

## Listed Investment Companies (LICs)

### SECTOR REPORT

#### June 2017 Performance Review and Update

- **Top picks:** Our top picks refer to preferred exposures within each sector based on numerous quantitative and qualitative factors. They should not be treated as official stock recommendations but merely as a guide to where we would apportion funds at this particular point in time. Our monthly report will provide our updated views. The table on page 3 provides an update of the overall sector as at 31 July 2017, with our estimated current NTAs derived from our model portfolios for the LICs.
- **Large capitalisation:** In our previous LIC note we discussed the “Dividend Run Up” trend of our large cap LICs leading into ex-dividend dates and this trend has continued into July. Since April, total shareholder return (TSR) has outperformed NTA growth (see Fig.1 on pg.4) and as a result a number of large cap LICs are now trading above historical averages (Fig.2). Given these levels, we are cognisant of short-term volatility surrounding ex-dividend dates. AFIC, BKI Investment (BKI), Djerriwarrh (DJW) and Milton Corp (MLT) have all announced FY17 final dividend amounts and with the exception of DJW (which had been previously flagged) fully franked dividends have either been held constant (on the pc) or slightly increased. A trading idea leading into ex-dividend dates to potentially prolong this “Dividend Run Up” trend is to switch out of those LICs that trade ex-dividend earlier in the cycle (such as AFI, BKI) and into those LICs which historically have gone ex dividend in late August/early September (ARG, AUI, DUI). Our top pick is Diversified United (DUI) which is trading at an estimated 4.6% discount to NTA.
- **Mid-capitalisation:** Our top picks in the mid cap space are WAM Leaders (WLE) and Wealth Defender Equities (WDE). WLE is currently trading at an estimated 3.7% discount to NTA and we view this as an attractive entry point, noting that other LICs managed by the same investment manager, WAM Capital (WAM) and WAM Research (WAX) trade at 23.0% and 20.9% premiums to NTA respectively. We look favourably upon the potential injection of capital from investors exercising options (303 million options with a November 2017 expiry) and the dividend ramp up profile of WLE. Elsewhere, WDE is a top value pick trading at an estimated 11.6% discount to NTA. Top holdings include a number of blue chip securities (BHP, CBA, NAB) and we believe a more normalised cost of protection in 2H17 may lead a discount to NTA re-rating.
- **Small/Micro capitalisation:** FY17 can be summarised as a tail of two halves for our small cap LIC universe with average TSR in 1H17 of 15.4% compared with 2H17 TSR of -5.4%. Our top pick CTN is currently trading at an estimated 6.0% discount to NTA. Key underlying sector allocations include Materials (21.4%), Financials ex-REITs (10.8%), Consumer Disc. (10.5%) and IT (9.9%). Following the investment mandate reversion back to a single investment manager, total stocks in the portfolio continues to decrease (93 stocks) which we look favourably upon.
- **International:** On average, the international space outperformed our broader LIC universe in FY17, driven by a combination of investment performance and discount to NTA re-ratings. Whilst we are cognisant that recent AUDUSD currency movements may negatively impact monthly NTA updates, more broadly we remain positive on the space. PM Capital Global Opportunities (PGF) is a top pick trading at an estimated 4.8% discount to NTA. PGF was a top performer in FY17 on both an NTA and TSR basis with key investment themes such as Global Domestic Banking (Bank of America), Service Monopolies (Google) and Alternative Asset Managers (KKR) material contributors to return. Elsewhere, our top value pick MFF Capital Investments (MFF) is trading at an estimated 17.1% discount to NTA. We believe the cessation of outstanding options (57.6 million) may provide a catalyst for a discount to NTA re-rating.
- **Specialty:** Top pick Blue Sky Alternative Access Fund (BAF) recorded a material uplift in its June NTA update (+3.5%) following year end independent valuation uplifts from a number of underlying investments. Student accommodation (17.0% of portfolio) saw uplifts between 3.4% and 25.7% whilst agriculture and retirement living investments positively contributed to the NTA uplift. We continue to look favourably upon the diversification appeal of the underlying BAF portfolio as well as management’s track record of realising investment gains.

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**Disclosure:** The author owns no shares in any of the mentioned companies.

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### NTA Performance calculation methodology

\*\*NTA performance is calculated on pre-tax NTA basis which refers to net tangible assets after tax paid but before tax on unrealised gains as well as cash dividends paid during the relevant period. \*TSR performance figures from Bloomberg and calculated with re-invested dividends. \*Active return refers to TSR relative to that of the comparative index.

Disclaimer: LIC performance measurements reflect performance after all operating expenses and taxation. Using index benchmarks often understates performance as the indices used are before all operating expenses and tax. Total Shareholder Returns are often negatively impacted by capital events such as options, DRPs, Share Purchase Plans and placements. Dividend yields contained within are historical and are not an indication of future dividend payments.

# Updated Sector Snapshot

## BAILLIEU HOLST - EQUITY RESEARCH Listed Investment Companies Coverage by Sector

Figures as at: 31 July 2017

Large Capitalisation	Code	Share Price	Market Cap. (\$m)	Dividend (cents)	Dividend Yield	Grossed Up Yield	TSR since Jul 1	Current Est. NTA	Current Estimated Disc/Prem	June NTA	June Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	MER
Australian Foundat.	AFI	6.11	7185.8	24.0	3.9%	5.6%	5.2%	5.87	4.1%	5.89	-1.4%	0.4%	2.5%	0.14%
Argo Investments	ARG	7.99	5539.7	30.5	3.8%	5.5%	4.2%	7.68	4.0%	7.71	-0.5%	-0.7%	3.2%	0.17%
Australian United In	AUI	8.49	1050.2	34.0	4.0%	5.7%	4.9%	8.58	-1.0%	8.57	-5.6%	-6.7%	-4.8%	0.10%
BKI Investment Ltd	BKI	1.72	1060.7	7.3	4.2%	6.0%	5.9%	1.60	7.2%	1.61	0.6%	0.9%	1.5%	0.15%
Djerriwarrh	DJW	3.83	840.1	24.0	6.3%	9.0%	4.1%	3.24	18.4%	3.24	13.6%	16.2%	25.2%	0.46%
Diversified United	DUI	3.80	793.1	14.0	3.7%	5.3%	2.2%	3.98	-4.6%	4.00	-7.0%	-7.3%	-6.0%	0.13%
Milton Corporation	MLT	4.61	3005.6	18.6	4.0%	5.8%	2.2%	4.53	1.8%	4.51	0.0%	-1.5%	1.0%	0.12%

Mid Capitalisation	Code	Share Price	Market Cap. (\$m)	Dividend (cents)	Dividend Yield	Grossed Up Yield	TSR since Jul 1	Current Est. NTA	Current Estimated Disc/Prem	June NTA	June Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	MER
Australian Leaders	ALF	1.28	347.5	9.0	7.1%	10.1%	5.8%	n.a	n.a	1.26	-4.4%	6.7%	6.9%	1.00%
Aberdeen Leaders	ALR	1.16	68.6	3.0	2.6%	3.7%	-1.3%	1.25	-7.8%	1.27	-7.9%	-9.7%	-7.8%	0.75%
AMCIL Limited	AMH	0.94	241.2	3.5	3.7%	5.3%	2.2%	0.95	-1.3%	0.95	-3.7%	0.6%	-0.8%	0.65%
Cadence Capital	CDM	1.28	350.7	8.0	6.3%	8.9%	3.6%	1.17	9.9%	1.16	6.1%	7.7%	7.4%	1.00%
Contango Inc Gen Ltd	CIE	1.00	80.7	6.5	6.5%	9.3%	3.1%	1.02	-2.2%	1.03	-6.2%	-5.5%	-3.8%	0.95%
Carlton Investments	CIN	32.26	854.1	123.0	3.8%	5.4%	2.4%	36.35	-11.3%	36.65	-14.1%	-12.9%	-11.4%	0.09%
Future Gen Ltd	FGX	1.09	381.1	4.1	3.8%	5.4%	-0.5%	n.a	n.a	1.15	-4.7%	-1.5%	-1.6%	0.00%
Mirrabooka Invest.	MIR	2.65	415.1	15.0	5.7%	8.1%	2.0%	2.37	11.9%	2.39	13.0%	19.0%	14.8%	0.65%
Perpetual Equity Ltd	PIC	1.06	268.6	4.2	4.0%	5.7%	2.4%	1.11	-4.8%	1.11	-6.5%	-8.2%	-6.1%	1.00%
Plato Income Max.	PL8	1.11	327.4	n.a	n.a	n.a	n.a	n.a	n.a	1.04	n.a	n.a	n.a	0.80%
Qv Equities Limited	QVE	1.36	374.1	3.8	2.8%	4.0%	1.5%	1.20	13.7%	1.21	10.8%	5.8%	1.2%	0.90%
WAM Capital Limited	WAM	2.47	1564.4	14.8	6.0%	8.5%	3.3%	n.a	n.a	1.94	23.0%	19.4%	12.9%	1.00%
WAM Leaders Limited	WLE	1.12	462.2	1.0	0.9%	1.3%	0.0%	1.16	-3.7%	1.16	-4.0%	0.1%	0.0%	1.00%
Wealth Def Equ Ltd	WDE	0.82	102.9	2.0	2.5%	3.5%	2.5%	0.92	-11.6%	0.92	-13.6%	-12.9%	-8.6%	1.25%
Whitefield Ltd	WHF	4.53	380.5	17.0	3.8%	5.4%	-0.2%	4.87	-7.1%	4.91	-7.5%	-9.7%	-7.7%	0.25%

Small Capitalisation	Code	Share Price	Market Cap. (\$m)	Dividend (cents)	Dividend Yield	Grossed Up Yield	TSR since Jul 1	Current Est. NTA	Current Estimated Disc/Prem	June NTA	June Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	MER
Acorn Cap Inv Fund	ACQ	0.97	47.0	3.3	3.4%	4.0%	5.4%	1.10	-11.8%	1.08	-15.1%	-12.7%	-14.7%	0.95%
Barrack St Invest	BST	0.87	15.8	2.5	2.9%	3.4%	-2.3%	1.05	-17.5%	1.05	-15.8%	-14.7%	-14.5%	1.00%
Contango Microcap	CTN	0.94	158.2	6.4	6.8%	8.0%	4.4%	1.00	-6.0%	1.00	-10.1%	-7.2%	-8.8%	1.25%
Forager Aust. Shares	FOR	2.04	185.7	11.2	5.5%	5.5%	2.0%	1.75	16.6%	1.72	16.5%	n.a	n.a	1.00%
Glennon SML Co Ltd	GC1	0.94	44.3	4.0	4.3%	5.0%	4.4%	0.99	-4.9%	0.99	-8.6%	-6.2%	-5.4%	1.00%
Naos Emerg Opp	NCC	1.38	81.7	7.0	5.1%	7.2%	3.8%	n.a	n.a	1.29	3.1%	-2.5%	-7.9%	1.25%
Ozgrowth Limited	OZG	0.16	57.1	0.5	3.1%	4.5%	0.0%	0.19	-17.0%	0.19	-17.5%	-19.5%	-15.6%	1.00%
WAM Research Ltd	WAX	1.60	294.1	8.8	5.5%	7.8%	6.0%	n.a	n.a	1.22	23.6%	20.9%	12.1%	1.00%
Westoz Inv Ltd	WIC	0.99	127.7	6.0	6.1%	8.7%	3.1%	1.09	-9.0%	1.07	-10.4%	-13.3%	-10.7%	1.00%
8lp Emerg Co Ltd	8EC	0.90	36.9	1.0	1.1%	1.6%	0.0%	1.05	-14.1%	1.07	-15.9%	-11.7%	-10.3%	1.25%

International	Code	Share Price	Market Cap. (\$m)	Dividend (cents)	Dividend Yield	Grossed Up Yield	TSR since Jul 1	Current Est. NTA	Current Estimated Disc/Prem	June NTA	June Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	MER
Argo Global Ltd	ALI	1.77	253.4	3.5	2.0%	2.0%	-4.6%	2.05	-13.9%	2.06	-10.2%	-11.0%	-8.5%	1.25%
Ellerston Asian	EAI	0.94	106.2	n.a	n.a	n.a	0.5%	1.07	-12.4%	1.05	-11.3%	-12.4%	-9.5%	0.75%
Ellerston Global Inv	EGI	1.01	76.6	2.0	2.0%	2.8%	0.0%	1.14	-11.2%	1.15	-11.9%	-12.0%	-5.0%	0.75%
Future Glb Invest Co	FGG	1.11	308.6	1.0	0.9%	1.3%	2.3%	n.a	n.a	1.15	-6.4%	-3.5%	0.4%	0.00%
Global Value Fnd Ltd	GVF	1.14	138.3	6.2	5.4%	7.7%	-1.7%	1.13	1.3%	1.10	5.4%	0.7%	-4.3%	1.50%
Hunter Hall Global	HHV	1.18	286.9	7.0	6.0%	8.5%	6.3%	1.17	0.0%	1.18	-6.5%	-5.2%	-9.4%	1.50%
MFF Capital Invest.	MFF	1.96	952.4	2.0	1.0%	1.5%	0.8%	2.36	-17.1%	2.32	-16.3%	-14.1%	-8.8%	1.25%
Pm Capital Asian Ops	PAF	1.12	62.3	4.5	4.0%	5.8%	2.3%	1.14	-2.5%	1.15	-5.2%	-9.5%	-10.3%	1.00%
Platinum Asia Ltd	PAI	1.08	386.0	n.a	n.a	n.a	5.9%	1.09	-1.5%	1.09	-7.1%	-6.0%	-1.7%	1.10%
Pm Capital Fund	PGF	1.11	387.8	3.1	2.8%	4.0%	0.5%	1.17	-4.8%	1.17	-5.9%	-12.1%	-10.7%	1.00%
Platinum Capital Ltd	PMC	1.77	500.8	8.0	4.5%	6.5%	4.7%	1.62	9.1%	1.63	3.1%	2.7%	8.5%	1.10%
Templeton Global	TGG	1.38	311.5	4.5	3.3%	4.7%	1.1%	1.45	-5.0%	1.48	-8.4%	-11.0%	-8.6%	1.20%

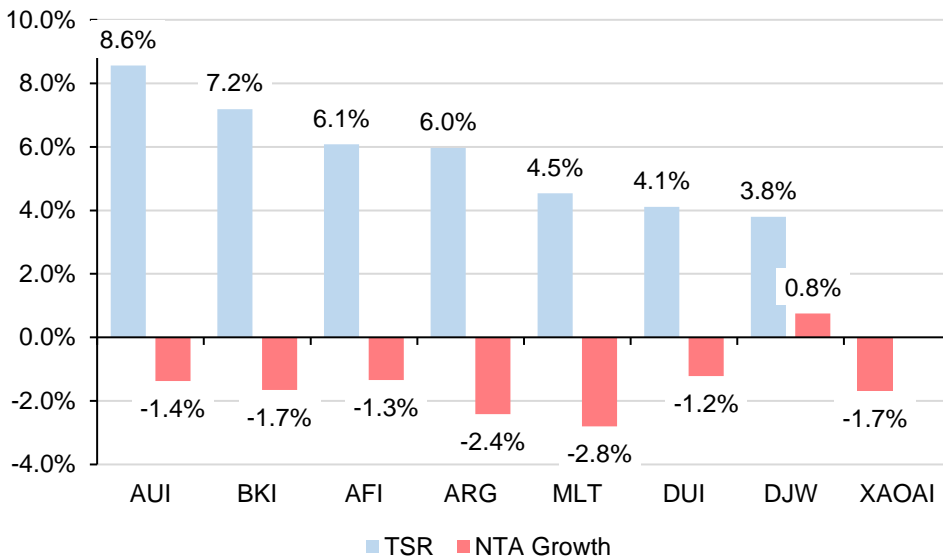
Specialist	Code	Share Price	Market Cap. (\$m)	Dividend (cents)	Dividend Yield	Grossed Up Yield	TSR since Jul 1	Current Est. NTA	Current Estimated Disc/Prem	June NTA	June Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	MER
Blue Sky Alt Access	BAF	1.23	209.7	6.0	4.9%	6.9%	4.7%	1.15	7.0%	1.15	2.2%	6.4%	1.7%	1.20%
Bailador Tech Inv	BTI	0.86	103.4	n.a	n.a	n.a	-4.4%	1.07	-19.6%	1.07	-15.9%	-11.0%	-14.4%	1.75%
Lion Selection Grp	LSX	0.40	42.8	n.a	n.a	n.a	5.3%	n.a	n.a	0.38	0.0%	-7.3%	-25.8%	1.50%
Monash Absolute	MA1	0.79	41.4	n.a	n.a	n.a	5.3%	n.a	n.a	0.87	-14.2%	-5.4%	-4.4%	1.50%
Sandon Capital Ltd	SNC	0.97	46.6	6.5	6.7%	9.6%	3.2%	n.a	n.a	0.99	-4.8%	-4.7%	-5.6%	1.25%
Thorney Opp Ltd	TOP	0.71	119.6	1.2	1.7%	2.4%	1.4%	n.a	n.a	0.76	-8.1%	-5.7%	-7.3%	0.75%
URB Investments	URB	1.06	76.9	n.a	n.a	n.a	-0.9%	n.a	n.a	1.04	n.a	n.a	n.a	0.50%
WAM Active Limited	WAA	1.10	42.5	5.3	4.8%	6.8%	-0.5%	n.a	n.a	1.05	4.7%	5.2%	0.5%	1.00%
Watermark Fund Ltd	WMK	1.00	87.4	6.0	6.0%	8.6%	-1.0%	n.a	n.a	0.99	2.0%	0.9%	-4.1%	1.00%

Source: Iress, Bloomberg, Company reports, Baillieu Holst estimates

## Dividend Run Up

- As shown in Fig.1 below, the recent trading level re-rating by a number of large cap LICs can be attributed to TSR outperformance over NTA growth.
- A trading idea leading into ex-dividend dates to potentially prolong this “Dividend Run Up” trend is to switch out of those LICs that trade ex-dividend earlier in the cycle (such as AFI, BKI) and into those LICs which historically have gone ex dividend in late August/early September (ARG, AUI, DUI).

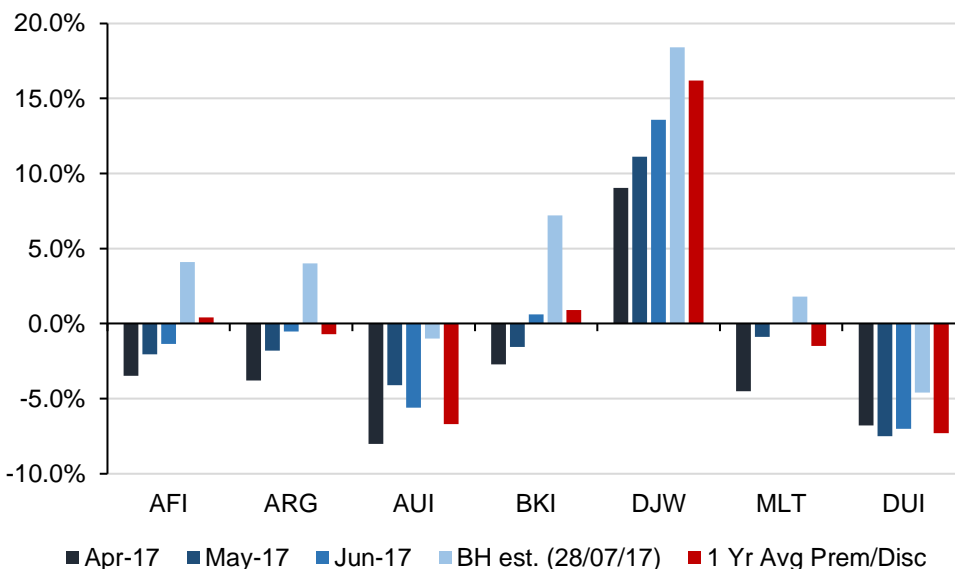
FIG.1: LARGE CAP RE-RATING – TSR AND NTA SINCE APRIL 2017



Source: Company reports, IRESS, Baillieu Holst

- Historically, short term volatility has arisen around ex-dividend dates and we are particularly cognisant of this as a number of large cap LICs are trading above historical averages.

FIG.2: LARGE CAP RE-RATING – 3 MONTH PREMIUM/DISCOUNT TRADING LEVELS



Source: Company reports, IRESS, Baillieu Holst estimates

## LIC Basics

### What is a LIC?

- A LIC has characteristics of both managed funds and stock exchange-listed companies.
- Essentially a LIC is a company that invests in other companies, with the purpose of giving its shareholders exposure to a variety of shares via its investment portfolio.
- LICs may also invest in cash or fixed income instruments, although in many cases this will form only a relatively small proportion of their investment portfolio.
- Income from LICs takes the form of semi-annual dividend payments that are linked to the profitability of the portfolio. Capital gains can arise where the investor sells the shares in the LIC for more than they originally bought them for.

### Benefits of investing in LICs

#### Diversification

- Investment in just one LIC can potentially give an investor exposure to more than 100 different companies in a range of industries.
- This therefore reduces the risk to capital losses as losses connected to one company may be offset by gains by others in the portfolio.
- A LIC is a cost-effective method of achieving such a degree of diversification.

#### LICs are managed by investment professionals

- Each LIC is managed by full-time investment professionals whose goal it is to optimise returns on the investment portfolio for shareholders within strictly enforced risk parameters.
- In this respect, LICs are passive investments. Once the shares in the LIC have been purchased, the investor leaves investment decisions to the managers of the LIC.
- Some LICs have operated for more than 50 years while others, although only recently listed, are operated and managed by investment firms that have built strong reputations over many years.

#### Transparent investment philosophy

- All LICs are transparent as to how they invest their funds. Investors can choose the relevant LIC based on their own investment goals and risk preferences.
- Some LICs focus on specific geographic areas (such as Australia or overseas), may invest in a range of industries or focus on just one (such as resources), or are geared towards providing investors with annual income streams or longer-term capital gains (or a combination of both).
- In this document, we briefly describe each of the 51 selected LICs as well as list the main investments of each and their recent performance.

#### Ease of investment

- Investing in a LIC is done in exactly the same manner as any other company on the ASX, by placing an order with your stockbroker to buy shares in it.
- Exiting the investment is just as straightforward: the investor sells the shares on-market during trading hours through their stockbroker.
- The majority of LICs are highly 'liquid', meaning that there are a relatively large number of willing buyers and sellers on the ASX ready to allow the investor to enter or exit the investment at any time they want and without having to buy in at a premium or sell at a discount to "market price".

## Costs involved in investing in a LIC

### Entry costs

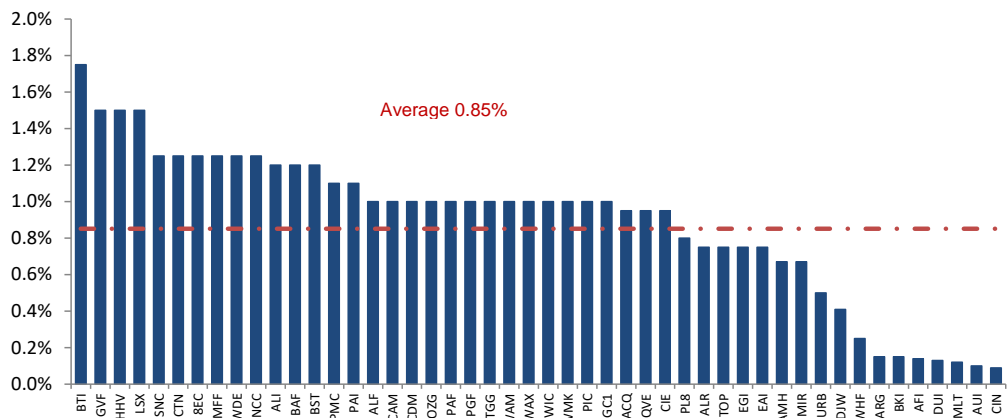
- Investing in the ASX via a LIC is highly cost-effective relative to other methods of investing in a 'portfolio' of investments.
- The initial cost comes in the form of brokerage paid to acquire the shares. Investing in a LIC allows the investor to effectively buy shares in more than 50 companies (depending on the LIC), but only pay brokerage to invest in one (the LIC). A LIC is therefore an efficient method of diversification.
- The entry costs to LIC investments are generally lower than retail managed funds, which utilise a "front-end load" charge that can be up to 4% of the market value of the units in the fund at the date of purchase.

Investing in the ASX via a LIC is highly cost-effective relative to other methods of investing in a "portfolio" of investments

### Ongoing costs

- There are two types of fees that the manager of the LIC charges during the investment period: management fees and performance fees.
- The LIC uses management fees to cover costs incurred in running the portfolio. These fees are taken out of the profits of the LIC, which are a function of the performance of the investment portfolio of the company (including dividends paid and capital gains/losses on shares that are sold). They are paid regardless of the profitability of the investment portfolio.
- These fees range from 0.0%-1.75% of assets per year. This is much lower than average fees charged for retail managed funds, which are approximately 1.5-3.0%. The effect of this cost-saving on a longer-term investment, where returns compound over a number of years, can be quite substantial. One reason for this lower cost is that LICs do not incur back-office or distribution costs, reducing their cost of operation. The fees (calculated as a "management expense ratio" or MER) of our selected LICs are shown in the graph below.

FIG.3: MANAGEMENT FEES OF SELECTED LICs



Source: Company reports, IRESS, Baillieu Holst estimates

- Unlike management fees, performance fees are paid only if the LIC's investment portfolio outperforms a predetermined benchmark and is linked to the size of this outperformance. Not all LICs charge performance fees.
- These fees provide an incentive for the manager of the fund to optimise returns for shareholders of the LIC. They are generally paid not just if the fund is profitable, but when it is more profitable than the market as a whole. Unlike management fees, they will generally not deteriorate low returns or worsen investment losses.
- Performance fees for our selected LICs are shown in the table overleaf. The benchmark index is the S&P/ASX All Ordinaries Accumulation Index unless otherwise stated below.



**FIG.4: PERFORMANCE FEES OF SELECTED LICs**

ACQ	20% of outperformance of S&P/ASX Small Ords Acc Index
AFI	None
ALF	20% above All Ordinaries Accumulation Index
ALI	None
ALR	None
AMH	None
ARG	None
AUI	None
BKI	None
BST	20% of annual outperformance over 8.0%
BTI	On sale, a fee of 17.5% of the increase in value, subject to a compound 8% hurdle
CDM	20% of returns above index or of portfolio return
CIE	None
CIN	None
CTN	None
DJW	None
DUI	None
EAI	15% of outperformance in excess of the MSCI AC Asia Ex Japan Index (\$AUD)
EGI	15% of outperformance in excess of MSCI World Index (Local)
FGG	None
FGX	None
FOR	10% of the net return in excess of 8% p.a. benchmark
GC1	20% of outperformance over the Small Ordinaries Accumulation Index
GVF	15% of outperformance in excess of a hurdle return being 4% above the 1 year swap rate
HHV	15% above MSCI World Index
LSX	15% of outperformance above benchmark
MA1	20% of outperformance over the RBA cash rate, inclusive of a high watermark
MFF	10% if returns exceed MSCI World Index and 10-year bond rate
MIR	None
MLT	None
NCC	15% of performance in excess of Small Ordinaries Accumulation Index
OZG	20% where performance exceeds 7% over 12 month period
PAF	15% of performance in excess of MSCI Asia (ex Japan) Index (AUD)
PAI	15% of performance in excess of MSCI Asia (ex Japan) Index (AUD)
PGF	15% of performance in excess of MSCI World Index (AUD)
PIC	None
PL8	None
PMC	15% of performance in excess of MSCI World Index (AUD)
QVE	None
SNC	20% of outperformance over the Benchmark Reference Rate (BBSW)
TGG	None
TOP	Greater of zero and 20% of the increase in asset value in each financial year
URB	15% of the outperformance above an NTA hurdle of 8.0%
WAA	20% of portfolio growth over a high watermark
WHF	None
WAM & WAX	20% of returns above All Ordinaries Accumulation Index if index increased, or where the 20% of the index decreased over the period, 20% of positive portfolio perf (0% if negative)
WIC	20% where performance exceeds 10% over 12 month period
WDE	15% of outperformance over the S&P/ASX300 Accumulation Index
WLE	20% outperformance over the S&P/ASX200 Accumulation Index
WMK	20% of returns above the RBA cash rate
8EC	20% of outperformance over the RBA cash rate plus 2%

Source: Company reports, IRESS, Baillieu Holst estimates

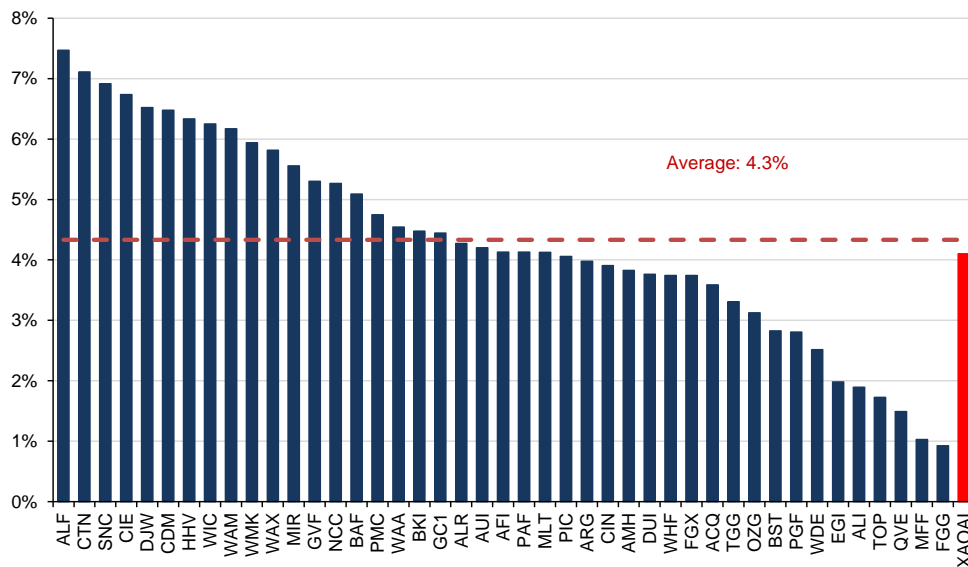
**Exit costs**

- Exit costs from LICs are generally limited to the brokerage paid on selling the shares. This is unlike retail managed funds, which can generally be exited at no charge.
- Exiting a LIC investment can have tax consequences.

**What income do investors receive from a LIC?**

- Annual investor income from a “buy-and-hold” investment strategy in a LIC takes the form of dividends, just like other share investments.
- However, because LICs utilise a company structure, payment of dividends is at the discretion of the management of the LIC. In other words, just because the investment portfolio of the LIC has made a profit in a given year, it does not mean that all, or even any, of that profit will be paid to shareholders in that year. This is unlike managers of retail managed funds, which are required to pay out the income to unitholders in the particular tax year that it is earned. Generally, LICs will pay out a high proportion of earnings as dividends.
- Most of our selected LICs focus on blue chip stocks and pay out a high proportion of earnings as a dividend. Accordingly, they have healthy dividend yields (as shown in the following graph).

**FIG. 5: DIVIDEND YIELD FOR SELECTED LICs**



Source: Company reports, Bloomberg, IRESS, Baillieu Holst

**Taxation issues**

- The returns of the LIC are generally taxed at the company tax rate of 30%. Accordingly, when dividends are paid to shareholders of the LIC, they attach franking credits. These are a tax benefit for shareholders, as they receive a “credit” for the company tax already paid on the LIC income when the shareholder’s ordinary income is assessed.
- Capital gains are managed by the manager of the LIC. Where the dividend paid to a shareholder of a LIC contains income derived from a capital gain of the LIC, it will be treated as a capital gain, not ordinary income, in the hands of the shareholder. Under current tax rules, only 50% of this amount is taxable for many investors.
- This tax treatment contrasts with that of unlisted retail managed funds, where investors incur an annual tax liability on interest and capital gains that the fund earns each year.



### LICs versus managed funds

- LICs are listed on the stock exchange so entry and exit costs are limited to brokerage. This means that diversification is achieved at little cost. LICs also offer a tax-effective structure, whereby dividends are fully franked and assessed as a capital gain in the hands of the shareholder. Therefore, only 50% of this amount is taxable for many investors. Contrast this with managed funds where investors incur an annual tax liability on the interest and capital gains that the funds earn each year.
- The fee structures of LICs are also favourable in comparison with managed funds. Our selected LICs have management expense ratios ranging from 0.12% to 1.5%, whereas managed funds often charge at least 1.5%. The difference in fees can have a substantial effect on long-term investments. For example, from an initial investment of \$50,000 invested at identical returns for a decade, the LIC investment could be worth up to \$6,000 more than the managed fund.

**Our selected LICs have management expense ratios ranging from 0.0%-1.75%, whereas managed funds often charge at least 1.5%**

### LICs versus exchange traded funds (ETFs)

- LICs and EFTs both have low management fees and efficient tax structures compared with managed funds. However, ETFs have an open-ended structure, where units on offer can increase or decrease based on supply and demand, and trade at or close to their net asset value. ETFs are generally passive investment products and hence do not aim to outperform the market in the same way many of the LICs do.
- ETFs are required to distribute any surplus income to security holders, whereas LICs have the ability to conserve surplus income and take advantage of market opportunities as they see fit. This added flexibility is beneficial to the shareholder.
- Despite speculation that LICs will face increased competition from ETFs, we feel that for the majority of our clients LICs provide a superior investment vehicle with the added possibility of returns above that of the underlying asset.

