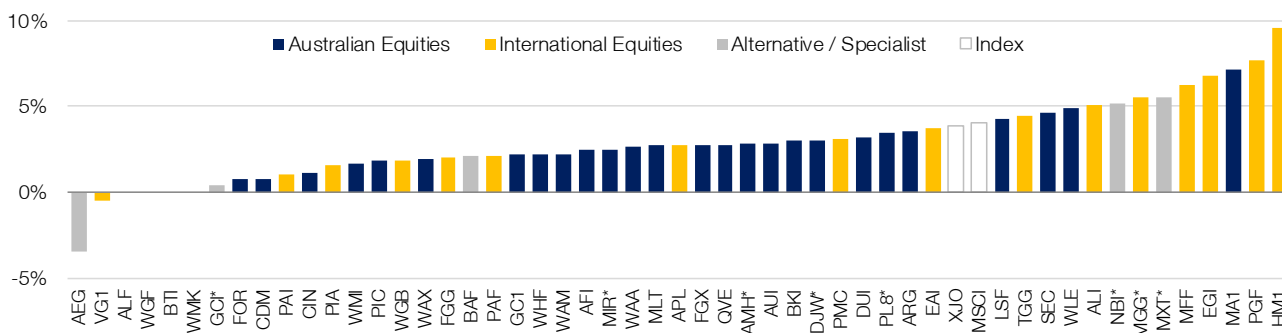


### Listed investment companies (LICs) report, February 2019

Table of contents	Page	Listed investment companies finally enjoyed a positive month through January having endured the fourth quarter volatility of 2018. The S&P/ASX 200 rallied 3.9% with small caps (+5.6%) bouncing back from oversold levels. Global equities had been much weaker through late 2018 so rallied strongly had a stronger month rallying +7.3% in local currency with the stronger Australian dollar (+3.1%) capping A\$ returns at 4.1%. Given this backdrop the best returns were to equity strategies although there was a wide dispersion amongst managers.
NTA comparison	2	
Total returns	6	
Dividends and franking	8	
Financial results	10	The rush to distribute franking credits stepped up a gear through February reporting season. Companies led the charge early with buy-backs from BHP and RIO followed by more recent payouts from Fortescue and Wesfarmers. Participation by LICs in the BHP and RIO buybacks has seen an inflow of cash to income focused strategies which supported larger dividends in 1H19 which is expected to continue in 2H19.
Premium/discounts	13	
An introduction to LICs	20	
Glossary	23	The message from LIC managers has been clear in that specials have been accelerated in the face of 'policy uncertainty' surrounding franking credits ahead of the federal election. So far we have seen specials announced by AFI (8cps), MIR (10cps), PMC (3cps), BKI (1.5cps) and PL8 (1cps) with MIR the only regular payer of special dividends. The last time AFI paid out a special was 2004 while BKI was 2013 and PMC was in 1998. We expect this trend to continue and direct readers to page 8 which details LICs flush with franking credits which may have scope to announce special dividends.
Snapshots	24	
Disclaimer	76	
Analysts		Our current preferences remain Spheria Emerging Companies (SEC), Antipodes Global Investment Company (APL), Templeton Global Growth Fund (TGG) and Absolute Equity Performance Fund (AEG). We have added NB Global Corporate Income Trust (NBI) in line with our recent tactical positioning to overweight high yield. We remove AMCIL (AMH) which has seen its discount close from prior levels.
Aaron.Lewis@macquarie.com		
Fred.Zhang@macquarie.com		

