

# LISTED INVESTMENT COMPANIES

## BELL POTTER

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### Opinion Piece: Choosing the best LIC

In the last 5 years there has been an extraordinary array of new issuance. This has seen a dramatic surge in the LIC population which has increased from 52 LICs in June 2012 to the 102 listed presently. In this piece, we discuss a number of measures that will help an investor in choosing a LIC for their portfolio, namely: Historical Average Premium/Discount; Share Price Normalisation; Investment Mandate; Performance Data; Fees; Option Overhang; and Dividend Yield.

(continued page 3).

### Investment Key Picks

As at the end of the Quarter, our key picks across pre-tax NTA and share price performance, distribution yield (based on the previous 12 months and including Special Dividends) and valuation were as follows. Please note that historical performance is no guarantee of future performance.

**Table 1: Quarter Highlights**

Pre-Tax NTA Performance (p.a.)					
30-Jun-17	Large	Lrg/Medium	Med/Small	Alternative	Intl
(%)	AFI	AMH	CTN	ALF	MFF
1 years	11.7	5.3	-8.7	1.5	22.6
5 years	10.7	10.0	2.9	9.0	21.8
10 years	4.1	6.3	-1.8	6.9	10.1

Share Price Performance (p.a.)					
30-Jun-17	Large	Lrg/Medium	Med/Small	Alternative	Intl
(%)	AFI	AMH	NCC	ALF	MFF
1 years	8.0	-1.2	34.3	-11.1	5.2
5 years	11.3	10.7	n/a	9.7	20.7
10 years	4.6	7.3	n/a	9.2	8.7

Distribution					
30-Jun-17	Large	Lrg/Medium	Med/Small	Alternative	Intl
(%)	AUI	BKI	CTN	ALF	HHV
Net Yield	4.2	4.5	7.1	7.5	6.3
Franking	100.0	100.0	50.0	78.0	100.0
Gross Yield	6.0	6.4	8.6	9.8	9.0

Valuation					
30-Jun-17	Large	Lrg/Medium	Med/Small	Alternative	Intl
(%)	AUI	PIC	CTN	ALF	PMC
Current Disc/Prem	-5.6	-6.5	-10.1	-4.4	3.1
1 year avg	-6.8	-8.0	-6.7	6.8	1.9
5 year avg	-6.0	n/a	-10.5	5.1	4.3
10 year avg	-5.6	n/a	-18.6	-10.4	4.1

SOURCE: COMPANY DATA, IRESS & BELL POTTER

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

### Inside this edition

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- Market update
- Coverage of 46 securities
- New LICs - AEG, PL8, APL and WGF

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## Opinion Piece: Choosing the best LIC

In recent times there has been a large array of new LIC issuance. This has seen a dramatic surge in the LIC population which has increased from 52 LICs in June 2012 to the 102 listed presently. In this piece, we discuss a number of measures that will help an investor in choosing a LIC for their portfolio, namely: Historical Average Premium/Discount; Share Price Normalisation; Investment Mandate; Performance Data; Fees; Option Overhang; and Dividend Yield.

### Compare against Historical Average Premium/Discount

LICs are market listed, closed ended funds. This structure leaves the security, as well as its underlying holdings, exposed to the vagaries of supply and demand. As such, a LIC can trade away from its underlying pre-tax Net Tangible Asset (NTA). At its most basic, when demand exceeds supply, we usually see the NTA discount contract. While when supply exceeds demand, the NTA discount expands.

Trading at a premium or a discount is part and parcel of the LIC structure. Historical analysis suggests that LICs have a tendency to revert to their long term average premium or discount through the cycle. Herein lies the perfect opportunity for the canny investors to game the system. While perceivably this may suggest that we are advocating that an investor could buy a LIC at a premium to NTA (we are not!), we are essentially trying to ensure an investor does not acquire a LIC simply because it trades at a discount.

**Table 2 : Indicative Premium/Discount to Pre-Tax NTA (as at 01/08/17)**

ASX Code	Company Name	Share Price	Fully Diluted Ind. Pre-Tax NTA*	Indicative Prem/Disc**	Average Premium/Discount†			
					1 year	3 years	5 years	10 years
AFI	AFIC"	\$ 6.11	\$ 5.95	2.7%	0.2%	2.4%	2.5%	1.8%
ARG	Argo Investments	\$ 7.98	\$ 7.78	2.6%	-1.0%	3.2%	1.3%	1.1%
DJW	Djerriwarrh Investments	\$ 3.83	\$ 3.30	15.9%	14.9%	25.2%	23.2%	16.7%
AUI	Australian United Investments	\$ 8.49	\$ 8.47	0.3%	-6.8%	-4.9%	-6.0%	-5.6%
MLT	Milton Corporation	\$ 4.62	\$ 4.52	2.2%	-1.8%	0.9%	-0.6%	-2.0%
BKI	BKI Investment	\$ 1.70	\$ 1.62	4.9%	0.8%	1.5%	-1.0%	-7.2%
CIN	Carlton Investments	\$ 32.30	\$ 36.28	-11.0%	-13.1%	-11.4%	-12.9%	-15.3%
DUI	Diversified United Investments	\$ 3.83	\$ 4.06	-5.6%	-7.3%	-6.2%	-6.8%	-6.4%
WHF	Whitefield	\$ 4.54	\$ 4.92	-7.7%	-9.7%	-7.8%	-7.6%	-8.6%
AMH	AMCIL	\$ 0.93	\$ 0.95	-2.9%	0.3%	-1.0%	-3.9%	-9.7%
WLE	WAM Leaders	\$ 1.12	\$ 1.14	-1.4%	-0.1%	0.1%	0.1%	0.1%
FSI	Flagship Investments	\$ 1.57	\$ 1.83 ^	-14.2%	-14.0%	-7.7%	-6.9%	-6.1%
WAM	WAM Capital	\$ 2.47	\$ 1.94	27.2%	19.7%	13.1%	8.2%	-4.7%
MIR	Mirrabooka Investments	\$ 2.68	\$ 2.37	12.9%	19.3%	14.8%	11.0%	1.5%
WIC	WestOz Investment Co.	\$ 0.99	\$ 1.08 #	-8.7%	-13.8%	-11.3%	-13.6%	-17.9%
WAX	WAM Research*	\$ 1.58	\$ 1.22	29.8%	22.2%	12.6%	7.8%	-8.4%
OZG	OzGrowth	\$ 0.16	\$ 0.19 #	-14.9%	-20.1%	-16.1%	-18.3%	n/a
WAA	WAM Active	\$ 1.13	\$ 1.05	7.1%	6.9%	4.1%	2.5%	n/a
CTN	Contango Microcap	\$ 0.94	\$ 1.00 ^	-6.6%	-6.7%	-8.5%	-10.5%	-18.6%
ACQ	Acorn Capital Invst Fund"	\$ 0.97	\$ 1.08 ^	-10.9%	-12.5%	n/a	n/a	n/a
ALF	Australian Leaders Fund"	\$ 1.28	\$ 1.27 ^	0.4%	6.9%	-2.9%	-9.0%	-13.8%
CDM	Cadence Capital"	\$ 1.30	\$ 1.16 ^	11.3%	0.4%	-3.3%	-13.5%	n/a
NCC	NAOS Emerging Opp"	\$ 1.40	\$ 1.29 ^	8.1%	-0.2%	-7.8%	n/a	n/a
FGX	Future Generation Investment Company	\$ 1.10	\$ 1.15 ^	-4.7%	-1.3%	n/a	n/a	n/a
AEG	Absolute Equity Performance Fund	\$ 1.12	\$ 1.11 #	0.8%	3.9%	n/a	n/a	n/a
WMK	Watermark Market Neutral"	\$ 1.00	\$ 0.99 ^	1.0%	1.2%	n/a	n/a	n/a
SNC	Sandon Capital"	\$ 0.98	\$ 0.99 ^	-0.7%	-5.9%	n/a	n/a	n/a
MFF	MFF Capital Investments"	\$ 1.97	\$ 2.17 #	-9.5%	2.6%	-6.1%	-9.9%	n/a
PMC	Platinum Capital	\$ 1.76	\$ 1.66 #	6.0%	0.6%	-4.3%	2.5%	11.4%
TGG	Templeton Global Growth	\$ 1.37	\$ 1.49 #	-7.9%	-11.1%	-9.4%	-10.7%	-15.4%
HHV	Hunter Hall Global Value	\$ 1.18	\$ 1.19 #	-0.9%	-5.0%	-9.4%	-11.8%	-13.0%
PGF	PM Capital Global Opp"	\$ 1.11	\$ 1.24 #	-10.6%	-14.6%	n/a	n/a	n/a
APL	Antipodes Global Investment Company	\$ 1.21	\$ 1.15 ^	5.1%	n/a	n/a	n/a	n/a
EGI	Ellerston Global Investments	\$ 1.02	\$ 1.10 ^	-7.4%	-11.8%	n/a	n/a	n/a
ALI	Argo Global Listed Infrastructure	\$ 1.79	\$ 2.04 #	-12.3%	-11.0%	n/a	n/a	n/a
GVF	Global Value Fund	\$ 1.15	\$ 1.10 ^	4.5%	0.9%	n/a	n/a	n/a
FGG	Future Generation Global Invest Company	\$ 1.11	\$ 1.13 ^	-2.0%	n/a	n/a	n/a	n/a
EAI	Ellerston Asian Investments	\$ 0.94	\$ 1.06 #	-11.2%	-12.2%	n/a	n/a	n/a
PAF	PM Capital Asia	\$ 1.14	\$ 1.22 #	-7.2%	-13.5%	n/a	n/a	n/a

\* The Fully Diluted Indicative NTA has been adjusted for options dilution (100% exercise) and dividends. Dividends are removed from the NTA once the security goes ex-date and until the receipt of the new ex-dividend NTA. # The Indicative NTA is the actual reported weekly pre-tax NTA as we have been unable to calculate the Indicative NTA within a reasonable level of accuracy. ^ The Indicative NTA is the actual reported monthly pre-tax NTA as we have been unable to calculate the Indicative NTA within a reasonable level of accuracy. † Average premium/discounts as at end of the previous month. +Prem/Disc does not adjust for the dilution of unexercised options.

SOURCE: COMPANY DATA, IRESS & BELL POTTER

## Opinion Piece (cont.)

In order to assist with this process, Bell Potter produces a Weekly Indicative NTA report, as per the Table 2. It tracks the underlying NTA of the individual LICs in our coverage. This is achieved by modelling the percentage movements of the disclosed holdings. Where holdings are not disclosed, we use the Weekly or Monthly NTA figures released on the ASX. This report is most effective with LICs with a high percentage penetration of investments in the Top 20, lower turnover of investments and regular disclosure of cash position.

In this report we model the indicative NTA for each LIC under our coverage, and also the average premium/discount over 1, 3, 5 and 10 years. For instance, Platinum Capital (ASX:PMC) is currently trading at a 6.0% premium, however, has traded at an average 11.4% premium over the last 10 years. This may indicate 'potential value', given it is trading at a historical discount. However, we would argue that this premium is likely not sustainable noting a number of new and credible Global LICs entering the ASX and creating viable alternatives.

Purchasing an LIC at a lower discount/premium to the long-term discount/premium to pre-tax NTA will not guarantee outperformance. However, in our view it does suggest that if at the time of investment the LIC looks expensive as per historical norms, that perhaps an alternative priced LICs should be used.

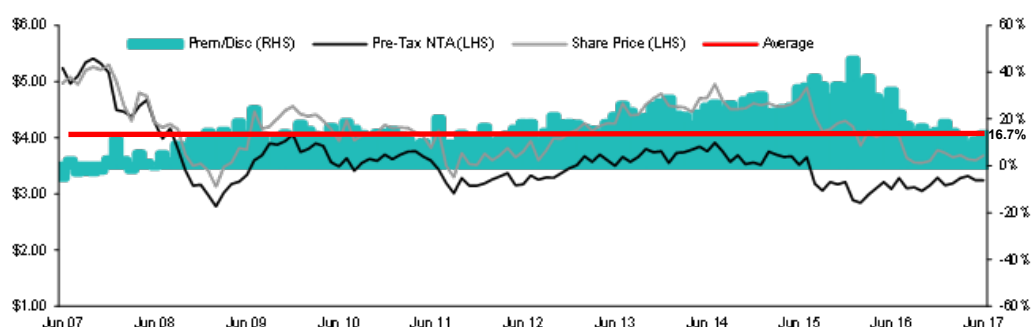
### Familiarise with Share Price Normalisation

From a quantitative perspective, we have noted a tendency for LICs to revert to their mean premium or discount throughout the cycle. It is important that investors also understand the implications this will reflect on the share price level.

Essentially, if an investor buys a LIC at a 20% premium to its pre-tax NTA and it ordinarily trades in line, the investor is increasing the risk of a capital loss should we see normalisation back towards the mean.

For example, Djerriwarrah Investments (ASX: DJW) is a good case study. DJW invests in Australian equities and writes call options over individual positions. As such DJW provides shareholders with an enhanced level of dividends as compared to traditional portfolios without a derivative overlay.

**Graph 1: DJW's Share Price and NTA**



SOURCE: COMPANY DATA, IRESS & BELL POTTER

With its high dividend yield and its association with the Australian Foundation Investment Company stable, DJW has been one of the most popular LICs on the ASX. Demand has historically been strong for enhanced yield listed products and the lack of alternatives resulted with DJW trading at a nearly 50% premium to its pre-tax NTA in early 2016.

## Opinion Piece (cont.)

However, in recent times, we have seen DJW's share price fall along with its premium. This was likely due to a dividend cut and an influx of alternative products, however, arguable should have been well flagged given the heightened premium it traded. As at 1 August 2017, DJW trades at a 15.9% premium, more in line with its 10 Year Average Premium of 16.7%.

Similar can be noted for a LIC that trades at a discount compared to its historical average. Investors should be aware of the capital upside/downside when purchasing LICs, noting that we produce a table calculating the effective impact on the share price if the premium or discount were to normalise. Example of the table can be seen below or in the Weekly Indicative NTA report.

Table 3: Premium/Discount Normalisation and Error Tracking (as at 01/08/17)

ASX Code	Investment Company Name	Share Price Impact if Premium/Discount normalises*				Share Price Impact if Premium/Discount normalises is annualised+				Avg Error
		1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years	
AFI	AFIC"	-2.4%	-0.3%	-0.2%	-0.8%	-2.4%	-0.1%	0.0%	-0.1%	-0.3%
ARG	Argo Investments	-3.7%	0.6%	-1.4%	-1.5%	-3.7%	0.2%	-0.3%	-0.2%	-0.4%
DJW	Djerriwarrh Investments	-1.0%	9.3%	7.3%	0.8%	-1.0%	3.0%	1.4%	0.1%	-0.1%
AUI	Australian United Investments	-7.1%	-5.2%	-6.3%	-5.8%	-7.1%	-1.8%	-1.3%	-0.6%	-0.3%
MLT	Milton Corporation	-4.0%	-1.3%	-2.8%	-4.2%	-4.0%	-0.4%	-0.6%	-0.4%	-0.1%
BKI	BKI Investment	-4.1%	-3.4%	-5.9%	-12.1%	-4.1%	-1.1%	-1.2%	-1.3%	-0.2%
CIN	Carlton Investments	-2.2%	-0.5%	-1.9%	-4.4%	-2.2%	-0.2%	-0.4%	-0.4%	-1.1%
DUI	Diversified United Investments	-1.7%	-0.6%	-1.3%	-0.9%	-1.7%	-0.2%	-0.3%	-0.1%	-0.2%
WHF	Whitefield	-2.0%	-0.1%	0.1%	-0.9%	-2.0%	0.0%	0.0%	-0.1%	-0.1%
AMH	AMCIL	3.3%	1.9%	-1.0%	-6.8%	3.3%	0.6%	-0.2%	-0.7%	0.1%
WLE	WAM Leaders	1.3%	1.4%	1.4%	1.4%	1.3%	0.5%	0.3%	0.1%	-0.2%
FSI	Flagship Investments	0.2%	6.5%	7.3%	8.0%	0.2%	2.1%	1.4%	0.8%	n/a
WAM	WAM Capital	-7.5%	-14.1%	-19.0%	-31.9%	-7.5%	-4.9%	-4.1%	-3.8%	0.0%
MIR	Mirraboona Investments	6.4%	1.9%	-1.8%	-11.3%	6.4%	0.6%	-0.4%	-1.2%	0.1%
WIC	WestOz Investment Co.	-5.1%	-2.6%	-4.9%	-9.3%	-5.1%	-0.9%	-1.0%	-1.0%	n/a
WAX	WAM Research"	-7.6%	-17.2%	-22.0%	-38.2%	-7.6%	-6.1%	-4.8%	-4.7%	0.7%
OZG	OzGrowth	-5.2%	-1.2%	-3.4%	n/a	-5.2%	-0.4%	-0.7%	n/a	n/a
WAA	WAM Active	-0.2%	-3.0%	-4.5%	n/a	-0.2%	-1.0%	-0.9%	n/a	0.0%
CTN	Contango Microcap	-0.1%	-1.9%	-3.9%	-12.0%	-0.1%	-0.6%	-0.8%	-1.3%	-0.2%
ACQ	Acom Capital Invst Fund"	-1.5%	n/a	n/a	n/a	-1.5%	n/a	n/a	n/a	n/a
ALF	Australian Leaders Fund"	6.5%	-3.3%	-9.4%	-14.2%	6.5%	-1.1%	-2.0%	-1.5%	n/a
CDM	Cadence Capital"	-10.9%	-14.6%	-24.7%	n/a	-10.9%	-5.1%	-5.5%	n/a	n/a
NCC	NAOS Emerging Opp"	-8.3%	-15.9%	n/a	n/a	-8.3%	-5.6%	n/a	n/a	n/a
FGX	Future Generation Invst Comp	3.3%	n/a	n/a	n/a	3.3%	n/a	n/a	n/a	n/a
AEQ	Absolute Equity Performance	3.1%	n/a	n/a	n/a	3.1%	n/a	n/a	n/a	n/a
WMK	Watermark Market Neutral"	0.1%	n/a	n/a	n/a	0.1%	n/a	n/a	n/a	n/a
SNC	Sandon Capital"	-5.1%	n/a	n/a	n/a	-5.1%	n/a	n/a	n/a	n/a
MFF	MFF Capital Investments"	12.1%	3.4%	-0.4%	n/a	12.1%	1.1%	-0.1%	n/a	n/a
PMC	Platinum Capital	-5.4%	-10.3%	-3.5%	5.4%	-5.4%	-3.6%	-0.7%	0.5%	n/a
TGG	Templeton Global Growth	-3.1%	-1.4%	-2.8%	-7.4%	-3.1%	-0.5%	-0.6%	-0.8%	n/a
HHV	Hunter Hall Global Value	-4.1%	-8.5%	-10.9%	-12.1%	-4.1%	-2.9%	-2.3%	-1.3%	n/a
PGF	PM Capital Global Opp"	-3.9%	n/a	n/a	n/a	-3.9%	n/a	n/a	n/a	n/a
APL	Antipodes Global Invest Co	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EGI	Ellerston Global Investment	-4.4%	n/a	n/a	n/a	-4.4%	n/a	n/a	n/a	n/a
ALI	Argo Global Infrastructure	1.2%	n/a	n/a	n/a	1.2%	n/a	n/a	n/a	n/a
GVF	Global Value Fund	-3.6%	n/a	n/a	n/a	-3.6%	n/a	n/a	n/a	n/a
FGG	Future Gen Global Invest Co	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EAI	Ellerston Asian Investments	-1.0%	n/a	n/a	n/a	-1.0%	n/a	n/a	n/a	n/a
PAF	PM Capital Asia	-6.3%	n/a	n/a	n/a	-6.3%	n/a	n/a	n/a	n/a

\* Refers to the current share price divided by the indicative pre-tax NTA as compared to the average 1, 3, 5 and 10 year Discount/Premium share price to pre-tax NTA as at end of the previous month, over the relevant time period of 1, 3, 5 and 10 years. \* Refers to the current share price divided by the indicative pre-tax NTA as compared to the average 1, 3, 5 and 10 year Discount/Premium share price to pre-tax NTA as at end of the previous month, annualised over the relevant time period of 1, 3, 5 and 10 years.

SOURCE: COMPANY DATA, IRESS &amp; BELL POTTER

Note that this is not without error and clearly susceptible to different market conditions. However, we do believe it gives investors a good base of LIC selection.

## Opinion Piece (cont.)

### Understand each LIC's Investment Strategy

For an investor considering a LIC, an investment mandate is an extremely important consideration given a different mandate can indicate a very different outcome. We broadly break up our LIC universe into three main categories—domestic mandates, international mandates and specialist mandates. Domestic mandates offer exposure to securities investing in the Australian market, with international mandates offering offshore exposure. However, drilling further into these categories exposes a bevy of choice.

Within these three categories, an investor will find variably different styles of investments within each LIC. Hence, for Domestic LICs we have categorised the LIC's mandate into those with a Large, Large to Medium, Medium to Small, and Small to Microcap Market Capitalisation investment focus, Long/Short/Market Neutral, Specialist and Unlisted Tech. While International LICs have been broadly categorised to Global and Asian mandates. Essentially, we have categorised these LICs following an analysis of the LIC's investment strategy and Top Stock Holdings. It is essential investors pick the right exposure to fit its investment portfolio.

### Fees

Fees play a big part in any investment vehicle. A small difference in fees and expenses can have a substantial impact on the investor's long term investment return given the compounding nature of returns.

We would like to concede that some investment mandates by their very nature are more cost intensive to execute than others. For instance, funds focused on small companies where research is limited, may incur higher cost given a necessity to bridge the information gap through in-house research.

Nonetheless, while lower fees will not guarantee superior performance, they are clearly less of an impediment on returns. For instance, if one fund is charging a management fee of 0.2% and another charges 2.0%, it will be more difficult for the latter to deliver outperformance on a consistent basis given a requirement to recover the additional 1.8% management fee prior to delivering a positive return to the investor.

The table below shows the Average Indirect Cost Ratios (ICR) across each investment mandate. Ideally, an investor would seek to find a LIC that charges at the Average ICR.

**Table 4: Average Indirect Cost Ratio across each LIC's investment mandate**

Mandate	Average ICR (w/out perf. Fees)	Average ICR (w ith perf. Fees)
Large Caps	0.22%	0.22%
Large to Medium Caps	0.86%	1.17%
Medium to Small Caps	1.19%	2.72%
Small to Micro	2.67%	3.87%
Long Short/Market Neutral	1.70%	3.60%
International	1.50%	1.52%
Specialist	0.98%	1.53%

SOURCE: COMPANY DATA, IRESS & BELL POTTER

## Opinion Piece (cont.)

## Look for medium to long term outperformance

While historical performance is another consideration when assessing a LIC. Clearly historical performance is no guarantee of future performance, and the key consideration is whether this performance is replicable moving forward.

The performance of a LIC can be measured using either the NTA or security price. The NTA performance seeks to measure the performance of the underlying investments of the manager. The security performance seeks to measure the performance of the security as it trades on the ASX.

Table 5: Pre-tax NTA and Share Price Performance

ASX Code	ASX Listed Investment Companies	Pre-tax NTA										Share price									
		Performance (%)					Value-add+ (%)					Performance (%)					Value-add+ (%)				
		Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10
<b>Domestic Equity</b>																					
AFI	AFIC	11.7	4.5	10.7	8.5	4.1	-2.4	-2.1	-1.1	-0.4	0.5	8.0	2.0	11.3	7.4	4.6	-5.1	-4.8	-0.3	-1.4	1.1
ARG	Argo Investments	12.9	5.8	11.4	8.5	3.6	-1.2	-0.8	-0.4	-0.4	0.0	8.4	4.1	12.7	8.3	3.7	-4.7	-2.7	1.1	-0.5	0.2
AUI	Australian United	18.0	4.9	11.2	8.1	3.2	3.9	-1.7	-0.6	-0.8	-0.4	18.4	4.8	12.9	7.5	3.4	5.3	-2.0	1.3	-1.3	-0.1
MLT	Milton Corporation	11.5	5.6	11.2	9.2	4.2	-1.6	-1.2	-0.4	0.4	0.7	10.0	4.1	12.9	9.9	4.7	-3.1	-2.7	1.3	1.1	1.2
BKI	BKI Investment	8.7	4.1	9.2	7.8	4.2	-5.1	-2.5	-2.4	-1.0	0.8	7.3	3.9	12.0	10.3	5.7	-5.8	-2.9	0.4	1.5	2.2
CIN	Carlton Investments	6.7	10.2	15.5	12.9	7.8	-7.4	3.6	3.7	4.0	4.2	3.2	8.8	19.3	14.3	8.1	-9.9	2.0	7.7	5.5	4.6
DUI	Diversified United	17.6	6.8	13.0	9.3	4.0	3.5	0.2	1.2	0.4	0.4	18.5	6.3	14.8	8.8	3.9	5.4	-0.5	3.2	0.0	0.4
WHF	Whitefield	10.8	7.9	15.3	11.6	4.0	-1.8	-0.9	0.3	-0.9	-1.1	14.3	7.1	16.6	11.8	4.5	1.7	-1.7	1.6	-0.7	-0.6
PIC	Perpetual Equity Invest Co	14.2	n/a	n/a	n/a	n/a	0.4	n/a	n/a	n/a	n/a	16.6	n/a	n/a	n/a	n/a	3.5	n/a	n/a	n/a	n/a
AMH	AMCL	5.3	5.0	10.0	9.6	6.3	-8.8	-1.6	-1.8	0.7	2.7	-1.2	3.1	10.7	11.1	7.3	-14.3	-3.7	-0.9	2.3	3.8
QVE	QV Equities	12.7	n/a	n/a	n/a	n/a	-0.9	n/a	n/a	n/a	n/a	28.0	n/a	n/a	n/a	n/a	14.2	n/a	n/a	n/a	n/a
WDE	Wealth Defenders Equity	9.3	n/a	n/a	n/a	n/a	-4.5	n/a	n/a	n/a	n/a	13.2	n/a	n/a	n/a	n/a	-0.6	n/a	n/a	n/a	n/a
CAM	Clime Capital	6.7	-0.9	2.0	1.9	0.8	-6.4	-7.7	-9.6	-6.9	-2.7	18.8	1.4	5.6	6.2	2.1	5.7	-5.4	-6.0	-2.6	-1.4
FSI	Flagship Investments	4.6	5.9	11.5	8.2	3.5	-8.5	-0.9	-0.1	-0.6	0.0	9.9	4.6	12.3	6.8	2.5	-3.2	-2.2	0.7	-2.0	-1.0
CBC	CBG Capital	4.3	n/a	n/a	n/a	n/a	-9.8	n/a	n/a	n/a	n/a	0.6	n/a	n/a	n/a	n/a	-12.5	n/a	n/a	n/a	n/a
WAM	WAM Capital	8.8	10.7	11.8	10.7	6.2	-4.3	3.9	0.2	1.9	2.7	14.1	14.6	16.7	18.8	9.7	1.0	7.8	5.1	10.0	6.2
MIR	Mirrabooka	7.1	7.3	12.5	11.4	5.1	-6.8	-4.8	0.8	3.2	3.9	3.0	6.7	15.0	13.3	7.0	-10.1	-0.1	3.4	4.5	3.5
WIC	WestOz Investment Co.	18.3	1.0	3.6	0.4	n/a	11.3	-6.1	-2.1	-3.5	n/a	24.0	-2.7	8.5	6.2	n/a	10.9	-9.5	-3.1	-2.6	n/a
WAX	WAM Research	9.1	12.2	14.0	12.2	5.0	-4.0	5.4	2.4	3.4	1.5	18.1	17.4	23.6	21.6	9.7	5.0	10.6	12.0	12.8	6.2
OZG	Ozgrow th	14.7	-0.4	3.2	5.1	n/a	7.7	-7.5	-8.4	1.2	n/a	22.2	-2.8	7.4	8.1	n/a	9.1	-9.6	-4.2	-0.7	n/a
CTN	Contango Microcap	-8.7	0.5	2.9	3.0	-1.8	-15.7	-6.6	-2.8	-0.9	0.1	-4.6	2.6	5.5	10.9	-1.6	-17.7	-4.2	-6.1	2.1	-5.1
NCC	Naos Emerging Opportunities	7.9	7.9	n/a	n/a	n/a	0.9	0.8	n/a	n/a	n/a	34.3	14.5	n/a	n/a	n/a	21.2	7.7	n/a	n/a	n/a
ACQ	Acorn Capital	4.9	4.2	n/a	n/a	n/a	-2.1	-2.9	n/a	n/a	n/a	6.1	3.0	n/a	n/a	n/a	-0.9	-4.1	n/a	n/a	n/a
BTJ	Bailador Tech Investments	-8.5	n/a	n/a	n/a	n/a	-16.5	n/a	n/a	n/a	n/a	-20.7	n/a	n/a	n/a	n/a	-33.8	n/a	n/a	n/a	n/a
ALF	Australian Leaders Fund	1.5	1.2	9.0	8.7	6.9	-11.6	-5.6	-2.6	-0.1	3.4	-11.1	-5.0	9.7	11.3	9.2	-24.2	-11.8	-1.9	2.5	5.7
CDM	Cadence Capital	14.5	1.3	6.6	11.2	5.4	1.4	-5.5	-5.0	2.4	1.9	8.5	1.4	9.3	16.3	8.2	-4.6	-5.4	-2.3	7.5	4.7
WAA	WAM Active	10.0	7.2	7.4	6.7	n/a	-3.1	0.4	-4.2	-2.1	n/a	15.9	1.8	8.8	9.4	n/a	2.8	-5.0	-2.8	0.6	n/a
AEG	Absolute Equity Performance	3.3	n/a	n/a	n/a	n/a	1.8	n/a	n/a	n/a	n/a	-4.7	n/a	n/a	n/a	n/a	-17.8	n/a	n/a	n/a	n/a
WMK	Watermark Market Neutral	-0.1	3.2	n/a	n/a	n/a	-1.6	1.2	n/a	n/a	n/a	5.3	4.5	n/a	n/a	n/a	-7.8	-2.3	n/a	n/a	n/a
DJW	Djerri arrh Investments	13.1	2.7	8.3	6.7	2.5	-1.0	-3.9	-3.5	-2.2	-1.1	-3.8	-2.2	5.9	5.4	3.2	-16.9	-9.0	-5.7	-3.4	-0.3
PL8	Plato Income Maximiser	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>International Equity</b>																					
MFF	MFF Capital Investments	22.6	20.2	21.8	18.9	10.1	22.8	9.3	7.1	10.4	8.1	5.2	13.6	20.7	16.8	8.7	5.4	2.7	6.0	8.3	6.7
PMC	Platinum Capital	19.2	5.6	14.2	7.7	5.6	4.0	-6.6	-2.9	-4.3	0.8	9.5	3.7	17.0	7.2	4.1	-5.7	-8.5	-0.1	-4.8	-0.7
APL	Antipodes Glb Invest Co	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TGG	Templeton Global Grow th	20.0	6.4	15.1	10.1	2.2	4.8	-5.8	-2.0	-1.9	-2.6	22.3	5.9	18.8	12.4	8.3	7.1	-6.3	1.7	0.4	0.1
HHV	Hunter Hall Global Value	-12.7	5.7	12.3	8.2	2.7	-27.3	-7.0	-5.7	-4.7	-2.3	-12.2	9.4	15.7	10.8	3.7	-26.8	-3.3	-2.3	-2.1	-1.3
PGF	PM Capital Global Opp	33.4	11.4	n/a	n/a	n/a	18.8	-1.3	n/a	n/a	n/a	38.5	7.1	n/a	n/a	n/a	23.9	-5.6	n/a	n/a	n/a
EGI	Elleston Global Investments	10.2	n/a	n/a	n/a	n/a	-8.6	n/a	n/a	n/a	n/a	12.7	n/a	n/a	n/a	n/a	-6.1	n/a	n/a	n/a	n/a
WGF	Watermark Global Leaders	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
GVF	Global Value Fund	12.2	n/a	n/a	n/a	n/a	6.3	n/a	n/a	n/a	n/a	16.8	n/a	n/a	n/a	n/a	17.0	n/a	n/a	n/a	n/a
ALI	Argo Global Infrastructure	3.3	n/a	n/a	n/a	n/a	-3.0	n/a	n/a	n/a	n/a	2.8	n/a	n/a	n/a	n/a	-3.5	n/a	n/a	n/a	n/a
EAI	Elleston Asian Investments	13.1	n/a	n/a	n/a	n/a	-7.3	n/a	n/a	n/a	n/a	16.9	n/a	n/a	n/a	n/a	-3.5	n/a	n/a	n/a	n/a
PAF	PM Capital Asian Opp	21.2	9.9	n/a	n/a	n/a	-1.7	-2.5	n/a	n/a	n/a	22.7	6.7	n/a	n/a	n/a	-0.2	-5.7	n/a	n/a	n/a
<b>Specialist</b>																					
FGX	Future Generation Invest Co	2.9	n/a	n/a	n/a	n/a	-10.2	n/a	n/a	n/a	n/a	1.3	n/a	n/a	n/a	n/a	-11.8	n/a	n/a	n/a	n/a
FGG	Future Gen Global Invest	11.5	n/a	n/a	n/a	n/a	-3.7	n/a	n/a	n/a	n/a	3.3	n/a	n/a	n/a	n/a	-11.9	n/a	n/a	n/a	n/a
SNC	Sandon Capital	12.6	6.1	n/a	n/a	n/a	-0.5	-0.7	n/a	n/a	n/a	27.7	6.2	n/a	n/a	n/a	14.6	-0.6	n/a	n/a	n/a

SOURCE: COMPANY DATA, IRESS &amp; BELL POTTER

## Opinion Piece (cont.)

We generally use the benchmark defined by the manager, to measure relative pre-tax NTA performance. This allows the investor to gain an understanding of whether the manager has added value through its active investment. While there may be reasons to expect improved performance in the future, we believe a LIC that has materially under-performed its benchmark over the medium-to-long term, should be approached with caution.

Separately, we have also generally benchmarked the security price performance of each covered LIC against the All Ordinaries Accumulation Index to provide a guide against Australian equity returns. Although arguably less relevant, particularly in more sophisticated or overseas mandates, this does provide another perspective on performance.

## Be careful of options overhang

Most of the LICs that have listed on the ASX in recent years, have come to market with an attaching bonus option. A bonus option issued by a LIC at IPO has generally been offered to security holders to compensate the initial investor for the issue costs reflected in the NTA. The option holder thereafter receives a right - but not an obligation - to purchase additional shares of the LIC at a fixed price (strike price) until a specified date (expiry date). The bonus option is usually listed and can be sold on the ASX.

Investor that seek to purchase these securities in the secondary market, need to be cautious of the potential dilutionary impact on the NTA of in-the-money options, as options expiry nears. What is perhaps less understood is that the person who exercise the option, is not diluted as they have received the benefit of the lower exercise price. In fact, if less than 100% of options are exercised (which is generally the case unless options are underwritten), they are actually accretive to those who exercise and dilutive to those who don't.

Table 6: Dilution Effect of Outstanding Options on Indicative NTA (as at 1/08/17)

ASX Code	Company Name	Code	SOI	Options	Strike	Share Price	Indicative NTA <sup>^</sup>	Option Price	Expiry	NTA after % Exercised			Eff. Prem/Disc after % Exc.		
										100%	70%	50%	100%	70%	50%
AFI	AFIC*	n/a	1,176,079,463	n/a	n/a	\$ 6.13	\$ 5.91	n/a	n/a						
ARG	Argo Investments	n/a	693,324,997	n/a	n/a	\$ 7.99	\$ 7.75	n/a	n/a						
DJW	Djeriwarh Investments	n/a	219,351,903	n/a	n/a	\$ 3.85	\$ 3.28	n/a	n/a						
AUI	Australian United Investments	n/a	123,702,655	n/a	n/a	\$ 8.48	\$ 8.39	n/a	n/a						
MLT	Milton Corporation	n/a	651,963,627	n/a	n/a	\$ 4.58	\$ 4.55	n/a	n/a						
BKI	BKI Investment	n/a	618,463,068	n/a	n/a	\$ 1.70	\$ 1.61	n/a	n/a						
CIN	Carlton Investments	n/a	26,474,675	n/a	n/a	\$ 32.30	\$ 35.96	n/a	n/a						
DUI	Diversified United Investments	n/a	208,711,961	n/a	n/a	\$ 3.82	\$ 4.03	n/a	n/a						
WHF	Whitefield	n/a	84,005,607	n/a	n/a	\$ 4.52	\$ 4.90	n/a	n/a						
AMH	AMCIL	n/a	257,976,200	n/a	n/a	\$ 0.93	\$ 0.95	n/a	n/a						
WLE	WAM Leaders	WLEO	413,087,743	304,024,900	\$ 1.10	\$ 1.12	\$ 1.16	\$ 0.01	17-Nov-17	\$ 1.14	\$ 1.14	\$ 1.15	-1.8%	-2.2%	-2.6%
FSI	Flagship Investments	n/a	25,502,736	n/a	n/a	\$ 1.57	\$ 1.83	n/a	n/a						
WAM	WAM Capital	n/a	633,342,008	n/a	n/a	\$ 2.45	\$ 1.94	n/a	n/a						
MIR	Mirrabooka Investments	n/a	156,653,048	n/a	n/a	\$ 2.80	\$ 2.37	n/a	n/a						
WIC	WestOz Investment Co.	WICOB	129,005,588	12,882,851	\$ 1.05	\$ 0.99	\$ 1.08	\$ 0.001	31-Aug-17	\$ 1.084	\$ 1.084	\$ 1.084	-9.1%	-9.1%	-9.1%
WAX	WAM Research*	n/a	184,404,085	n/a	n/a	\$ 1.58	\$ 1.22	n/a	n/a						
OZG	OzGrowth	OZGOB	357,057,040	35,878,202	\$ 0.18	\$ 0.16	\$ 0.19	\$ 0.003	31-Aug-17	\$ 0.188	\$ 0.188	\$ 0.188	-14.9%	-14.9%	-14.9%
WAA	WAM Active	WAAO	38,802,828	31,680,247	\$ 1.14	\$ 1.13	\$ 1.05	\$ 0.01	17-Sep-19	\$ 1.05	\$ 1.05	\$ 1.05	7.5%	7.5%	7.5%
CTN	Contango Microcap	CTNG	168,289,506	265,000	\$ 1.30	\$ 0.93	\$ 1.00	\$ 100.500	31-Mar-20	\$ 1.00	\$ 1.00	\$ 1.00	-6.8%	-6.8%	-6.8%
ACQ	Acorn Capital Invest Fund*	n/a	48,930,696	n/a	n/a	\$ 0.90	\$ 1.08	n/a	n/a						
ALF	Australian Leaders Fund*	n/a	272,523,924	n/a	n/a	\$ 1.37	\$ 1.25	\$ 1.27	n/a	n/a					
CDM	Cadence Capital*	n/a	274,011,321	n/a	n/a	\$ 1.43	\$ 1.28	\$ 1.16	n/a	n/a					
NCC	NAOS Emerging Opp*	n/a	59,173,393	n/a	n/a	\$ 1.40	\$ 1.29	n/a	n/a						
FGX	Future Generation Invest Comp	n/a	349,663,801	n/a	n/a	\$ 1.10	\$ 1.15	n/a	n/a						
AEQ	Absolute Equity Performance	AEGO	92,408,028	70,515,907	\$ 1.10	\$ 1.10	\$ 1.12	n/a	16-Nov-17	\$ 1.120	\$ 1.120	\$ 1.120	-1.8%	-1.8%	-1.8%
WMK	Watermark Market Neutral*	n/a	87,358,085	n/a	n/a	\$ 1.00	\$ 0.99	n/a	n/a						
SNC	Sandon Capital*	n/a	48,001,175	n/a	n/a	\$ 0.96	\$ 0.99	n/a	n/a						
MFF	MFF Capital Investments*	MFFO	484,890,508	58,699,403	\$ 1.00	\$ 1.97	\$ 2.31	\$ 0.955	31-Oct-17	\$ 2.17	\$ 2.21	\$ 2.24	-9.5%#	-11.1%#	-12.2%#
PMC	Platinum Capital	n/a	283,753,284	n/a	n/a	\$ 1.75	\$ 1.66	n/a	n/a						
TGG	Templeton Global Growth	n/a	226,579,182	n/a	n/a	\$ 1.00	\$ 1.38	\$ 1.49	n/a	n/a					
HHV	Hunter Hall Global Value	n/a	244,204,945	n/a	n/a	\$ 1.17	\$ 1.19	n/a	n/a						
PGF	PM Capital Global Opp*	n/a	349,396,204	n/a	n/a	\$ 1.10	\$ 1.24	n/a	n/a						
APL	Antipodes Global Invest Co	APLO	302,735,081	266,930,828	\$ 1.10	\$ 1.22	\$ 1.20	\$ 0.115	15-Oct-18	\$ 1.15	\$ 1.16	\$ 1.17	5.9%	5.2%	4.5%
EGI	Ellerston Global Investment	EGIO	75,871,924	33,599,177	\$ 1.00	\$ 1.04	\$ 1.15	\$ 0.046	10-Apr-18	\$ 1.10	\$ 1.11	\$ 1.12	-5.6%	-6.5%	-7.1%
ALI	Argo Global Infrastructure	n/a	143,583,305	n/a	n/a	\$ 2.00	\$ 1.78	\$ 2.04	n/a	n/a					
GVF	Global Value Fund	n/a	121,333,300	n/a	n/a	\$ 1.15	\$ 1.10	n/a	n/a						
FGG	Future Gen Global Invest Co	FGGO	277,874,889	271,765,494	\$ 1.10	\$ 1.11	\$ 1.15	\$ 0.003	15-Sep-17	\$ 1.13	\$ 1.13	\$ 1.14	-2.0%	-2.4%	-2.8%
EAI	Ellerston Asian Investments	EAI0	113,590,428	65,167,917	\$ 1.00	\$ 0.95	\$ 1.06	n/a	28-Feb-19	\$ 1.06	\$ 1.06	\$ 1.06	-10.2%	-10.2%	-10.2%
PAF	PM Capital Asia	n/a	55,861,921	n/a	n/a	\$ 1.00	\$ 1.11	\$ 1.22	n/a	n/a					

<sup>^</sup> The Indicative NTA has been adjusted for dividends once the security goes ex-date and until the receipt of the new ex-dividend NTA. # The Indicative NTA is the actual reported weekly or monthly pre-tax NTA as we have been unable to calculate the Indicative NTA within a reasonable level of accuracy. \* Average premium/discouts as at end of the previous month.

SOURCE: COMPANY DATA, IRESS &amp; BELL POTTER



## Opinion Piece (cont.)

It may be interesting to note that there has been an evolution in the LIC industry. Two LICs have come to market without the obligatory attached option and a proforma Net Asset Value (NAV) in line with the issue price namely, VGI Partners Global Investment (ASX: VG1) and MCP Master Income Trust (ASX: MXT).

VG1 will come to market with a proforma NAV of \$2.00, in line with the issue price of \$2.00. The issue cost will be initially paid for by the company, however, these costs will be recouped as they are essentially a loan to the manager. In effect the manager will pay for the issue costs, and not by the shareholders. VG1 achieves this by not receiving any management fees until the Company has recouped the offer cost.

MXT similarly will come to market with a proforma NAV of \$2.00, also in line with the issue price of \$2.00. The issue cost will initially be paid for by the manager via a manager loan, which will be paid down by the company in the form of an investor equalisation expense (IEE). In layman terms, this means that the investor will pay down the loan not the manager, along with any accrued interest, until fully repaid.

Although both methods have achieved a seemingly similar outcomes, they are very different. VG1 is essentially paid for by the manager, whereas MXT is paid for by the shareholder. We would suggest that best practice is for the manager to pay for the cost of the issue, however, would acknowledge that this is not always feasible. Hence the manager has sought to amortise the cost of the offer over the life of the Investment Management Agreement to give shareholders access to the product at NAV.

### Dividends

A final consideration an investor should look at when investing in LICs are distributions. This can vary markedly from manager to manager, largely dependent on its mandate. Investors should also be particularly aware of franking as this can provide additional upside. The table below list the top yielding LICs over the past 12 months across each investment mandate.

**Table 7: Highest Distributions for LIC across each Investment Mandate**

Distribution	Large	Lrg/Medium	Med/Small	Alternative	Intl
30-Jun-17 (%)	AUI	CAM	WIC	HHV	SNC
Net Yield	4.2	5.5	6.3	6.3	6.9
Franking	100.0	100.0	100.0	100.0	100.0
Gross Yield	6.0	7.9	8.9	9.0	9.9

SOURCE: COMPANY DATA, IRESS & BELL POTTER

### Conclusion

Investing in a LIC is essentially an investment in a listed fund manager. The key proviso here is selecting a manager that has the ability to consistently beat the market and provide strong after tax performance.