FIG.6: PERFORMANCE AND TRADING OVERVIEW (30 JUNE 2017)

Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA performance	TSR Performance	Avg. Prem/Disc	NTA performance	TSR Performance	Avg. Prem/Disc	NTA performance	TSR Performance	Avg. Prem/Disc
AFI	Australian Foundat.	11.5%	7.9%	0.4%	4.1%	1.9%	2.5%	10.1%	11.3%	2.4%
ARG	Argo Investments	12.7%	8.3%	-0.7%	5.4%	4.1%	3.2%	10.7%	12.6%	1.1%
AUI	Australian United In	17.7%	18.3%	-6.7%	4.3%	4.7%	-4.8%	10.5%	12.8%	-5.7%
BKI	BKI Investment Ltd	8.5%	7.2%	0.9%	4.0%	3.9%	1.5%	8.7%	12.0%	-0.9%
DJW	Djerriwarrh	12.6%	-4.0%	16.2%	2.1%	-2.4%	25.2%	7.4%	5.7%	23.1%
DUI	Diversified United	17.3%	18.4%	-7.3%	7.2%	6.1%	-6.0%	12.7%	14.6%	-6.2%
MLT	Milton Corporation	11.3%	10.0%	-1.5%	5.2%	4.0%	1.0%	10.5%	12.9%	-0.7%
Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
Code	Company	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
ALF	Australian Leaders	1.5%	-11.1%	6.7%	0.9%	-5.0%	6.9%	8.2%	8.1%	6.7%
ALR	Aberdeen Leaders	14.8%	16.4%	-9.7%	7.0%	2.9%	-7.8%	10.2%	9.0%	-2.6%
AMH	AMCIL Limited	5.9%	-1.3%	0.6%	4.7%	3.0%	-0.8%	9.2%	10.6%	-1.4%
CDM	Cadence Capital	14.1%	8.4%	7.7%	2.4%	1.4%	7.4%	6.3%	8.7%	5.1%
CIE	Contango Inc Gen Ltd	10.5%	12.0%	-5.5%	na	na	-3.8%	na	na	na
CIN	Carlton Investments	6.6%	3.2%	-12.9%	9.9%	8.9%	-11.4%	14.7%	19.3%	-13.1%
FGX	Future Gen Ltd	2.8%	1.3%	-1.5%	na	10.2%	-1.6%	na	47.3%	na
MIR	Mirrabooka Invest.	6.7%	3.0%	19.0%	7.7%	6.7%	14.8%	12.3%	14.9%	14.7%
PIC	Perpetual Equity Ltd	14.0%	16.6%	-8.2%	na	na	-6.1%	na	na	na
PL8	Plato Inc Max Ltd.	-3.7%	1.4%	3.6%	na	na	na	na	na	na
QVE	Qv Equities Limited	12.5%	27.9%	5.8%	na	na	1.2%	na	na	na
WAM	WAM Capital Limited	8.8%	13.9%	19.4%	10.7%	14.4%	12.9%	11.8%	16.6%	8.0%
WLE	WAM Leaders Limited	8.5%	2.3%	0.1%	na	na	0.0%	na	na	na
WDE	Wealth Def Equ Ltd	9.1%	13.3%	-12.9%	na	na	-8.6%	na	na	na
WHF	Whitefield Ltd	10.7%	14.3%	-9.7%	7.6%	7.1%	-7.7%	14.5%	16.6%	-7.6%
Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
Code	Company	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
ACQ	Acorn Cap Inv Fund	5.2%	6.1%	-12.7%	4.3%	3.0%	na	na	na	-14.5%
BST	Barrack St Invest	-3.6%	-3.3%	-14.7%	na	na	na	na	na	na
CTN	Contango Microcap	-8.0%	-4.7%	-7.2%	0.6%	2.4%	-8.8%	2.7%	5.4%	-10.3%
FOR	Forager Aust Shs Fnd	15.3%	23.5%	11.3%	na	na	na	na	na	na
GC1	Glennon SML Co Ltd	-3.7%	-5.3%	-6.2%	na	na	na	na	na	na
NCC	Naos Emerg Opp	7.9%	34.4%	-2.5%	7.2%	14.5%	-7.9%	na	na	na
OZG	Ozgrowth Limited	15.0%	22.3%	-19.5%	-1.3%	-3.0%	-15.6%	2.7%	7.2%	-18.3%
WAX	WAM Research Ltd	9.1%	17.7%	20.9%	12.2%	17.3%	12.1%	13.9%	23.5%	7.0%
WIC	Westoz Inv Ltd	14.2%	23.9%	-13.3%	-0.5%	-3.0%	-10.7%	2.8%	8.3%	-13.7%
8EC	8lp Emerg Co Ltd	-2.0%	-7.3%	-11.7%	na	na	na	na	na	na
Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
Code	Company	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
ALI	Argo Global Ltd	1.7%	2.7%	-11.0%	na	na	-8.5%	na	na	na
EAI	Ellerston Asian	13.1%	16.9%	-12.4%	na	na	-9.5%	na	na	na
EGI	Ellerston Global Inv	10.2%	12.7%	-12.0%	na	na	-5.0%	na	na	na
FGG	Future Glb Invest Co	11.4%	3.3%	-3.5%	na	na	0.4%	na	na	na
GVF	Global Value Fnd Ltd	8.9%	16.8%	0.7%	na	na	-4.3%	na	na	na
HHV	Hunter Hall Global	-11.7%	-12.3%	-5.2%	7.1%	10.6%	-9.4%	12.8%	16.5%	-11.6%
MFF	MFF Capital Inv Ltd	22.5%	5.2%	-14.1%	20.0%	13.6%	-8.8%	21.3%	20.7%	-4.3%
PAF	Pm Capital Asian Ops	16.0%	23.0%	-9.5%	7.8%	6.8%	-10.3%	na	na	-10.1%
PAI	Platinum Asia Ltd	16.9%	14.7%	-6.0%	na	na	-1.7%	na	na	na
PGF	Pm Capital Fund	23.9%	38.5%	-12.1%	9.5%	7.1%	-10.7%	na	na	-9.6%
PMC	Platinum Capital Ltd	18.6%	9.4%	2.7%	5.1%	3.7%	8.5%	13.5%	17.0%	4.8%
TGG	Templeton Global	19.5%	22.3%	-11.0%	6.1%	5.7%	-8.6%	14.6%	18.8%	-8.6%
Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
Code	Company	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
BAF	Blue Sky Alt Access	8.3%	3.4%	6.4%	na	8.9%	na	na	na	na
BTI	Bailador Tech Inv	-8.5%	-20.7%	-11.0%	na	na	na	na	na	na
LSX	Lion Selection Grp	2.7%	24.6%	-7.3%	-14.6%	8.2%	-25.8%	na	na	na
MA1	Monash Absolute	-9.0%	-21.1%	-5.4%	na	na	na	na	na	na
SNC	Sandon Capital Ltd	12.4%	25.5%	-4.7%	6.3%	5.5%	na	na	na	-4.6%
TOP	Thorney Opp Ltd	27.4%	22.0%	-5.7%	18.7%	na	na	na	na	-4.5%
URB	URB Investments Ltd	-2.3%	-2.3%	2.3%	na	na	na	na	na	na
WAA	WAM Active Limited	10.0%	11.8%	5.2%	7.4%	0.6%	0.5%	7.8%	8.0%	-4.3%
WMK	Watermark Fund Ltd	0.0%	5.3%	0.9%	2.9%	4.5%	-4.1%	na	na	-3.4%

Source: Bloomberg, Company reports, Baillieu Holst

## Acorn Capital (ACQ)

[www.acorncapital.com.au](http://www.acorncapital.com.au)

- Acorn Capital was founded in 1998 and is one of the largest specialist microcap investor in the Australian market. ACQ commenced trading on the ASX in May 2014.
- Utilising a sector neutral investment style, ACQ invests in ASX listed companies outside the top 250 by market capitalisation and unlisted opportunities if they are evaluated to be more attractive than listed opportunities.
- Unlisted holdings currently represent 23.0% of the underlying portfolio and provide a natural hedge against short term volatility in the small capitalisation market, in our view. A number of these (five) are represented in ACQ's top 10 holdings.
- The total shareholder return for the year ending 30 June 2017 was 6.1% with pre-tax net asset backing increasing 5.2%. The active return was -7.0%.

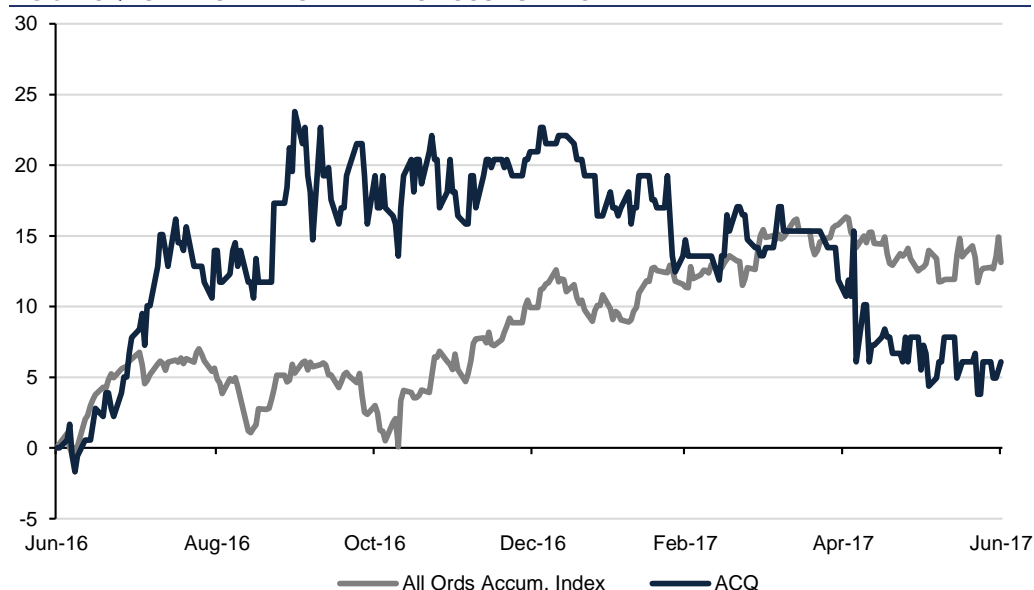
FIG.7: ACQ OVERVIEW

ACQ Snapshot		Top Holdings		%
Price (30 June 2017)	\$0.92	HUB24 LTD		6.9%
Share price range (12 months)	\$0.89 - \$1.09	GENEA LIMITED (UL)		4.6%
Shares on issue (Mn)	49	REDBUBBLE LTD		3.7%
Market capitalisation (\$Mn)	45.1	CARBON REVOLUTION (UL)		3.4%
Pre-tax asset backing*	\$1.08	MSL SOLUTIONS LTD		3.1%
Post-tax asset backing*	\$1.07	INNOVATION ASSET SOLUTIONS (UL)		2.8%
Premium/(Discount) to pre-tax NTA	-15.1%	LIFESTYLEPANEL HOLDINGS (UL)		2.6%
Premium/(Discount) to post-tax NTA	-14.0%	FIDUCIAN GROUP LTD		2.4%
Dividend yield	3.6%	AROA BIOSURGERY LTD (UL)		2.3%
Dividend per share (cents)	3.3	INTEGRATED PAYMENT TECHNOLOG		1.9%
Franking	100%			
Management expense ratio	0.95%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
ACQ	6.1%	3.0%	na	NTA growth	5.2%	4.3%	na
Sector Avg.	9.3%	5.2%	11.1%	Sector Avg.	3.8%	3.8%	5.5%
Active return	-7.0%	-3.9%	na	Prem/Disc (Avg.)	-12.7%	-14.7%	-14.5%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017. Active return refers to TSR relative to that of the comparative index.

FIG.8: ACQ TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Australian Foundation Investment Company (AFI)

[www.afi.com.au](http://www.afi.com.au)

- AFI was formed in 1928 and is Australia's oldest and largest listed investment company.
- AFI is a long-term, low-risk investor in major companies on both the ASX and New Zealand Stock Exchange.
- AFIC's big four bank weighting is currently in line with the ASX All Ordinaries at 24.5%
- The total shareholder return for the year ending 30 June 2017 was 7.9% with pre-tax net asset backing increasing 11.5%. The active return was -5.2%.

**FIG.9: AFI OVERVIEW**

AFI Snapshot		Top Holdings		%
Price (30 June 2017)	\$5.81	COMMONWEALTH BANK OF AUSTRAL		9.8%
Share price range (12 months)	\$5.54 - \$6.12	WESTPAC BANKING CORP		7.8%
Shares on issue (Mn)	1,176	BHP BILLITON LIMITED		4.8%
Market capitalisation (\$Mn)	6833.0	NATIONAL AUSTRALIA BANK LTD		4.8%
Pre-tax asset backing*	\$5.89	WESFARMERS LTD		4.4%
Post-tax asset backing*	\$5.07	AUST AND NZ BANKING GROUP		4.0%
Premium/(Discount) to pre-tax NTA	-1.4%	CSL LTD		3.5%
Premium/(Discount) to post-tax NTA	14.6%	RIO TINTO LTD		3.2%
Dividend yield	4.1%	TELSTRA CORP LTD		3.1%
Dividend per share (cents)	24.0	TRANSURBAN GROUP		3.1%
Franking	100%			
Management expense ratio	0.14%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
AFI	7.9%	1.9%	11.3%	NTA growth	11.5%	4.1%	10.1%
Sector Avg.	9.4%	3.2%	11.7%	Sector Avg.	13.1%	4.6%	10.1%
Active return	-5.2%	-4.9%	-0.3%	Prem/Disc (Avg.)	0.4%	2.5%	0.4%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index.

**FIG.10: AFI TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Australian Leaders Fund (ALF)

[www.wfunds.com.au](http://www.wfunds.com.au)

- Australian Leaders Fund invests in leading Australian companies, focusing on the top 200, with strong business fundamentals on attractive terms. In addition, ALF short sells companies that it feels are fundamentally challenged.
- ALF's investment objective is to deliver superior returns over the medium term within acceptable risk parameters while preserving the company's capital.
- The net equity exposure of the portfolio is currently -0.1%.
- The total shareholder return for the year ending 30 June 2017 was -11.1% with pre-tax net asset backing increasing 1.5%. The active return was -24.2%.

FIG.11: ALF OVERVIEW

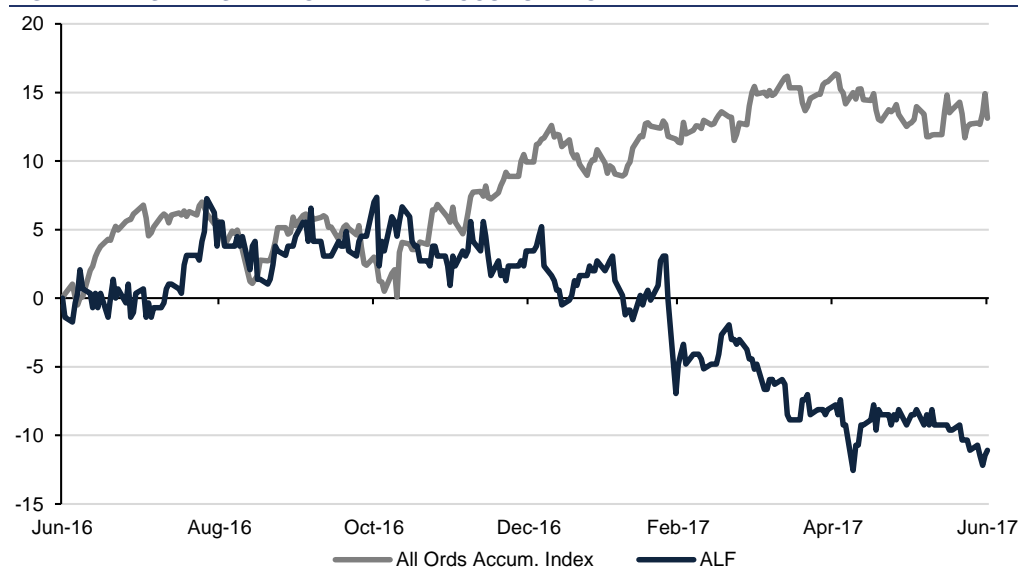
ALF Snapshot				Top Holdings			
Price (30 June 2017)	\$1.21			NA			
Share price range (12 months)	\$1.18 - \$1.55						
Shares on issue (Mn)	273						
Market capitalisation (\$Mn)	328.4						
Pre-tax asset backing*	\$1.26						
Post-tax asset backing*	\$1.27						
Premium/(Discount) to pre-tax NTA	-4.4%						
Premium/(Discount) to post-tax NTA	-5.1%						
Dividend yield	7.5%						
Dividend per share (cents)	9.0						
Franking	100%						
Management expense ratio	1.00%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
ALF	-11.1%	-5.0%	8.1%	NTA growth	1.5%	0.9%	8.2%
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	-24.2%	-11.8%	-3.5%	Prem/Disc (Avg.)	6.7%	6.9%	6.7%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index.

FIG.12: ALF TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Argo Global Listed Infrastructure (ALI)

[www.argostructure.com.au](http://www.argostructure.com.au)

- Established in July 2015, ALI provides investors exposure to a diversified portfolio of global listed infrastructure securities. ALI seeks to provide investors with a mix of long-term capital growth and dividend income.
- Cohen & Steers, a listed company on the New York Stock Exchange is a global investment manager specialising in assets such as listed infrastructure, real estate and real assets.
- ALI is heavily weighted towards the USA (49.7%) with key holdings in sectors such as Electricity (30.3%), Midstream Energy (12.9%), Railways (10.0%) and Toll Roads (9.6%).
- The total shareholder return for the year ending 30 June 2017 was 2.7% with pre-tax net asset backing increasing 1.7%. The active return was -12.5%.

FIG.13: ALI OVERVIEW

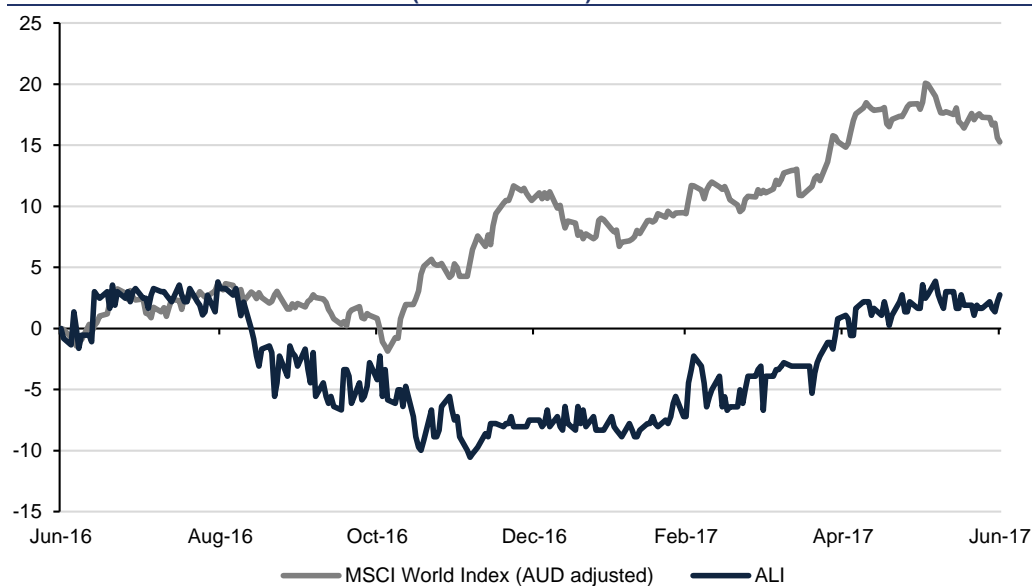
ALI Snapshot		Top Holdings			
Price (30 June 2017)	\$1.85	<b>KEY REGIONAL EXPSOURE</b>			
Share price range (12 months)	\$1.61 - \$1.92	NORTH AMERICA		49.7%	
Shares on issue (Mn)	144	EUROPE (EX-UK)		13.7%	
Market capitalisation (\$Mn)	265.6	CANADA		9.7%	
Pre-tax asset backing*	\$2.06	JAPAN		6.5%	
Post-tax asset backing*	\$2.04	<b>SUBSECTOR ALLOCATION</b>			
Premium/(Discount) to pre-tax NTA	-10.2%	ELECTRICITY		30.3%	
Premium/(Discount) to post-tax NTA	-9.3%	MIDSTREAM ENERGY		12.9%	
Dividend yield	1.9%	RAILWAYS		10.0%	
Dividend per share (cents)	3.5	TOLL ROADS		9.6%	
Franking	100%				
Management expense ratio	1.20%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
ALI	2.7%	na	na	NTA growth	1.7%	na	na
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	-12.5%	na	na	Prem/Disc (Avg.)	-11.0%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures from inception date (July 2015). Active return refers to TSR relative to that of the comparative index

FIG.14: ALI TSR V MSCI WORLD INDEX (AUD ADJUSTED)



Source: Bloomberg, Baillieu Holst



## Aberdeen Leaders Fund (ALR)

[www.aberdeenasset.com.au](http://www.aberdeenasset.com.au)

- ALR is managed by Aberdeen Asset Management, a global asset manager with ~\$USD385 billion of funds under management.
- ALR invests in companies within the S&P/ ASX 200 index and aims to provide investors with regular income and long term capital growth.
- ALR is currently overweight (ASX200 Accum. Index) Healthcare (+8.2%) and Materials (+3.2%) whilst underweight Financials (-9.4%) and Industrials (-5.7%).
- The total shareholder return for the year ending 30 June 2017 was 16.4% with pre-tax net asset backing increasing 14.8%. The active return was 3.3%.

FIG.15: ALR OVERVIEW

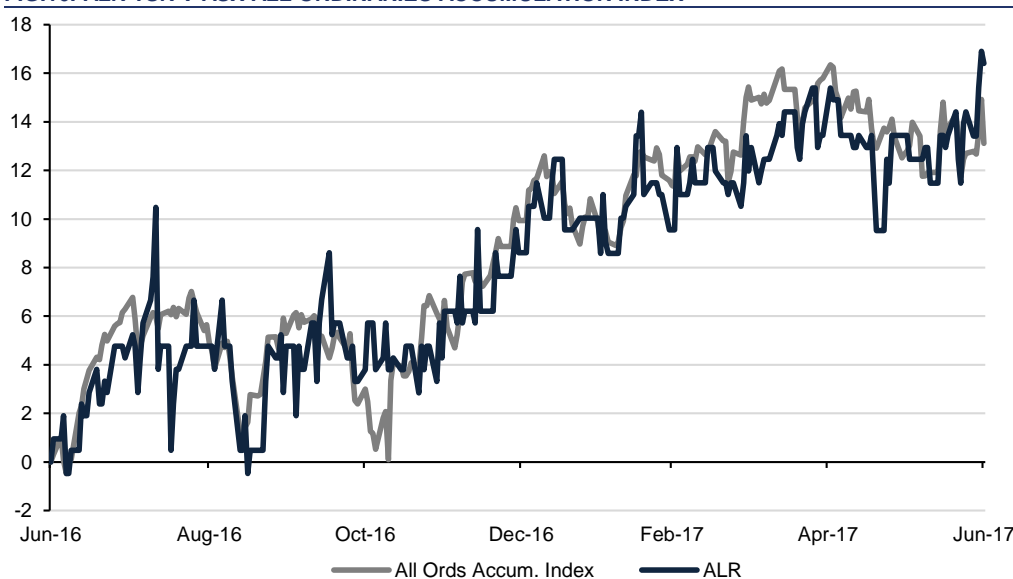
ALR Snapshot		Top Holdings			
Price (30 June 2017)	\$1.17	ASX LTD			6.0%
Share price range (12 months)	\$1.04 - \$1.2	COMMONWEALTH BANK OF AUSTRAL			5.9%
Shares on issue (Mn)	60	CSL LTD			5.8%
Market capitalisation (\$Mn)	70.4	RIO TINTO LTD			5.3%
Pre-tax asset backing*	\$1.27	WESTPAC BANKING CORP			5.0%
Post-tax asset backing*	\$1.21	BHP BILLITON LIMITED			4.6%
Premium/(Discount) to pre-tax NTA	-7.9%	AGL ENERGY LTD			4.2%
Premium/(Discount) to post-tax NTA	-3.3%	WOODSIDE PETROLEUM LTD			3.9%
Dividend yield	4.3%	AMCOR LIMITED			3.8%
Dividend per share (cents)	5.0	TELSTRA CORP LTD			3.8%
Franking	100%				
Management expense ratio	0.75%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
ALR	16.4%	2.9%	9.0%	NTA growth	14.8%	7.0%	10.2%
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	3.3%	-4.0%	-2.6%	Prem/Disc (Avg.)	-9.7%	-7.8%	-2.6%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.16: ALR TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## AMCIL (AMH)

[www.amcil.com.au](http://www.amcil.com.au)

- AMCIL was formed in 1996 with an initial focus on the media and telecommunications sectors.
- The limited scope of attractive investments within these sectors resulted in a change of strategy, and AMCIL now has a diversified portfolio of 30 to 40 of Australia's largest companies.
- The total shareholder return for the year ending 30 June 2017 was -1.3% with pre-tax net asset backing increasing 5.9%. The active return was -14.4%

FIG.17: AMH OVERVIEW

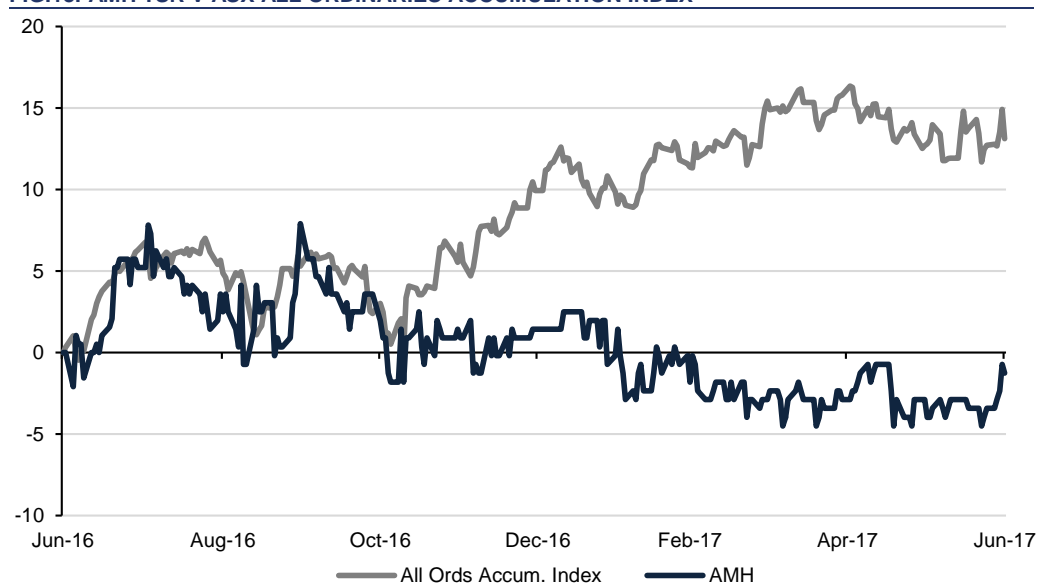
AHM Snapshot		Top Holdings		%
Price (30 June 2017)	\$0.92	MAINFREIGHT LTD		4.3%
Share price range (12 months)	\$0.88 - \$1.03	BHP BILLITON LIMITED		4.1%
Shares on issue (Mn)	258	LIFESTYLE COMMUNITIES LTD		4.1%
Market capitalisation (\$Mn)	236.0	COMMONWEALTH BANK OF AUSTRAL		3.8%
Pre-tax asset backing*	\$0.95	NATIONAL AUSTRALIA BANK LTD		3.8%
Post-tax asset backing*	\$0.89	CSL LTD		3.6%
Premium/(Discount) to pre-tax NTA	-3.7%	BRAMBLES LTD		3.5%
Premium/(Discount) to post-tax NTA	2.8%	QUBE HOLDINGS LTD		3.4%
Dividend yield	3.8%	JAMES HARDIE INDUSTRIES-CDI		3.3%
Dividend per share (cents)	3.5	WESTPAC BANKING CORP		3.2%
Franking	100%			
Management expense ratio	0.64%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
AMH	-1.3%	3.0%	10.6%	NTA growth	5.9%	4.7%	9.2%
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	-14.4%	-3.9%	-1.0%	Prem/Disc (Avg.)	0.6%	-0.8%	-1.4%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.18: AMH TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Argo Investments (ARG)

[www.argoinvestments.com.au](http://www.argoinvestments.com.au)

- Argo was formed in 1946 and is based in Adelaide, South Australia.
- It is the second-largest LIC by market capitalisation.
- Argo's portfolio contains investments in about 100 companies, with many of Australia's major enterprises represented.
- When compared to our large cap LICs, ARG has the lowest Big 4 bank weighting at ~20% of the portfolio.
- The total shareholder return for the year ending 30 June 2017 was 8.3% with pre-tax net asset backing increasing 12.7%. The active return was -4.8%.

FIG.19 ARG OVERVIEW

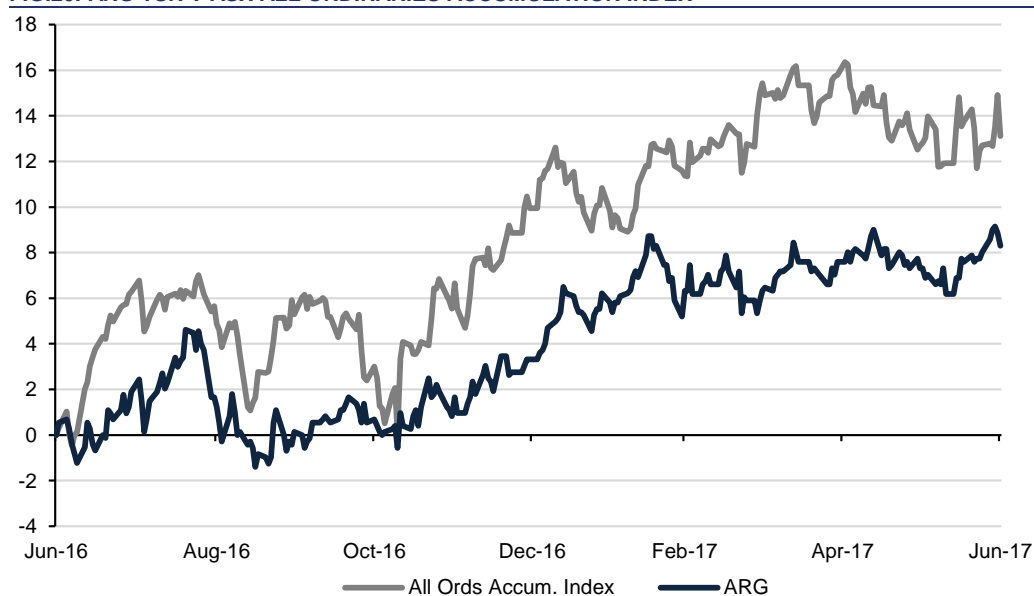
ARG Snapshot		Top Holdings		%
Price (30 June 2017)	\$7.67	WESTPAC BANKING CORP		6.3%
Share price range (12 months)	\$7.11 - \$7.93	AUST AND NZ BANKING GROUP		5.2%
Shares on issue (Mn)	693	COMMONWEALTH BANK OF AUSTRAL		4.9%
Market capitalisation (\$Mn)	5317.8	WESFARMERS LTD		4.0%
Pre-tax asset backing*	\$7.71	MACQUARIE GROUP LTD		4.0%
Post-tax asset backing*	\$6.80	BHP BILLITON LIMITED		3.6%
Premium/(Discount) to pre-tax NTA	-0.5%	TELSTRA CORP LTD		3.5%
Premium/(Discount) to post-tax NTA	12.8%	NATIONAL AUSTRALIA BANK LTD		3.3%
Dividend yield	4.0%	CSL LTD		2.8%
Dividend per share (cents)	30.5	RIO TINTO LTD		2.8%
Franking	100%			
Management expense ratio	0.17%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
ARG	8.3%	4.1%	12.6%	NTA growth	12.7%	5.4%	10.7%
Sector Avg.	9.4%	3.2%	11.7%	Sector Avg.	13.1%	4.6%	10.1%
Active return	-4.8%	-2.8%	1.0%	Prem/Disc (Avg.)	-0.7%	3.2%	-0.7%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.20: ARG TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Australian United Investment Company (AUI)

[www.aui.com.au](http://www.aui.com.au)

- AUI was founded in 1953 by the late Sir Ian Potter and The Ian Potter Foundation.
- AUI utilises a “traditional” investment philosophy, focusing on risk reduction by investing in a range of large and mid-cap companies on the ASX.
- Investments are chosen on their individual merits, with no pre-determined policy that any particular proportions of the capital will be invested in particular investment sectors.
- The total shareholder return for the year ending 30 June 2017 was 18.3% with pre-tax net asset backing increasing 17.7%. The active return was 5.2%.

FIG.21: AUI OVERVIEW

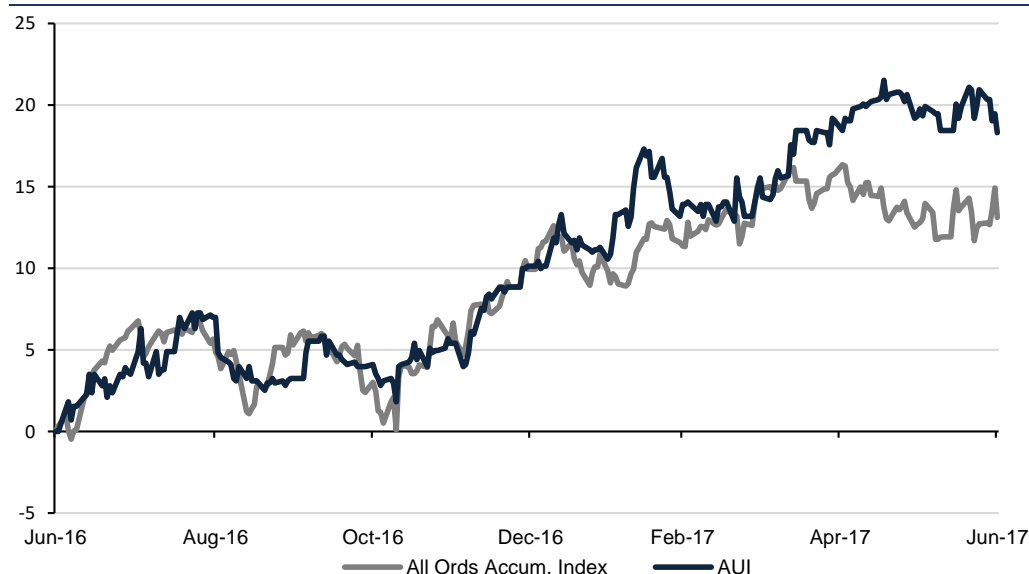
AUI Snapshot				Top Holdings			
Price (30 June 2017)			\$8.09	COMMONWEALTH BANK OF AUSTRAL			8.9%
Share price range (12 months)			\$7.1 - \$8.4	AUST AND NZ BANKING GROUP			6.8%
Shares on issue (Mn)			124	WESTPAC BANKING CORP			6.4%
Market capitalisation (\$Mn)			1000.8	NATIONAL AUSTRALIA BANK LTD			5.6%
Pre-tax asset backing*			\$8.57	WESFARMERS LTD			4.7%
Post-tax asset backing*			\$7.46	CSL LTD			4.6%
Premium/(Discount) to pre-tax NTA			-5.6%	DIVERSIFIED UNITED INVESTMNT			4.5%
Premium/(Discount) to post-tax NTA			8.4%	TRANSURBAN GROUP			4.2%
Dividend yield			4.2%	RIO TINTO LTD			4.0%
Dividend per share (cents)			34.0	BHP BILLITON LIMITED			3.6%
Franking			100%				
Management expense ratio			0.10%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
AUI	18.3%	4.7%	12.8%	NTA growth	17.7%	4.3%	10.5%
Sector Avg.	9.4%	3.2%	11.7%	Sector Avg.	13.1%	4.6%	10.1%
Active return	5.2%	-2.2%	1.2%	Prem/Disc (Avg.)	-6.7%	-4.8%	-6.7%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.22: AUI TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Blue Sky Alternative Access Fund (BAF)

[www.blueskyfunds.com.au](http://www.blueskyfunds.com.au)

- BAF is managed by Bluesky Alternative Investments, an ASX listed alternative funds manager (BLA) which manages over \$3.0 billion in assets. BAF listed on the ASX in December 2014.
- BAF provides investors access to a range of alternative assets including real assets (i.e. water), private real estate, private equity / venture capital, and hedge funds. The fund manager, Bluesky Investments, operates a number of funds across the aforementioned asset of which BAF invests its capital within.
- BAF has a number of investments flagged for exits in CY17 which may provide a catalyst for an NTA re-rating.
- The total shareholder return for the year ending 30 June 2017 was 3.4% with pre-tax net asset backing increasing 8.3%. The active return was -9.8%.

FIG.23: BAF OVERVIEW

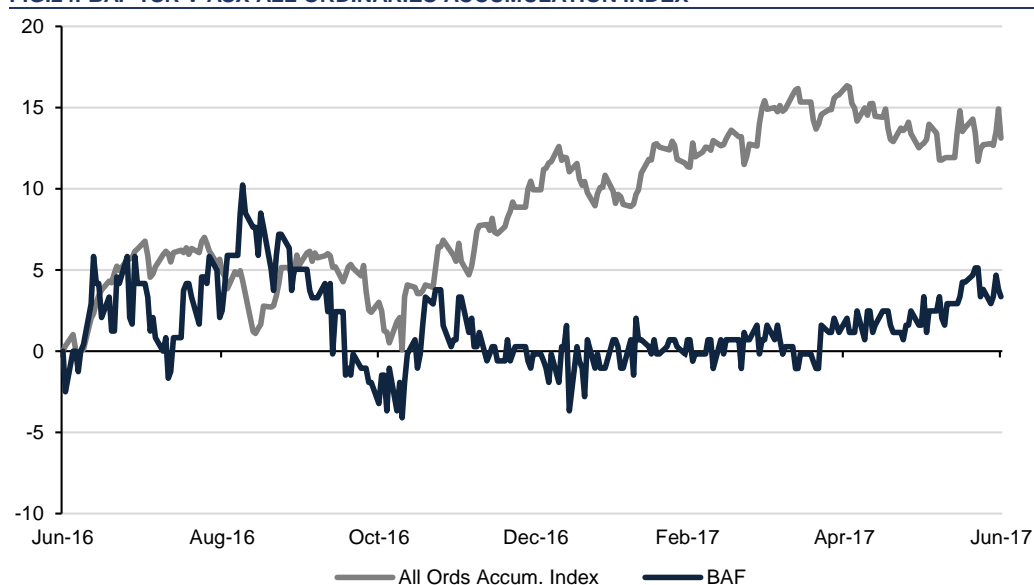
BAF Snapshot		Top Holdings	
Price (30 June 2017)	\$1.17	<b>ASSET ALLOCATION</b>	
Share price range (12 months)	\$1.08 - \$1.28	PRIVATE REAL ESTATE	39.7%
Shares on issue (Mn)	171	REAL ASSETS	22.7%
Market capitalisation (\$Mn)	200.2	PRIVATE EQUITY AND VC	26.1%
Pre-tax asset backing*	\$1.15	CASH	11.5%
Post-tax asset backing*	\$1.12		
Premium/(Discount) to pre-tax NTA	2.2%		
Premium/(Discount) to post-tax NTA	4.4%		
Dividend yield	5.1%		
Dividend per share (cents)	6.0		
Franking	100%		
Management expense ratio	1.20%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
BAF	3.4%	8.9%	na	NTA growth	8.3%	na	na
Sector Avg.	6.3%	7.5%	10.9%	Sector Avg.	5.4%	4.1%	-2.5%
Active return	-9.8%	2.1%	na	Prem/Disc (Avg.)	6.4%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.24: BAF TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## BKI Investment Company (BKI)

[www.bkilimited.com.au](http://www.bkilimited.com.au)

- BKI was listed on the ASX in December 2003 with an objective to provide investors with sound dividend yields and long-term capital growth.
- BKI invests in a diversified portfolio of Australian shares, trusts and interest-bearing securities, focusing on securities that are paying an increasing dividend stream.
- Average portfolio turnover for the FY16 was 8.0%
- The total shareholder return for the year ending 30 June 2017 was 7.2% with pre-tax net asset backing increasing 8.5%. The active return was -5.9%.

