 March 2017	-1.2%
Average since inception	0.0%

**Dividend Yield**

	%
FY14	na
FY15	na
FY16	na

## COMPANY OVERVIEW

K2 Global Equities Fund (Hedge Fund), (ASX: KII), is an exchange traded managed fund (ETMF) managed by K2 Asset Management Ltd. KII listed in July 2015 and provides exposure to a long/short portfolio of global equities, however has historically had a long bias. The Fund is a mirror of the K2 Global High Alpha Fund, an unlisted unit trust established in December 2009, with KII being managed in the same manner and making the same investments as the K2 Global High Alpha Fund.

## INVESTMENT OBJECTIVE

KII has an absolute return objective with the Manager increasing and decreasing the net equity exposure through cash holdings, with the ability to hold 100% cash if attractive investment opportunities cannot be identified. The Manager seeks to deliver capital growth over the longer-term by identifying opportunities in mispriced securities in all market cycles.

## STYLE AND PROCESS

Portfolio Managers can invest in any stock where they see a value opportunity as long as it falls within the investment parameters of the Fund. In broad term terms the investment process is based on fundamental analysis from a bottom-up perspective including identifying catalysts and understanding market consensus views. The Manager also undertakes industry and peer analysis, looking at the industry structure, competitive pressures and barriers to entry. An assessment of management is also made, including experience, incentives and understanding how management views the company. The investment team will ultimately determine a valuation target as a part of their investment process, which includes determining a target price where they believe the growth and catalysts for the company have largely been achieved. When constructing the portfolio, the Manager must also adhere to a number of investment limitations and sell disciplines, including a maximum portfolio weighting of 10% for any individual stock.

## PORTFOLIO CHARACTERISTICS

The Fund will typically hold between 80 and 120 globally listed stocks, however has the capacity to hold 100% cash. At 31 March 2017, the portfolio was well-diversified by the number of stocks, with Updater Inc (ASX:UPD), the largest stock holding, representing 4.5% of the portfolio. However, for a global fund, the portfolio has historically had a heavy concentration to Australian stocks with a portfolio weighting of 40.2% at 31 March 2017. North America is the second largest regional exposure at 42.4% with very little exposure to European and Asian markets. At 31 March 2017 short positions amounted to 5.2%. The investment team has a focus on industrial stocks and as a result the portfolio tends to have little exposure to the materials sector.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

KII provides exposure to an index unaware, flexible, global equity portfolio. Investment limitations are in place to manage portfolio risk, however there is no defined investment strategy for the Fund with Portfolio Managers able to select stocks in any manner they choose. Compensation for the Portfolio Managers is partially performance based which seeks to provide the Portfolio Managers incentive to generate alpha and align the interests of the Manager with unitholders. Fees are high, well above the peer group, and we do not view the performance hurdle as sufficient with the Manager being rewarded for increasing the value of the Fund, which is what we believe the annual management fee is for. While the unlisted unit trust has performed well, KII has not enjoyed this success since listing, performing below the peer group and falling well short of its absolute return objective. The Fund has limited history having only listed in July 2015. However, it is a mirror of the K2 Global High Alpha Fund, which was established in 2009. This provides a longer-term view of the performance of the investment strategy. Since listing to 31 March 2017, KII's NAV has declined 1.3% but the unlisted trust has performed better over the longer-term, with the portfolio rising 18.8% p.a, significantly outperforming the benchmark index (MSCI AC World Index \$AUD) return.

## GEOGRAPHIC NET EXPOSURE

Country	31 Mar (%)
Australia	40.2
Asia (ex Japan)	3.9
Japan	0.0
North America	42.4
Europe (ex UK)	6.3
United Kingdom	2.1
Other	5.1

## LONG/SHORT EXPOSURE

Net Exposure	31 Dec (%)	31 Mar (%)
Long	90.5	87.8
Short	3.3	5.2
Net Exposure	87.2	82.5

## 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	March Quarter	1 year	3 year p.a	5 year p.a
NAV + Dividends	4.2%	9.3%	na	na
MSCI World Total Return Index, AUD	1.0%	15.7%	na	na
Out/Under performance of index	3.2%	-6.5%	na	na
Share Price + Dividends	3.9%	9.0%	na	na
Tracking Error	11.5%	8.6%	na	na

## OTHER DATA

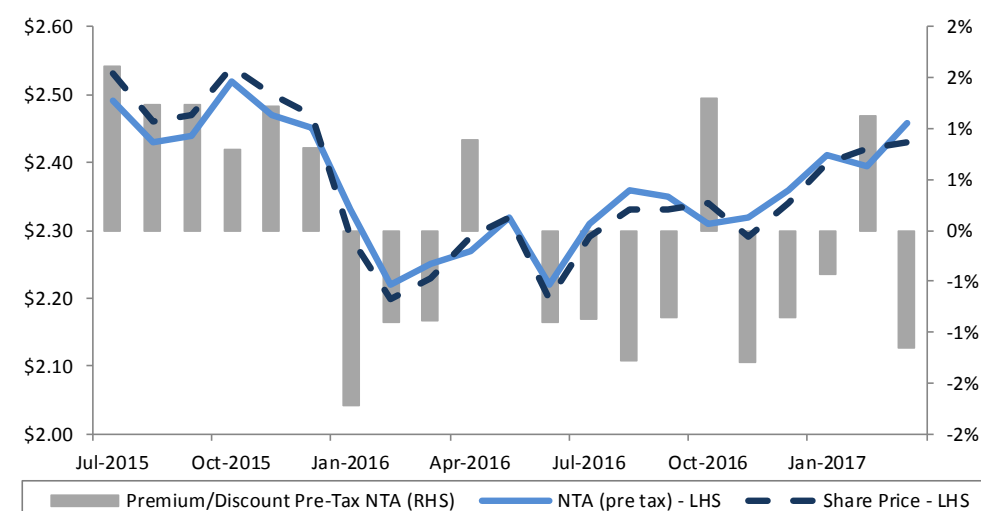
- ◆ **Options** – None on issue
- ◆ **Dividend policy** – The company will seek to pay distributions shortly after the financial year end (30 June), if applicable.
- ◆ **Capital management policy** –na
- ◆ **LIC tax concessions** – None
- ◆ **DRP available** – Yes

## KII's Portfolio (Top 5) Weighting

Company	Exposure (Australia/International)	Portfolio (%)
Updater Inc	Australia	4.5
Think Childcare Ltd	Australia	3.1
Nordea Bank AB	International	3.0
Medical Developments International Limited	Australia	2.9
Facebook Inc	Australia	2.9

Source all figures: KII/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

## NAV & 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 8 June 2017	2.55
Market cap (\$M)	18.4
Units on issue (M)	7.2
Units traded (\$M p.a)	4.0
12-month L/H (\$)	2.42/2.78
Listing date	December 2015
<b>Fees</b>	
Management Fee (%)	2.05
Performance incentives (%)	20.5*

\*Outperformance of previous NAV high.

Premium/Discount to Pre-tax NAV	
31 March 2017	1.5%
Average since inception	0.0%

Dividend Yield	%
FY14	na
FY15	na
FY16	na

## COMPANY OVERVIEW

K2 Australian Small Cap Fund (Hedge Fund), (ASX code: KSM), is an exchange traded managed fund (ETMF) 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 has an absolute return objective with the Manager increasing and decreasing the net equity exposure through cash holdings. The Manager seeks to deliver capital growth over the longer-term by identifying opportunities in mispriced securities in all market cycles.

## STYLE AND PROCESS

Portfolio Managers can invest in any stock where they see a value opportunity as long as it falls within the investment parameters of the Fund. In broad term terms the investment process is based on fundamental analysis from a bottom-up perspective including identifying catalysts and understanding market consensus views. The Manager also undertakes industry and peer analysis, looking at the industry structure, competitive pressures and barriers to entry. An assessment of management is also made, including experience, incentives and understanding how management views the company. The investment team will ultimately determine a valuation target as a part of their investment process, which includes determining a target price where they believe the growth and catalysts for the company have largely been achieved. When constructing the portfolio, the Manager must also adhere to a number of investment limitations and sell discipline, including a maximum portfolio weighting of 10% for any individual stock.

## PORTFOLIO CHARACTERISTICS

The Fund will typically hold between 50 and 70 stocks, however has the capacity to hold 100% cash. At 31 March 2017 the largest stock holding in the portfolio was Updater Inc (ASX:UPD) with a 5.4% weighting. There was a very strong bias to consumer stocks at 31 March 2017 with this sector representing 33.7% 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. Investment limitations are in place to manage portfolio risk, however there is no defined investment process for the Fund with Portfolio Managers able to select stocks in any manner they choose. Compensation for the Portfolio Managers is partially performance based which seeks to provide the Portfolio Managers incentive to generate alpha and align the interests of the Manager with unitholders. Fees are high and we do not view the performance hurdle as sufficient with the Manager being rewarded for increasing the value of Fund. However, we note that the Manager has made some significant changes to the fee structure to apply from 3 July 2017. The investment management fee reduces to 1.31% p.a. and the performance fee to 15.38% p.a. The performance fee benchmark will change to 6% absolute return with a high watermark. We believe these changes are a step in the right direction, although the investment management fee is still a little on the high side. KSM has underperformed over the past 12 months delivering a return of 9.6% against a return of 13.7% 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 12.9%p.a, significantly outperforming the benchmark index (S&P/ASX Small Ordinaries Accumulation Index) which increased 6.9%p.a from 31 December 2013 to 31 March 2017. An investment in KSM is suitable for those investors seeking exposure to an actively managed portfolio of domestic small cap equities with ASX liquidity.