### Monthly growth rate of Pre-tax NTA, including cash dividends, January 2019

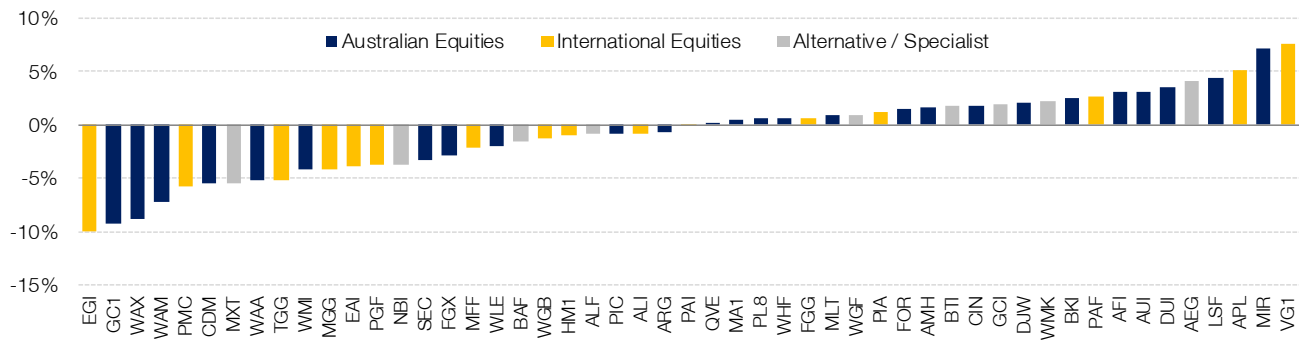


Source: MWM Research, IRESS, February 2019. \*LIC went ex-div. XJO = S&P/ASX 200, MSCI = MSCI World ex AU (A\$).

## Net Tangible Asset (NTA) Comparison

### Monthly percentage movements in premium / discounts to pre-tax NTA

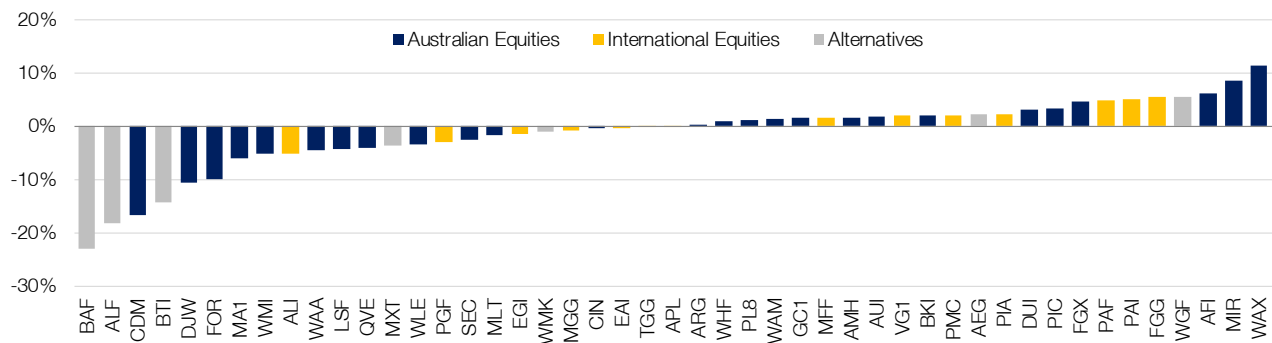
This chart represents movements in premiums and discounts for pre-tax NTA on a month-end basis e.g. an LIC that moves from a 5% discount to trading in line with NTA will be shown as +5% in this chart.



Source: MWM Research, IRESS, February 2019

### Variance between premium / discount to pre-tax NTA and 5-yr average

The below chart plots the differential in current LIC premiums and discounts relative to their 5-year average premium or discount. A LIC that has historically traded at a 20% premium to pre-tax NTA, but is currently trading at a 10% premium, will have a value of -10% in the below chart.