FIG.25: BKI OVERVIEW

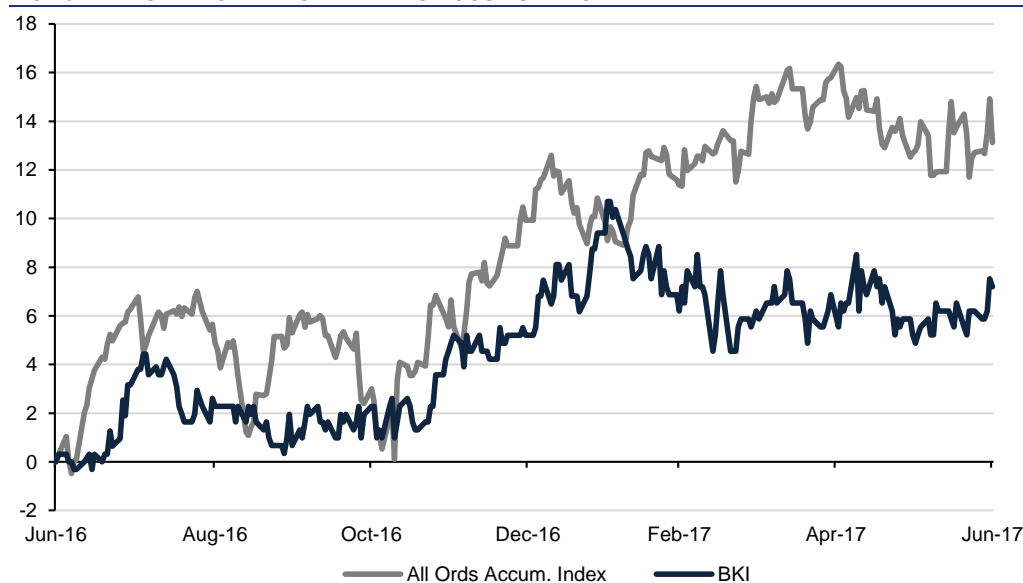
BKI Snapshot				Top Holdings			
Price (30 June 2017)			\$1.62	COMMONWEALTH BANK OF AUSTRAL			9.3%
Share price range (12 months)			\$1.55 - \$1.71	NATIONAL AUSTRALIA BANK LTD			8.0%
Shares on issue (Mn)			618	WESTPAC BANKING CORP			6.9%
Market capitalisation (\$Mn)			1001.9	AUST AND NZ BANKING GROUP			4.5%
Pre-tax asset backing*			\$1.61	WESFARMERS LTD			4.2%
Post-tax asset backing*			\$1.52	TELSTRA CORP LTD			4.0%
Premium/(Discount) to pre-tax NTA			0.6%	APA GROUP			3.4%
Premium/(Discount) to post-tax NTA			6.6%	AGL ENERGY LTD			3.2%
Dividend yield			4.5%	TRANSURBAN GROUP			3.1%
Dividend per share (cents)			7.3	TPG TELECOM LTD			2.9%
Franking			100%				
Management expense ratio			0.15%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
BKI	7.2%	3.9%	12.0%	NTA growth	8.5%	4.0%	8.7%
Sector Avg.	9.4%	3.2%	11.7%	Sector Avg.	13.1%	4.6%	10.1%
Active return	-5.9%	-3.0%	0.4%	Prem/Disc (Avg.)	0.9%	1.5%	0.9%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.26: BKI TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst



## Barrack St Investments (BST)

[www.barrackst.com](http://www.barrackst.com)

- Barrack St Investments (BST) is managed by EC Pohl Asset Management and was listed on the ASX in August 2014.
- BST invests in companies outside of the S&P/ASX 50 Index, providing investors access to a high conviction, small/micro-cap bias portfolio.
- The portfolio is constructed using a research driven, bottom-up investment philosophy.
- Total shareholder return for the year ending 30 June 2017 was -3.3% with pre-tax net asset backing decreasing -3.6%. The active return was -16.4%.

FIG.27: BST OVERVIEW

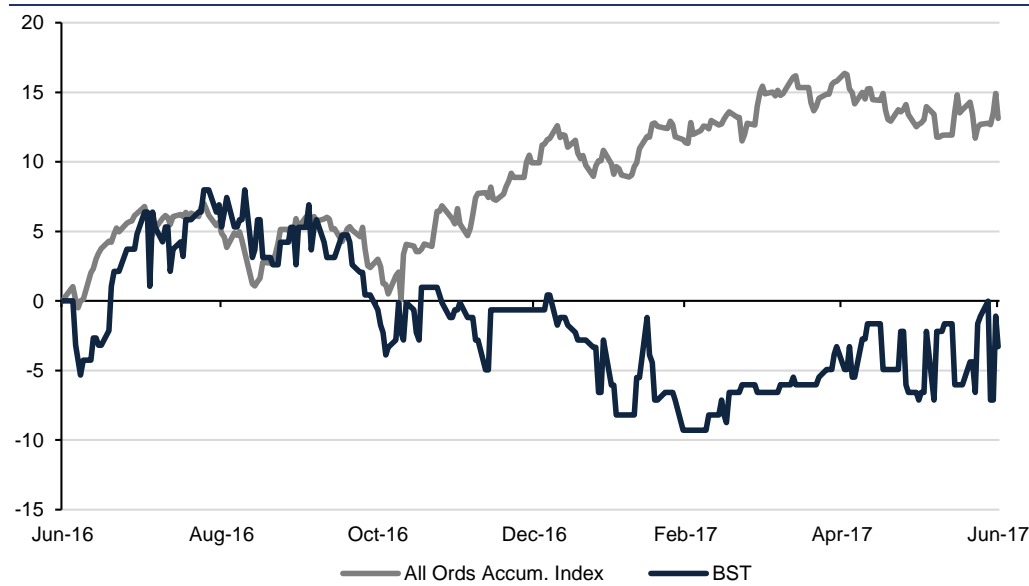
BST Snapshot		Top Holdings		%
Price (30 June 2017)	\$0.89	MAGELLAN FINANCIAL GROUP LTD		7.0%
Share price range (12 months)	\$0.83 - \$1.02	DOMINO'S PIZZA ENTERPRISES L		6.6%
Shares on issue (Mn)	18	TPG TELECOM LTD		6.6%
Market capitalisation (\$Mn)	16.2	CARSALES.COM LTD		6.3%
Pre-tax asset backing*	\$1.05	RELIANCE WORLDWIDE CORP LTD		5.8%
Post-tax asset backing*	\$1.05	TRADE ME GROUP LTD		5.2%
Premium/(Discount) to pre-tax NTA	-15.8%	BT INVESTMENT MANAGEMENT LTD		5.1%
Premium/(Discount) to post-tax NTA	-15.8%			
Dividend yield	2.8%			
Dividend per share (cents)	2.5			
Franking	100%			
Management expense ratio	1.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
BST	-3.3%	na	na	NTA growth	-3.6%	na	na
Sector Avg.	9.3%	5.2%	11.1%	Sector Avg.	3.8%	3.8%	5.5%
Active return	-16.4%	na	na	Prem/Disc (Avg.)	-14.7%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.28: BST TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Bailador Technology Investments (BTI)

[www.bailador.com.au](http://www.bailador.com.au)

- Bailador Technology Investments listed on the ASX in November 2014. BTI invests in private companies within the information technology sector.
- BTI invests in companies that are in the expansion stage and typically display the following characteristics: several million dollars of revenue, established customer base, proven technology and management. BTI continues to deploy its cash holding, recently investing in Docscorp and Instaclustr.
- Currently, BTI holds 9 unlisted investments post iPro Solutions entering voluntary administration. BTI invests via a number of different ownership structures to help mitigate downside risk (such as convertible notes, preference shares).
- Total shareholder return for the year ending 30 June 2017 was -20.7% with pre-tax net asset backing decreasing -8.5%. The active return was -33.8%.

**FIG.29: BTI OVERVIEW**

BTI Snapshot		Top Holdings		%
Price (30 June 2017)	\$0.90	SITEMINDER		31.6%
Share price range (12 months)	\$0.81 - \$1.2	VIOSTREAM		17.9%
Shares on issue (Mn)	120	STACKLA		9.8%
Market capitalisation (\$Mn)	108.2	STRAKER TRANSLATIONS		6.8%
Pre-tax asset backing*	\$1.07	DOCS CORP		5.8%
Post-tax asset backing*	\$1.04	STANDARD MEDIA INDEX		5.8%
Premium/(Discount) to pre-tax NTA	-15.9%	LENDI (CLICKLOANS)		5.6%
Premium/(Discount) to post-tax NTA	-13.5%	REZDY		3.5%
Dividend yield	na	INSTACLUSTR		3.5%
Dividend per share (cents)	na			
Franking	na			
Management expense ratio	1.75%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
BTI	-20.7%	na	na	NTA growth	-8.5%	na	na
Sector Avg.	6.3%	7.5%	10.9%	Sector Avg.	5.4%	4.1%	-2.5%
Active return	-33.8%	na	na	Prem/Disc (Avg.)	-11.0%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

**FIG.30: BTI TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Cadence Capital (CDM)

[www.cadencecapital.com.au](http://www.cadencecapital.com.au)

- Cadence Capital is an actively managed investment company with a portfolio of Australian and international securities.
- Although it focuses on a fundamental bottom-up approach to portfolio management, it also uses technical analysis over the short term to supplement returns.
- The manager targets 20 to 40 core investments with direct international exposure and currently holds 22.1% of the portfolio in cash.
- CDM holds four international companies within its top holdings representing 13.4% of the portfolio.
- The total shareholder return for the year ending 30 June 2017 was 8.4% with pre-tax net asset backing increasing 14.1%. The active return was -4.8%.

FIG.31: CDM OVERVIEW

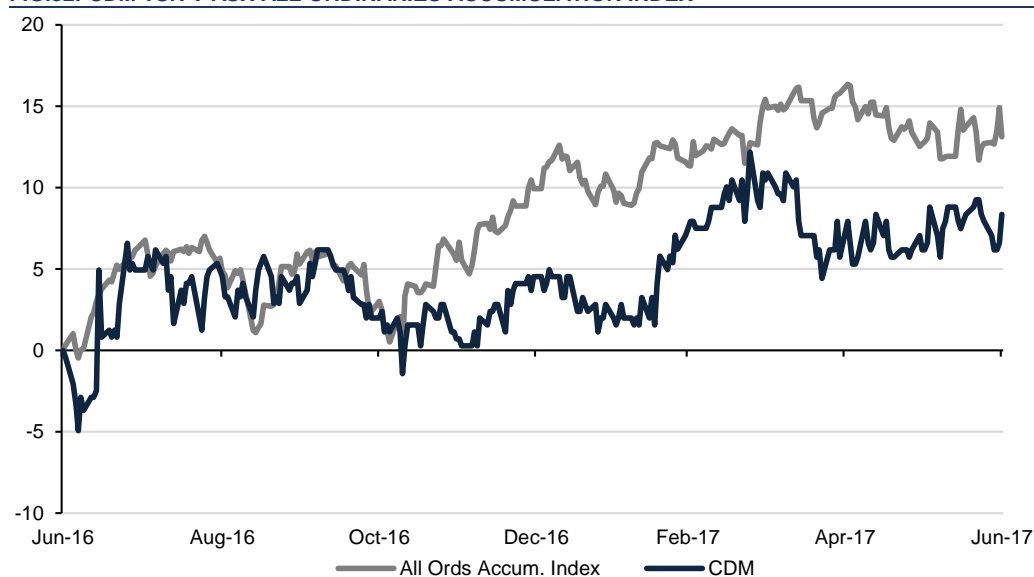
CDM Snapshot		Top Holdings		%
Price (30 June 2017)	\$1.24	MELBOURNE IT LTD		16.7%
Share price range (12 months)	\$1.14 - \$1.32	MACQUARIE GROUP LTD		10.8%
Shares on issue (Mn)	274	JANUS HENDERSON GROUP-CDI		6.1%
Market capitalisation (\$Mn)	338.4	SAMSUNG ELECTRONICS CO LTD		4.7%
Pre-tax asset backing*	\$1.16	SOFTBANK GROUP CORP		4.4%
Post-tax asset backing*	\$1.24	AUST AND NZ BANKING GROUP		3.7%
Premium/(Discount) to pre-tax NTA	6.1%	ECLIPX GROUP LTD		3.2%
Premium/(Discount) to post-tax NTA	-0.7%	NATIONAL AUSTRALIA BANK LTD		3.2%
Dividend yield	6.5%	ESTIA HEALTH LTD		3.0%
Dividend per share (cents)	8.0	ARDENT LEISURE GROUP		2.9%
Franking	100%			
Management expense ratio	1.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
CDM	8.4%	1.4%	8.7%	NTA growth	14.1%	2.4%	6.3%
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	-4.8%	-5.4%	-2.9%	Prem/Disc (Avg.)	7.7%	7.4%	5.1%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.32: CDM TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Contango Income Generator Limited (CIE)

[www.contango.com.au](http://www.contango.com.au)

- Managed by Contango Asset Management, CIE provides investors access to a portfolio of companies predominately within the S&P/ASX 300 Index, excluding those securities of the largest 30 entities. The objective of CIE is to deliver a sustainable income stream and modest capital growth to its shareholders over time.
- The dividend policy of CIE is to pay annual dividends of no less than 6.5% of the company's net tangible assets. CIE will typically hold between 30-40 securities where the manager identifies sustainable dividend growth, lower than market risk profile, low earnings volatility and balance sheet strength characteristics.
- The total shareholder return for the year ending 30 June 2017 was 12.0% with pre-tax net asset backing increasing 10.5%. The active return was -1.1%.

FIG.33: CIE OVERVIEW

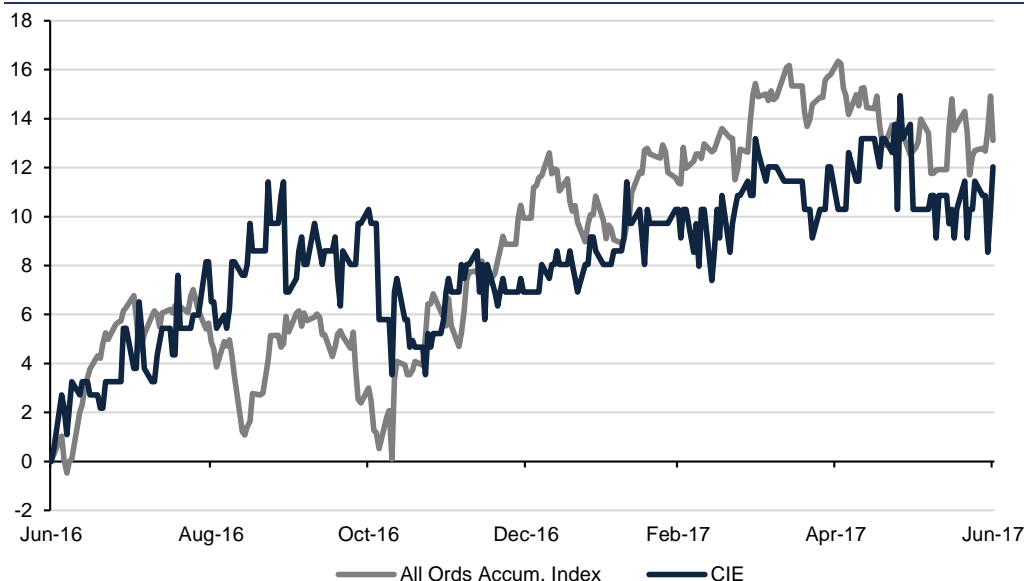
CIE Snapshot				Top Holdings			
Price (30 June 2017)			\$0.97	ASX LTD			6.0%
Share price range (12 months)			\$0.91 - \$1	BANK OF QUEENSLAND LTD			5.3%
Shares on issue (Mn)			81	TABCORP HOLDINGS LTD			4.4%
Market capitalisation (\$Mn)			78.3	BENDIGO AND ADELAIDE BANK			3.7%
Pre-tax asset backing*			\$1.03	SPARK INFRASTRUCTURE GROUP			2.8%
Post-tax asset backing*			\$1.01	ADELAIDE BRIGHTON LTD			2.7%
Premium/(Discount) to pre-tax NTA			-6.2%	CHARTER HALL GROUP			2.7%
Premium/(Discount) to post-tax NTA			-4.8%	HOTEL PROPERTY INVESTMENTS			2.6%
Dividend yield			6.7%	CALTEX AUSTRALIA LTD			2.5%
Dividend per share (cents)			6.5	IOOF HOLDINGS LTD			2.4%
Franking			50%				
Management expense ratio			0.95%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
CIE	12.0%	na	na	NTA growth	10.5%	na	na
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	-1.1%	na	na	Prem/Disc (Avg.)	-5.5%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures since inception (August 2015). Active return refers to TSR relative to that of the comparative index

FIG.34: CIE TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Carlton Investments (CIN)

[www.carltoninvestments.com.au](http://www.carltoninvestments.com.au)

- Carlton Investments' strategy is to invest in established listed blue chip stocks that provide high levels of sustainable income through fully franked dividends.
- Investments are held for the long term and not for trading purposes.
- Carlton is primarily exposed to the banking, tourism and leisure sectors.
- The total shareholder return for the year ending 30 June 2017 was 3.2% with pre-tax net asset backing increasing 6.6%. The active return was -9.9%.

**FIG.35: CIN OVERVIEW**

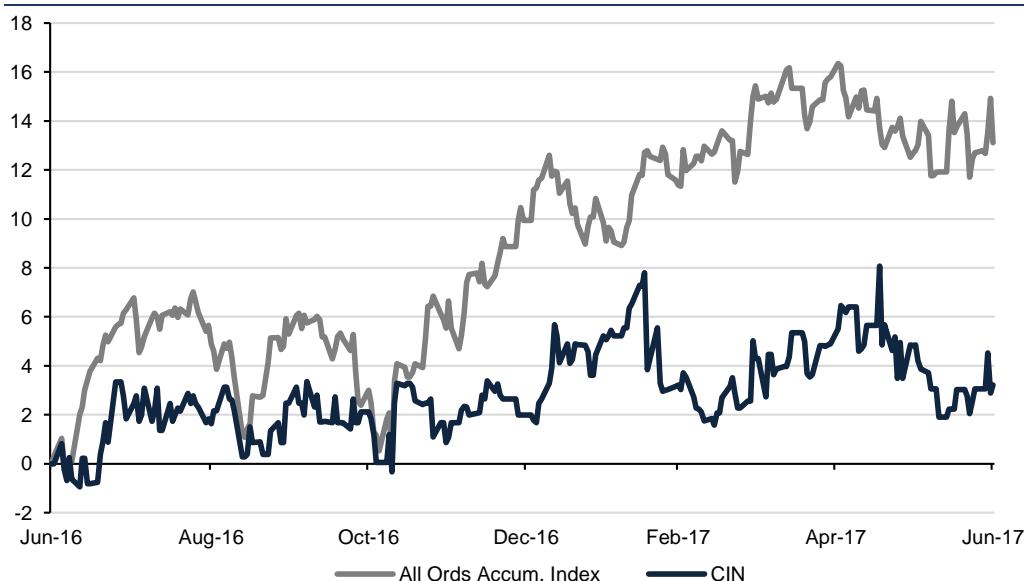
CIN Snapshot		Top Holdings		%
Price (30 June 2017)	\$31.50	EVENT HOSPITALITY AND ENTERT		42.6%
Share price range (12 months)	\$30.8 - \$33.5	NATIONAL AUSTRALIA BANK LTD		6.7%
Shares on issue (Mn)	26	WESTPAC BANKING CORP		5.6%
Market capitalisation (\$Mn)	834.0	COMMONWEALTH BANK OF AUSTRAL		4.9%
Pre-tax asset backing*	\$36.65	AGL ENERGY LTD		4.2%
Post-tax asset backing*	\$30.37	AUST AND NZ BANKING GROUP		3.0%
Premium/(Discount) to pre-tax NTA	-14.1%	WESFARMERS LTD		2.5%
Premium/(Discount) to post-tax NTA	3.7%	PERPETUAL LTD		2.5%
Dividend yield	3.9%	TELSTRA CORP LTD		1.9%
Dividend per share (cents)	123.0	BHP BILLITON LIMITED		1.9%
Franking	100%			
Management expense ratio	0.09%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
CIN	3.2%	8.9%	19.3%	NTA growth	6.6%	9.9%	14.7%
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	-9.9%	2.0%	7.7%	Prem/Disc (Avg.)	-12.9%	-11.4%	-13.1%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

**FIG.36: CIN TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Contango Microcap (CTN)

[www.contango.com.au](http://www.contango.com.au)

- Contango Microcap was listed on the ASX in December 2004 and is managed by Contango Asset Management and OC Funds Management.
- Contango invests in companies with a market capitalisation of generally between \$10 million and \$350 million and currently holds 93 securities. In May 2017, CTN reverted back to a single manager structure with Contango to manage the portfolio in its entirety.
- Its investment philosophy is based on the premise that microcap companies are under-researched and hence offer considerable upside potential.
- 26.9% of CTN's portfolio is currently invested within the small cap resources sector.
- The total shareholder return for the year ending 30 June 2017 was -4.7% with pre-tax net asset backing decreasing -8.0%. The active return was -17.8%.

FIG.37: CTN OVERVIEW

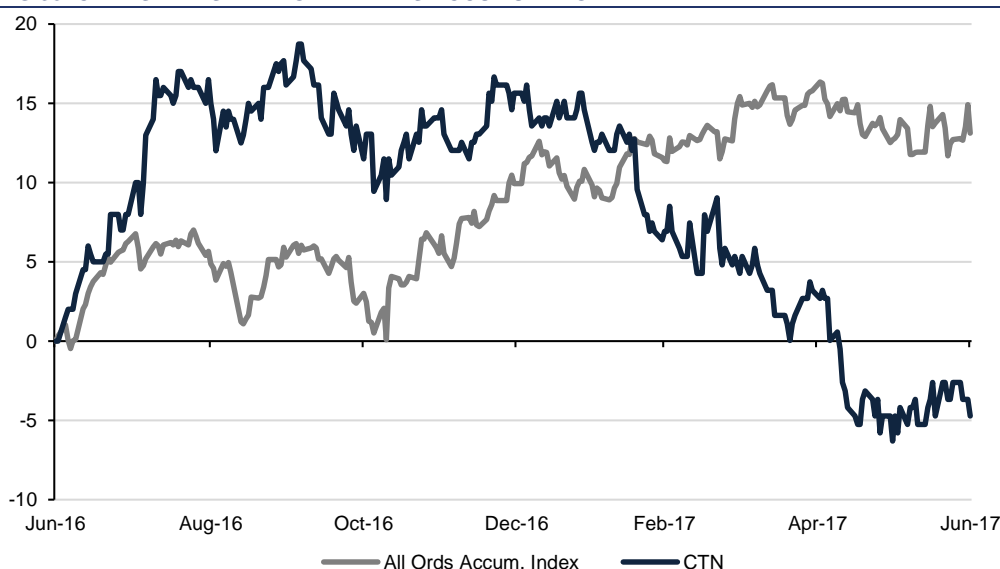
CTN Snapshot		Top Holdings		%
Price (30 June 2017)	\$0.90	EML PAYMENTS LTD		3.7%
Share price range (12 months)	\$0.88 - \$1.2	AUSDRILL LTD		3.4%
Shares on issue (Mn)	168	ELANOR INVESTOR GROUP		3.3%
Market capitalisation (\$Mn)	150.9	AUSTAL LTD		2.7%
Pre-tax asset backing*	\$1.00	VILLA WORLD LTD		2.7%
Post-tax asset backing*	\$0.96	CATAPULT GROUP INTERNATIONAL		2.5%
Premium/(Discount) to pre-tax NTA	-10.1%	PACIFIC ENERGY LTD		2.5%
Premium/(Discount) to post-tax NTA	-6.2%	RED RIVER RESOURCES LTD		2.5%
Dividend yield	7.1%	HOTEL PROPERTY INVESTMENTS		2.4%
Dividend per share (cents)	6.4	VEEM LTD		2.3%
Franking	38%			
Management expense ratio	1.25%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
CTN	-4.7%	2.4%	5.4%	NTA growth	-8.0%	0.6%	2.7%
Sector Avg.	9.3%	5.2%	11.1%	Sector Avg.	3.8%	3.8%	5.5%
Active return	-17.8%	-4.4%	-6.2%	Prem/Disc (Avg.)	-7.2%	-8.8%	-10.3%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.38: CTN TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst



## Djerriwarrh Investments (DJW)

[www.djerri.com.au](http://www.djerri.com.au)

- Djerriwarrh Investments has been in operation since 1989 and was listed on the ASX in 1995.
- Its investment portfolio focuses on stocks with low price-earnings ratios in the ASX top 50.
- It also has a trading portfolio that is used for short-term trading purposes. DJW currently has options outstanding against 19 of its top 20 holdings.
- The total shareholder return for the year ending 30 June 2017 was -4.0% with pre-tax net asset backing increasing 12.6%. The active return was -17.1%.

FIG.39: DJW OVERVIEW

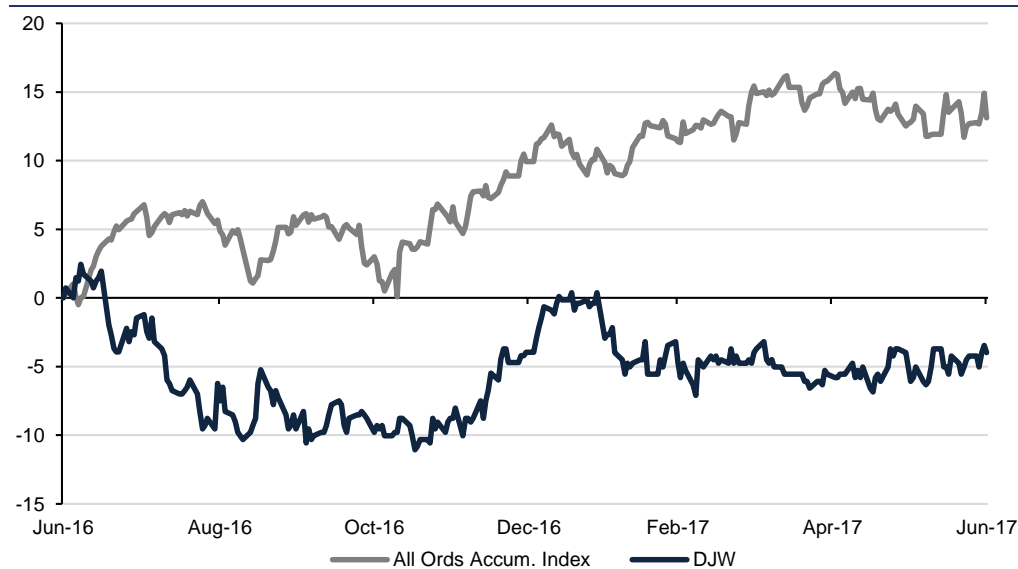
DJW Snapshot				Top Holdings			
Price (30 June 2017)		\$3.68		COMMONWEALTH BANK OF AUSTRAL			9.0%
Share price range (12 months)		\$3.5 - \$4.05		WESTPAC BANKING CORP			8.5%
Shares on issue (Mn)		219		BHP BILLITON LIMITED			5.8%
Market capitalisation (\$Mn)		807.2		NATIONAL AUSTRALIA BANK LTD			4.7%
Pre-tax asset backing*		\$3.24		AUST AND NZ BANKING GROUP			4.6%
Post-tax asset backing*		\$3.26		WESFARMERS LTD			3.5%
Premium/(Discount) to pre-tax NTA		13.6%		TELSTRA CORP LTD			3.4%
Premium/(Discount) to post-tax NTA		12.9%		CSL LTD			2.6%
Dividend yield		6.5%		BRAMBLES LTD			2.4%
Dividend per share (cents)		24.0		RIO TINTO LTD			2.0%
Franking		100%					
Management expense ratio		0.41%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
DJW	-4.0%	-2.4%	5.7%	NTA growth	12.6%	2.1%	7.4%
Sector Avg.	9.4%	3.2%	11.7%	Sector Avg.	13.1%	4.6%	10.1%
Active return	-17.1%	-9.2%	-5.9%	Prem/Disc (Avg.)	16.2%	25.2%	16.2%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.40: DJW TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Diversified United Investments (DUI)

[www.dui.com.au](http://www.dui.com.au)

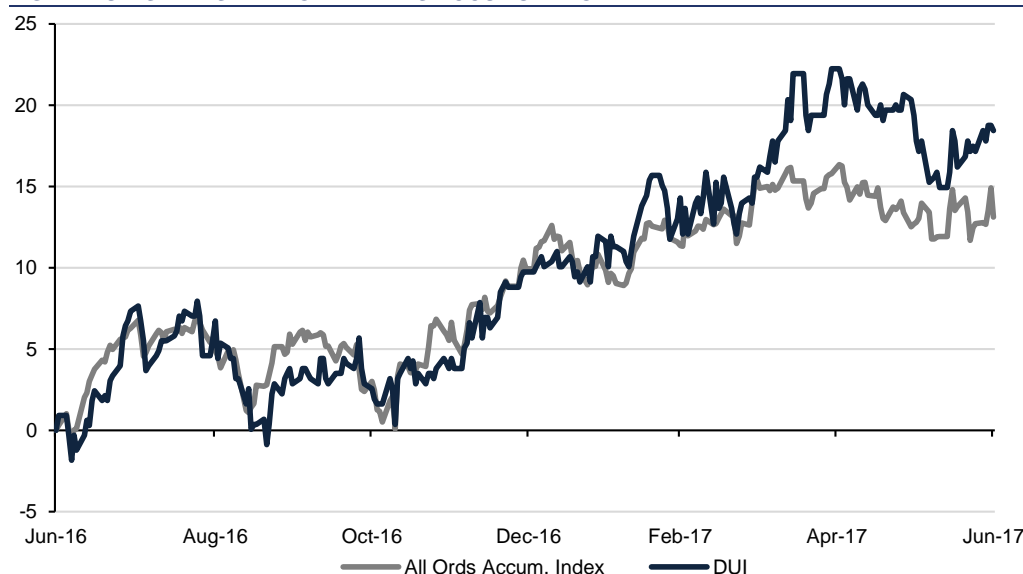
- Diversified United Investments was founded in 1991 by Australia United Investments, Barclay Investments (a Myer family investment company), the late Sir Ian Potter and The Ian Potter Foundation.
- It invests predominantly in Australian equities, however it also invests in global ETFs, property trusts and fixed income securities.
- DUI's global ETF exposure currently represents 10.4% of the portfolio.
- The total shareholder return for the year ending 30 June 2017 was 18.4% with pre-tax net asset backing increasing 17.3%. The active return was 5.3%.

FIG.41: DUI OVERVIEW

DUI Snapshot		Top Holdings		NTA Performance	
Price (30 June 2017)	\$3.72	COMMONWEALTH BANK OF AUSTRAL	8.9%	NTA growth	17.3%
Share price range (12 months)	\$3.16 - \$3.85	CSL LTD	8.4%	Sector Avg.	13.1%
Shares on issue (Mn)	209	WESTPAC BANKING CORP	6.2%	Prem/Disc (Avg.)	-7.3%
Market capitalisation (\$Mn)	776.4	AUST AND NZ BANKING GROUP	6.2%		
Pre-tax asset backing*	\$4.00	TRANSURBAN GROUP	5.1%		
Post-tax asset backing*	\$3.47	NATIONAL AUSTRALIA BANK LTD	4.8%		
Premium/(Discount) to pre-tax NTA	-7.0%	VANGUARD FTSE ALL-WORLD EX-U	3.2%		
Premium/(Discount) to post-tax NTA	7.2%	WOODSIDE PETROLEUM LTD	3.2%		
Dividend yield	3.8%	RIO TINTO LTD	3.0%		
Dividend per share (cents)	14.0	BHP BILLITON LIMITED	2.8%		
Franking	100%				
Management expense ratio	0.13%				
<b>Total Shareholder Return</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>		
DUI	18.4%	6.1%	14.6%		
Sector Avg.	9.4%	3.2%	11.7%		
Active return	5.3%	-0.7%	3.0%		

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.42: DUI TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Ellerston Asian Investment Limited (EAI)

[www.ellerstoncapital.com](http://www.ellerstoncapital.com)

- Incorporated in August 2015, EAI is managed by Ellerston Capital, a specialist funds manager founded in 2004 with approximately \$5.1 billion in funds under management.
- EAI will provide investors with exposure to a portfolio of high growth equity securities in the Asian region. EAI will invest in the 10 core countries that constitute the MSCI AC Asia Ex Japan Index. EAI has identified four key investment themes: 1) Asian consumption; 2) Structural reforms in India; 3) Disruptive technologies; and 4) Capital market liberalisation in China.
- Key underlying regional exposure for EAI is China/Hong Kong (45.1%) and India (15.0%) with Financials (33.3%) and IT (30.5%) top sector exposures.
- Total shareholder return for the year ending 30 June 2017 was 16.9% with pre-tax net asset backing decreasing 13.1%. The active return was -6.3%.

FIG.43: EAI OVERVIEW

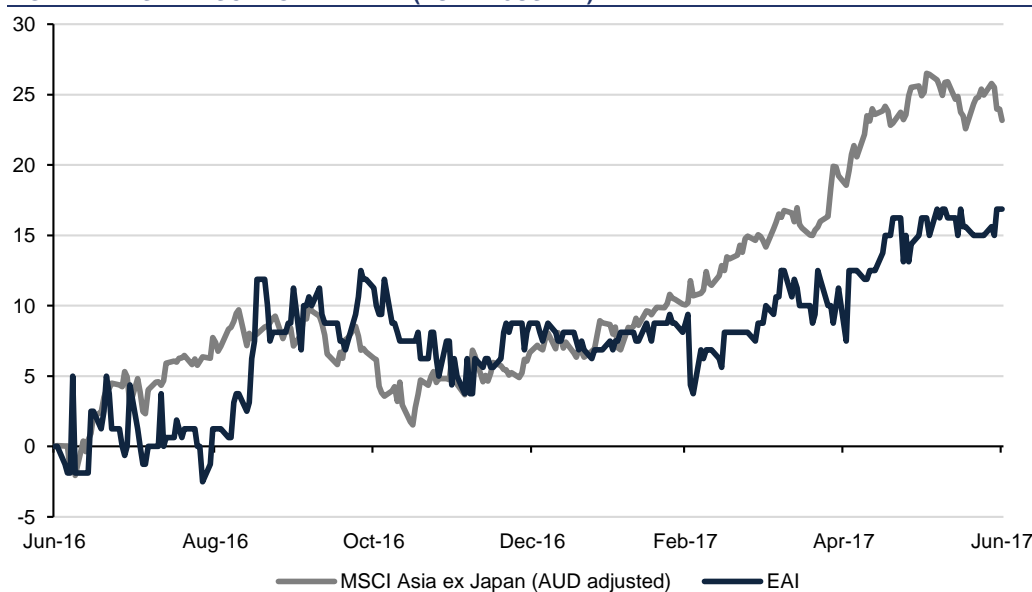
EAI Snapshot		Top Holdings			
Price (30 June 2017)	\$0.94	SAMSUNG ELECTRONICS CO LTD		5.5%	
Share price range (12 months)	\$0.78 - \$0.97	TENCENT HOLDINGS LTD		4.9%	
Shares on issue (Mn)	120	TAIWAN SEMICONDUCTOR MANUFAC		4.4%	
Market capitalisation (\$Mn)	112.2	ALIBABA GROUP HOLDING-SP ADR		4.0%	
Pre-tax asset backing*	\$1.05	DBS GROUP HOLDINGS LTD		3.6%	
Post-tax asset backing*	\$1.04	LARSEN & TOUBRO LTD		3.0%	
Premium/(Discount) to pre-tax NTA	-11.3%	CHINA PETROLEUM & CHEMICAL-H		2.9%	
Premium/(Discount) to post-tax NTA	-10.1%	INDUSIND BANK LTD		2.8%	
Dividend yield	na	BAIDU INC - SPON ADR		2.8%	
Dividend per share (cents)	na	CHINA COMMUNICATIONS CONST-H		2.7%	
Franking	na				
Management expense ratio	0.75%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
EAI	16.9%	na	na	NTA growth	13.1%	na	na
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	-6.3%	na	na	Prem/Disc (Avg.)	-12.4%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures from inception (December 2015), unless otherwise noted. Active return refers to TSR relative to that of the comparative index.