## SECTOR EXPOSURE

Sector	31 Dec (%)	31 March (%)
Basic Materials	1.3	2.9
Communications	6.6	7.5
Consumer	43.5	33.7
Financials	23.4	29.0
Industrials	5.8	5.5
Technology	8.7	9.5
Energy	0.4	0.5
Cash	10.3	11.3

## LONG/SHORT EXPOSURE

Net Exposure	31 Dec (%)	31 Mar (%)
Long	89.7	88.7
Short	0.0	0.0
Net Exposure	89.7	88.7

## 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	March Quarter	1 year	3 year p.a	5 year p.a
NAV + Dividends	3.1%	9.6%	na	na
ASX Small Ords Acc Index	1.5%	13.7%	na	na
Out/Under performance of index	1.7%	-4.1%	na	na
Share Price + Dividends	2.0%	9.8%	na	na
Tracking Error	11.9%	10.6%	na	na

## OTHER DATA

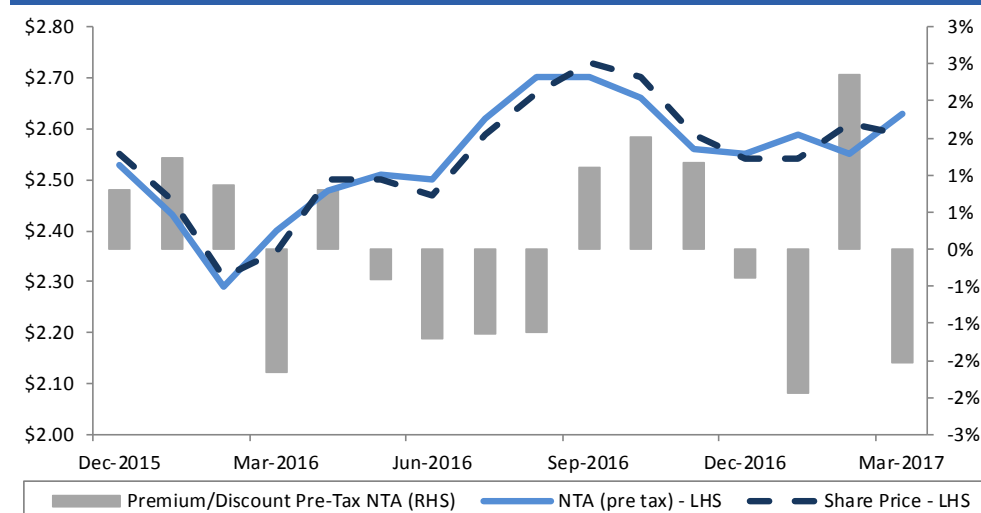
- ◆ **Dividend policy** – The company will seek to pay distributions shortly after the financial year end (30 June), if applicable.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – None
- ◆ **DRP available** – Yes

## KSM's Portfolio (Top 5) Weighting

Company	ASX Code	Portfolio (%)
Updater Inc	UPD	5.4
Medical Developments International Limited	MVP	5.2
Mantra Group Limited	MTR	4.2
Motorcycle Holdings Limited	MTO	4.1
Think Childcare Limited	TNK	3.7
		<b>22.6</b>

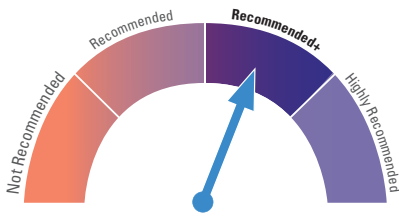
Source all figures: KSM/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

## 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 May 2017	2.70
Market cap (\$M)	423.0
Shares on issue (M)	156.7
Options on issue (M)	0.0
Shares traded (\$M p.a)	54.4
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

31 March 2017	15.4%
3 year average	14.6%

## Dividend Yield

	%
FY14	5.79ff
FY15	7.69ff
FY16	6.16ff

## Largest Shareholders

	%
AFC	5.6
Djerriwarrh Investments	2.7

As at 31 March 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 offers 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 7.8% allocated to large cap (ASX 50) stocks at 31 March 2017. The portfolio returns do not mimic an index return, with the manager taking high conviction positions in stocks. At 31 March 2017, the top ten holdings represented 28.1% of the portfolio, well above the relevant index weightings for these stocks. The largest portfolio holding was Lifestyle Communities (ASX:LIC) at 4.2%, 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.

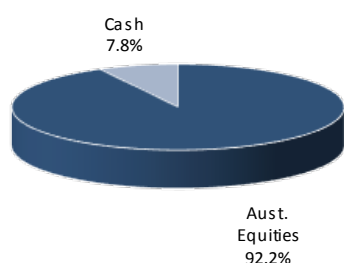
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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 March quarter, the portfolio (pre-tax NTA plus dividends) underperformed the broader market, increasing 0.7% compared to the ASX All Ordinaries Accumulation Index, which gained 4.5%. It significantly underperformed over the 12 months to 31 March 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 31 March 2017, the portfolio generated an average rolling annual return of 10.2% compared to the ASX All Ordinaries Accumulation Index average rolling annual return of 6.6%. We prefer to use the All Ordinaries Accumulation Index as a benchmark for performance given the portfolio incorporates stocks of all sizes. MIR paid a steady interim 2017 dividend of 3.5 cents per share. The company continues to trade at a premium to pre-tax NTA, with the 31 March 2017 premium of 15.4% just above the three-year average premium of 14.6%. 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.

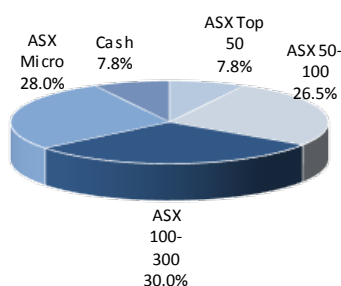
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	1.4	1.7
Materials	9.6	10.1
Industrials	16.0	15.8
Consumer Discretionary	16.2	15.8
Consumer Staples	9.7	8.5
Healthcare	14.2	14.8
Financials (ex Property)	13.3	14.1
Property	6.1	5.8
Information Technology	11.2	10.2
Telecommunication Services	2.3	3.3
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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	0.7%	7.8%	8.3%	11.7%
Peer Group Median (pre-tax NTA plus dividends)*	0.4%	12.4%	5.8%	2.5%
ASX All Ords Acc Index	4.5%	19.5%	7.6%	10.7%
Out/Under performance of index	-3.8%	-11.7%	0.7%	1.0%
Share Price + Dividends	-8.0%	8.9%	6.5%	16.0%
Tracking Error	na	6.1%	6.4%	5.8%

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

## OTHER DATA

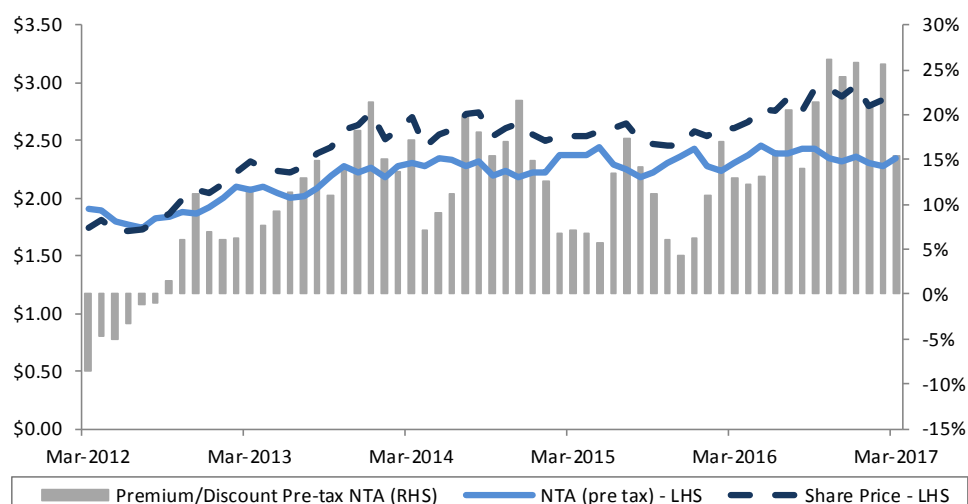
- ◆ **Dividend policy** – To provide attractive dividend returns from the portfolio of investments.
- ◆ **Capital management policy** – Share purchase plan allows shareholders to subscribe for a total of A\$15,000 of shares per annum. The company raised \$26m in November 2015 through a Share Purchase 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 (%)
LIC	4.2	0.0
QUB	3.5	0.2
MFT	3.0	na
IRE	2.9	0.1
ALQ	2.7	0.2
CGF	2.4	0.4
HSD	2.4	0.2
FNP	2.4	0.0
SEK	2.3	0.3
RMD	2.3	0.7
	<b>28.1</b>	<b>2.2</b>

Source all figures: MIR/Independent Investment Research/IRES. All data as at 31 March 2017 unless otherwise specified.

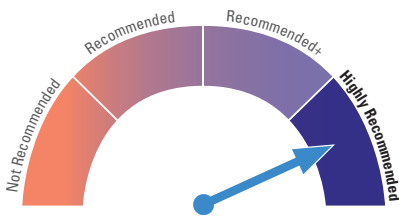
### NTA & Share Price Performance







## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Assets

Listed companies

## Investment Sectors

Diversified

## Key Investment Information

Price (\$) as at 2 June 2017	4.47
Market cap (\$M)	2,914.3
Shares on issue (M)	652.0
Options on issue (M)	0.0
Shares traded (\$M p.a)	227.5
12-month L/H (\$)	4.14/4.53
Listing date	April 1962

## Fees

Management Expense Ratio (%)	0.12
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

31 March 2017	-4.9%
3 year average	1.1%

## Dividend Yield

	%
FY14	3.81ff
FY15	4.07ff
FY16	4.44ff

## Largest Shareholders

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

As at 31 March 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 67.1% allocated to top 50 stocks at 31 March 2017. It has a small exposure to small-caps representing 7.3% 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 12.1% weighting is significantly above the All Ordinaries Index weighting of 6.5%. In fact, MLT holds overweight positions in seven of its top ten holdings. The company has a significant 5.5% 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.

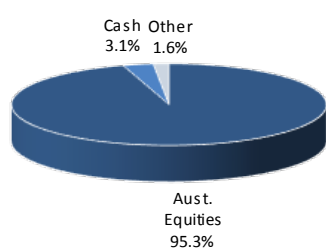
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

MLT is the third largest LIC on the ASX with a market cap of \$2.9b. 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 31 March 2017 has delivered an average annual rolling return of 6.9% compared to the benchmark index average annual rolling return of 6.6%. The company has a long history and has achieved its goal of providing a growing dividend stream over time. The 2017 interim dividend was held steady at 8.7 cents per share, fully franked and we expect the final dividend to at least be steady. At 31 March 2017, the shares were trading at a 4.9% discount to pre-tax NTA, compared to a three-year average premium of 1.1%. This offers a good entry point for long-term investors looking for exposure to a low-cost, well managed, diversified portfolio of Australian equities.