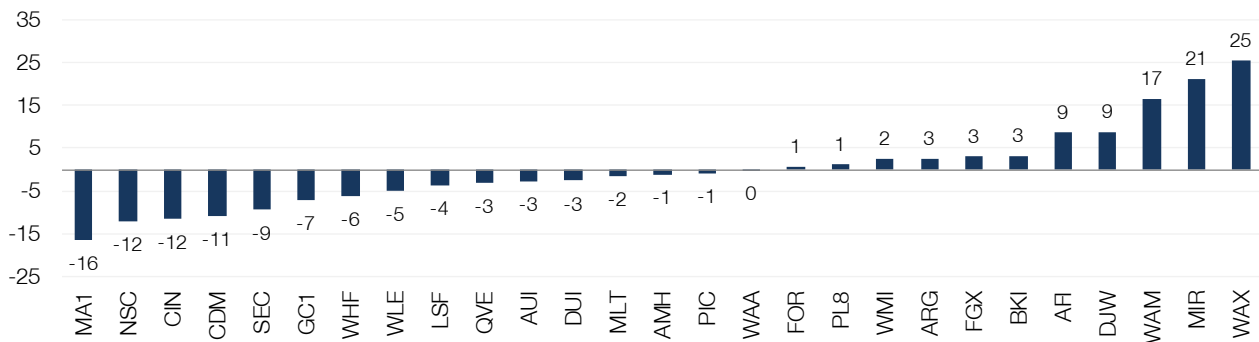


Source: MWM Research, IRESS, February 2019

## Net Tangible Asset (NTA) Comparison – Australian equities

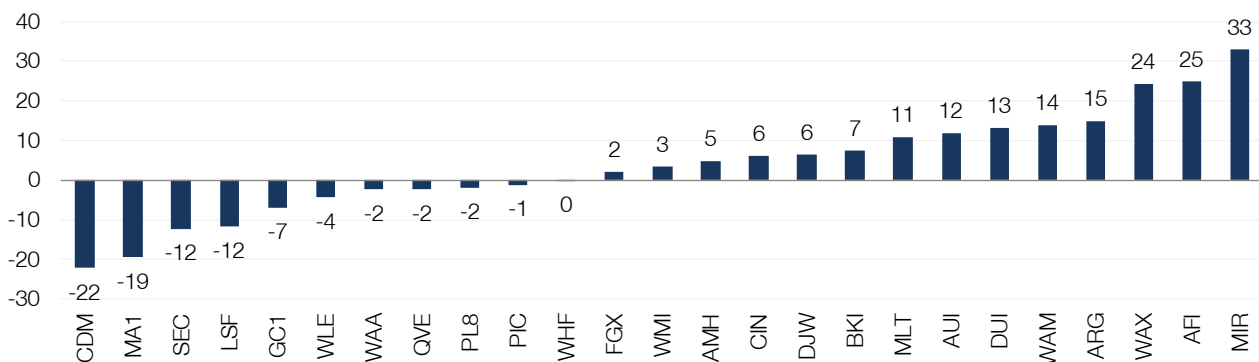
The charts below illustrate premium and discounts to NTA as at month-end.

### Premium / discount to pre-tax NTA (%)



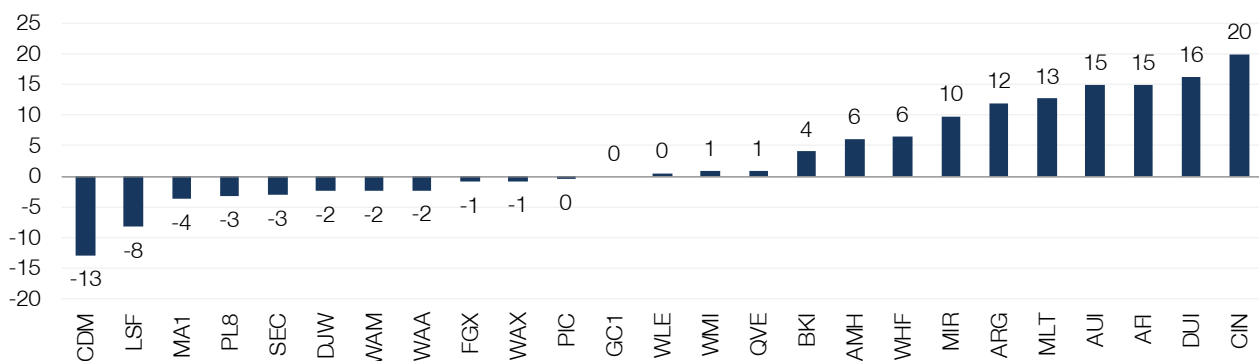
Source: MWM Research, IRESS, February 2019.

### Premium / discount to post-tax NTA (%)



Source: MWM Research, IRESS, February 2019. Note FOR does not report post-tax NTA.