However we hope in this piece, we have provided with some quantitative measures to assist investors with picking the right LIC in this report. We continue to believe that LICs can be used as 'building blocks' to complement a robust investment portfolio from a risk and return perspective.

## Market Update

### Capital Raisings

Capital raising within the sector continued to roll-on despite a weak market conditions, which saw the All Ordinaries Index fall by 2.4% for the quarter. A total of \$234.4m was raised within the quarter through a combination of Share Purchase Plans, Buy Backs and Placements.

Platinum Capital (ASX: PMC) followed up with another capital raising this quarter - issuing a Share Purchase Plan with resulted in \$16.6m. Naos Emerging Opportunities Company (ASX:NCC) had a busy quarter. First, issuing 2-tranche placement to sophisticated and professional investors. And following the success of this placement, NCC later also completed a Share Purchase Plan. In total, NCC gathered \$16.0m.

BKI Investment Company (ASX: BKI) completed a Share Purchase Plan towards the end of the quarter, which resulted in 13.4m shares issued and \$21.2m gained.

**Table 8: 2Q17 Share Purchase Plans. Placement, Conversions**

	Method	Shares Issued	Price	Raised
BKI	SPP	13,400,891	\$ 1.58	\$ 21,173,408
NCC	Placement	7,114,740	\$ 1.36	\$ 9,676,046
NCC	Placement	2,205,883	\$ 1.36	\$ 3,000,001
NCC	SPP	2,421,166	\$ 1.36	\$ 3,292,786
PMC	SPP	11,038,308	\$ 1.50	\$ 16,602,719
				\$53,744,960

SOURCE: COMPANY DATA, IRESS & BELL POTTER

A number of LICs offered a Dividend Reinvestment Plan for their dividend payment during the Quarter. In total, \$62.7m was raised via the secondary market using a Dividend reinvestment scheme.

**Table 9: 2Q17 Dividend Reinvestment Plan**

	Shares Issued	Raised
AIB	24,864	\$ 19,143
ALF	1,229,813	\$ 1,525,706
AUF	1,193,513	\$ 1,503,826
AUP	10,397	\$ 52,000
AYF	3,337	\$ 20,189
CAM	188,675	\$ 165,809
CBC	23,643	\$ 23,059
CDM	2,026,783	\$ 2,412,480
EGI	96,696	\$ 90,894
FGX	1,008,628	\$ 1,128,756
GC1	124,107	\$ 111,443
GVF	340,212	\$ 365,388
HHV	667,001	\$ 793,731
HML	1,323,124	\$ 1,323,124
MFF	491,883	\$ 915,247
NAC	126,098	\$ 139,099
NCC	228,565	\$ 321,774
PAF	323,697	\$ 320,363
QVE	151,656	\$ 188,053
TOP	163,009	\$ 114,106
WAA	205,119	\$ 222,115
WAM	20,207,603	\$ 47,889,998
WAX	1,174,166	\$ 1,774,869
WHF	197,414	\$ 856,777
WLE	185,488	\$ 208,526
WMK	238,044	\$ 239,782
		\$ 62,726,256

SOURCE: COMPANY DATA, IRESS & BELL POTTER

## Market Update (cont.)

Options have historically been a great avenue for LICs to raise new capital. A total of \$127.0m was obtained through the exercise of options. WAM Leaders (ASX:WLE) and Platinum Asia Investments (ASX: PAI) lead this section, raising \$96.6m after strong demand for these stocks resulted in its options being in-the-money majority of the quarter.

Table 10: 2Q17 Options Exercised

	Exercise Price	Exercised	Raised	Expiry
ALIO	\$ 2.00	97,000	\$ 194,000	31-Mar-17
PAIO	\$ 1.00	65,819,374	\$ 65,819,374	15-May-17
FGGO	\$ 1.10	646,620	\$ 711,282	15-Sep-17
MFFO	\$ 1.00	8,764,421	\$ 8,732,869	31-Oct-17
WLEO	\$ 1.10	27,960,627	\$ 30,756,690	17-Nov-17
CIEO	\$ 1.00	1,427	\$ 1,427	30-Mar-18
WAAO	\$ 1.14	2,197,060	\$ 2,504,648	17-Sep-18
APLO	\$ 1.10	12,628,376	\$ 13,891,214	15-Oct-18
MECO	\$ 1.10	410,000	\$ 451,000	30-Nov-18
PL80	\$ 1.10	10,000	\$ 11,000	29-Apr-19
SNCOA	\$ 1.05	3,740,969	\$ 3,928,017	30-Apr-19
			\$ 127,001,521	

SOURCE: COMPANY DATA, IRESS & BELL POTTER

Despite this a large number of options remain outstanding in the LIC space. There is ~\$880.1m in options capital that could be exercised over 2017. However, with only MFF Capital Investments (ASX:MFF), Absolute Equity Performance Fund (ASX:AEG) and WAM Leaders (ASX:WLE) trading above the exercise price, suggesting only a small fraction of these options will be exercised within this period.

Table 11: Outstanding Options

	Stock Price	Exercise Price	Outstanding Options	Potentially Raise	Expiry
WICOB	\$ 0.96	\$ 1.05	12,882,851	\$ 13,526,994	31-Aug-17
OZGOB	\$ 0.16	\$ 0.18	35,878,202	\$ 6,458,076	31-Aug-17
FGGO	\$ 1.08	\$ 1.10	271,822,494	\$ 299,004,743	15-Sep-17
MA10	\$ 0.48	\$ 1.00	52,465,000	\$ 52,465,000	29-Sep-17
MFFO	\$ 1.95	\$ 1.00	59,871,984	\$ 59,656,445	31-Oct-17
AEGO	\$ 1.13	\$ 1.10	70,515,907	\$ 77,567,498	16-Nov-17
WLEO	\$ 1.12	\$ 1.10	306,843,451	\$ 337,527,796	17-Nov-17
CIEO	\$ 0.97	\$ 1.00	33,887,014	\$ 33,887,014	30-Mar-18
URBO	\$ 1.07	\$ 1.10	72,853,232	\$ 80,138,555	07-Apr-18
EGIO	\$ 1.01	\$ 1.00	33,599,177	\$ 33,599,177	10-Apr-18
HML0	\$ 1.99	\$ 1.00	4,549,475	\$ 4,549,475	31-Aug-18
WAAO	\$ 1.10	\$ 1.14	31,680,247	\$ 36,115,482	17-Sep-18
APLO	\$ 1.25	\$ 1.10	271,932,078	\$ 299,125,286	15-Oct-18
WGFO	\$ 1.02	\$ 1.10	82,804,001	\$ 91,084,401	16-Nov-18
MECO	\$ 1.11	\$ 1.10	44,030,626	\$ 48,433,689	30-Nov-18
RYDO	\$ 1.07	\$ 1.25	36,828,500	\$ 46,035,625	10-Dec-18
EAIO	\$ 0.94	\$ 1.00	65,167,917	\$ 65,167,917	28-Feb-19
PL80	\$ 1.10	\$ 1.10	296,258,407	\$ 325,884,248	29-Apr-19
				\$ 1,910,227,420	

SOURCE: COMPANY DATA, IRESS & BELL POTTER

## Universe Summary

On a Weighted Average basis, the LICs within the Bell Potter universe are trading at an average discount to pre-tax NTA of 0.5% as at 30 June 2017, higher than our prior edition. On an Arithmetic basis, the discount contracted slightly from 3.8% to 3.3%. And with the addition of two new domestic LICs, we see the Weighted Average of Domestic LICs trade at a slight premium of 0.6%. While, International LICs saw its discount contracted from the previous quarter - going from an 11.5% discount to 7.1% discount.

**Table 12: Current Share Price Premium/Discount to NTA and Yield**

ASX Code	Company name	Investment Mandate	Market Cap (\$m)	Price (\$)	Pre-tax NTA (\$)	Prem/ (Disc) to pre-tax NTA (%)	Post-tax NTA (\$)	Prem/ (Disc) to post-tax NTA (%)	12 Mth Dividend Per Share (\$)*	Net Dividend Yield (%)*	Franking (%)	Gross Dividend Yield (%)*	Indirect Cost Ratio (%)
<b>Domestic Equity</b>													
AFI	AFIC	Large	6,833	5.81	5.89	-1.4	5.07	14.6	0.240	4.1	100	5.9	0.14
ARG	Argo Investments	Large	5,318	7.67	7.71	-0.5	6.80	12.8	0.305	4.0	100	5.7	0.16
AUI	Australian United	Large	1,001	8.09	8.57	-5.6	7.46	8.4	0.340	4.2	100	6.0	0.10
MLT	Milton Corporation	Large/Medium	2,940	4.51	4.51	0.0	3.99	13.0	0.186	4.1	100	5.9	0.13
BKI	BKI Investment	Large/Medium	1,002	1.62	1.61	0.6	1.52	6.6	0.073	4.5	100	6.4	0.14
CIN	Carlton Investments	Large/Medium	834	31.50	36.65	-14.1	30.37	3.7	1.230	3.9	100	5.6	0.08
DUI	Diversified United	Large/Medium	776	3.72	4.00	-7.0	3.47	7.2	0.140	3.8	100	5.4	0.13
WHF	Whitefield	Large/Medium	381	4.54	4.91	-7.5	4.51	0.7	0.170	3.7	100	5.3	0.40
PIC	Perpetual Equity Invest Co	Large/Medium	262	1.04	1.11	-6.5	1.10	-5.7	0.042	4.1	100	5.8	1.30
AMH	AMCL	Large/Medium	236	0.92	0.95	-3.7	0.89	2.8	0.035	3.8	100	5.5	0.68
QVE	QV Equities	Large/Medium	369	1.34	1.21	10.8	1.16	15.4	0.038	2.8	100	4.1	1.10
WDE	Wealth Defenders Equity	Large/Medium	100	0.80	0.92	-13.6	0.95	-16.6	0.020	2.5	100	3.6	1.42
CAM	Clime Capital	Large/Medium	78	0.87	0.89	-2.2	0.90	-3.3	0.048	5.5	100	7.9	1.95
FSI	Flagship Investments	Large/Medium	39	1.55	1.83	-15.5	1.72	-10.3	0.073	4.7	100	6.7	2.33
CBC	CBG Capital	Large/Medium	23	0.90	0.97	-7.6	0.97	-7.1	0.025	2.8	100	4.0	4.37
WAM	WAM Capital	Medium/Small	1,514	2.39	1.94	23.0	1.92	24.8	0.148	6.2	100	8.8	4.60
MIR	Mirrabooka	Medium/Small	423	2.70	2.39	13.0	2.18	23.9	0.150	5.6	100	7.9	0.64
WIC	WestOz Investment Co.	Medium/Small	124	0.96	1.10	-12.8	1.09	-11.6	0.060	6.3	100	8.9	1.27
WAX	WAM Research	Medium/Small	278	1.51	1.22	23.6	1.22	23.7	0.088	5.8	100	8.3	5.57
OZG	Ozgrow th	Medium/Small	58	0.16	0.20	-18.6	0.19	-16.9	0.005	3.1	100	4.5	1.49
CTN	Contango Microcap	Small/Micro	151	0.90	1.00	-10.1	0.96	-6.2	0.064	7.1	50	8.6	2.96
NCC	Naos Emerging Opps Co	Small/Micro	79	1.33	1.29	3.1	1.24	7.3	0.070	5.3	100	7.5	3.18
ACQ	Acorn Capital	Small/Micro	45	0.92	1.08	-15.1	1.07	-14.0	0.033	3.6	100	5.1	1.67
BTI	Bailador Tech Investments	Unlisted Tech	108	0.90	1.07	-15.9	1.04	-13.5	0.000	0.0	0	0.0	6.99
ALF	Australian Leaders Fund	Long/Short	328	1.21	1.26	-4.4	1.27	-5.1	0.090	7.5	78	9.8	3.81
CDM	Cadence Capital	Long/Short	338	1.24	1.16	6.1	1.24	-0.7	0.080	6.5	100	9.3	1.17
WAA	WAM Active	Long/Short	43	1.10	1.05	4.7	1.05	4.7	0.053	4.8	100	6.8	5.07
AEG	Absolute Equity Perf Fund	Market Neutral	104	1.13	1.11	1.1	1.12	0.7	0.000	0.0	0	0.0	n/a
WMK	Watermark Market Neutral	Market Neutral	88	1.01	0.99	2.0	1.01	0.0	0.060	5.9	88	7.4	4.79
DJW	Djerriw arrh Investments	Income	807	3.68	3.24	13.6	3.26	12.9	0.240	6.5	100	9.3	0.46
PL8	Plato Income Maximiser	Income	324	1.10	1.04	5.5	1.05	4.5	0.000	0.0	0	0.0	n/a
<b>International Equity</b>													
MFF	MFF Capital Investments	Global	941	1.95	2.32	-16.3	1.98	-1.7	0.020	1.0	93	1.4	1.21
PMC	Platinum Capital	Global	478	1.69	1.63	3.1	1.57	7.5	0.080	4.7	100	6.8	1.68
APL	Antipodes Gbl Invest Co	Global	371	1.25	1.20	4.0	1.16	7.2	0.000	0.0	0	0.0	n/a
TGG	Templeton Global Grow th	Global	308	1.36	1.48	-8.4	1.43	-4.9	0.045	3.3	56	4.1	1.16
HHV	Hunter Hall Global Value	Global	270	1.11	1.18	-6.5	1.19	-6.8	0.070	6.3	100	9.0	1.85
PGF	PM Capital Global Opp	Global	386	1.11	1.24	-11.2	1.17	-5.9	0.031	2.8	100	4.0	1.17
EGI	Elerston Global Investments	Global	77	1.01	1.15	-11.9	1.13	-11.0	0.020	2.0	100	2.8	1.52
WGF	Watermark Global Leaders	Global (Long/Short)	84	1.02	1.08	-6.0	1.08	-6.0	0.000	0.0	0	0.0	n/a
GVF	Global Value Fund	Global (Multi Assets)	141	1.16	1.10	5.4	1.09	6.1	0.062	5.3	74	6.8	2.10
ALI	Argo Global Infrastructure	Global (Listed Infra)	266	1.85	2.06	-10.2	2.04	-9.3	0.035	1.9	0	1.9	1.90
EAI	Elerston Asian Investments	Asia	104	0.94	1.05	-11.3	1.04	-10.1	0.000	0.0	0	0.0	1.07
PAF	PM Capital Asian Opp	Asia	61	1.09	1.22	-10.5	1.15	-5.2	0.045	4.1	100	5.9	1.55
<b>Specialist</b>													
FGX	Future Gen Invest Co	Fund of Funds	383	1.10	1.15	-4.7	1.14	-4.2	0.041	3.7	100	5.3	0.14
FGG	Future Gen Global Invest	Gbl Funds of Funds	300	1.08	1.15	-6.4	1.14	-4.9	0.010	0.9	100	1.3	0.45
SNC	Sandon Capital	Activist	42	0.94	0.99	-4.8	0.95	-1.5	0.065	6.9	100	9.9	3.99
<b>Arithmetic Average (All)</b>						-3.3		0.6		5.9		7.3	1.79
<b>Weighted Average (All)</b>						-0.5		9.6		4.6		6.3	0.75
Weighted Average (Domestic Market Cap - Over \$500m)						0.6		13.2		4.3		6.2	0.47
Weighted Average (Domestic Market Cap - Under \$500m)						1.3		3.5		4.4		6.1	1.92
Weighted Average (Domestic All)						0.7		11.6		4.3		6.2	0.69
<b>Weighted Average (International Equity)</b>						-7.2		-1.4		6.7		7.6	1.20
<b>Weighted Average (Specialist)</b>						-9.2		-7.5		4.7		6.7	0.83

\*12 month historical dividends including Special Dividends. \*ICR with performance fee.

SOURCE: COMPANY DATA, IRESS & BELL POTTER

## Investment Performance

We note that we have included 4 new LICs in our coverage - Absolute Equity Performance Fund (ASX: AEG), Plato Income Maximiser (ASX: PL8), Antipodes Global Investment Company (ASX: APL) and Watermark Global Leaders Fund (ASX: WGF).

In the Table below, we have evaluated our LICs using the performance of both the pre-tax NTA and share price. The pre-tax NTA data seeks to measure the performance of the underlying investments of the Fund. Whereas, the share price data measures the performance of the security as it trades on the ASX. However, some of this terminology is a little misleading as the pre-tax NTA actually reflects tax associated with realised capital gains (tax applicable on positions that have been exited) but not unrealised capital gains (tax applicable on positions that have not been exited).

Table 13: Pre-tax NTA and Share Price Performance

ASX Code	ASX Listed Investment Companies	Pre-tax NTA										Share price									
		Performance (%)					Value-add+ (%)					Performance (%)					Value-add+ (%)				
		Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10	Yr 1	Yr 3	Yr 5	Yr 7	Yr 10
<b>Domestic Equity</b>																					
AFI	AFIC	11.7	4.5	10.7	8.5	4.1	-2.4	-2.1	-1.1	-0.4	0.5	8.0	2.0	11.3	7.4	4.6	-5.1	-4.8	-0.3	-1.4	1.1
ARG	Argo Investments	12.9	5.8	11.4	8.5	3.6	-1.2	-0.8	-0.4	-0.4	0.0	8.4	4.1	12.7	8.3	3.7	-4.7	-2.7	1.1	-0.5	0.2
AUI	Australian United	18.0	4.9	11.2	8.1	3.2	3.9	-1.7	-0.6	-0.8	-0.4	18.4	4.8	12.9	7.5	3.4	5.3	-2.0	1.3	-1.3	-0.1
MLT	Milton Corporation	11.5	5.6	11.2	9.2	4.2	-1.6	-1.2	-0.4	0.4	0.7	10.0	4.1	12.9	9.9	4.7	-3.1	-2.7	1.3	1.1	1.2
BKI	BKI Investment	8.7	4.1	9.2	7.8	4.2	-5.1	-2.5	-2.4	-1.0	0.8	7.3	3.9	12.0	10.3	5.7	-5.8	-2.9	0.4	1.5	2.2
CIN	Carlton Investments	6.7	10.2	15.5	12.9	7.8	-7.4	3.6	3.7	4.0	4.2	3.2	8.8	19.3	14.3	8.1	-9.9	2.0	7.7	5.5	4.6
DUI	Diversified United	17.6	6.8	13.0	9.3	4.0	3.5	0.2	1.2	0.4	0.4	18.5	6.3	14.8	8.8	3.9	5.4	-0.5	3.2	0.0	0.4
WHF	Whitefield	10.8	7.9	15.3	11.6	4.0	-1.8	-0.9	0.3	-0.9	-1.1	14.3	7.1	16.6	11.8	4.5	1.7	-1.7	1.6	-0.7	-0.6
PIE	Perpetual Equity Invest Co	14.2	n/a	n/a	n/a	n/a	0.4	n/a	n/a	n/a	n/a	16.6	n/a	n/a	n/a	n/a	3.5	n/a	n/a	n/a	n/a
AMH	AMCL	5.3	5.0	10.0	9.6	6.3	-8.8	-1.6	-1.8	0.7	2.7	-1.2	3.1	10.7	11.1	7.3	-14.3	-3.7	-0.9	2.3	3.8
QVE	QV Equities	12.7	n/a	n/a	n/a	n/a	-0.9	n/a	n/a	n/a	n/a	28.0	n/a	n/a	n/a	n/a	14.2	n/a	n/a	n/a	n/a
WDE	Wealth Defenders Equity	9.3	n/a	n/a	n/a	n/a	-4.5	n/a	n/a	n/a	n/a	13.2	n/a	n/a	n/a	n/a	-0.6	n/a	n/a	n/a	n/a
CAM	Clime Capital	6.7	-0.9	2.0	1.9	0.8	-6.4	-7.7	-9.6	-6.9	-2.7	18.8	1.4	5.6	6.2	2.1	5.7	-5.4	-6.0	-2.6	-1.4
FSI	Flagship Investments	4.6	5.9	11.5	8.2	3.5	-8.5	-0.9	-0.1	-0.6	0.0	9.9	4.6	12.3	6.8	2.5	-3.2	-2.2	0.7	-2.0	-1.0
CBC	CBG Capital	4.3	n/a	n/a	n/a	n/a	-9.8	n/a	n/a	n/a	n/a	0.6	n/a	n/a	n/a	n/a	-12.5	n/a	n/a	n/a	n/a
WAM	WAM Capital	8.8	10.7	11.8	10.7	6.2	-4.3	3.9	0.2	1.9	2.7	14.1	14.6	16.7	18.8	9.7	1.0	7.8	5.1	10.0	6.2
MIR	Mirrabooka	7.1	7.3	12.5	11.4	5.1	-6.8	-4.8	0.8	3.2	3.9	3.0	6.7	15.0	13.3	7.0	-10.1	-0.1	3.4	4.5	3.5
WIC	WestOz Investment Co.	18.3	1.0	3.6	0.4	n/a	11.3	-6.1	-2.1	-3.5	n/a	24.0	-2.7	8.5	6.2	n/a	10.9	-9.5	-3.1	-2.6	n/a
WAX	WAM Research	9.1	12.2	14.0	12.2	5.0	-4.0	5.4	2.4	3.4	1.5	18.1	17.4	23.6	21.6	9.7	5.0	10.6	12.0	12.8	6.2
OZG	Ozgrow th	14.7	-0.4	3.2	5.1	n/a	7.7	-7.5	-8.4	1.2	n/a	22.2	-2.8	7.4	8.1	n/a	9.1	-9.6	-4.2	-0.7	n/a
CTN	Contango Microcap	-8.7	0.5	2.9	3.0	-1.8	-15.7	-6.6	-2.8	-0.9	0.1	-4.6	2.6	5.5	10.9	-1.6	-17.7	-4.2	-6.1	2.1	-5.1
NCC	Naos Emerging Opportunities	7.9	7.9	n/a	n/a	n/a	0.9	0.8	n/a	n/a	n/a	34.3	14.5	n/a	n/a	n/a	21.2	7.7	n/a	n/a	n/a
ACQ	Acorn Capital	4.9	4.2	n/a	n/a	n/a	-2.1	-2.9	n/a	n/a	n/a	6.1	3.0	n/a	n/a	n/a	-0.9	-4.1	n/a	n/a	n/a
BTI	Bailador Tech Investments	-8.5	n/a	n/a	n/a	n/a	-16.5	n/a	n/a	n/a	n/a	-20.7	n/a	n/a	n/a	n/a	-33.8	n/a	n/a	n/a	n/a
ALF	Australian Leaders Fund	1.5	1.2	9.0	8.7	6.9	-11.6	-5.6	-2.6	-0.1	3.4	-11.1	-5.0	9.7	11.3	9.2	-24.2	-11.8	-1.9	2.5	5.7
CDM	Cadence Capital	14.5	1.3	6.6	11.2	5.4	1.4	-5.5	-5.0	2.4	1.9	8.5	1.4	9.3	16.3	8.2	-4.6	-5.4	-2.3	7.5	4.7
WAA	WAM Active	10.0	7.2	7.4	6.7	n/a	-3.1	0.4	-4.2	-2.1	n/a	15.9	1.8	8.8	9.4	n/a	2.8	-5.0	-2.8	0.6	n/a
AEG	Absolute Equity Performance	3.3	n/a	n/a	n/a	n/a	1.8	n/a	n/a	n/a	n/a	-4.7	n/a	n/a	n/a	n/a	-17.8	n/a	n/a	n/a	n/a
WMK	Watermark Market Neutral	-0.1	3.2	n/a	n/a	n/a	-1.6	1.2	n/a	n/a	n/a	5.3	4.5	n/a	n/a	n/a	-7.8	-2.3	n/a	n/a	n/a
DJW	Djerriw arrh Investments	13.1	2.7	8.3	6.7	2.5	-1.0	-3.9	-3.5	-2.2	-1.1	-3.8	-2.2	5.9	5.4	3.2	-16.9	-9.0	-5.7	-3.4	-0.3
PL8	Plato Income Maximiser	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>International Equity</b>																					
MFF	MFF Capital Investments	22.6	20.2	21.8	18.9	10.1	22.8	9.3	7.1	10.4	8.1	5.2	13.6	20.7	16.8	8.7	5.4	2.7	6.0	8.3	6.7
PMC	Platinum Capital	19.2	5.6	14.2	7.7	5.6	4.0	-6.6	-2.9	-4.3	0.8	9.5	3.7	17.0	7.2	4.1	-5.7	-8.5	-0.1	-4.8	-0.7
APL	Antipodes Glb Invest Co	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TGG	Templeton Global Grow th	20.0	6.4	15.1	10.1	2.2	4.8	-5.8	-2.0	-1.9	-2.6	22.3	5.9	18.8	12.4	8.3	7.1	-6.3	1.7	0.4	0.1
HHV	Hunter Hall Global Value	-12.7	5.7	12.3	8.2	2.7	-27.3	-7.0	-5.7	-4.7	-2.3	-12.2	9.4	15.7	10.8	3.7	-26.8	-3.3	-2.3	-2.1	-1.3
PGF	PM Capital Global Opp	33.4	11.4	n/a	n/a	n/a	18.8	-1.3	n/a	n/a	n/a	38.5	7.1	n/a	n/a	n/a	23.9	-5.6	n/a	n/a	n/a
EGI	Ellerston Global Investments	10.2	n/a	n/a	n/a	n/a	-8.6	n/a	n/a	n/a	n/a	12.7	n/a	n/a	n/a	n/a	-6.1	n/a	n/a	n/a	n/a
WGF	Watermark Global Leaders	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
GVF	Global Value Fund	12.2	n/a	n/a	n/a	n/a	6.3	n/a	n/a	n/a	n/a	16.8	n/a	n/a	n/a	n/a	17.0	n/a	n/a	n/a	n/a
ALI	Argo Global Infrastructure	3.3	n/a	n/a	n/a	n/a	-3.0	n/a	n/a	n/a	n/a	2.8	n/a	n/a	n/a	n/a	-3.5	n/a	n/a	n/a	n/a
EAI	Ellerston Asian Investments	13.1	n/a	n/a	n/a	n/a	-7.3	n/a	n/a	n/a	n/a	16.9	n/a	n/a	n/a	n/a	-3.5	n/a	n/a	n/a	n/a
PAF	PM Capital Asian Opp	21.2	9.9	n/a	n/a	n/a	-1.7	-2.5	n/a	n/a	n/a	22.7	6.7	n/a	n/a	n/a	-0.2	-5.7	n/a	n/a	n/a
<b>Specialist</b>																					
FGX	Future Generation Invest Co	2.9	n/a	n/a	n/a	n/a	-10.2	n/a	n/a	n/a	n/a	1.3	n/a	n/a	n/a	n/a	-11.8	n/a	n/a	n/a	n/a
FGG	Future Gen Global Invest	11.5	n/a	n/a	n/a	n/a	-3.7	n/a	n/a	n/a	n/a	3.3	n/a	n/a	n/a	n/a	-11.9	n/a	n/a	n/a	n/a
SNC	Sandon Capital	12.6	6.1	n/a	n/a	n/a	-0.5	-0.7	n/a	n/a	n/a	27.7	6.2	n/a	n/a	n/a	14.6	-0.6	n/a	n/a	n/a

CDM: In May 2011 CDM received \$0.22 per CDM share of franking credits when RHG returned the majority of its assets in the form of a fully franked dividend. At the time, CDM shares were trading at \$1.25. These franking credits were worth 17.6% of the CDM share price at the time and are not reflected in our performance calculations as the calculations are based on pre-tax NTA and not post-tax NTA.

SOURCE: COMPANY DATA, IRESS &amp; BELL POTTER

### Investment Performance (continued)

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

In order to assess a LIC’s performance, NTA and share price need to be evaluated with respect to the relative mandate and/or benchmark, given varying outcomes from different styles of investment. Hence, for the Domestic LICs we have categorised the LIC’s Mandate into those with a Large, Large to Medium, Medium to Small, and Small Market Capitalisation investment focus, Long/Short/Market Neutral, International, and Specialist investment focuses following an analysis of the LIC’s Top Stock Holdings.

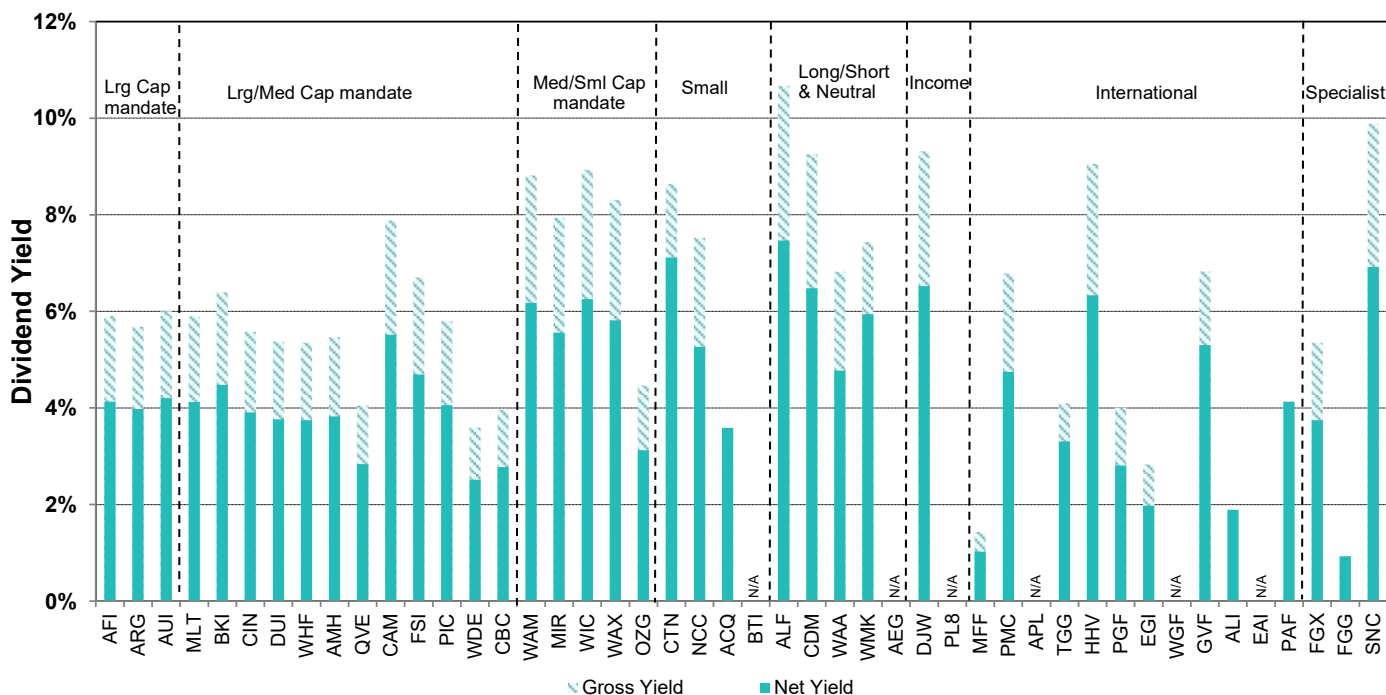
In general, the NTA has been benchmarked against the relative indices preferred by the Manager and these should be most reflective of its mandate. The share price of each LIC, apart from International and Specialist LICs, has been benchmarked against the All Ordinaries Accumulation Index, given this is the broadest index on the ASX and the exchange in which each LIC trades. This is arguably a less relevant benchmark.

Our value-add columns seek to quantify the value generated by the Manager. It is the difference between the performance of the share price and pre-tax NTA against the relevant benchmark. A positive value indicates outperformance against the Benchmark and a negative value indicates an underperformance. We view the pre-tax NTA value-add as the most relevant measure of management performance.

### Historical Gross Dividend Yield

Dividends are an important aspect of any investment decision. In the Graph below, we have included historical Net Dividend Yield and Gross Dividend Yield for the LICs in our universe. Nonetheless, investors must realise that although historical yield is clearly a key consideration when selecting a LIC, it is no guarantee of future yield. Please note several LICs have recently entered the market and have not distributed a dividend yet.

Graph 2: Historical Dividend Yield (Net and Gross)



SOURCE: COMPANY DATA, IRESS & BELL POTTER

## Premium/Discount to NTA

We have categorised our universe of LICs according to the percentage premium or discount the share price trades at relative to the pre-tax NTA.

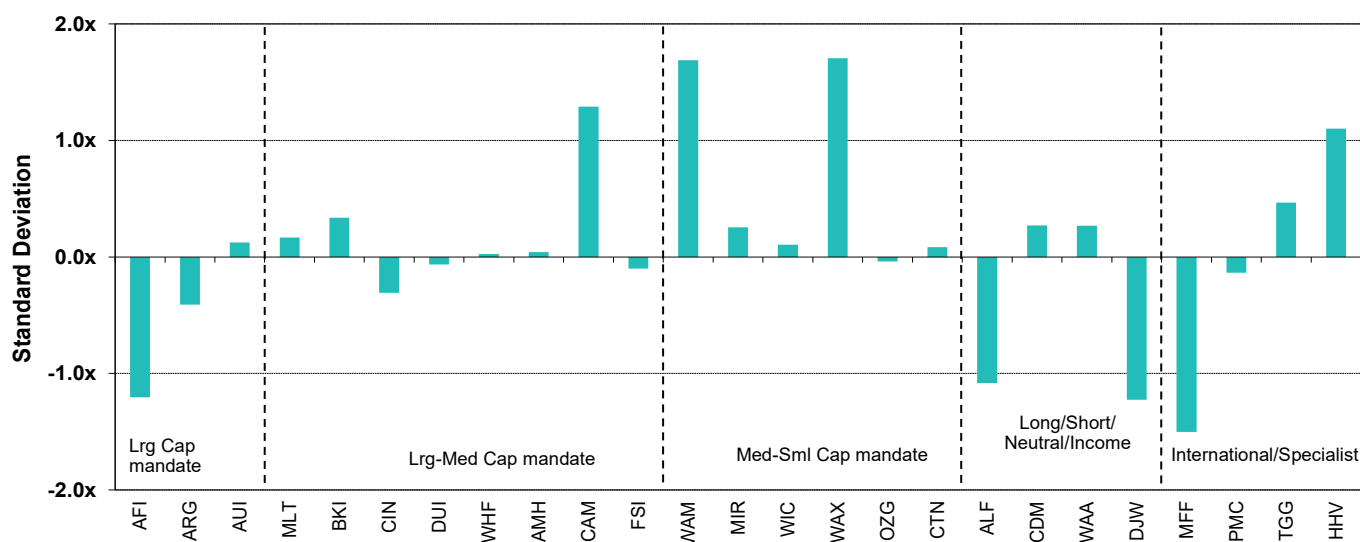
**Table 14: Share Price Premium/Discount versus Pre-Tax NTA**

Substantial premium			Approximately in line			Substantial discount		
		%			%			%
WAX	WAM Research	23.6	WAA	WAM Active	4.7	HHV	Hunter Hall Global Value	-6.5
WAM	WAM Capital	23.0	APL	Antipodes Gbl Invest Co	4.0	DUI	Diversified United	-7.0
DJW	Djerrir arrh Investments	13.6	PMC	Platinum Capital	3.1	WHF	Whitefield	-7.5
MIR	Mirrabooka	13.0	NCC	Naos Emerging Opps Co	3.1	CBC	CBG Capital	-7.6
QVE	QV Equities	10.8	WMK	Watermark Market Neutral	2.0	TGG	Templeton Global Growth	-8.4
CDM	Cadence Capital	6.1	AEG	Absolute Equity Perf Fund	1.1	CTN	Contango Microcap	-10.1
PL8	Plato Income Maximiser	5.5	BKI	BKI Investment	0.6	ALI	Argo Global Infrastructure	-10.2
GVF	Global Value Fund	5.4	MLT	Milton Corporation	0.0	PAF	PM Capital Asian Opp	-10.5
			ARG	Argo Investments	-0.5	PGF	PM Capital Global Opp	-11.2
			AFI	AFIC	-1.4	EAI	Elerston Asian Investments	-11.3
			CAM	Clime Capital	-2.2	EGI	Elerston Global Investments	-11.9
			AMH	AMCIL	-3.7	WIC	WestOz Investment Co.	-12.8
			ALF	Australian Leaders Fund	-4.4	WDE	Wealth Defenders Equity	-13.6
			FGX	Future Gen Invest Co	-4.7	CIN	Carlton Investments	-14.1
			SNC	Sandon Capital	-4.8	ACQ	Acorn Capital	-15.1
			AUI	Australian United	-5.6	FSI	Flagship Investments	-15.5
			WGF	Watermark Global Leaders	-6.0	BTI	Bailador Tech Investments	-15.9
			FGG	Future Gen Global Invest	-6.4	MFF	MFF Capital Investments	-16.3
			PIC	Perpetual Equity Invest Co	-6.5	OZG	Ozgrow th	-18.6

SOURCE: COMPANY DATA, IRESS & BELL POTTER

LICs often trade at a consistent premium or discount to NTA, with the standard deviation providing a measure of the range in which a LIC's premium/discount normally falls. By determining each LIC's average premium/discount we can look for anomalies between average premiums/discounts to NTA and current premiums/discounts to NTA. We have calculated each LIC's 5-year average (please note a number of LICs have a history less than 5 years and therefore not included in the graph) share price premium/discount to reported pre-tax NTA as well as its standard deviation from that average, which we portray in the below graph. Here, we are trying to convey whether or not a LIC is cheap or expensive compared to its historical average.

**Graph 3: Share Price Premium/Discount to Pre-Tax NTA Relative to 5-year Average**



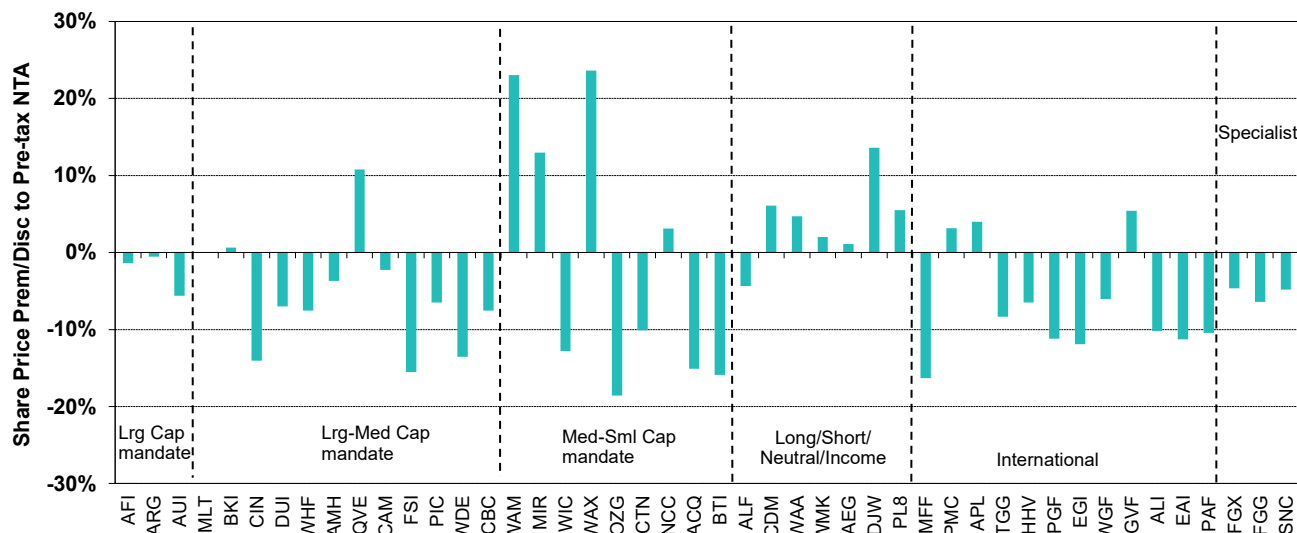
SOURCE: COMPANY DATA, IRESS & BELL POTTER

The average share price discount to pre-tax NTA for this quarter is 0.7x. In the Large Market Capitalisation investment focus, **AUI** looked the most reasonably valued. Medium to Small are trading at a substantial premiums, with the exception of **CTN**, **WIC** and **OZG**. International focused LICs have performed exceptionally well over the past year in particular, and have traded at historical highs in comparison to their NTAs.

Premium/Discount to NTA (continued)

In Graph 4 we have provided some context to the share price premium or discount to pre-tax NTA. Pre-tax NTA reflects realised capital gains (tax applicable on positions that have been exited) but not unrealised capital gains (tax applicable on positions that have not been exited).

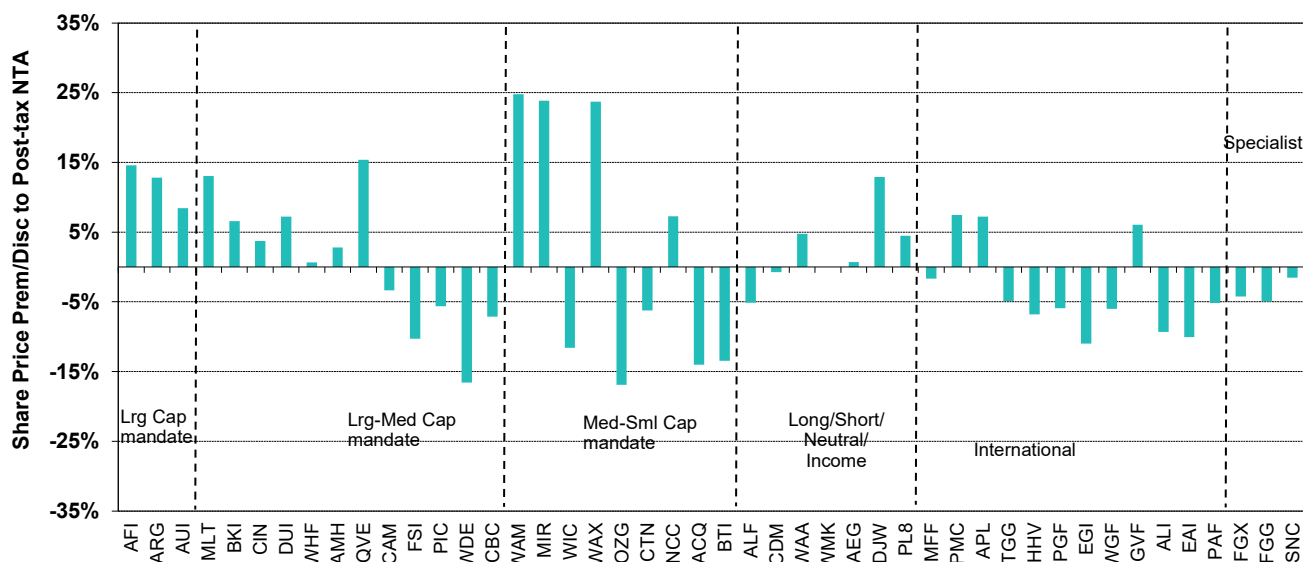
Graph 4: Share Price Premium/Discount versus Pre-Tax NTA



SOURCE: COMPANY DATA, IRESS & BELL POTTER

Graph 5 shows the share price premium/discount against post-tax NTA. Post-tax NTA reflects realised (tax applicable on positions that have been exited) and unrealised capital gains (tax applicable on positions that have not been exited). While this measure is arguably less relevant, it does provide additional comparison, particularly when viewed with Graph 5. Post-tax NTA is most useful in a wind-up scenario.

Graph 5: Share Price Premium/Discount versus Post-Tax NTA



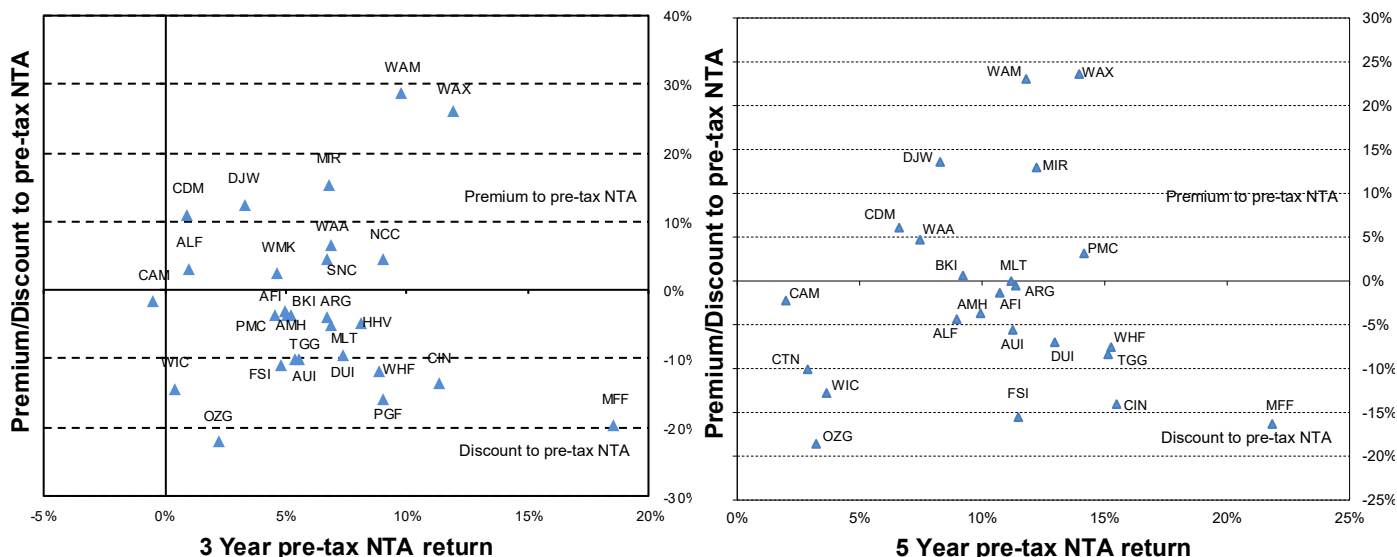
SOURCE: COMPANY DATA, IRESS & BELL POTTER



Premium/Discount to NTA (continued)

Graphs 6 & 7 show the pre-tax NTA performance of each LIC, assuming dividends are reinvested, over the past 3 and 5 years. This is reflected by its position along the horizontal axis, with LICs further to the right having achieved higher returns. The Graphs also highlight the share price premium or discount to pre-tax NTA at which each LIC was trading at Quarter End. This is reflected by each LIC's position along the vertical axis.