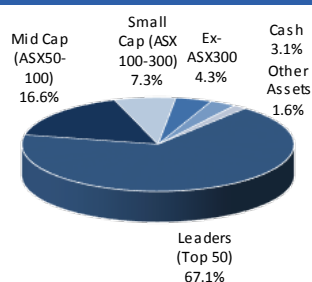
## SECTOR BREAKDOWN

Sector	31 Dec (%)	31 Mar (%)
Banks	34.6	35.1
Consumer staples	8.9	9.3
Materials	4.4	4.3
Energy	6.6	7.3
Commercial Services	2.2	2.0
Diversified financials	7.1	7.1
Insurance	4.8	4.6
Telecommunications	3.5	3.2
Healthcare	3.3	3.7
Retailing	3.1	2.9
Real estate	2.9	2.9
Capital goods	1.3	1.2
Transport	2.4	2.5
Utilities	2.6	2.9
Metals & Mining	4.3	4.1
Other shares	2.2	2.1
Cash	4.5	3.1
Other assets	1.3	1.7

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	5.7%	16.1%	6.9%	11.1%
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	6.0%	10.4%
ASX All Ords Acc Index	4.5%	19.5%	7.6%	10.7%
Out/Under performance of index	1.2%	-3.3%	-0.6%	0.4%
Share Price + Dividends	3.2%	10.1%	5.8%	12.5%
Tracking Error	na	2.4%	3.0%	3.1%

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

## OTHER DATA

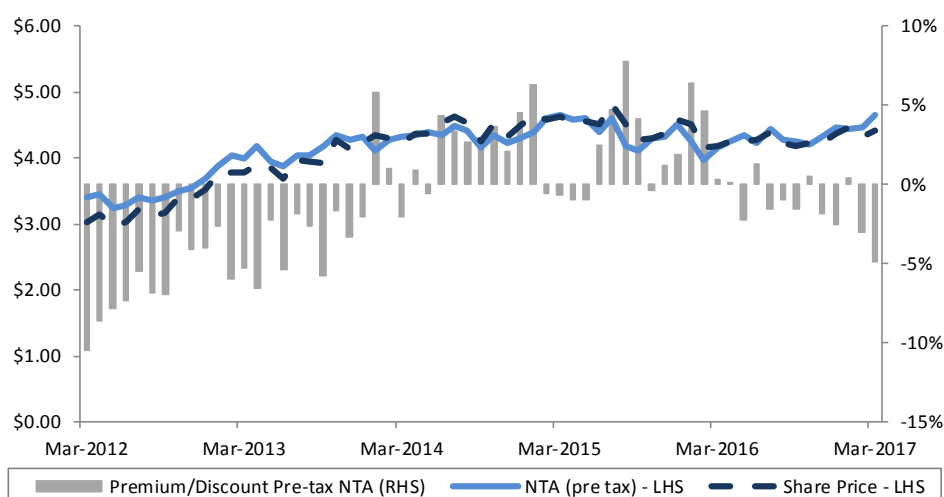
- ◆ **Dividend policy** – Pay out 90% to 95% of underlying profit (excludes special dividends).
- ◆ **Capital management policy** – MLT generally offers a share purchase plan which allows shareholders to invest up to A\$15,000 in new shares. It may also acquire unlisted investment companies to expand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

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

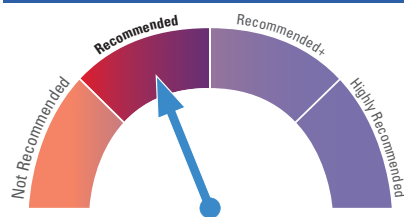
Code	Portfolio (%)	All Ords (%)
WBC	12.1	6.5
CBA	8.8	8.2
SOL	5.5	0.2
NAB	5.2	5.0
WES	4.2	2.8
ANZ	3.5	5.2
BOQ	2.9	0.3
BHP	2.9	4.3
WOW	2.5	1.9
CSL	2.5	3.2
<b>Total</b>	<b>50.1</b>	<b>37.7</b>

Source all figures: MLT/Independent Investment Research/IRESS. All data as at 31 March 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 1 June 2017	1.02
Market cap (\$M)	258.4
Shares on issue (M)	253.4
Options on issue (M)	0.0
Shares traded (\$M p.a)	63.5
12-month L/H (\$)	0.92/1.05
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

31 March 2017	-7.1%
Average since inception	-6.0%

## Dividend Yield

	%
FY14	na
FY15	0.0
FY16	1.4

## Largest Shareholders

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

As at 31 March 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 if it cannot be identified on the ASX. 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.

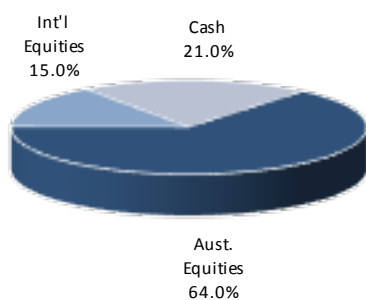
## PORTFOLIO CHARACTERISTICS

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 31 March 2017 the portfolio was concentrated, with the top eight holdings equating to 44.9% of the portfolio. 15% of the portfolio was invested in international equities and cash was a relatively high 21%. The Manager sold into the market rally over the quarter and is holding cash awaiting more 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 exposure to foreign currency, 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 has underperformed its benchmark, the S&P/ASX 300 Index. In part this reflects little or no exposure to resources and the major banks, areas of the market that have performed strongly. The build-up in the cash position also detracts from returns. Over its short history, PIC has largely traded at a discount to pre-tax NTA with an average discount of 6.0%. Elimination of the discount will depend on portfolio performance over the longer-term, establishment of a steady and growing dividend stream and investor communications. PIC paid an interim FY2017 dividend of 2.2 cents per share, fully franked, up from its previous interim dividend of 0.8 cents per share.

## Asset Weighting



## Board of Directors

Peter B Scott	Chairman & Non - Executive director
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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	1.8%	12.9%	na	na
Peer Group Median (pre-tax NTA plus dividends)*	1.8%	10.0%	na	na
S&P/ASX 300 Acc Index	4.7%	20.4%	na	na
Out/Under performance of index	-2.9%	-7.5%	na	na
Share Price + Dividends	5.2%	14.9%	na	na
Tracking Error	7.7%	5.8%	na	na

\*Australian and International Blended Shares as classified in the IIR monthly LIC report.

## OTHER DATA

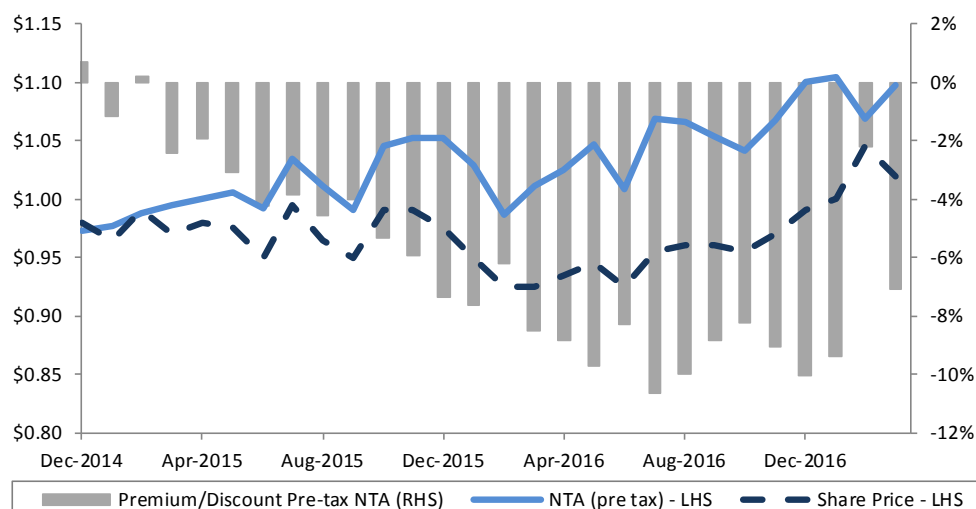
- ◆ **Dividend policy** – The company seeks to pay dividends semi-annually, franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – na
- ◆ **DRP available** – Yes

## PIC's Portfolio (Top 8) Weighting

Code	Portfolio (%)	Listing
Woolworths Ltd	10.5	Australia
Star Entertainment Group	6.1	Australia
Deutsche Boerse AG	5.6	International
CYBG PLC	5.5	Australia
Medibank Private Ltd	5.3	Australia
Suncorp Group Ltd	4.5	Australia
Bank of America	4.3	International
Icon PLC	3.1	International
	<b>44.9</b>	

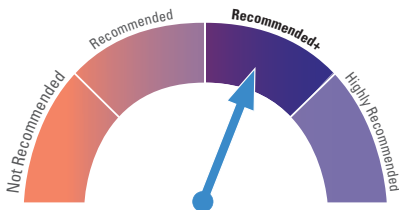
Source all figures: PIC/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

## 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 June 2017	1.285
Market cap (\$M)	353.5
Shares on issue (M)	275.1
Options on issue (M)	0.0
Shares traded (\$M p.a)	61.9
12-month L/H (\$)	1.05/1.38
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

31 March 2017	4.7%
Average since inception	0.4%

## Dividend Yield

	%
FY14	na
FY15	0.47
FY16	2.78

## Major Shareholders

	%
UBS Nominees Pty Ltd	3.5
Navigator Australia Ltd	3.1

As at 31 March 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 31 March 2017 the top ten holdings represented 33% of the portfolio against the S&P/ASX-ex 20 index weighting of 9.8%, highlighting the high conviction nature of the portfolio. 31.1% of the portfolio was allocated to small-cap stocks and 9.6% to ex-index stocks.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

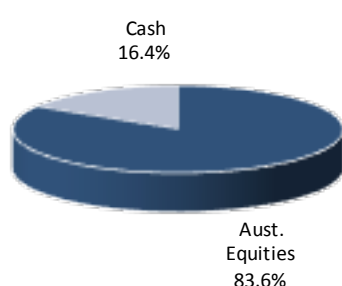
QVE provides the opportunity for investors who already have a high degree of exposure to the top 20 Australian stocks to gain industry, sector and company diversification by investing in a well-managed portfolio of S&P/ASX-ex 20 shares. The Manager's investment philosophy and process is proven and tested 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 2.5% 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 return of 10.4% p.a. slightly below the benchmark S&P/ASX 300 ex20 Accumulation Index return of 10.8% p.a. However, it has underperformed the benchmark by 3.4% over the 12 months to 31 March 2017.