FIG.44: EAI TSR V MSCI WORLD INDEX (AUD ADJUSTED)



Source: Bloomberg, Baillieu Holst

## Ellerston Global Investments (EGI)

[www.ellerstoncapital.com](http://www.ellerstoncapital.com)

- Founded in 2004 as a subsidiary of CPH (the Packer family holding company), Ellerston Capital is a specialist fund manager offering investors a range of managed equity based strategies. EGI commenced trading in October 2014.
- Ellerston's investment strategy will consist of a high conviction global equity securities portfolio, holding up to 25 securities. EGI will take a contrarian view, seeking securities that are fundamentally mispriced with a long term investment timeframe.
- Top regional and sector allocations are USA (45.9%), Europe/UK (40.3%), IT (19.3%) and Consumer Discretionary (18.6%).
- EGI initially screens companies for events such as spin offs, management change, post IPO's and fallen angels.
- Total shareholder return for the year ending 30 June 2017 was 12.7% with pre-tax net asset backing increasing 10.2%. The active return was -2.6%.

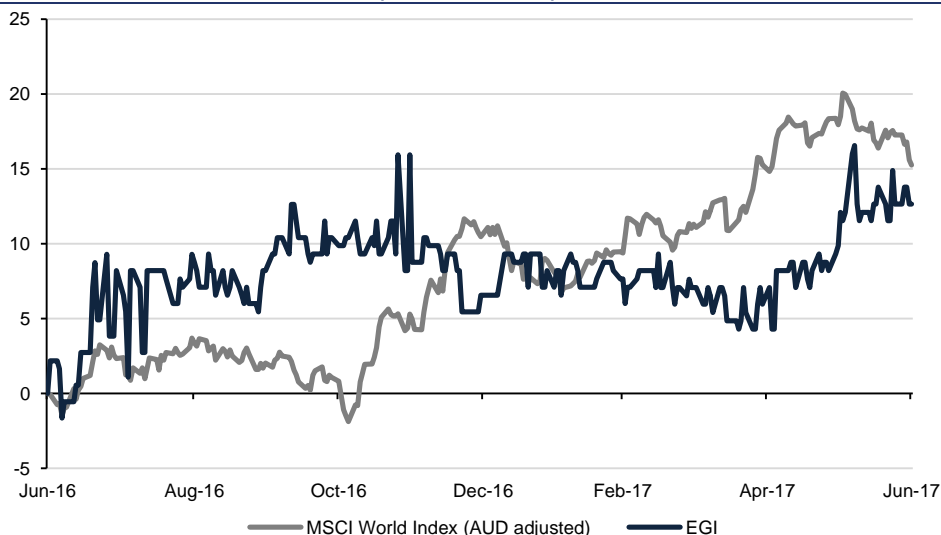
FIG.45: EGI OVERVIEW

EGI Snapshot		Top Holdings	
Price (30 June 2017)	\$1.01	ENTERTAINMENT ONE LTD	8.2%
Share price range (12 months)	\$0.92 - \$1.05	EQUINITI GROUP PLC	5.3%
Shares on issue (Mn)	76	PHILIPS LIGHTING NV	5.1%
Market capitalisation (\$Mn)	76.5	ZAYO GROUP HOLDINGS INC	4.7%
Pre-tax asset backing*	\$1.15	QTS REALTY TRUST INC-CL A	4.2%
Post-tax asset backing*	\$1.13	INTERXION HOLDING NV	4.0%
Premium/(Discount) to pre-tax NTA	-11.9%	SNAP-ON INC	3.7%
Premium/(Discount) to post-tax NTA	-11.0%	JELD-WEN HOLDING INC	3.1%
Dividend yield	2.0%	NORTHSTAR REALTY EUROPE CORP	3.0%
Dividend per share (cents)	2.0	PTC INC	3.0%
Franking	100%		
Management expense ratio	0.75%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
EGI	12.7%	na	na	NTA growth	10.2%	na	na
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	-2.6%	na	na	Prem/Disc (Avg.)	-12.0%	na	na

Source: RESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017. Active return refers to TSR relative to that of the comparative index

FIG.46: EGI TSR V MSCI WORLD INDEX (AUD ADJUSTED)



Source: Bloomberg, Baillieu Holst

## Forager Australian Shares Fund (FOR)

[www.foragerfunds.com](http://www.foragerfunds.com)

- The Forager Australian Shares Fund was initially incorporated in October 2009 as an unlisted unit trust before being converted to a closed end vehicle in December 2016.
- FOR utilises a fundamental bottom up investment approach, focusing on business which the assessed intrinsic value of the underlying business is substantially higher than the security price.
- FOR holds a relatively small number of securities, generally between 15 and 25, FOR typically holds securities with smaller market capitalisations.
- FOR will publish a daily NTA update which provides greater visibility of the underlying fund (performance) and may help to mitigate the likelihood of a discount to NTA. FOR is currently trading at an 18.9% premium to NTA.
- Total shareholder return since inception (15 December 2016) is 23.5% with pre-tax net asset backing increasing 15.3%. The active return was 18.1%.

**FIG.47: FOR OVERVIEW**

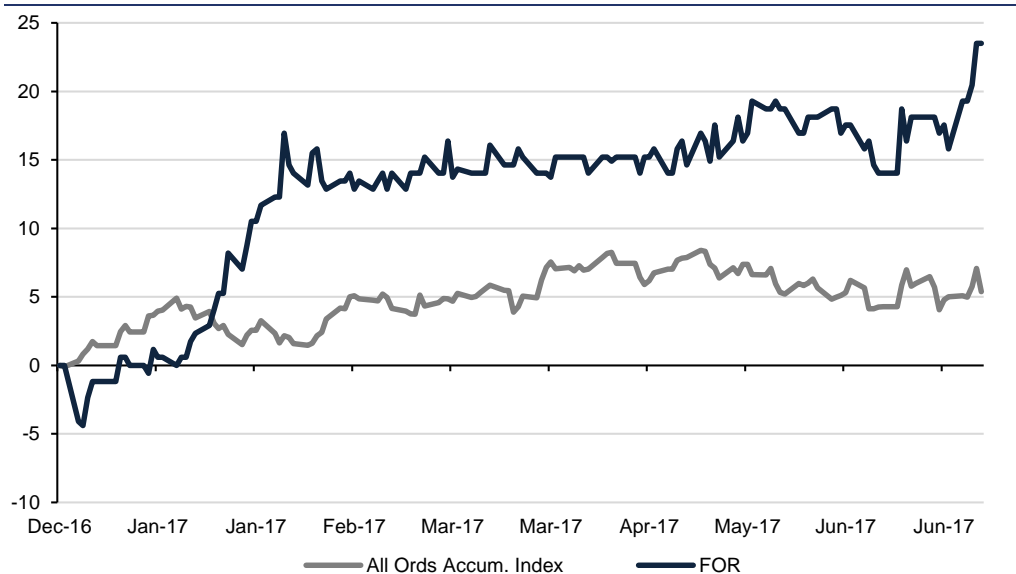
FOR Snapshot		Top Holding	
Price (30 June 2017)	\$2.00	MACMAHON HOLDINGS LTD	10.0%
Share price range (12 months)	\$1.63 - \$2.08	RECKON LTD	8.1%
Shares on issue (Mn)	88	NZME LTD	7.5%
Market capitalisation (\$Mn)	175.2	CARDNO LTD	6.4%
Pre-tax asset backing*	\$1.71	ENERO GROUP LTD	6.3%
Post-tax asset backing*	na		
Premium/(Discount) to pre-tax NTA	17.0%		
Premium/(Discount) to post-tax NTA	na		
Dividend yield	5.6%		
Dividend per share (cents)	11.2		
Franking	na		
Management expense ratio	1.00%		

Total Shareholder Return	1 Year*	3 Year	5 Year	NTA Performance	1 Year*	3 Year	5 Year
FOR	23.5%	na	na	NTA growth	15.3%	na	na
Sector Avg.	na	na	na	Sector Avg.	na	na	na
Active return	18.1%	na	na	Prem/Disc (Avg.)	11.3%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures since inception (15 December 2016). Active return refers to TSR relative to that of the comparative index

**FIG.48: FOR TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Future Generation Global (FGG)

[www.futuregeninvest.com.au/global](http://www.futuregeninvest.com.au/global)

- Future Generation Global is a philanthropic internationally focused listed investment company that listed in December 2015. All management and performance fees have been waived in preference of an annual charitable donation of 1% of NTA.
- The company provides investors the opportunity to gain access to a leading group of global fund managers (15 fund managers) by allocating capital to a number of global fund managers.
- Along with the investment objective capital growth and distribution of fully franked dividends, FGG has an ancillary goal to improve the lives of young Australians with the annual donation directed to an initial group of nine mental health organisations.
- Total shareholder return for the year ending 30 June 2017 was 3.3% with pre-tax net asset backing increasing 11.4%. The active return was -11.9%.

FIG.49: FGG OVERVIEW

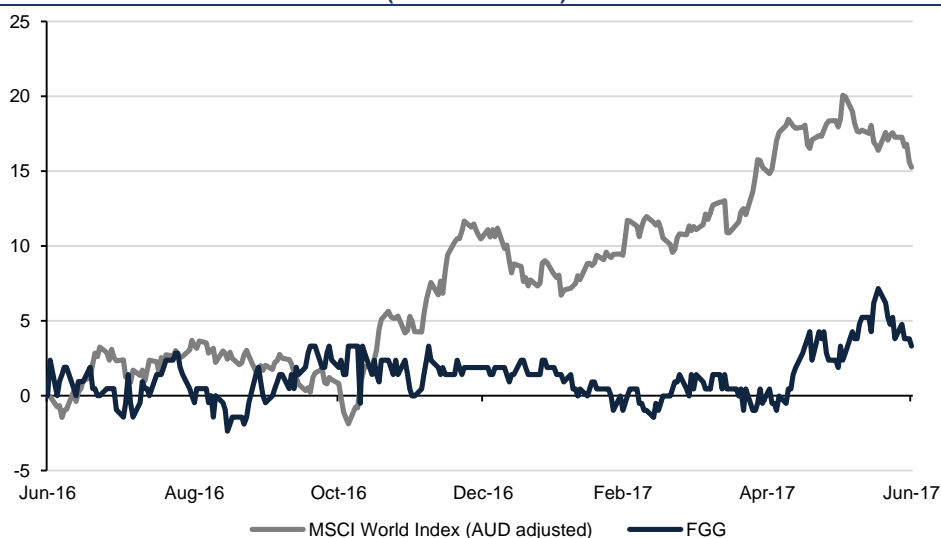
FGG Snapshot		Top Holdings		%
Price (30 June 2017)	\$1.08	MAGELLAN GLOBAL FUND		10.3%
Share price range (12 months)	\$1.02 - \$1.12	IRONBRIDGE GLOBAL FOCUS FUND		9.7%
Shares on issue (Mn)	278	COOPER INVESTORS GLOBAL		9.2%
Market capitalisation (\$Mn)	300.1	ANTIPODES GLOBAL FUND		8.7%
Pre-tax asset backing*	\$1.15	VGI PARTNERS FUND		7.9%
Post-tax asset backing*	\$1.14	MARSICO GLOBAL FUND		7.5%
Premium/(Discount) to pre-tax NTA	-6.4%	NIKKO AM GLOBAL SHARE FUND		6.0%
Premium/(Discount) to post-tax NTA	-4.9%	MANIKAY GLOBAL OPPORT		5.2%
Dividend yield	0.9%	ELLERSTON GLOBAL INVEST		4.8%
Dividend per share (cents)	1.0	MORPHIC GLOBAL OPPORT		4.5%
Franking	100%			
Management expense ratio	0.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
FGG	3.3%	na	na	NTA growth	11.4%	na	na
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	-11.9%	na	na	Prem/Disc (Avg.)	-3.5%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017. Active return refers to TSR relative to that of the comparative index

FIG.50: FGG TSR V MSCI WORLD INDEX (AUD ADJUSTED)



Source: Bloomberg, Baillieu Holst



## Future Generation Investment Fund (FGX)

[www.futuregeninvest.com.au](http://www.futuregeninvest.com.au)

- Future Generation Investment Fund is a small/mid-cap LIC that is managed by a number of prominent investment managers who have waived their usual management and performance fees so that funds can be donated to nominated charities.
- Investment objectives: 1) Provide a stream of fully franked dividends; 2) achieve capital growth and; 3) preserve shareholder capital.
- The underlying investment strategy allocation is Long Equities (43.5%), Absolute Bias (36.3%) and Market Neutral (14.5%).
- Total shareholder return for the year ending 30 June 2017 was 1.3% with pre-tax net asset backing increasing 2.8%. The active return was -11.8%.

FIG.51: FGX OVERVIEW

FGX Snapshot		Top Holdings	
Price (30 June 2017)	\$1.10	BENNELONG AUST EQUITIES FUND	10.4%
Share price range (12 months)	\$1.07 - \$1.17	REGAL AUST LONG SHORT FUND	9.0%
Shares on issue (Mn)	350	WILSON ASSET MANAGEMENT FUND	8.7%
Market capitalisation (\$Mn)	382.9	WATERMARK ABSOLUTE RETURN	7.5%
Pre-tax asset backing*	\$1.15	TRIBECA ALPHA PLUS FUND	7.0%
Post-tax asset backing*	\$1.14	PARADICE AUST MIDCAP FUN	6.2%
Premium/(Discount) to pre-tax NTA	-4.7%	COOPER INVESTORS AUST EQUITIES	5.3%
Premium/(Discount) to post-tax NTA	-4.2%	ELEY GRIFFITHS SMALL CO FUND	5.1%
Dividend yield	3.7%	PARADICE LARGE CAP FUND	4.7%
Dividend per share (cents)	4.0	SANDON CAPITAL ACTIVIST FUND	4.2%
Franking	100%	BENELONG LONG/SHORT FUND	3.5%
Management expense ratio	0.00%	L1 CAPITAL L/S FUND - RETAIL	2.9%
		OPTIMAL AUSTRALIA ABSOLUTE FUND	2.9%
		L1 CAPITAL AUST EQUITIES FUND	2.5%
		CBG ASSET AUSTRALIAN EQUITIES	2.4%
		VINVA AUSTRALIA EQUITIES FUND	2.4%
		DISCOVERY AUST SMALL CO FUND	2.0%
		SMALLCO BROADCAP FUN	1.6%

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
FGX	1.3%	10.2%	47.3%	NTA growth	2.8%	na	na
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	-11.8%	3.3%	35.7%	Prem/Disc (Avg.)	-1.5%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index.

FIG.52: FGX TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Glennon Small Companies Limited (GC1)

[www.glennon.com.au](http://www.glennon.com.au)

- Listed in August 2015, GC1 invests in a small and micro-cap segment of the market. The underlying portfolio will hold between 20-60 securities, predominately found outside the S&P/ASX100.
- The investment strategy of the manager is to focus on companies that operate in industries with high barriers to entry, have superior management and are viewed to be undervalued.
- GC1 adopts a long only investment style and does not use leverage; the portfolio may include securities from companies that are expected to list within 12 months.
- The total shareholder return for the year ending 30 June 2017 was -5.3% with pre-tax net asset backing decreasing -3.7%. The active return was -18.4%.

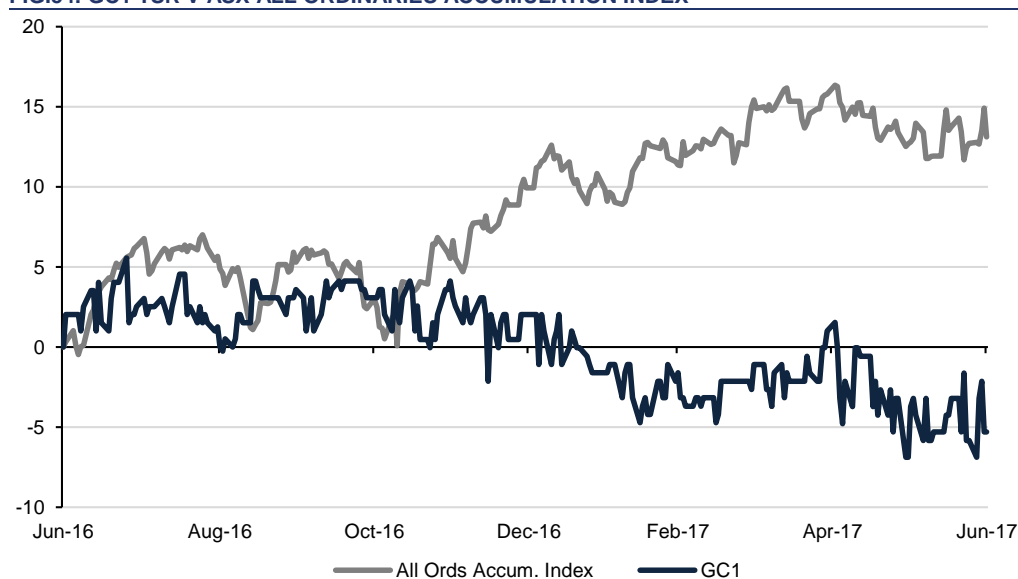
**FIG.53: GC1 OVERVIEW**

GC1 Snapshot		Top Holding		%
Price (30 June 2017)	\$0.90	NATIONAL VETERINARY CARE LTD		6.3%
Share price range (12 months)	\$0.88 - \$1.04	APOLLO TOURISM & LEISURE LTD		5.3%
Shares on issue (Mn)	47	SKYDIVE THE BEACH GROUP LTD		4.0%
Market capitalisation (\$Mn)	42.3	SMARTGROUP CORP LTD		3.5%
Pre-tax asset backing*	\$0.99	PARAGON CARE LTD		3.4%
Post-tax asset backing*	\$0.98			
Premium/(Discount) to pre-tax NTA	-8.6%			
Premium/(Discount) to post-tax NTA	-8.2%			
Dividend yield	4.4%			
Dividend per share (cents)	4.0			
Franking	100%			
Management expense ratio	1.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
GC1	-5.3%	na	na	NTA growth	-3.7%	na	na
Sector Avg.	9.3%	5.2%	11.1%	Sector Avg.	3.8%	3.8%	5.5%
Active return	-18.4%	na	na	Prem/Disc (Avg.)	-6.2%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

**FIG.54: GC1 TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Global Value Fund (GVF)

[www.globalvaluefund.com.au](http://www.globalvaluefund.com.au)

- Global Value Fund invests in a global portfolio of closed-end funds purchased at a discount to its underlying asset value, giving investors an alternate source of market outperformance compared to more common stock selection strategies.
- GVF implements an extensive risk management profile, including investing in a range of underlying asset classes (i.e. fixed interest).
- GVF fully exited its largest position during June at NAV through a corporate action. GVF had accumulated its position in Polar Capital Global Healthcare Growth and Income Trust at an average discount to NAV of 5.2%.
- The total shareholder return for the year ending 30 June 2017 was 16.8% with pre-tax net asset backing decreasing 8.9%. The active return was 1.5%.

FIG.55: GVF OVERVIEW

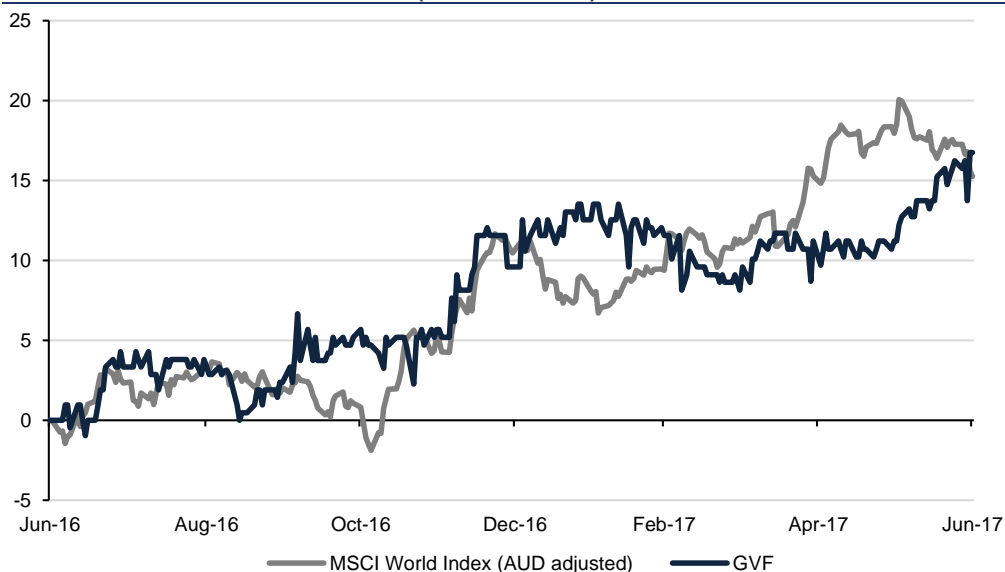
GVF Snapshot				Top Holdings			
Price (30 June 2017)	\$1.16			SVG CAPITAL			7.7%
Share price range (12 months)	\$1.04 - \$1.2			THIRD POINT OFFSHORE INVESTM			6.0%
Shares on issue (Mn)	121			DW CATALYST FUND LTD-GBP			4.7%
Market capitalisation (\$Mn)	140.7			BOUSSARD & GAVAUDAN HOLD			4.4%
Pre-tax asset backing*	\$1.10			JPEL PRIVATE EQUITY LTD			4.4%
Post-tax asset backing*	\$1.09						
Premium/(Discount) to pre-tax NTA	5.4%			<b>UNDERLYING ASSET CLASS</b>			
Premium/(Discount) to post-tax NTA	6.1%			LISTED EQUITIES			33.0%
Dividend yield	5.3%			FIXED INTEREST			20.0%
Dividend per share (cents)	6.2			PRIVATE EQUITY			14.0%
Franking	100%			HEDGE FUND			11.0%
Management expense ratio	1.50%			OTHER			7.0%

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
GVF	16.8%	na	na	NTA growth	8.9%	na	na
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	1.5%	na	na	Prem/Disc (Avg.)	0.7%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.56: GVF TSR V MSCI WORLD INDEX (AUD ADJUSTED)



Baillieu Holst Ltd has acted in a corporate advisory role for GVF and earned fees in relation to that activity in the past 12 months. In line with the company's internal compliance guidelines, our investment recommendation is restricted.

Please also refer to the general disclosure at the end of this report.

Source: Bloomberg, Baillieu Holst

## Hunter Hall Global Value (HHV)

[www.hunterhall.com.au](http://www.hunterhall.com.au)

- Hunter Hall Global Value is managed by the Hunter Hall International (HHL), which has managed a number of funds and investment trusts since 1993.
- HHV's objective is to deliver long term total shareholder returns through a portfolio of undervalued international and Australian equities that consistently pay dividends.
- Post the recent investment mandate change to replicate the strategy and process of Pengana's International Equity Fund (PIEF) we believe there may be short term volatility as the underlying is transitioned towards PIEFs preferred holdings.
- The total shareholder return for the year ending 30 June 2017 was -12.3% with pre-tax net asset backing decreasing -11.7%. The active return was -27.6%.

FIG.57: HHV OVERVIEW

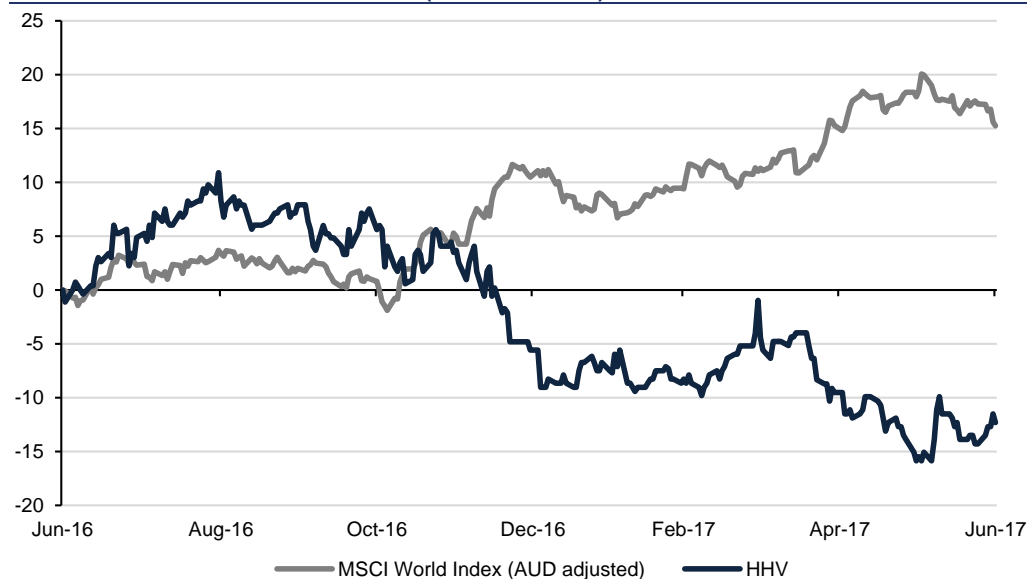
HHV Snapshot				Top Holdings			
Price (30 June 2017)		\$1.11		IAC/INTERACTIVECORP			5.1%
Share price range (12 months)		\$1.04 - \$1.47		ALPHABET INC-CL C			3.3%
Shares on issue (Mn)		244		COMCAST CORP-CLASS A			3.1%
Market capitalisation (\$Mn)		269.8		DOLLAR GENERAL CORP			2.8%
Pre-tax asset backing*		\$1.18		WACKER CHEMIE AG			2.8%
Post-tax asset backing*		\$1.19		NOVO NORDISK A/S-B			2.8%
Premium/(Discount) to pre-tax NTA		-6.5%		KONINKLIJKE AHOLD DELHAIZE N			2.5%
Premium/(Discount) to post-tax NTA		-6.8%		BANCO BILBAO VIZCAYA ARGENTA			2.5%
Dividend yield		5.9%		APPLE INC			2.3%
Dividend per share (cents)		6.5		ORACLE CORP			2.3%
Franking		100%					
Management expense ratio		1.50%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
HHV	-12.3%	10.6%	16.5%	NTA growth	-11.7%	7.1%	12.8%
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	-27.6%	-2.7%	-2.1%	Prem/Disc (Avg.)	-5.2%	-9.4%	-11.6%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.58: HHV TSR V MSCI WORLD INDEX (AUD ADJUSTED)



Source: Bloomberg, Baillieu Holst

## Lion Selection Group (LSX)

[www.lsg.com.au](http://www.lsg.com.au)

- LSX Lion Selection (LSX) is a specialist mining LIC with a focus on early stage mining projects. LSX was established and listed on the ASX in 1997.
- LSX gives investors exposure to the high risk, high growth stage of mining investment. It focuses on early stage gold and base metals activities. LSX also provides early stage funding to assist companies along the development curve.
- The total shareholder return for the year ending 30 June 2017 was 24.6% with pre-tax net asset backing increasing 2.7%. The active return was 21.0%.

FIG.59: LSX OVERVIEW

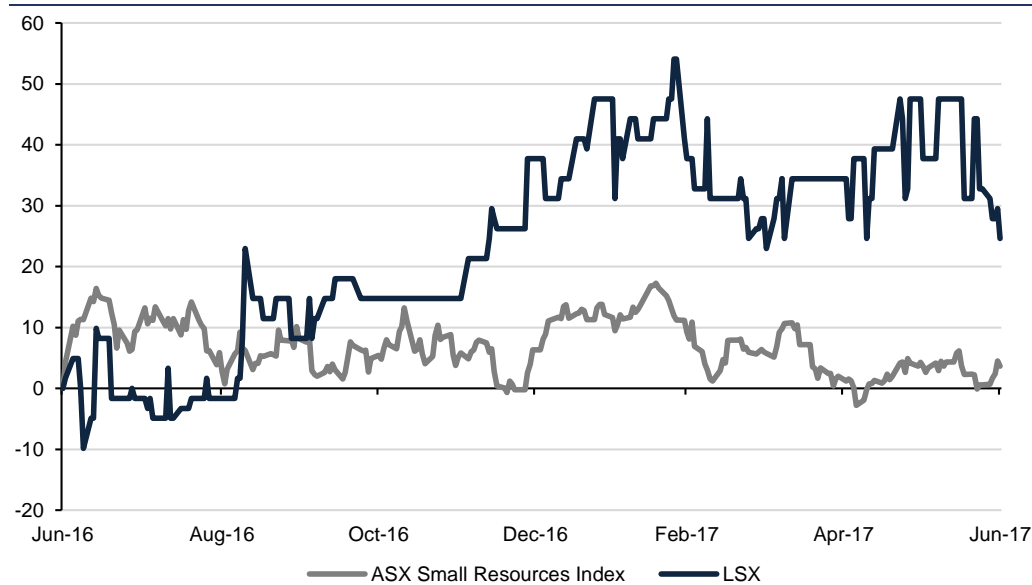
LSX Snapshot		Top Holdings		%
Price (30 June 2017)	\$0.38	ONE ASIA RESOURCES		27.3%
Share price range (12 months)	\$0.29 - \$0.47	ERDENE RESOURCES		20.5%
Shares on issue (Mn)	107	ROXAGOLD		16.3%
Market capitalisation (\$Mn)	40.6	EGAN STREET RESOURCES		6.8%
Pre-tax asset backing*	\$0.38	TORO GOLD		2.4%
Post-tax asset backing*	na	OTHER AFRICA		2.4%
Premium/(Discount) to pre-tax NTA	0.0%	AMERICAS		1.7%
Premium/(Discount) to post-tax NTA	na	OTHER AUSTRALIA		1.0%
Dividend yield	na	OTHER ASIA		0.7%
Dividend per share (cents)	na	CASH		20.7%
Franking	na			
Management expense ratio	1.50%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
LSX	24.6%	8.2%	na	NTA growth	2.7%	-14.6%	-12.8%
Sector Avg.	6.3%	7.5%	10.9%	Sector Avg.	5.4%	4.1%	-2.5%
Active return	21.0%	1.4%	na	Prem/Disc (Avg.)	-7.3%	-25.8%	-22.4%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.60: LSX TSR V ASX SMALL RESOURCES INDEX



Source: Bloomberg, Baillieu Holst

## Monash Absolute Investment (MA1)

[www.monashinvestors.com](http://www.monashinvestors.com)

- Monash Absolute Investment (MA1) was incorporated in April 2016 and is managed by Monash Investors.
- MA1 seeks to achieve a targeted positive return over a full investment cycle (5 to 7 years) as well as avoiding negative returns each financial year.
- MA1 will provide investors access to a portfolio (small cap bias) comprised of long and short positions. MA1 employs an investment approach which is high conviction, benchmark unaware, security size agnostic and investment style agnostic.
- The total shareholder return since inception (April 2016) is -21.1% with pre-tax net asset backing decreasing -9.0%. The active return is -34.2%.

FIG.61: MA1 OVERVIEW

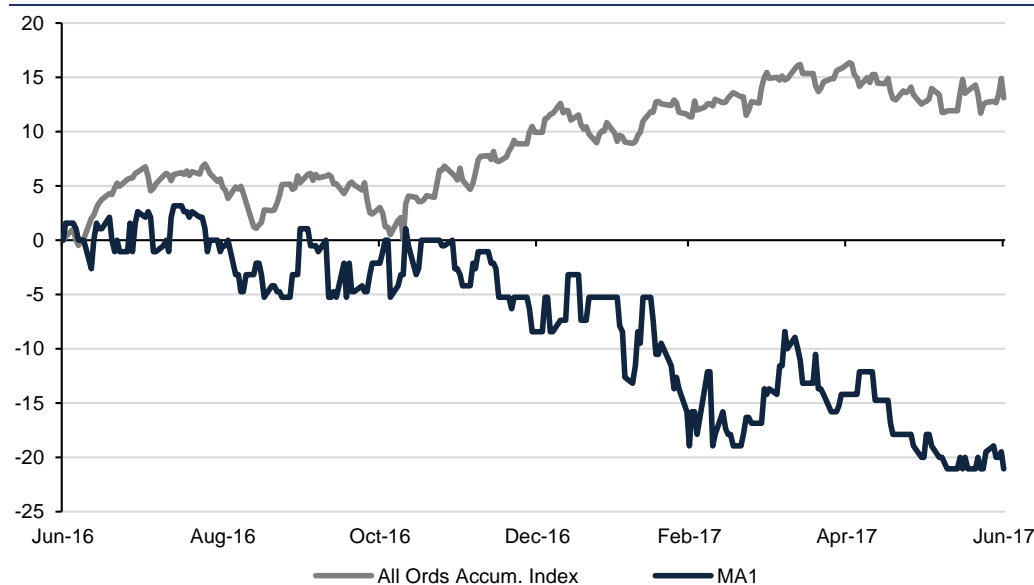
MA1 Snapshot			Top Holdings		%
Price (30 June 2017)		\$0.75	NA		
Share price range (12 months)		\$0.75 - \$0.98			
Shares on issue (Mn)		52			
Market capitalisation (\$Mn)		39.3			
Pre-tax asset backing*		\$0.87			
Post-tax asset backing*		\$0.92			
Premium/(Discount) to pre-tax NTA		-14.2%			
Premium/(Discount) to post-tax NTA		-18.2%			
Dividend yield		na			
Dividend per share (cents)		na			
Franking		na			
Management expense ratio		1.50%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MA1	-21.1%	na	na	NTA growth	-9.0%	na	na
Sector Avg.	6.3%	7.5%	10.9%	Sector Avg.	5.4%	4.1%	-2.5%
Active return	-34.2%	na	na	Prem/Disc (Avg.)	-5.4%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures from inception (April 2016). Active return refers to TSR relative to that of the comparative index

FIG.62: MA1 TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## MFF Capital Investments (MFF)

[www.magellangroup.com.au/mff/](http://www.magellangroup.com.au/mff/)

- The MFF Capital Investments was listed on the ASX in December 2006.
- The fund is focused on North American companies; more than 90% of its portfolio consists of US domiciled corporations that are leaders in emerging markets as well as developed markets.
- MFF currently has 57.6 million options outstanding with a \$0.9964 exercise price and expire 31 October 2017. On a fully adjusted basis, MFF is currently trading at an estimated 7.0% discount to NTA.
- The total shareholder return for the year ending 30 June 2017 was 5.2% with pre-tax net asset backing increasing 22.5%. The active return was -10.1%.

FIG.63: MFF OVERVIEW

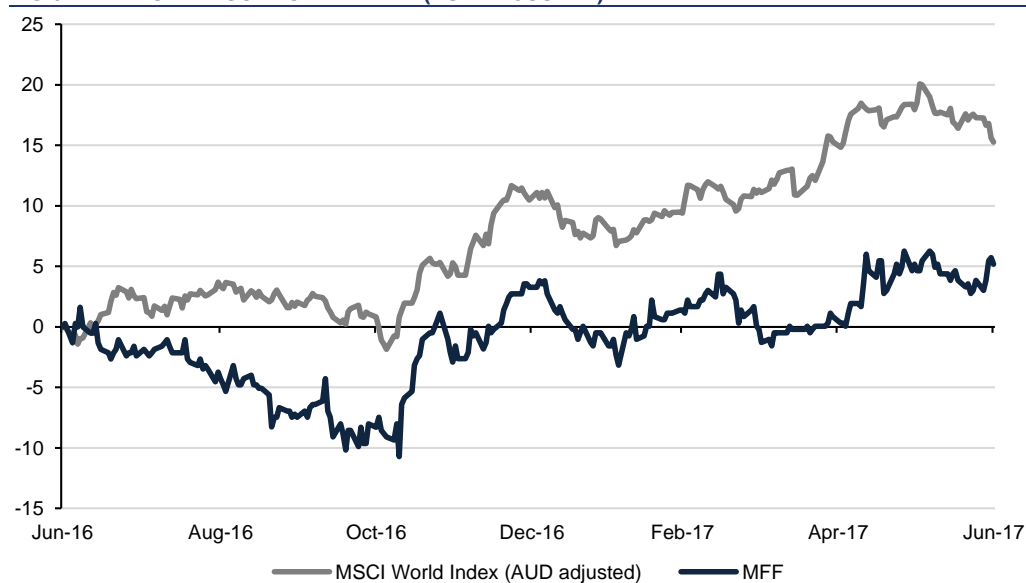
MFF Snapshot				Top Holdings			
Price (30 June 2017)		\$1.95		VISA INC-CLASS A SHARES			11.9%
Share price range (12 months)		\$1.59 - \$1.98		HOME DEPOT INC			10.3%
Shares on issue (Mn)		485		MASTERCARD INC - A			10.1%
Market capitalisation (\$Mn)		942.8		BANK OF AMERICA CORP			9.8%
Pre-tax asset backing*		\$2.32		LOWE'S COS INC			9.1%
Post-tax asset backing*		\$1.98		WELLS FARGO & CO			7.7%
Premium/(Discount) to pre-tax NTA		-16.3%		US BANCORP			5.2%
Premium/(Discount) to post-tax NTA		-1.7%		HCA HEALTHCARE INC			5.1%
Dividend yield		1.0%		JPMORGAN CHASE & CO			4.5%
Dividend per share (cents)		2.0		CVS HEALTH CORP			4.1%
Franking		0%					
Management expense ratio		1.25%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MFF	5.2%	13.6%	20.7%	NTA growth	22.5%	20.0%	21.3%
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	-10.1%	0.3%	2.1%	Prem/Disc (Avg.)	-14.1%	-8.8%	-4.3%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index.