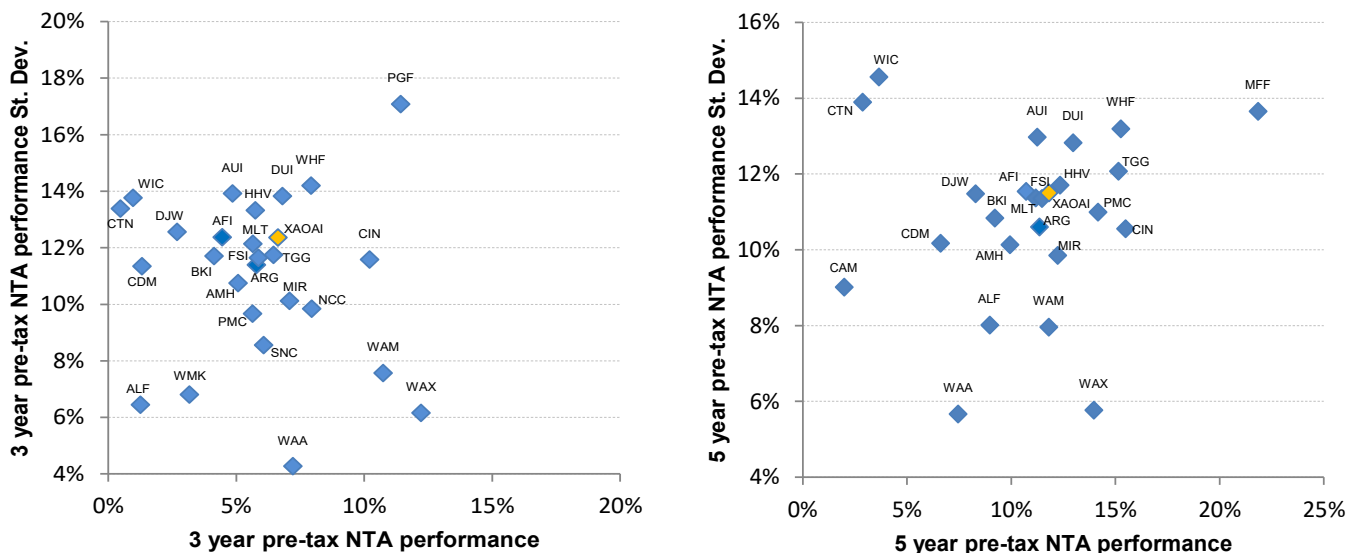
Graphs 6 & 7: Share Price Premium/Discount vs Pre-Tax NTA Performance



SOURCE: COMPANY DATA, IRESS & BELL POTTER

Pre-tax NTA performance is one way of reflecting the performance of a LIC's management and the standard deviation of the pre-tax NTA performance can be used as a measure of risk by reflecting the movement or dispersion from the average return. The below graphs can therefore give an indication of a LIC's risk-return over the time periods.

Graphs 8 & 9: Pre-Tax NTA Performance Standard Deviation vs Pre-Tax NTA Performance



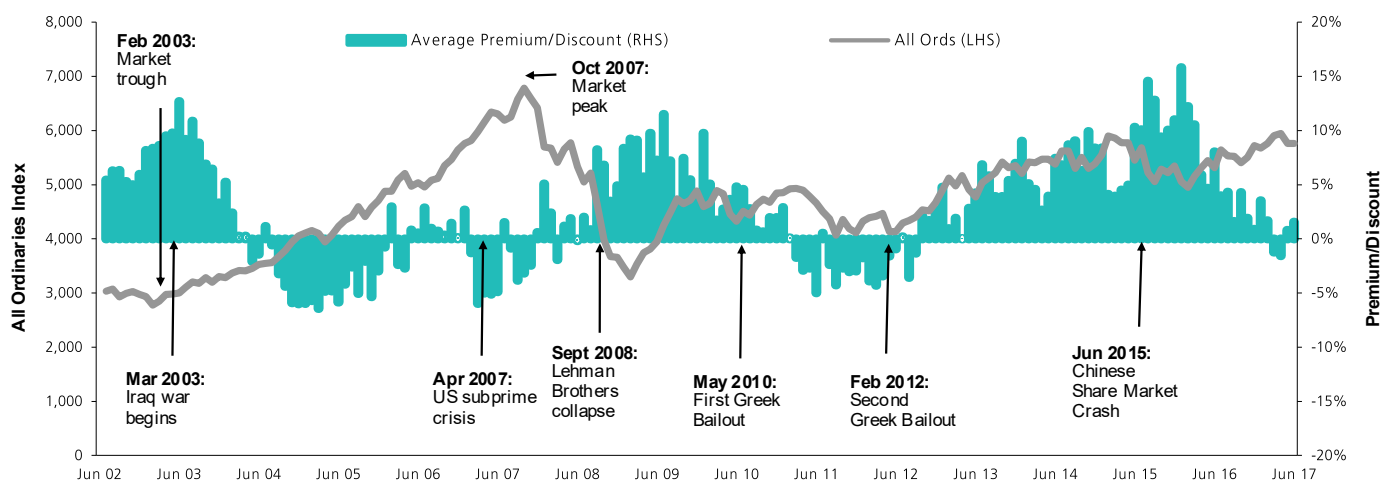
SOURCE: COMPANY DATA, IRESS & BELL POTTER

## Premium/Discount to NTA (continued)

LICs by their very nature can trade at either a premium or discount to pre-tax NTA. However, from a quantitative perspective, we have noted a tendency for LICs to revert to their mean premium or discount through the Cycle. As such, investors need to be cognisant of how a LIC trades through the Economic Cycle to ensure an investment is timed appropriately.

As noted in our quarterly in September 2015, Large LICs (Market Cap > \$500m) appear to behave differently from Small LICs (Market Cap < \$500m) through the Economic Cycle. Large LICs tend to trade at a substantial premium to pre-tax NTA in perceivably difficult or uneasy market conditions and a lower premium to pre-tax NTA in perceivably improving market conditions. One could argue that during uneasy market conditions investors prefer the safety of Large LICs with an established track record and hence push them up into substantial premiums. Whereas, in more favourable market conditions, investors have a tendency to view large LICs as a lower return investment alternative and instead favour smaller and more exotic LICs, hence driving large LICs' premiums lower.

**Graph 10: Large Cap Focused LICs' Average Share Price Premium/Discount to Pre-tax NTA**



SOURCE: COMPANY DATA, IRESS & BELL POTTER

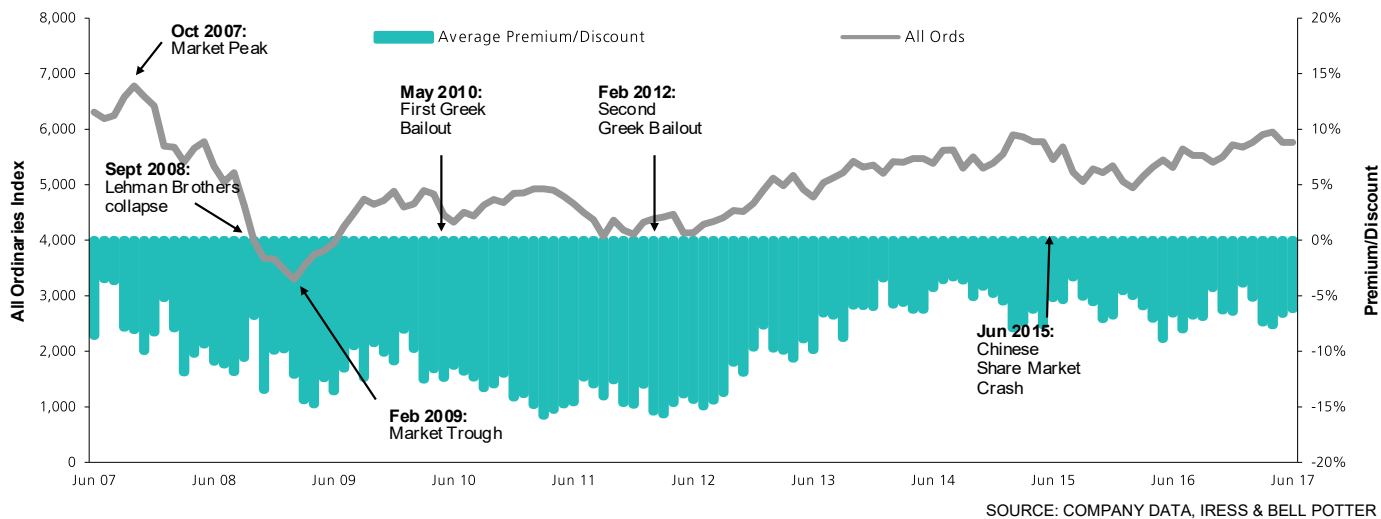
However, it is interesting to note, that we are currently in a period where Large LICs are deviating from its norm. Since early 2013, we see Large LICs trading at a premium to pre-tax NTA - even in a rising market. This phenomenon exist due to an increase of demand for Large LICs. We associate this greater demand to two underlying factors.

- **Future of Financial Advice (FoFA) reforms.** Since July 2013, commissions paid to financial planners by providers of managed fund have been banned going forward. This has removed the incentive for financial planners to use Managed Funds over LICs or ETFs.
- **A competitive dividend yield in comparison to the ASX200.** In July 2010, there was a significant change in the Corporation Act that have paved the way for LICs to offer greater consistency in dividends. Previously, companies could only pay a dividend if they had an accounting profit, which saw a number of LICs being unable to pay dividends through the GFC. However, following the introduction of the solvency test, LICs now have greater flexibility to offer sustainable dividend polices even with the absence of an accounting profit.

### Premium/Discount to NTA (continued)

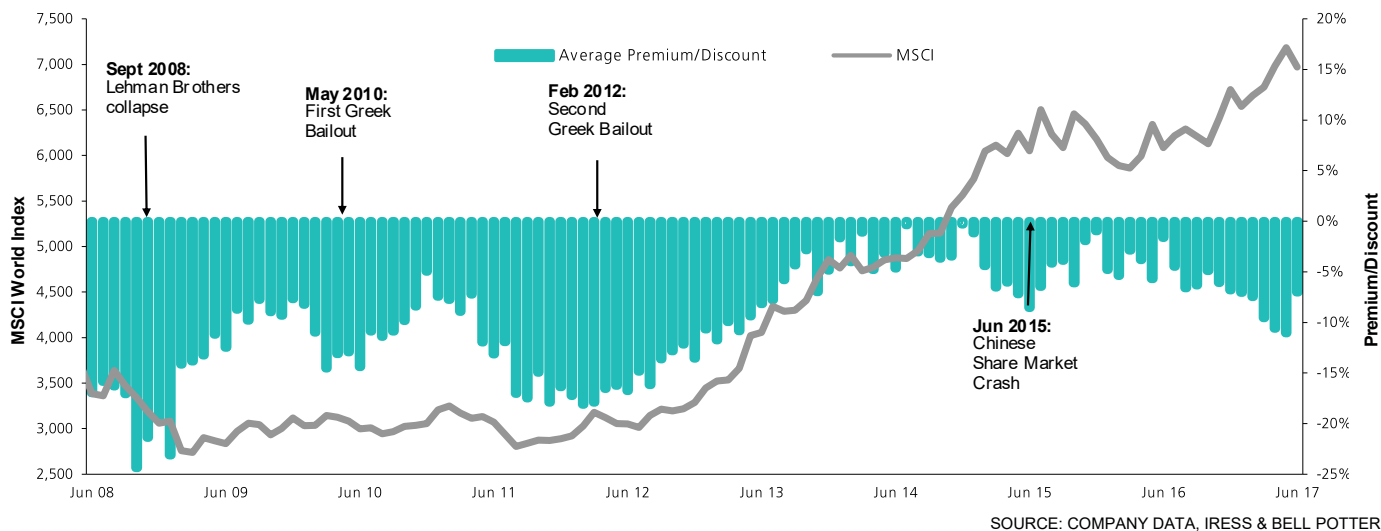
Small LICs tend to operate in almost an opposing fashion. In general, Small LICs trade at a larger discount to pre-tax NTA, averaging an 9.0% discount over the last 8 years, which compares to the Large LICs 3.7% premium over the same period. Broadly speaking, as market confidence rises, Small LICs tend to trade at a smaller discount as investors' confidence rises. However, as market conditions turn, these small discounts tend to turn into deep discounts.

**Graph 11: Small Cap Focused LICs' Average Share Price Premium/Discount to Pre-tax NTA**



The graph below shows International LICs' discounts have historically been pretty much correlated with the global markets. These LICs traded at varying deep discounts when first introduced, for a combination of both the GFC made investors reluctant to hold international assets and international vehicles were originally not viewed as the yield making machines as domestic stocks. However as global share markets rose, so did the demand for these LICs—narrowing these discounts. While, as confidence falls within the global markets, we tend to see these discounts expand.

**Graph 12: International Cap Focused LICs' Average Share Price Premium/Discount to Pre-tax NTA**



## LIC Indicative NTA

LICs are only obligated to disclose their NTA at the end of each month and have 14 days to disclose this information to the Market. This means that an investor is only able to retrospectively gauge the value of the underlying NTA and for the remainder of the month be ignorant to the underlying value of the NTA.

Bell Potter has sought to address this gap by providing an Indicative Live NTA. We calculate the Indicative NTA by tracking the underlying NTA each week. This is achieved by monitoring the percentage movements of the Disclosed Holdings and using an appropriate proxy to track the movement of the remaining positions. We also adjust the NTA when the security goes ex-dividend.

The Indicative NTA works best with LICs that have a high percentage of investments concentrated in its Top 20 Holdings, regular disclosure of its holdings and cash position, lower turnover of its investments, and the absence of a performance fee.

**Table 15: Indicative Premium/Discount to Pre-Tax NTA (as at 01 Aug 2017)**

ASX Code	Company Name	Investment Mandate	Share Price	Fully Diluted Ind. Pre-Tax NTA"	Indicative Prem/Disc"	Average Premium/Discount+			
						1 year	3 years	5 years	10 years
AFI	AFIC"	Large	\$ 6.11	\$ 5.95	2.7%	0.2%	2.4%	2.5%	1.8%
ARG	Argo Investments	Large	\$ 7.98	\$ 7.78	2.6%	-1.0%	3.2%	1.3%	1.1%
DJW	Djerriwarrh Investments	Large	\$ 3.83	\$ 3.30	15.9%	14.9%	25.2%	23.2%	16.7%
AUI	Australian United Investments	Large	\$ 8.49	\$ 8.47	0.3%	-6.8%	-4.9%	-6.0%	-5.6%
MLT	Milton Corporation	Large/Medium	\$ 4.62	\$ 4.52	2.2%	-1.8%	0.9%	-0.6%	-2.0%
BKI	BKI Investment	Large/Medium	\$ 1.70	\$ 1.62	4.9%	0.8%	1.5%	-1.0%	-7.2%
CIN	Carlton Investments	Large/Medium	\$ 32.30	\$ 36.28	-11.0%	-13.1%	-11.4%	-12.9%	-15.3%
DUI	Diversified United Investments	Large/Medium	\$ 3.83	\$ 4.06	-5.6%	-7.3%	-6.2%	-6.8%	-6.4%
WHF	Whitefield	Large/Medium	\$ 4.54	\$ 4.92	-7.7%	-9.7%	-7.8%	-7.6%	-8.6%
AMH	AMCIL	Large/Medium	\$ 0.93	\$ 0.95	-2.9%	0.3%	-1.0%	-3.9%	-9.7%
WLE	WAM Leaders	Large/Medium	\$ 1.12	\$ 1.14	-1.4%	-0.1%	0.1%	0.1%	0.1%
FSI	Flagship Investments	Large/Medium	\$ 1.57	\$ 1.83 ^	-14.2%	-14.0%	-7.7%	-6.9%	-6.1%
WAM	WAM Capital	Medium/Small	\$ 2.47	\$ 1.94	27.2%	19.7%	13.1%	8.2%	-4.7%
MIR	Mirrabooka Investments	Medium/Small	\$ 2.68	\$ 2.37	12.9%	19.3%	14.8%	11.0%	1.5%
WIC	WestOz Investment Co.	Medium/Small	\$ 0.99	\$ 1.08 #	-8.7%	-13.8%	-11.3%	-13.6%	-17.9%
WAX	WAM Research"	Medium/Small	\$ 1.58	\$ 1.22	29.8%	22.2%	12.6%	7.8%	-8.4%
OZG	OzGrowth	Medium/Small	\$ 0.16	\$ 0.19 #	-14.9%	-20.1%	-16.1%	-18.3%	n/a
WAA	WAM Active	Medium/Small	\$ 1.13	\$ 1.05	7.1%	6.9%	4.1%	2.5%	n/a
CTN	Contango Microcap	Small/Micro	\$ 0.94	\$ 1.00 ^	-6.6%	-6.7%	-8.5%	-10.5%	-18.6%
ACQ	Acorn Capital Invest Fund"	Small/Micro	\$ 0.97	\$ 1.08 ^	-10.9%	-12.5%	n/a	n/a	n/a
ALF	Australian Leaders Fund"	Long/Short	\$ 1.28	\$ 1.27 ^	0.4%	6.9%	-2.9%	-9.0%	-13.8%
CDM	Cadence Capital"	Long/Short	\$ 1.30	\$ 1.16 ^	11.3%	0.4%	-3.3%	-13.5%	n/a
NCC	NAOS Emerging Opp"	Long/Short	\$ 1.40	\$ 1.29 ^	8.1%	-0.2%	-7.8%	n/a	n/a
FGX	Future Generation Investment Company	Fund of Funds	\$ 1.10	\$ 1.15 ^	-4.7%	-1.3%	n/a	n/a	n/a
AEG	Absolute Equity Performance Fund	Market Neutral	\$ 1.12	\$ 1.11 #	0.8%	3.9%	n/a	n/a	n/a
WMK	Watermark Market Neutral"	Market Neutral	\$ 1.00	\$ 0.99 ^	1.0%	1.2%	n/a	n/a	n/a
SNC	Sandon Capital"	Activist	\$ 0.98	\$ 0.99 ^	-0.7%	-5.9%	n/a	n/a	n/a
MFF	MFF Capital Investments"	International	\$ 1.97	\$ 2.17 #	-9.5%	2.6%	-6.1%	-9.9%	n/a
PMC	Platinum Capital	International	\$ 1.76	\$ 1.66 #	6.0%	0.6%	-4.3%	2.5%	11.4%
TGG	Templeton Global Growth	International	\$ 1.37	\$ 1.49 #	-7.9%	-11.1%	-9.4%	-10.7%	-15.4%
HHV	Hunter Hall Global Value	International	\$ 1.18	\$ 1.19 #	-0.9%	-5.0%	-9.4%	-11.8%	-13.0%
PGF	PM Capital Global Opp"	International	\$ 1.11	\$ 1.24 #	-10.6%	-14.6%	n/a	n/a	n/a
APL	Antipodes Global Investment Company	International	\$ 1.21	\$ 1.15 ^	5.1%	n/a	n/a	n/a	n/a
EGL	Ellerston Global Investments	International	\$ 1.02	\$ 1.10 ^	-7.4%	-11.8%	n/a	n/a	n/a
ALI	Argo Global Listed Infrastructure	International (Infrastructure)	\$ 1.79	\$ 2.04 #	-12.3%	-11.0%	n/a	n/a	n/a
GVF	Global Value Fund	International (Multi Asset)	\$ 1.15	\$ 1.10 ^	4.5%	0.9%	n/a	n/a	n/a
FGG	Future Generation Global Invest Company	Intl (Fund of funds)	\$ 1.11	\$ 1.13 ^	-2.0%	n/a	n/a	n/a	n/a
EAI	Ellerston Asian Investments	Asia	\$ 0.94	\$ 1.06 #	-11.2%	-12.2%	n/a	n/a	n/a
PAF	PM Capital Asia	Asia	\$ 1.14	\$ 1.22 #	-7.2%	-13.5%	n/a	n/a	n/a

" The Fully Diluted Indicative NTA has been adjusted for options dilution (100% exercise) and dividends. Dividends are removed from the NTA once the security goes ex-date and until the receipt of the new ex-dividend NTA. # The Indicative NTA is the actual reported weekly pre-tax NTA as we have been unable to calculate the Indicative NTA within a reasonable level of accuracy. ^ The Indicative NTA is the actual reported monthly pre-tax NTA as we have been unable to calculate the Indicative NTA within a reasonable level of accuracy. \* Average premium/discounts as at end of the previous month. +Prem/Disc does not adjust for the dilution of unexercised options.

SOURCE: COMPANY DATA, IRESS & BELL POTTER

## LIC Indicative NTA (continued)

Using the Bell Potter Indicative NTA, we calculate the effective impact on the share price if the premium or discount were to normalise to the 1, 3, 5 and 10 year average. We have also calculated this figure on an annualised basis.

The Indicative NTA is not without error and clearly susceptible to higher turnover, tax realisation, receipt and payment of dividends and accrued performance fees. As such, variations will occur across LICs and different market conditions. We have included the Average Error (average of the monthly NTA less Indicative NTA), Average Absolute Error (average of the monthly NTA less Indicative NTA on an absolute basis), and the range of Minimum and Maximum Errors over the previous 12-month period.

Table 16: Premium/Discount Normalisation and Error Tracking (as at 01 Aug 2017)

ASX Code	Investment Company Name	Mandate	Share Price Impact if Premium/Discount normalises*				Share Price Impact if Premium/Discount normalises is annualised+				Avg Error
			1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years	
AFI	AFIC"	Large	-2.4%	-0.3%	-0.2%	-0.8%	-2.4%	-0.1%	0.0%	-0.1%	-0.3%
ARG	Argo Investments	Large	-3.7%	0.6%	-1.4%	-1.5%	-3.7%	0.2%	-0.3%	-0.2%	-0.4%
DJW	Djeriwarh Investments	Large	-1.0%	9.3%	7.3%	0.8%	-1.0%	3.0%	1.4%	0.1%	-0.1%
AUI	Australian United Investments	Large	-7.1%	-5.2%	-6.3%	-5.8%	-7.1%	-1.8%	-1.3%	-0.6%	-0.3%
MLT	Milton Corporation	Large/Medium	-4.0%	-1.3%	-2.8%	-4.2%	-4.0%	-0.4%	-0.6%	-0.4%	-0.1%
BKI	BKI Investment	Large/Medium	-4.1%	-3.4%	-5.9%	-12.1%	-4.1%	-1.1%	-1.2%	-1.3%	-0.2%
CIN	Carlton Investments	Large/Medium	-2.2%	-0.5%	-1.9%	-4.4%	-2.2%	-0.2%	-0.4%	-0.4%	-1.1%
DUI	Diversified United Investments	Large/Medium	-1.7%	-0.6%	-1.3%	-0.9%	-1.7%	-0.2%	-0.3%	-0.1%	-0.2%
WHF	Whitefield	Large/Medium	-2.0%	-0.1%	0.1%	-0.9%	-2.0%	0.0%	0.0%	-0.1%	-0.1%
AMH	AMCIL	Large/Medium	3.3%	1.9%	-1.0%	-6.8%	3.3%	0.6%	-0.2%	-0.7%	0.1%
WLE	WAM Leaders	Large/Medium	1.3%	1.4%	1.4%	1.4%	1.3%	0.5%	0.3%	0.1%	-0.2%
FSI	Flagship Investments	Large/Medium	0.2%	6.5%	7.3%	8.0%	0.2%	2.1%	1.4%	0.8%	n/a
WAM	WAM Capital	Medium/Small	-7.5%	-14.1%	-19.0%	-31.9%	-7.5%	-4.9%	-4.1%	-3.8%	0.0%
MIR	Mirrabooka Investments	Medium/Small	6.4%	1.9%	-1.8%	-11.3%	6.4%	0.6%	-0.4%	-1.2%	0.1%
WIC	WestOz Investment Co.	Medium/Small	-5.1%	-2.6%	-4.9%	-9.3%	-5.1%	-0.9%	-1.0%	-1.0%	n/a
WAX	WAM Research"	Medium/Small	-7.6%	-17.2%	-22.0%	-38.2%	-7.6%	-6.1%	-4.8%	-4.7%	0.7%
OZG	OzGrowth	Medium/Small	-5.2%	-1.2%	-3.4%	n/a	-5.2%	-0.4%	-0.7%	n/a	n/a
WAA	WAM Active	Medium/Small	-0.2%	-3.0%	-4.5%	n/a	-0.2%	-1.0%	-0.9%	n/a	0.0%
CTN	Contango Microcap	Small/Micro	-0.1%	-1.9%	-3.9%	-12.0%	-0.1%	-0.6%	-0.8%	-1.3%	-0.2%
ACQ	Acorn Capital Invst Fund"	Small/Micro	-1.5%	n/a	n/a	n/a	-1.5%	n/a	n/a	n/a	n/a
ALF	Australian Leaders Fund"	Long/Short	6.5%	-3.3%	-9.4%	-14.2%	6.5%	-1.1%	-2.0%	-1.5%	n/a
CDM	Cadence Capital"	Long/Short	-10.9%	-14.6%	-24.7%	n/a	-10.9%	-5.1%	-5.5%	n/a	n/a
NCC	NAOS Emerging Opp"	Long/Short	-8.3%	-15.9%	n/a	n/a	-8.3%	-5.6%	n/a	n/a	n/a
FGX	Future Generation Invst Comp	Fund of Funds	3.3%	n/a	n/a	n/a	3.3%	n/a	n/a	n/a	n/a
AEG	Absolute Equity Performance	Market Neutral	3.1%	n/a	n/a	n/a	3.1%	n/a	n/a	n/a	n/a
WMK	Watermark Market Neutral"	Market Neutral	0.1%	n/a	n/a	n/a	0.1%	n/a	n/a	n/a	n/a
SNC	Sandon Capital"	Activist	-5.1%	n/a	n/a	n/a	-5.1%	n/a	n/a	n/a	n/a
MFF	MFF Capital Investments"	International	12.1%	3.4%	-0.4%	n/a	12.1%	1.1%	-0.1%	n/a	n/a
PMC	Platinum Capital	International	-5.4%	-10.3%	-3.5%	5.4%	-5.4%	-3.6%	-0.7%	0.5%	n/a
TGG	Templeton Global Growth	International	-3.1%	-1.4%	-2.8%	-7.4%	-3.1%	-0.5%	-0.6%	-0.8%	n/a
HHV	Hunter Hall Global Value	International	-4.1%	-8.5%	-10.9%	-12.1%	-4.1%	-2.9%	-2.3%	-1.3%	n/a
PGF	PM Capital Global Opp"	International	-3.9%	n/a	n/a	n/a	-3.9%	n/a	n/a	n/a	n/a
APL	Antipodes Global Invest Co	International	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EGI	Ellerston Global Investment	International	-4.4%	n/a	n/a	n/a	-4.4%	n/a	n/a	n/a	n/a
ALI	Argo Global Infrastructure	Intl (Infrastructure)	1.2%	n/a	n/a	n/a	1.2%	n/a	n/a	n/a	n/a
GVF	Global Value Fund	Intl (Multi Asset)	-3.6%	n/a	n/a	n/a	-3.6%	n/a	n/a	n/a	n/a
FGG	Future Gen Global Invest Co	Intl (Fund of Funds)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EAI	Ellerston Asian Investments	Asia	-1.0%	n/a	n/a	n/a	-1.0%	n/a	n/a	n/a	n/a
PAF	PM Capital Asia	Asia	-6.3%	n/a	n/a	n/a	-6.3%	n/a	n/a	n/a	n/a

\* Refers to the current share price divided by the indicative pre-tax NTA as compared to the average 1, 3, 5 and 10 year Discount/Premium share price to pre-tax NTA as at end of the previous month, over the relevant time period of 1, 3, 5 and 10 years. \* Refers to the current share price divided by the indicative pre-tax NTA as compared to the average 1, 3, 5 and 10 year Discount/Premium share price to pre-tax NTA as at end of the previous month, annualised over the relevant time period of 1, 3, 5 and 10 years.

SOURCE: COMPANY DATA, IRESS & BELL POTTER

## LIC Indicative NTA (continued)

A number of LICs under our coverage currently have options outstanding. Options dilute the NTA when exercised and therefore have an impact on the premium or discount.

Table 17: Dilution Effect of Outstanding Options on Indicative NTA (as at 01 Aug 2017)

ASX Code	Company Name	Code	SOI	Options	Strike	Share Price	Indicative NTA <sup>A</sup>	Option Price	Expiry	Eff. Prem/Disc after % Exc.		
										100%	70%	50%
AFI	AFIC <sup>B</sup>	n/a	1,176,079,463	n/a	n/a	\$ 6.11	\$ 5.95	n/a	n/a			
ARG	Argo Investments	n/a	693,324,997	n/a	n/a	\$ 7.98	\$ 7.78	n/a	n/a			
DJW	Djerriwarrh Investments	n/a	219,351,903	n/a	n/a	\$ 3.83	\$ 3.30	n/a	n/a			
AUI	Australian United Investments	n/a	123,702,655	n/a	n/a	\$ 8.49	\$ 8.47	n/a	n/a			
MLT	Milton Corporation	n/a	651,963,627	n/a	n/a	\$ 4.62	\$ 4.52	n/a	n/a			
BKI	BKI Investment	n/a	618,463,068	n/a	n/a	\$ 1.70	\$ 1.62	n/a	n/a			
CIN	Carlton Investments	n/a	26,474,675	n/a	n/a	\$ 32.30	\$ 36.28	n/a	n/a			
DUI	Diversified United Investments	n/a	208,711,961	n/a	n/a	\$ 3.83	\$ 4.06	n/a	n/a			
WHF	Whitefield	n/a	84,005,607	n/a	n/a	\$ 4.54	\$ 4.92	n/a	n/a			
AMH	AMCIL	n/a	257,976,200	n/a	n/a	\$ 0.93	\$ 0.95	n/a	n/a			
WLE	WAM Leaders	WLEO	413,087,743	304,024,900	\$ 1.10	\$ 1.12	\$ 1.16	\$ 0.02	17-Nov-17	-1.4%	-1.8%	-2.2%
FSI	Flagship Investments	n/a	25,502,736	n/a	n/a	\$ 1.57	\$ 1.83	n/a	n/a			
WAM	WAM Capital	n/a	633,342,008	n/a	n/a	\$ 2.47	\$ 1.94	n/a	n/a			
MIR	Mirrabooka Investments	n/a	156,653,048	n/a	n/a	\$ 2.68	\$ 2.37	n/a	n/a			
WIC	WestOz Investment Co.	WICOB	129,005,588	12,882,851	\$ 1.05	\$ 0.99	\$ 1.08	\$ 0.001	31-Aug-17	-8.7%	-8.7%	-8.7%
WAX	WAM Research <sup>B</sup>	n/a	184,404,085	n/a	n/a	\$ 1.58	\$ 1.22	n/a	n/a			
OZG	OzGrowth	OZGOB	357,057,040	35,878,202	\$ 0.18	\$ 0.16	\$ 0.19	\$ 0.003	31-Aug-17	-14.9%	-14.9%	-14.9%
WAA	WAM Active	WAAO	38,802,828	31,680,247	\$ 1.14	\$ 1.13	\$ 1.05	\$ 0.01	17-Sep-19	7.1%	7.1%	7.1%
CTN	Contango Microcap	CTNG	168,289,506	265,000	\$ 1.30	\$ 0.94	\$ 1.00	\$ 100.500	31-Mar-20	-6.6%	-6.6%	-6.6%
ACQ	Acorn Capital Invest Fund <sup>B</sup>	n/a	48,930,696	n/a	n/a	\$ 0.97	\$ 1.08	n/a	n/a			
ALF	Australian Leaders Fund <sup>B</sup>	n/a	272,523,924	n/a	\$ 1.37	\$ 1.28	\$ 1.27	n/a	n/a			
CDM	Cadence Capital <sup>B</sup>	n/a	274,011,321	n/a	\$ 1.43	\$ 1.30	\$ 1.16	n/a	n/a			
NCC	NAOS Emerging Opp <sup>B</sup>	n/a	59,173,393	n/a	n/a	\$ 1.40	\$ 1.29	n/a	n/a			
FGX	Future Generation Invest Comp	n/a	349,663,801	n/a	n/a	\$ 1.10	\$ 1.15	n/a	n/a			
AEG	Absolute Equity Performance	AEGO	92,408,028	70,515,907	\$ 1.10	\$ 1.12	\$ 1.12	n/a	16-Nov-17	0.8%	0.6%	0.5%
WMK	Watermark Market Neutral <sup>B</sup>	n/a	87,358,085	n/a	n/a	\$ 1.00	\$ 0.99	n/a	n/a			
SNC	Sandon Capital <sup>B</sup>	n/a	48,001,175	n/a	n/a	\$ 0.98	\$ 0.99	n/a	n/a			
MFF	MFF Capital Investments <sup>B</sup>	MFFO	484,890,508	58,699,403	\$ 1.00	\$ 1.97	\$ 2.31	\$ 0.955	31-Oct-17	-9.5%#	-11.1%#	-12.2%#
PMC	Platinum Capital	n/a	283,753,284	n/a	n/a	\$ 1.76	\$ 1.66	n/a	n/a			
TGG	Templeton Global Growth	n/a	226,579,182	n/a	\$ 1.00	\$ 1.37	\$ 1.49	n/a	n/a			
HHV	Hunter Hall Global Value	n/a	244,204,945	n/a	\$ 1.00	\$ 1.18	\$ 1.19	n/a	n/a			
PGF	PM Capital Global Opp <sup>B</sup>	n/a	349,396,204	n/a	n/a	\$ 1.11	\$ 1.24	n/a	n/a			
APL	Antipodes Global Invest Co	APLO	302,735,081	266,930,828	\$ 1.10	\$ 1.21	\$ 1.20	\$ 0.110	15-Oct-18	5.1%	4.3%	3.7%
EGI	Ellerston Global Investment	EGIO	75,871,924	33,599,177	\$ 1.00	\$ 1.02	\$ 1.15	\$ 0.046	10-Apr-18	-7.4%	-8.3%	-8.9%
ALI	Argo Global Infrastructure	n/a	143,583,305	n/a	\$ 2.00	\$ 1.79	\$ 2.04					
GVF	Global Value Fund	n/a	121,333,300	n/a	n/a	\$ 1.15	\$ 1.10	n/a	n/a			
FGG	Future Gen Global Invest Co	FGGO	277,874,889	271,765,494	\$ 1.10	\$ 1.11	\$ 1.15	\$ 0.004	15-Sep-17	-2.0%	-2.4%	-2.8%
EAI	Ellerston Asian Investments	EAI0	113,590,428	65,167,917	\$ 1.00	\$ 0.94	\$ 1.06	n/a	28-Feb-19	-11.2%	-11.2%	-11.2%
PAF	PM Capital Asia	n/a	55,861,921	n/a	\$ 1.00	\$ 1.14	\$ 1.22	n/a	n/a			

<sup>A</sup> The Indicative NTA has been adjusted for dividends once the security goes ex-date and until the receipt of the new ex-dividend NTA. <sup>#</sup> The Indicative NTA is the actual reported weekly or monthly pre-tax NTA as we have been unable to calculate the Indicative NTA within a reasonable level of accuracy. \* Average premium/discounts as at end of the previous month.

SOURCE: COMPANY DATA, IRESS & BELL POTTER

## Liquidity

Liquidity is an important characteristic to consider when making an investment. Liquidity is the ability to buy or sell a particular security. Unfortunately, the volume traded among some LICs can be quite thin at times and may be difficult to trade larger lines. Therefore, liquidity needs to be taken into consideration when investing in this asset class. In the table below, we have a look at the 3 year Weekly and Monthly Averages for the LICs in our coverage.

**Table 18: Liquidity**

ASX Code	Company Name	Investment Mandate	Shares On Issue	Options	3 yr Average Weekly Volume	3 yr Average Weekly Value	3 yr Average Monthly Volume	3 yr Average Monthly Value
<b>Domestic Equities</b>								
AFI	AFIC*	Large	1,176,079,463	-	1,819,995	10,692,194	7,886,646	46,332,842
ARG	Argo Investments	Large	693,324,997	-	911,029	6,949,906	3,947,794	30,116,260
AUI	Australian United Investments	Large	123,702,655	-	85,834	657,591	371,946	2,849,562
MLT	Milton Corporation	Large/Medium	651,963,627	-	827,273	3,633,822	3,584,849	15,746,561
BKI	BKI Investment	Large/Medium	618,463,068	-	1,034,608	1,683,457	4,483,300	7,294,980
CIN	Carlton Investments	Large/Medium	26,474,675	-	12,373	383,403	53,617	1,661,413
DUI	Diversified United Investments	Large/Medium	208,711,961	-	227,032	788,475	983,805	3,416,724
WHF	Whitefield	Large/Medium	84,005,607	-	122,160	528,296	529,362	2,289,281
PIC	Perpetual Equity Invest Co	Large/Medium	253,366,220	-	1,108,371 *	1,081,071 *	4,802,942 *	4,684,640 *
AMH	AMCIL	Large/Medium	257,976,200	-	331,934	303,682	1,438,379	1,315,953
QVE	QV Equities	Large/Medium	275,070,493	-	929,509 *	1,030,453 *	4,027,872 *	4,465,297 *
WDE	Wealth Defender Equity	Large/Medium	126,298,387	-	541,869 *	437,650 *	2,348,101 *	1,896,482 *
CAM	Clime Capital	Large/Medium	89,500,008	-	357,424	312,158	1,548,836	1,352,684
FSI	Flagship Investments	Large/Medium	25,502,736	-	58,735	88,603	254,518	383,946
CBC	CBG Capital	Large/Medium	25,013,576	-	55,571 *	51,548 *	240,808 *	223,373 *
WAM	WAM Capital	Medium/Small	633,342,008	-	2,935,870	6,481,101	12,722,101	28,084,772
MIR	Mirrabooka Investments	Medium/Small	156,653,048	-	290,494	777,385	1,258,806	3,368,670
WIC	WestOz Investment Co.	Medium/Small	129,005,588	12,882,851	335,336	321,654	1,453,122	1,393,834
WAX	WAM Research	Medium/Small	184,404,085	-	793,062	1,075,282	3,436,604	4,659,557
OZG	OzGrow th	Medium/Small	357,057,040	35,878,202	659,230	105,142	2,856,665	455,616
CTN	Contango Microcap	Small/Micro	168,289,506	265,000	1,178,638	1,209,459	5,107,430	5,240,988
NCC	Naos Emerging Opportunities	Small/Micro	59,173,393	-	256,933	287,437	1,113,378	1,245,560
ACQ	Acorn Capital	Small/Micro	48,930,696	-	310,476	266,571	1,345,396	1,155,139
BTI	Bailador Tech Investments	Unlisted Tech	120,247,831	-	289,650 *	289,759 *	1,255,150 *	1,255,622 *
ALF	Australian Leaders Fund	Long/Short	272,523,924	-	1,537,378	2,188,134	6,661,969	9,481,912
CDM	Cadence Capital	Long/Short	274,011,321	-	1,442,823	1,990,410	6,252,234	8,625,111
WAA	WAM Active	Long/Short	38,802,828	31,680,247	195,680	213,678	847,946	925,936
AEG	Absolute Equity Perf Fund	Market Neutral	92,408,028	70,515,907	664,479 *	752,878 *	2,879,411 *	3,262,470 *
WMK	Watermark Market Neutral	Market Neutral	87,358,085	-	593,693	579,284	2,572,672	2,510,232
DJW	Djerriw arrh Investments	Income	219,351,903	-	541,720	2,227,521	2,347,455	9,652,592
PL8	Plato Income Maximiser	Income	296,278,408	296,258,407	1,918,143 *	2,097,042 *	8,311,951 *	9,087,182 *
<b>International Equities</b>								
MFF	MFF Capital Investments	International	484,890,508	58,699,403	1,666,483	2,992,020	7,221,427	12,965,420
PMC	Platinum Capital	International	283,753,284	-	1,088,344	1,859,365	4,716,156	8,057,250
APL	Antipodes Global Invest Co	International	297,733,831	271,932,078	1,666,009 *	1,902,039 *	7,219,372 *	8,242,167 *
TGG	Templeton Global Grow th	International	226,579,182	-	994,673	1,269,643	4,310,251	5,501,788
HHV	Hunter Hall Global Value	International	244,204,945	-	1,568,253	1,903,038	6,795,762	8,246,497
PGF	PM Capital Global Opp	International	349,396,204	-	2,057,925	2,032,675	8,917,676	8,808,260
EGI	Ellerston Global Investment	International	75,871,924	33,599,177	242,425 *	248,363 *	1,050,508 *	1,076,242 *
WGF	Watermark Global Leaders	International	82,809,002	82,799,001	304,286 *	312,289 *	1,318,571 *	1,353,252 *
GVF	Global Value Fund	International	121,333,300	-	410,211 *	430,979 *	1,777,581 *	1,867,575 *
ALI	Argo Global Infrastructure	Intl Infra	143,583,305	-	489,839 *	887,052 *	2,122,635 *	3,843,892 *
EAI	Ellerston Asian Investment	Asia	112,930,244	65,167,917	435,207 *	377,768 *	1,885,897 *	1,636,993 *
PAF	PM Capital Asian Opp	Asia	55,861,921	-	339,497 *	322,891 *	1,471,155 *	1,399,193 *
<b>Specialist</b>								
FGX	Future Gen Investment Comp	Fund of Funds	349,663,801	-	1,471,435 *	1,647,377 *	6,376,219 *	7,138,634 *
FGG	Future Gen Global Invest	Gbl Fnd of Fnd	279,319,282	270,321,101	1,095,909 *	1,183,134 *	4,748,940 *	5,126,914 *
SNC	Sandon Capital	Activist	48,001,175	-	167,011	154,926	723,716	671,345

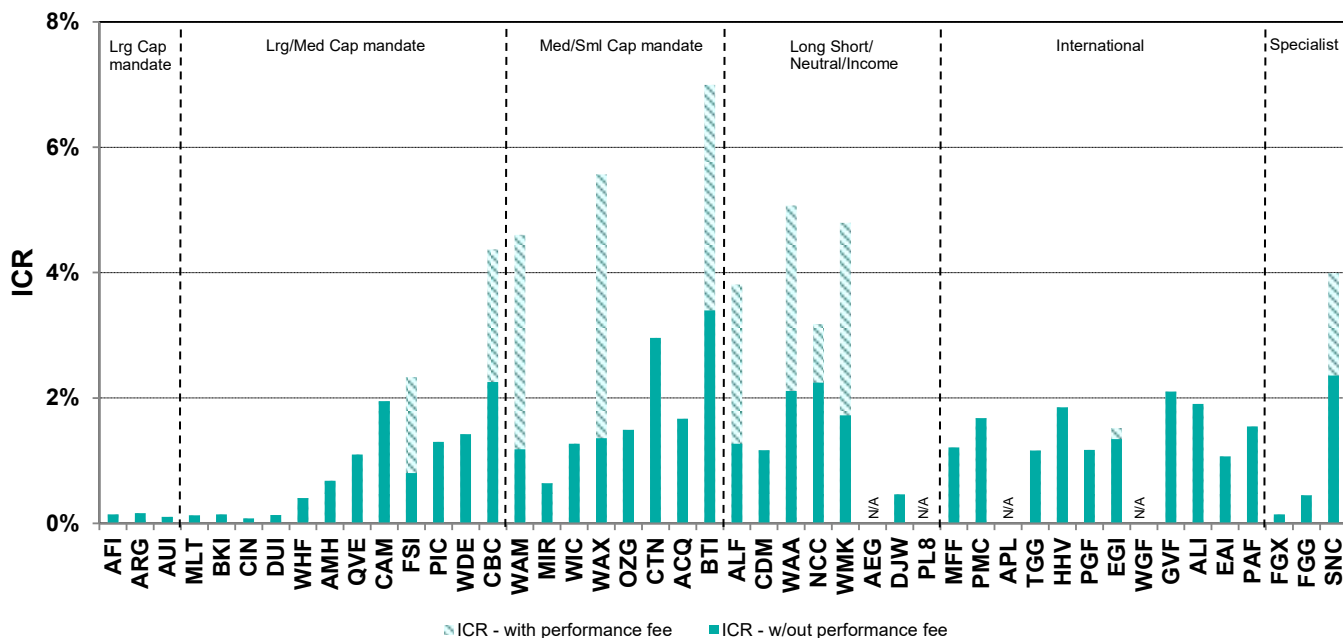
\* History less than 3 years

SOURCE: COMPANY DATA, IRESS & BELL POTTER

### Indirect Cost Ratio: Fees and Expenses

In the Graphs below, we have provided the Indirect Cost Ratio (ICR) for LICs in our coverage for the full year ending 30 June 2016. The ICR has been calculated both with and without performance fees. We are using this method of calculation to standardise the cost ratios across our LIC universe given the many different interpretations of the Management Expense Ratio, which is a frequently used expense calculation. ICR is generally accepted as the principal expense ratio calculation for the Managed Funds industry. Note, a number of LICs have been on the market for less than a year, therefore ICR is non-applicable.