In March 2017 QVE raised \$65m through the issue of shares at \$1.22 via a placement and share purchase plan. Positively, the issue price was at a premium to NTA and so was NTA accretive for existing shareholders. At 31 March 2017 QVE shares were trading at a 4.7% premium to pre-tax NTA. We would prefer to buy the shares closer to NTA.

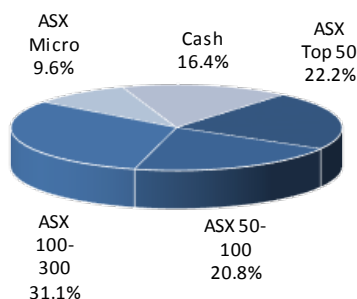
## SECTOR BREAKDOWN

Sector	31 Mar (%)
Energy	6.0
Materials	12.0
Industrials	9.2
Consumer Discretionary	9.8
Consumer Staples	0.0
Healthcare	10.3
Financials (ex Property)	16.0
Property	3.2
Information Technology	1.3
Telecommunication Services	3.1
Utilities	12.9
Cash	16.4

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	1.7%	14.5%	na	na
Peer Group Median (pre-tax NTA plus dividends)*	0.4%	12.4%	na	na
S&P/ASX 300 ex 20 Acc Index	4.3%	17.9%	na	na
Out/Under performance of index	-2.6%	-3.4%	na	na
Share Price + Dividends	0.4%	27.9%	na	na
Tracking Error	5.7%	5.1%	na	na

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

## OTHER DATA

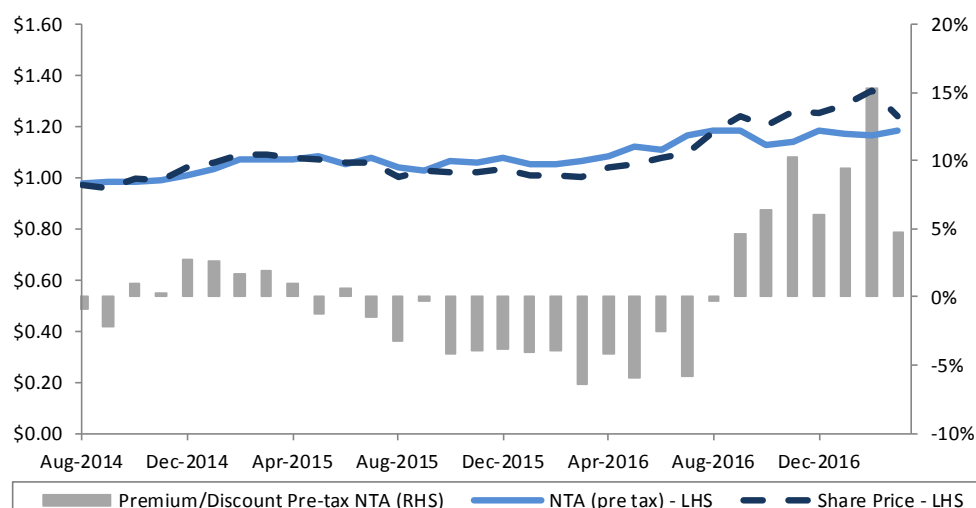
- ◆ **Dividend policy** – The company intends to pay a dividend to shareholders twice a year. The amount of the dividend is at the discretion of the Board and is franked to the maximum extent possible.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	S&P/ASX 300 (%)
SHL	3.8	0.5
AMC	3.6	1.0
BOQ	3.5	0.3
SKI	3.5	0.2
CYB	3.4	0.2
ANN	3.3	0.2
SDF	3.1	0.1
TOX	3.0	0.0
PGH	3.0	0.1
AGL	2.9	1.0
	<b>33.0</b>	<b>3.7</b>

Source all figures: QVE/Independent Investment Research/IRESS. All data as at 31 March 2017 unless otherwise specified.

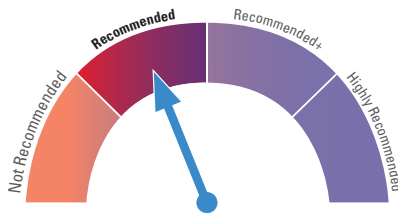
### NTA & Share Price Performance







## 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 6 June 2017	2.53
Market cap (\$M)	98.7
Units on issue (M)	39.0
Units traded (\$M p.a)	1.4
12-month L/H (\$)	2.07/2.53
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

31 March 2017	-1.4%
3 year average	4.2%

## Dividend Yield

	%
FY14	na
FY15	na
FY16	9.86uf

## COMPANY 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 Manager may look at newly established managers that have a proven track record at other firms. The Manager uses its industry contacts and experience in the industry to identify investment opportunities. The Portfolio 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 31 March 2017 was US\$55.7M, or 79.8% 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 one and three year periods the portfolio has delivered solid returns but underperformed the benchmark. This can partly be attributed to 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 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 Portfolio Manager and Advisory Board are highly experienced in private equity and financial markets, however, key man risk is high with the Portfolio Manager the only dedicated person to the Fund. At 31 March 2017 the units were trading at a slight discount to NTA.

### Investment Limitations

- 1) The Fund can only invest in private investment funds and interests in private companies.
- 2) No more than 33% of the gross value of the portfolio can be invested in an individual fund.
- 3) No more than 25% of the gross value 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.
- 5) No more than 25% of the portfolio can be invested in venture capital funds.
- 6) No more than 20% of the gross value of the portfolio 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
Margaret Cordish
Alan Dixon
Alex MacLachlan

## PERFORMANCE ANALYTICS

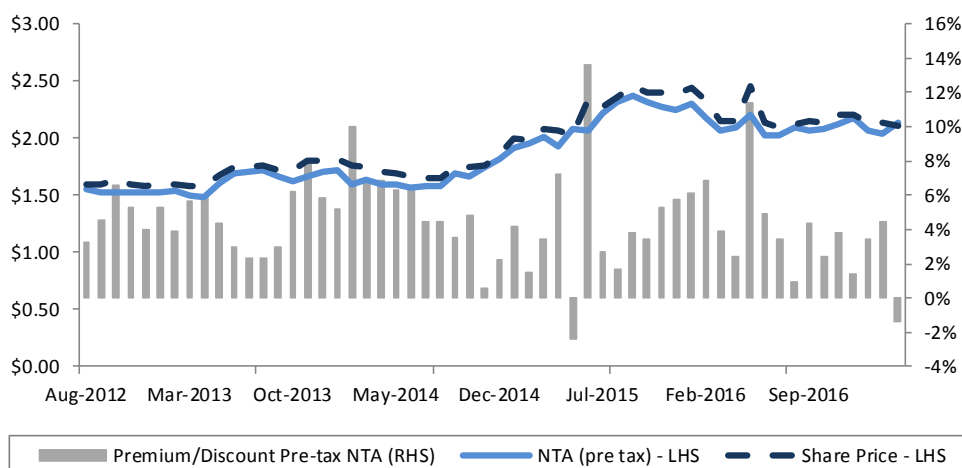
Performance	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	-1.4%	9.0%	13.1%	na
S&P 500, AUD	-0.1%	14.9%	15.0%	na
Out/Under performance of index	-1.3%	-5.9%	-1.9%	na
Share Price + Dividends	-4.1%	3.2%	10.0%	na
Tracking Error	14.2%	9.6%	11.5%	na

### 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	\$9.2
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	\$7.7
KarpReilly Capital Partners II, L.P.	Apparel & brand consumer products, retail, restaurants	\$10.0	\$8.8
Peppertree Capital Fund IV, L.P.	Telecommunication infrastructure companies	\$3.0	\$2.8
Prometheus Partners IV, L.P.	Quick service restaurants	\$4.8	\$4.3
Trivest Fund V, L.P.	Manufacturing, distribution, business services, consumer	\$10.0	\$5.4
U.S. Select Direct Private Equity (US), LP	Co-investment in private equity companies	\$13.0	\$10.9
<b>Total</b>		<b>\$69.8</b>	<b>\$55.7</b>

Source all figures: USF/Independent Investment Research/IRESS.  
All data as at 31 March 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 6 June 2017	2.25
Market cap (\$M)	124.2
Units on issue (M)	55.2
Units traded (\$M p.a)	1.9
12-month L/H (\$)	2.10/2.35
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

31 March 2017	1.4%
3 year average	4.0%

## Dividend Yield

	%
FY14	na
FY15	na
FY16	6.61uf

## COMPANY 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 Manager may look at newly established managers that have a proven track record at other firms. The Manager uses its industry contacts and experience in the industry to identify investment opportunities. The Portfolio 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 31 March 2017 was US\$56.3M, or 57.5% 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 Portfolio Manager and Advisory Board are highly experienced in private equity and financial markets, but key man risk is high with the Portfolio Manager the only dedicated person to the Fund. 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 dividends) has delivered solid returns over one and three-year periods but underperformed the benchmark. 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 Manager believes private equity will outperform listed equities over the long-term.

### Investment Limitations

- 1) The Fund can only invest in private investment funds and interests in private companies.
- 2) No more than 33% of the gross value of the portfolio can be invested in an individual fund.
- 3) No more than 25% of the gross value 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.
- 5) The Fund cannot invest in venture capital funds.