FIG.64: MFF TSR V MSCI WORLD INDEX (AUD ADJUSTED)



Source: Bloomberg, Baillieu Holst



## Mirrabooka Investments (MIR)

[www.mirra.com.au](http://www.mirra.com.au)

- Mirrabooka Investments' objective is to provide medium to long-term gains by investing in small/mid-sized companies in Australia and New Zealand. It was established in 1999 and listed in 2001.
- Mirrabooka provides investors with an opportunity to focus on investing outside blue chip companies.
- Mirrabooka currently writes options against 9 of its top 20 holdings.
- As at 30 June 2017, MIR was the third highest premium to NTA LIC within our coverage universe.
- The total shareholder return for the year ending 30 June 2017 was 3.0% with pre-tax net asset backing increasing 6.7%. The active return was -10.1%.

FIG.65: MIR OVERVIEW

MIR Snapshot		Top Holdings			
Price (30 June 2017)	\$2.70	QUBE HOLDINGS LTD		4.0%	
Share price range (12 months)	\$2.45 - \$3.12	LIFESTYLE COMMUNITIES LTD		4.0%	
Shares on issue (Mn)	157	MAINFREIGHT LTD		3.3%	
Market capitalisation (\$Mn)	423.0	ALS LTD		3.2%	
Pre-tax asset backing*	\$2.39	IRESS LTD		3.1%	
Post-tax asset backing*	\$2.18	CHALLENGER LTD		2.6%	
Premium/(Discount) to pre-tax NTA	13.0%	FREEDOM FOODS GROUP LTD		2.5%	
Premium/(Discount) to post-tax NTA	23.9%	RESMED INC-CDI		2.5%	
Dividend yield	5.6%	SEEK LTD		2.4%	
Dividend per share (cents)	15.0	ALUMINA LTD		2.4%	
Franking	100%				
Management expense ratio	0.65%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MIR	3.0%	6.7%	14.9%	NTA growth	6.7%	7.7%	12.3%
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	-10.1%	-0.2%	3.3%	Prem/Disc (Avg.)	19.0%	14.8%	14.7%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted.

Active return refers to TSR relative to that of the comparative index

FIG.66: MIR TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Milton Corporation (MLT)

[www.milton.com.au](http://www.milton.com.au)

- Milton Corporation was formed in 1938 and listed in 1958. Its objective is to invest in a diversified portfolio that provides an increasing income stream over time.
- Milton is not a speculative investor and does not sell assets to increase profits for shareholders. It maintains a relatively heavy focus on banking with 32.8% of total assets invested in the sector.
- The total shareholder return for the year ending 30 June 2017 was 10.0% with pre-tax net asset backing increasing 11.3%. The active return was -3.2%.

FIG.67: MLT OVERVIEW

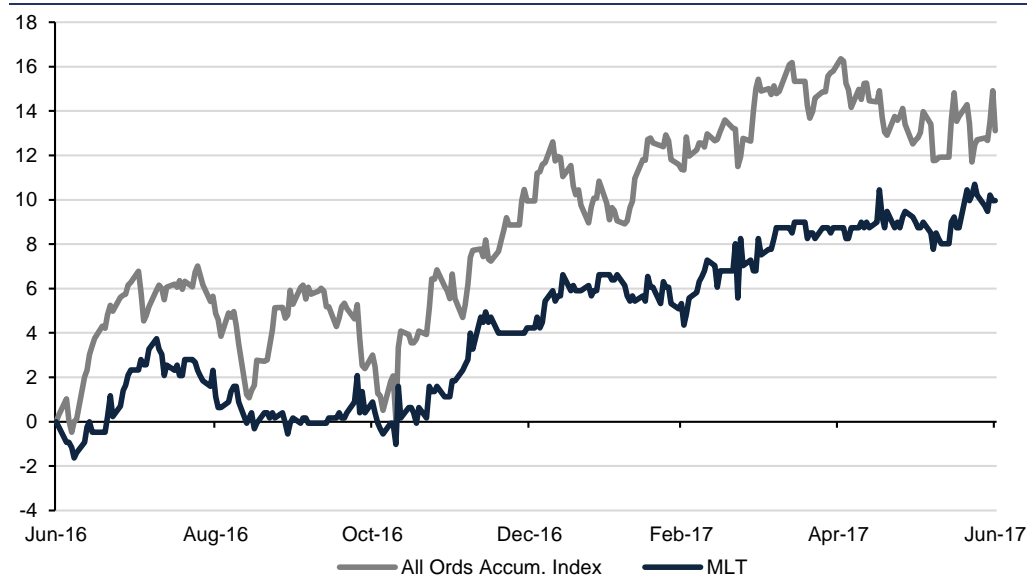
MLT Snapshot		Top Holdings			
Price (30 June 2017)	\$4.51	WESTPAC BANKING CORP		10.8%	
Share price range (12 months)	\$4.14 - \$4.63	COMMONWEALTH BANK OF AUSTRAL		8.8%	
Shares on issue (Mn)	652	WASHINGTON H. SOUL PATTINSON		5.2%	
Market capitalisation (\$Mn)	2940.4	NATIONAL AUSTRALIA BANK LTD		4.8%	
Pre-tax asset backing*	\$4.51	WESFARMERS LTD		3.9%	
Post-tax asset backing*	\$3.99	AUST AND NZ BANKING GROUP		3.3%	
Premium/(Discount) to pre-tax NTA	0.0%	BHP BILLITON LIMITED		2.9%	
Premium/(Discount) to post-tax NTA	13.0%	BANK OF QUEENSLAND LTD		2.8%	
Dividend yield	4.1%	CSL LTD		2.8%	
Dividend per share (cents)	18.6	WOOLWORTHS LTD		2.5%	
Franking	100%				
Management expense ratio	0.12%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MLT	10.0%	4.0%	12.9%	NTA growth	11.3%	5.2%	10.5%
Sector Avg.	9.4%	3.2%	11.7%	Sector Avg.	13.1%	4.6%	10.1%
Active return	-3.2%	-2.8%	1.3%	Prem/Disc (Avg.)	-1.5%	1.0%	-1.5%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR above that of the comparative index

FIG.68: MLT TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## NAOS Emerging Opportunities Fund (NCC)

[www.naos.com.au](http://www.naos.com.au)

- Established in 2005, Naos Asset Management is an Australian boutique fund manager with two listed investment companies.
- NCC provides investors with a highly concentrated ASX ex-100 portfolio that seeks to achieve a minimum of 4.0% yield on investments.
- Whilst NCC does not disclose top holdings it does disclose contribution to return with BSA, COG, CAJ, and LAU all key contributors.
- The total shareholder return for the year ending 30 June 2017 was 34.4% with pre-tax net asset backing increasing 7.9%. The active return was 21.3%.

**FIG.69: NCC OVERVIEW**

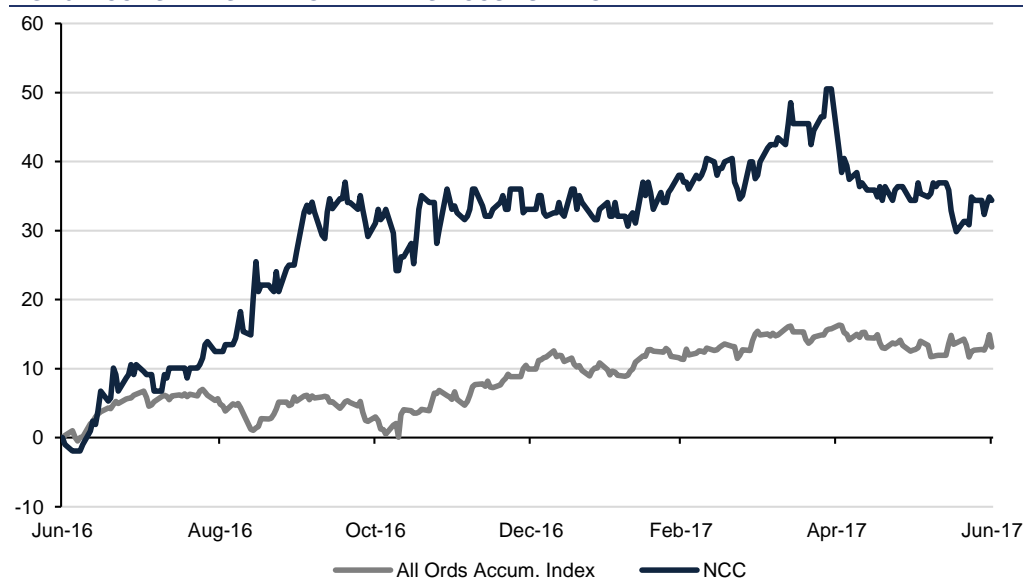
NCC Snapshot				Top Holdings			
Price (30 June 2017)	\$1.33			<b>Industry Exposure</b>			<b>%</b>
Share price range (12 months)	\$1.11 - \$1.49			DIVERSIFIED FINANCIALS			28.8%
Shares on issue (Mn)	59			CONSUMER SERVICES			24.6%
Market capitalisation (\$Mn)	78.7			TELECOMMUNICATIONS			15.9%
Pre-tax asset backing*	\$1.29			MATERIALS			13.0%
Post-tax asset backing*	\$1.24			MEDIA			11.1%
Premium/(Discount) to pre-tax NTA	3.1%			FOOD AND BEVERAGE			2.7%
Premium/(Discount) to post-tax NTA	7.3%						
Dividend yield	5.1%						
Dividend per share (cents)	6.8						
Franking	100%						
Management expense ratio	1.25%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
NCC	34.4%	14.5%	na	NTA growth	7.9%	7.2%	na
Sector Avg.	9.3%	5.2%	11.1%	Sector Avg.	3.8%	3.8%	5.5%
Active return	21.3%	7.7%	na	Prem/Disc (Avg.)	-2.5%	-7.9%	-8.5%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

**FIG.70: NCC TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Ozgrowth Limited (OZG)

[www.ozgrowth.com.au](http://www.ozgrowth.com.au)

- OZG is a listed investment company that focuses on investing in the Australian equity market. The portfolio of assets is managed by Westoz Funds Management Pty Ltd, a wholly owned subsidiary of Euroz Limited.
- The Company invests in small to mid-sized companies, generally listed on the Australian Securities Exchange and with some connection to Western Australia.
- The current composite between sector allocations is resources (50%) and Industrials (39%), with weightings towards the resources and industrial sector decreasing and increasing respectively during the June quarter.
- The total shareholder return for the year ending 30 June 2017 was 22.3% with pre-tax net asset backing increasing 15.0%. The active return was 9.1%.

FIG.71: OZG OVERVIEW

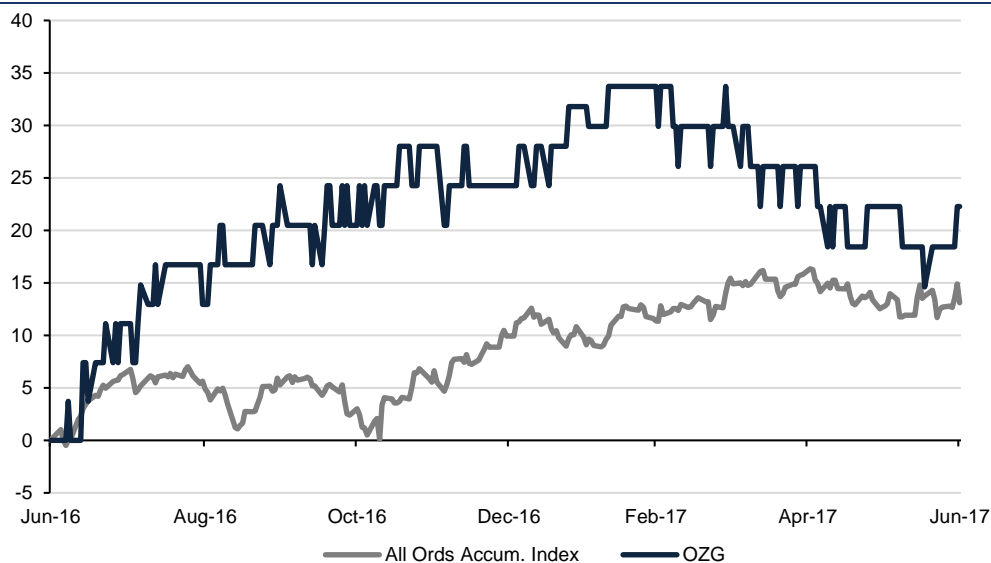
OZG Snapshot		Top Holdings		%
Price (30 June 2017)	\$0.16	CEDAR WOODS PROPERTIES LTD		13.0%
Share price range (12 months)	\$0.14 - \$0.18	COOPER ENERGY LTD		10.0%
Shares on issue (Mn)	358	AUSTRALIS OIL & GAS LTD		6.0%
Market capitalisation (\$Mn)	57.4	EMERALD RESOURCES NL		5.0%
Pre-tax asset backing*	\$0.19	EQUATORIAL RESOURCES LTD		5.0%
Post-tax asset backing*	\$0.19	BEACH ENERGY LTD		5.0%
Premium/(Discount) to pre-tax NTA	-17.5%	WESTERN AREAS LTD		5.0%
Premium/(Discount) to post-tax NTA	-15.8%	NRW HOLDINGS LTD		4.0%
Dividend yield	3.1%	AUSNET SERVICES		4.0%
Dividend per share (cents)	0.5	ZENITH ENERGY LTD/AU		3.0%
Franking	100%			
Management expense ratio	1.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
OZG	22.3%	-3.0%	7.2%	NTA growth	15.0%	-1.3%	2.7%
Sector Avg.	9.3%	5.2%	11.1%	Sector Avg.	3.8%	3.8%	5.5%
Active return	9.1%	-9.8%	-4.4%	Prem/Disc (Avg.)	-19.5%	-15.6%	-18.3%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.72: OZG TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## PM Capital Asian Opportunities Fund (PAF)

[www.pmcapital.com.au](http://www.pmcapital.com.au)

- PM Capital Asian Opportunities Fund began trading on the ASX on 21 May 2014.
- PAF provide long-term capital growth by investing in a portfolio of predominantly undervalued listed Asian equities and other investment securities in the Asian Region (ex-Japan).
- Greater China (52.7%) and South East Asia (32.7%) are the highest regional exposures within the portfolio with online classifieds and Ecommerce (22.3%) the highest sector allocation.
- The total shareholder return for the year ending 30 June 2017 was 23.0% with pre-tax net asset backing increasing 16.0%. The active return was 7.7%.

**FIG.73: PAF OVERVIEW**

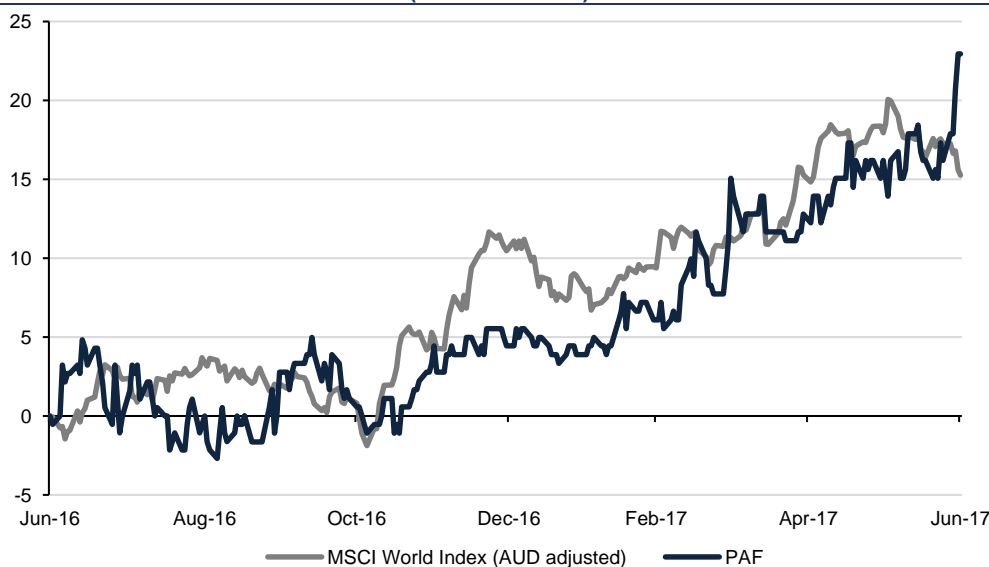
PAF Snapshot				Top Holdings			
Price (30 June 2017)			\$1.11	<b>TOP HOLDINGS (ALPHABETICAL ORDER)</b>			
Share price range (12 months)			\$0.82 - \$1.13	HEINEKEN NV			
Shares on issue (Mn)			349	DALI FOODS GROUP CO LTD			
Market capitalisation (\$Mn)			386.1	AUTOHOME INC-ADR			
Pre-tax asset backing*			\$1.17	WYNN MACAU LTD			
Post-tax asset backing*			na	DONACO INTL LTD			
Premium/(Discount) to pre-tax NTA			-5.9%	HSBC HOLDINGS PLC			
Premium/(Discount) to post-tax NTA			na	TURQUOISE HILL RESOURCES LTD			
Dividend yield			2.8%	SINOPEC KANTONS HOLDINGS			
Dividend per share (cents)			3.1				
Franking			100%				
Management expense ratio			1.00%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PAF	23.0%	6.8%	na	NTA growth	16.0%	7.8%	na
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	7.7%	-6.5%	na	Prem/Disc (Avg.)	-9.5%	-10.3%	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017. Active return refers to TSR relative to that of the comparative index

**FIG.74: PAF TSR V MSCI WORLD INDEX (AUD ADJUSTED)**



Source: Bloomberg, Baillieu Holst

## Platinum Asia Investments Limited (PAI)

[www.platinum.com.au](http://www.platinum.com.au)

- Platinum Asia Investments (PAI) is managed by the ASX listed, Platinum Asset Management (PTM) with ~\$22.7 billion of funds under management as at 30 June 2017. PAI invests in the Asian region (ex-Japan), seeking to provide investors with capital growth over the long term.
- PAI is recently incorporated, listing in December 2015 however Platinum Asset Management has been investing in the Asian region (ex-Japan) since 2004 through its Platinum Asset Fund which currently has ~\$4.1 billion of funds under management.
- The total shareholder return for the year ending 30 June 2017 was 14.7% with pre-tax net asset backing increasing 16.9%. The active return was -0.6%.

**FIG.75: PAI OVERVIEW**

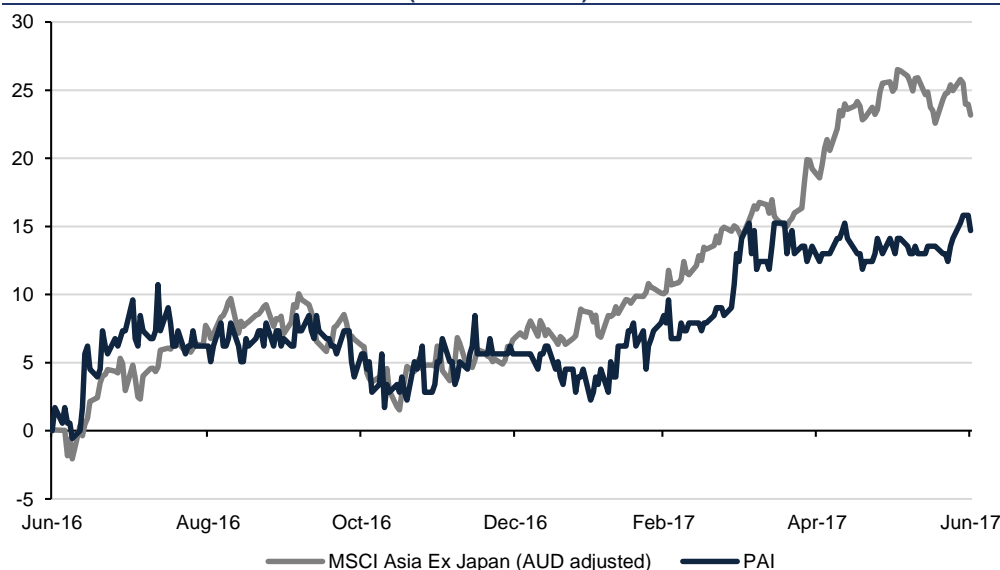
PAI Snapshot		Top Holdings		%
Price (30 June 2017)	\$1.02	ALIBABA GROUP HOLDING-SP ADR		4.0%
Share price range (12 months)	\$0.9 - \$1.05	AYALA CORPORATION		3.7%
Shares on issue (Mn)	359	KASIKORN BANK PCL		3.2%
Market capitalisation (\$Mn)	364.4	AXIS BANK LTD		3.2%
Pre-tax asset backing*	\$1.09	JIANGSU YANGHE BREWERY -A		3.1%
Post-tax asset backing*	\$1.07	SAMSUNG ELECTRONICS CO LTD		2.9%
Premium/(Discount) to pre-tax NTA	-7.1%	MIDEA GROUP CO LTD-A		2.8%
Premium/(Discount) to post-tax NTA	-5.2%	SINA CORP		2.5%
Dividend yield	na	TENCENT HOLDINGS LTD		2.4%
Dividend per share (cents)	na	ANTA SPORTS PRODUCTS LTD		2.3%
Franking	na			
Management expense ratio	1.10%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PAI	14.7%	na	na	NTA growth	16.9%	na	na
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	-0.6%	na	na	Prem/Disc (Avg.)	-6.0%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures from inception (December 2015). Active return refers to TSR relative to that of the comparative index

**FIG.76: PAI TSR V MSCI WORLD INDEX (AUD ADJUSTED)**



Baillieu Holst Ltd has acted in a corporate advisory role for PAI and earned fees in relation to that activity in the past 12 months. In line with the company's internal compliance guidelines, our investment recommendation is restricted.

Please also refer to the general disclosure at the end of this report.

Source: Bloomberg, Baillieu Holst

## PM Capital Global Opportunities Fund (PGF)

[www.pmcapital.com.au](http://www.pmcapital.com.au)

- Managed by PM Capital, PGF began trading on the ASX on 11 December 2013.
- Current Investment themes include: 1) Diversified Financials; 2) valuation discount of overseas financials compared to Australia; 3) Monopolistic service providers; 4) Consumer Durables & Apparel; and 5) Pharmaceuticals.
- Key underlying regional exposure is North America (55.0%), Europe (30.7%) and UK (7.3%) with currency exposure weighted towards to the USD at 75.6%.
- The total shareholder return for the year ending 30 June 2017 was 38.5% with pre-tax net asset backing increasing 23.9%. The active return was 23.3%.

FIG.77: PGF OVERVIEW

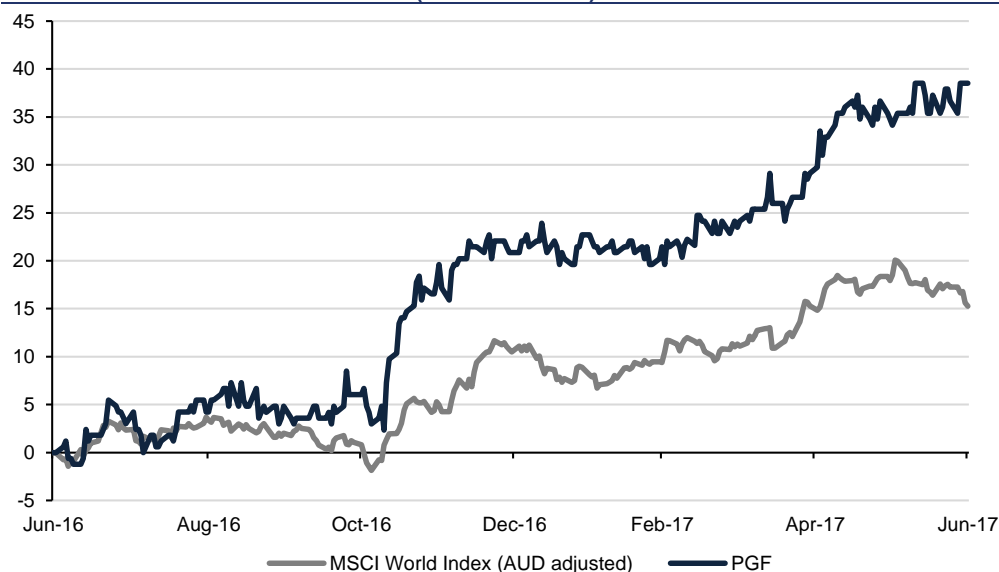
PGF Snapshot				Top Holdings			
Price (30 June 2017)	\$1.11			<b>TOP HOLDINGS (ALPHABETICAL ORDER)</b>			
Share price range (12 months)	\$0.82 - \$1.13			HEINEKEN NV			
Shares on issue (Mn)	349			HOWARD HUGHES CORP/THE			
Market capitalisation (\$Mn)	386.1			CAIRN HOMES PLC			
Pre-tax asset backing*	\$1.17			BANK OF AMERICA CORP			
Post-tax asset backing*	na			ALPHABET INC-CL C			
Premium/(Discount) to pre-tax NTA	-5.9%			PFIZER INC			
Premium/(Discount) to post-tax NTA	na			WYNN RESORTS LTD			
Dividend yield	2.8%			KKR & CO LP			
Dividend per share (cents)	3.1						
Franking	100%						
Management expense ratio	1.00%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PGF	38.5%	7.1%	na	NTA growth	23.9%	9.5%	na
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	23.3%	-6.2%	na	Prem/Disc (Avg.)	-12.1%	-10.7%	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017. Active return refers to TSR relative to that of the comparative index

FIG.78: PGF TSR V MSCI WORLD INDEX (AUD ADJUSTED)



Source: Bloomberg, Baillieu Holst



## Perpetual Equity Investment Company (PIC)

[www.perpetualequity.com.au](http://www.perpetualequity.com.au)

- Perpetual Equity Investment Company listed on 18 December 2014 and is managed by Perpetual. Perpetual currently has ~\$33 billion of funds under management.
- PIC follows a bottom-up investment approach, focusing on mid-caps with a concentrated exposure of 20–40 securities. Additionally, a global allocation is included, up to 25% of the portfolio. Currently 22% of the portfolio is allocated to international securities.
- The total shareholder return for the year ending 30 June 2017 was 16.6% with pre-tax net asset backing increasing 14.0%. The active return was 3.5%.

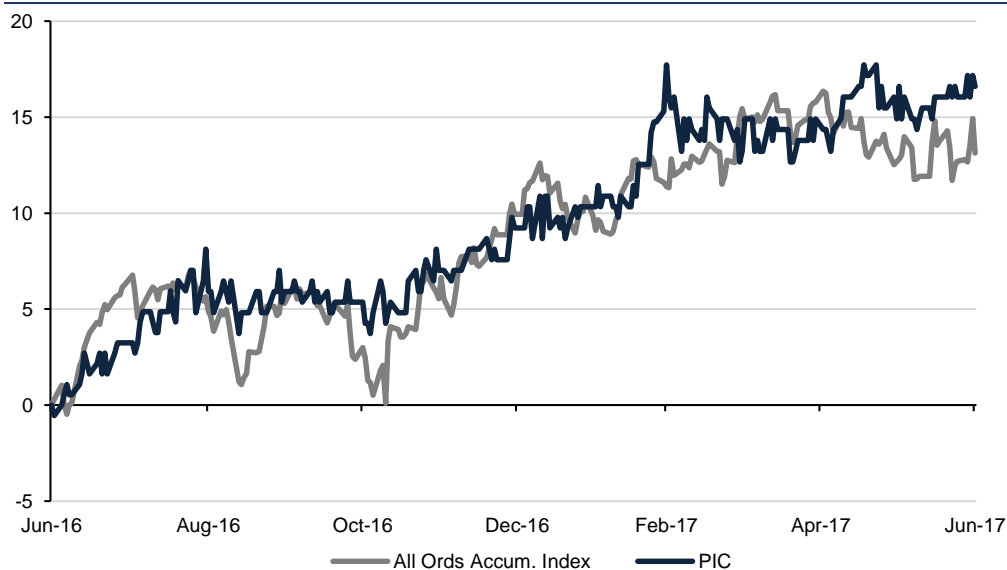
**FIG.79: PIC OVERVIEW**

PIC Snapshot		Top Holdings	
Price (30 June 2017)	\$1.04	WOOLWORTHS LTD	7.7%
Share price range (12 months)	\$0.94 - \$1.06	WESTPAC BANKING CORP	6.9%
Shares on issue (Mn)	253	CYBG PLC - CDI	5.7%
Market capitalisation (\$Mn)	262.2	STAR ENTERTAINMENT GRP LTD/T	5.5%
Pre-tax asset backing*	\$1.11	MEDIBANK PRIVATE LTD	4.6%
Post-tax asset backing*	\$1.10		
Premium/(Discount) to pre-tax NTA	-6.5%	<b>INTERNATIONAL</b>	
Premium/(Discount) to post-tax NTA	-5.7%	DAX INDEX	4.2%
Dividend yield	4.1%	#N/A Invalid Security	4.0%
Dividend per share (cents)	4.2	SHIRE PLC	3.8%
Franking	100%		
Management expense ratio	1.00%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PIC	16.6%	na	na	NTA growth	14.0%	na	na
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	3.5%	na	na	Prem/Disc (Avg.)	-8.2%	-6.1%	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. . Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

**FIG.80: PIC TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Platinum Capital (PMC)

[www.platinum.com.au](http://www.platinum.com.au)

- Platinum Capital listed on the ASX in 1994 and is managed by Platinum Asset Management.
- Its strategy is to invest in international equities, predominantly from Europe and Asia. The portfolio is currently overweight in Asia (52%)
- Platinum is an active manager and also derives revenue from trading activities.
- The total shareholder return for the year ending 30 June 2017 was 9.4% with pre-tax net asset backing increasing 18.6%. The active return was -5.8%.

**FIG.81: PMC OVERVIEW**

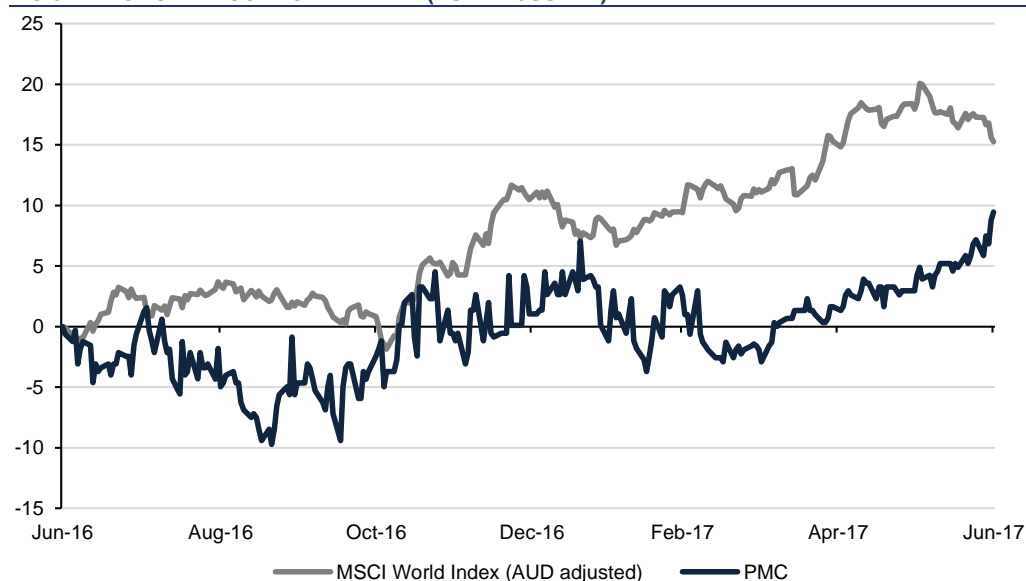
PMC Snapshot		Top Holdings		%
Price (30 June 2017)	\$1.69	SAMSUNG ELECTRONICS CO LTD		3.6%
Share price range (12 months)	\$1.42 - \$1.75	ALPHABET INC-CL C		3.0%
Shares on issue (Mn)	284	LIXIL GROUP CORP		2.5%
Market capitalisation (\$Mn)	478.1	TENCENT HOLDINGS LTD		2.4%
Pre-tax asset backing*	\$1.63	ORACLE CORP		2.3%
Post-tax asset backing*	\$1.57	KERING		2.2%
Premium/(Discount) to pre-tax NTA	3.1%	INPEX CORP		2.0%
Premium/(Discount) to post-tax NTA	7.5%	TECHNIPFMC PLC		2.0%
Dividend yield	4.7%	PING AN INSURANCE GROUP CO-H		1.9%
Dividend per share (cents)	8.0	INTESA SANPAOLO		1.9%
Franking	100%			
Management expense ratio	1.10%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PMC	9.4%	3.7%	17.0%	NTA growth	18.6%	5.1%	13.5%
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	-5.8%	-9.6%	-1.6%	Prem/Disc (Avg.)	2.7%	8.5%	4.8%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

**FIG.82: PMC TSR V MSCI WORLD INDEX (AUD ADJUSTED)**



Source: Bloomberg, Baillieu Holst

Baillieu Holst Ltd has acted in a corporate advisory role for PMC and earned fees in relation to that activity in the past 12 months. In line with the company's internal compliance guidelines, our investment recommendation is restricted.

Please also refer to the general disclosure at the end of this report.

## Plato Income Maximiser (PL8)

<http://www.plato.com.au/lic-overview/>

- PL8 is a recently incorporated LIC raising ~\$320m in May 2017. The investment manager is a boutique fund manager specialising in Australian and global equities with ~\$3.5bn of funds under management.
- The fund is specifically managed for investors who can utilise franking credits, such as zero tax and low tax paying investors including pension phase superannuation, SMSFs and charities and will seek to pay out monthly fully franked dividends.
- The PL8 strategy seeks to maximise the amount of dividends it receives by rotating the portfolio depending on upcoming ex-dividend dates.
- The total shareholder return since inception (5 May 2017) is -0.5% with pre-tax net asset backing decreasing -3.7%. The active return is 1.2%.