Graph 13: Indirect Cost Ratio



SOURCE: COMPANY DATA, IRESS & BELL POTTER



# AUSTRALIAN FOUNDATION INVESTMENT CO (AFI)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P/ASX 200 Accumulation
<b>Manager:</b> Internal	<b>Indirect cost ratio with perf. fee:</b> 0.14%
<b>Listed:</b> 1936	<b>Indirect cost ratio w/out perf. fee:</b> 0.14%

## Investment Strategy

AFI takes a medium to longer term view of value which means that the aim is to buy and hold individual stocks for the long term based on selection criteria which, in summary, include: formulation and execution of the business strategy and its underlying business value; key financial indicators, including cash flow, prospective price earnings relative to projected growth, sustainability of earnings and dividend yield; and corporate governance practices.

## Personnel

Investment Personnel: Ross Barker (MD) and Mark Freeman (CIO). Directors: Terrence Campbell (Chairman), Ross Barker, Jacqueline Hey, John Paterson, David Peever, Catherine Walter, Peter Williams and Graeme Liebelt.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Options used to generate additional income in its short-term trading portfolio.

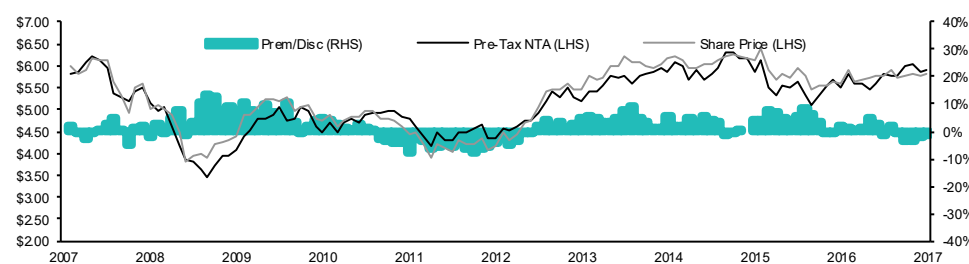
Cash/Debt: \$70.4m cash (31 Dec 2016)

Dividend reinvestment plan: Yes, VWAP 5 day average price post ex-date

Other: Affiliated with AMCL (AMH), Djerrirarrh (DJW) and Mirabooka (MIR).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	0.9%	2.6%	8.0%	2.0%	11.3%	4.6%
Index	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	2.4%	-0.3%	-5.1%	-4.8%	-0.3%	1.1%
<b>NTA+</b>						
Performance	-1.3%	2.8%	11.7%	4.5%	10.7%	4.1%
Benchmark	-1.6%	3.2%	14.1%	6.6%	11.8%	3.6%
Active return	0.3%	-0.4%	-2.4%	-2.1%	-1.1%	0.5%

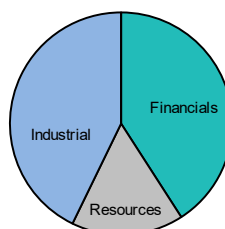
## Share Price and NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation
<b>Share price*</b>		
Year 1	-0.65	6.6%
Year 3	-0.59	7.8%
Year 5	-0.03	9.2%
<b>NTA+</b>		
Year 1	-2.10	8.9%
Year 3	-1.77	12.4%
Year 5	-0.86	11.5%

## Exposure (Top 20)



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$5.81
Pre-tax NTA	\$5.89
Post-tax NTA	\$5.07

Premium/(Discount) share price to:

Pre-tax NTA	-1.4%
Post-tax NTA	14.6%

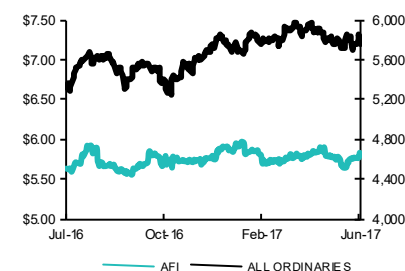
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.24
Yield	4.1%
Franking	100%
Grossed up yield	5.9%

## Capital Structure

Ordinary shares	1176.1m
Options/other	0.0m
Fully diluted	1176.1m
Market capitalisation	6833.0m

## AFI share price v ASX All Ords



## Top 20 Holdings

as at 30-Jun-17	%
Commonwealth Bank	9.6
Westpac Bank	7.0
BHP Billiton	4.8
National Australia Bank	4.3
Wesfarmers	4.0
ANZ Bank	3.6
CSL	3.5
Rio Tinto	3.4
Telstra	3.3
Transurban Group	3.2
Arcor	2.9
Brambles	1.9
Woolworths	1.9
AGL Energy	1.7
Oil Search	1.7
AMP	1.5
Ramsay Health Care	1.5
Woodside Petroleum	1.4
QBE Insurance Group	1.4
Qube Holdings	1.4
<b>% of Total</b>	<b>64.1</b>

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# ARGO INVESTMENTS (ARG)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P/ASX 200 Accumulation
<b>Manager:</b> Internal	<b>Indirect cost ratio with perf. fee:</b> 0.16%
<b>Listed:</b> 1946	<b>Indirect cost ratio w/out perf. fee:</b> 0.16%

## Investment Strategy

ARG's objective is to maximise long-term returns to shareholders through a balance of capital and dividend growth. The Company seeks to invest in quality companies that display sound management and a capability to grow profitability to fund increasing dividend payments. ARG is a value orientated, bottom-up stock picker whose objective is to buy on price weakness and hold for the long-term. ARG characterises itself as moderately benchmark aware, value driven and fundamentally based.

## Personnel

Investment Personnel: Jason Beddow (MD), Andy Forster (SIO), Brydie Lloyd-Roberts, Paul Frost, Daniel Cuthbertson and Colin Whitehead. Directors: Ian Martin AM (Chairman), Russell Higgins AO, Anne Brennan, Jason Beddow, Chris Cuffe AO, Joycelyn Morton and Roger Davis.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Options used to generate additional income in its short-term trading portfolio.

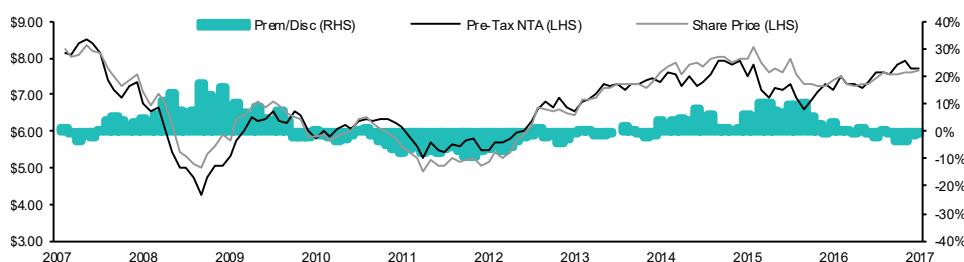
Cash/Debt: \$245.9m cash (30 Jun '17), \$0m Debt (31 Dec '16)

Dividend reinvestment plan: Yes, 2% discount to 4 day VWAP from record date

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	1.7%	4.9%	8.4%	4.1%	12.7%	3.7%
Index	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	3.2%	2.0%	-4.7%	-2.7%	1.1%	0.2%
<b>NTA+</b>						
Performance	-1.7%	3.0%	12.9%	5.8%	11.4%	3.6%
Benchmark	-1.6%	3.2%	14.1%	6.6%	11.8%	3.6%
Active return	-0.1%	-0.2%	-1.2%	-0.8%	-0.4%	0.0%

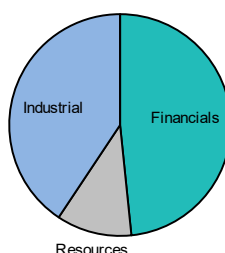
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	-0.61	1.65	3.6%
Year 3	-0.30	0.19	7.9%
Year 5	0.12	1.10	8.8%
<b>NTA+</b>			
Year 1	-0.67	1.34	7.8%
Year 3	-0.50	0.28	11.4%
Year 5	-0.26	0.78	10.6%

## Exposure (Top 20)



## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$7.67
Pre-tax NTA	\$7.71
Post-tax NTA	\$6.80

Premium/(Discount) share price to:	
Pre-tax NTA	-0.5%
Post-tax NTA	12.8%

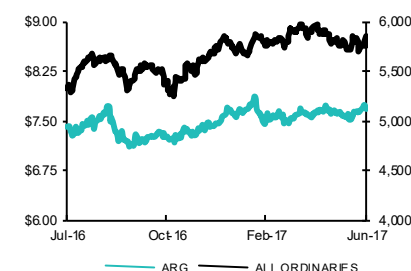
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.305
Yield	4.0%
Franking	100%
Grossed up yield	5.7%

## Capital Structure

Ordinary shares	693.3m
Options/other	0.0m
Fully diluted	693.3m
Market capitalisation	5317.8m

## ARG share price v ASX All Ords



## Top 20 Holdings

as at 30-Jun-17	
Westpac Bank	6.3
ANZ Bank	5.2
Commonwealth Bank	4.9
Wesfarmers	4.0
Macquarie Group	4.0
BHP Billiton	3.6
Telstra	3.5
NAB	3.3
CSL	2.8
Rio Tinto	2.8
Australian United Investment	2.3
Milton Corporation	2.2
Woolworths	2.0
Ramsay Health Care	1.9
Sydney Airport	1.9
APA Group	1.7
AGL Energy	1.7
Ancor	1.5
Origin Energy	1.4
Sonic Healthcare	1.3
<b>% of Total</b>	<b>58.3</b>

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation Index.

\*\* Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns, however, are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# AUSTRALIAN UNITED INVESTMENT CO (AUI)

## Domestic Focussed

**Mandate:** Australian listed equities

**Manager:** Internal

**Listed:** 1953

**Benchmark:** S&P/ASX 200 Accumulation

**Indirect cost ratio with perf. fee:** 0.10%

**Indirect cost ratio w/out perf. fee:** 0.10%

## Investment Strategy

AUI is an investment company which seeks, through careful portfolio management, to reduce risk and improve income from dividends and interest so as to maintain and grow dividend distributions to shareholders over the long term. AUI was founded in 1953 by the late Sir Ian Potter and The Ian Potter Foundation Ltd is today the Company's largest single shareholder.

## Personnel

Investment Personnel/Directors: Charles Goode AC (Chairman), Peter Wetherall, Frederick Grimwade and Jim Craig.

## Key Information

Exposure: International/**Domestic, Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large**/Medium/Small Cap, **Balanced**/Value/Growth, Passive/**Active**, **Long**/Short

Derivatives: n/a

Cash/Debt: \$21.5m cash, \$130.6m Debt (31 Dec. '16)

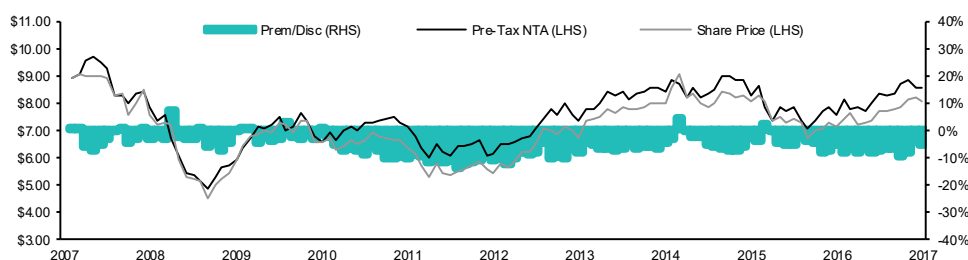
Dividend reinvestment plan: 5 day average price from ex-date.

Other: Affiliated with DUI

## Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	3.5%	7.4%	18.4%	4.8%	12.9%	3.4%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	5.0%	4.5%	5.3%	-2.0%	1.3%	-0.1%
<b>NTA+</b>						
Performance	-1.4%	4.7%	18.0%	4.9%	11.2%	3.2%
Benchmark	-1.6%	3.2%	14.1%	6.6%	11.8%	3.6%
Active return	0.2%	1.5%	3.9%	-1.7%	-0.6%	-0.4%

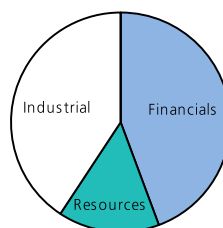
## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	0.56	2.05	7.8%
Year 3	-0.22	0.18	12.1%
Year 5	0.16	0.82	12.1%
<b>NTA+</b>			
Year 1	0.99	1.39	11.2%
Year 3	-0.48	0.16	13.9%
Year 5	-0.18	0.63	13.0%

## Exposure (Top 20)



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$8.09
Pre-tax NTA	\$8.57
Post-tax NTA	\$7.46

Premium/(Discount) share price to:

Pre-tax NTA	-5.6%
Post-tax NTA	8.4%

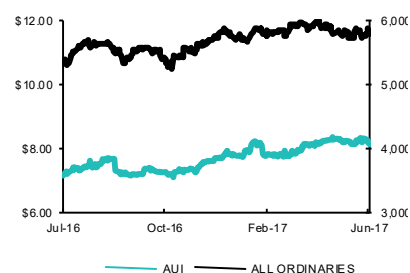
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.34
Yield	4.2%
Franking	100%
Grossed up yield	6.0%

## Capital Structure

Ordinary shares	123.7m
Options/other	0.0m
Fully diluted	123.7m
Market capitalisation	1000.8m

## AUI share price v ASX All Ords



## Top 20 Holdings

	%
as at 30-Jun-17	
Commonwealth Bank	8.9
ANZ Bank	6.8
Westpac Bank	6.4
National Australia Bank	5.6
Wesfarmers	4.7
CSL	4.6
Diversified United Investment	4.5
Transurban Group	4.2
Rio Tinto	4.0
BHP Billiton	3.6
Woodside Petroleum	3.1
Woolworths	2.6
Telstra	2.2
Sonic Healthcare	2.0
AMP	2.0
Ramsay Health Care	1.9
Brambles	1.7
Event Hospitality and Entertainment	1.7
Sydney Airport	1.5
Lend Lease Group	1.5
<b>% of Total</b>	<b>73.5</b>

\* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# MILTON CORPORATION (MLT)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> All Ordinaries Accumulation
<b>Manager:</b> Internal	<b>Indirect cost ratio with perf. fee:</b> 0.13%
<b>Listed:</b> 1958	<b>Indirect cost ratio w/out perf. fee:</b> 0.13%

## Investment Strategy

MLT is a long-term investor in companies, trusts, stapled securities and property. MLT seeks to invest in well-managed companies and trusts with a profitable history and with the expectation of sound dividend growth. MLT is not a speculative investor and does not sell its assets to increase profit for distribution to shareholders. Capital profits are reinvested by the Company for the benefit of shareholders.

## Personnel

Investment Personnel: Frank Gooch (MD), Sharon Johnson, Michael Borg and Michelle Wigglesworth. Investment Committee: Rob Millner, Kevin Eley, John Church and Frank Gooch. Directors: Robert Millner (Chairman), Kevin Eley, Ian Pollard, Frank Gooch, John Church and Graeme Crampton

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

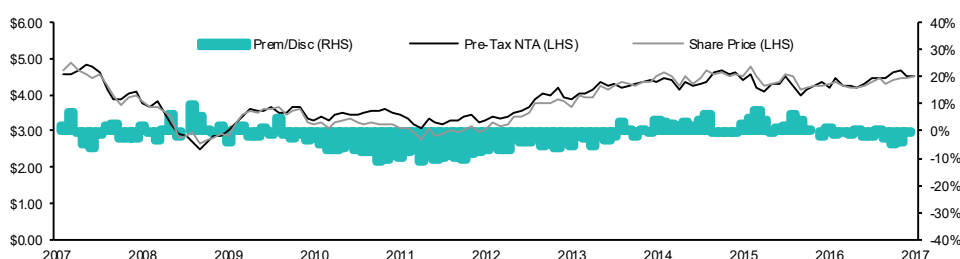
Derivatives: n/a

Cash/Debt: \$118.4m Cash (30 Jun '17)

Dividend reinvestment plan: Yes, 5 day VWAP post record date

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	2.3%	5.5%	10.0%	4.1%	12.9%	4.7%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	3.8%	2.6%	-3.1%	-2.7%	1.3%	1.2%
<b>NTA+</b>						
Performance	-2.8%	2.9%	11.5%	5.6%	11.2%	4.2%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-1.3%	0.0%	-1.6%	-1.2%	-0.4%	0.7%

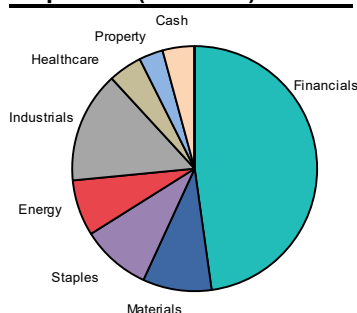
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	-0.40	1.56	4.8%
Year 3	-0.29	0.14	10.3%
Year 5	0.14	0.87	11.4%
<b>NTA+</b>			
Year 1	-0.82	1.00	9.0%
Year 3	-0.41	0.25	12.1%
Year 5	-0.15	0.71	11.4%

## Exposure (Portfolio)



\* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. +The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

\*+ Measurement of a listed investment company's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, however, does not incorporate franking. Index returns however are entirely before tax measures. Listed investment company returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$4.51
Pre-tax NTA	\$4.51
Post-tax NTA	\$3.99

Premium/(Discount) share price to:

Pre-tax NTA	0.0%
Post-tax NTA	13.0%

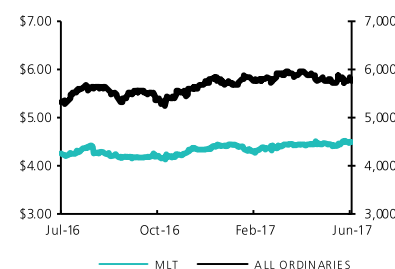
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.186
Yield	4.1%
Franking	100%
Grossed up yield	5.9%

## Capital Structure

Ordinary shares	652.0m
Options/other	0.0m
Fully diluted	652.0m
Market capitalisation	2940.4m

## MLT share price v ASX All Ords



## Top 20 Holdings

as at 30-Jun-17	%
Westpac Bank	10.8
Commonwealth Bank	8.8
W H Soul Pattinson	5.2
National Australia Bank	4.8
Wesfarmers	3.9
ANZ Bank	3.3
BHP Billiton	2.9
Bank of Queensland	2.8
CSL	2.8
Woolworths	2.5
Perpetual	2.3
AGL Energy	2.3
Telstra	2.2
Bendigo and Adelaide Bank	2.2
Macquarie Group	2.0
Suncorp Group	1.7
AP Eagers	1.7
ALS	1.5
Brickworks	1.5
Transurban Group	1.4
<b>% of Total</b>	<b>66.6</b>

# BKI INVESTMENT CO (BKI)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P/ASX 300 Accumulation
<b>Manager:</b> External (Contact Asset Mgmt)	<b>Indirect cost ratio with perf. fee:</b> 0.14%
<b>Listed:</b> 2003	<b>Indirect cost ratio w/out perf. fee:</b> 0.14%

## Investment Strategy

BKI invests with a long-term horizon in companies, trust and interest bearing securities, with a focus on well-managed businesses with a profitable history and sound dividend or distribution growth prospects. The portfolio had been built over 15 years, prior to being acquired by BKI and listed in 2003.

## Personnel

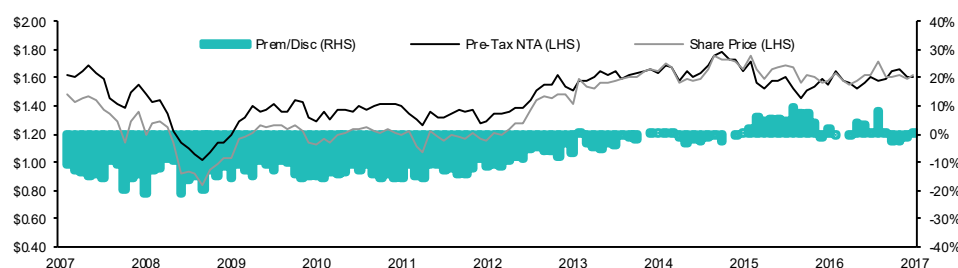
Investment Personnel: Tom Millner, Will Culbert. Directors: Robert Millner (Chairman), Alexander Payne, David Hall, Ian Huntley

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash  
 Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short  
 Derivatives: n/a  
 Cash/Debt: \$50m cash (30 Jun' 17)  
 Dividend reinvestment plan: Yes, 5 day VWAP post record date  
 Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	1.3%	1.9%	7.3%	3.9%	12.0%	5.7%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	2.8%	-1.0%	-5.8%	-2.9%	0.4%	2.2%
<b>NTA+</b>						
Performance	-2.4%	2.3%	8.7%	4.1%	9.2%	4.2%
Benchmark	-1.6%	3.1%	13.8%	6.6%	11.6%	3.4%
Active return	-0.8%	-0.8%	-5.1%	-2.5%	-2.4%	0.8%

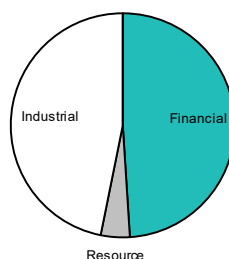
## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-0.52	0.58	8.3%
Year 3	-0.31	0.12	10.7%
Year 5	0.04	0.77	11.6%
<b>NTA+</b>			
Year 1	-2.22	0.65	9.5%
Year 3	-1.05	0.12	11.7%
Year 5	-1.00	0.57	10.8%

## Exposure (Top 20)



## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$1.62
Pre-tax NTA	\$1.61
Post-tax NTA	\$1.52

Premium/(Discount) share price to:

Pre-tax NTA	0.6%
Post-tax NTA	6.6%

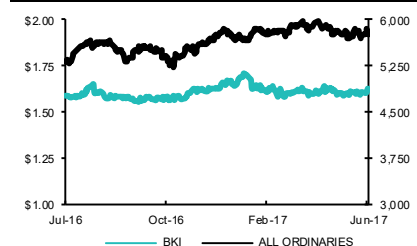
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.0725
Yield	4.5%
Franking	100%
Grossed up yield	6.4%

## Capital Structure

Ordinary shares	618.5m
Options/other	0.0m
Fully diluted	618.5m
Market capitalisation	1001.9m

## BKI share price v ASX All Ords



## Top 20 Holdings

as at 30-Jun-17	%
Commonwealth Bank	9.3
National Australia Bank	8.0
Westpac Bank	6.9
ANZ Bank	4.5
Wesfarmers	4.2
Telstra	4.0
APA Group	3.4
AGL Energy	3.2
Transurban Group	3.1
TPG Telecom	2.9
Woolworths	2.7
Sydney Airport	2.4
New Hope Corporation	2.3
IAG	2.1
Macquarie Group	2.0
ASX	2.0
Invocare	2.0
Sonic Healthcare	2.0
Challenger	2.0
Ramsay HealthCare	1.9
<b>% of Total</b>	<b>70.9</b>

\* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 300 Accumulation.

\*+ Measurement of a listed investment company's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, however, does not incorporate franking. Index returns however are entirely before tax measures. LIC returns will consequently be understated relative to the Index return.

# CARLTON INVESTMENTS (CIN)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P/ASX 200 Accumulation
<b>Manager:</b> Internal	<b>Indirect cost ratio with perf. fee:</b> 0.08%
<b>Listed:</b> 1970	<b>Indirect cost ratio w/out perf. fee:</b> 0.08%

## Investment Strategy

CIN's investment strategy is to invest in established listed blue chip stocks that provide high levels of sustainable income through fully franked dividends. It is the mandate of the LIC to only dispose of investments through takeovers, mergers or other exceptional circumstances that may arise from time to time.

## Personnel

Directors: Mr Alan Rydge (Chairman), Mr Anthony Clark and Mr Murray Bleach.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: n/a

Cash/Debt: \$14.3m cash(30 Jun '17), \$0 Debt (31 Dec '16)

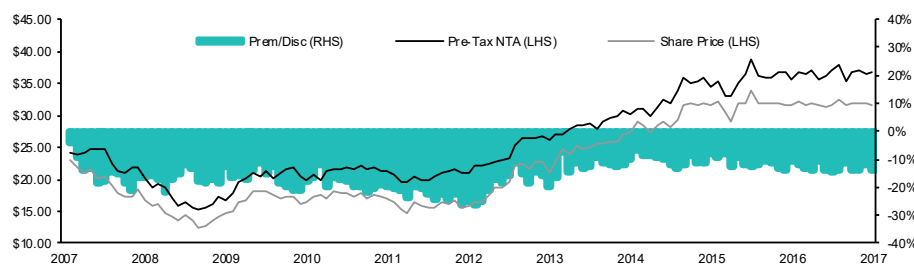
Dividend reinvestment plan: Suspended

Other: Share buy-back currently in place.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.0%	1.2%	3.2%	8.8%	19.3%	8.1%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	0.5%	-1.7%	-9.9%	2.0%	7.7%	4.6%
<b>NTA+</b>						
Performance	-0.5%	0.5%	6.7%	10.2%	15.5%	7.8%
Benchmark	-1.6%	3.2%	14.1%	6.6%	11.8%	3.6%
Active return	1.1%	-2.7%	-7.4%	3.6%	3.7%	4.2%

Returns have been calculated on the share price on an accumulation basis

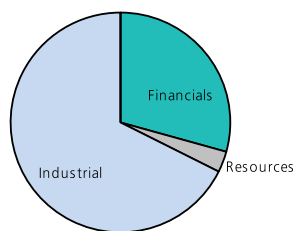
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information	Sharpe	Standard
	Ratio	Ratio	Deviation
Year 1	-1.08	0.16	4.7%
Year 3	0.20	0.55	11.3%
Year 5	0.69	1.18	13.8%
<b>NTA+</b>			
Year 1	-0.77	0.45	9.6%
Year 3	0.39	0.65	11.6%
Year 5	0.44	1.18	10.6%

## Exposure (Top 20)



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$31.50
Pre-tax NTA	\$36.65
Post-tax NTA	\$30.37

Premium/(Discount) share price to:

Pre-tax NTA	-14.1%
Post-tax NTA	3.7%

## Historic Dividend (prior 12-mths)

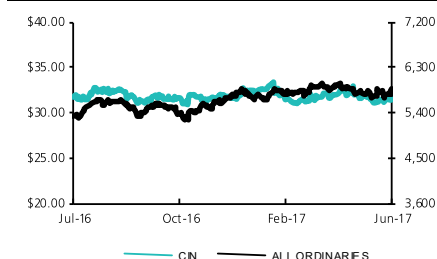
Dividends (net)	\$1.23
Yield	3.9%
Franking	100%
Grossed up yield	5.6%

\*Included a 7.0 cent special dividend

## Capital Structure

Ordinary shares	26.5m
Options/other	0.1m
Fully diluted	26.6m
Market capitalisation	834.0m

## CIN share price v ASX All Ords



## Top 20 Holdings

	%
as at 30-Jun-17	
Event Hospitality and Ent	42.6
National Australia Bank	6.7
Westpac Bank	5.6
Commonwealth Bank	4.9
AGL	4.2
ANZ Bank	3.0
Wesfarmers	2.5
Perpetual	2.5
Telstra	1.9
BHP Billiton	1.9
Bank of Queensland	1.7
Gowling Bros	1.6
Amcor	1.4
James Hardie	1.3
Bendigo & Adelaide Bank	1.3
Orica	1.2
APA Group	0.9
Lend Lease Group	0.9
Origin Energy	0.8
Rio Tinto	0.8
<b>% of Total</b>	<b>87.7</b>

\* The shareprice bench mark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation.

\*+ Measurement of a listed investment company's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, however, does not incorporate franking. Index returns however are entirely before tax measures. LIC returns will consequently be understated relative to the Index return.

# DIVERSIFIED UNITED INVESTMENT (DUI)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P/ASX 200 Accumulation
<b>Manager:</b> Internal	<b>Indirect cost ratio with perf. fee:</b> 0.13%
<b>Listed:</b> 1991	<b>Indirect cost ratio w/out perf. fee:</b> 0.13%

## Investment Strategy

DUI seeks a mixture of current income and longer term capital gains within acceptable levels of risk. It takes a medium to longer term view, investing in a diversified portfolio of Australian equities, listed property trusts, short term deposits and international equity via exchange traded funds.

## Personnel

Directors: Charles Goode AC (Chairman), Stephen Hiscock (Non-Executive Director), Andrew Larke (Non-Executive Director) and Anthony Burgess (Non-Executive Director).

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: n/a

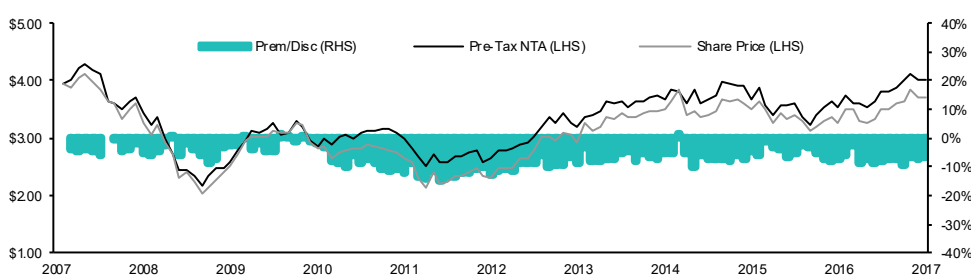
Cash/Debt: \$17.7m cash, \$95.1m Debt (31 Dec '16)

Dividend reinvestment plan: Yes, 5 day average price from ex date

Other: Affiliated with AUI

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	1.9%	7.9%	18.5%	6.3%	14.8%	3.9%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	3.4%	5.0%	5.4%	-0.5%	3.2%	0.4%
<b>NTA+</b>						
Performance	-0.7%	6.5%	17.6%	6.8%	13.0%	4.0%
Benchmark	-1.6%	3.2%	14.1%	6.6%	11.8%	3.6%
Active return	0.9%	3.3%	3.5%	0.2%	1.2%	0.4%

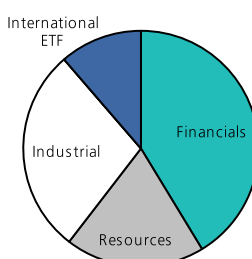
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	0.75	1.39	11.6%
Year 3	-0.07	0.29	12.8%
Year 5	0.41	0.89	13.2%
<b>NTA+</b>			
Year 1	0.95	1.42	10.7%
Year 3	0.04	0.30	13.8%
Year 5	0.33	0.77	12.8%

## Exposure (Top 25)



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$3.72
Pre-tax NTA	\$4.00
Post-tax NTA	\$3.47

Premium/(Discount) share price to:

Pre-tax NTA	-7.0%
Post-tax NTA	7.2%

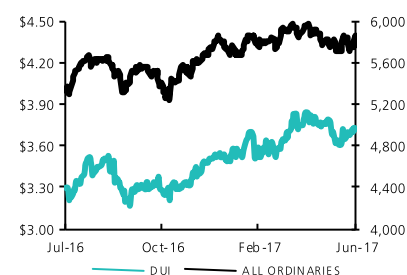
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.14
Yield	3.8%
Franking	100%
Grossed up yield	5.4%

## Capital Structure

Ordinary shares	208.7m
Options/other	0.0m
Fully diluted	208.7m
Market capitalisation	776.4m

## DUI share price v ASX All Ords



## Top 20 Holdings

as at 30-Jun-17	%
Commonwealth Bank	8.9
CSL	8.4
Westpac Bank	6.2
ANZ Bank	6.2
Transurban Group	5.1
National Australia Bank	4.8
Vanguard VEU ETF	3.4
Woodside Petroleum	3.2
Rio Tinto	3.2
BHP Billiton	3.0
Wesfarmers	2.8
Vanguard VTS ETF	2.6
Lend Lease	2.1
Washington H Soul Pattinson	2.0
Woolworths	2.0
Sydney Airport	1.9
AMP	1.9
Macquarie Atlas Roads	1.6
Suncorp Group	1.6
Oil Search	1.5
<b>% of Total</b>	<b>72.4</b>

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# WHITEFIELD (WHF)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P/ASX 200 Ind Accumulation
<b>Manager:</b> White Funds Management Pty Ltd	<b>Indirect cost ratio with perf. fee:</b> 0.40%
<b>Listed:</b> 1923	<b>Indirect cost ratio w/out perf. fee:</b> 0.40%

## Investment Strategy

WHF seeks to own a portfolio of attractively priced businesses with a proven or strengthening ability to deliver shareholder value. Its investment strategy utilises a disciplined quantitative and qualitative process to identify and assess Quality, Intrinsic Value and Mispricing, and will seek to invest where these elements favour their shareholders. It takes a style neutral approach which is designed to provide a diversified return despite their focus on industrials.

## Personnel

Investment Personnel: Angus Gluskie (Chief Executive Officer). Directors: David Iliffe (Chairman), Angus Gluskie, Martin Fowler, Lance Jenkins and Will Seddon.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: n/a

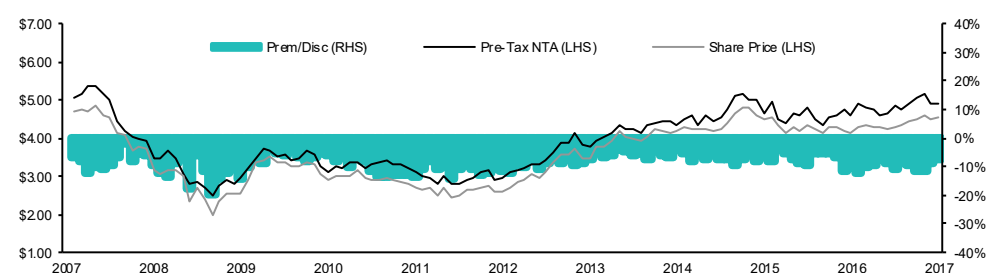
Cash/Debt: \$0.9m Cash (30 Jun '17), \$0.0m Debt, \$41.6m Hybrid (31 Mar '17)

Dividend reinvestment plan: Yes, 2.5% discount to a 5 day VWAP from (and including) ex-date

Other: N/A

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	3.3%	7.6%	14.3%	7.1%	16.6%	4.5%
Benchmark	-1.4%	3.8%	12.6%	8.8%	15.0%	5.1%
Active return	4.7%	3.8%	1.7%	-1.7%	1.6%	-0.6%
<b>NTA+</b>						
Performance	-1.7%	3.2%	10.8%	7.9%	15.3%	4.0%
Benchmark	-1.4%	3.8%	12.6%	8.8%	15.0%	5.1%
Active return	-0.3%	-0.6%	-1.8%	-0.9%	0.3%	-1.1%

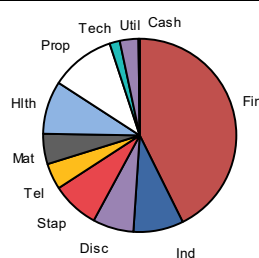
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	0.22	2.69	4.4%
Year 3	-0.20	0.54	8.2%
Year 5	0.20	1.33	10.2%
<b>NTA+</b>			
Year 1	-2.04	0.76	10.9%
Year 3	-0.41	0.37	14.2%
Year 5	0.12	0.92	13.2%

## Exposure (Portfolio)



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$4.54
Pre-tax NTA	\$4.91
Post-tax NTA	\$4.51

Premium/(Discount) share price to:

Pre-tax NTA	-7.5%
Post-tax NTA	0.7%

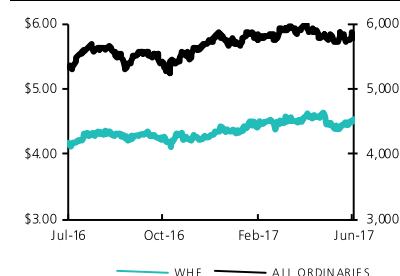
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.17
Yield	3.7%
Franking	100%
Grossed up yield	5.3%

## Capital Structure

Ordinary shares	84.0m
Options/other	0.4m
Fully diluted	84.4m
Market capitalisation	381.4m

## WHF share price v ASX All Ords



## Top 20 Holdings %

as at 30-Jun-17

Commonwealth Bank	9.8
Westpac Bank	7.4
ANZ Bank	6.1
National Australia Bank	6.1
CSL	4.0
Wesfarmers	3.3
Telstra	3.2
Woolworths	2.4
Macquarie Group	2.2
Scentre Group	2.1
AGL Energy	1.9
Insurance Australia Group	1.9
Transurban Group	1.8
Amcors	1.4
Aurizon Holdings	1.3
Cimic Group	1.2
Stockland	1.2
Orica	1.2
QBE Insurance Group	1.2
Sydney Airport	1.2
<b>% of Total</b>	<b>60.8</b>

\* The share price benchmark has been compared against the S&P/ASX 200 Industrials Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Industrials Accumulation.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.



# PERPETUAL EQUITY INVESTMENT CO (PIC)

## Domestic Focussed

<b>Mandate:</b> Aust/Intl Listed Equities	<b>Benchmark:</b> S&P/ASX 300 Accum
<b>Manager:</b> Perpetual Investment Mgmt	<b>Indirect cost ratio with perf. fee:</b> 1.30%
<b>Listed:</b> Dec-14	<b>Indirect cost ratio w/out perf. fee:</b> 1.30%

## Investment Strategy

PIC's concentrated portfolio will primarily consist of mid cap Australian companies along with a smaller portion of global listed securities in an attempt to generate outperformance relative to the benchmark. The Manager will undertake a bottom up research approach to identify companies with four key quality characteristics; sound management, conservative debt (typically d/e ratio less than 50%), quality of business, and recurring earnings. The portfolio will traditionally consist between 20-40 securities.

## Personnel

Investment Personnel: Vince Pezzullo, Paul Skamvougeras, Nathan Hughes, Anthony Aboud, Anthony Cay, Jack Collopy, Garry Laurence. Directors: Nancy Fox (Chair), Virginia Malley, John Edstein, Christine Feldmanis, Geoff Lloyd

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: Can use derivatives to hedge currency & securities, and short term invest. strategy

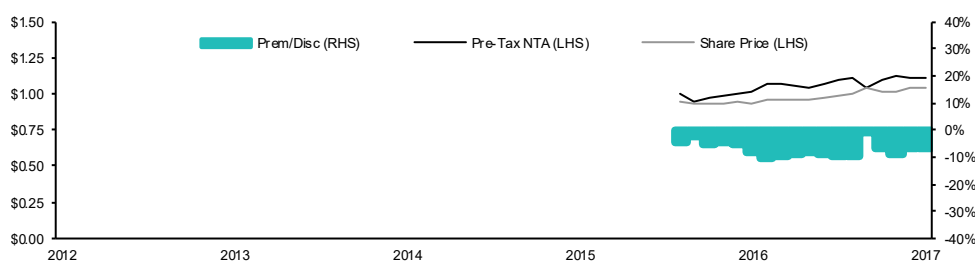
Cash/Debt: \$58.9m cash (30 Jun '17) \$0m Debt (31 Dec '16)

Dividend Reinvestment Plan: Yes

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	1.5%	6.7%	16.6%	n/a	n/a	n/a
Index	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	3.0%	3.8%	3.5%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	0.8%	2.7%	14.2%	n/a	n/a	n/a
Benchmark	-1.6%	3.1%	13.8%	6.6%	11.6%	3.4%
Active return	2.4%	-0.4%	0.4%	n/a	n/a	n/a

## Share Price and NTA



## Risk/Return Indicators

Share price*	Information	Sharpe	Standard
	Ratio	Ratio	Deviation
Year 1	0.34	1.87	0.08
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	0.06	1.31	0.09
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 300 Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$1.04
Pre-tax NTA	\$1.11
Post-tax NTA	\$1.10

Premium/(Discount) share price to:

Pre-tax NTA	-6.5%
Post-tax NTA	-5.7%

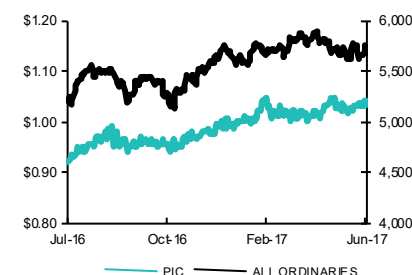
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.042
Yield	4.1%
Franking	100%
Grossed up yield	5.8%

## Capital Structure

Ordinary shares	253.4m
Options/other	0.0m
Fully diluted	253.4m
Market capitalisation	262.2m

## PIC share price v ASX All Ords



## Top Holdings %

<i>as at 30-Jun-17</i>	
<b>Domestic Securities</b>	
Woolworths	7.7
Westpac Banking Corp	6.9
CYBG PLC	5.7
Star Ent Group	5.5
Medibank Private	4.6

## International Securities

AXA SA	4.2
ING Group NV	4.0
Shire PLC	3.8
<b>% of Total</b>	<b>42.4</b>

## Gross Portfolio Structure

<i>as at 30-Jun-17</i>	
Australian Securities	57%
Global Securities	22%
Cash	21%
<b>% of Total</b>	<b>100.0%</b>

# AMCIL (AMH)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P/ASX 200 Accumulation
<b>Manager:</b> Internal	<b>Indirect cost ratio with perf. fee:</b> 0.68%
<b>Listed:</b> 2000	<b>Indirect cost ratio w/out perf. fee:</b> 0.68%

## Investment Strategy

AMCIL's concentrated portfolio covers both large and small companies. The number of companies in the portfolio will usually comprise 30 to 40 stocks depending on market conditions and thematic investment opportunities. The selection of stocks in the portfolio is based on attractive valuations as well as the outlook for growth and the competitive structure of the industry.

## Personnel

Investment Personnel: Ross Barker (Managing Director) and Mark Freeman (Chief Investment Officer).  
Directors: Bruce Teele (Chairman), Ross Barker, Siobhan McKenna, Rupert Myer, Roger Brown, Jon Webster and Bob Santamaria.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Options occasionally used to generate additional income.