### Premium / discount of pre-tax NTA to post-tax NTA (embedded capital gains, %)

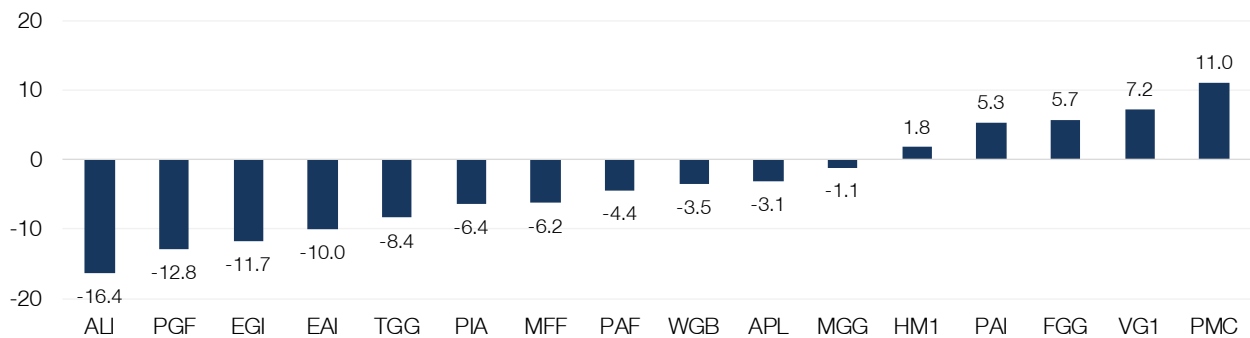


Source: MWM Research, IRESS, February 2019. Note FOR does not report post-tax NTA.

## Net Tangible Asset (NTA) Comparison – International equities

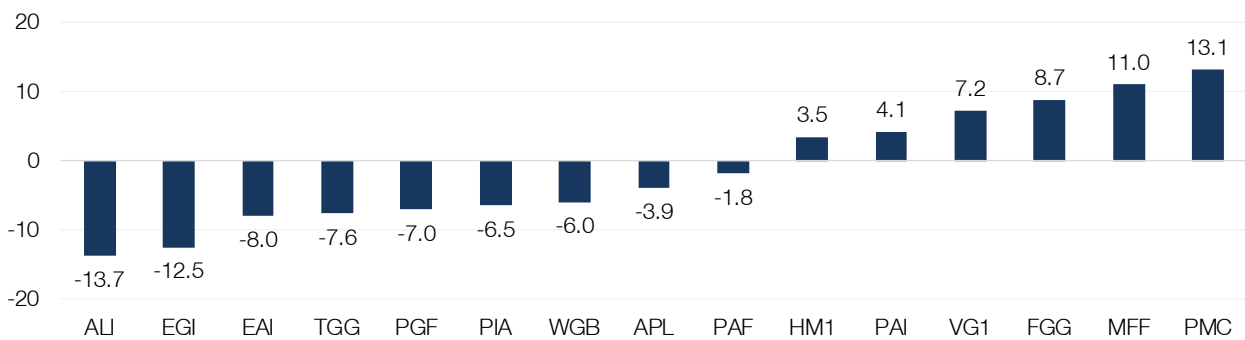
The charts below illustrate premium and discounts to NTA as at month-end.

### Premium / discount to pre-tax NTA (%)



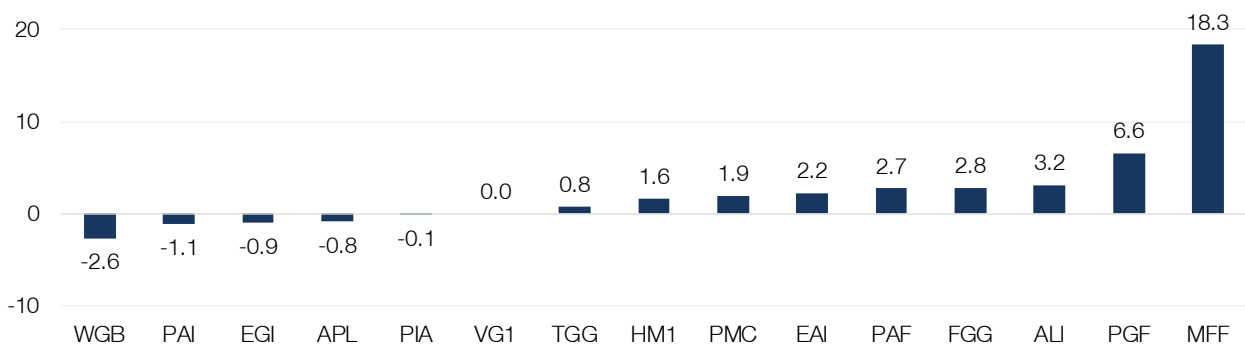
Source: MWM Research, IRESS, February 2019.