FIG.83: PL8 OVERVIEW

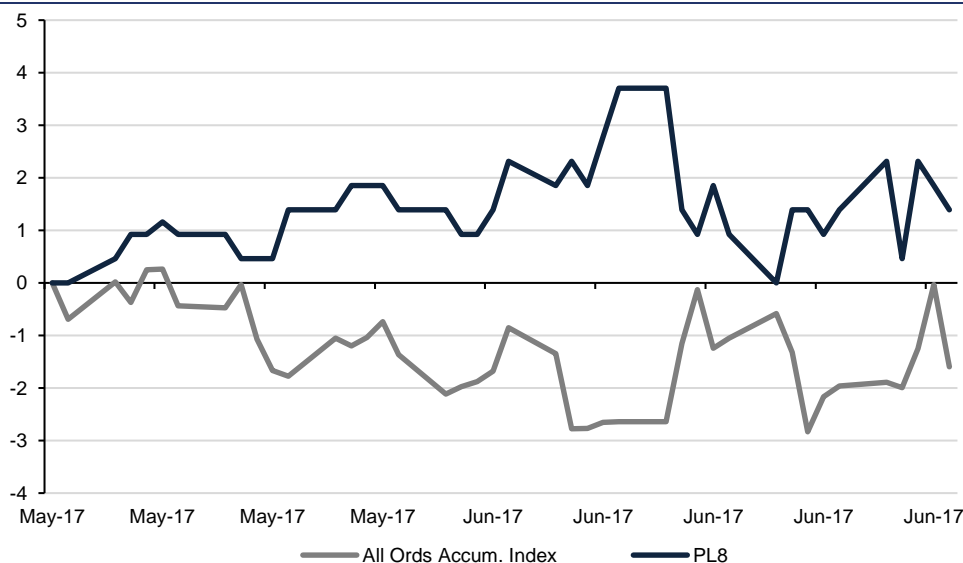
PL8 Snapshot		Top Holdings		%
Price (30 June 2017)	\$1.10	AGL ENERGY LTD		na
Share price range (12 months)	\$1.08 - \$1.13	BHP BILLITON LTD		
Shares on issue (Mn)	296	COMMONW BK AUSTR		
Market capitalisation (\$Mn)	0.0	MACQUARIE GROUP		
Pre-tax asset backing*	\$1.04	NATL AUST BANK		
Post-tax asset backing*	\$1.05	RIO TINTO LTD		
Premium/(Discount) to pre-tax NTA	5.5%	SUNCORP GROUP LT		
Premium/(Discount) to post-tax NTA	4.5%	TELSTRA CORP		
Dividend yield	na	WESTPAC BANKING		
Dividend per share (cents)	na			
Franking	na			
Management expense ratio	0.80%			

Total Shareholder Return	1 Year*	3 Year	5 Year	NTA Performance	1 Year*	3 Year	5 Year
PL8	-0.5%	na	na	NTA growth	-3.7%	na	na
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	1.2%	na	na	Prem/Disc (Avg.)	5.5%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures since inception (5 May 2017), unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.84: PL8 TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Baillieu Holst Ltd has acted in a corporate advisory role for PL8 and earned fees in relation to that activity in the past 12 months. In line with the company's internal compliance guidelines, our investment recommendation is restricted.

Please also refer to the general disclosure at the end of this report.

Source: Bloomberg, Baillieu Holst

## QV Equities (QVE)

[www.qvequities.com](http://www.qvequities.com)

- QV Equities Limited is a listed investment company, managed by Investors Mutual Limited (IML). It first listed on the ASX in August 2014.
- Its investment objective is to achieve long term value through capital growth and income by investing in a diversified portfolio of ASX listed entities outside the S&P/ASX 20 Index.
- As of QVE's most recent portfolio update, the company was holding 23.9% cash.
- The total shareholder for the year ending 30 June 2017 was 27.9% with pre-tax net asset backing increasing 12.5%. The active return was 14.8%

**FIG.85: QVE OVERVIEW**

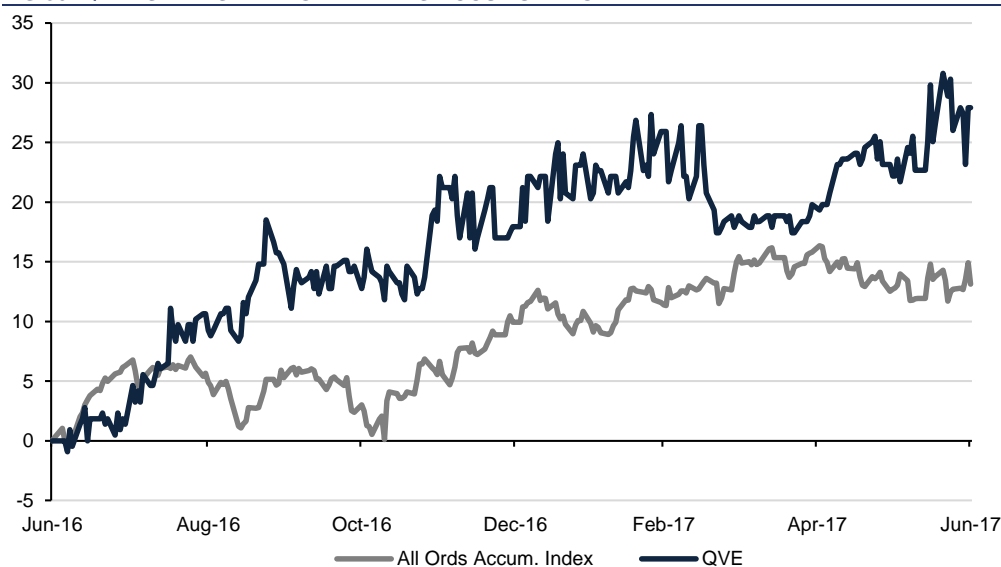
QVE Snapshot		Top Holdings		%
Price (30 June 2017)	\$1.34	SONIC HEALTHCARE LTD		3.6%
Share price range (12 months)	\$1.08 - \$1.4	PACT GROUP HOLDINGS LTD		3.2%
Shares on issue (Mn)	275	FLETCHER BUILDING LTD		3.2%
Market capitalisation (\$Mn)	368.6	CYBG PLC - CDI		3.2%
Pre-tax asset backing*	\$1.21	SPARK INFRASTRUCTURE GROUP		3.1%
Post-tax asset backing*	\$1.16	ANSELL LTD		3.1%
Premium/(Discount) to pre-tax NTA	10.8%	BANK OF QUEENSLAND LTD		3.1%
Premium/(Discount) to post-tax NTA	15.4%	CALTEX AUSTRALIA LTD		3.0%
Dividend yield	2.8%	AMCOR LIMITED		2.9%
Dividend per share (cents)	3.8	TOX FREE SOLUTIONS LTD		2.9%
Franking	100%			
Management expense ratio	0.90%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
QVE	27.9%	na	na	NTA growth	12.5%	na	na
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	14.8%	na	na	Prem/Disc (Avg.)	5.8%	1.2%	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

**FIG.86: QVE TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Sandon Capital Investments (SNC)

[www.sandoncapital.com.au](http://www.sandoncapital.com.au)

- Sandon Capital is an activist investment firm established in December 2008. Activism seeks to unlock value in listed companies through a proactive approach to corporate governance. Activism investing is independent of the company board but works closely with substantial shareholders.
- SNC seeks to provide investors capital growth over the medium to long term as well as the regular payment of semi-annual fully franked dividends.
- The total shareholder return for the year ending 30 June 2017 was 25.5% with pre-tax net asset backing increasing 12.4%. The active return was 12.4%.

**FIG.87: SNC OVERVIEW**

SNC Snapshot		Top Holdings	
Price (30 June 2017)	\$0.94	SNC does not disclose portfolio holdings	
Share price range (12 months)	\$0.82 - \$1.13		
Shares on issue (Mn)	48	<b>SNC INVESTMENT PORTFOLIO</b>	
Market capitalisation (\$Mn)	45.1	LISTED EQUITIES	95.0%
Pre-tax asset backing*	\$0.99	CASH OR CASH EQUIVALENTS	5.0%
Post-tax asset backing*	\$0.95	NUMBER OF INVESTMENTS	28
Premium/(Discount) to pre-tax NTA	-4.8%		
Premium/(Discount) to post-tax NTA	-1.5%		
Dividend yield	5.3%		
Dividend per share (cents)	5.0		
Franking	100%		
Management expense ratio	1.25%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
SNC	25.5%	5.5%	na	NTA growth	12.4%	6.3%	na
Sector Avg.	6.3%	7.5%	10.9%	Sector Avg.	5.4%	4.1%	-2.5%
Active return	12.4%	-1.4%	na	Prem/Disc (Avg.)	-4.7%	-5.6%	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

**FIG.88: SNC TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Templeton Global Growth Fund (TGG)

[www.tggf.com.au](http://www.tggf.com.au)

- The Templeton Global Growth Fund was listed on the ASX in 1987 by Franklin Templeton Investment Group, an American investment group with more than 50 years' experience.
- Templeton's investment approach is to seek out fundamentally undervalued securities with a focus on long-term growth.
- Its portfolio gives Australian investors access to a diversified portfolio of international securities.
- TGG is overweight in European exposure (37.0%) whilst underweight in North America (41.0%). Key underlying portfolio holdings included Financials (23.2%), Healthcare (17.4%) and IT (15.2%)
- The total shareholder return for the year ending 30 June 2017 was 22.3% with pre-tax net asset backing increasing 19.5%. The active return was 7.0%.

**FIG.89: TGG OVERVIEW**

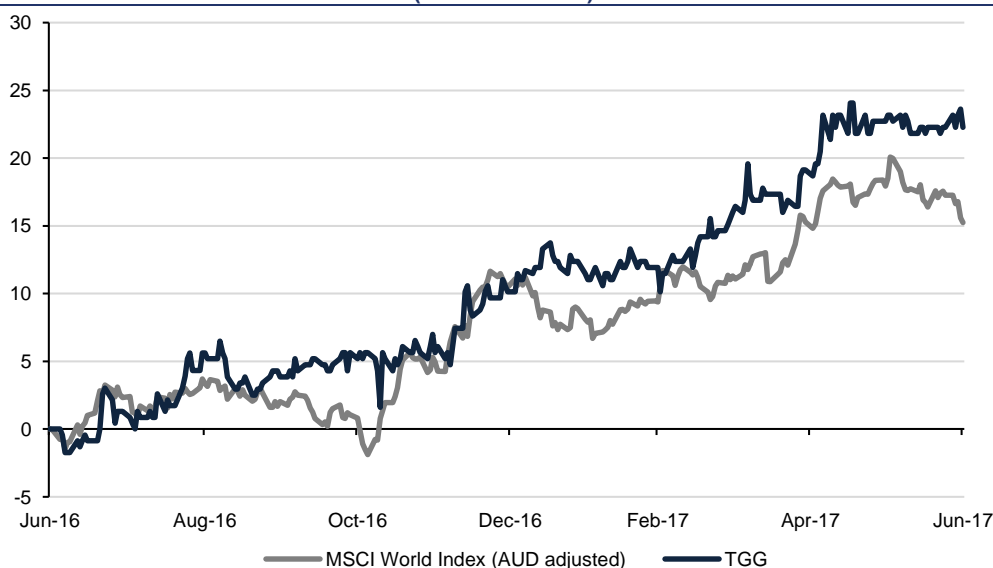
TGG Snapshot		Top Holdings		%
Price (30 June 2017)	\$1.36	SAMSUNG ELECTRONICS CO LTD		2.5%
Share price range (12 months)	\$1.13 - \$1.39	MICROSOFT CORP		2.4%
Shares on issue (Mn)	234	ORACLE CORP		2.2%
Market capitalisation (\$Mn)	317.9	ROYAL DUTCH SHELL		1.9%
Pre-tax asset backing*	\$1.48	SOFTBANK GROUP		1.8%
Post-tax asset backing*	\$1.52	CITIGROUP INC		1.8%
Premium/(Discount) to pre-tax NTA	-8.4%	BP PLC		1.8%
Premium/(Discount) to post-tax NTA	-10.4%	JPMORGAN CHASE & CO		1.7%
Dividend yield	3.3%	GOOGLE		1.7%
Dividend per share (cents)	4.5	BNP PARIBAS SA		1.6%
Franking	100%	*UNIT TRUST FUND HOLDINGS		
Management expense ratio	1.20%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
TGG	22.3%	5.7%	18.8%	NTA growth	19.5%	6.1%	14.6%
Sector Avg.	12.8%	7.9%	18.3%	Sector Avg.	6.5%	9.7%	14.0%
Active return	7.0%	-7.6%	0.2%	Prem/Disc (Avg.)	-11.0%	-8.6%	-8.6%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

**FIG.90: TGG TSR V MSCI WORLD INDEX (AUD ADJUSTED)**



Source: Bloomberg, Baillieu Holst

## Thorney Opportunities (TOP)

[www.thorneyopportunities.com.au](http://www.thorneyopportunities.com.au)

- Thorney Opportunities (TOP) evolved from Thorney Investment Group, a private investment company via a back door listing with cashbox Wentworth Holdings.
- TOP invests in a number of asset classes including securities (listed and unlisted) derivatives, unit trusts, joint ventures, debt instruments and cash.
- The total shareholder return for the year ending 30 June 2017 was 22.0% with pre-tax net asset backing increasing 27.4%. The active return was 8.9%.

**FIG.91: TOP OVERVIEW**

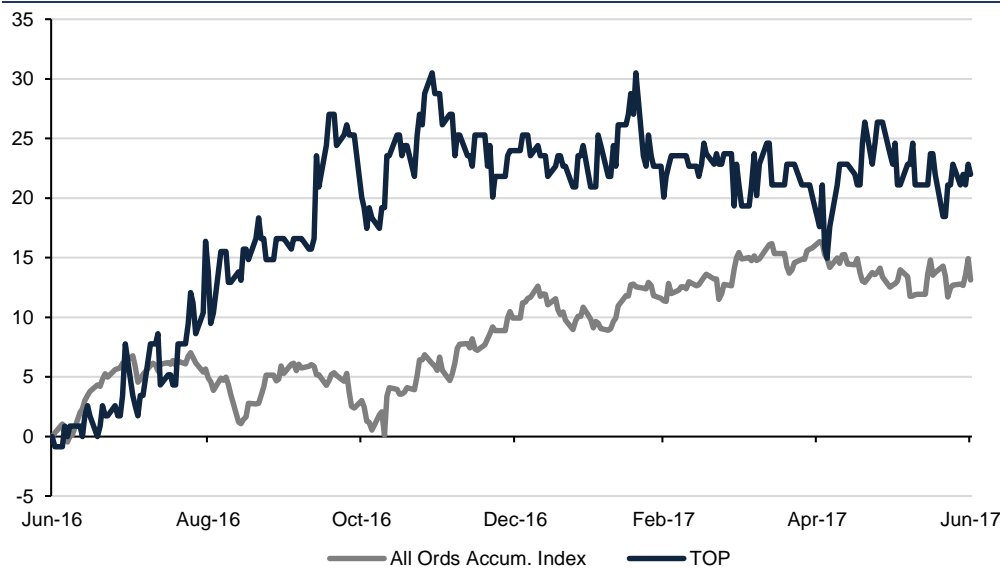
TOP Snapshot			Top Holdings		%
Price (30 June 2017)	\$0.70		SERVICE STREAM LTD		na
Share price range (12 months)	\$0.59 - \$0.75		AMA GROUP LTD		
Shares on issue (Mn)	170		MONEY3 CORP LTD		
Market capitalisation (\$Mn)	117.9		FAIRFAX MEDIA LTD		
Pre-tax asset backing*	\$0.76		ONEVUE HOLDINGS LTD		
Post-tax asset backing*	\$0.72		AUSTIN ENGINEERING LTD		
Premium/(Discount) to pre-tax NTA	-8.1%				
Premium/(Discount) to post-tax NTA	na				
Dividend yield	1.7%				
Dividend per share (cents)	1.2				
Franking	100%				
Management expense ratio	0.75%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
TOP	22.0%	17.5%	13.8%	NTA growth	27.4%	18.7%	na
Sector Avg.	6.3%	7.5%	10.9%	Sector Avg.	5.4%	4.1%	-2.5%
Active return	8.9%	10.7%	2.2%	Prem/Disc (Avg.)	-5.7%	-7.3%	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

**FIG.92: TOP TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst



## URB Investments (URB)

<http://www.urbinvest.com.au>

- Managed by Contact Asset Management, URB Investments (URB) is a newly created LIC, listing in April 2017.
- URB seeks to capture long-term value through a combination of capital and income growth by investing in a diversified portfolio of equity assets and direct property assets with exposure to urban renewal and regeneration.
- The company has identified an urbanised equities universe of 89 stocks that are beneficiaries of urban renewal and regeneration. The manager will have the ability to rotate the portfolio allocation between equities, direct property and cash.
- The initial portfolio includes 3 seed properties jointly owned with Soul Pattinson (SOL) that represents 44.0% of the overall portfolio.
- The total shareholder return since inception (12 April 2017) is -3.2% with pre-tax net asset backing decreasing -2.3%. The active return was -0.6%.

FIG.93: URB OVERVIEW

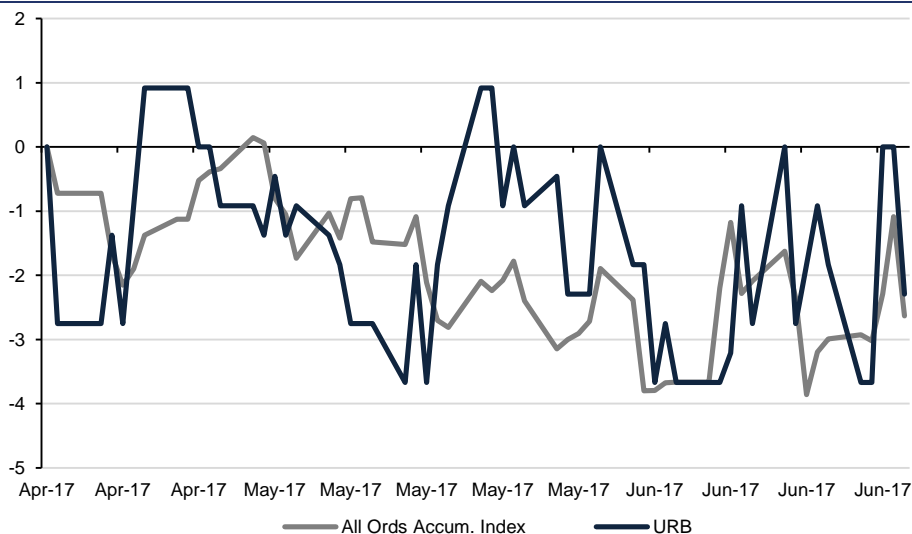
URB Snapshot		Top Holdings		%
Price (30 June 2017)	\$1.07	PENRITH PROPERTY		16.7%
Share price range (12 months)	\$1.03 - \$1.1	PRESTON PROPERTY		15.8%
Shares on issue (Mn)	73	KINGSGROVE PROPERTY		11.5%
Market capitalisation (\$Mn)	77.6	SYDNEY AIRPORT		5.1%
Pre-tax asset backing*	\$1.04	TRANSURBAN GROUP		4.7%
Post-tax asset backing*	\$1.04	CSR LTD		3.3%
Premium/(Discount) to pre-tax NTA	2.4%	STOCKLAND		3.2%
Premium/(Discount) to post-tax NTA	2.4%	GPT GROUP		2.7%
Dividend yield	na	BWP TRUST		2.1%
Dividend per share (cents)	na	HARVEY NORMAN		1.7%
Franking	na			
Management expense ratio	0.50%			

Total Shareholder Return	1 Year*	3 Year	5 Year	NTA Performance	1 Year*	3 Year	5 Year
URB	-3.2%	na	na	NTA growth	-2.3%	na	na
Sector Avg.	6.3%	7.5%	10.9%	Sector Avg.	5.4%	4.1%	-2.5%
Active return	-0.6%	na	na	Prem/Disc (Avg.)	2.4%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures since inception (April 2017), unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.94: URB TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

Baillieu Holst Ltd has acted in a corporate advisory role for URB and earned fees in relation to that activity in the past 12 months. In line with the company's internal compliance guidelines, our investment recommendation is restricted.

Please also refer to the general disclosure at the end of this report.

## WAM Active (WAA)

[www.wamfunds.com.au](http://www.wamfunds.com.au)

- Incorporated in 2008, WAM Active is managed by Wilson Asset Management International Pty Ltd.
- WAA seeks to provide positive returns in all market conditions and aims to achieve this through exposure to an active trading style portfolio.
- WAA will not incorporate a single investment strategy; rather it aims to utilise short term catalysts such as corporate transactions and takeovers, IPO's, placements and arbitrage opportunities such as LIC discount arbitrage.
- The total shareholder return for the year ending 30 June 2017 was 11.8% with pre-tax net asset backing increasing 10.0%. The active return was -1.3%.

FIG.95: WAA OVERVIEW

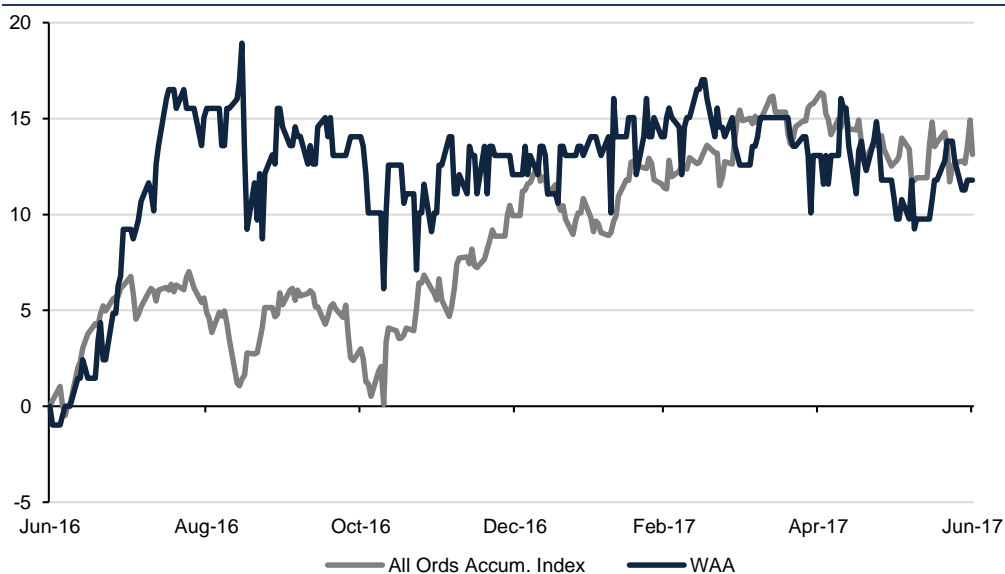
WAA Snapshot		Top Holdings		%
Price (30 June 2017)	\$1.10	HUNTER HALL GLOBAL VALUE LTD		na
Share price range (12 months)	\$1 - \$1.22	FLIGHT CENTRE TRAVEL GROUP L		
Shares on issue (Mn)	39	TEMPLETON GLOBAL GROWTH FUND		
Market capitalisation (\$Mn)	42.7	AFTERPAY TOUCH GROUP LTD		
Pre-tax asset backing*	\$1.05	JANUS HENDERSON GROUP-CDI		
Post-tax asset backing*	\$1.05	COMPUTERSHARE LTD		
Premium/(Discount) to pre-tax NTA	4.7%	ESTIA HEALTH LTD		
Premium/(Discount) to post-tax NTA	4.7%	WOOLWORTHS LTD		
Dividend yield	4.8%	SIMS METAL MANAGEMENT LTD		
Dividend per share (cents)	5.3	SEVEN GROUP HOLDINGS LTD		
Franking	100%			
Management expense ratio	1.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WAA	11.8%	0.6%	8.0%	NTA growth	10.0%	7.4%	7.8%
Sector Avg.	6.3%	7.5%	10.9%	Sector Avg.	5.4%	4.1%	-2.5%
Active return	-1.3%	-6.2%	-3.6%	Prem/Disc (Avg.)	5.2%	0.5%	-4.3%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.96: WAA TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## WAM Capital (WAM)

[www.wamfunds.com.au](http://www.wamfunds.com.au)

- WAM Capital concentrates primarily on small to medium industrial companies with an objective to deliver a rising stream of fully franked dividends, to provide capital growth and preserve capital. WAM utilises a research driven investment strategy, focusing on fundamental analysis as well as a market driven approach, seeking short-term mispricing opportunities.
- WAM also provides exposure to relative value arbitrage and market mispricing opportunities. WAM is managed by Wilson Asset Management (International) Pty Ltd.
- The total shareholder return for the year ending 30 June 2017 was 13.9% with pre-tax net asset backing increasing 8.8%. The active return was 0.8%.

FIG.97: WAM OVERVIEW

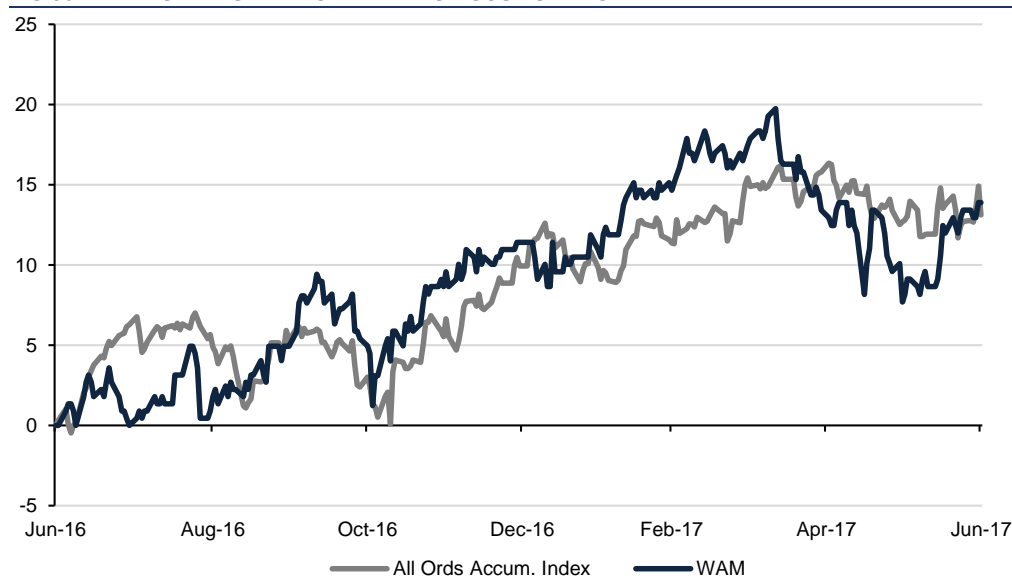
WAM Snapshot				Top Holdings			
Price (30 June 2017)		\$2.39		HUNTER HALL GLOBAL VALUE LTD			na
Share price range (12 months)		\$2.17 - \$2.59		FLIGHT CENTRE TRAVEL GROUP L			
Shares on issue (Mn)		633		TEMPLETON GLOBAL GROWTH FUND			
Market capitalisation (\$Mn)		1513.7		AFTERPAY TOUCH GROUP LTD			
Pre-tax asset backing*		\$1.94		JANUS HENDERSON GROUP-CDI			
Post-tax asset backing*		\$1.92		ALS LTD			
Premium/(Discount) to pre-tax NTA		23.0%		COMPUTERSHARE LTD			
Premium/(Discount) to post-tax NTA		24.8%		CHALLENGER LTD			
Dividend yield		6.1%		ESTIA HEALTH LTD			
Dividend per share (cents)		14.5		SOUTHERN CROSS MEDIA GROUP L			
Franking		100%					
Management expense ratio		1.00%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WAM	13.9%	14.4%	16.6%	NTA growth	8.8%	10.7%	11.8%
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	0.8%	7.6%	5.0%	Prem/Disc (Avg.)	19.4%	12.9%	8.0%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR relative to that of the comparative index

FIG.98: WAM TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

Baillieu Holst Ltd acted as underwriter for WAM and earned fees in relation to that activity in the past 12 months. In line with the company's internal compliance guidelines, our investment recommendation is restricted.

Please also refer to the general disclosure at the end of this report.

## WAM Research (WAX)

[www.wamfunds.com.au](http://www.wamfunds.com.au)

- WAM Research (WAX) aims to invest in undervalued small and medium industrial growth companies listed on the ASX. WAX is also managed by Wilson Asset Management (International) Pty Ltd.
- The investment objective is to provide a growing stream of fully franked dividends and to achieve a high real rate of return, comprising both income and capital growth within risk parameters acceptable to the Directors, utilising a fundamental research investment strategy.
- The total shareholder return for the year ending 30 June 2017 was 17.7% with pre-tax net asset backing increasing 9.1%. The active return was 4.6%.

FIG.99: WAX

WAX Snapshot		Top Holdings		%
Price (30 June 2017)	\$1.51	ALS LTD		na
Share price range (12 months)	\$1.36 - \$1.66	CHALLENGER LTD		
Shares on issue (Mn)	184	AUB GROUP LTD		
Market capitalisation (\$Mn)	277.5	SOUTHERN CROSS M		
Pre-tax asset backing*	\$1.22	ISELECT LTD		
Post-tax asset backing*	\$1.22	NICK SCALI LTD		
Premium/(Discount) to pre-tax NTA	23.6%	SUPERLOOP LTD		
Premium/(Discount) to post-tax NTA	23.7%	CLASS LTD		
Dividend yield	5.6%	PINNACLE INVESTM		
Dividend per share (cents)	8.5	HT&E LTD		
Franking	100%			
Management expense ratio	1.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WAX	17.7%	17.3%	23.5%	NTA growth	9.1%	12.2%	13.9%
Sector Avg.	9.3%	5.2%	11.1%	Sector Avg.	3.8%	3.8%	5.5%
Active return	4.6%	10.5%	11.9%	Prem/Disc (Avg.)	20.9%	12.1%	7.0%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures since inception (May 2015). Active return refers to TSR relative to that of the comparative index

FIG.100: WAX TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Wealth Defender Equities (WDE)

[www.wealthdefenderequities.com.au](http://www.wealthdefenderequities.com.au)

- Wealth Defender Equities was listed in May 2015 by Perennial Value Management. Perennial Value will manage the portfolio in-line with the unlisted, Wealth Defender Equities strategy.
- WDE incorporates a dynamic protection strategy through the use of derivatives such as options to protect the portfolio during market downturns (ie. >5.0%). WDE will focus on value while decreasing the impact of market downturns.
- WDE is currently overweight Energy, Consumer discretionary and Telecommunication and Financials (ex Real Estate) whilst underweight Industrials, Healthcare and Real Estate.
- The total shareholder for the year ending 30 June 2017 was 13.3% with pre-tax net asset backing increasing 9.1%. The active return was 0.2%.

FIG.101: WDE OVERVIEW

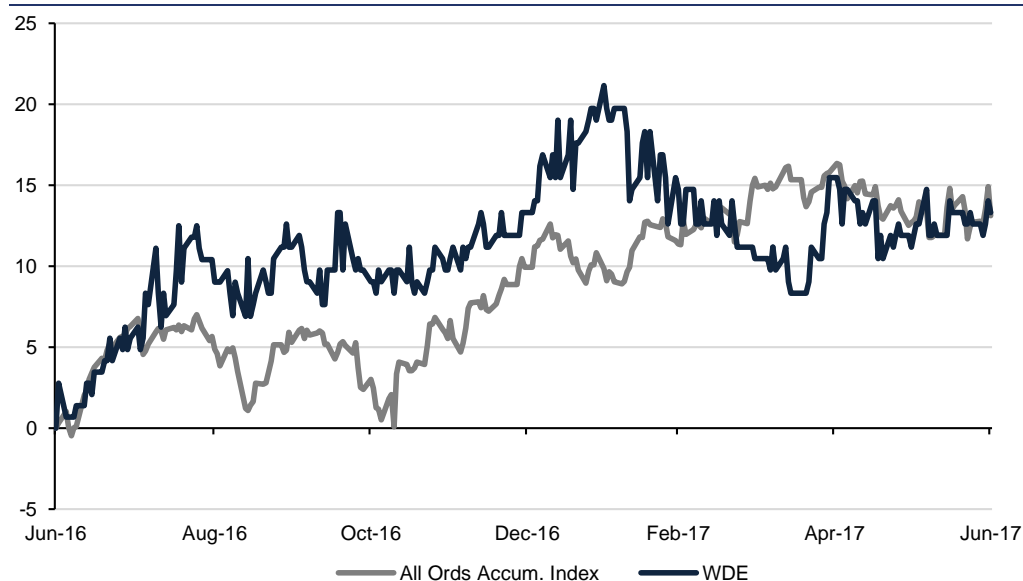
WDE Snapshot		Top Holdings					
Price (30 June 2017)	\$0.80	BHP BILLITON LIMITED					6.5%
Share price range (12 months)	\$0.74 - \$0.85	COMMONWEALTH BANK OF AUSTRAL					6.3%
Shares on issue (Mn)	126	NATIONAL AUSTRALIA BANK LTD					5.8%
Market capitalisation (\$Mn)	100.4	WESTPAC BANKING CORP					4.8%
Pre-tax asset backing*	\$0.92	AUST AND NZ BANKING GROUP					4.1%
Post-tax asset backing*	\$0.95	SUNCORP GROUP LTD					3.5%
Premium/(Discount) to pre-tax NTA	-13.6%	AMP LTD					3.4%
Premium/(Discount) to post-tax NTA	-16.6%	TELSTRA CORP LTD					3.4%
Dividend yield	3.8%	WOODSIDE PETROLEUM LTD					3.1%
Dividend per share (cents)	3.0	MACQUARIE GROUP LTD					3.1%
Franking	100%						
Management expense ratio	1.25%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WDE	13.3%	na	na	NTA growth	9.1%	na	na
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	0.2%	na	na	Prem/Disc (Avg.)	-12.9%	-8.6%	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, active return refers to TSR relative to that of the comparative index

FIG.102: WDE TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Whitefield (WHF)

[www.whitefield.com.au](http://www.whitefield.com.au)

- Formed in 1923, Whitefield is one of Australia's oldest listed investment companies.
- It provides investors with a diversified exposure to the industrial segment (i.e. no resource companies) of the market with the aim of generating long-term returns.
- Top sector exposures currently include Banks, Non-Bank Financials and Healthcare.
- The total shareholder return for the year ending 30 June 2017 was 14.3% with pre-tax net asset backing increasing 10.7%. The active return was 1.1%.

**FIG.103: WHF OVERVIEW**

WHF Snapshot		Top Holdings			
Price (30 June 2017)	\$4.54	COMMONWEALTH BANK OF AUSTRAL		9.8%	
Share price range (12 months)	\$4.54 - \$	WESTPAC BANKING CORP		7.4%	
Shares on issue (Mn)	84	AUST AND NZ BANKING GROUP		6.1%	
Market capitalisation (\$Mn)	381.4	NATIONAL AUSTRALIA BANK LTD		6.1%	
Pre-tax asset backing*	\$4.91	CSL LTD		4.0%	
Post-tax asset backing*	\$4.51	WESFARMERS LTD		3.3%	
Premium/(Discount) to pre-tax NTA	-7.5%	TELSTRA CORP LTD		3.2%	
Premium/(Discount) to post-tax NTA	0.7%	WOOLWORTHS LTD		2.4%	
Dividend yield	3.7%	MACQUARIE GROUP LTD		2.2%	
Dividend per share (cents)	17.0	SCENTRE GROUP		2.1%	
Franking	100%				
Management expense ratio	0.25%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WHF	14.3%	7.1%	16.6%	NTA growth	10.7%	7.6%	14.5%
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	1.1%	0.2%	5.0%	Prem/Disc (Avg.)	-9.7%	-7.7%	-7.6%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR above that of the comparative index

**FIG.104: WHF TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Westoz Investment Company (WIC)

[www.westozfunds.com.au](http://www.westozfunds.com.au)

- Westoz Funds, established in 2005, initially focused on investments in Western Australian based companies outside the ASX100. Recently, WIC has invested in companies outside of Western Australian, within the industrial sector.
- The company has stated a policy to pay out a minimum of 50% of realised after tax profits to shareholders by way of dividends.
- The current underlying sector allocation weighting is: Resources (39%), Industrials (37%), and cash (24%) – a decrease in industrials with a movement towards cash during the quarter.
- The total shareholder return for the year ending 30 June 2017 was 23.9% with pre-tax net asset backing increasing 14.2%. The active return was 10.8%.