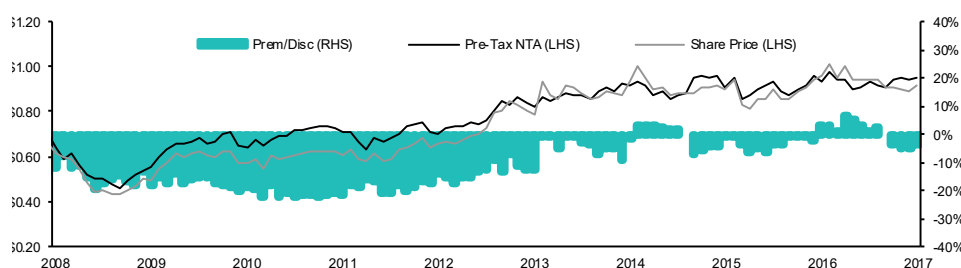
Cash/Debt: \$15.0m cash (30 Jun '17)

Dividend reinvestment plan: 2.5% discount to 5 day average price post ex-date

Other: Affiliated with AFIC (AFI), Djerrirarrh (DJW) and Mirrabooka (MIR).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	1.1%	-2.7%	-1.2%	3.1%	10.7%	7.3%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	2.6%	-5.6%	-14.3%	-3.7%	-0.9%	3.8%
<b>NTA+</b>						
Performance	0.6%	1.7%	5.3%	5.0%	10.0%	6.3%
Benchmark	-1.6%	3.2%	14.1%	6.6%	11.8%	3.6%
Active return	2.2%	-1.5%	-8.8%	-1.6%	-1.8%	2.7%

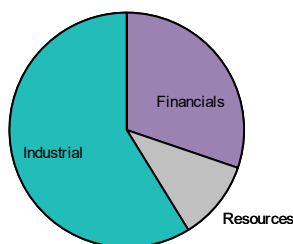
## Share Price and NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation
<b>Share price*</b>		
Year 1	-1.42	10.6%
Year 3	-0.41	11.5%
Year 5	-0.08	14.2%
<b>NTA+</b>		
Year 1	-1.63	8.2%
Year 3	-0.29	10.7%
Year 5	-0.37	10.1%

## Exposure (Top 20)



## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$0.92
Pre-tax NTA	\$0.95
Post-tax NTA	\$0.89

Premium/(Discount) share price to:

Pre-tax NTA	-3.7%
Post-tax NTA	2.8%

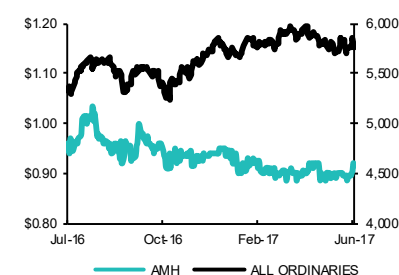
## Historic Dividend (prior 12-mths)

Dividends (net)*	\$0.035
Yield	3.8%
Franking	100%
Grossed up yield	5.5%

## Capital Structure

Ordinary shares	258.0m
Options/other	0.0m
Fully diluted	258.0m
Market capitalisation	236.0m

## AMH share price v ASX All Ords



## Top 20 Holdings

as at 30-Jun-17	%
Mainfreight	4.3
BHP Billiton	4.1
Lifestyle Communities	4.1
Commonwealth Bank of Aus	3.8
National Australia Bank	3.8
CSL	3.6
Brambles	3.5
Qube Holdings	3.4
James Hardie Industries	3.3
Westpac Banking Corporation	3.2
QBE Insurance Group	2.9
IRESS	2.7
Oil Search	2.6
Transurban Group	2.6
Wesfarmers	2.4
Treasury Wine Estates	2.4
Incitec Pivot	2.1
Amcors	2.1
TPG Telecom	2.0
AMP	1.9
<b>% of Total</b>	<b>60.7</b>

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# QV EQUITIES (QVE)

## Domestic Focussed

<b>Mandate:</b> Australian Listed Equities	<b>Benchmark:</b> S&P/ASX 300 Ex-20 Accum
<b>Manager:</b> Investors Mutual	<b>Indirect cost ratio with perf. fee:</b> 1.10%
<b>Listed:</b> Aug-14	<b>Indirect cost ratio w/out perf. fee:</b> 1.10%

## Investment Strategy

QVE's primary objective is to achieve long term value through a combination of capital growth and income. This will be established by holding a diversified portfolio outside the S&P/ASX 20 Index. QVE will hold 20-50 stock predominately from the S&P/ASX 300 –ex Top 20. The Company seeks to invest in quality companies that display four key characteristics; an established competitive advantage, recurring and predictable earnings, strong management, and ability to grow over time. QVE characterises itself as value-driven investor, with a bottom-up research approach.

## Personnel

Investment Personnel: Anton Tagliaferro, Simon Conn. Directors: Peter McKillop (Chairman), John McBain, Jennifer Horrigan, Anton Tagliaferro, Simon Conn.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Used for arbitrage or to replicate underlying positions

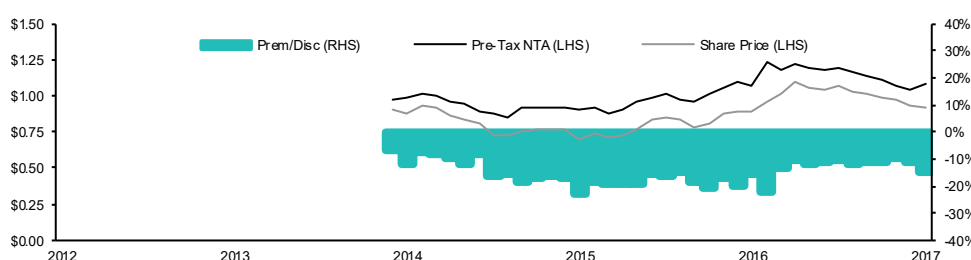
Cash/Debt: \$82.2m cash (30 Jun '17) \$0m Debt (31 Dec '16)

Dividend Reinvestment Plan: Yes

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	8.1%	8.5%	28.0%	n/a	n/a	n/a
Index	-1.6%	3.1%	13.8%	n/a	n/a	n/a
Active return	9.7%	5.4%	14.2%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	2.1%	3.9%	12.7%	n/a	n/a	n/a
Benchmark	2.1%	6.5%	13.6%	n/a	n/a	n/a
Active return	0.0%	-2.6%	-0.9%	n/a	n/a	n/a

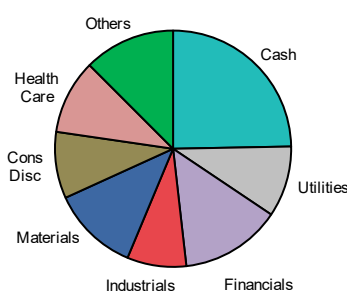
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	0.83	2.09	0.12
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-0.19	1.34	0.08
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

## Exposure (Portfolio)



## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$1.34
Pre-tax NTA	\$1.21
Post-tax NTA	\$1.16

Premium/(Discount) share price to:

Pre-tax NTA	10.8%
Post-tax NTA	15.4%

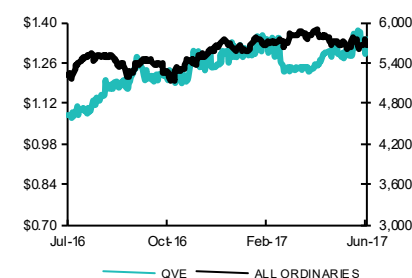
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.038
Yield	2.8%
Franking	100%
Grossed up yield	4.1%

## Capital Structure

Ordinary shares	275.1m
Options/other	0.0m
Fully diluted	275.1m
Market capitalisation	368.6m

## QVE share price v ASX All Ords



## Top Holdings

as at 30-Jun-17	
Sonic Healthcare	3.6
Pact	3.2
Fletcher Building	3.2
Clydesdale Bank	3.2
Spark Infrastructure	3.1
Ansell	3.1
Bank of Queensland	3.1
Caltex	3.0
Ancor	2.9
Tox Free	2.9
<b>% of Total</b>	<b>31.3</b>

\* The share price benchmark has been compared against the S&P/ASX 300 Accumulation Index. + The NTA has been compared against the S&P/ASX 300 ex 20 Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## WEALTH DEFENDERS EQUITY (WDE)

## Domestic Focussed

<b>Mandate:</b>	Australian Listed Equities	<b>Benchmark:</b>	S&P/ASX 300 Accum
<b>Manager:</b>	Perennial Value Mgmt	<b>Indirect cost ratio with perf. fee:</b>	1.42%
<b>Listed:</b>	May-15	<b>Indirect cost ratio w/out perf. fee:</b>	1.42%

## Investment Strategy

WDE has a dual objective of outperforming the ASX 300 Accumulation Index and using dynamic asset allocation and derivative protection strategies to provide downside protection through the market cycles. The manager invests in a diversified portfolio of Australian shares, with an ex-ASX top 20 bias. The portfolio is expected to contain between 35 and 100 securities.

## Personnel

Investment Personnel: John Murray, Stephen Bruce, Dan Bosscher, Grant Oshry, Andrew Smith, Scott Stewart. Directors: Alan Schoenheimer (Chairman), Paul Clitheroe, Richard Morath, Anthony Patterson & John Murray.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Used to reduce magnitude of negative returns in falling market.

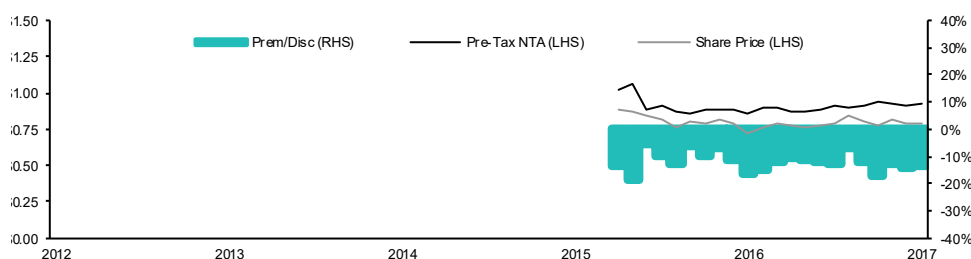
Cash/Debt: \$5.81m cash (30 Jun '17), \$0m Debt (31 Dec '16)

Dividend Reinvestment Plan: Yes, 2.5% discount

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	2.6%	0.0%	13.2%	n/a	n/a	n/a
Index	-1.6%	3.1%	13.8%	6.6%	11.6%	3.4%
Active return	4.2%	-3.1%	-0.6%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	-1.6%	0.8%	9.3%	n/a	n/a	n/a
Benchmark	-1.6%	3.1%	13.8%	6.6%	11.6%	3.4%
Active return	0.0%	-2.3%	-4.5%	n/a	n/a	n/a

## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	-0.04	0.91	0.12
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-1.28	1.07	0.06
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

\* The share price benchmark has been compared against the S&P/ASX 300 Accumulation Index. + The NTA has been compared against the S&P/ASX 300 Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$0.80
Pre-tax NTA	\$0.92
Post-tax NTA	\$0.95

Premium/(Discount) share price to:

Pre-tax NTA	-13.6%
Post-tax NTA	-16.6%

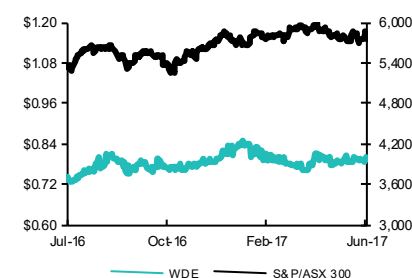
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.020
Yield	2.5%
Franking	100%
Grossed up yield	3.6%

## Capital Structure

Ordinary shares	126.3m
Options/other	0.0m
Fully diluted	126.3m
Market capitalisation	100.4m

## WDE share price v ASX All Ords



## Top Holdings

as at 30-Jun-17	%
BHP Billiton	6.5
Commonwealth Bank	6.3
National Australia Bank	5.8
Westpac Bank	4.8
ANZ Bank	4.1
Suncorp Group	3.5
AMP	3.4
Telstra	3.4
Woodside Petroleum	3.1
Macquarie Group	3.1
Woolworths	2.9
Westfield Corp	2.9
Caltex Australia	2.7
Arcor	2.6
Cybg PLC	2.4
Vocus Group	2.2
Janus Henderson	2.2
Gateway Lifestyle	2.1
Wesfarmers	2.0
Lendlease Group	1.8
<b>% of Total</b>	<b>67.8</b>

# CLIME CAPITAL (CAM)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> All Ordinaries Accumulation
<b>Manager:</b> Clime Asset Management	<b>Indirect cost ratio with perf. fee:</b> 1.95%
<b>Listed:</b> Apr-04	<b>Indirect cost ratio w/out perf. fee:</b> 1.95%

## Investment Strategy

CAM offers investors the opportunity to invest in a value focused closed end Investment Company managed by a top performing Australian Value Equity Manager Clime Asset Management. CAM applies a four tier investment strategy: Acquire securities in attractive companies when the market price on offer trades at a discount to their assessed value; reduce or close positions when the market price is well above the assessment of value; ensure each investment meets a realistic required return to ensure the risk and return of the portfolio is properly balanced to achieve returns without risking capital; seek investments with an enhanced yield; and maintain a high cash position when prices are expensive and value is not readily available in the market.

## Personnel

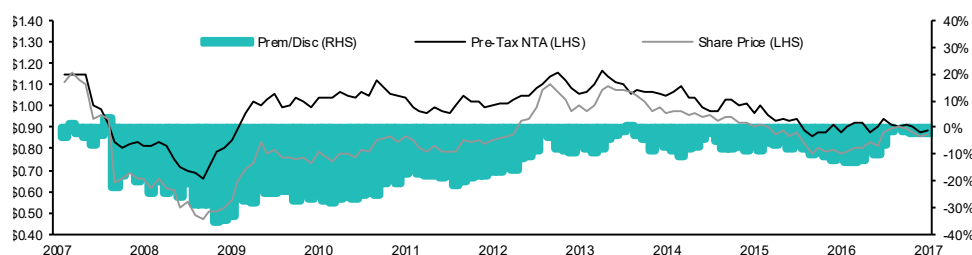
Investment Personnel: John Abernethy (Chief Investment Officer). Directors: John Abernethy (Chairman), Geoff Wilson, Julian Gosse and Brett Spork

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**  
 Style: **Large/Medium/Small** Cap, **Balanced/Value/Growth**, **Passive/Active, Long/Short**  
 Derivatives: The manager has the ability to use derivatives to manage excessive risk concentrations.  
 Cash (Fixed Income)/Debt: Cash \$16.17m (30 Jun '17), Debt \$0.0m (31 Dec '16)  
 Dividend reinvestment plan: Yes, at 1% discount to 4-day VWAP from (and incl.) record date.  
 Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.5%	1.6%	18.8%	1.4%	5.6%	2.1%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	0.0%	-1.3%	5.7%	-5.4%	-6.0%	-1.4%
<b>NTA+</b>						
Performance	-0.9%	-2.8%	6.7%	-0.9%	2.0%	0.8%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	0.6%	-5.7%	-6.4%	-7.7%	-9.6%	-2.7%

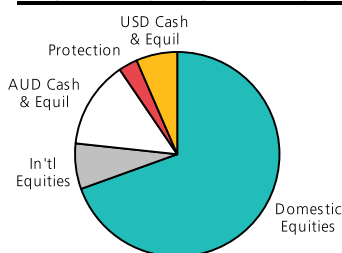
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	0.47	1.60	10.2%
Year 3	-0.52	-0.13	9.7%
Year 5	-0.54	0.23	11.1%
<b>NTA+</b>			
Year 1	-1.10	0.54	7.8%
Year 3	-1.38	-0.37	9.6%
Year 5	-1.45	-0.12	9.0%

## Exposure (Net portfolio)



## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$0.87
Pre-tax NTA	\$0.89
Post-tax NTA	\$0.90

Premium/(Discount) share price to:

Pre-tax NTA	-2.2%
Post-tax NTA	-3.3%

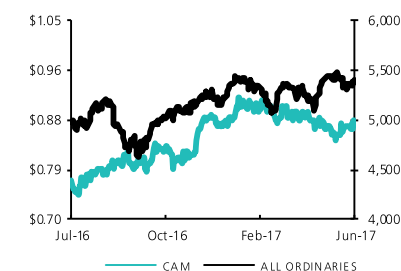
## Historic Dividend (prior 12-mths)

Dividends (net)*	\$0.048
Yield*	5.5%
Franking*	100%
Grossed up yield*	7.9%

## Capital Structure

Ordinary shares	89.5m
Options/other	0.0m
Fully diluted	89.5m
Market capitalisation	77.9m

## CAM share price v ASX All Ords



## Top Holdings

<i>as at 30-Jun-17</i>	
<b>Domestic Equities</b>	
ANZ Bank	4.6
Janus Henderson	4.6
National Australia Bank	4.4
APN Outdoor Group	4.0
Qube Holdings	3.8
Ramsay Healthcare	3.8
Collins Foods	3.6
Gateway Lifestyle Group	3.6
HFA Holdings	2.7
Citadel Group	2.5
<b>International Equities</b>	
Medtronic Plc	1.2
Cognizant Tech Solutions	1.1
China Mobile	1.1
<b>% of Total</b>	<b>40.9</b>

\*The investment performance calculation has been impacted by the initial uplift associated with the 1 for 4 Renounceable Rights issue (CAMPA) issued in April 2007. However, this is offset by the ongoing cost of the issue which has an effective 7.5% fully franked coupon. CAMPA converts into ordinary equity in April 2017.

\*Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking or options. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# FLAGSHIP INVESTMENTS (FSI)

## Domestic Focused

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> All Ordinaries Accumulation
<b>Manager:</b> EC Pohl & Co Pty Ltd	<b>Indirect cost ratio with perf. fee:</b> 2.33%
<b>Listed:</b> 2000	<b>Indirect cost ratio w/out perf. fee:</b> 0.80%

## Investment Strategy

FSI provides investors with access to a diversified Australian investment portfolio. It aims to maintain 90% of available funds in equity investments with the balance in cash and equivalent. FSI is best suited to investors with a medium to long-term time horizon. FSI's central investment strategy is to invest in high quality business franchises that have the ability to grow sales and earnings at rates above GDP, producing superior investment returns over the long-term. The company adopts an active investment strategy comprising a broad spectrum of well managed companies.

## Personnel

Investment Personnel: Emmanuel Pohl (Managing Director). Directors: Emmanuel Pohl, Dominic McGann (Chairman) and Sophie Mitchell

## Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, **Cash**

Style: **Large/Medium/Small Cap**, Balanced/**Value/Growth**, Passive/**Active**, **Long/Short**

Derivatives: n/a

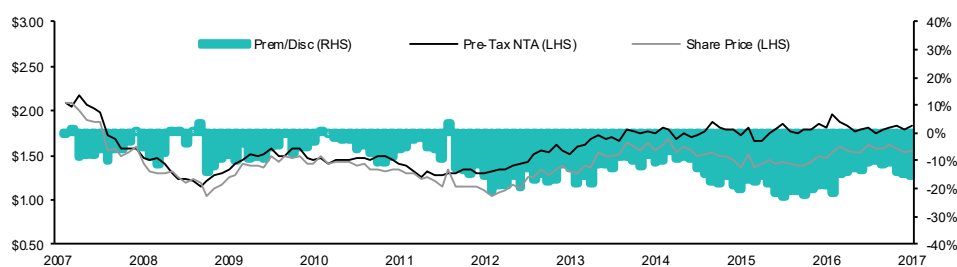
Cash/Debt: \$1.3m Cash, \$0.0m Debt (31 Dec. '16)

Dividend reinvestment plan: Yes.

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-4.0%	-2.6%	9.9%	4.6%	12.3%	2.5%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	<b>-2.5%</b>	<b>-5.5%</b>	<b>-3.2%</b>	<b>-2.2%</b>	<b>0.7%</b>	<b>-1.0%</b>
<b>NTA+</b>						
Performance	1.3%	2.7%	4.6%	5.9%	11.5%	3.5%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	<b>2.8%</b>	<b>-0.2%</b>	<b>-8.5%</b>	<b>-0.9%</b>	<b>-0.1%</b>	<b>0.0%</b>

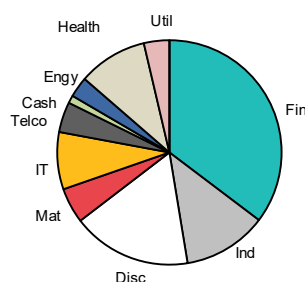
## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-0.32	0.65	11.5%
Year 3	-0.23	0.15	13.0%
Year 5	0.06	0.62	14.8%
<b>NTA+</b>			
Year 1	-1.48	0.19	11.4%
Year 3	-0.19	0.27	11.6%
Year 5	-0.02	0.74	11.4%

## Exposure (Portfolio)



## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$1.55
Pre-tax NTA	\$1.83
Post-tax NTA	\$1.72

Premium/(Discount) share price to:

Pre-tax NTA	-15.5%
Post-tax NTA	-10.3%

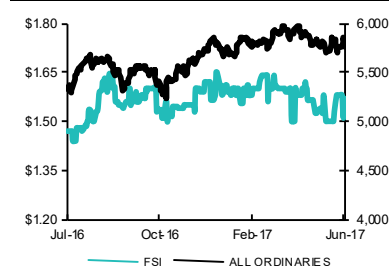
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.0725
Yield	4.7%
Franking	100%
Grossed up yield	6.7%

## Capital Structure

Ordinary shares	25.5m
Options/other	0.0m
Fully diluted	25.5m
Market capitalisation	39.4m

## FSI share price v ASX All Ords



## Top 10 Holdings

<i>as at 30-Jun-17</i>	
Macquarie Group	7.5
Westpac Bank	7.1
Commonwealth Bank	7.0
CSL	6.5
REA Group	5.4
Magellan Financial Group	5.3
Rio Tinto	5.0
IPH	4.9
Seek	4.9
TPG Telecom	4.3
<b>% of Total</b>	<b>57.9</b>

\* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and LIC payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# CBG CAPITAL (CBC)

## Domestic Focussed

<b>Mandate:</b> Australian Listed Equities	<b>Benchmark:</b> S&P/ASX 200 Accum
<b>Manager:</b> CBG Asset Mgmt	<b>Indirect cost ratio with perf. fee:</b> 4.37%
<b>Listed:</b> Dec-14	<b>Indirect cost ratio w/out perf. fee:</b> 2.25%

## Investment Strategy

CBC invests in portfolio of listed securities predominately in S&P/ASX200, with an emphasis on ex-S&P/ASX100 securities. The mandate is index unaware and style neutral. The Manager applies a disciplined investment process, using fundamental analysis to assess each securities' drivers, and then followed up by meeting with management. The portfolio will typically consist of 30-60 securities and is expected to take material underweight or overweight sector positions versus the index.

## Personnel

Investment Personnel: Ronni Chalmers, Scott Maddock, Vincent Cook, Michael Newbold. Directors: Ronni Chalmers (Chairman), Robert Swill, James Beecher.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Used for arbitrage or hedging

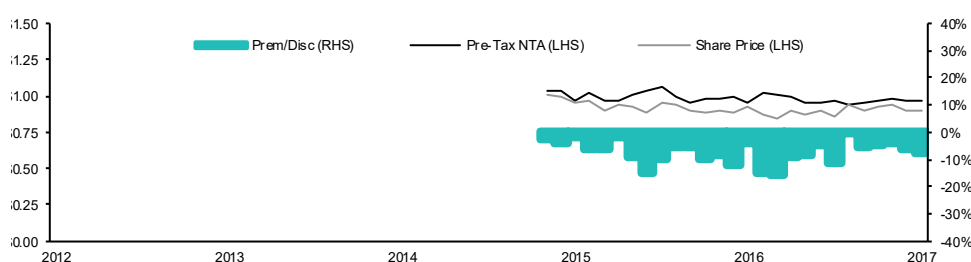
Cash/Debt: \$2.02m cash (30 Jun '17) \$0m Debt (31 Dec '16)

Dividend Reinvestment Plan: Yes, 2% discount from Apr 17 NTA

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.6%	6.4%	0.6%	n/a	n/a	n/a
Index	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-0.1%	3.5%	-12.5%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	1.1%	2.0%	4.3%	n/a	n/a	n/a
Benchmark	-1.6%	3.2%	14.1%	6.6%	11.8%	3.6%
Active return	2.7%	-1.2%	-9.8%	n/a	n/a	n/a

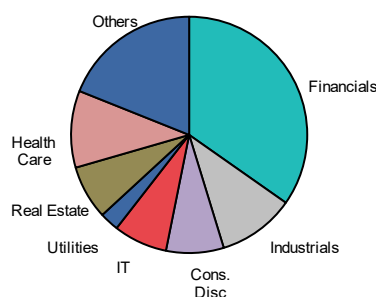
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	-0.62	-0.12	0.16
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-2.18	0.22	0.08
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

## Exposure (Portfolio)



## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$0.90
Pre-tax NTA	\$0.97
Post-tax NTA	\$0.97

Premium/(Discount) share price to:

Pre-tax NTA	-7.6%
Post-tax NTA	-7.1%

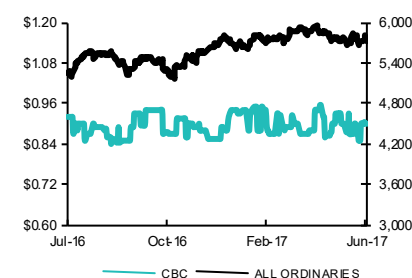
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.025
Yield	2.8%
Franking	100%
Grossed up yield	4.0%

## Capital Structure

Ordinary shares	25.0m
Options/other	0.0m
Fully diluted	25.0m
Market capitalisation	22.5m

## CBC share price v ASX All Ords



## Top Holdings

as at 30-Jun-17	%
Commonwealth Bank	9.3
Westpac	7.3
BHP Billiton	5.8
CSL	4.5
National Australia Bank	4.1
ANZ Bank	3.9
Henderson Group	3.6
Lend Lease	3.5
Telstra	3.4

**% of Total 45.4**

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# WAM CAPITAL (WAM)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Wilson Asset Management	<b>Indirect cost ratio with perf. fee:</b>	4.60%
<b>Listed:</b>	1999	<b>Indirect cost ratio w/out perf. fee:</b>	1.18%

## Investment Strategy

WAM Capital Limited (WAM) provides investors with exposure to a listed investment company with an actively managed diversified portfolio of undervalued growth companies. These are primarily found in the small to mid cap industrial sector. WAM also provides exposure to relative value arbitrage and market mispricing opportunities. The investment objectives are to deliver a growing stream of fully franked dividends, to provide capital growth and to preserve capital. WAM has a two fold investment strategy. Research driven: extensive research, focusing on free cash flow, then rating the company's management, earnings growth potential, valuation, industry position and catalyst for share price growth. Market driven: aims to take advantage of short-term relative arbitrage opportunities and mispricing in the market.

## Personnel

Investment Personnel: Geoffrey Wilson, Chris Stott, Martin Hickson, Matt Haupt, John Ayoub, Oscar Oberg and Tobias Yao. Directors: Geoffrey Wilson, Matthew Kidman, James Chirnside, Chris Stott, Kate Thorley and Lindsay Mann.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Used for arbitrage and in anticipation of a decline in the market value of that security.

Cash (Fixed Income)/Debt: Cash \$467.7m (30 Jun '17)

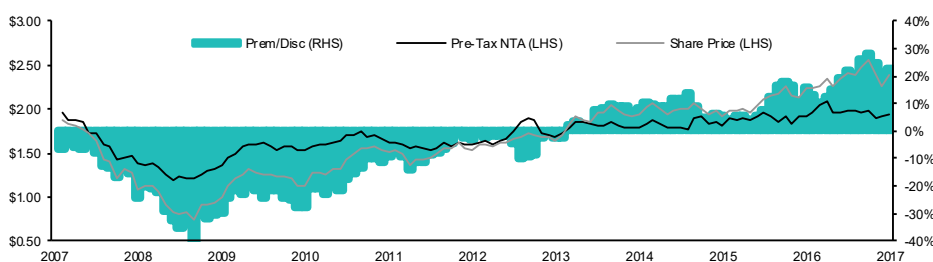
Dividend reinvestment plan: Yes, 2.5% discount to 4 day VWAP from (and including) ex-date

Other: Affiliated with WAM Research (ASX code: WAX) and WAM Active (ASX code: WAA).

## Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-3.3%	2.3%	14.1%	14.6%	16.7%	9.7%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-1.8%	-0.6%	1.0%	7.8%	5.1%	6.2%
<b>NTA+</b>						
Performance	1.8%	2.1%	8.8%	10.7%	11.8%	6.2%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	3.3%	-0.8%	-4.3%	3.9%	0.2%	2.7%

## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	0.09	1.15	10.1%
Year 3	0.64	1.39	8.6%
Year 5	0.46	1.56	8.7%
<b>NTA+</b>			
Year 1	-0.45	1.19	5.3%
Year 3	0.41	1.07	7.6%
Year 5	0.02	1.10	8.0%

\* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the index return.

## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$2.39
Pre-tax NTA	\$1.94
Post-tax NTA	\$1.92

Premium/(Discount) share price to:

Pre-tax NTA	23.0%
Post-tax NTA	24.8%

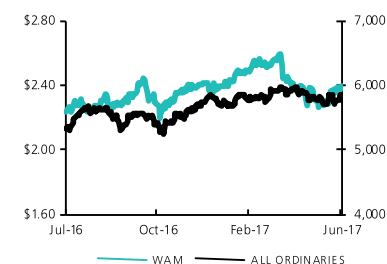
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.1475
Yield	6.2%
Franking	100%
Grossed up yield	8.8%

## Capital Structure

Ordinary shares	633.3m
Options/other	0.0m
Fully diluted	633.3m
Market capitalisation	1513.6m

## WAM share price v ASX All Ords



## Top 20 Holdings

as at 30-Jun-17

Hunter Hall Global Value	30%
Flight Centre Travel Group	20%
Templeton Group Growth	10%
Afterpay Touch Group	10%
Janus Henderson Group	10%
ALS	10%
Computershare	10%
Challenger	10%
Estia Health	10%
Southern Cross Media	10%
iSelect	10%
Woolworths	10%
AUB Group	10%
Nick Scali	10%
Class	10%
Pinnacle Investment Mgmt	10%
Superloop	10%
Nine Entertainment Co	10%
Sim Metal Mgmt	10%
HT&E	10%



# MIRRABOOKA INVESTMENTS (MIR)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P Midcap (50%); Small Acc (50%)
<b>Manager:</b> Internal	<b>Indirect cost ratio with perf. fee:</b> 0.64%
<b>Listed:</b> 2001	<b>Indirect cost ratio w/out perf. fee:</b> 0.64%

## Investment Strategy

MIR objectives are to provide attractive investment returns over the medium to long term through holding core investments in selected small and medium sized companies and to provide attractive dividend returns. MIR focuses on attractive valuations, prospects for strong growth and the potential to benefit from takeover activity.

## Personnel

Investment Personnel: Ross Barker (Managing Director) and Mark Freeman (Chief Investment Officer). Directors: Terrence Campbell (Chairman), Ian Campbell, David Meiklejohn, Graeme Sinclair, Ross Barker

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Options occasionally used to generate additional income.

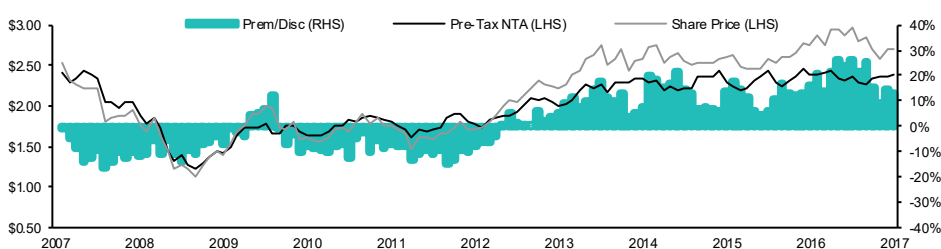
Cash/Debt: \$35.7m cash and \$0m debt (30 Jun 2017)

Dividend reinvestment plan: 10% discount to 5 day average price from ex-date

Other: Affiliated with AMCIL (AMH), AFIC (AFI) and Djerrir arh (DJW).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	0.0%	-8.0%	3.0%	6.7%	15.0%	7.0%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	1.5%	-10.9%	-10.1%	-0.1%	3.4%	3.5%
<b>NTA+</b>						
Performance	2.1%	2.8%	7.1%	7.3%	12.5%	5.1%
Benchmark	2.5%	6.5%	13.9%	12.1%	11.7%	1.2%
Active return	-0.4%	-3.7%	-6.8%	-4.8%	0.8%	3.9%

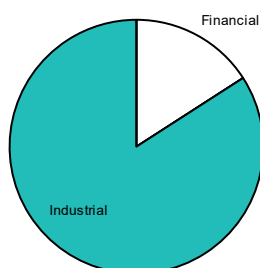
## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-0.64	0.04	15.7%
Year 3	-0.01	0.31	13.1%
Year 5	0.25	0.87	13.7%
<b>NTA+</b>			
Year 1	-1.32	0.60	7.4%
Year 3	-0.88	0.44	10.1%
Year 5	0.08	0.93	9.9%

## Exposure (Top 20)



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$2.70
Pre-tax NTA	\$2.39
Post-tax NTA	\$2.18

Premium/(Discount) share price to:

Pre-tax NTA	13.0%
Post-tax NTA	23.9%

## Historic Dividend (prior 12-mths)

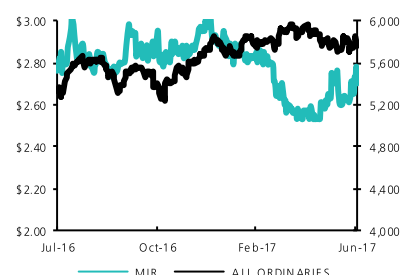
Dividends (net)	\$0.15
Yield	5.6%
Franking	100%
Grossed up yield	7.9%

\*included a 5 cent special dividend

## Capital Structure

Ordinary shares	156.7m
Options/other	0.0m
Fully diluted	156.7m
Market capitalisation	423.0m

## MIR share price v ASX All Ords



## Top 20 Holdings %

as at 30-Jun-17

Qube Holdings	4.0
Lifestyle Communities	4.0
Mainfreight	3.3
ALS	3.2
IRESS	3.1
Challenger	2.6
Freedom Foods Group	2.5
ResMed	2.5
Seek	2.4
Alumina	2.4
Perpetual	2.3
Iluka Resources	2.3
AUB Group	2.2
Nufarm	2.2
Healthscope	1.9
ClearView Wealth	1.9
ARB Corporation	1.9
Incitec Pivot	1.9
Reece	1.9
Japara Healthcare	1.8
<b>% of Total</b>	<b>50.2</b>

\* The shareprice bench mark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/Mid-cap (50%) and S&P/Small-cap (50%)

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# WESTOZ INVESTMENT COMPANY LIMITED (WIC)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P/ASX Small Ords Accum
<b>Manager:</b> Westoz Funds Management	<b>Indirect cost ratio with perf. fee:</b> 1.27%
<b>Listed:</b> Sep-09	<b>Indirect cost ratio w/out perf. fee:</b> 1.27%

## Investment Strategy

WIC invests in small to medium sized companies, generally with some connection to Western Australia. Its investment objective is to generate consistent positive returns over the medium term, thereby providing a reliable stream of dividends and capital growth for investors. A concentrated portfolio (generally 10 to 20 stocks) is held and given the focus on Western Australia, above average exposure to the resources sector is a feature. If suitable equity investments are not available, large cash positions may be held from time to time.

## Personnel

Key Personnel: Philip Rees, Dermot Woods, Jay Hughes. Directors: Jay Hughes (Chairman), Terry Budge, Simon Joyner.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: No (allowed but not used).

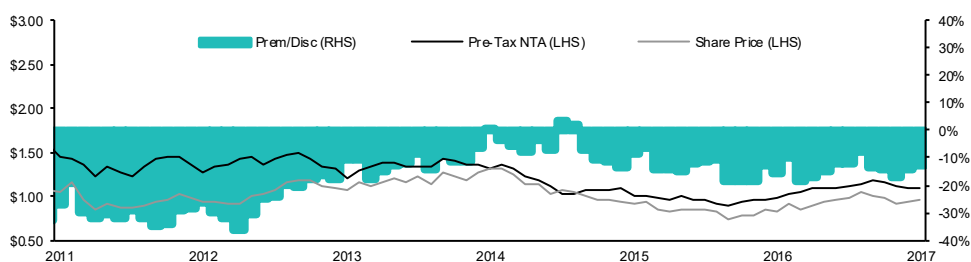
Cash/Debt: \$34.11m Cash (30 Jun '17), \$0.0m Debt (31 Dec '16)

Dividend reinvestment plan: Yes.

Other: Affiliated with Ozgrowth (ASX code: OZG).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-2.5%	1.4%	24.0%	-2.7%	8.5%	n/a
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-1.0%	-1.5%	10.9%	-9.5%	-3.1%	n/a
<b>NTA+</b>						
Performance	-4.2%	1.5%	18.3%	1.0%	3.6%	n/a
Benchmark	-0.3%	1.1%	7.0%	7.1%	5.7%	-1.9%
Active return	-3.9%	0.4%	11.3%	-6.1%	-2.1%	n/a

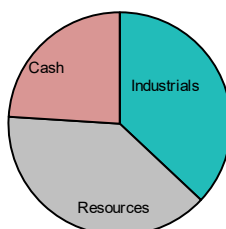
## Share Price and NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation
<b>Share price*</b>		
Year 1	0.65	16.6%
Year 3	-0.72	15.7%
Year 5	-0.23	16.7%
<b>NTA+</b>		
Year 1	0.82	9.5%
Year 3	-0.53	13.8%
Year 5	-0.19	14.6%

## Exposure (Portfolio)



## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$0.96
Pre-tax NTA	\$1.10
Post-tax NTA	\$1.09

Premium/(Discount) share price to:

Pre-tax NTA	-12.8%
Post-tax NTA	-11.6%

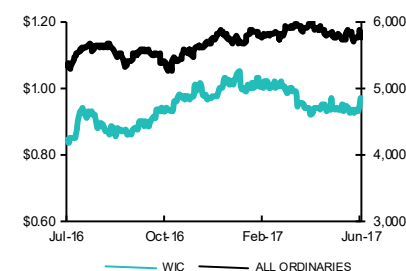
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.060
Yield	6.3%
Franking	100%
Grossed up yield	8.9%

## Capital Structure

Ordinary shares	129.0m
Options/other	12.9m
Fully diluted	141.9m
Market capitalisation	123.8m

## WIC share price v ASX All Ords



## Top Holdings

as at 30-Jun-17	
Cedar Woods Properties	9.0
Australis Oil & Gas	7.0
Austral	7.0
Cooper Energy	7.0
NRW Holdings	6.0
Sandfire Resources	6.0
Western Areas	6.0
Beach Energy	5.0
Mount Gibson Iron	5.0
Finbar Group	5.0
Australian Finance Group	3.0
Orecorp	3.0
IMF Bentham	2.0
Other	8.0
<b>% of Total</b>	<b>79.0</b>

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX Small Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the index return.

# WAM RESEARCH (WAX)

## Domestic Focused

<b>Mandate:</b>	Australian listed equities	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Wilson Asset Management	<b>Indirect cost ratio with perf. fee:</b>	5.57%
<b>Listed:</b>	2003	<b>Indirect cost ratio w/out perf. fee:</b>	1.36%

## Investment Strategy

WAM Research Limited (WAX) is a LIC primarily investing in small to medium industrial companies listed on the ASX. The investment objectives are 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. WAX has a research driven investment strategy, focussed on identifying free cash flow, then rating the company's management, earnings growth potential, valuation, industry position and catalyst for share price growth.

## Personnel

Investment Personnel: Geoffrey Wilson, Chris Stott, Martin Hickson, Matt Haupt, John Ayoub, Oscar Oberg and Tobias Yao. Directors: Geoffrey Wilson, Matthew Kidman, Julian Gosse, Chris Stott, Kate Thorley and John Abernethy.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Used for arbitrage and in anticipation of a decline in the market value of that security.

Cash (Fixed Income)/Debt: Cash \$103.4.0m (30 Jun. '17)

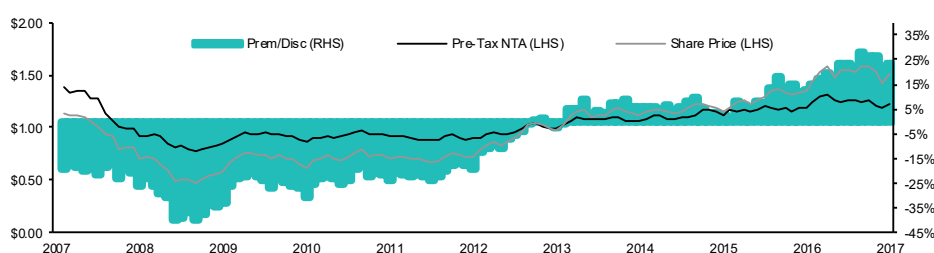
Dividend reinvestment plan: Yes, 2.5% discount to 4 day VWAP from (and including) ex-date

Other: Affiliated with WAM Capital (ASX code: WAM) and WAM Active (ASX code: WAA)

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-2.5%	-0.4%	18.1%	17.4%	23.6%	9.7%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-1.0%	-3.3%	5.0%	10.6%	12.0%	6.2%
<b>NTA+</b>						
Performance	0.2%	0.0%	9.1%	12.2%	14.0%	5.0%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	1.7%	-2.9%	-4.0%	5.4%	2.4%	1.5%

Returns have been calculated on the share price on an accumulation basis

## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	0.38	1.09	14.4%
Year 3	0.73	1.40	10.6%
Year 5	0.97	1.84	11.2%
<b>NTA+</b>			
Year 1	-0.44	1.16	5.7%
Year 3	0.51	1.55	6.2%
Year 5	0.26	1.89	5.8%

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$1.51
Pre-tax NTA	\$1.22
Post-tax NTA	\$1.22

Premium/(Discount) share price to:

Pre-tax NTA	23.6%
Post-tax NTA	23.7%

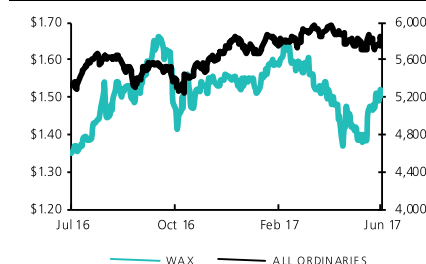
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.0875
Yield	5.8%
Franking	100%
Grossed up yield	8.3%

## Capital Structure

Ordinary shares	184.4m
Options/other	0.0m
Fully diluted	184.4m
Market capitalisation	277.5m

## WAX share price v ASX All Ords



## Top 20 Holdings

Top 20 Holdings	%
<i>as at 30-Jun-17</i>	
ALS	25%
Challenger	19%
AUB Group	5%
Southern Cross Media Group	5%
iSelect	5%
Nick Scali	5%
Superloop	5%
Class	5%
Pinnacle Investment Mgmt	5%
HT&E	5%
NEXTDC	5%
Imdex	5%
Reckon	5%
PSC Insurance Group	5%
Nufarm	5%
ClearView Wealth	5%
Oneview Healthcare	5%
Pacific Energy	5%
Restaurants Brands NZ	5%
Noni B	5%

# OZGROWTH (OZG)

## Domestic Focussed

<b>Mandate:</b> Australian listed	<b>Benchmark:</b> S&P/ASX Small Ords Accum
<b>Manager:</b> Westoz Funds Management	<b>Indirect cost ratio with perf. fee:</b> 1.49%
<b>Listed:</b> Jan-08	<b>Indirect cost ratio w/out perf. fee:</b> 1.49%

## Investment Strategy

OZG invests in small to medium sized companies, generally with some connection to Western Australia. The group's investment objective is to generate a consistent positive return over the medium term. OZG will hold a concentrated portfolio of securities and a variable but significant amount of cash. It will also invest in smaller situations (sub \$100m market cap) and consider unlisted opportunities.

## Personnel

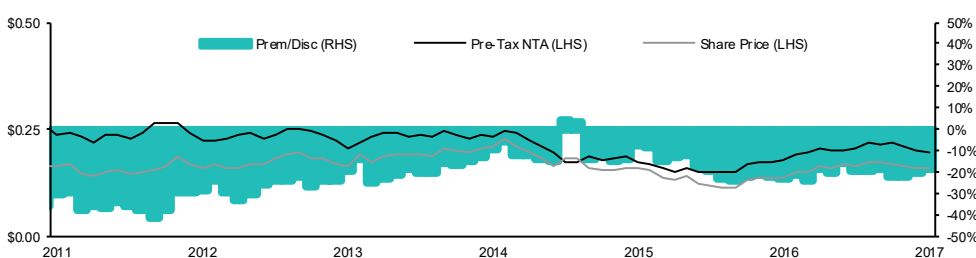
Key Personnel: Philip Rees, Dermot Woods, Jay Hughes. Directors: Jay Hughes (Chairman), Simon Joyner, Michael Jefferies.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash  
 Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short  
 Derivatives: No (allowed but not used).  
 Cash/Debt: \$7.74m cash (30 Jun. '17), \$0 debt/hybrid (31 Dec '16)  
 Dividend Reinvestment Plan: Yes  
 Other: Affiliated with Westoz Investment Company (ASX code: WIC).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-5.9%	-1.6%	22.2%	-2.8%	7.4%	n/a
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-4.4%	-4.5%	9.1%	-9.6%	-4.2%	n/a
<b>NTA+</b>						
Performance	-9.9%	-3.3%	14.7%	-0.4%	3.2%	n/a
Benchmark	-0.3%	1.1%	7.0%	7.1%	11.6%	-1.9%
Active return	-9.6%	-4.4%	7.7%	-7.5%	-8.4%	n/a

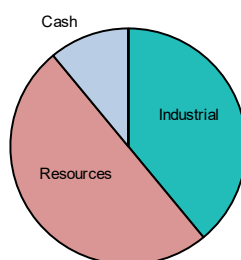
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	0.54	1.12	0.18
Year 3	-0.50	-0.26	0.21
Year 5	-0.24	0.22	0.20
<b>NTA+</b>			
Year 1	0.94	0.13	0.13
Year 3	-0.18	0.17	0.17
Year 5	0.01	0.17	0.17

## Exposure (Portfolio)



## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$0.16
Pre-tax NTA	\$0.20
Post-tax NTA	\$0.19

Premium/(Discount) share price to:

Pre-tax NTA	-18.6%
Post-tax NTA	-16.9%

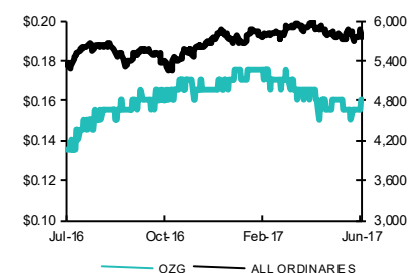
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.005
Yield	3.1%
Franking	100%
Grossed up yield	4.5%

## Capital Structure

Ordinary shares	358.0m
Options/other	35.9m
Fully diluted	393.9m
Market capitalisation	57.3m

## OZG share price v ASX All Ords



## Top Holdings

<i>as at 30-Jun-17</i>	
Cedar Woods Properties	13.0
Cooper Energy	10.0
Australis Oil & Gas	6.0
Emerald Resources	5.0
Equatorial Resources	5.0
Beach Energy	5.0
Western Areas	5.0
NRW Holdings	4.0
Austal	4.0
Zenith Energy	3.0
OreCorp	3.0
MACA	3.0
Mount Gibson	3.0
Sandfire Resources	3.0
Seafarms Group	2.0
Other	17.0
<b>% of Total</b>	<b>91.0</b>

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX Small Ordinaries Accumulation Index.