### Directors of Responsible Entity

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

### Advisory Board

Jonathan Cordish
Margaret Cordish
Alan Dixon
Alex MacLachlan

## PERFORMANCE ANALYTICS

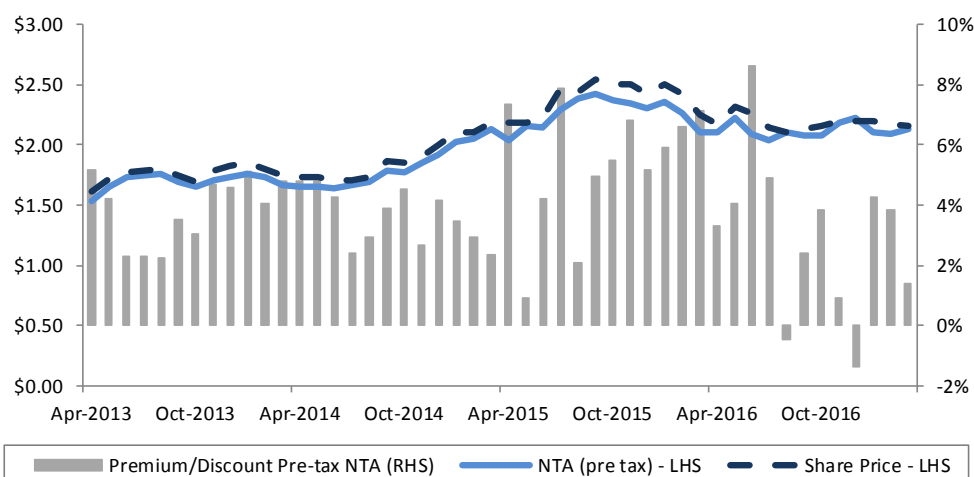
Performance	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	-4.5%	5.3%	10.9%	na
S&P 500, AUD	-0.1%	14.9%	15.0%	na
Out/Under performance of index	-4.4%	-9.6%	-4.1%	na
Share Price + Dividends	-1.8%	-0.6%	9.6%	na
Tracking Error	8.5%	8.0%	11.3%	na

### 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	2.7
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	3.1
Main Post Growth Capital, LP	Consumer, business services & industrial growth sectors	7.5	2.0
NMS Fund II, LP	Healthcare, consumer products & specialised business services	6.5	4.0
RFE Investment Partners VIII, LP	Companies in leading market positions	8.0	6.4
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	8.5
Tower Arch Partners I, LP	Family & entrepreneur-owned companies	8.0	3.3
Trive Capital Fund I, LP	Under-resourced middle market companies	10.0	6.7
U.S. Select Direct Private Equity (US), LP	Co-investment in private equity companies	15.0	12.5
<b>Total</b>		<b>98.0</b>	<b>56.3</b>

Source all figures: USG/Independent Investment Research/IRESS.  
All data as at 31 March 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 6 June 2017	1.59
Market cap (\$M)	76.4
Units on issue (M)	48.0
Units traded (\$M p.a)	0.8
12-month L/H (\$)	1.54/1.63
Listing date	July 2016

## Fees

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

## Premium/Discount to Pre-tax NTA

31 March 2017	3.3%
Average since inception	5.2%

## COMPANY 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 72.5% interest in the Fund, with Cordish Private Ventures, LLC and Dixon Advisory and its associates owning the remaining interest. This interest will be reduced to 62% following an additional commitment by a Cordish Walsh Fund in April 2017. 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, however has the right to if they so decide. 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 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 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 Manager may look at newly established managers that have a proven track record at other firms. The Manager uses its industry contacts and experience in the industry to identify investment opportunities. The Portfolio 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 31 March 2017 the LP had commitments totalling US\$57.5 across eight private investment funds. Capital drawn down by the underlying funds was US\$10.8m, or 16.5% 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 Portfolio Manager and Advisory Board are highly experienced in private equity and financial markets, but key man risk is high with the Portfolio Manager the only dedicated person to the Fund. 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.

### 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

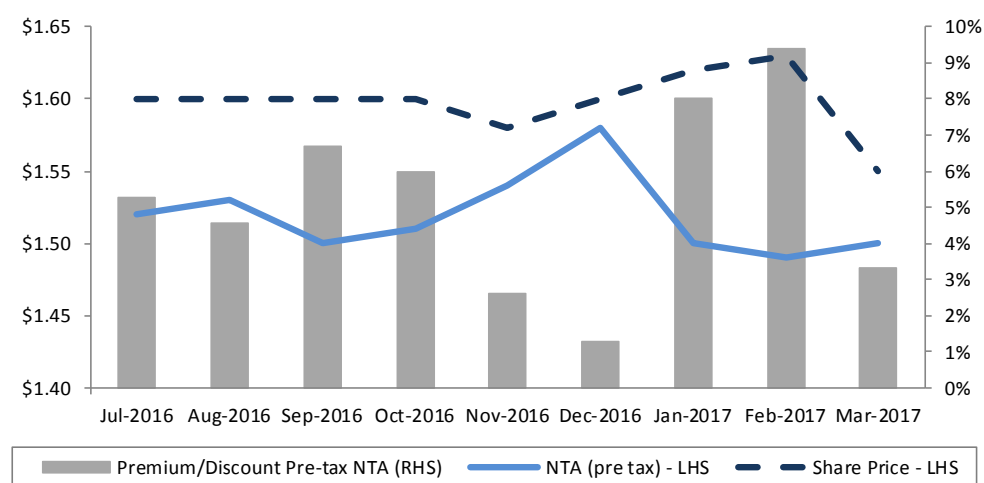
Performance	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	-4.4%	na	na	na
S&P 500, AUD	-0.1%	na	na	na
Out/Under performance of index	-4.3%	na	na	na
Share Price + Dividends	-3.4%	na	na	na
Tracking Error	14.1%	na	na	na

### 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	2.0
Elephant Partners Fund I, L.P.	Consumer internet, mobile and software companies	5.0	2.2
Encore Consumer Capital Fund III, L.P.	Food and consumer products	7.5	1.2
PeakSpan Capital Fund I, L.P.	Growth and software businesses	5.0	1.1
Trive Capital Fund II, L.P.	Under resourced middle market companies	10.0	4.0
Gemspring Capital Fund I, L.P.	Lower middle market companies	10.0	0.3
Incline Equity Partners IV, L.P.	Lower middle market companies	7.5	0.0
<b>Total</b>		<b>57.5</b>	<b>10.8</b>

Source all figures: USP/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

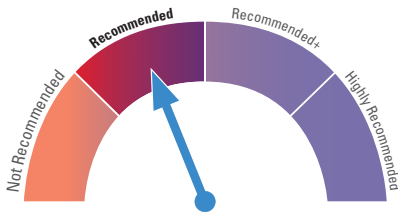
### NTA & Share Price Performance







## 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 May 2017	1.08
Market cap (\$M)	41.7
Shares on issue (M)	38.6
Options on issue (M)	31.7
Shares traded (\$M p.a)	9.5
12-month L/H (\$)	0.97/1.19
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

31 March 2017	5.4%
3 year average	9.6%

## Dividend Yield

	%
FY14	7.75ff
FY15	4.87ff
FY16	4.85ff

## Largest Shareholders

	%
GW Holdings Pty Ltd	2.8
Sanolu Pty Ltd	2.0

As at 31 March 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 three largest investments at 31 March 2017 were in other LICs - HHV, CYA and TGG. 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 (42.4%). During the March quarter, holdings in large cap stocks reduced with cash increasing significantly from 18.6% to 40.0% of the portfolio.

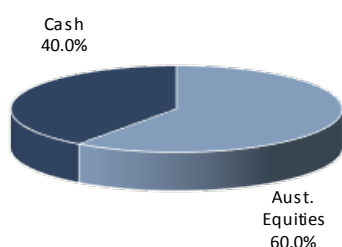
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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 31 March 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 31 March 2017, since listing the portfolio has delivered a rolling average annual return of 8.9% compared to 7.3% for the ASX All Ordinaries Accumulation Index. The company has achieved low volatility compared to the market, with the portfolio having a beta of 0.35 over the five years to 31 March 2017. WAA paid an increased dividend of 2.75 cents per share fully franked, up from last year's interim of 2.5 cents per share. At 31 March 2017 the shares were trading at a premium to NTA of 5.4%. This is significantly lower than the premiums that WAM Capital and WAM Research are currently trading at, however, we would still prefer to buy the shares at closer to NTA.

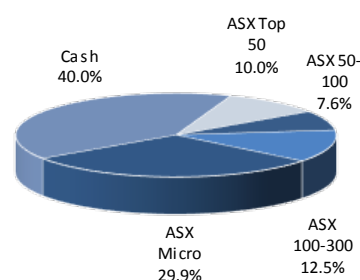
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	5.6	0.2
Materials	12.3	3.6
Industrials	7.8	4.4
Consumer Discretionary	13.2	12.7
Consumer Staples	11.3	7.6
Healthcare	4.8	1.9
Financials (ex Property)	39.2	58.3
Property	0.0	0.0
Information Technology	5.7	11.3
Telecommunication Services	0.0	0.0
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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	1.2%	13.0%	7.5%	7.7%
Peer Group Median (pre-tax NTA plus dividends)*	-1.4%	15.7%	5.9%	0.8%
ASX All Ords Acc Index	4.5%	19.5%	7.6%	10.7%
Out/Under performance of index	-3.3%	-6.5%	-0.1%	-2.9%
Share Price + Dividends	0.4%	14.5%	1.4%	8.7%
Tracking Error	7.7%	9.0%	9.3%	9.4%

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

## OTHER DATA

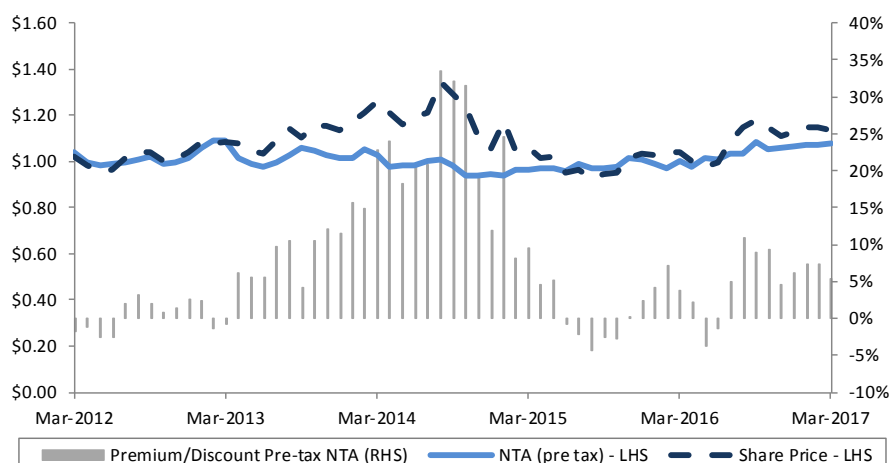
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient profit reserves, franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent 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	6.3	na
CYA	4.3	na
TGG	3.0	na
CVO	3.0	0.0
WOW	3.0	1.9
CPU	2.9	0.4
AFY	2.7	na
ALL	2.2	0.6
HGG	2.1	0.2
MQG	2.0	1.7
	<b>31.5</b>	<b>4.9</b>

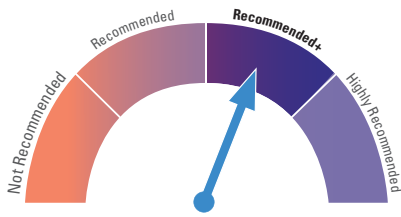
Source all figures: WAA/Independent Investment Research/IRESS. All data as at 31 March 2017 unless otherwise specified.