FIG.105: WIC OVERVIEW

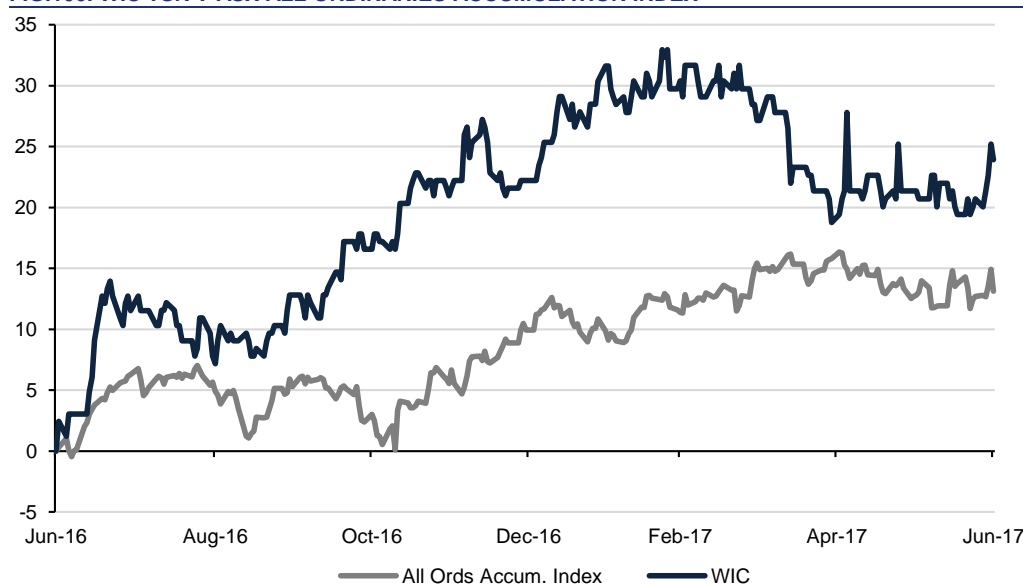
WIC Snapshot		Top Holdings	
Price (30 June 2017)	\$0.96	CARNEGIE WAVE ENERGY LTD	9.0%
Share price range (12 months)	\$0.85 - \$1.05	AUSTRALIS OIL & GAS LTD	7.0%
Shares on issue (Mn)	129	AUSNET SERVICES	7.0%
Market capitalisation (\$Mn)	123.9	COOPER ENERGY LTD	7.0%
Pre-tax asset backing*	\$1.07	NRW HOLDINGS LTD	6.0%
Post-tax asset backing*	\$1.06	SANDFIRE RESOURCES NL	6.0%
Premium/(Discount) to pre-tax NTA	-10.4%	WESTERN AREAS LTD	6.0%
Premium/(Discount) to post-tax NTA	-9.1%	BEACH ENERGY LTD	5.0%
Dividend yield	6.3%	MOUNT GIBSON IRON LTD	5.0%
Dividend per share (cents)	6.0	FINBAR GROUP LTD	5.0%
Franking	100%		
Management expense ratio	1.00%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WIC	23.9%	-3.0%	8.3%	NTA growth	14.2%	-0.5%	2.8%
Sector Avg.	9.3%	5.2%	11.1%	Sector Avg.	3.8%	3.8%	5.5%
Active return	10.8%	-9.8%	-3.3%	Prem/Disc (Avg.)	-13.3%	-10.7%	-13.7%

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted.

Active return refers to TSR above that of the comparative index

FIG.106: WIC TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst



## WAM Leaders (WLE)

[www.wamfunds.com.au](http://www.wamfunds.com.au)

- Incorporated in May 2016, WAM Leaders is managed by Wilson Asset Management International (WAMI) Pty Ltd. WAMI also manages WAM, WAX and WAA within the LIC space.
- WLE seeks to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital. The portfolio will predominately comprise of large cap companies within the S&P/ASX 200 Index.
- WLE employs a two tiered investment process including research driven investing (fundamental bottom up approach) and a market driven approach which seeks to take advantage of short-term relative arbitrage and mispricing opportunities.
- The current portfolio position has a mid-cap bias with +40% of the portfolio invested in the ASX 21-100.
- The total shareholder return for the year ending 30 June 2017 was 2.3% with pre-tax net asset backing increasing 8.5%. The active return was -10.9%.

FIG.107: WLE OVERVIEW

WLE Snapshot			Top Holdings		%
Price (30 June 2017)	\$1.12		NATIONAL AUSTRALIA BANK LTD		4.9%
Share price range (12 months)	\$1.07 - \$1.17		WOOLWORTHS LTD		4.4%
Shares on issue (Mn)	415		COMPUTERSHARE LTD		3.9%
Market capitalisation (\$Mn)	462.2		INSURANCE AUSTRALIA GROUP		3.8%
Pre-tax asset backing*	\$1.16		WESTPAC BANKING CORP		3.6%
Post-tax asset backing*	\$1.15		BHP BILLITON LIMITED		3.5%
Premium/(Discount) to pre-tax NTA	-4.0%		COMMONWEALTH BANK OF AUSTRAL		3.3%
Premium/(Discount) to post-tax NTA	-2.8%		CHALLENGER LTD		3.2%
Dividend yield	0.9%		MACQUARIE GROUP LTD		2.5%
Dividend per share (cents)	1.0		CSL LTD		2.2%
Franking	100%				
Management expense ratio	1.00%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WLE	2.3%	na	na	NTA growth	8.5%	na	na
Sector Avg.	8.6%	5.5%	16.8%	Sector Avg.	9.0%	6.3%	10.9%
Active return	-10.9%	na	na	Prem/Disc (Avg.)	0.1%	0.0%	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, active return refers to TSR relative to that of the comparative index

FIG.108: WLE TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## Watermark Market Neutral Fund (WMK)

[www.wfunds.com.au](http://www.wfunds.com.au)

- Watermark Market Neutral Fund (WMK) listed in July 2013 and is managed by Watermark Funds Management, an absolute return manager who also manages Australian Leaders Fund (ALF).
- The market neutral structure means the long portfolio and short portfolio are of equal value, thus minimising exposure to general market movements. The performance on the fund will be the interest on the cash at bank, plus the difference in performance of the two portfolios.
- The total shareholder return for the year ending 30 June 2017 was 5.3% with pre-tax net asset backing increasing 0.0%. The active return was 3.8% (against the RBA cash rate).

FIG.109: WMK OVERVIEW

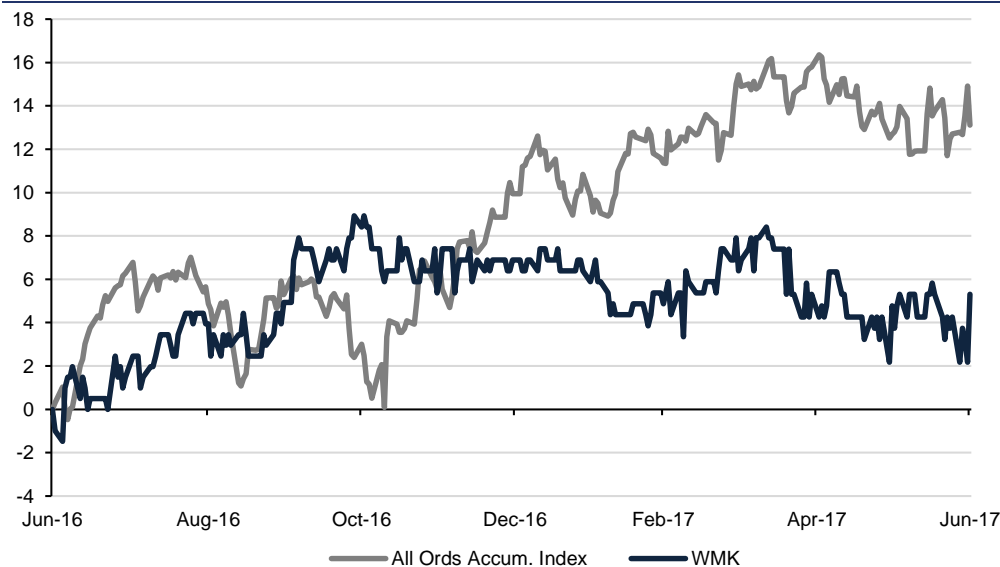
WMK Snapshot		Top Holding	%
Price (30 June 2017)	\$1.01	NA	NA
Share price range (12 months)	\$0.95 - \$1.08		
Shares on issue (Mn)	87		
Market capitalisation (\$Mn)	88.2		
Pre-tax asset backing*	\$0.99		
Post-tax asset backing*	\$1.01		
Premium/(Discount) to pre-tax NTA	2.0%		
Premium/(Discount) to post-tax NTA	0.0%		
Dividend yield	6.4%		
Dividend per share (cents)	6.5		
Franking	100%		
Management expense ratio	1.00%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WMK	5.3%	4.5%	na	NTA growth	0.0%	2.9%	na
Sector Avg.	6.3%	7.5%	10.9%	Sector Avg.	5.4%	4.1%	-2.5%
Active return	3.8%	3.0%	na	Prem/Disc (Avg.)	0.9%	-4.1%	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR above that of the comparative index.

FIG.110: WMK TSR V ASX ALL ORDINARIES ACCUMULATION INDEX



Source: Bloomberg, Baillieu Holst

## 8IP Emerging Companies (8EC)

[www.8ip.asia](http://www.8ip.asia)

- Listing in December 2015, 8EC is managed by Eight Investment Partner. 8EC provides investors access to a concentrated benchmark unaware portfolio (typically between 20 – 30 securities) focusing predominately on securities within the \$20m - \$500m market cap range.
- 8EC seeks to exploit inefficiencies within the market arising from a number of factors such as lack of broker research and behavioural factors (i.e. over/under reactions to new information). 8EC utilises a three tier conviction scorecard (“A”-“AAA”) to determine portfolio construction.
- The total shareholder return for the year ending 30 June 2017 was -7.3% with pre-tax net asset backing decreasing -2.0%. The active return was -20.4%.

**FIG.111: 8EC OVERVIEW**

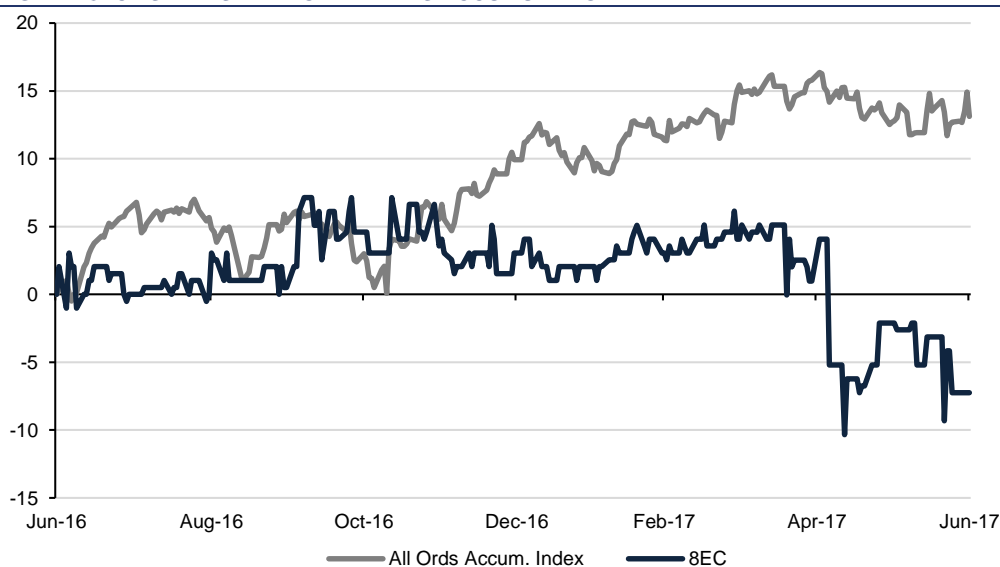
8EC Snapshot				Top Holdings			
Price (30 June 2017)	\$0.90			FREEDOM INSURANCE GROUP LTD	12.3%		
Share price range (12 months)	\$0.85 - \$1.05			COOPER ENERGY LTD	10.7%		
Shares on issue (Mn)	41			MSL SOLUTIONS LTD	7.7%		
Market capitalisation (\$Mn)	36.9			SKYDIVE THE BEACH GROUP LTD	6.4%		
Pre-tax asset backing*	\$1.07			GASCOYNE RESOURCES LTD	4.8%		
Post-tax asset backing*	\$1.05						
Premium/(Discount) to pre-tax NTA	-15.9%						
Premium/(Discount) to post-tax NTA	-13.9%						
Dividend yield	1.1%						
Dividend per share (cents)	1.0						
Franking	100%						
Management expense ratio	1.25%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
8EC	-7.3%	na	na	NTA growth	-2.0%	na	na
Sector Avg.	9.3%	5.2%	11.1%	Sector Avg.	3.8%	3.8%	5.5%
Active return	-20.4%	na	na	Prem/Disc (Avg.)	-11.7%	na	na

Source: IRESS, Bloomberg, Baillieu Holst, Company reports. Figures as at 30 June 2017, unless otherwise noted. Active return refers to TSR above that of the comparative index.

**FIG.112: 8EC TSR V ASX ALL ORDINARIES ACCUMULATION INDEX**



Source: Bloomberg, Baillieu Holst

## Appendix – Historical Premium/Discounts for Selected LICs

FIG.113: AFI

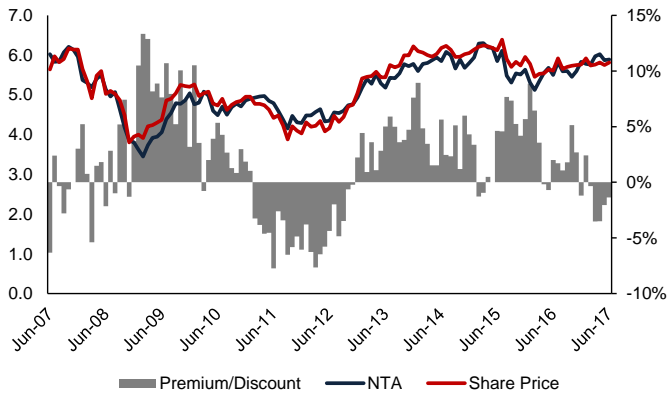
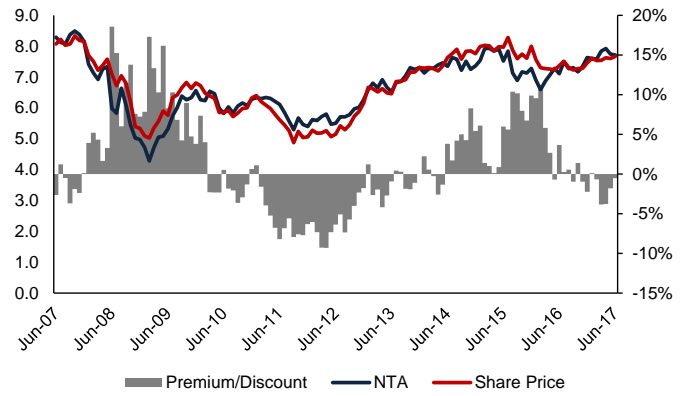


FIG.114: ARG



Source: Bloomberg, IRESS, Baillieu Holst

FIG.115: AUI

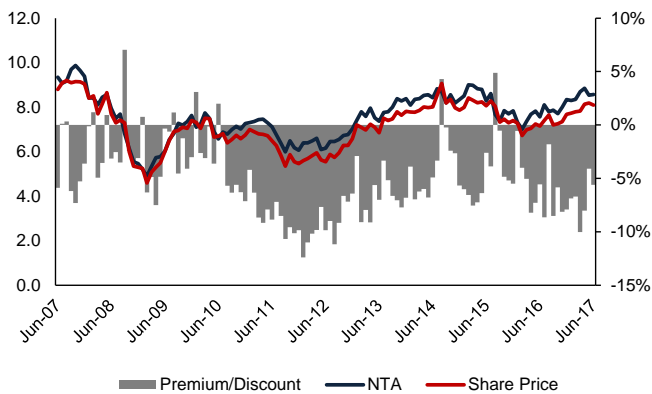
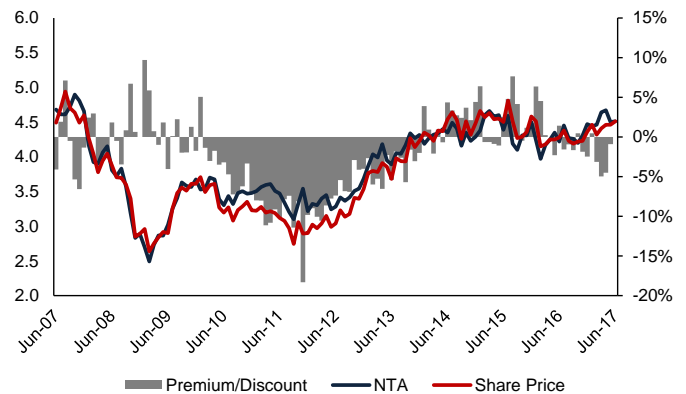


FIG.116: MLT



Source: Bloomberg, IRESS, Baillieu Holst

Source: Bloomberg, IRESS, Baillieu Holst

FIG.117: BKI

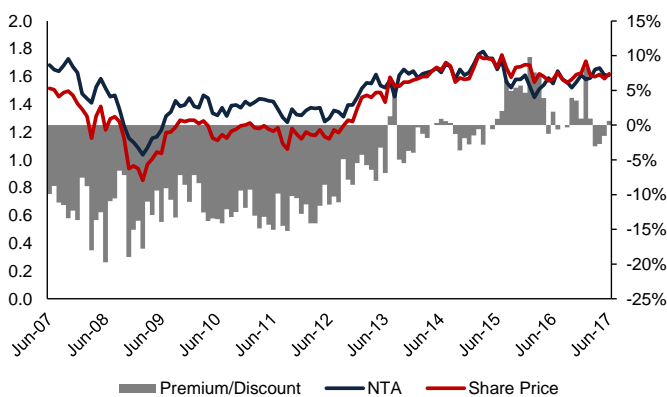
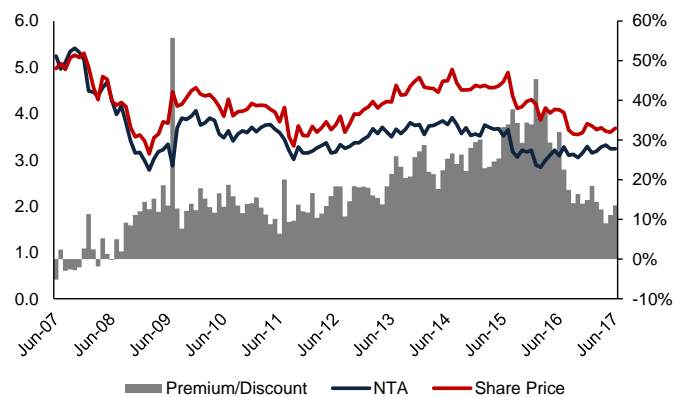


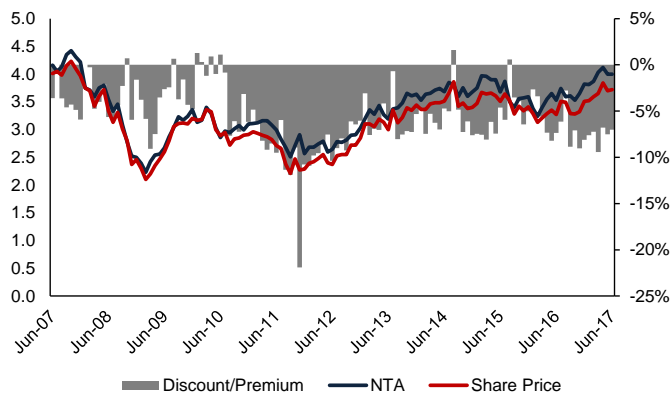
FIG.118: DJW



Source: Bloomberg, IRESS, Baillieu Holst

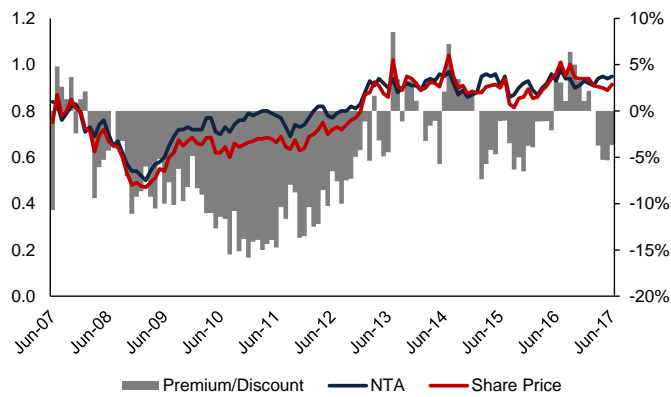
Source: Bloomberg, IRESS, Baillieu Holst

FIG.119: DUI



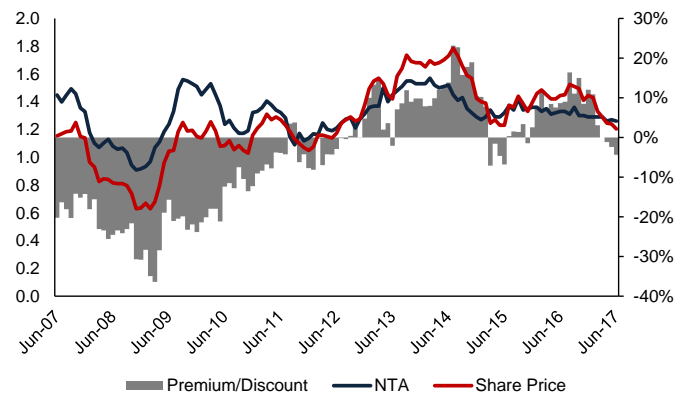
Source: Bloomberg, IRESS, Baillieu Holst

FIG.120: AMH



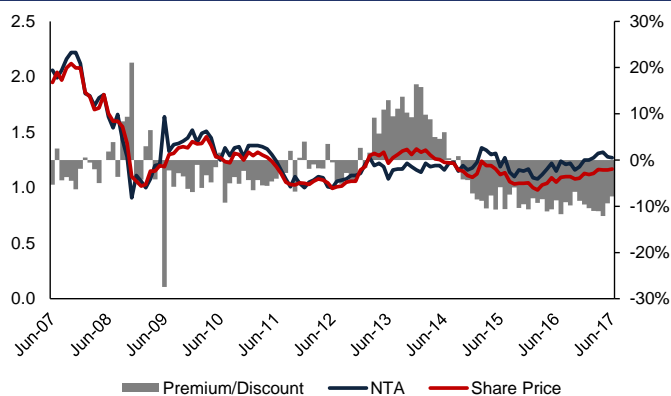
Source: Bloomberg, IRESS, Baillieu Holst

FIG.121: ALF



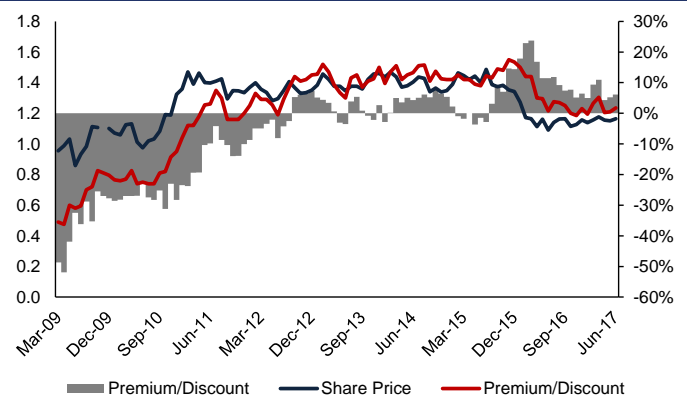
Source: Bloomberg, IRESS, Baillieu Holst

FIG.122: ALR



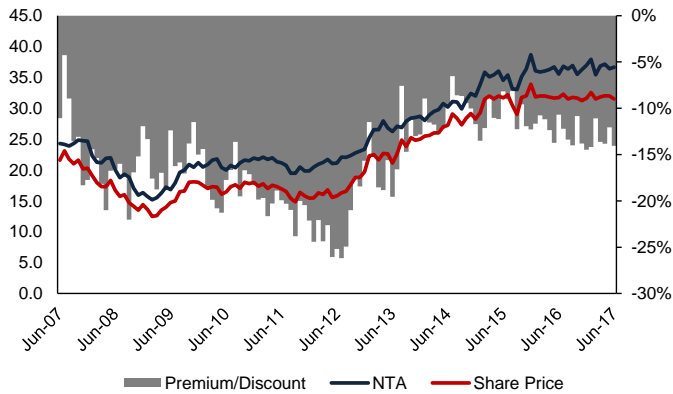
Source: Bloomberg, IRESS, Baillieu Holst

FIG.123: CDM



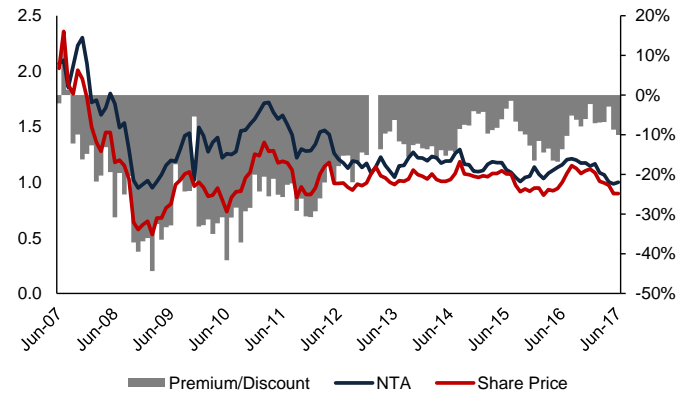
Source: Bloomberg, IRESS, Baillieu Holst

FIG.124: CIN



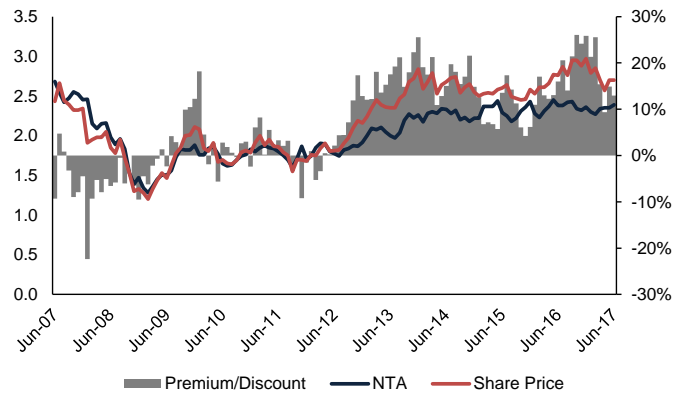
Source: Bloomberg, IRESS, Baillieu Holst

FIG.125: CTN



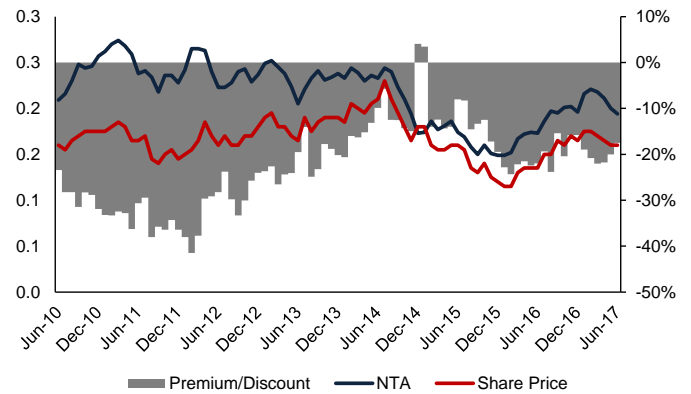
Source: Bloomberg, IRESS, Baillieu Holst

FIG.126: MIR



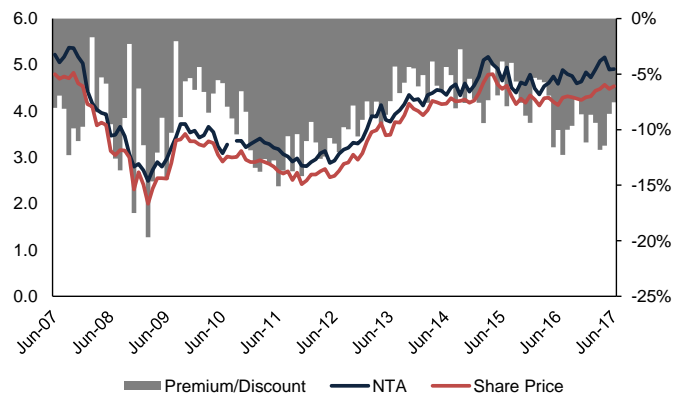
Source: Bloomberg, IRESS, Baillieu Holst

FIG.127: OZG



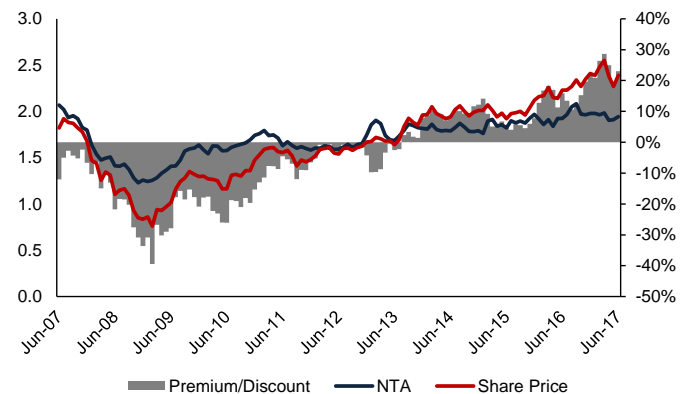
Source: Bloomberg, IRESS, Baillieu Holst

FIG.128: WHF



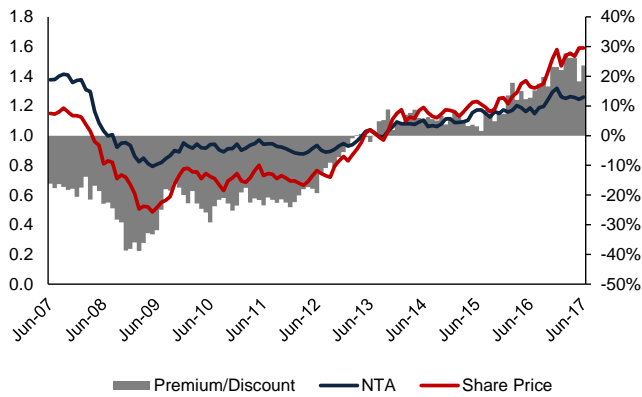
Source: Bloomberg, IRESS, Baillieu Holst

FIG.129: WAM



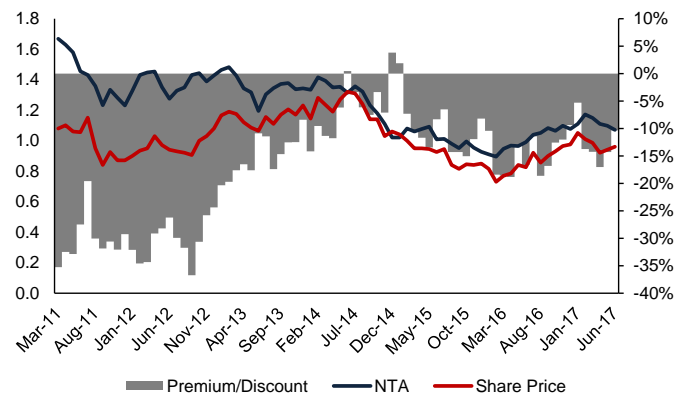
Source: Bloomberg, IRESS, Baillieu Holst

FIG.130: WAX



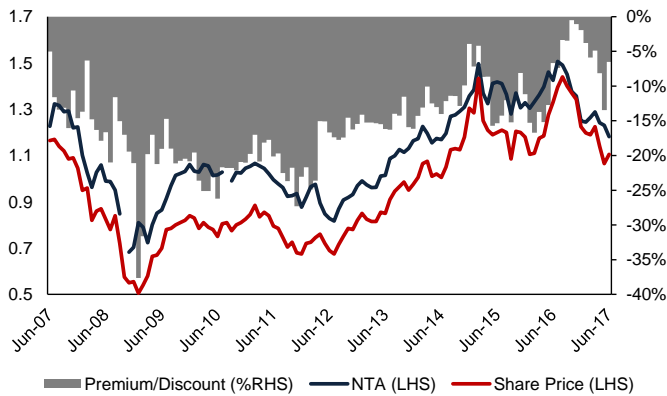
Source: Bloomberg, IRESS, Baillieu Holst

FIG.131: WMK



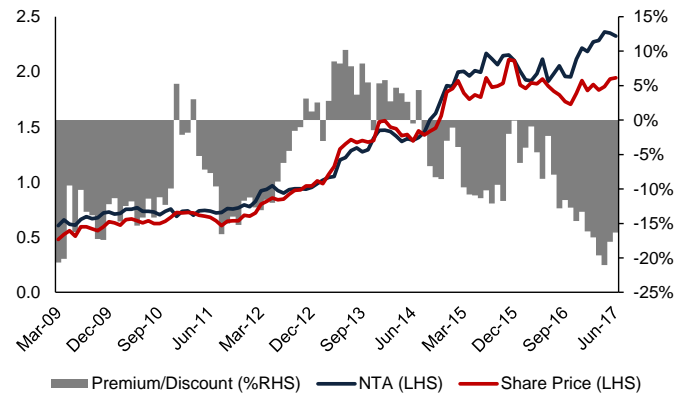
Source: Bloomberg, IRESS, Baillieu Holst

FIG.132: HHV



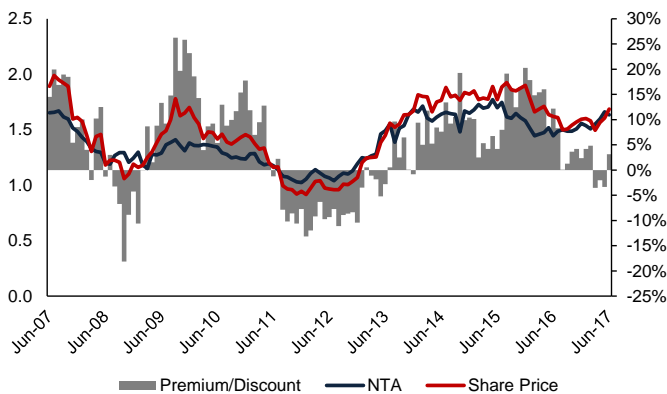
Source: Bloomberg, IRESS, Baillieu Holst

FIG.133: MFF



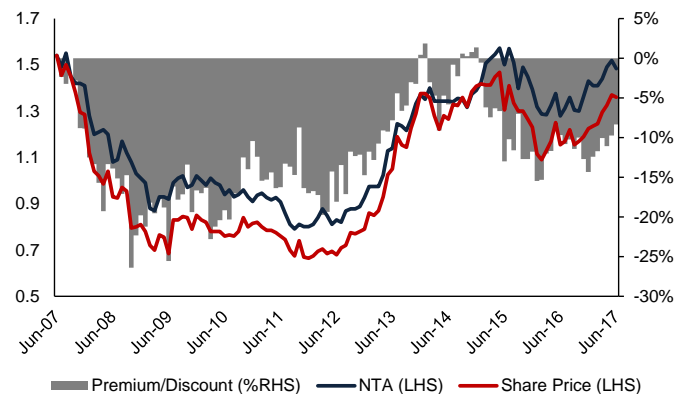
Source: Bloomberg, IRESS, Baillieu Holst

FIG.134: PMC



Source: Bloomberg, IRESS, Baillieu Holst

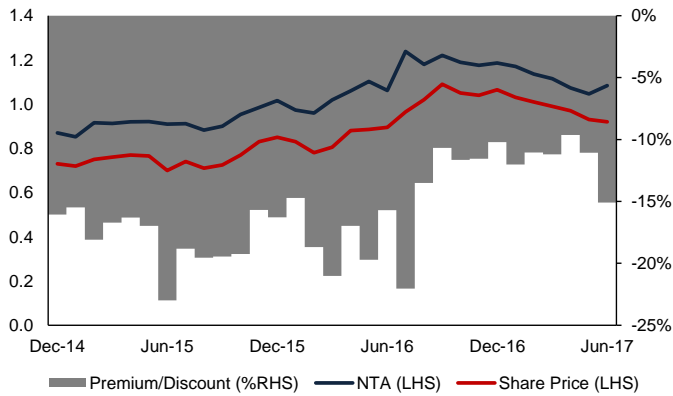
FIG.135: TGG



Source: Bloomberg, IRESS, Baillieu Holst

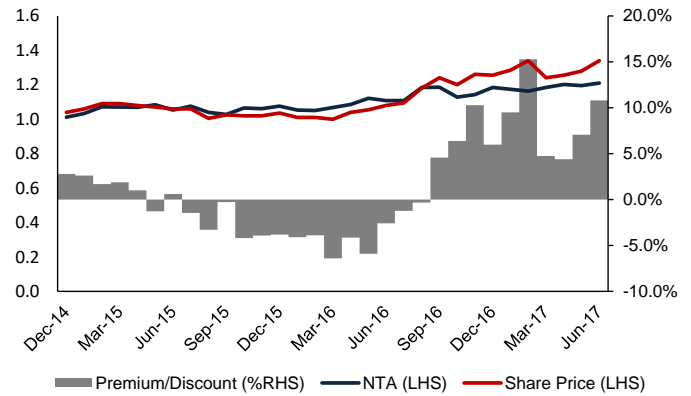


FIG.136: ACQ



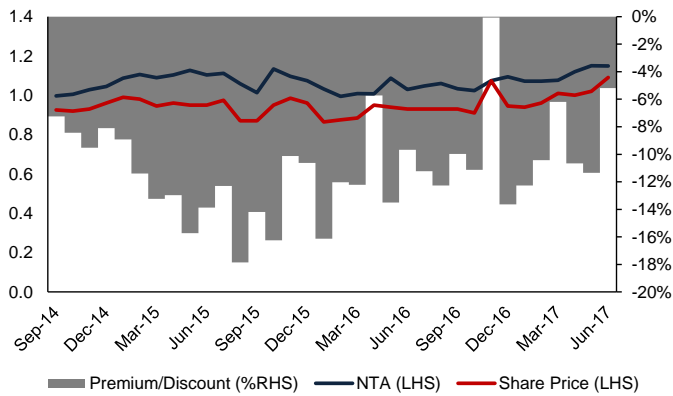
Source: Bloomberg, IRESS, Baillieu Holst