### Premium / discount to post-tax NTA (%)



Source: MWM Research, IRESS, February 2019. Note MGG does not report post-tax NTA.

### Premium / discount of post-tax NTA to pre-tax NTA (embedded capital gains, %)

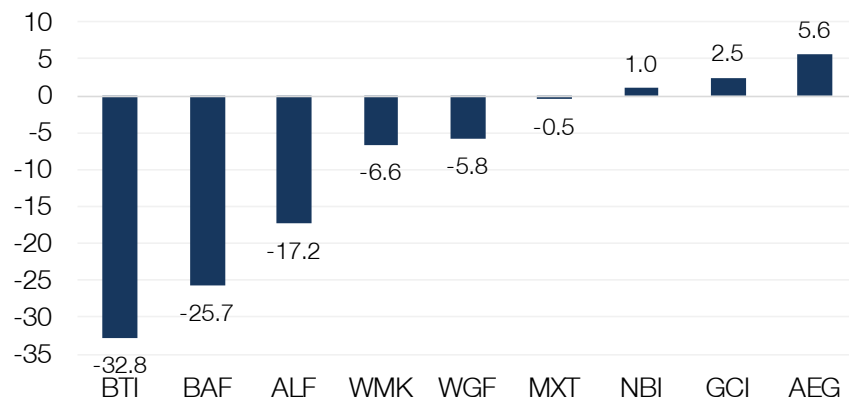


Source: MWM Research, IRESS, February 2019. Note MGG does not report post-tax NTA.

## Net Tangible Asset (NTA) Comparison – Alternatives

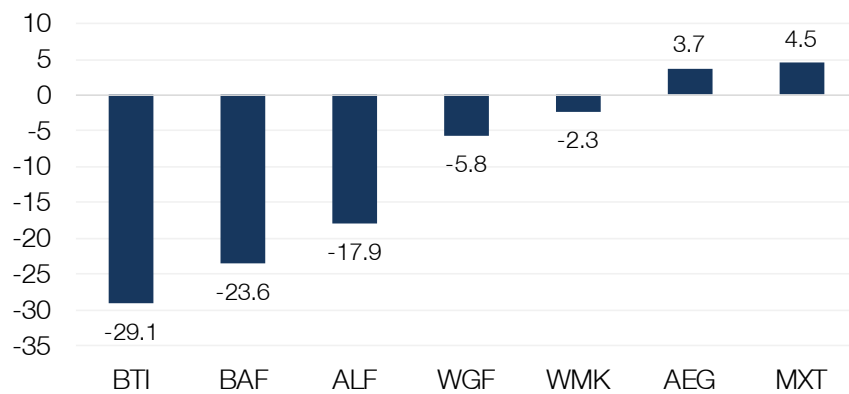
The charts below illustrate premium and discounts to NTA as at month-end.

### Premium / discount to pre-tax NTA (%)



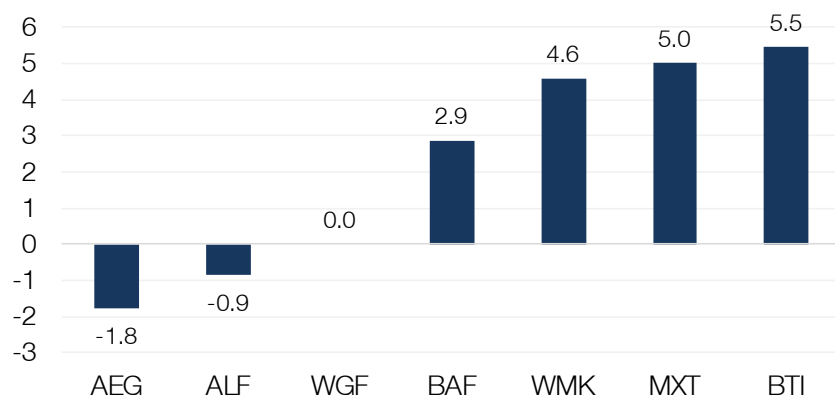
Source: MWM Research, IRESS, February 2019.