### 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 May 2017	2.27
Market cap (\$M)	1,437.7
Shares on issue (M)	633.3
Options on issue (M)	0.0
Shares traded (\$M p.a)	524.0
12-month L/H (\$)	2.13/2.59
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

31 March 2017	27.6
3 year average	12.0

## Dividend Yield

	%
FY14	6.44ff
FY15	7.03ff
FY16	6.39ff

## Major Shareholders

	%
HSBC Custody Nomiees (Australia)	1.5
Victor John Plummer	0.6

As at 31 March 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 31 March 2017 cash was a relatively high 32.7%. 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 3.2%, 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.

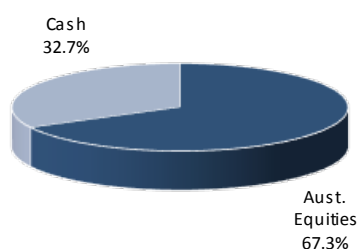
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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 12.3% over the 12-months to 31 March 2017, underperforming the benchmark All Ordinaries Accumulation Index which rose 19.5% during the same period. WAM has little resources exposure, an area of the market that has performed well over the past year. Over the long-term the portfolio has consistently outperformed the benchmark, with an average rolling annual return of 10.1% over the ten years to 31 March 2016, compared to a 6.6% average rolling annual return for the benchmark index. This has been achieved with a portfolio beta significantly below 1.0. WAM paid an increased interim dividend of 7.5 cents per share, fully franked, up from 7.25 cents per share. 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 27.6% premium to pre-tax NTA at 31 March 2017. We would prefer to be patient before acquiring stock.

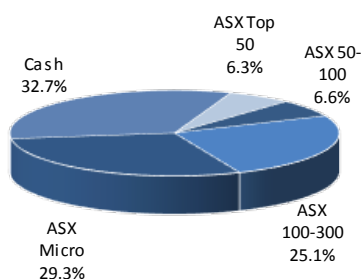
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	3.5	0.1
Materials	7.9	4.8
Industrials	7.0	3.7
Consumer Discretionary	26.0	28.1
Consumer Staples	7.0	3.5
Healthcare	5.5	2.4
Financials (ex Property)	33.9	42.9
Property	0.0	0.0
Information Technology	6.5	11.6
Telecommunication Services	2.2	1.6
Utilities	0.7	1.2
Unlisted Unit Trusts	0.0	0.0

### Asset Weighting



### Size Weighting



### Board of Directors

Geoff Wilson	Chairman (Executive)
Matthew Kidman	Director (Non-Executive)
James Chirside	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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	0.1%	12.3%	10.2%	11.7%
Peer Group Median (pre-tax NTA plus dividends)*	-1.4%	15.7%	5.9%	0.8%
ASX All Ords Acc Index	4.5%	19.5%	7.6%	10.7%
Out/Under performance of index	-4.4%	-7.2%	2.6%	1.1%
Share Price + Dividends	5.8%	20.4%	15.2%	17.2%
Tracking Error	7.1%	10.2%	9.3%	8.8%

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

## OTHER DATA

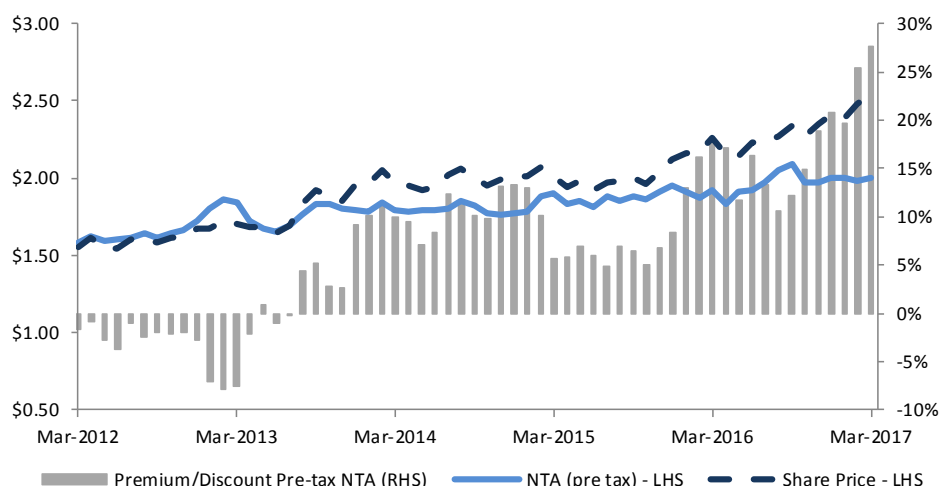
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient profit reserves, franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent 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	3.2	na
AHG	2.0	0.1
NCK	1.9	0.0
CYA	1.8	na
CGF	1.6	0.4
AUB	1.6	0.0
TGG	1.6	na
CVO	1.6	0.0
WOW	1.5	1.9
CPU	1.5	0.4
	<b>18.3</b>	<b>2.9</b>

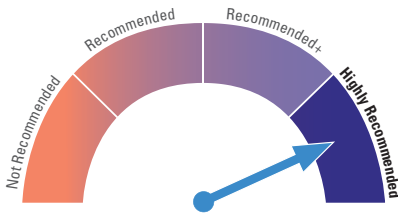
Source all figures: WAM/Independent Investment Research/IRESS. All data as at 31 March 2017 unless otherwise specified.

### 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 31 May 2017	1.415
Market cap (\$M)	260.9
Shares on issue (M)	184.4
Options on issue (M)	0.0
Shares traded (\$M p.a.)	77.2
12-month L/H (\$)	1.32/1.665
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

31 March 2017	24.4
3 year average	9.2

## Dividend Yield

	%
FY14	6.47ff
FY15	6.68ff
FY16	6.11ff

## Substantial Shareholders

	%
GW Holdings Pty Ltd	2.6
Victor John Plummer	1.9

As at 31 March 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. The largest sector exposure is to the consumer discretionary sector which is 42.0% of the equities portfolio. The portfolio is well-diversified with the largest individual stock holding at 4.0% at 31 March 2017. The manager will hold cash if attractive investment opportunities cannot be identified or to preserve capital in times of heightened volatility.

## 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 31 March 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. Over a ten-year period WAX has delivered a rolling average annual return of 8.8% versus the ASX All Ordinaries Accumulation Index of 6.6%. During April, WAX announced it had allowed the Manager to change its mandate to include "listed securities on any other markets where the Manager and the Board are comfortable that the reporting and disclosure standards of that stock market are at least equivalent to the ASX". The change was made to allow WAX to invest in the Reckon (ASX:RKN) spin out which will be listed on the London AIM Stock Exchange and we believe it is unlikely to lead to any significant changes in the way WAX invests in the future. It brings the mandate in line with WAM and WAA.

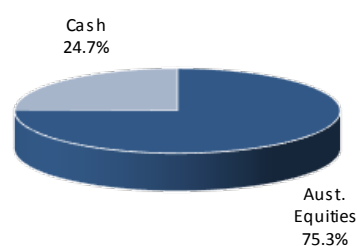
WAX paid an interim dividend of 4.5 cents per share, fully franked, up on the prior year interim of 4.25 cents per share. At 31 March 2017 its shares were trading at a 24.4% premium to pre-tax NTA. We would prefer to buy the shares at levels closer to pre-tax NTA.



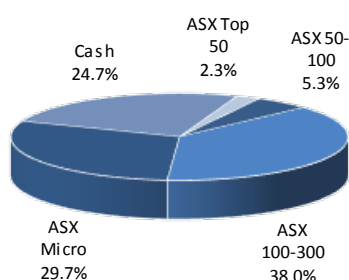
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	0.0	0.0
Materials	0.7	6.2
Industrials	5.3	3.3
Consumer Discretionary	44.4	42.0
Consumer Staples	0.0	0.0
Healthcare	6.2	2.8
Financials (ex Property)	28.7	29.4
Property	0.0	0.0
Information Technology	7.5	11.7
Telecommunication Services	5.4	3.0
Utilities	1.8	1.7

### 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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	-0.8%	13.7%	11.8%	15.3%
Peer Group Median (pre-tax NTA plus dividends)*	-1.4%	15.7%	5.9%	0.8%
ASX All Ords Acc Index	4.5%	19.5%	7.6%	10.7%
Out/Under performance of index	-5.3%	-5.8%	4.3%	4.7%
Share Price + Dividends	2.3%	27.0%	17.3%	23.7%
Tracking Error	6.4%	12.3%	10.5%	9.1%

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

## OTHER DATA

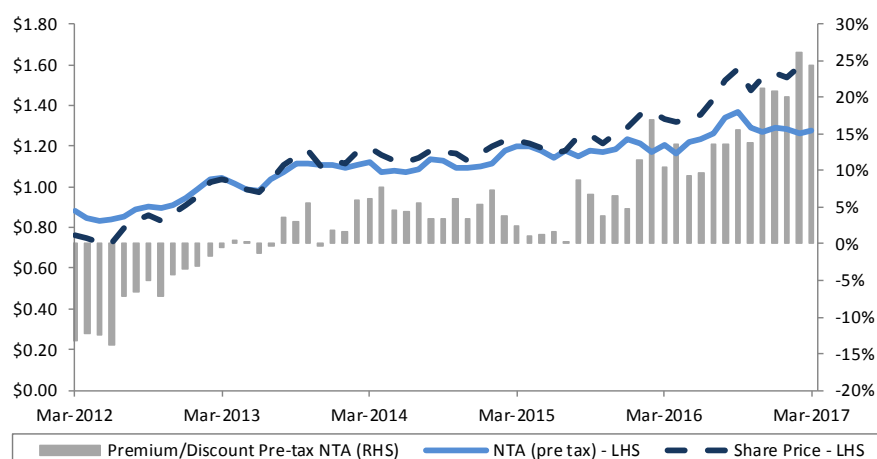
- ◆ **Dividend policy** – The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient profit reserves, franking credits, and it is within prudent business practices. The Company's ability to generate franking credits is dependent 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 (%)
AHG	4.0	0.1
NCK	3.8	0.0
CGF	3.3	0.4
AUB	3.2	0.0
ECX	3.1	0.1
NUF	2.5	0.1
GEM	2.5	0.1
HLO	2.4	0.0
ISU	2.4	0.0
REA	2.3	0.4
	<b>29.5</b>	<b>1.3</b>

Source all figures: WAX/Independent Investment Research/IRESS. All data as at 31 March 2017 unless otherwise specified.