+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# CONTANGO MICROCAP (CTN)

## Domestic Focussed

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> All Ordinaries Accumulation
<b>Managers:</b> Contango Fund Mgmt	<b>Indirect cost ratio with perf. fee:</b> 2.96%
<b>Listed:</b> 2004	<b>Indirect cost ratio w/out perf. fee:</b> 2.96%

## Investment Strategy

CTN invests in small and microcap (\$10m - \$350m at the time of acquisition) companies. Its objective is to outperform its benchmark over the medium to long-term while providing for the payment of regular franked dividends. The Managers uses the 'business cycle' approach to identify themes that will be important drivers of performance for particular sectors and industries. The top down research is combined with rigorous company analysis to identify stocks that are likely to deliver strong results and out perform. The portfolio typically holds around 60 - 100 stocks.

## Personnel

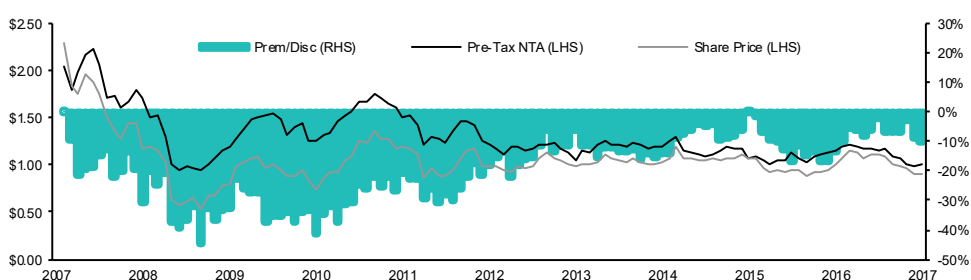
Key Personnel: George Boubouras (CIO), Bill Laister (Portfolio Manager), Richard Ivers, Stephen Scott, Justin Puli, Jarrod Deakin, Alistair Drummond. Directors: Mark Kerr (Chairman), Trevor Carroll, Adrian Fitzpatrick, Alistair Drummond and Ken Poutakidis.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash  
 Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short  
 Derivatives: Portfolio can buy or sell futures to manage market exposure  
 Cash: \$13.31m (30 Jun '17) Debt/Hybrid: \$26.1m (31 Dec. '16)  
 Dividend reinvestment plan: Yes, 3% discount to 4 day average price from ex-date  
 Other: Convertible note currently on market. Mature Mar-2020.

Performance	3-mth	6-mth	1 yr	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-9.5%	-17.5%	-4.6%	2.6%	5.5%	-1.6%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-8.0%	-20.4%	-17.7%	-4.2%	-6.1%	-5.1%
<b>NTA+</b>						
Performance	-6.3%	-10.5%	-8.7%	0.5%	2.9%	-1.8%
Benchmark	-0.3%	1.1%	7.0%	7.1%	5.7%	-1.9%
Active return	-6.0%	-11.6%	-15.7%	-6.6%	-2.8%	0.1%

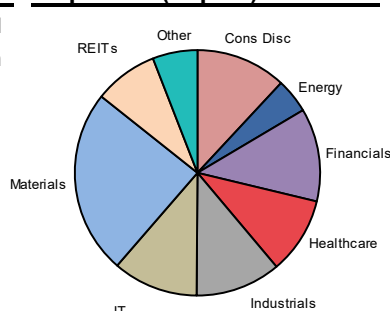
## Share Price and NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation
<b>Share price*</b>		
Year 1	-1.41	15.0%
Year 3	-0.34	14.3%
Year 5	-0.53	14.2%
<b>NTA+</b>		
Year 1	-1.24	9.8%
Year 3	-0.73	13.4%
Year 5	-0.31	13.9%

## Exposure (Top 20)



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$0.90
Pre-tax NTA	\$1.00
Post-tax NTA	\$0.96

Premium/(Discount) share price to:

Pre-tax NTA	-10.1%
Post-tax NTA	-6.2%

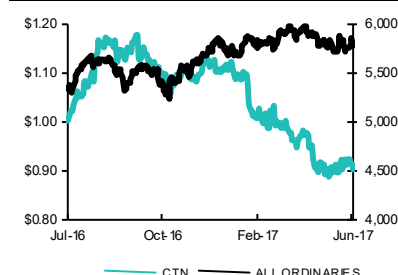
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.064
Yield	7.1%
Franking	50%
Grossed up yield	8.6%

## Capital Structure

Ordinary shares	168.3m
Options/other	0.3m
Fully diluted	168.5m
Market capitalisation	151.5m

## CTN share price v ASX All Ords



## Top 10 Holdings

as at 30-June-17

EML Payments	3.7%
Ausdrill	3.4%
Elanor Investor	3.3%
Austal	2.7%
Villa World	2.7%
Catapult Group	2.5%
Pacific Energy	2.5%
Red River Resources	2.5%
Hotel Property	2.4%
Veem	2.3%
<b>% of Total</b>	<b>28.0%</b>

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX Small Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# NAOS EMERGING OPPORTUNITIES (NCC)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities/ Long/Short	<b>Benchmark:</b>	S&P/ASX Small Ords Accum
<b>Manager:</b>	NAOS Asset Management	<b>Indirect cost ratio with perf. fee:</b>	3.18%
<b>Listed:</b>	Feb-13	<b>Indirect cost ratio w/out perf. fee:</b>	2.24%

## Investment Strategy

NCC invests in Emerging Companies that are listed outside the S&P/ASX 100 Index. The Portfolio will hold a concentrated number of positions, which on average will be 0-15 positions when fully invested. Many of these Emerging Companies are often overlooked by the Market and therefore potentially inefficiently priced. The Manager will carefully select investment opportunities to create a Portfolio that seeks to exploit market inefficiencies and structure a Portfolio with a disciplined and risk controlled approach.

## Personnel

Investment Personnel: Sebastian Evans (Managing Director), Jeffrey Kim, Robert Miller, Ben Rundle, Chadd Knights. Directors: David Rickards (Chairman), Warwick Evans, Sebastian Evans.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: used for investment, leverage and hedging purposes.

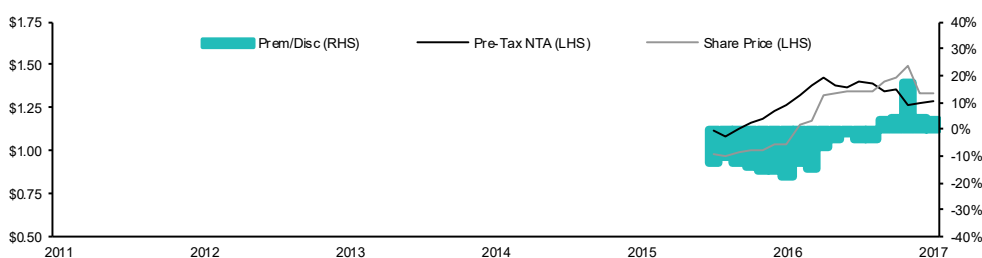
Cash/Debt: \$0.0m cash (30 Jun '17), \$0.0m debt (31 Dec '16)

Dividend Reinvestment Plan: Yes

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-4.1%	0.8%	34.3%	14.5%	n/a	n/a
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-2.6%	-2.1%	21.2%	7.7%	n/a	n/a
<b>NTA+</b>						
Performance	-2.5%	-5.3%	7.9%	7.9%	n/a	n/a
Benchmark	-0.3%	1.1%	7.0%	7.1%	5.7%	-1.9%
Active return	-2.2%	-6.4%	0.9%	0.8%	n/a	n/a

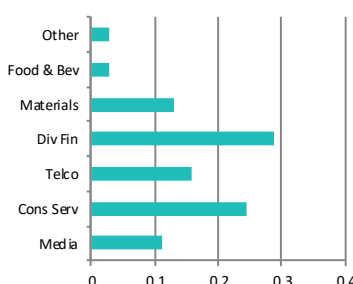
## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	1.15	1.67	19.1%
Year 3	0.54	0.78	15.1%
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	0.08	0.67	8.1%
Year 3	0.08	0.54	9.8%
Year 5	n/a	n/a	n/a

## Net exposure



\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX Small Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$1.33
Pre-tax NTA	\$1.29
Post-tax NTA	\$1.24

Premium/(Discount) share price to:

Pre-tax NTA	3.1%
Post-tax NTA	7.3%

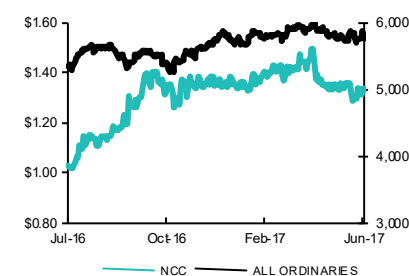
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.070
Yield	5.3%
Franking	100%
Grossed up yield	7.5%

## Capital Structure

Ordinary shares	59.2m
Options/other	0.0m
Fully diluted	59.2m
Market capitalisation	78.7m

## NCC share price v ASX All Ords



## Top 20 Holdings %

Not disclosed

# ACORN CAPITAL INVESTMENT FUND (ACQ)

## Domestic Focussed

<b>Mandate:</b>	Australian listed/unlisted equities	<b>Benchmark:</b>	S&P/ASX Small Ords Accum
<b>Manager:</b>	Acorn Capital	<b>Indirect cost ratio with perf. fee:</b>	1.67%
<b>Listed:</b>	May-14	<b>Indirect cost ratio w/out perf. fee:</b>	1.67%

## Investment Strategy

ACQ invests in Listed and Unlisted Microcaps. The manager believe that through an in-house research driven investment process, the pricing inefficiencies that exist in both listed and unlisted microcaps can be exploited to earn returns superior to those available in the broader market.

## Personnel

Investment Personnel: Robert Routley, Matthew Sheehan, Ben Dalling, Rick Squire, Karina Bader, Robert Bruce, Paul Palumbo. Directors: Barry Fairley, Robert Brown, Judith Smith, John Steven (Chairman), David Trude.

## Key Information

Exposure: International/**Domestic**, **Equities**/Fixed Income/Derivatives, Cash

Style: Large/Medium/**Small** Cap, Balanced/**Value**/**Growth**, Passive/**Active**, **Long**/Short

Derivatives: n/a.

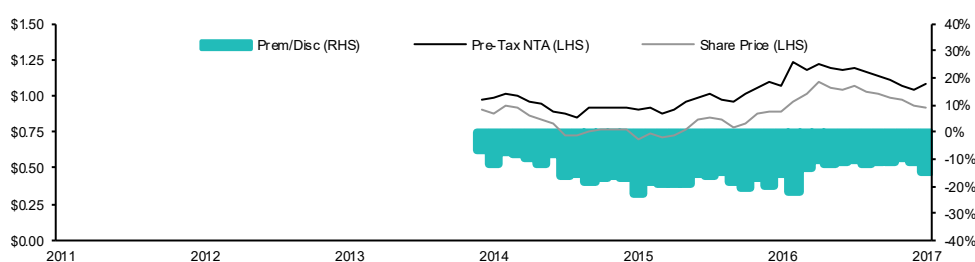
Cash/Debt: \$0.5m cash (30 Jun '17) \$0m Debt (31 Dec '16)

Dividend Reinvestment Plan: Yes, 2.0% discount

Other: On-market share buy-back

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-7.1%	-12.3%	6.1%	3.0%	n/a	n/a
Index	-0.3%	1.1%	7.0%	7.1%	5.7%	-1.9%
Active return	<b>-6.8%</b>	<b>-13.4%</b>	<b>-0.9%</b>	<b>-4.1%</b>	n/a	n/a
<b>NTA+</b>						
Performance	-2.8%	-7.4%	4.9%	4.2%	n/a	n/a
Benchmark	-0.3%	1.1%	7.0%	7.1%	5.7%	-1.9%
Active return	<b>-2.5%</b>	<b>-8.5%</b>	<b>-2.1%</b>	<b>-2.9%</b>	n/a	n/a

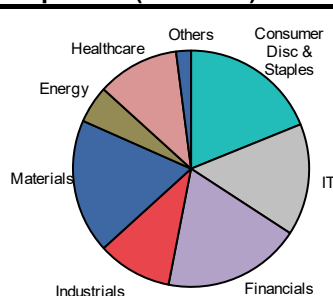
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	-0.08	0.24	0.15
Year 3	-0.31	0.02	0.17
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-0.17	0.13	0.19
Year 3	-0.31	0.10	0.15
Year 5	n/a	n/a	n/a

## Exposure (Portfolio)



## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$0.92
Pre-tax NTA	\$1.08
Post-tax NTA	\$1.07

Premium/(Discount) share price to:

Pre-tax NTA	-15.1%
Post-tax NTA	-14.0%

## Historic Dividend (prior 12-mths)

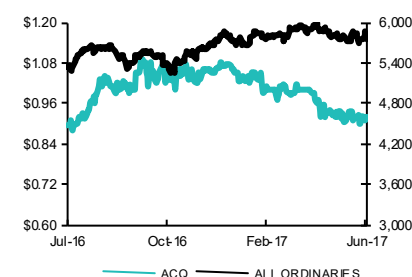
Dividends (net)	\$0.033
Yield	3.6%
Franking	100%
Grossed up yield	5.1%

\*included a 0.3 cent special dividend

## Capital Structure

Ordinary shares	48.9m
Options/other	0.0m
Fully diluted	48.9m
Market capitalisation	45.0m

## ACQ share price v ASX All Ords



## Top Holdings

as at 30-Jun-17	
Hub24	6.9
Genea (UL)	4.6
Redbubble	3.7
Carbon Revolution (UL)	3.4
MSL Solutions	3.1
Innovative Ass Sol Grp (UL)	2.8
Lifestylepanel Holdings (UL)	2.6
Fiducian Group	2.4
Aroa Biosurgery (UL)	2.3
Intergrated Payment Tech	1.9
<b>% of Total</b>	<b>33.7</b>

## Gross Portfolio Structure

as at 30-Jun-17	
Listed Securities	76%
Unlisted Investments	23%
Cash	1%
<b>% of Total</b>	<b>100.0%</b>

\* The share price benchmark has been compared against the S&P/ASX Small Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX Small Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# BAILADOR TECHNOLOGY INVESTMENT (BTI)

## Domestic Focussed

<b>Mandate:</b>	Aus/NZ Unlisted Internet Comp	<b>Benchmark:</b>	8.0% p.a. Hurdle
<b>Manager:</b>	Bailador Investment Management	<b>Indirect cost ratio with perf. fee:</b>	6.99%
<b>Listed:</b>	Nov-14	<b>Indirect cost ratio w/out perf. fee:</b>	3.40%

## Investment Strategy

Offers investors a portfolio of unlisted internet related businesses founded in Aus and NZ. BTI focuses on private companies that are in the 'expansion stage' of their business cycle, with a demonstrated revenue lead and customer base as well as an enterprise value of between \$10m and \$200m. The Manager will seek to invest in companies that are looking for capital to grow the existing business, with no long term debt obligations. The Manager will also focus on companies that apply a subscription based or marketplace revenue model.

## Personnel

Investment Personnel: David Kirk, Paul Wilson, Andrea Kowalski, James Johnstone. Directors: David Kirk (Chairman), Paul Wilson, Andrew Bullock, Sankar Narayan, Heith Mackay-Cruise

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: The Company may use Financial Derivatives

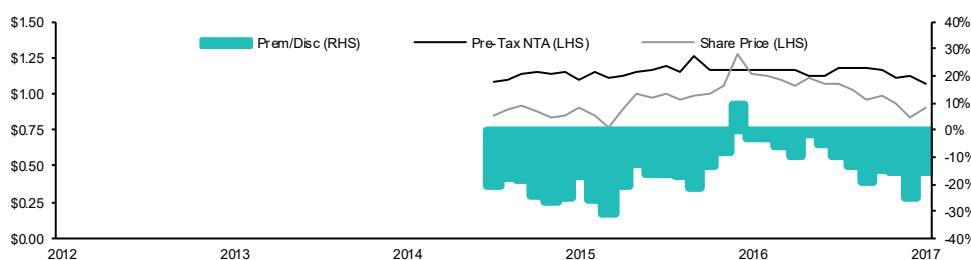
Cash/Debt: \$12.5m cash (30 Jun '17) \$0m Debt (31 Dec '16)

Dividend Reinvestment Plan: No

Other: Divs distributed only when investments are realised (after accrued per.fees deducted)

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-8.6%	-15.5%	-20.7%	n/a	n/a	n/a
Index	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-7.1%	-18.4%	-33.8%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	-7.8%	-9.3%	-8.5%	n/a	n/a	n/a
Benchmark	1.9%	3.9%	8.0%	8.0%	8.0%	8.0%
Active return	-9.7%	-13.2%	-16.5%	n/a	n/a	n/a

## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-1.93	-1.40	0.17
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-2.02	-1.34	0.08
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the 8.0%p.a performance benchmark.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$0.90
Pre-tax NTA	\$1.07
Post-tax NTA	\$1.04

Premium/(Discount) share price to:

Pre-tax NTA	-15.9%
Post-tax NTA	-13.5%

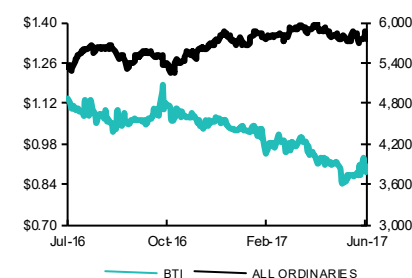
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.00
Yield	0.0%
Franking	n/a
Grossed up yield	n/a

## Capital Structure

Ordinary shares	120.2m
Options/other	0.0m
Fully diluted	120.2m
Market capitalisation	108.2m

## BTI share price v ASX All Ords



## Top Holdings

	%
as at 30-Jun-17	
SiteMinder	31.6
Viostream	17.9
Stackla	9.8
Straker Translations	6.8
Docscorp	5.8
SML	5.8
Lendi	5.6
Rezdy	3.5
Instaclustr	3.5

**% in Total 90.3**



# AUSTRALIAN LEADERS FUND (ALF)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities, Long/Short	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Watermark Funds Management	<b>Indirect cost ratio with perf. fee:</b>	3.81%
<b>Listed:</b>	Feb-04	<b>Indirect cost ratio w/out perf. fee:</b>	1.27%

## Investment Strategy

ALF looks to invest in leading Australian companies, with strong business fundamentals on attractive terms. The group has a long/short mandate that allows the company to take advantage of both undervalued and overvalued securities. The proceeds raised from short selling securities provides an additional source of funding for the group. These funds are either retained in cash or re-invested into the investment portfolio of shares we expect to outperform.

## Personnel

Investment Personnel: Justin Braittling (CIO), Tom Richardson (PM), Simon Felton (PM), Hamish Chalmers (Analyst), Delian Entchev (Analyst), Nick Cameron (Analyst), Ian Carmichael (Analyst).  
Directors: Justin Braittling (Chairman), Julian Gosse, John Abernethy and Geoff Wilson.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: The manager has the ability to short-sell securities.

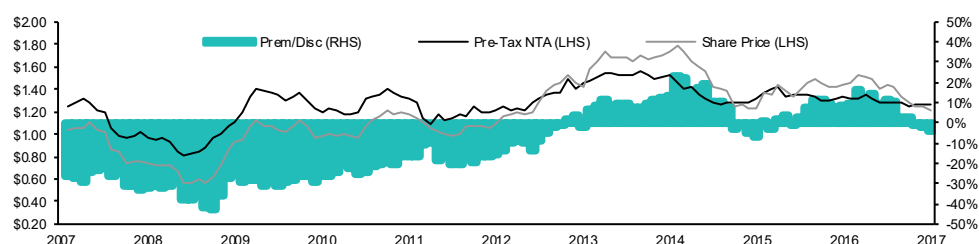
Cash/Fixed Income: \$343.7m (30 Jun '17), Debt: \$0.0m (31 Dec '16)

Dividend Reinvestment Plan: Yes

Other: affiliated with Watermark Market Neutral Fund (WMK) and Watermark Global Leaders Fund (WGF).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-6.6%	-14.0%	-11.1%	-5.0%	9.7%	9.2%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-5.1%	-16.9%	-24.2%	-11.8%	-1.9%	5.7%
<b>NTA+</b>						
Performance	0.8%	0.8%	1.5%	1.2%	9.0%	6.9%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	2.3%	-2.1%	-11.6%	-5.6%	-2.6%	3.4%

## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-1.55	-1.19	11.5%
Year 3	-0.65	-0.55	13.8%
Year 5	-0.12	0.48	13.9%
<b>NTA+</b>			
Year 1	-1.08	-0.21	4.4%
Year 3	-0.38	-0.22	6.4%
Year 5	-0.20	0.74	8.0%

\* The shareprice benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking or the issue of options. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$1.21
Pre-tax NTA	\$1.26
Post-tax NTA	\$1.27

Premium/(Discount) share price to:

Pre-tax NTA	-4.4%
Post-tax NTA	-5.1%

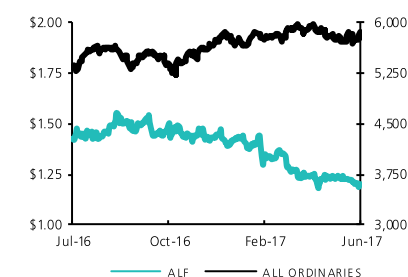
## Historic Dividend (prior 12-mths)

Dividends (net)*	\$0.09
Yield*	7.5%
Franking*	78%
Grossed up yield*	10.0%

## Capital Structure

Ordinary shares	272.5m
Options/other	0.0m
Fully diluted	272.5m
Market capitalisation	328.4m

## ALF share price v ASX All Ords



## Top Holdings %

not disclosed

## Gross Portfolio Structure

as at 30-Jun-17	
Listed Securities (long)	131%
Listed Securities (short)	-131%
<b>Net exposure</b>	<b>0%</b>
Hybrids/Bonds (long)	0%
Cash	100%
<b>Gross Assets</b>	<b>100%</b>

# CADENCE CAPITAL (CDM)

## Domestic Focussed

<b>Mandate:</b>	Aus / Intl listed equities, Long/Short	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Cadence Asset Management	<b>Indirect cost ratio with perf. fee:</b>	1.17%
<b>Listed:</b>	Dec-06	<b>Indirect cost ratio w/out perf. fee:</b>	1.17%

## Investment Strategy

CDM is a long-short Australian equities fund, with a long bias, that invests predominantly in equities listed on the ASX. More recently, the manager has taken advantage of opportunities in the international markets. The manager uses both fundamental and technical analysis in making investing decisions, employing bottom up research and a disciplined 'Entry and Exit' strategy. Both strategies seek to exploit the inefficient flow of information through the market, individual equity momentum and the cyclical nature of markets.

## Personnel

Investment Personnel: Karl Siegling, Wayne Davies, Christopher Garrard. Directors: Karl Siegling (Chairman), Wayne Davies, James Chirnside, Ronald Hancock.

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: n/a

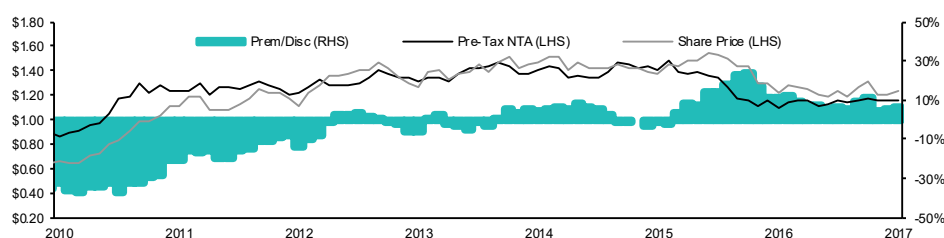
Cash (Fixed Income)/Debt: Cash \$43.8m (30 May '17), Debt \$169.3m (31 Dec '16)

Dividend reinvestment plan: Yes, 3% discount to 4 day VWAP post ex-date

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-2.2%	3.7%	8.5%	1.4%	9.3%	8.2%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-0.7%	0.8%	-4.6%	-5.4%	-2.3%	4.7%
<b>NTA+</b>						
Performance	2.4%	4.2%	14.5%	1.3%	6.6%	5.4%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	3.9%	1.3%	1.4%	-5.5%	-5.0%	1.9%

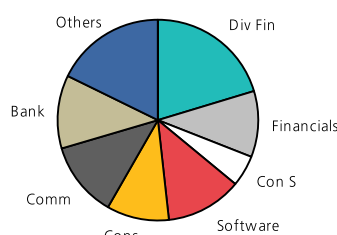
## Share Price and NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation
<b>Share price*</b>		
Year 1	-0.51	10.7%
Year 3	-0.45	11.0%
Year 5	-0.20	12.2%
<b>NTA+</b>		
Year 1	0.25	5.5%
Year 3	-0.72	11.3%
Year 5	-0.62	10.2%

## Exposure (Net)



\*+ In May 2011 CDM received \$0.22 per CDM share of franking credits when RHG returned the majority of its assets in the form of a fully franked dividend. At the time CDM shares were trading at \$125. These franking credits were worth 17.6% of the CDM share price at the time and are not reflected in our performance calculations as the calculations are based on pre-tax NTA and not post-tax NTA. \* The share price benchmark and NTA have been compared against the S&P/ASX All Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking or options. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.24
Pre-tax NTA	\$1.16
Post-tax NTA	\$1.24

Premium/(Discount) share price to:

Pre-tax NTA	6.1%
Post-tax NTA	-0.7%

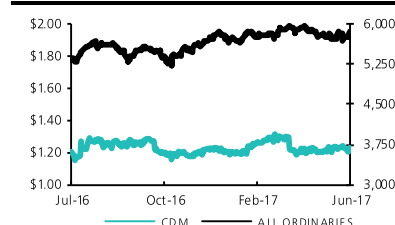
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.08
Yield	6.5%
Franking	100%
Grossed up yield	9.3%

## Capital Structure

Ordinary shares	274.0m
Options/other	0.0m
Fully diluted	274.0m
Market capitalisation	338.4m

## CDM share price v ASX All Ords



## Top Holdings

as at 30-Jun-17	%
Melbourne IT	16.7
Macquarie Group	10.8
Janus Henderson Group	6.1
Samsung Electronics (KOR)	4.7
Softbank Group (JP)	4.4
ANZ Bank	3.7
Eclixp Group	3.2
National Australia Bank	3.2
Estia Health	3.0
Ardent Leisure	2.9
Monadelphous Group	2.5
Commonwealth Bank	2.4
American International Group	2.4
Facebook (US)	1.9
Pepper Group	1.6
BT Investment Mgmt	1.2
IPH	1.0
<b>% of Total</b>	<b>71.7</b>

## Gross Portfolio Structure

as at 30-May-17

Listed Securities (long)	87%
Listed Securities (short)	1%
<b>Net exposure</b>	<b>86%</b>
Cash	14%

**Gross Assets 100%**

# WAM ACTIVE (WAA)

## Domestic Focussed

<b>Mandate:</b>	Australian listed equities, Long/Short	<b>Benchmark:</b>	All Ordinaries Accumulation
<b>Manager:</b>	Wilson Asset Management	<b>Indirect cost ratio with perf. fee:</b>	5.07%
<b>Listed:</b>	2008	<b>Indirect cost ratio w/out perf. fee:</b>	2.11%

## Investment Strategy

WAM Active Ltd (WAA) offers investors exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. The investment objectives are to deliver investors a growing income stream in the form of fully franked dividends and to preserve capital in both the short term and long term. WAA uses a market driven approach to investing - it aims to take advantage of short-term relative arbitrage and mispricing in the market. The manager participates in IPOs, rights issues, placements, schemes of arrangement and looks for arbitrage opportunities and discount to asset plays, along with other market events viewed as favourably priced.

## Personnel

Investment Personnel: Geoffrey Wilson, Chris Stott, Martin Hickson, Matt Haupt, John Ayoub, Oscar Oberg and Tobias Yao. Directors: Geoffrey Wilson, Matthew Kidman, Chris Stott, Kate Thorley and John Abernethy.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Used for arbitrage and in anticipation of a decline in the market value of that security.

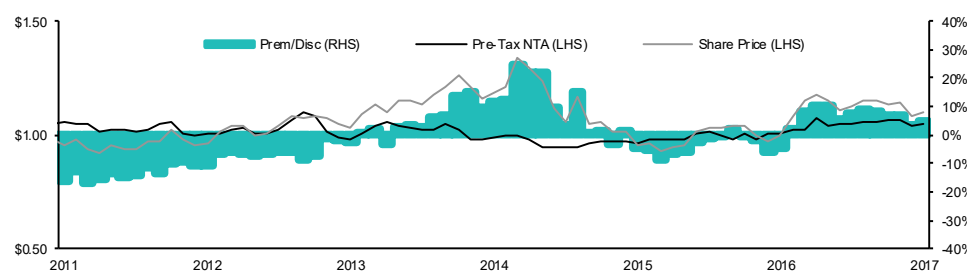
Cash (Fixed Income)/Debt: Cash \$12.4m (30 Jun '17)

Dividend reinvestment plan: Yes, 2.5% discount to 4 day VWAP from (and including) ex-date

Other: Affiliated with WAM Research (ASX code: WAX) and WAM Capital (ASX code: WAM).

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-0.6%	-0.2%	15.9%	1.8%	8.8%	n/a
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	0.9%	-3.1%	2.8%	-5.0%	-2.8%	n/a
<b>NTA+</b>						
Performance	1.4%	2.5%	10.0%	7.2%	7.4%	n/a
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	2.9%	-0.4%	-3.1%	0.4%	-4.2%	n/a

## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	0.24	1.15	11.7%
Year 3	-0.28	-0.05	16.5%
Year 5	-0.18	0.41	14.2%
<b>NTA+</b>			
Year 1	-0.35	1.77	4.3%
Year 3	0.04	1.06	4.3%
Year 5	-0.44	0.77	5.7%

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.10
Pre-tax NTA	\$1.05
Post-tax NTA	\$1.05

Premium/(Discount) share price to:

Pre-tax NTA	4.7%
Post-tax NTA	4.7%

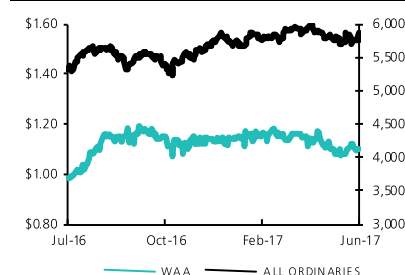
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.0525
Yield	4.8%
Franking	100%
Grossed up yield	6.8%

## Capital Structure

Ordinary shares	38.8m
Options/other	31.7m
Fully diluted	70.5m
Market capitalisation	\$42.7m

## WAA share price v ASX All Ords



## Top 20 Holdings

as at 30-Jun-17

Hunter Hall Global Value	30%
Flight Centre Travel Group	20%
Templeton Global Growth	10%
Afterpay Touch Group	10%
Janus Henderson	10%
Computershare	10%
Estia Health	10%
Woolworths	10%
Sims Metal Management	10%
Seven Group Holdings	10%
Nine Entertainment Co	10%
Qantas Airways	10%
CSL	10%
JB Hi-Fi	10%
Capital Health	10%
Dow Jones EDI	10%
Fairfax Media	10%
ResMed	10%
Monadelphous Group	10%
Ardent Leisure Group	10%

# ABSOLUTE EQUITY PERFORMANCE FUND (AEG)

## Domestic Focussed

<b>Mandate:</b> Market Neutral	<b>Benchmark:</b> RBA Cash Rate
<b>Manager:</b> Bennelong Long Short Equity Mgmt	<b>Indirect cost ratio with perf. fee:</b> n/a
<b>Listed:</b> Jun-15	<b>Indirect cost ratio w/out perf. fee:</b> n/a

## Investment Strategy

AEG focusses on minimising market risk, sector risk and exogenous risk by creating a market neutral fund through a portfolio of pair trades within primarily the ASX 100. A Pair Trade involves short selling a security and using the proceeds to purchase a security in a similar industry with an equal dollar value. This produces a portfolio of low volatility and largely exposed to company specific risk, a risk The Manager believes has a greater ability to control.

## Personnel

Investment Personnel: Sam Shepherd (PM), Sam Taylor, Steven Lambeth, Justin Hay, Daniel Sanelli .  
Directors: Marc Fisher (Chairman), Graham Hand, Andrew Reeve-Parker.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Used for hedging

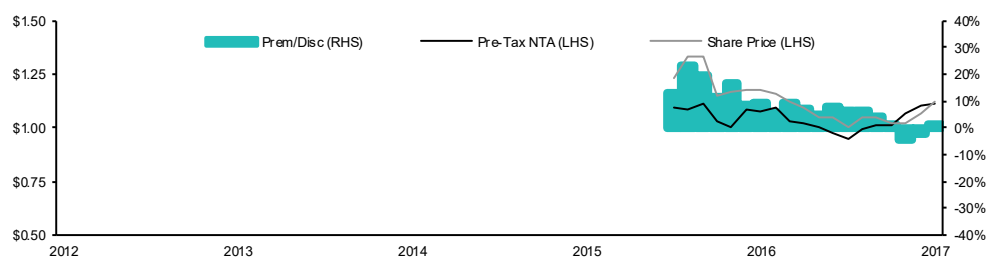
Cash/Debt: \$80.6m cash (31 Dec. '16), \$0 debt/hybrid (31 Dec. '16)

Dividend Reinvestment Plan: n/a

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	10.3%	12.5%	-4.7%	n/a	n/a	n/a
Index	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	11.8%	9.6%	-17.8%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	10.1%	18.0%	3.3%	n/a	n/a	n/a
Benchmark	0.4%	0.8%	1.5%	2.0%	11.6%	3.6%
Active return	9.7%	17.2%	1.8%	n/a	n/a	n/a

## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-1.02	-0.60	11.8%
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	0.16	0.08	0.11
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the RBA Cash Rate.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.13
Pre-tax NTA	\$1.11
Post-tax NTA	\$1.12

Premium/(Discount) share price to:

Pre-tax NTA	1.1%
Post-tax NTA	0.7%

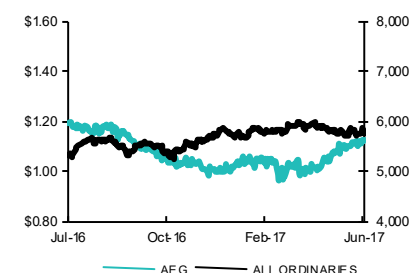
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.000
Yield	0.0%
Franking	0%
Grossed up yield	0.0%

## Capital Structure

Ordinary shares	92.4m
Options/other	70.5m
Fully diluted	162.9m
Market capitalisation	104.0m

## AEG share price v ASX All Ords



## Top 10 Holdings %

not disclosed

## Gross Portfolio Structure

as at 30-Jun-17

Listed Securities (long)	51%
Listed Securities (short)	-49%
<b>Net exposure</b>	<b>2%</b>
Hybrids/Bonds (long)	0%
Cash	98%
<b>Gross Assets</b>	<b>100%</b>

# WATERMARK MARKET NEUTRAL FUND (WMK)

## Domestic Focused

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> RBA Cash Rate
<b>Manager:</b> Watermark Funds Management	<b>Indirect cost ratio with perf. fee:</b> 4.79%
<b>Listed:</b> Jul-13	<b>Indirect cost ratio w/out perf. fee:</b> 1.72%

## Investment Strategy

WMK identifies "strong" companies to invest in, or 'long', and "weaker" companies to sell, or 'short', without being fully exposed to the volatility and risks of the broader share market. The Manager looks to profit from the mispricing of shares by taking advantage of the natural hedge between long and short positions. The longs and shorts are approximately of equal value, while investors' capital is retained in cash earning interest. The performance of WMK will be the interest on the cash at bank plus the difference in the performance of the Long and Short portfolios.

## Personnel

Investment Personnel: Justin Braiting (CIO), Tom Richardson (PM), Simon Felton (PM), Hamish Chalmers (Analyst), Delian Entchev (Analyst), Nick Cameron (Analyst), Ian Carmichael (Analyst).  
Directors: Matthew Kidman (Chairman), Justin Braiting, John Abernethy, Stephen Van Eyk and Rob Ferguson

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: used for investment, leverage and hedging purposes.

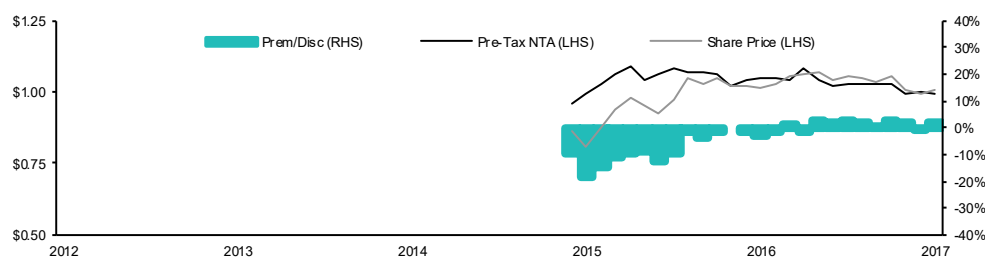
Cash/Debt: \$84.9m cash (30 Jun. '17), \$0 debt/hybrid (31 Dec. '16)

Dividend Reinvestment Plan: Yes

Other: affiliated with Australian Leaders Fund (ALF)

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.4%	-1.4%	5.3%	4.5%	n/a	n/a
Index	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	0.1%	-4.3%	-7.8%	-2.3%	n/a	n/a
<b>NTA+</b>						
Performance	-1.0%	-1.0%	-0.1%	3.2%	n/a	n/a
Benchmark	0.4%	0.8%	1.5%	2.0%	2.3%	3.6%
Active return	-1.4%	-1.8%	-1.6%	1.2%	n/a	n/a

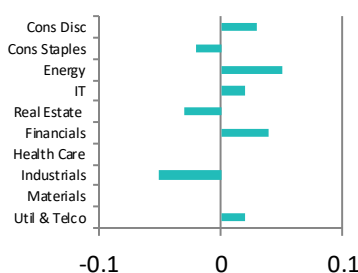
## Share Price and NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation
<b>Share price*</b>		
Year 1	-0.71	6.3%
Year 3	-0.14	12.5%
Year 5	n/a	n/a
<b>NTA+</b>		
Year 1	-0.32	4.9%
Year 3	0.18	0.07
Year 5	n/a	n/a

## Net exposure



\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the RBA Cash Rate.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$1.01
Pre-tax NTA	\$0.99
Post-tax NTA	\$1.01

Premium/(Discount) share price to:

Pre-tax NTA	2.0%
Post-tax NTA	0.0%

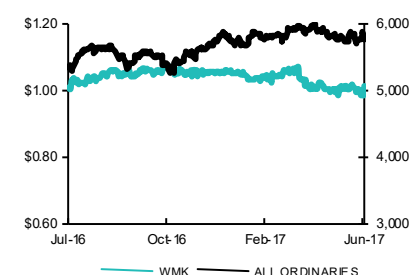
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.060
Yield	5.9%
Franking	88%
Grossed up yield	7.4%

## Capital Structure

Ordinary shares	87.4m
Options/other	0.0m
Fully diluted	87.4m
Market capitalisation	88.3m

## WMK share price v ASX All Ord



## Top 10 Holdings

not disclosed

## Gross Portfolio Structure

as at 30-Jun-17	
Listed Securities (long)	132%
Listed Securities (short)	-130%
<b>Net exposure</b>	<b>2%</b>
Hybrids/Bonds (long)	0%
Cash	98%
<b>Gross Assets</b>	<b>100%</b>

# DJERRIWARRH INVESTMENTS (DJW)

## Domestic Focused

<b>Mandate:</b> Australian listed equities	<b>Benchmark:</b> S&P/ASX 200 Accumulation
<b>Manager:</b> Internal	<b>Indirect cost ratio with perf. fee:</b> 0.46%
<b>Listed:</b> 1995	<b>Indirect cost ratio w/out perf. fee:</b> 0.46%

## Investment Strategy

DJW invests in Australian equities with a focus on stocks where there is an active options market and/or sustainable dividend yield. The company aims to provide shareholders with attractive investment returns through an enhanced level of dividends and attractive total returns over the medium to long term. It takes a medium to longer term view of value which means that the aim is to buy and hold individual stocks for the long term based on selection criteria which, in summary, include: formulation and execution of the business strategy and its underlying business value; and key financial indicators, including prospective price earnings relative to projected growth, sustainability of earnings and dividend yield (including franking) and balance sheet position including gearing, interest cover and cash flow.

## Personnel

Investment personnel: Ross Barker (MD) and Mark Freeman (CIO). Directors: John Paterson (Chairman), Ross Barker, Graham Kraehe, Andrew Guy, Alice Williams, Graham Goldsmith, Kathryn Fagg, Karen Wood, and Robert Edgar.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Options typically written on between 20-50% of the Portfolio.

Cash/Debt: \$19.5m cash, \$75.0m debt (31 Dec 2016)

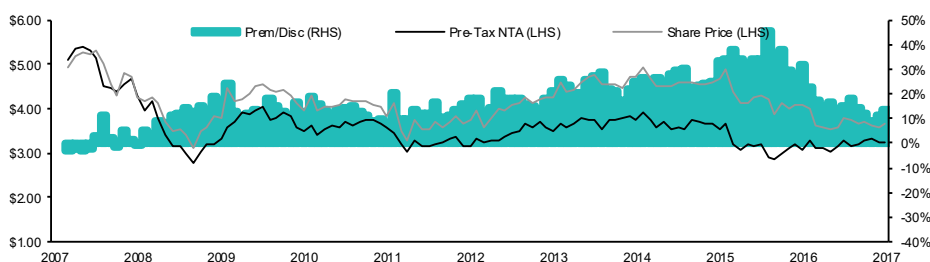
Dividend reinvestment plan: Yes, 5% discount to 5 day VWAP post ex-date

Other: Affiliated with AMCIL (AMH), AFIC (AFI) and Mirrabooka (MIR).

## Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-0.3%	0.0%	-3.8%	-2.2%	5.9%	3.2%
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	1.2%	-2.9%	-16.9%	-9.0%	-5.7%	-0.3%
<b>NTA+</b>						
Performance	-1.2%	1.6%	13.1%	2.7%	8.3%	2.5%
Benchmark	-1.6%	3.2%	14.1%	6.6%	11.8%	3.6%
Active return	0.4%	-1.6%	-1.0%	-3.9%	-3.5%	-1.1%

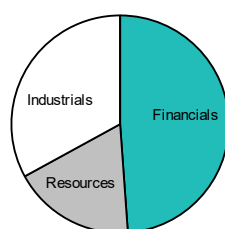
## Share Price and NTA



## Risk/Return Indicators

Information	Sharpe Ratio	Standard Deviation
<b>Share price*</b>		
Year 1	-1.58	9.3%
Year 3	-0.77	11.3%
Year 5	-0.51	11.4%
<b>NTA+</b>		
Year 1	-0.77	8.9%
Year 3	-1.65	12.6%
Year 5	-1.26	11.5%

## Exposure (Top 20)



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$3.68
Pre-tax NTA	\$3.24
Post-tax NTA	\$3.26

Premium/(Discount) share price to:

Pre-tax NTA	13.6%
Post-tax NTA	12.9%

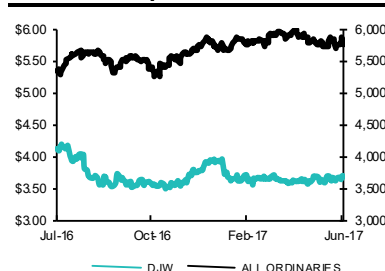
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.24
Yield	6.5%
Franking	100%
Grossed up yield	9.3%

## Capital Structure

Ordinary shares	219.4m
Options/other	0.0m
Fully diluted	219.4m
Market capitalisation	807.2m

## DJW share price v ASX All Ords



## Top 20 Holdings

as at 30-Jun-17	%
Commonwealth Bank	9.0
Westpac Bank	8.5
BHP Billiton	5.8
NAB	4.7
ANZ Bank	4.6
Wesfarmers	3.5
Telstra	3.5
CSL	3.4
Brambles	2.6
Rio Tinto	2.4
Oil Search	2.0
QBE Insurance Group	1.8
James Hardie Industries	1.7
Woolworths	1.7
Qube Holdings	1.7
Seek	1.6
Woodside Petroleum	1.6
Amcor	1.6
AMP	1.6
Mirrabooka Investments	1.5
<b>% of Total</b>	<b>64.8</b>

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Accumulation.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# PLATO INCOME MAXIMISER (PL8)

## Domestic Focussed

<b>Mandate:</b> Australian Listed Equities	<b>Benchmark:</b> S&P/ASX 200 FC Adj Daily TR
<b>Manager:</b> Plato Investment Mgmt	<b>Indirect cost ratio with perf. fee:</b> n/a
<b>Listed:</b> May-17	<b>Indirect cost ratio w/out perf. fee:</b> n/a

## Investment Strategy

PL8 aims to deliver income (inc. franking) and total returns in excess of the S&P/ASX200 Franking Credit Adjusted Daily Total Return Index. The Manager achieves this by 3 means; dividend run-up effect, franking credits and running a dividend trap model. The final portfolio is expected to display a portfolio composition similar to the underlying benchmark. The Company aims to pay regular monthly dividends once it has sufficient profit reserves.

## Personnel

Investment Personnel: Dr Don Hamson, Todd Kennedy, Manoj Wanzare, Dr Peter Gardner, Dr Mark Thompson, Dr Jonathan Whiteoak, Daniel Pennell, Wilson Thong. Directors: Jonathan Trollip (Chairman), Katrina Onishi, Lorraine Berends, Alex Ihlenfeldt, Dr. Don Hamson.

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Only can invest in SPI futures

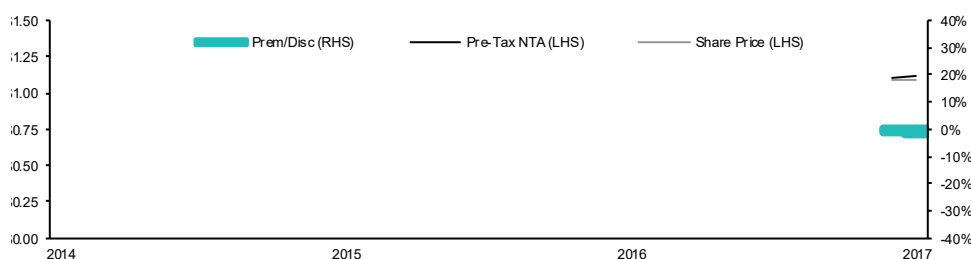
Cash/Debt: n/a

Dividend Reinvestment Plan: n/a

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	n/a	n/a	n/a	n/a	n/a	n/a
Index	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	n/a	n/a	n/a	n/a	n/a	n/a
<b>NTA+</b>						
Performance	n/a	n/a	n/a	n/a	n/a	n/a
Benchmark	-1.3%	3.9%	15.7%	8.2%	11.6%	5.2%
Active return	n/a	n/a	n/a	n/a	n/a	n/a

## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	n/a	n/a	n/a
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	n/a	n/a	n/a
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX 200 Franking Credit Adj Daily Total Return Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$1.10
Pre-tax NTA	\$1.04
Post-tax NTA	\$1.05

Premium/(Discount) share price to:

Pre-tax NTA	5.5%
Post-tax NTA	4.5%

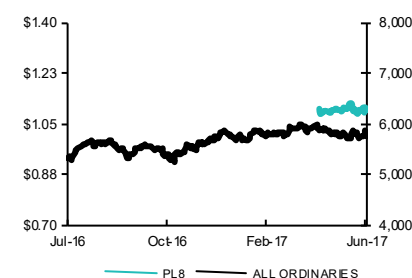
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.000
Yield	0.0%
Franking	0%
Grossed up yield	0.0%

## Capital Structure

Ordinary shares	296.3m
Options/other	296.3m
Fully diluted	592.6m
Market capitalisation	324.4m

## PL8 share price v ASX All Ords



## Top Holdings

as at 30-Jun-17

AGL Energy	30%
BHP Billiton	20%
Commonwealth Bank	10%
CSL	10%
Macquarie Group	10%
NAB	10%
Rio Tinto	10%
Suncorp	10%
Telstra	10%
Westpac	10%

# MFF CAPITAL INVESTMENTS (MFF)

## International Focussed

<b>Mandate:</b> International Equities (US focus)	<b>Benchmark:</b> MSCI World Index (AUD)
<b>Manager:</b> Magellan Asset Management	<b>Indirect cost ratio with perf. fee:</b> 1.21%
<b>Listed:</b> 2006	<b>Indirect cost ratio w/out perf. fee:</b> 1.21%

## Investment Strategy

The primary focus of the portfolio is to invest in large listed international companies assessed to have attractive business characteristics at a discount to their assessed intrinsic values. The Directors believe that this will generate superior risk adjusted returns over the medium to long term, while minimising the risk of permanent capital loss.

## Personnel

Investment Personnel: Chris Mackay (MD & Portfolio Manager), Gerald Stack, Dom Giuliano and Nikki Thomas. Directors: Dick Warburton (Chairman), John Ballard, Andy Hogendijk, Chris Mackay

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: n/a

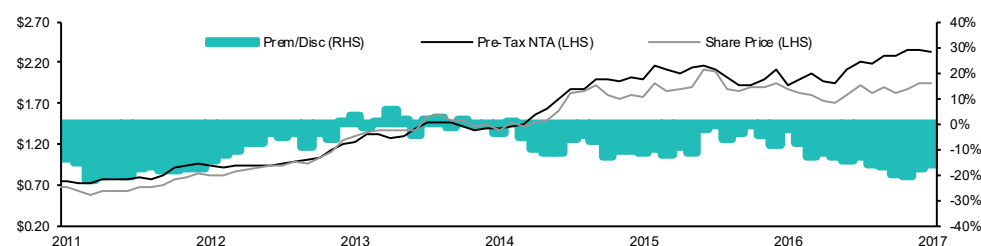
Cash/Debt: \$0.2m cash and \$100.4m debt (31 Dec.' 16)

Dividend reinvestment plan: Yes

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	6.6%	1.8%	5.2%	13.6%	20.7%	8.7%
Benchmark	1.4%	4.8%	-0.2%	10.9%	14.7%	2.0%
Active return	5.2%	-3.0%	5.4%	2.7%	6.0%	6.7%
<b>NTA+</b>						
Performance	2.2%	5.4%	22.6%	20.2%	21.8%	10.1%
Benchmark	1.4%	4.8%	-0.2%	10.9%	14.7%	2.0%
Active return	0.8%	0.6%	22.8%	9.3%	7.1%	8.1%

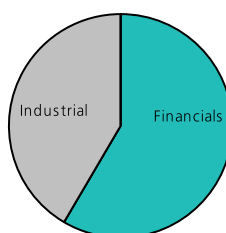
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	0.34	0.22	12.3%
Year 3	0.14	0.65	16.9%
Year 5	0.30	1.06	16.6%
<b>NTA+</b>			
Year 1	1.64	1.72	11.7%
Year 3	0.54	1.20	14.6%
Year 5	0.41	1.37	13.7%

## Exposure (Top 20)



## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$1.95
Pre-tax NTA	\$2.32
Post-tax NTA	\$1.98

Premium/(Discount) share price to:

Pre-tax NTA	-16.3%
Post-tax NTA	-1.7%

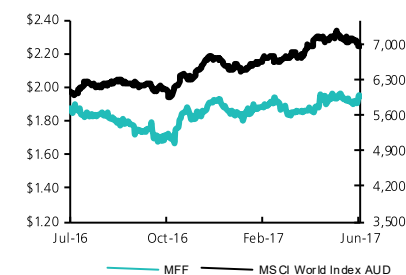
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.02
Yield	1.0%
Franking	93%
Grossed up yield	1.4%

## Capital Structure

Ordinary shares	483.7m
Options/other	59.9m
Fully diluted	543.6m
Market capitalisation	940.8m

## MFF v MSCI World Index (AUD)



## Top Holdings %

as at 30-Jun-17	
Visa	11.9
Home Depot	10.3
Master Card	10.1
Bank of America	9.8
Low e's	9.1
Wells Fargo	7.7
US Bancorp	5.2
HCA Healthcare	5.1
JP Morgan Chase	4.5
CVS Health	4.1
Lloyds Banking Group	3.3
S&P Global	2.4
Blackrock	2.3
Alphabet	2.3
Microsoft	2.2
Bank of New York Mellon	1.9
Facebook	1.3
United Overseas Banking	1.1
Oversea - Chins Banking	1.0
DBS Group	1.0
<b>% of Total</b>	<b>96.6</b>

\* The shareprice bench mark has been compared against the MSCI World price index in AUD. + The NTA has been compared against the MSCI World price index in AUD.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.



# PLATINUM CAPITAL (PMC)

## International Focussed

<b>Mandate:</b> Absolute Return	<b>Benchmark:</b> MSCI All Country World Net Index
<b>Manager:</b> Platinum Asset Management	<b>Indirect cost ratio with perf. fee:</b> 1.68%
<b>Listed:</b> 1994	<b>Indirect cost ratio w/out perf. fee:</b> 1.68%

## Investment Strategy

PMC utilises a bottom-up, stock selection methodology and is focused on absolute returns over returns relative to any index. Investments may be in global equities (including Australia), perceived by the Manager as being inappropriately valued by the market. This is combined with screening software that allows the Company to select stocks for further evaluation based on a specific criteria. The Criteria is determined by the Manager's hypothesis regarding social, political or economic change. These factors are intended to bring together a portfolio of stocks with a below average risk.

## Personnel

Directors: Bruce Coleman (Chairman), Jim Clegg, Richard Morath.

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: Yes

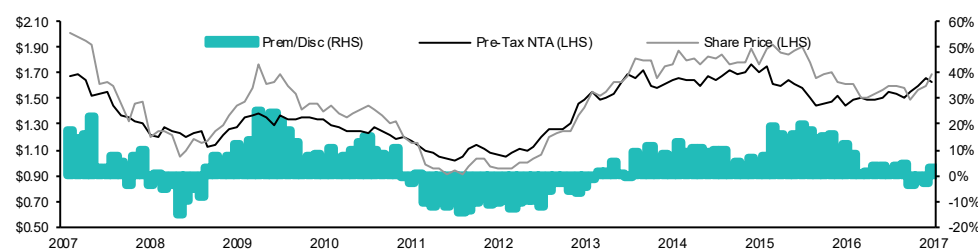
Cash/Debt: \$42.3m cash, \$0.0m debt (31 Dec. '16)

Dividend reinvestment plan: Yes, 2.5% discount to 5 day average price post ex-date.

Other: n/a

Performance	3-mth	6-mth	1 year	3 Yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	12.7%	8.3%	9.5%	3.7%	17.0%	4.1%
Benchmark	3.8%	4.8%	15.2%	12.2%	17.1%	4.8%
Active return	8.9%	3.5%	-5.7%	-8.5%	-0.1%	-0.7%
<b>NTA+</b>						
Performance	5.4%	7.6%	19.2%	5.6%	14.2%	5.6%
Benchmark	3.8%	4.8%	15.2%	12.2%	17.1%	4.8%
Active return	1.6%	2.8%	4.0%	-6.6%	-2.9%	0.8%

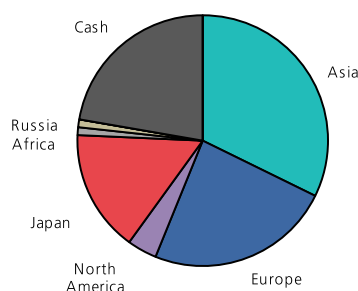
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	-0.43	0.68	10.4%
Year 3	-0.60	0.09	12.2%
Year 5	0.86	1.01	13.8%
<b>NTA+</b>			
Year 1	0.95	2.45	6.8%
Year 3	-1.17	0.31	9.7%
Year 5	-0.51	1.01	11.0%

## Regional Exposure



\* The shareprice benchmark has been compared against the MSCI All Country World Net Index. + The NTA has been compared against the MSCI All Country World Net Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.69
Pre-tax NTA	\$1.63
Post-tax NTA	\$1.57

Premium/(Discount) share price to:

Pre-tax NTA	3.1%
Post-tax NTA	7.5%

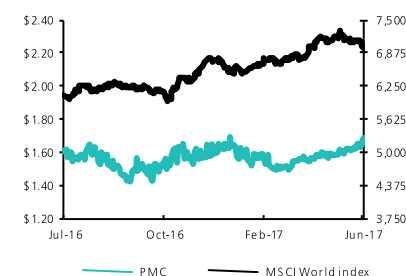
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.08
Yield	4.7%
Franking	100%
Grossed up yield	6.8%

## Capital Structure

Ordinary shares	283.8m
Options/other	0.0m
Fully diluted	283.8m
Market capitalisation	478.1m

## PMC v MSCI World Index



## Top 10 Holdings

as at 30-Jun-17	%
Samsung Electronics	3.6
Alphabet	3.0
Lixil Group	2.5
Tencent Holdings	2.4
Oracle Corp	2.3
Kering	2.2
Inpex Corporation	2.0
Technip FMC	2.0
Ping An A Share Photo	1.9
Intesa Sanpaolo	1.9
<b>% of Total</b>	<b>23.8</b>

# ANTIPODES GLOBAL INVESTMENT COMPANY (APL)

## International Focussed

<b>Mandate:</b> Absolute Return	<b>Benchmark:</b> MSCI All Country World Net Index
<b>Manager:</b> Antipodes Partners	<b>Indirect cost ratio with perf. fee:</b> n/a
<b>Listed:</b> Oct-16	<b>Indirect cost ratio w/out perf. fee:</b> n/a

## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.25
Pre-tax NTA	\$1.20
Post-tax NTA	\$1.16

## Investment Strategy

APL is a global asset manager offering a pragmatic value approach. The objective of the strategy is to generate absolute returns in excess of the benchmark, at below market levels of risk. APL seeks to take advantage of the market's tendency for irrational extrapolation, identify investments that offer a high margin of safety and build portfolios with a capital preservation focus. APL deploys multiple levers - longs, shorts and currency management - to manage risk and drive returns. Typical net equity exposure is in the 50-100% range

Premium/(Discount) share price to:

Pre-tax NTA	4.0%
Post-tax NTA	7.2%

## Personnel

Investment Personnel: Jacob Mitchell (Portfolio Manager), Andrew Baud (Deputy Portfolio Manager), Sunny Bangia (Deputy Portfolio Manager), Graham Hay (Deputy Portfolio Manager). Directors: Jonathan Trollip (Chairman), Chris Cuffe, Lorraine Berends, Andrew Findlay, Alex Ihlenfeldt.

## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.00
Yield	0.0%
Franking	0%
Grossed up yield	0.0%

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: Yes

Cash/Debt: \$54.9m cash, \$0.0m debt (31 Dec. '16)

Dividend reinvestment plan:n/a

Other: n/a

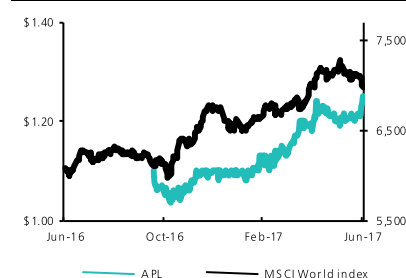
## Capital Structure

Ordinary shares	297.7m
Options/other	271.9m
Fully diluted	569.6m
Market capitalisation	370.7m

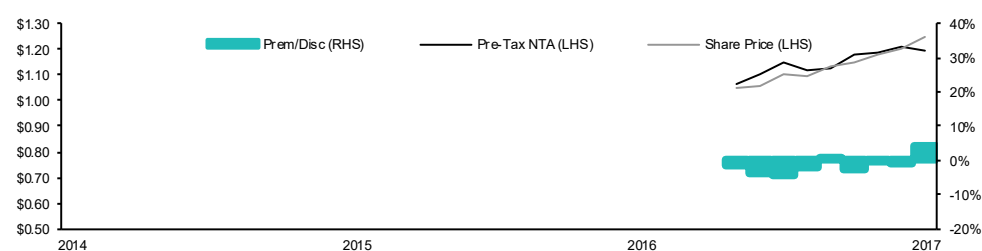
## Performance

	3-mth	6-mth	1 year	3 Yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	8.7%	13.2%	n/a	n/a	n/a	n/a
Benchmark	3.8%	4.8%	15.2%	12.2%	17.1%	4.8%
Active return	4.9%	8.4%	n/a	n/a	n/a	n/a
<b>NTA+</b>						
Performance	1.8%	4.4%	n/a	n/a	n/a	n/a
Benchmark	3.8%	4.8%	15.2%	12.2%	17.1%	4.8%
Active return	-2.0%	-0.4%	n/a	n/a	n/a	n/a

## APL share price v MSCI World Ir



## Share Price and NTA



## Top 10 Holdings

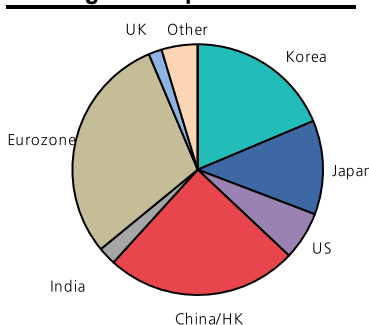
as at 30-Jun-17

Hyundai Motor Co.	4.0
Baidu	3.2
Gilead Sciences	2.9
KB Financial Group	2.8
Inpex Corporation	2.6
Samsung Electronics	2.6
ING Groep	2.5
Microsoft Corporation	2.5
Office Depot	2.4
Telecom Italia	2.4
<b>% of Total</b>	<b>27.9</b>

## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	n/a	n/a	n/a
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	n/a	n/a	n/a
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

## Net Regional Exposure



\* The shareprice benchmark has been compared against the MSCI All Country World Net Index. + The NTA has been compared against the MSCI All Country World Net Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# TEMPLETON GLOBAL GROWTH FUND (TGG)

## International Focused

<b>Mandate:</b> Absolute return	<b>Benchmark:</b> MSCI All Country World TR (AUD)
<b>Manager:</b> Templeton Global Equity Group	<b>Indirect cost ratio with perf. fee:</b> 1.16%
<b>Listed:</b> 1987	<b>Indirect cost ratio w/out perf. fee:</b> 1.16%

## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.36
Pre-tax NTA	\$1.48
Post-tax NTA	\$1.43

## Investment Strategy

TGG's investment process endeavours to identify undervalued equity securities through fundamental company analysis, using a global industry focus and a long-term investment horizon. The investment approach can be characterised by three underlying tenets: Value, Patience and Bottom-Up Analysis. The portfolio of investments is unhedged.

Premium/(Discount) share price to:

Pre-tax NTA	-8.4%
Post-tax NTA	-4.9%

## Personnel

Directors: Chris Freeman (chairman), Gregory McGowan, Jennifer Johnson, Martin Warwick, Michael O'Brien, Alok Sethi and Joanne Dawson.

## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.045
Yield	3.3%
Franking	56%
Grossed up yield	4.1%

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: none.

Cash/Debt: \$10.8m cash (31 Jun. '17), \$0.0 debt (31 Dec. '16)

Dividend reinvestment plan: Yes. 2.5% discount

Other: On-market Buy-back.

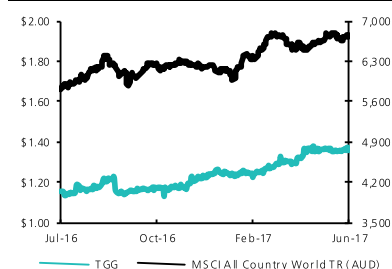
## Capital Structure

Ordinary shares	226.6m
Options/other	0.0m
Fully diluted	226.6m
Market capitalisation	308.1m

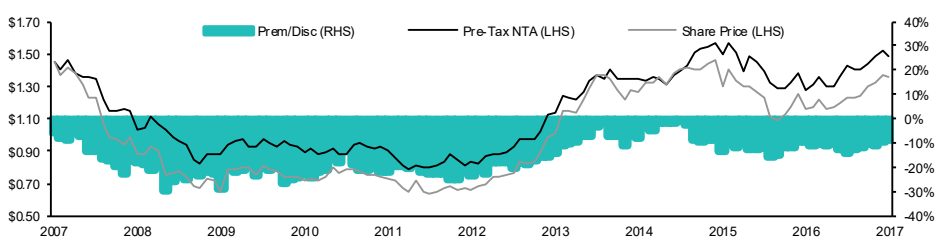
## Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	5.0%	11.0%	22.3%	5.9%	18.8%	8.3%
Benchmark	3.8%	4.8%	15.2%	12.2%	17.1%	8.2%
Active return	1.2%	6.2%	7.1%	-6.3%	1.7%	0.1%
<b>NTA+</b>						
Performance	3.1%	3.8%	20.0%	6.4%	15.1%	2.2%
Benchmark	3.8%	4.8%	15.2%	12.2%	17.1%	4.8%
Active return	-0.7%	-1.0%	4.8%	-5.8%	-2.0%	-2.6%

## TGG v MSCI AC World (AUD)



## Share Price and NTA



## Top Holdings

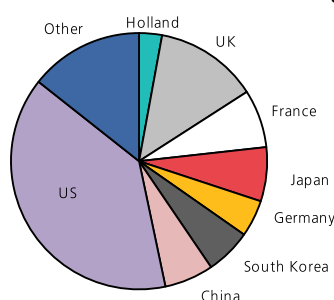
as at 30-Jun-17

Samsung Electronics	2.5
Microsoft	2.4
Oracle	2.2
Alphabet	1.9
BP	1.8
Softbank Group Corp	1.8
HSBC Holdings	1.8
Royal Dutch Shell	1.7
Citigroup	1.7
Teva Pharmaceutical	1.6
<b>% of Total</b>	<b>19.4</b>

## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	1.12	3.33	6.0%
Year 3	-0.63	0.24	14.2%
Year 5	0.16	1.05	15.6%
<b>NTA+</b>			
Year 1	1.52	2.17	8.1%
Year 3	-1.33	0.32	11.7%
Year 5	-0.43	1.00	12.1%

## Regional Exposure



\* The share price benchmark has been compared against the MSCI All Country World TR Index. + The NTA has been compared against the MSCI All Country World TR Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# HUNTER HALL GLOBAL VALUE (HHV)

## International Focussed

<b>Mandate:</b> International Equities	<b>Benchmark:</b> MSCI World Return Net Div Reinvested AUD
<b>Manager:</b> Pengana Capital Group	<b>Indirect cost ratio with perf. fee:</b> 1.85%
<b>Listed:</b> 2004	<b>Indirect cost ratio w/out perf. fee:</b> 1.85%

## Investment Strategy

HHV focuses on investing in a well-constructed portfolio of growing businesses at reasonable valuations. It employs a benchmark aware strategy with unrestricted access to all international share markets. An integral element of the portfolio construction process is the division of stock into three segments: Core, Cyclical and Opportunistic. Core stocks will represent 60-80% of the LIC while Cyclical or Opportunistic provide opportunity for material upside. HHV will still apply its current ethical screen to its portfolio.

## Personnel

Investment Personnel: Jordan Cvetanovski (CIO), Steven Glass, James McDonald. Directors: David Groves (Chairman), Julian Constable, Frank Gooch, Russel Pillmer.

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: Only used to hedge against foreign currency exposure.

Cash/Debt: \$33.2m cash (30 Jun '17), \$0m debt (31 Dec '16)

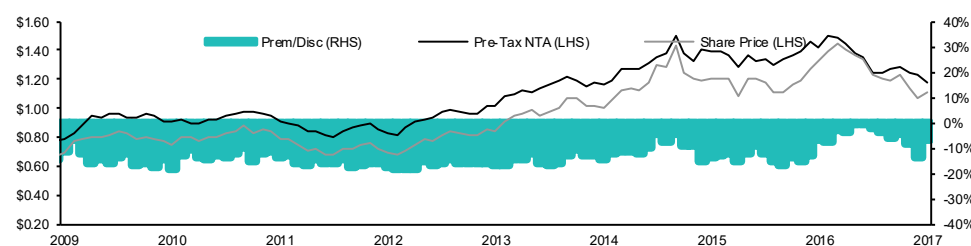
Dividend reinvestment plan: Yes

Other: Specialist fund investing in International Equities.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-7.0%	-7.0%	-12.2%	9.4%	15.7%	3.7%
Benchmark	3.6%	4.0%	14.6%	12.7%	18.0%	5.0%
Active return	-10.6%	-11.0%	-26.8%	-3.3%	-2.3%	-1.3%
<b>NTA+</b>						
Performance	-5.6%	-2.7%	-12.7%	5.7%	12.3%	2.7%
Benchmark	3.6%	4.0%	14.6%	12.7%	18.0%	5.0%
Active return	-9.2%	-6.7%	-27.3%	-7.0%	-5.7%	-2.3%

Returns have been calculated on the share price on an accumulation basis

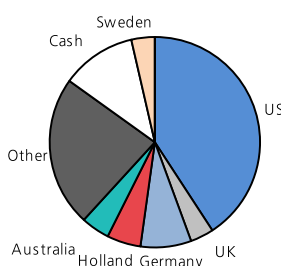
## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-1.38	-1.05	14.0%
Year 3	-0.17	0.36	18.5%
Year 5	-0.14	0.79	16.0%
<b>NTA+</b>			
Year 1	-1.88	-1.30	11.6%
Year 3	-0.54	0.23	13.3%
Year 5	-0.51	0.79	11.7%

## Regional Exposure



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.11
Pre-tax NTA	\$1.18
Post-tax NTA	\$1.19

Premium/(Discount) share price to:

Pre-tax NTA	-6.5%
Post-tax NTA	-6.8%

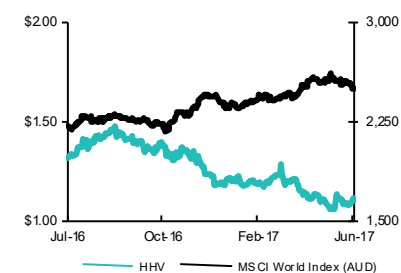
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.070
Yield	6.3%
Franking	100%
Grossed up yield	9.0%

## Capital Structure

Ordinary shares	244.2m
Options/other	0.0m
Fully diluted	244.2m
Market capitalisation	269.8m

## HHV v MSCI World Index (AUD)



## Top 10 Holdings

	%
as at 30-Jun-17	
IAC InterActive Corp	5.1
Alphabet	3.3
Comcast	3.1
Dollar General	2.8
Wacker Chemie	2.8
Novo Nordisk	2.8
Ahold	2.5
BBVA	2.5
Apple	2.3
Oracle	2.3
<b>% of Total</b>	<b>29.5</b>

\* The share price benchmark has been compared against the MSCI World Acc Net Return (\$A). + The NTA has been compared against the MSCI World Acc Net Return (\$A).

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# PM CAPITAL GLOBAL OPPORTUNITIES (PGF)

## International Focussed

<b>Mandate:</b> International Equities	<b>Benchmark:</b> MSCI World Index (AUD)
<b>Manager:</b> PM Capital	<b>Indirect cost ratio with perf. fee:</b> 1.17%
<b>Listed:</b> Dec-13	<b>Indirect cost ratio w/out perf. fee:</b> 1.17%

## Investment Strategy

PGF offers investors with a diversified portfolio of around 40 listed global (including Australia) equities, with an objective to provide long term capital growth to investors. The Manager utilises a fundamental bottom-up, research intensive investment process, investing in a portfolio of global companies which the Manager views as undervalued. Also note, PGF invests on a long term basis with at least 7 year time horizon.

## Personnel

Investment Personnel: Paul Moore (CIO), Kevin Bertoli, Jarod Dawson, John Whelan, Uday Cheruvu, Clement Tseung, Annabelle Symons, Chen Lin. Directors: Andrew McGill (Chairman), Brett Spork, Ben Skilbeck

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: The manager has the ability to borrow and short sell, with a max leverage of 30% of NAV.

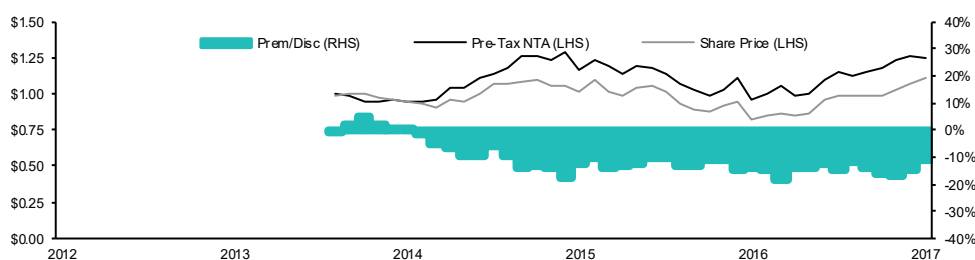
Cash/Debt: \$2.2m cash, \$46.2m Debt (31 Dec '16)

Dividend Reinvestment Plan: Yes

Other: The Manager actively manages currency exposure

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	11.6%	14.6%	38.5%	7.1%	n/a	n/a
Index	3.3%	3.7%	14.6%	12.7%	18.0%	5.0%
Active return	8.3%	10.9%	23.9%	-5.6%	n/a	n/a
<b>NTA+</b>						
Performance	5.6%	10.0%	33.4%	11.4%	n/a	n/a
Benchmark	3.3%	3.7%	14.6%	12.7%	18.0%	5.0%
Active return	2.3%	6.3%	18.8%	-1.3%	n/a	n/a

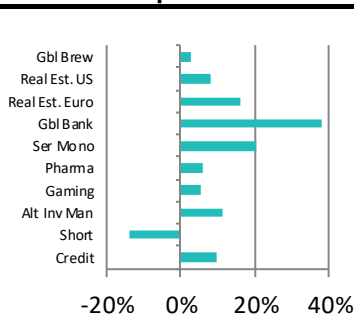
## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	2.55	3.68	0.10
Year 3	-0.52	0.28	0.16
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	2.52	2.46	0.13
Year 3	-0.13	0.51	0.17
Year 5	n/a	n/a	n/a

## Portfolio Exposure



## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$1.11
Pre-tax NTA	\$1.24
Post-tax NTA	\$1.17

Premium/(Discount) share price to:

Pre-tax NTA	-11.2%
Post-tax NTA	-5.9%

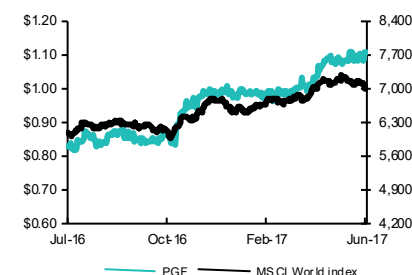
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.031
Yield	2.8%
Franking	100%
Grossed up yield	4.0%

## Capital Structure

Ordinary shares	349.4m
Options/other	0.0m
Fully diluted	349.4m
Market capitalisation	386.1m

## PGF v MSCI World Index



## Stock Example

*as at 30-Jun-17*

- Heineken
- Howard Hughes Corp
- Cairn Homes
- Bank of America
- Alphabet
- Pfizer
- Wynn Macau
- KKR & Co L.P.

## Domicile of Business

<i>as at 30-Jun-17</i>	
North America	38.8%
Europe	27.9%
International	18.3%
United Kingdom	7.3%
Asia (ex-Japan)	7.4%
Australia	0.3%
<b>% of Total</b>	<b>100.0%</b>

\* The shareprice benchmark has been compared against the MSCI World Accum Index in AUD. + The NTA has been compared against the MSCI World Accum Index in AUD.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# ELLERSTON GLOBAL INVESTMENTS (EGI)

## International Focussed

<b>Mandate:</b>	International Equities	<b>Benchmark:</b>	MSCI World Index (Local)
<b>Manager:</b>	Ellerston Capital	<b>Indirect cost ratio with perf. fee:</b>	1.52%
<b>Listed:</b>	Oct-14	<b>Indirect cost ratio w/out perf. fee:</b>	1.34%

## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$1.01
Pre-tax NTA	\$1.15
Post-tax NTA	\$1.13

## Investment Strategy

EGI offers investors exposure to a diversified portfolio of international equities using the Manager's high conviction, contrarian and benchmark independent investment approach. The Manager undertakes a disciplined 'bottom up' stock selection based on fundamental analysis. This is overlaid with the Manager's 'top down' assessment of macroeconomic conditions and the market outlook. The investment portfolio will be relatively concentrated with a target of 10-40 securities.

Premium/(Discount) share price to:

Pre-tax NTA	-11.9%
Post-tax NTA	-11.0%

## Personnel

Investment Personnel: Ashok Jacob (CIO), Arik Star, Travis Duff, David Serry, Bill Pridham, Mark Haet.  
Directors: Ashok Jacob (Chairman), Sam Brougham, Paul Dortkamp, Stuart Robertson.

## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.020
Yield	2.0%
Franking	100%
Grossed up yield	2.8%

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: Can hedge against currency movements.

Cash/Debt: \$6.2m cash (30 Jun. '17), \$0.3m Debt (31 Dec '16)

Dividend reinvestment plan: 2.5% discount over 5 day VWAP

Other: Affiliated with EAI

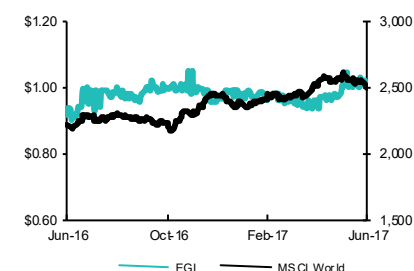
## Capital Structure

Ordinary shares	75.9m
Options/other	33.6m
Fully diluted	109.5m
Market capitalisation	76.6m

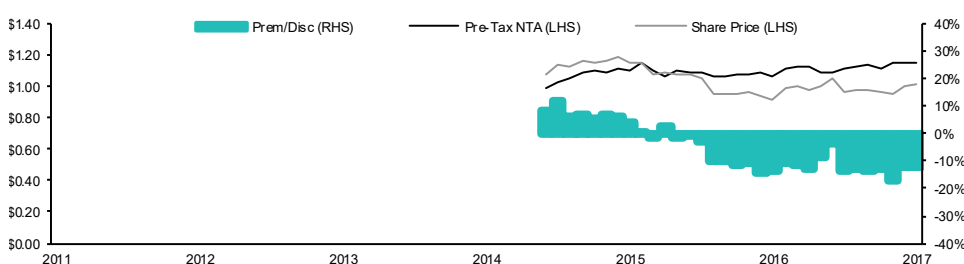
## Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	5.2%	5.8%	12.7%	n/a	n/a	n/a
Index	2.7%	8.3%	18.8%	7.8%	13.1%	4.3%
Active return	2.5%	-2.5%	-6.1%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	3.6%	3.7%	10.2%	n/a	n/a	n/a
Benchmark	2.7%	8.3%	18.8%	7.8%	13.1%	4.3%
Active return	0.9%	-4.6%	-8.6%	n/a	n/a	n/a

## EGI share price v MSCI World



## Share Price and NTA



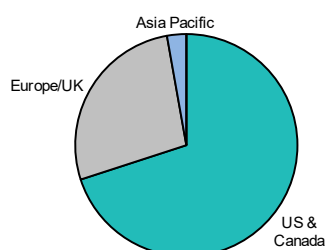
## Top Holdings

<i>as at 30-Jun-17</i>	
Entertainment One	8.2%
Equiniti Group Plc	5.3%
Phillips Lighting NV	5.1%
Zayo Group Holdings	4.7%
QTS Realty Trust	4.2%
Interxion Holding	4.0%
Snap-On	3.7%
Jeld-Wen Holding	3.1%
Northstar Realty Europe Corp	3.0%
PTC	3.0%
<b>% of Total</b>	<b>44.1%</b>

## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-0.45	0.74	0.14
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-1.66	1.16	0.07
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

## Regional Exposure



\* The shareprice benchmark has been compared against the MSCI World Index (Local). + The NTA has been compared against the MSCI World Index (Local).

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns, however, are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# WATERMARK GLOBAL LEADERS FUND (WGF)

## International Focussed

<b>Mandate:</b> Global listed equities, Long/Short	<b>Benchmark:</b> RBA Cash Rate
<b>Manager:</b> Watermark Funds Management	<b>Indirect cost ratio with perf. fee:</b> n/a
<b>Listed:</b> Dec-16	<b>Indirect cost ratio w/out perf. fee:</b> n/a

## Investment Strategy

WGF offers investors an alternative to traditional 'long only' global LICs by running a market neutral strategy. This investment approach provides a long/short mandate that allows the company to take advantage of both undervalued and overvalued global securities. The proceeds raised from short selling securities provides funding for WGF to retain as cash or reinvested into the Long portfolio. Typically, the Manager will hold between 40-80 securities within both the Long and Short portfolios.

## Personnel

Investment Personnel: Justin Braitling (Chief Investment Officer), Tom Richardson (Portfolio Manager), Simon Felton (PM), Hamish Chalmers (Analyst), Delian Entchev (Analyst), Nick Cameron (Analyst).  
Directors: Rohan Hedley (Chairman), Philip Howard, Justin Braitling and Tim Bolger.

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: The manager has the ability to short-sell securities.

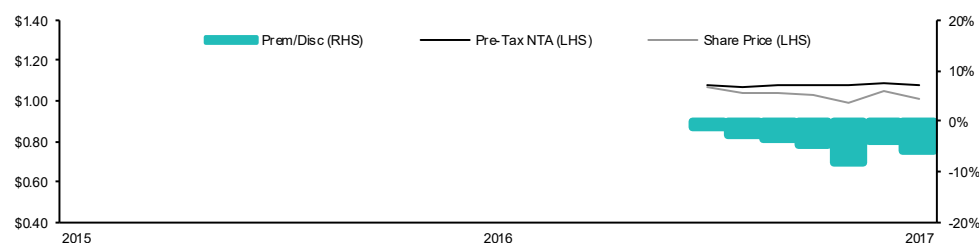
Cash/Fixed Income: \$0.0m (31 Dec '16) Debt: \$0.0m (31 Dec '16)

Dividend Reinvestment Plan: n/a

Other: affiliated with Australian Leaders Fund (ALF) & Watermark Market Neutral Fund (WMK)

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-1.5%	-4.7%	n/a	n/a	n/a	n/a
Benchmark	3.8%	4.8%	15.2%	12.2%	17.1%	4.8%
Active return	-5.3%	-9.5%	n/a	n/a	n/a	n/a
<b>NTA+</b>						
Performance	0.0%	0.4%	n/a	n/a	n/a	n/a
Benchmark	0.4%	0.8%	1.5%	2.0%	2.3%	3.6%
Active return	-0.4%	-0.4%	n/a	n/a	n/a	n/a

## Share Price and NTA



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.02
Pre-tax NTA	\$1.08
Post-tax NTA	\$1.08

Premium/(Discount) share price to:

Pre-tax NTA	-6.0%
Post-tax NTA	-6.0%

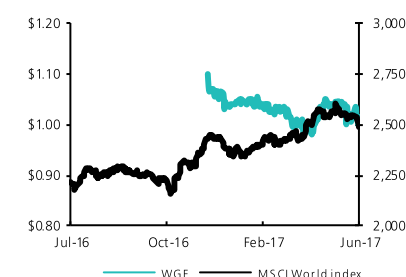
## Historic Dividend (prior 12-mths)

Dividends (net)*	\$0.00
Yield*	0.0%
Franking*	0%
Grossed up yield*	0.0%

## Capital Structure

Ordinary shares	82.8m
Options/other	82.8m
Fully diluted	165.6m
Market capitalisation	84.0m

## WGF share price v MSCI World



## Gross Portfolio %

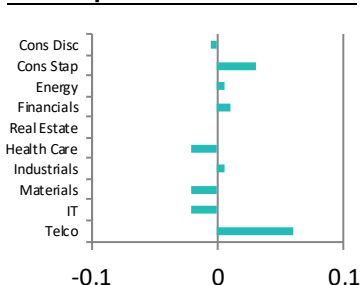
as at 30-Jun-17

Listed Securities (long)	107%
Listed Securities (short)	-107%
<b>Net exposure</b>	<b>0%</b>
Hybrids/Bonds (long)	0%
Cash	100%
<b>Gross Assets</b>	<b>100%</b>

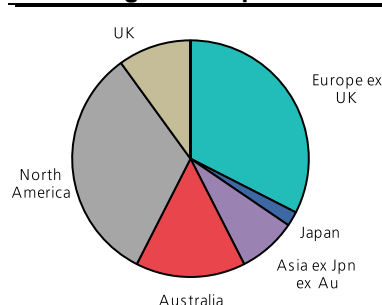
## Risk/Return Indicators

Share price*	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	n/a	n/a	n/a
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	n/a	n/a	n/a
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

## Net Exposure



## Gross Regional Exposure



\* The shareprice benchmark has been compared against the MSCI All Country World Net Index. + The NTA has been compared against the RBA Cash Rate.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking or the issue of options. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# GLOBAL VALUE FUND (GVF)

## International Focussed

<b>Mandate:</b> Intl (Multi Assets)	<b>Benchmark:</b> BBSW 1YearRate + 4%
<b>Manager:</b> Mirabella Financial Services^	<b>Indirect cost ratio with perf. fee:</b> 2.10%
<b>Listed:</b> Jul-14	<b>Indirect cost ratio w/out perf. fee:</b> 2.10%

## Investment Strategy

GVF invests globally using a discount capture strategy. The fund owns a range of global assets all purchased at a discount to their intrinsic value. By capturing these discounts for its investors, the manager aims to provide an alternative source of market outperformance compared to more common stock selection strategies. The manager is based in London and has considerable experience in finding international assets trading at a discount to their intrinsic worth, and in identifying or creating catalysts that will be used to unlock this value.

## Personnel

Investment Personnel: Miles Staude. Directors: Jonathan Trollip (Chairman), Geoffrey Wilson, Chris Cuffe, Miles Staude.

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives/Managed Funds, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: Used for arbitrage and to manage currency exposures.

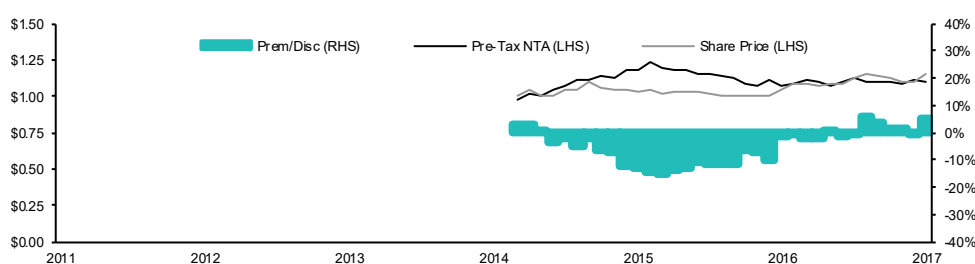
Cash/Debt: \$20.0m cash (30 Jun '17), \$0.0m Debt (30 Dec '16)

Dividend Reinvestment Plan: Yes

Other: n/a

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	6.5%	6.5%	16.8%	n/a	n/a	n/a
Index	1.4%	4.8%	-0.2%	10.9%	14.7%	2.0%
Active return	5.1%	1.7%	17.0%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	-0.2%	1.2%	12.2%	n/a	n/a	n/a
Benchmark	1.4%	2.9%	5.9%	6.2%	14.7%	8.0%
Active return	-1.6%	-1.7%	6.3%	n/a	n/a	n/a

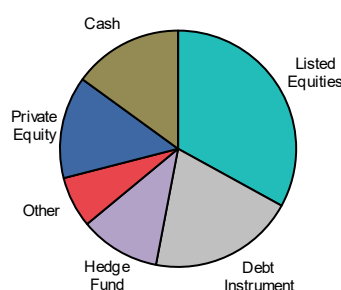
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information		
	Ratio	Sharpe Ratio	Standard Deviation
Year 1	1.34	1.84	0.08
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	0.72	1.11	0.09
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

## Exposure (Portfolio)



## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$1.16
Pre-tax NTA	\$1.10
Post-tax NTA	\$1.09

Premium/(Discount) share price to:

Pre-tax NTA	5.4%
Post-tax NTA	6.1%

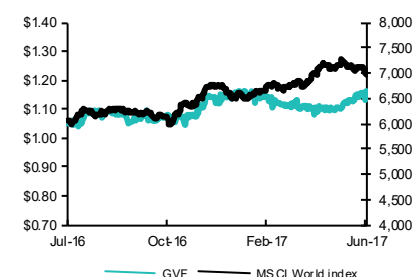
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.0615
Yield	5.3%
Franking	74%
Grossed up yield	7.0%

## Capital Structure

Ordinary shares	121.3m
Options/other	0.0m
Fully diluted	121.3m
Market capitalisation	140.7m

## GVF v MSCI World Index



## Top Holdings

<i>as at 30-Jun-17</i>	<b>%</b>
SVG Capital	7.7
Third Point Offshore Inv	6.0
DW Catalyst Fund	4.7
Boussard & Gavaudan Hlds	4.4
JPEL Private Equity	4.4
<b>% of Total</b>	<b>27.2</b>

## Currency Exposure

<i>as at 30-Jun-17</i>	
USD	38.0
AUD	26.0
EUR	17.0
GBP	7.0
Other	12.0
<b>% of Total</b>	<b>100.0</b>

\* The shareprice bench mark has been compared against the MSCI World price index in AUD. + The NTA has been compared against the BBSW 1Year rate + 4 % ^The Manager has seconded the investment team at Staude Capital to manage the GVF.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.