### Premium / discount to post-tax NTA (%)



Source: MWM Research, IRESS, February 2019. Note GCI, NBI and MXT do not report post-tax NTA.

### Premium / discount of post-tax NTA to pre-tax NTA (embedded capital gains, %)



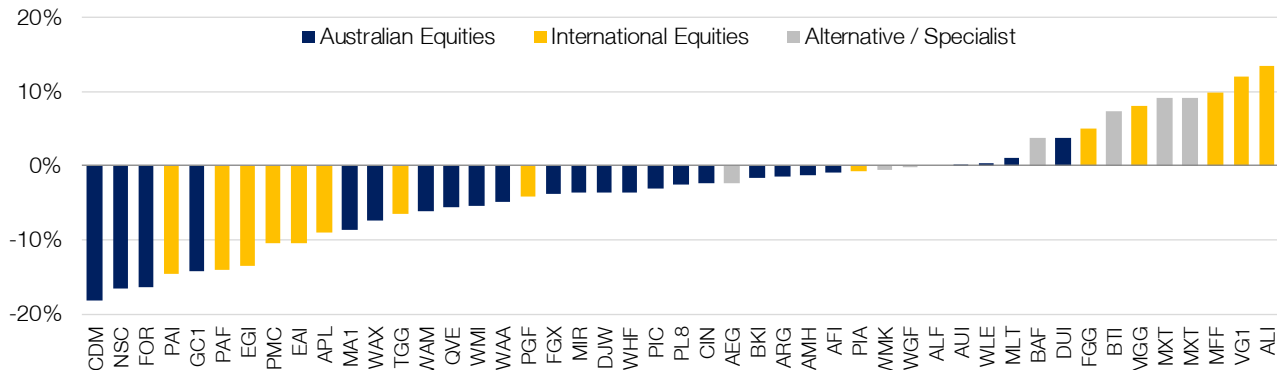
Source: MWM Research, IRESS, February 2019. Note GCI, NBI and MXT do not report post-tax NTA.

## 12-month performance to month-end

The charts below show the 12-month performance of LICs covered in this report. We exclude any LICs with less than 12-months of history.

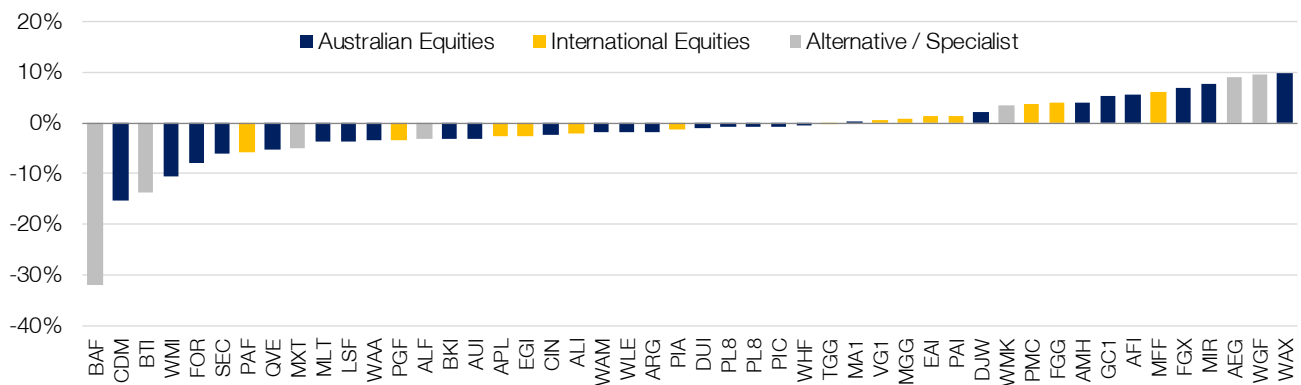
### 12-month NTA growth assuming cash dividends

The chart below shows movements in pre-tax NTA year on year, including cash dividend payments with no reinvestment.