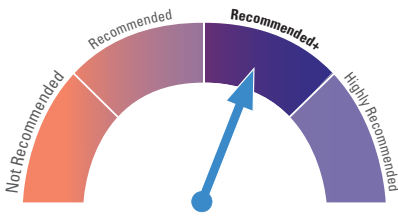
### NTA & Share Price Performance







## Rating



## LMI Type

Listed investment company

## Investment Area

Australia

## Investment Asset

Listed companies

## Investment Sectors

Diversified

## Investment Profile

Price (\$) as at 31 May 2017	4.48
Market cap (\$M)	375.5
Shares on issue (M)	83.8
Options on issue (M)	0.0
Shares traded (\$M p.a.)	30.3
12-month L/H (\$)	4.03/4.65
Listing date	1923
Fees:	
Management Fee (%)	0.37
Performance incentives (%)	na

## Premium/Discount to Pre-tax NTA

31 March 2017	-11.8%
3 year average	-7.4%

## Dividend Yield

	%
FY14	4.09ff
FY15	3.79ff
FY16	4.12ff

## Largest Shareholders

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

As at 31 March 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 close to 170 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 49.1% 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 31% 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.

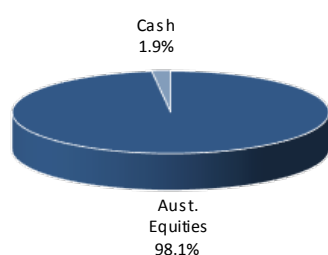
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

WHF provides cheap access to an Australian equity portfolio. Over the five years to 31 March 2017, the S&P/ASX Industrials Accumulation Index has significantly outperformed the S&P/ASX 200, with a return of 15.2% p.a compared to 11.4% 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) broadly in line with the 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 6.1% compared to the benchmark index average rolling annual return of 7.0%. WHF reported a 6% increase in net profit after tax for the year ended 31 March 2017 due to increases in dividends and distributions from a majority of stocks in its underlying portfolio. The final dividend was maintained at 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. We note the company does have \$41.6m in borrowings in the form of convertible resettable preference shares. 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 11.8% at 31 March 2017 is above the three-year average discount of 7.4% and represents an attractive entry point for long-term investors.

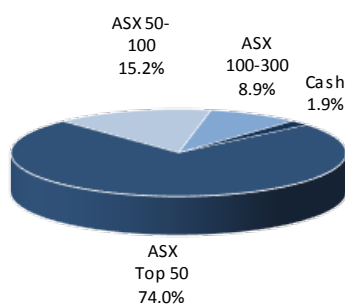
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	0.0	0.0
Materials	7.2	5.3
Industrials	7.9	7.7
Consumer Discretionary	7.7	7.2
Consumer Staples	8.0	8.3
Healthcare	9.3	9.2
Financials (ex Property)	42.7	43.5
Property	6.5	9.1
Information Technology	1.6	1.4
Telecommunication Services	5.7	4.7
Utilites	3.4	3.6

### Asset Weighting



### Size Weighting



### Board of Directors

David Iliffe	Chairman (Non-Executive)
Graeme Gilmore	Director (Non-Executive)
Angus Gluskie	Director, Chief Executive Officer
Martin Fowler	Director (Non-Executive)
Stuart Madeley	Company Secretary

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

## PERFORMANCE ANALYTICS

Performance	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	5.0%	16.0%	8.9%	15.1%
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	16.1%	6.0%	10.4%
S&P/ASX 200 Industrials Acc Index	5.3%	17.4%	9.8%	15.2%
Out/Under performance of index	-0.4%	-1.5%	-1.0%	-0.1%
Share Price + Dividends	4.2%	8.9%	6.1%	15.7%
Tracking Error	0.9%	1.0%	1.8%	1.8%

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

## OTHER DATA

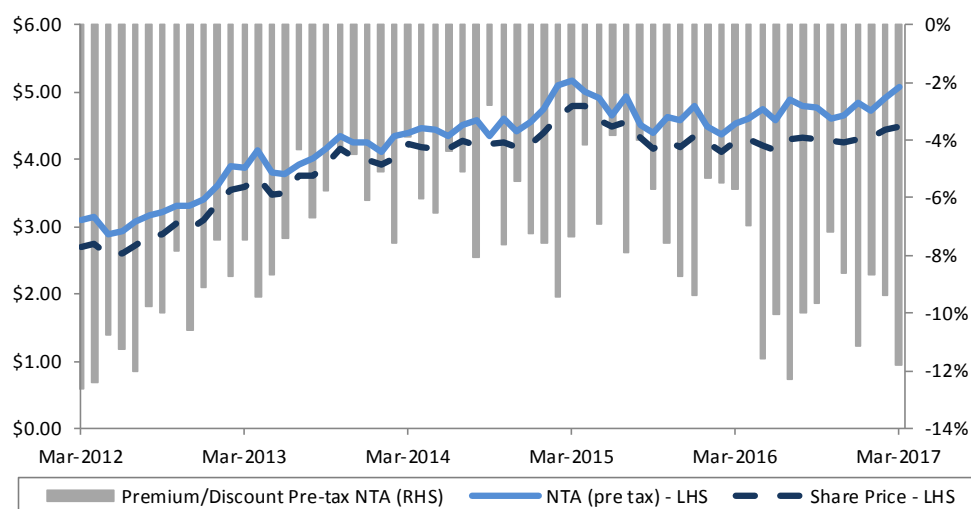
- ◆ **Dividend policy** – WHF aims to pay out dividends that are approximately equal to its net operating profit after tax. All dividends are fully franked.
- ◆ **Capital management policy** – None currently.
- ◆ **LIC tax concessions** – Yes
- ◆ **DRP available** – Yes

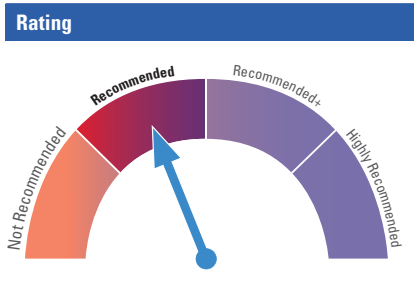
## WHF'S PORTFOLIO (TOP 10) WEIGHTING

Code	Portfolio (%)	S&P/ASX 200 Industrials Index (%)
CBA	10.4	10.6
WBC	8.2	8.4
ANZ	6.6	6.7
NAB	6.2	6.4
CSL	4.3	4.1
TLS	3.6	3.9
WES	3.6	3.7
WOW	2.4	2.4
SCG	2.0	1.6
AGL	1.9	1.2
	<b>49.1</b>	<b>49.0</b>

Source all figures: WHF/Independent Investment Research/IRESS. All data as at 31 March 2017 unless otherwise specified.

## NTA & Share Price Performance





<b>LMI Type</b>	Listed investment company
<b>Investment Area</b>	Australia
<b>Investment Asset</b>	Listed companies
<b>Investment Sectors</b>	Diversified

<b>Investment Profile</b>	
Price (\$) as at 31 May 2017	0.94
Market cap (\$M)	121.3
Shares on issue (M)	129.1
Options on issue (M)	12.9
Shares traded (\$M p.a.)	17.3
12-month L/H (\$)	0.81/1.055
Listing date	September 2009
<b>Fees</b>	
Management Fee (%)	1.0
Performance incentives (%)	20.0*

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

<b>Premium/Discount to Pre-tax NTA</b>	
31 March 2017	-14.3%
3 year average	-10.2%

<b>Dividend Yield</b>	
	<b>%</b>
FY14	7.95ff
FY15	9.73ff
FY16	9.09ff

<b>Largest Shareholders</b>	
	<b>%</b>
Euroz Limited	25.2
Geoffrey Francis Brown	6.9
Wilson Asset Management	6.8
As at 31 March 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 March 2017 quarter, WIC decreased its exposure to resources stocks with the Materials exposure falling from 41.4% to 31.3%, with cash increasing from 11.9% to 19.7% of the portfolio. Property increased slightly and remains a significant exposure at 17.4% of the portfolio.

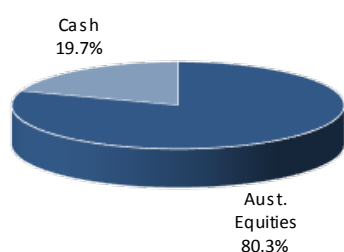
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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. The portfolio (pre-tax NTA including dividends) had a strong March quarter, rising 9.5% compared to the S&P/ASX Small Ordinaries Accumulation Index rise of 1.5%. The portfolio has also 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 39.0% for the 12 months to 31 March 2017. However, the portfolio has underperformed over the medium and longer terms, although over a five year period its return is marginally below the S&P/ ASX Small Ordinaries Accumulation Index. WIC continues to target a dividend of 6 cents per share for FY2017, with a 3 cents per share, fully franked, interim dividend paid. WIC's discount to pre-tax NTA increased from 9.4% to 14.3% over the quarter, above its three -year average discount of 10.2%. Given the cyclical nature of its investment portfolio, portfolio concentration and the volatility of dividends, we expect WIC will continue to trade at a discount.