FIG.137:QVE



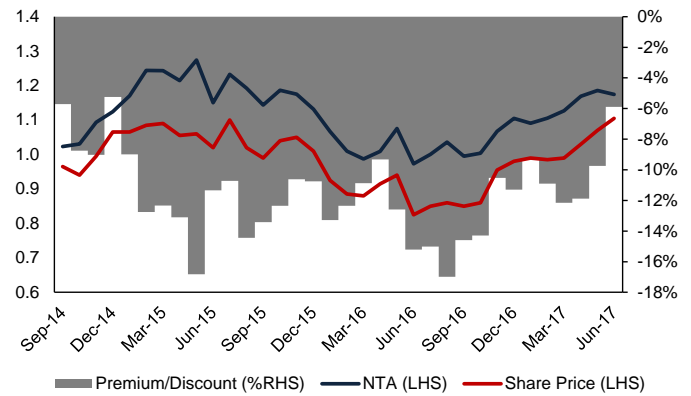
Source: Bloomberg, IRESS, Baillieu Holst

FIG.138: PAF



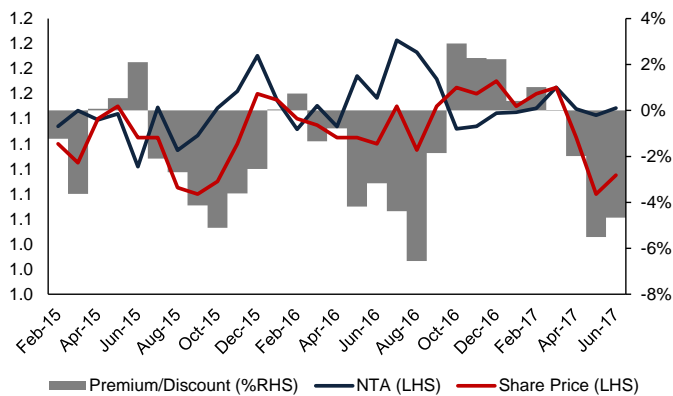
Source: Bloomberg, IRESS, Baillieu Holst

FIG.139: PGF



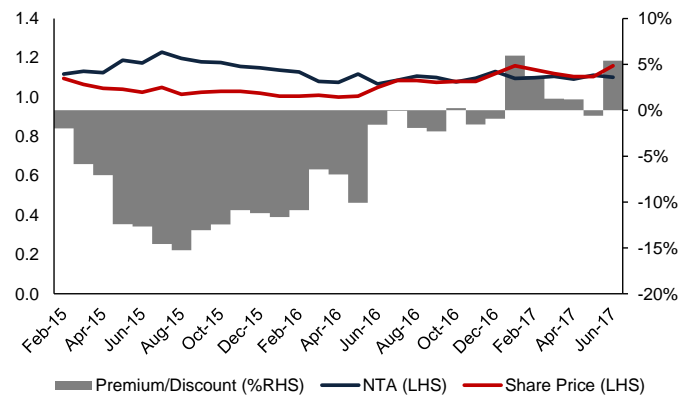
Source: Bloomberg, IRESS, Baillieu Holst

FIG.140: FGX



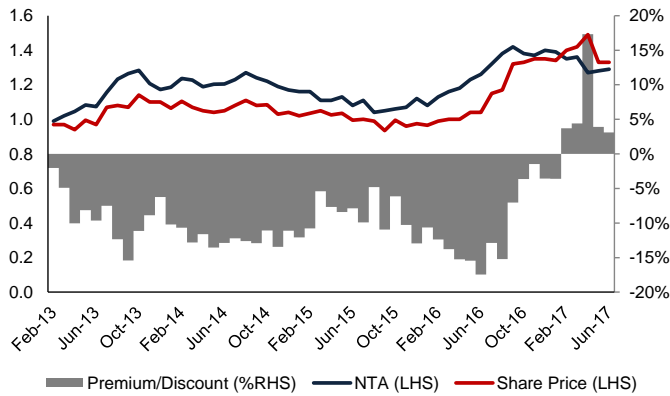
Source: Bloomberg, IRESS, Baillieu Holst

FIG.141: GVF



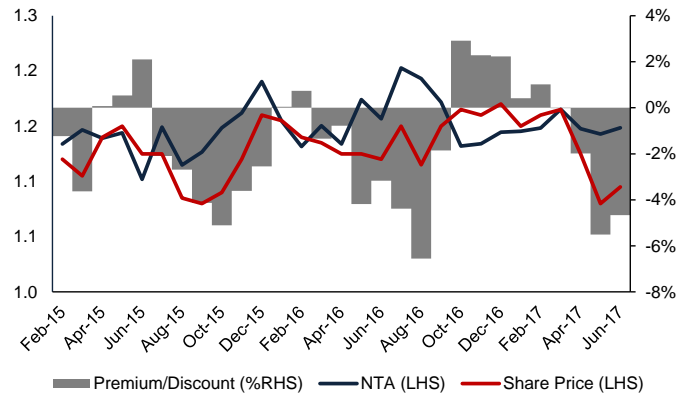
Source: Bloomberg, IRESS, Baillieu Holst

FIG.142: NCC



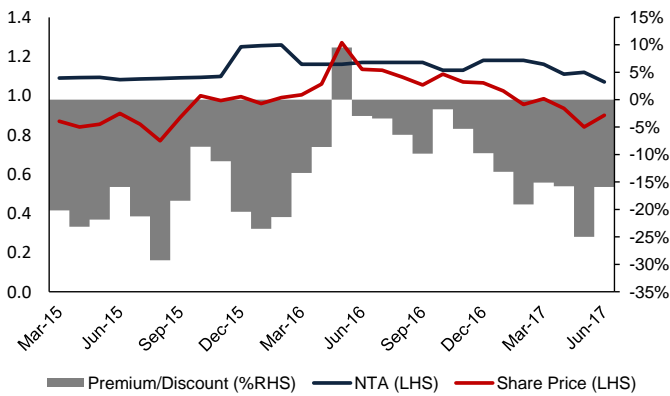
Source: Bloomberg, IRESS, Baillieu Holst

FIG.143: EGI



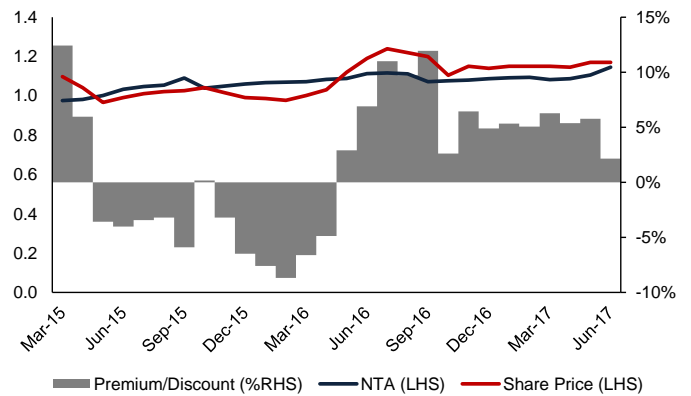
Source: Bloomberg, IRESS, Baillieu Holst

FIG.144: BTI



Source: Bloomberg, IRESS, Baillieu Holst

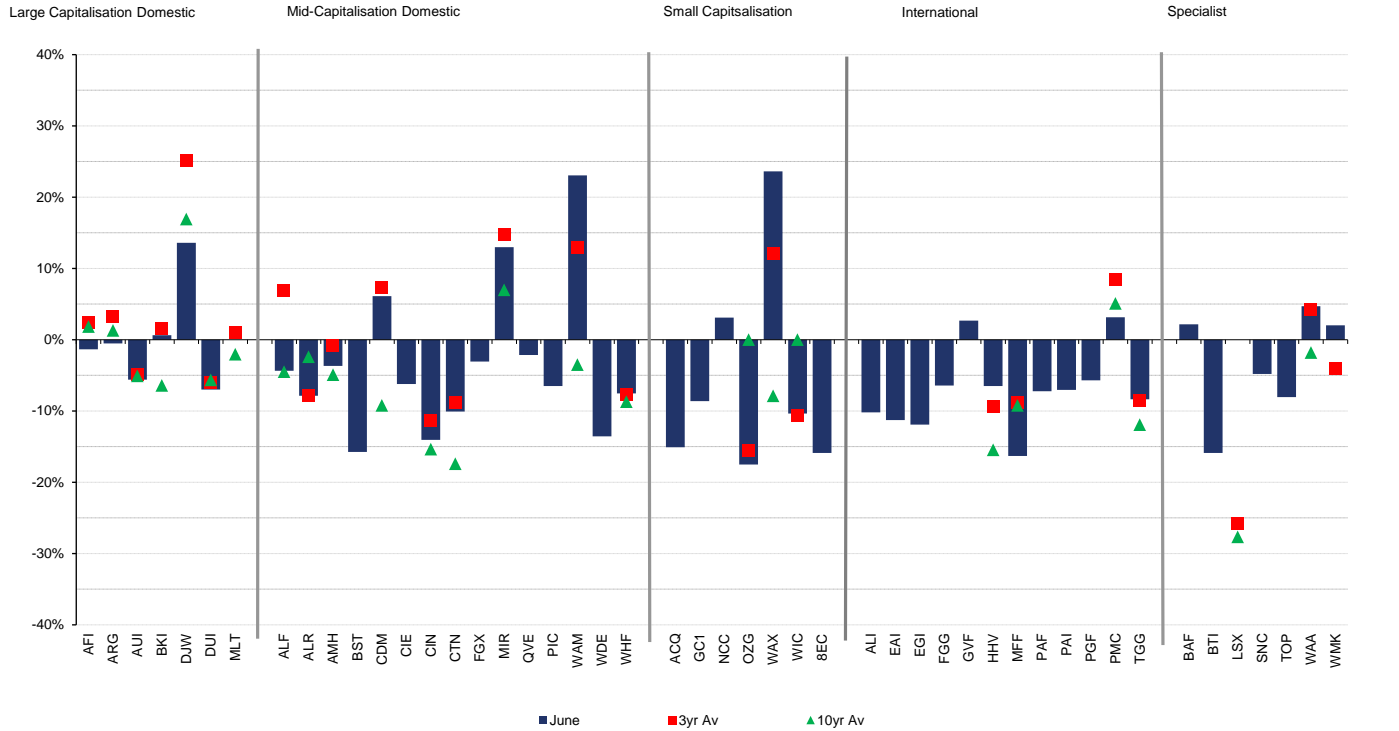
FIG.145: BAF



Source: Bloomberg, IRESS, Baillieu Holst

## Overview of Current, 3 and 10 Year trading levels

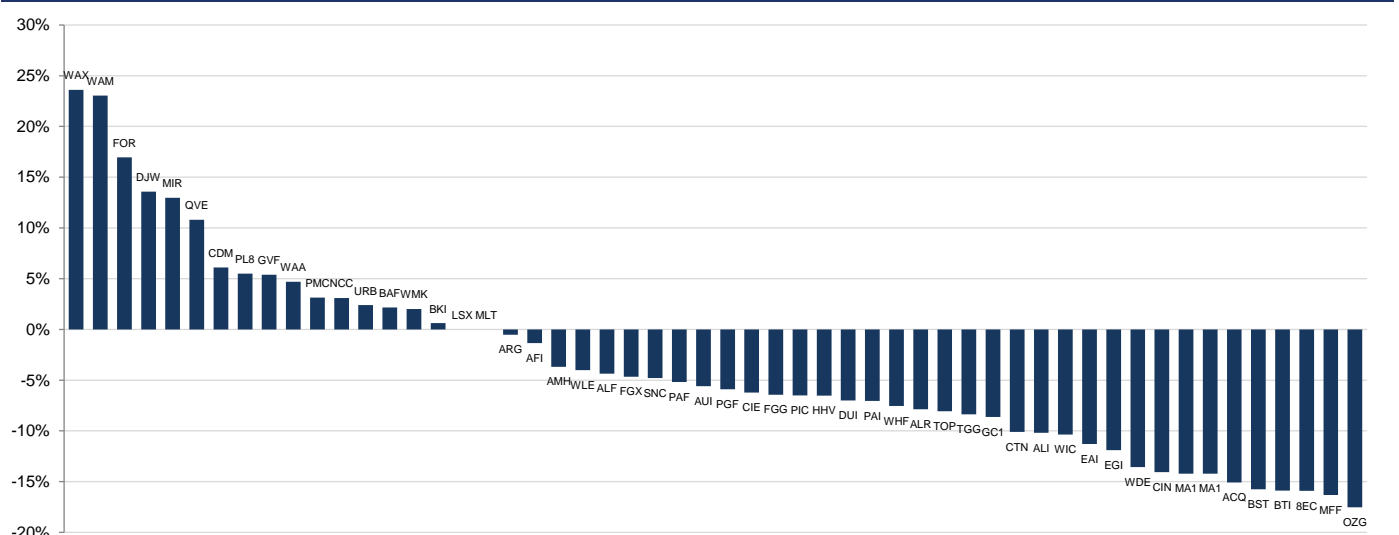
FIG.146: MARCH 2017 PREMIUM/(DISCOUNT) TO PRE-TAX NTA



Source: Bloomberg, IRESS

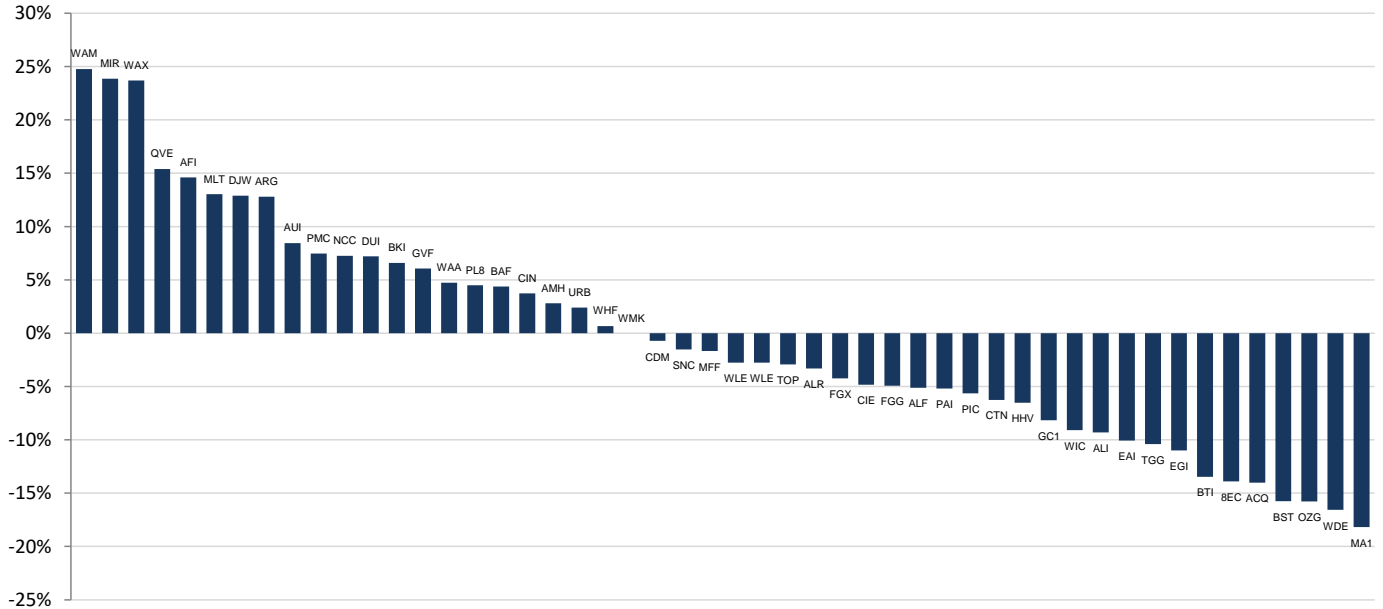
## Pre & Post Discount/Premium to NTA

FIG.147: PREMIUM/(DISCOUNT) TO PRE-TAX NTA



Source: Bloomberg, IRESS

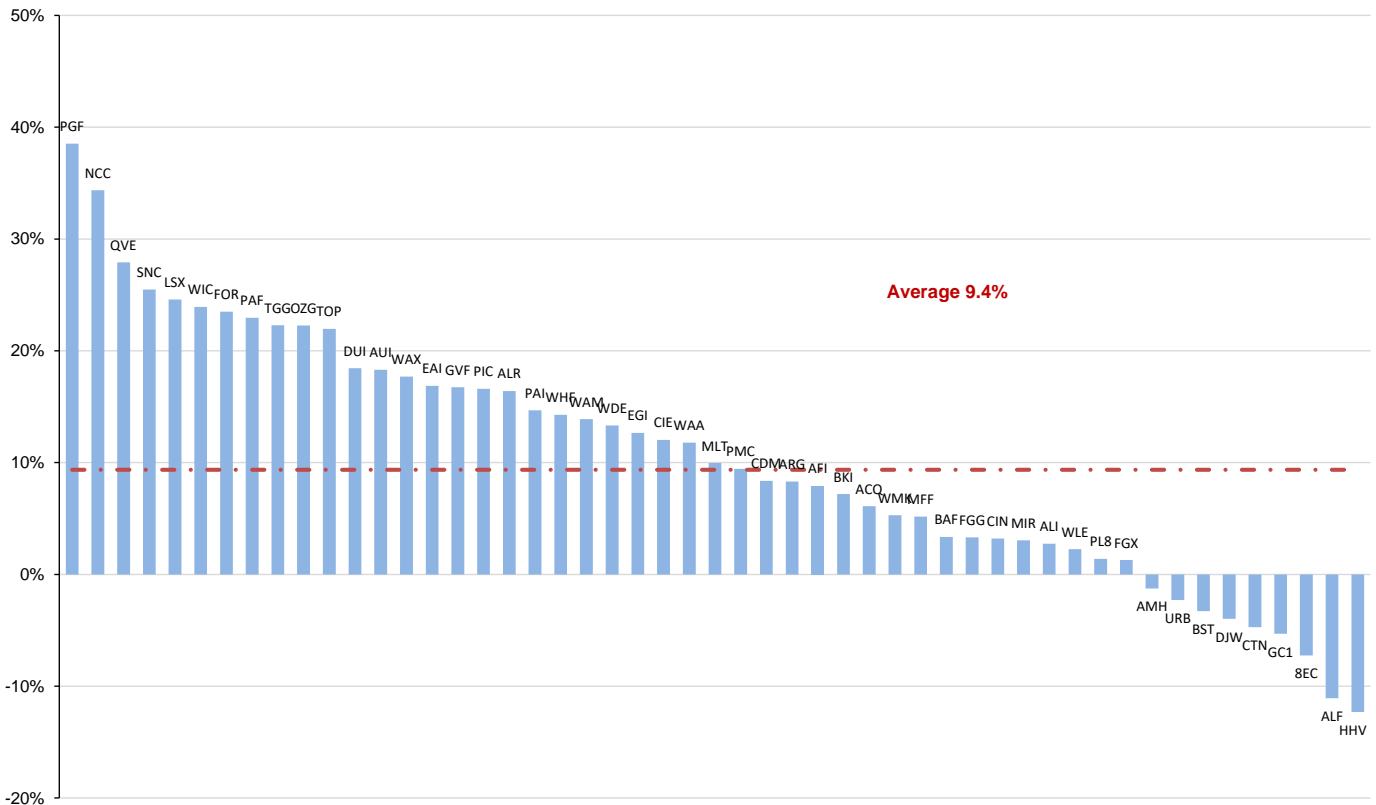
FIG.148: PREMIUM/(DISCOUNT) TO POST-TAX NTA



Source: Bloomberg, IRESS

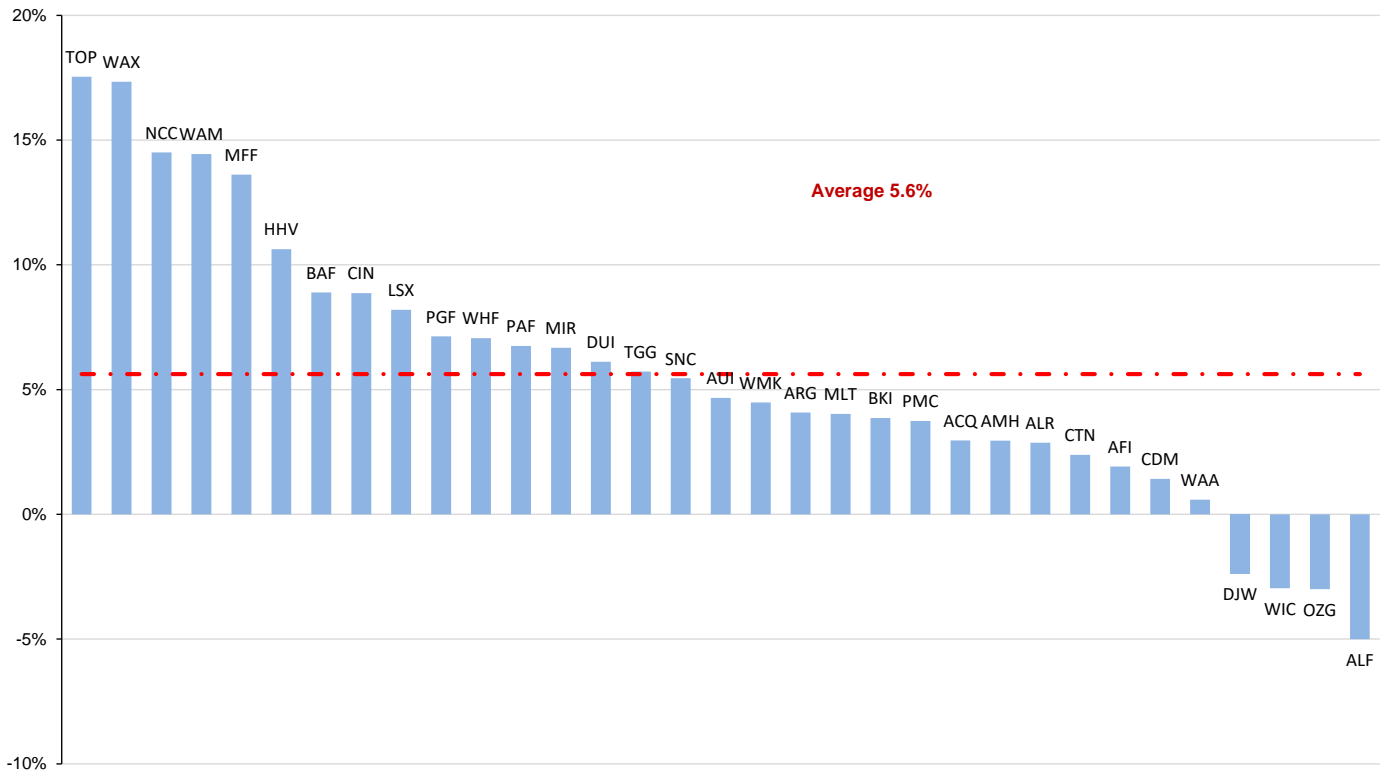
## 1, 3 and 5 Year Total Shareholder Return & NTA Growth

FIG.149: TSR COMPOUND ANNUAL GROWTH – % OVER 12 MONTHS



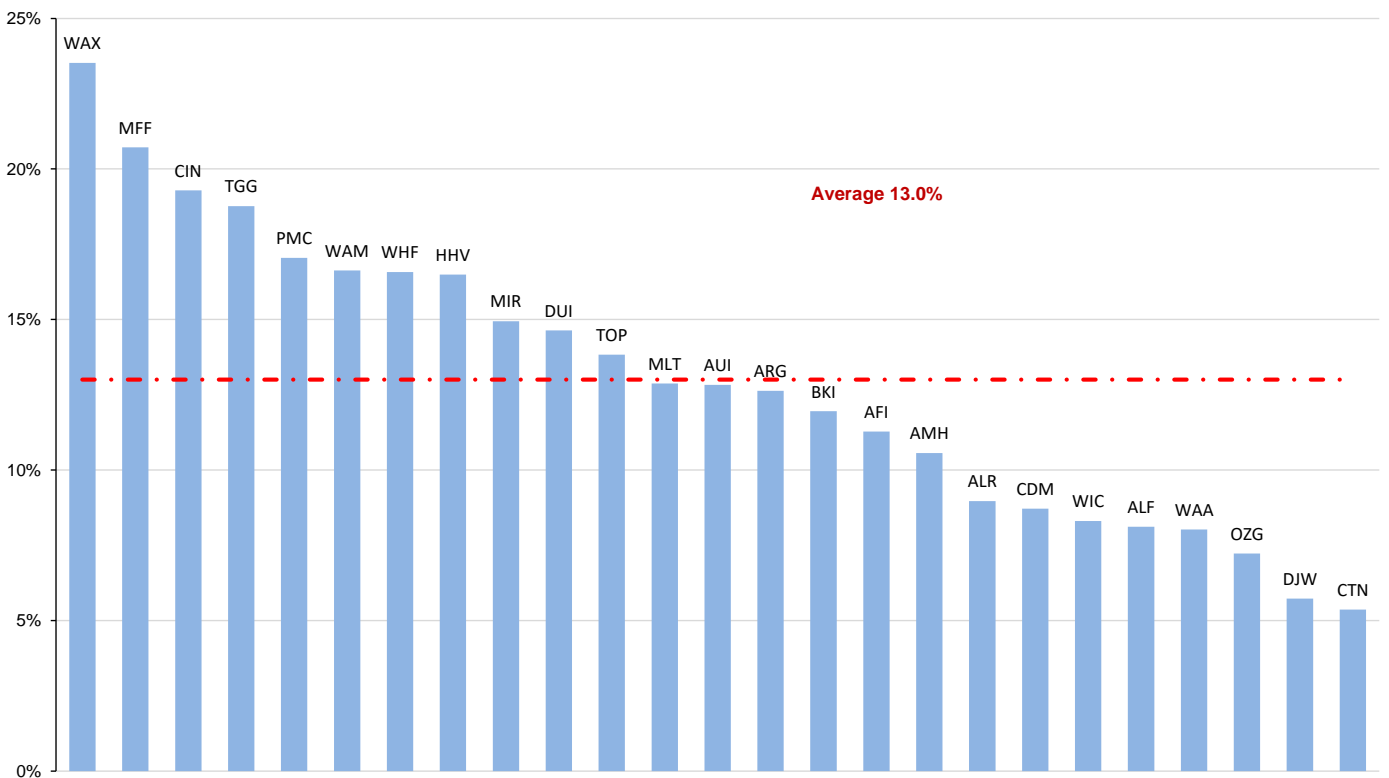
Source: Bloomberg, IRESS

FIG.150: TSR COMPOUND ANNUAL GROWTH – % OVER 3 YEARS



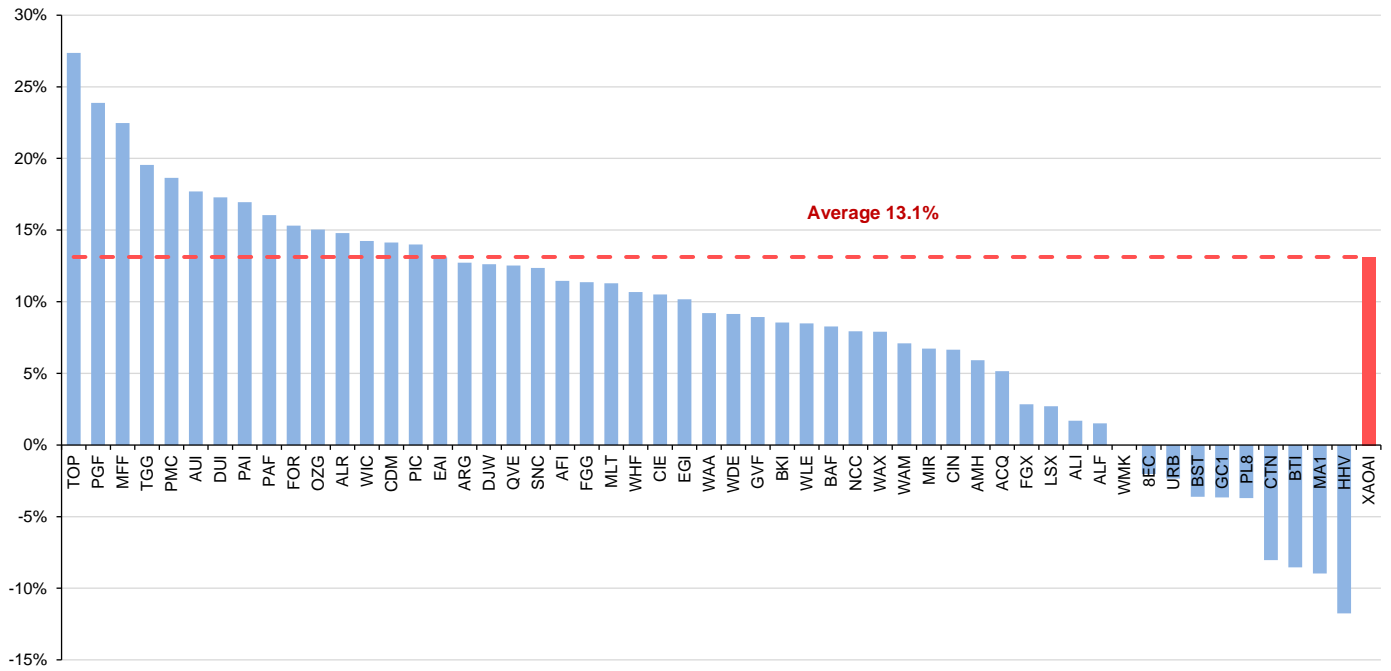
Source: Bloomberg, IRESS

FIG.151: TSR COMPOUND ANNUAL GROWTH – % OVER 5 YEARS



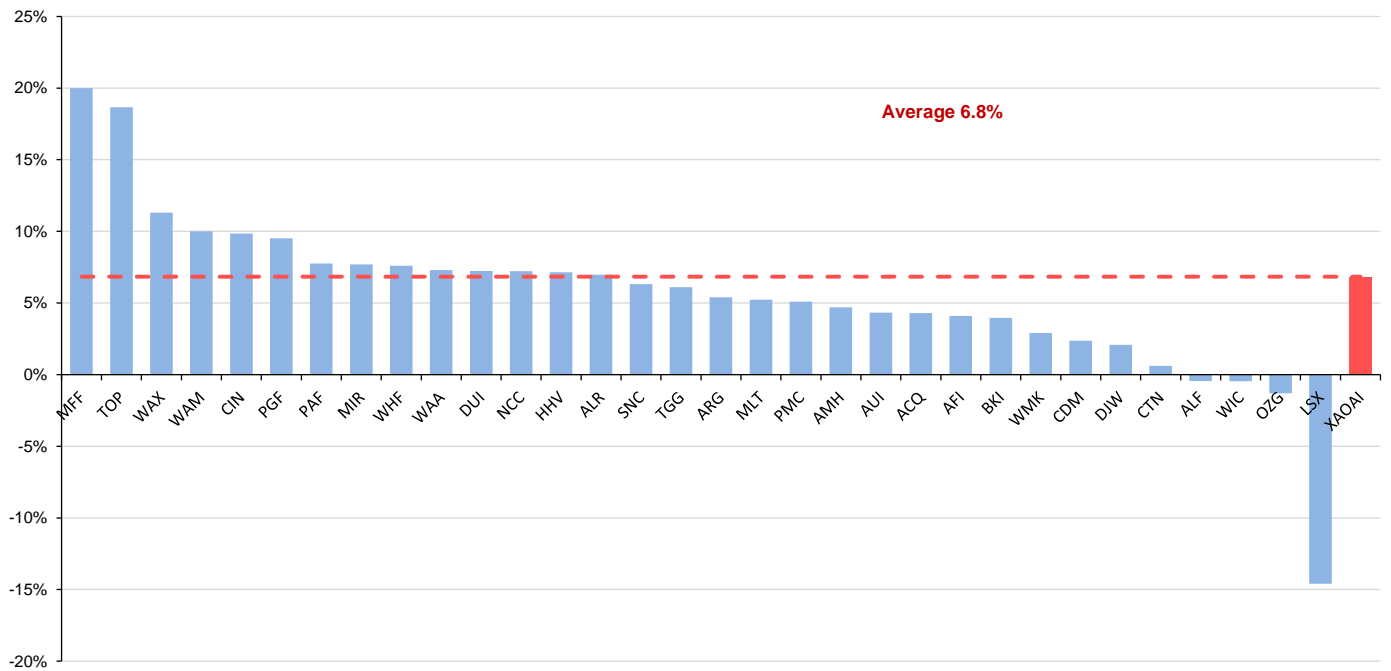
Source: Bloomberg, IRESS

FIG.152: CAGR NTA PERFORMANCE – % RETURN OVER 12 MONTHS



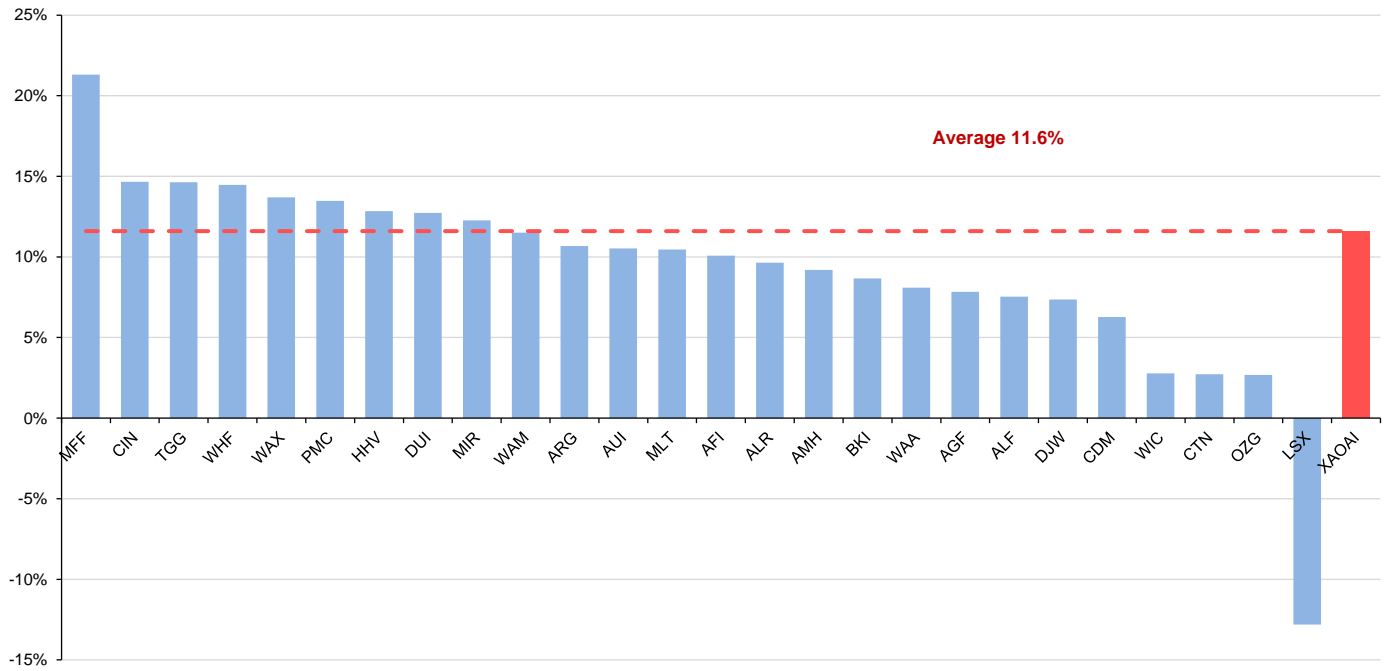
Source: Bloomberg, IRESS

FIG.153: CAGR NTA PERFORMANCE – % RETURN OVER 3 YEARS



Source: Bloomberg, IRESS

FIG.154: CAGR NTA PERFORMANCE – % RETURN OVER 5 YEARS



All chart data to 30 June 2017



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**Hold:** The stock's total return is expected to trade within a range of  $\pm 10-15$  percent from the current share price over the next 12 months.

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