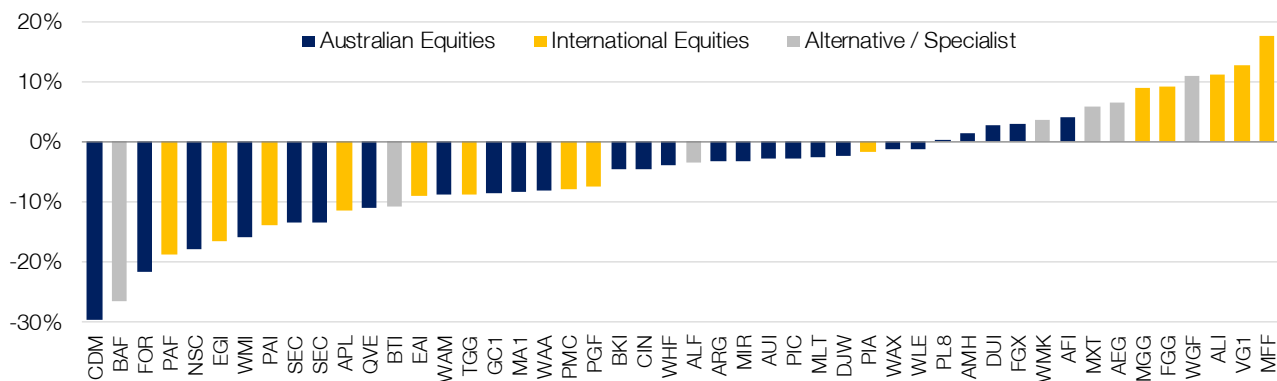
### Variance between 12-month premium / discount to pre-tax NTA

Illustrates movements in premiums and discounts over the last year e.g. an LIC with a premium of 20% currently vs 10% a year ago would be shown as +10% in the chart below.



### 12-month shareholder return (NTA and premium movements)

This chart is simply the total shareholder return combining movements in pre-tax NTA, premiums/discounts and cash dividend payments.