# ARGO GLOBAL LISTED INFRASTRUCTURE (ALI)

## International Focussed

<b>Mandate:</b>	Global Listed Infrastructure	<b>Benchmark:</b>	FTSE Infra 50/50 (90%); BofA Fixed Rate (10%)
<b>Manager:</b>	Argo Service Company	<b>Indirect cost ratio with perf. fee:</b>	1.90%
<b>Listed:</b>	Jul-15	<b>Indirect cost ratio w/out perf. fee:</b>	1.90%

## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$1.85
Pre-tax NTA	\$2.06
Post-tax NTA	\$2.04

## Investment Strategy

ALI invests in listed global infrastructure. Its investment strategy involves a top down approach of their Global Investment universe – followed by a bottom up analysis of individual securities. The portfolio is concentrated across 50 – 100 stocks with a significant weighting to US Infrastructure securities. The Manager believes this strategy offers a value add to investors as global infrastructure is an asset class that has historically been characterised by stable income, strong returns, low volatility and low correlation to broader equity and fixed income markets.

## Personnel

Investment Personnel: Rob Becker (PM), Ben Morton (PM), Grace Ding, Humberto Medina, Thuy Quynh Dang, Tyler Rosenlicht, Kathleen Morris, Saagar Parikh. Directors: Ian Martin AM (Chairman), Joycelyn Morton, Gary Simon, Andrea Slattery and Jason Beddow.

Premium/(Discount) share price to:

Pre-tax NTA	-10.2%
Post-tax NTA	-9.3%

## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.035
Yield	1.9%
Franking	0%
Grossed up yield	1.9%

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: Can hedge against extreme currency movements and enhance income.

Cash/Debt: \$9.15m cash (30 Jun '17), \$0m Debt (30 Dec '16)

Dividend reinvestment plan: Yes

Other: Portfolio managed by Cohen & Steers, a leading global manager specialising in listed infrastructure.

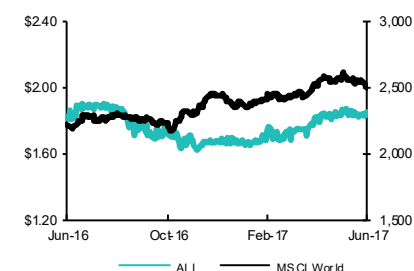
## Capital Structure

Ordinary shares	143.6m
Options/other	0.0m
Fully diluted	143.6m
Market capitalisation	265.6m

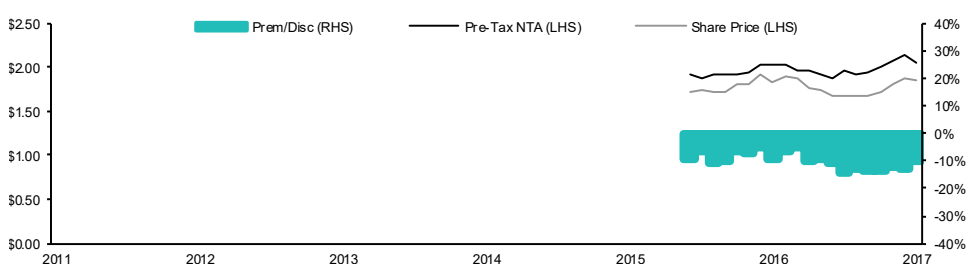
## Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	6.9%	11.1%	2.8%	n/a	n/a	n/a
Index	3.9%	6.3%	6.3%	n/a	n/a	n/a
Active return	3.0%	4.8%	-3.5%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	3.0%	5.6%	3.3%	n/a	n/a	n/a
Benchmark	3.9%	6.3%	6.3%	n/a	n/a	n/a
Active return	-0.9%	-0.7%	-3.0%	n/a	n/a	n/a

## ALI share price v MSCI World



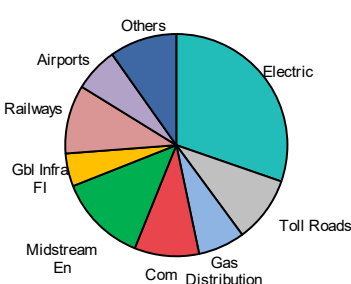
## Share Price and NTA



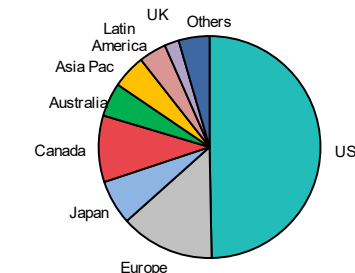
## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-0.39	0.03	9.3%
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-2.15	0.09	9.3%
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

## Sector Exposure



## Regional Exposure



\* The share price and NTA benchmark has been compared against the FTSE Global Core Infrastructure 50/50 Index(90%) and BoFA Merrill Lynch Fixed Rate Preferred Securities Index (10%).

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns, however, are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# ELLERSTON ASIAN INVESTMENTS (EAI)

## International Focussed

<b>Mandate:</b> Asian Equities	<b>Benchmark:</b> MSCI AC Asia Ex-Jpn (\$AUD)
<b>Manager:</b> Ellerston Capital	<b>Indirect cost ratio with perf. fee:</b> 1.07%
<b>Listed:</b> Sep-15	<b>Indirect cost ratio w/out perf. fee:</b> 1.07%

## Investment Strategy

EAI provides investors with access to a portfolio of Asian Equity securities. Its investment strategy constructs a concentrated portfolio of between 20-40 large capitalisation, high quality, high growth Asian Equity Securities. It provides exposures to the Managers high conviction, benchmark independent style of investing which aims to identify high growth companies valued at a reasonable price.

## Personnel

Investment Personnel: Ashok Jacob (CIO), Mary Manning, Eric Fong, Freddy Hoh. Directors: Ashok Jacob (Chairman), Sam Brougham, Paul Dortkamp, Stuart Robertson.

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: Can hedge against currency movements.

Cash/Debt: \$16.6m cash (30 Jun '17), \$0m Debt (31 Dec '16)

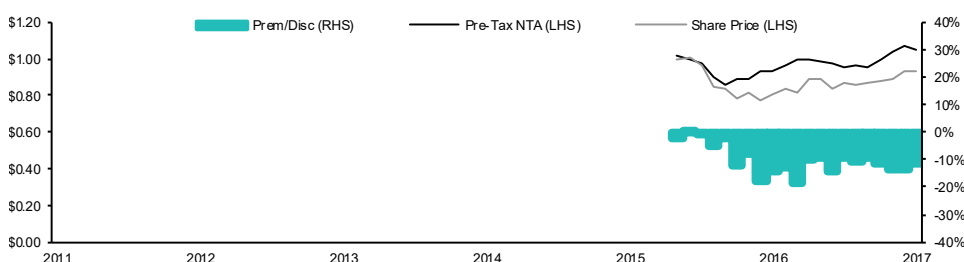
Dividend reinvestment plan: n/a

Other: Affiliated with EGI

## Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	6.3%	7.5%	16.9%	n/a	n/a	n/a
Index	7.0%	14.3%	20.4%	9.8%	11.7%	2.8%
Active return	-0.7%	-6.8%	-3.5%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	5.9%	10.1%	13.1%	n/a	n/a	n/a
Benchmark	7.0%	14.3%	20.4%	9.8%	11.7%	2.8%
Active return	-1.1%	-4.2%	-7.3%	n/a	n/a	n/a

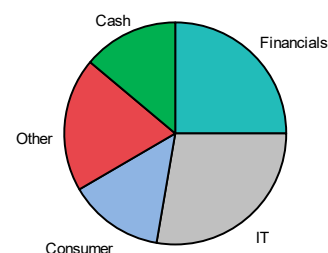
## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-0.23	1.05	0.14
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-2.58	1.31	0.08
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

## Sector Exposure



## Share Price and NTA Summary

<i>as at 30-Jun-17</i>	
Share price	\$0.94
Pre-tax NTA	\$1.05
Post-tax NTA	\$1.04

Premium/(Discount) share price to:

Pre-tax NTA	-11.3%
Post-tax NTA	-10.1%

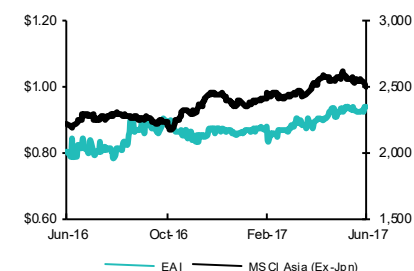
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.000
Yield	0.0%
Franking	n/a
Grossed up yield	n/a

## Capital Structure

Ordinary shares	111.6m
Options/other	65.2m
Fully diluted	178.8m
Market capitalisation	106.2m

## EAI v MSCI Asia (ex Jpn) Index



## Top Holdings

<i>as at 30-Jun-17</i>	
Samsung Electronics	5.5%
Tencent Holdings	4.9%
TSMC	4.4%
Alibaba Group Holdings	4.0%
DBS Group Holdings	3.6%
Larsen and Toubro	3.0%
China Petroleum & Chem Co	2.9%
Indusind Bank	2.8%
Baidu Inc	2.8%
China Communication Constr	2.7%
<b>% of Total</b>	<b>36.6%</b>

## Geographical Exposure

<i>as at 30-Jun-17</i>	
China	39.5%
India	15.4%
Korea	12.4%
ASEAN	10.1%
Taiwan	8.7%
Cash	13.9%
<b>% of Total</b>	<b>100.0%</b>

\* The shareprice benchmark has been compared against the MSCI Asia (Ex Japan) Price Index in AUD. + The NTA has been compared against the MSCI Asia (Ex Japan) Price Index in AUD.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns, however, are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# PM CAPITAL ASIAN OPPORTUNITIES FUND (PAF)

## International Focussed

**Mandate:** Asian (Ex- Jpn) Equities

**Manager:** PM Capital

**Listed:** May-14

**Benchmark:** MSCI Asia (Ex-Jpn) Accumulation

**Indirect cost ratio with perf. fee:** 1.55%

**Indirect cost ratio w/out perf. fee:** 1.55%

## Investment Strategy

PAF offers investors with a diversified portfolio of around 15-35 Asian listed equities (ex-Japan), of which the Manager considers to be undervalued. With a wide investment universe, the Manager focuses on key thematic (like the gaming industry or the communications industry) that the Manager believes will provide long term growth in Asia. The Manager's investment process is a research intensive, bottom up approach which identifies both risk and opportunity.

## Personnel

Investment Personnel: Paul Moore (CIO), Kevin Bertoli, Jarod Dawson, John Whelan, Uday Cheruvu, Clement Tsueng, Annabelle Symons, Chen Lin. Directors: Andrew McGill (Chairman), Todd Barlow, Ben Skilbeck

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: The manager has the ability to indirectly gear the portfolio by short selling.

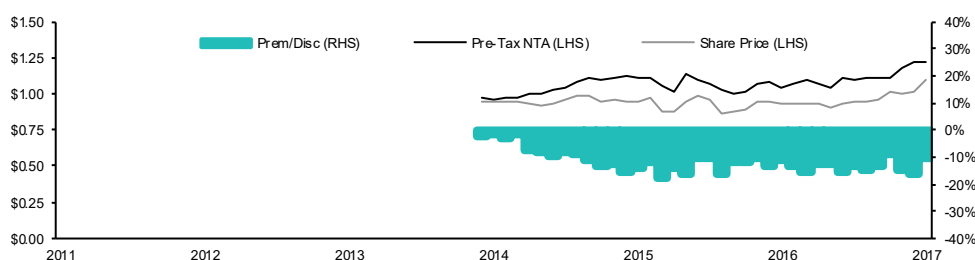
Cash/Debt: \$4.9m cash, \$4.8m Debt (31 Dec '16)

Dividend Reinvestment Plan: Yes

Other: The Manager actively manages currency exposure.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	7.9%	17.6%	22.7%	6.7%	n/a	n/a
Index	7.9%	15.4%	22.9%	12.4%	14.4%	5.3%
Active return	0.0%	2.2%	-0.2%	-5.7%	n/a	n/a
<b>NTA+</b>						
Performance	9.6%	13.3%	21.2%	9.9%	n/a	n/a
Benchmark	7.9%	15.4%	22.9%	12.4%	14.4%	5.3%
Active return	1.7%	-2.1%	-1.7%	-2.5%	n/a	n/a

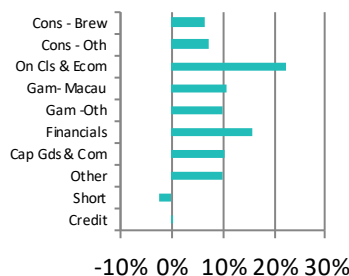
## Share Price and NTA



## Risk/Return Indicators

	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	-0.01	2.10	0.10
Year 3	-0.43	0.30	0.14
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-0.21	2.00	0.09
Year 3	-0.28	0.61	0.12
Year 5	n/a	n/a	n/a

## Portfolio Exposure



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.09
Pre-tax NTA	\$1.22
Post-tax NTA	\$1.15

Premium/(Discount) share price to:

Pre-tax NTA	-10.5%
Post-tax NTA	-5.2%

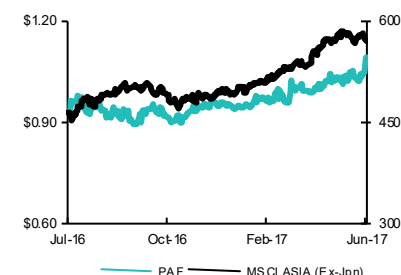
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.045
Yield	4.1%
Franking	100%
Grossed up yield	5.9%

## Capital Structure

Ordinary shares	55.9m
Options/other	0.0m
Fully diluted	55.9m
Market capitalisation	60.9m

## PAF v MSCI Asia (ex Jpn) Index



## Stock Example

as at 30-Jun-17

Heineken Malaysia	
Dali Foods	
Autohome	
Wynn Macau	
Donaco International	
HSBC Holdings	
Turquoise Hill Resources	
Sinopec Kantons	

## Domicile of Business

as at 30-Jun-17

Greater China	52.7%
South East Asia	32.7%
International	8.8%
Developed Asia	5.8%

**% of Total 100.0%**

\* The shareprice benchmark has been compared against the MSCI Asia (Ex Japan) Net Index. + The NTA has been compared against the MSCI Asia (Ex Japan) Net Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# FUTURE GENERATION INVESTMENT CO (FGX)

## Domestic Focussed

<b>Mandate:</b> Fund of funds	<b>Benchmark:</b> All Ordinaries Accumulation
<b>Manager:</b> Future Gen Investment Fund	<b>Indirect cost ratio with perf. fee:</b> 0.14%
<b>Listed:</b> Sep-14	<b>Indirect cost ratio w/out perf. fee:</b> 0.14%

+The company does not charge a management fee or a performance fee.

## Investment Strategy

The Company will invest in a portfolio of funds that are predominantly investing in Australian equities. The vehicle will aim to provide a stream of fully franked dividends, achieve capital growth and to preserve capital. The managers are able to invest in any asset class and utilise any investment strategy in line with their investment mandate. Mandates include large-small cap, broad cap, deep value, active extension, absolute return and activism. The composition of the investment portfolio will vary over time, and the maximum allocation to a fund manager will be 20% of capital.

## Personnel

Investment Personnel: Geoffrey Wilson, Gabriel Radzynski, Matthew Kidman, Bruce Tomlinson & David Smythe. Directors: Jonathan Trollip (Chairman), Geoffrey Wilson, Gabriel Radzynski, David Paradise, David Leeton, Scott Malcolm & Kate Thorley.

## Key Information

Exposure: International/**Domestic**, Equities/Fixed Income/Derivatives/**Managed Funds**, Cash

Style: **Large/Medium/Small** Cap, **Balanced/Value/Growth**, Passive/**Active**, Long/**Short**

Derivatives: Used for arbitrage and in anticipation of a decline in the market value of that security.

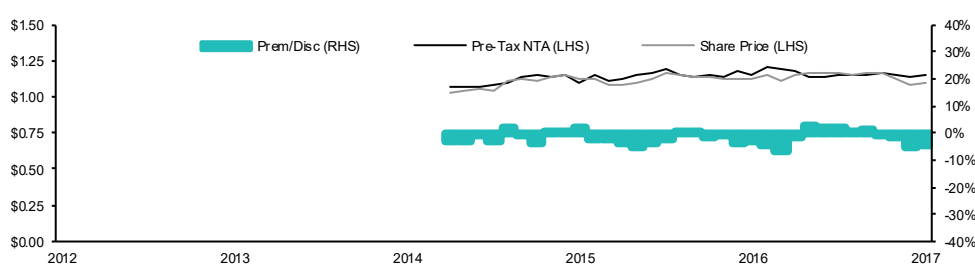
Cash/Debt: \$22.9m cash (30 Jun '17)

Dividend Reinvestment Plan: Yes, 2.5% discount to 4 day VWAP from (and including) ex-date

Other: Lieu of mgmt/perf. fees, a yearly donation of 1.0% of its NTA to support 'children at risk' charities.

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-4.3%	-4.7%	1.3%	n/a	n/a	n/a
Index	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-2.8%	-7.6%	-11.8%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	0.4%	2.2%	2.9%	n/a	n/a	n/a
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	1.9%	-0.7%	-10.2%	n/a	n/a	n/a

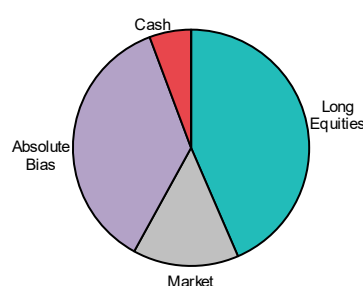
## Share Price and NTA



## Risk/Return Indicators

Share price*	Information		
	Ratio	Sharpe Ratio	Standard Deviation
Year 1	-1.33	-0.15	0.08
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-1.86	0.09	0.05
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a

## Exposure (Portfolio)



## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.10
Pre-tax NTA	\$1.15
Post-tax NTA	\$1.14

Premium/(Discount) share price to:

Pre-tax NTA	-4.7%
Post-tax NTA	-4.2%

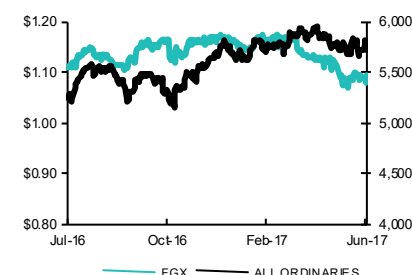
## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.041
Yield	3.7%
Franking	100%
Grossed up yield	5.3%

## Capital Structure

Ordinary shares	349.7m
Options/other	0.0m
Fully diluted	349.7m
Market capitalisation	382.9m

## FGX share price v ASX All Ords



## Top Holdings

as at 30-Jun-17

Bennelong Aus Eq Fund	10.4
Regal Aus Long Short Eq	9.0
Wilson Asset Mgmt Eq Fund	8.7
Watermark Absolute Return	7.5
Tribeca Alpha Plus Fund	7.0
Paradise Aus Eq Mid Cap	6.2
CI Aus Equity Fund	5.3
Eley Griffiths Small Comp	5.1
Paradise Large Cap	4.1
Sandon Capital Activist Fd	4.2
Bennelong Long Short	3.5
Optimal Aus Abs Trust	2.9
L1 Cap Long Short Fund	2.9
L1 Cap Australian Eq	2.5
CBG Asset Aus Eq Fund	2.4
Vinva Aus Eq Fund	2.4
Discovery Aus Small Comp	2.0
LHC Cap Aus High Conv	1.8
The Level 18 Fund	1.7
<b>% of Total</b>	<b>89.6</b>

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# FUTURE GENERATION GLOBAL INVEST CO (FGG)

## International Focussed

<b>Mandate:</b> Fund of funds	<b>Benchmark:</b> MSCI World Index (AUD)
<b>Manager:</b> Future Gen Global Invest Fund	<b>Indirect cost ratio with perf. fee:</b> 0.45%
<b>Listed:</b> Sep-15	<b>Indirect cost ratio w/out perf. fee:</b> 0.45%

+The company does not charge a management fee or a performance fee.

## Share Price and NTA Summary

as at 30-Jun-17

Share price	\$1.08
Pre-tax NTA	\$1.15
Post-tax NTA	\$1.14

## Investment Strategy

FGG will invest in a portfolio of funds that are predominantly investing in Global equities. The vehicle's objective is to provide a stream of fully franked dividends and achieve capital growth. The fund managers can invest in any asset class and utilise any investment style or strategy. Mandates include long equities, absolute bias and quantitative strategy. The composition of the investment portfolio will vary over time, and the maximum single allocation to a fund manager will be limited to 10%. The Company itself is also permitted to invest directly into global and domestic equities.

## Personnel

Investment Personnel: Geoffrey Wilson, Amanda Gillespie, Aman Ramrakha, Sean Webster, Chris Donohoe. Directors: Belinda Hutchinson (Chair), Geoffrey Wilson, Frank Caserotti, Sue Cato, Karen Penrose, Sarah Morgan.

## Key Information

Exposure: **International/Domestic, Equities/Fixed Income/Derivatives/Managed Funds, Cash**

Style: **Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short**

Derivatives: Used to enhanced or protect returns.

Cash/Debt: \$27.9m cash (30 Jun' 17)

Dividend Reinvestment Plan: Yes

Other: Lieu of mgmt/perf. fees, a yearly donation of 1.0% of its NTA to support 'mental health' charities.

Premium/(Discount) share price to:

Pre-tax NTA	-6.4%
Post-tax NTA	-4.9%

## Historic Dividend (prior 12-mths)

Dividends (net)	\$0.01
Yield	0.9%
Franking	100%
Grossed up yield	1.3%

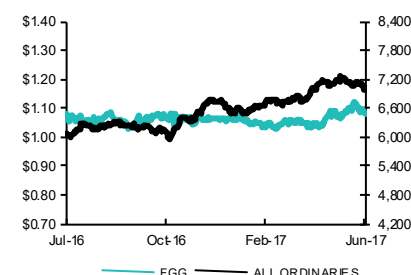
## Capital Structure

Ordinary shares	277.9m
Options/other	271.8m
Fully diluted	549.7m
Market capitalisation	300.1m

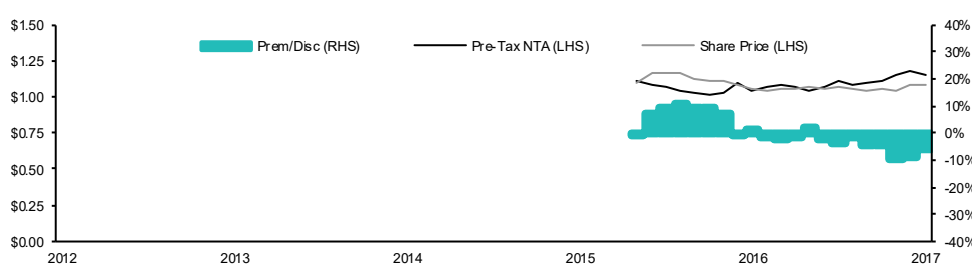
## Performance

Performance	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	1.9%	1.4%	3.3%	n/a	n/a	n/a
Index	3.8%	4.8%	15.2%	12.2%	17.1%	4.8%
Active return	-1.9%	-3.4%	-11.9%	n/a	n/a	n/a
<b>NTA+</b>						
Performance	3.8%	4.5%	11.5%	n/a	n/a	n/a
Benchmark	3.8%	4.8%	15.2%	12.2%	17.1%	4.8%
Active return	0.0%	-0.3%	-3.7%	n/a	n/a	n/a

## FGG v MSCI World Index



## Share Price and NTA



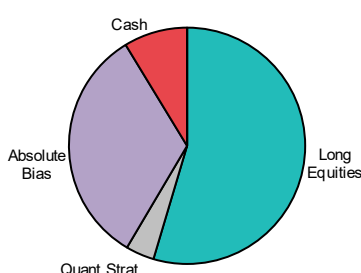
## Top Holdings

as at 30-Jun-17

Magellan Global Fund	10.3
Ironbridge Global Focus Fun	9.7
CI Global Eq (Unhedged)	9.2
Antipodes Global Fund	8.7
VGI Partners Funds	7.9
Marsico Global Fund	7.5
Nikko AM Global Share Fund	6.0
Manikay Global Opp USD Fu	5.2
Ellerston Global Mid Small Ce	4.8
Morphic Global Opp Fund	4.5
NB Systematic Global Eq	3.9
Paradise Gbl Small Mid Cap	3.7
Avenir Value Fund	3.6
CI Asian Tiger Fund	3.4
Antipodes Asia Fund	2.9

## Risk/Return Indicators

Share price*	Exposure (Portfolio)		
	Information Ratio	Sharpe Ratio	Standard Deviation
Year 1	-1.14	0.14	0.06
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-1.71	1.27	0.07
Year 3	n/a	n/a	n/a
Year 5	n/a	n/a	n/a



\* The shareprice benchmark has been compared against the MSCI All Country World TR Index. + The NTA has been compared against the MSCI All Country World TR Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

**% of Total 91.3**

# SANDON CAPITAL INVESTMENTS (SNC)

## Domestic Focussed

<b>Mandate:</b>	Australian listed	<b>Benchmark:</b>	BBSW 1 Month Rate
<b>Manager:</b>	Sandon Capital	<b>Indirect cost ratio with perf. fee:</b>	3.99%
<b>Listed:</b>	Dec-13	<b>Indirect cost ratio w/out perf. fee:</b>	2.35%

## Share Price and NTA Summary

as at 30-Jun-17	
Share price	\$0.94
Pre-tax NTA	\$0.99
Post-tax NTA	\$0.95

## Investment Strategy

The company's investment philosophy is to build a concentrated portfolio of undervalued securities where the manager believes that there are opportunities to encourage change to unlock the securities' intrinsic value. SNC will aim to deliver an absolute positive return over the medium to long term while preserving capital and providing growth.

Premium/(Discount) share price to:	
Pre-tax NTA	-4.8%
Post-tax NTA	-1.5%

## Personnel

Investment Personnel: Gabriel Radzyski (Managing Director), Campbell Morgan. Directors: Gabriel Radzyski (Chairman), Peter Velez, Matthew Kidman.

## Historic Dividend (prior 12-mths)

Dividends (net)*	\$0.065
Yield*	6.9%
Franking	100%
Grossed up yield*	9.9%

## Key Information

Exposure: International/Domestic, Equities/Fixed Income/Derivatives, Cash

Style: Large/Medium/Small Cap, Balanced/Value/Growth, Passive/Active, Long/Short

Derivatives: No derivatives currently employed

Cash/Debt: \$2.4m (30 Jun 17) cash, \$0 debt/hybrid (31 Dec 16)

Dividend reinvestment plan: No

Other: na

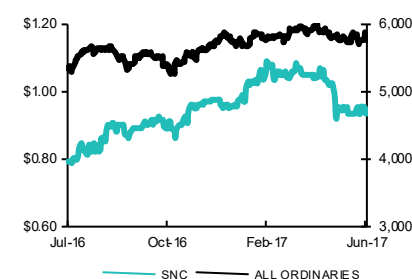
## Capital Structure

Ordinary shares	48.0m
Options/other	40.5m
Fully diluted	88.5m
Market capitalisation	45.1m

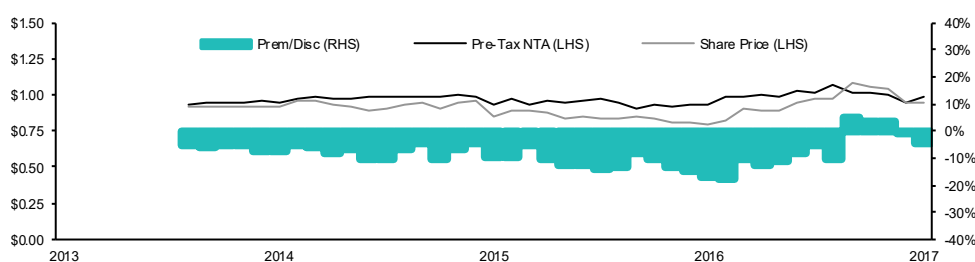
## Performance

	3-mth	6-mth	1 year	3 yr p.a.	5 yr p.a.	10 yr p.a.
<b>Share price*</b>						
Performance	-7.6%	0.4%	27.7%	6.2%	n/a	n/a
Index	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	-6.1%	-2.5%	14.6%	-0.6%	n/a	n/a
<b>NTA+</b>						
Performance	1.5%	0.8%	12.6%	6.1%	n/a	n/a
Benchmark	-1.5%	2.9%	13.1%	6.8%	11.6%	3.5%
Active return	3.0%	-2.1%	-0.5%	-0.7%	n/a	n/a

## SNC share price v ASX All Ords



## Share Price and NTA



## Top 20 Holdings

Not disclosed

## Risk/Return Indicators

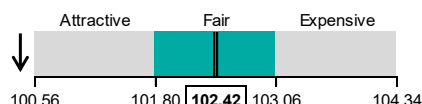
	Information Ratio	Sharpe Ratio	Standard Deviation
<b>Share price*</b>			
Year 1	0.82	1.44	0.18
Year 3	-0.04	0.26	0.14
Year 5	n/a	n/a	n/a
<b>NTA+</b>			
Year 1	-0.04	1.07	0.09
Year 3	-0.07	0.40	0.09
Year 5	n/a	n/a	n/a

\* The share price benchmark has been compared against the S&P/ASX All Ordinaries Accumulation Index. + The NTA has been compared against the S&P/ASX All Ordinaries Accumulation Index.

\*+ Measurement of a LIC's performance is calculated after all operating expenses, provision and payment of both income and realised capital gains tax and the reinvestment of dividends, and do not incorporate franking. Index returns however are entirely before any operating expenses or taxation. LIC returns will consequently be understated relative to the Index return.

# Contango MicroCap Convertible Notes (CTNG)

Price:  
**\$100.25**  
 Recommendation:  
**Buy**  
 Risk Rating:  
**Medium**



Investment Data	
Securities on issue	0.265m
Market capitalisation	\$26.6m
Face value	\$100.00
Issue terms	5.50% fixed
52 week low/high	\$98.00/\$103.00
Gross running yield	5.49%
Gross yield to maturity	5.96%
Swap rate (2.7 years)	2.06%
Trading margin (YTM-swap)	3.90%
Fair valuation margin	3.05%

Issuer Details	
Issuer	Contango
ASX code	CTN
Franking balance (Jun 2016)	\$1m
Gearing (Debt / Equity) (Dec 2016)	14%

Dividend Details	
Cum/ex dividend	Cum div
Ex dividend date	22 Sep 17
Dividend payable	3 Oct 17
Dividend amount (net)	\$2.75
Franking	0%
Dividend frequency	Half Yearly
Cumulative/non cumulative	Mandatory
Accrued income	\$1.40

Redemption	
Maturity date	31 Mar 20
Redemption value	\$100.00
Parent share price	\$0.90
Conversion price (optional)	\$1.300
Conversion shares value	\$69.23
Estimated option value	\$0.05
Step-up margin	n/a

## Fixed Rate Debt

### Security view

CTNG is a redeemable convertible note, paying interest at a 5.50% fixed rate yield out until its 31 Mar 2020 maturity date. In addition, each CTNG security contains an unlisted option to convert into CTN shares on any half yearly interest payment date at a price of \$1.30, compared with the current CTN price of \$0.90. This currently requires an annualised CTN share price gain of at least 14.3% for the option to be in the money by the maturity date. We currently value this option at \$0.05. The \$26.5m CTNG issue is CTN's only debt facility, representing a gearing ratio (interest bearing liabilities / total equity) of 14% at 31 December 2016 (covenant 25%). The key risk investing in CTNG is the impact from a decline in the market value and earnings of CTN's investment portfolio. This may reduce the ability of CTN to pay scheduled interest and redeem CTNG at maturity, especially if this is associated with a material increase in gearing.

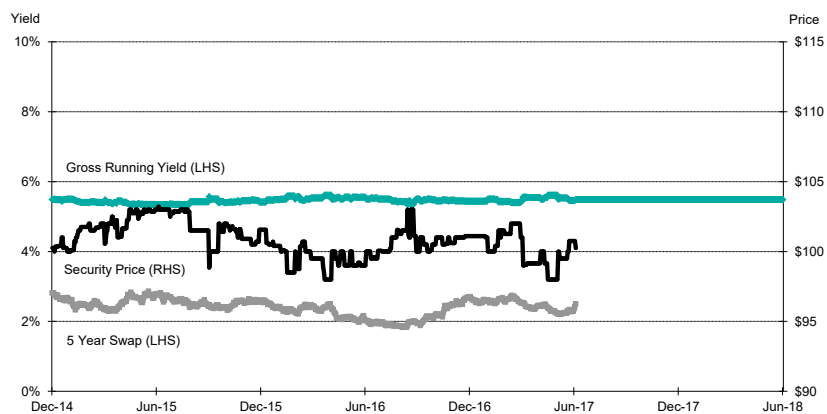
### Redemption details

Unless redeemed or converted earlier, CTNG will be redeemed for \$100 on 31 March 2020. In addition, holders have a conversion option into CTN shares at \$1.30 at each half yearly interest payment date.

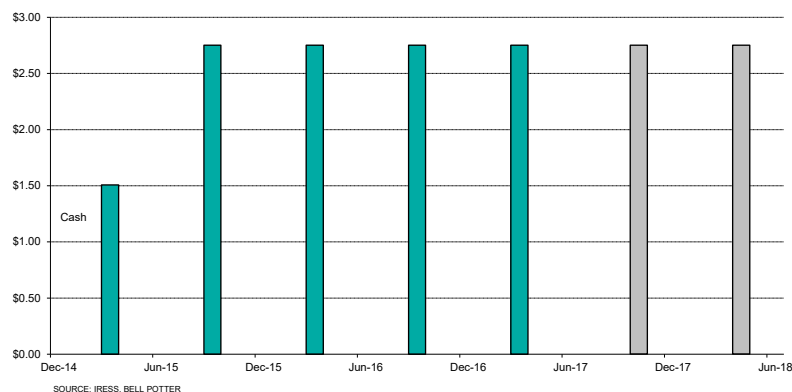
### Parent view

Listing in 2004, CTN is the largest small cap LIC with an investment portfolio of \$198m at June 2017. Its portfolio is currently diversified across 93 securities where the largest exposure to a single company represents 3.7% of the total portfolio. Its objective is to invest into small and microcap companies typically worth \$10-350m at the time of investment, seeking to outperform its benchmark of the medium to long term, while providing for the payment of regular franked dividends. The Manager uses the 'business cycle' approach to identify themes that will be important drivers of performance for particular sectors and industries.

## Security price and running yield



## Fixed distributions



# Whitefield Convertible Resettable Preference Shares (WHFPB)

Price:

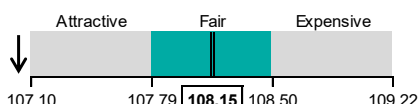
\$106.05

Recommendation:

Buy

Risk Rating:

Low



## Investment Data

Securities on issue	0.40m
Market capitalisation	\$44.2m
Face value	\$100.00
Issue terms	7.0% fully franked
52 week low/high	\$105.00/\$113.00
Gross running yield	9.43%
Gross yield to first call	5.90%
Swap rate (1.3 years)	1.84%
Trading margin	4.06%
Fair valuation margin	2.55%

## Issuer Details

Issuer	Whitefield
ASX code	WHF
Franking balance (Mar 2017)	\$12m
Gearing (ND+Pref/E) (Mar 2017)	8.4%

## Dividend Details

Cum/ex dividend	Cum div
Ex dividend date	21 Nov 17
Dividend payable	13 Dec 17
Dividend amount (net)	\$3.50
Franking	100%
Dividend frequency	Half Yearly
Cumulative/non cumulative	Non
Accrued income	\$0.40

## Conversion

Exchange / reset	30 Nov 18
Conversion discount	up to 3.5%
Parent share price	\$4.54
Conversion shares value	\$103.63
Step-up margin	n/a

## Fixed Rate Reset Preference Share

### Security view

In a low interest rate environment, the 7.00% fully franked coupon fixed until Nov 2018 appears compelling. The investment metrics remain attractive at \$106.05 with a gross running yield of 9.43% and a gross yield to first call of 5.90%. The operational risk of WHF is low with its conservative investment portfolio typically exposed to the top 100 ASX listed industrial companies, ~30% of which is weighted to the 4 major banks. With no debt, the \$40m WHFPB issue represents 8.6% of WHF's \$465m listed portfolio at 31 Mar 2017. This places WHF in a very strong position to pay preference dividends and fund conversion / redemption.

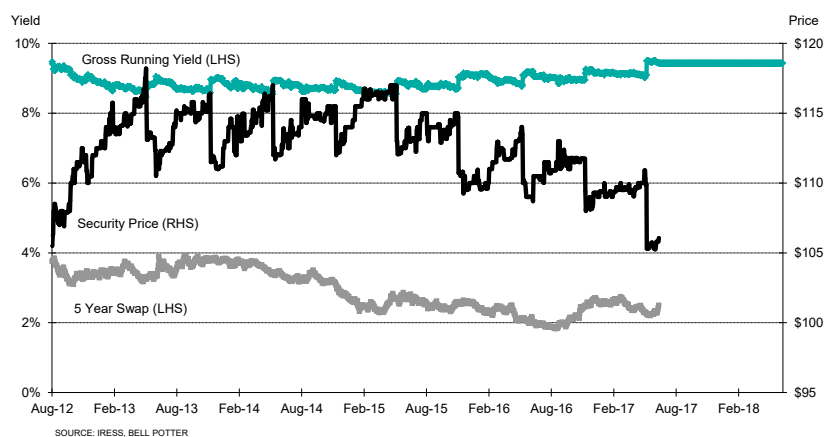
### Conversion details

At the first reset date (30 Nov 2018), if WHF wishes to amend WHFPB terms, it needs to provide holders with details of the new terms at least 50 business days prior to the reset date. WHF may also elect to convert or redeem WHFPB at the reset date. The reset date also provides WHFPB holders the option to elect for Holder Exchange, where WHF has the option to convert WHFPB into shares, or redeem for cash. All future reset dates post 2018 will occur at 3 year intervals. Non payment of scheduled WHFPB dividends provides investors with the right to request Holder Exchange. Investors may also request Holder Exchange under a Holder Trigger Event if WHF's gearing (net debt + prefs / equity) exceeds 35%. WHF also has a conversion right under a Gearing Event if gearing exceeds 25%.

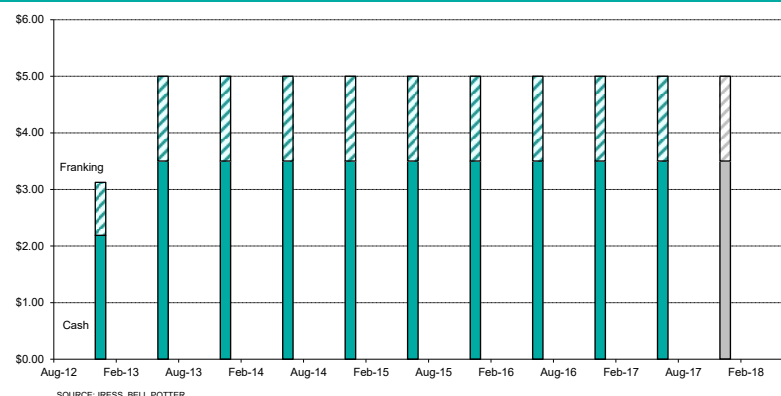
### Parent view

With a history dating back to 1923, WHF is one of Australia's oldest listed investment companies. WHF's investment portfolio at 31 Mar 2017 comprised \$9m of cash and \$465m of ASX listed securities across 167 industrial companies.

## Security price and running yield



## Fixed distributions





## Appendix A: Glossary of terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Appendix B: Legend to Performance Measures

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

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

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

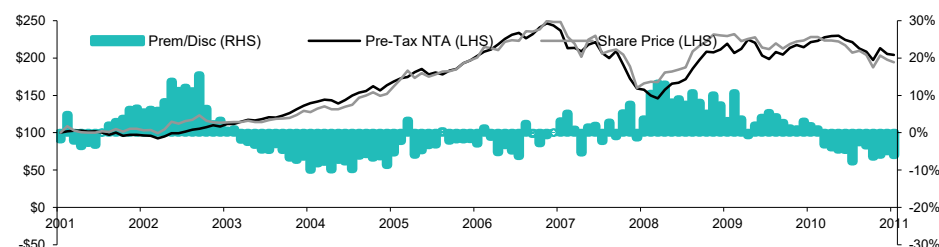
**Performance** - The Annualised Compound Total Return calculates the compound yearly return over a period, inclusive of dividends. Dividends are reinvested from the payment date using the most recent historical pre-tax NTA for the NTA performance calculation and the closing price of

the security on the prepayment date for the security calculation. Where a LIC has been listed for less than three years each return has been adjusted to reflect the annualised return since its listing.

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

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

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



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

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

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

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

Figure 3 - Risk Return Indicators

**Risk/Return Indicators**

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

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

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

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

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

**Appendix C: Disclosures**

- WAM Research (WAX): WAX announced an Equity Raising on 28 October 2013. WAM paid a service fee equal to 1.0% (excluding GST) of the Application Monies provided. Bell Potter Securities and its Advisers shared in this Fee.
- Australian Leaders Fund (ALF): ALF announced an Equity Raising on 24 October 2013. ALF paid a service fee equal to 1.25% (excluding GST) of the Application Monies provided. Bell Potter Securities and its Advisers shared in this Fee.
- WAM Capital (WAM): WAM announced an Equity Raising on 14 October 2013. WAM paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided. Bell Potter Securities and its Advisers shared in this Fee.
- Watermark Market Neutral Fund (WMK): WMK listed on 18 July 2013. WMK paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Clime Capital (CAM): CAM announced a Renounceable Right Issue on 13 February 2013. CAM paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Cadence Capital (CDM): CDM announced an Equity Raising on 14 January 2013. CDM paid a stamping fee equal to 2.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Australian Leaders Fund (ALF): ALF announced an Equity Raising on 19 December 2012. ALF paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Cadence Capital (CDM): CDM announced an Equity Raising on 20 September 2012. CDM paid a stamping fee equal to 2.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- WAM Capital (WAM): WAM announced an Equity Raising on 23 July 2012. WAM paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- PM Capital Global Opportunities Fund (PGF): Bell Potter Securities was a Joint Lead Manager of the PM Capital Global Opportunities Fund IPO on 12 December 2013. PGF paid a service fee equal to 1.25% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Platinum Capital (PMC): Bell Potter Securities was a Co-Manager of the Platinum Capital Placement in November 2013 and received a fee for the service.
- Watermark Market Neutral Fund (WMK): WMK announced a Placement on 24 March 2014. WMK paid a stamping fee equal to 1.0% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Clime Capital (CAM): CAM announced a Placement on 20 March 2014. CAM paid a service fee equal to 1.5% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Future Generation Investment Fund (FGX): FGX paid a service fee equal to 1.82% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- PM Capital Asia (PAF): PAF paid a service fee equal to 1.50% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Acorn Capital Investment Fund (ACQ): Bell Potter Securities was a Joint Lead Manager of the Acorn Capital Investment Fund IPO on 1 May 2014, but did not receive a Corporate Fee for this Service. ACQ paid a service fee equal to 1.5% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Global Value Fund (GVF): GVF paid a service fee equal to 2.50% (excluding GST) of the Application Monies provided with valid Application Forms bearing a Licensee's stamp to the extent Shares were allotted. Bell Potter Securities and its Advisers shared in this Fee.
- Magellan Flagship Fund (MFF): Bell Potter Securities was a Co-Manager of the MFF Renounceable Rights issue in May 2015 and received a fee for the service.
- Argo Global Listed Infrastructure (ALI): Bell Potter Securities was a Co-Lead Manager for this IPO in July 2015 and received a fee for the service.
- Wealth Defenders Equity (WDE): Bell Potter Securities was a Co-Lead Manager for this IPO in October 2015 and received a fee for the service.