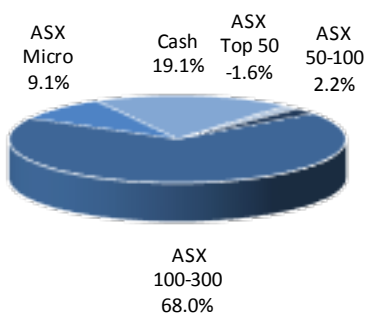
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	13.2	15.1
Materials	41.4	34.3
Industrials	19.7	20.6
Consumer Discretionary	0.0	0.0
Consumer Staples	0.0	0.0
Healthcare	0.0	0.0
Financials (ex Property)	9.9	11.4
Property	15.8	17.4
Information Technology	0.0	1.1
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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	9.5%	28.1%	0.4%	1.9%
Peer Group Median (pre-tax NTA plus dividends)*	0.4%	12.4%	5.8%	2.5%
S&P/ASX Small Ords Acc Index	1.5%	13.7%	6.4%	2.3%
Out/Under performance of index	8.0%	14.4%	-6.0%	-0.4%
Share Price + Dividends	4.0%	36.3%	0.3%	8.8%
Tracking Error	20.5%	14.2%	14.0%	13.5%

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

## OTHER DATA

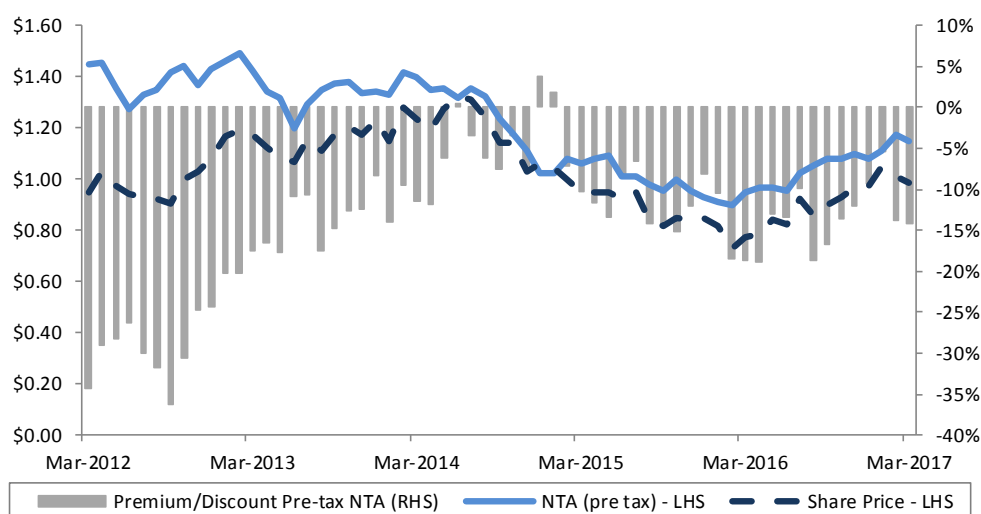
- ◆ **Dividend policy** – Objective is to pay a consistent stream of dividends to investors, with a target dividend of 6 cents per share for FY17.
- ◆ **Capital management policy** – Share buyback in place.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes

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

Code	Portfolio (%)	All Ordinaries Acc Index (%)
CWP	9.1	0.0
ASB	6.2	0.0
MGX	5.7	0.0
NWH	5.7	0.0
BPT	5.5	0.1
FRI	4.9	0.1
IGO	4.9	0.0
AFG	4.6	0.0
IMF	4.5	0.0
WSA	4.5	na
	<b>55.6</b>	<b>0.4</b>

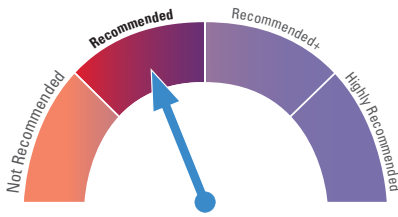
Source all figures: WIC/Independent Investment Research/IRESS.  
All data as at 31 March 2017 unless otherwise specified.

### 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 May 2017	1.10
Market cap (\$M)	451.1
Shares on issue (M)	410.1
Options on issue (M)	307.0
Shares traded (\$M p.a)	162.9
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

31 March 2017	-2.8%
Average since inception	1.9%

## Dividend Yield

	%
FY14	na
FY15	na
FY16	na

## Major Shareholders

	%
Navigator Australia Ltd	1.3
IOOF Investment Management Limited	1.1

As at 31 March 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 the size of the investment. 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 31 March 2017, the portfolio held 51 stocks with a 74.0% weighting to the S&P/ASX 100 Index. Financials remained the largest exposure with a weighting of 42.7%, 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 6.8% in energy.

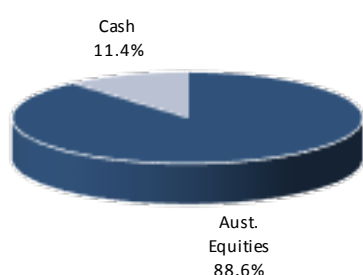
## INDEPENDENT INVESTMENT RESEARCH COMMENTS

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. In the short period since listing, WLE has generated a portfolio return (pre-tax NTA plus dividends) of 8.4% against a return for the S&P/ASX 200 Accumulation Index of 13.1%. But it is still early days yet and WLE needs time to build a track record. The shares were trading at a small discount to pre-tax NTA at 31 March 2017. Potential investors need to be aware that WLE currently has 307m options on issue exercisable at \$1.10 per share. If these options are exercised when NTA is above \$1.10 per share, this will dilute NTA per share. WLE announced its maiden six month result for the six months to 31 December 2016 and declared an interim dividend of one cent per share fully franked.

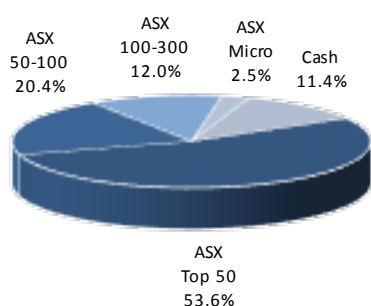
## SECTOR BREAKDOWN (EX CASH)

Sector	31 Dec (%)	31 Mar (%)
Energy	7.8	6.8
Materials	17.9	21.4
Industrials	7.0	2.8
Consumer Discretionary	10.5	9.6
Consumer Staples	7.2	7.8
Healthcare	4.1	3.0
Financials (ex Property)	42.9	42.7
Property	0.0	0.0
Information Technology	2.5	5.9
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	March Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends	2.5%	na	na	na
Peer Group Median (pre-tax NTA plus dividends)*	4.2%	na	na	na
ASX All Ords Acc Index	4.8%	na	na	na
Out/Under performance of index	-2.4%	na	na	na
Share Price + Dividends	-0.9%	na	na	na
Tracking Error	3.4%	na	na	na

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

## OTHER DATA

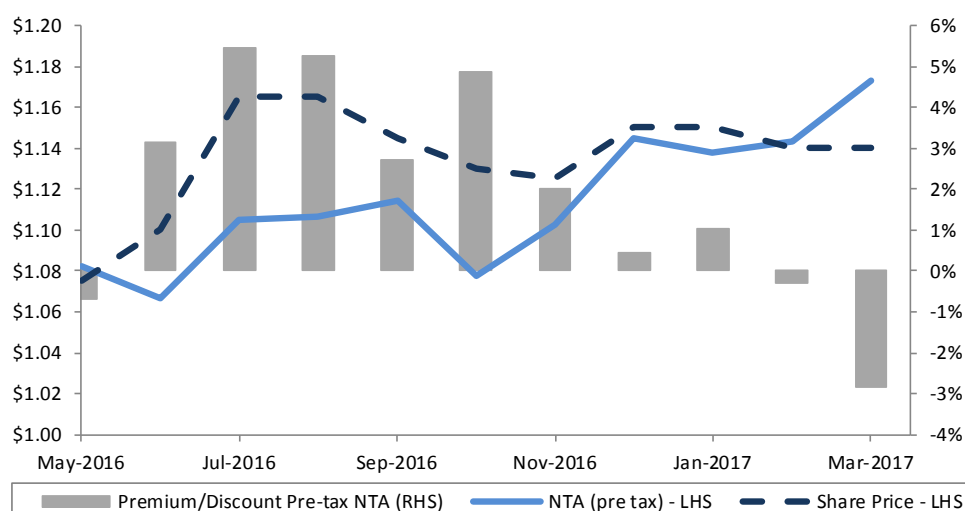
- ◆ **Dividend policy** – The company's objective is to pay fully franked dividends to shareholders provided the company has sufficient profit reserves and franking credits, and it is within prudent business practice.
- ◆ **Capital management policy** – The company may undertake capital management initiatives 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	4.8	5.3
WBC	4.8	6.5
ANZ	4.3	5.2
BHP	3.8	4.3
MQG	3.5	1.7
QBE	3.4	1.0
CPU	3.4	0.4
CBA	3.2	8.2
CGF	3.1	0.4
WOW	2.9	1.9
	<b>37.2</b>	<b>35.0</b>

Source all figures: WLE/Independent Investment Research/IRES. All data as at 31 March 2017 unless otherwise specified.

### NTA & Share Price Performance

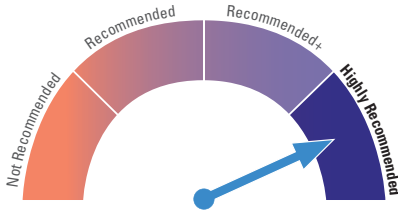

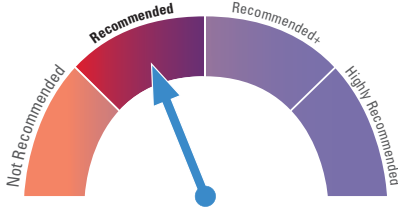
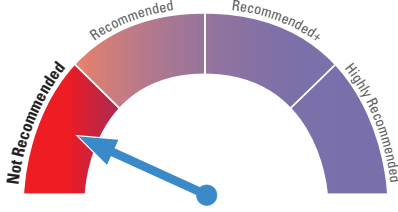




## APPENDIX A – RATINGS PROCESS

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

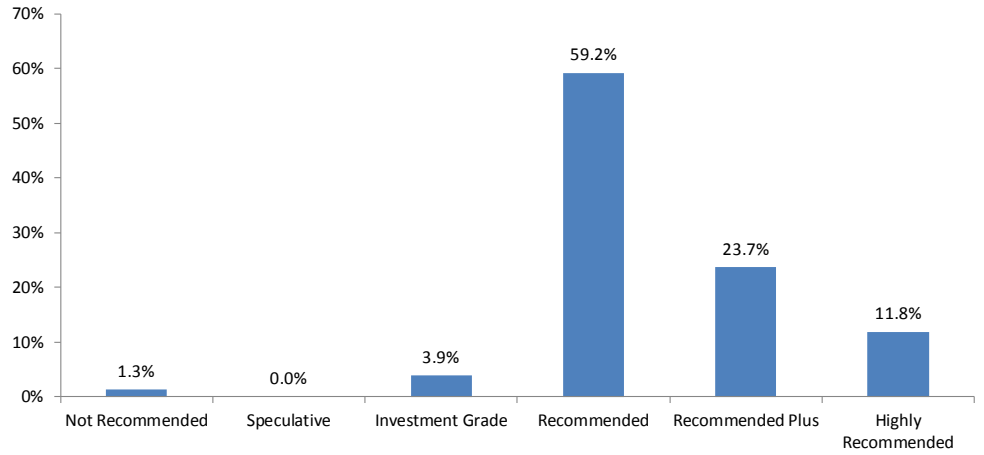
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction;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