Source: MWM Research, IRESS, February 2019

## Shareholder returns to month-end

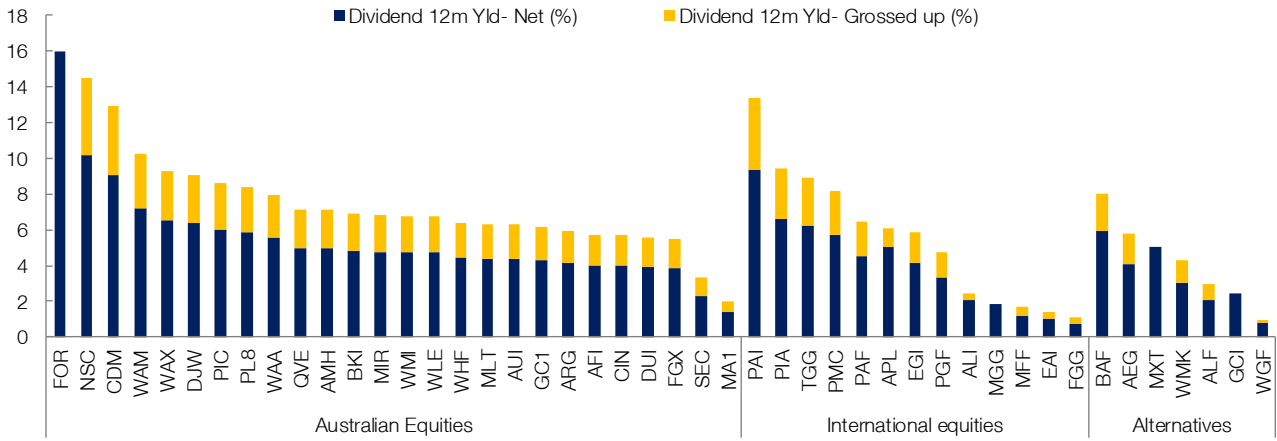
Code	Name	Share Total return (%)					Standard deviation (%)		
		1m	3m	1 Yr	3 Yr	5 Yr	1 Yr	3 Yr	5 Yr
<b>Australia Equities</b>									
AFI	Australian Foundation Investment	5.5	4.5	4.1	6.8	4.2	8.7	9.8	10.3
AMH	AMCIL Limited	2.9	1.7	1.4	5.1	4.3	18.3	17.7	18.8
ARG	Argo Investments	2.9	0.9	-3.3	4.9	5.0	8.9	9.2	10.9
AUI	Australian United Investment	6.3	1.4	-2.8	9.2	5.4	13.5	12.7	13.7
BKI	BKI Investment	5.6	4.2	-4.5	2.7	4.4	11.9	11.6	13.3
CDM	Cadence Capital	-5.1	-22.2	-29.5	-10.1	-1.6	22.3	21.4	18.7
CIN	Carlton Investments	3.1	-0.4	-4.5	3.1	7.7	16.1	14.2	15.9
DJW	Djeriwarth Investments	4.8	2.2	-2.3	-2.9	-0.9	19.2	17.7	17.5
DUI	Diversified United Investment	7.0	2.7	2.6	11.5	7.6	14.4	14.1	15.5
FGX	Future Generation Invnt Company	0.0	-5.6	3.0	4.1	-	14.2	11.7	-
FOR	Forager Australian Shares Fund	2.3	-11.1	-21.7	-	-	24.0	-	-
GC1	Glennon Small Companies	-7.0	-8.0	-8.6	0.8	-	26.1	27.4	-
LSF	L1 Long Short Fund	9.3	-3.0	-	-	-	-	-	-
MA1	Monash Absolute Invest.	7.7	-3.8	-8.2	-	-	23.8	-	-
MIR	Mirrabooka Investments	3.8	-1.3	-3.2	4.4	4.2	22.8	22.4	22.8
MLT	Milton Corporation	3.7	1.4	-2.5	3.7	4.4	11.6	10.8	12.6
NSC	Naos Small Cap Opportunities Comp	3.0	-2.9	-17.9	-2.1	0.5	22.8	18.3	17.5
PIC	Perpetual Equity Investment	1.0	-3.2	-2.7	8.1	-	17.6	15.0	-
PL8	Plato Income Maximiser	4.0	5.0	0.4	-	-	19.4	-	-
QVE	QV Equities	2.9	1.4	-11.0	5.6	-	25.2	23.5	-
SEC	Spheria Emerging Companies	0.9	-1.1	-13.3	-	-	22.9	-	-
WAA	WAM Active	-2.4	-7.4	-8.1	4.1	1.7	17.9	18.1	22.3
WAM	WAM Research	-3.7	-11.2	-8.8	5.4	7.3	16.3	14.3	14.3
WAX	WAM Research Limited	-4.8	-6.4	-1.3	7.1	10.2	22.8	19.8	18.3
WHF	Whitefield Limited	2.9	-1.6	-3.9	4.6	5.9	17.2	13.9	14.6
WLE	WAM Leaders	2.8	-1.8	-1.3	-	-	11.7	-	-
WMI	WAM Microcap	-2.4	-6.8	-15.8	-	-	23.0	-	-
<b>International</b>									
ALI	Argo Global Listed Infrastructure	4.1	1.6	11.3	5.6	-	14.2	17.8	-
APL	Antipodes Global Investment Compa	8.5	-0.5	-11.4	-	-	17.1	-	-
EAI	Ellerston Asian Investments	-0.5	3.1	-9.1	5.6	-	16.9	22.5	-
EGI	Ellerston Global Investments	-4.1	-3.1	-16.5	1.9	-	19.6	21.7	-
FGG	Future Generation Global Invest.	2.6	1.9	9.1	6.3	-	20.2	16.8	-
HM1	Hearts and Minds Investments	8.5	-	-	-	-	-	-	-
MFF	MFF Capital	3.9	-1.1	17.6	13.0	12.1	21.9	18.6	20.1
MGG	Magellan Global	1.2	-1.2	9.0	-	-	24.0	-	-
PAF	PM Capital Asian Opportunities	5.1	-1.0	-18.7	10.1	-	32.8	24.4	-
PAI	Platinum Asia Investments	0.9	2.4	-13.9	7.2	-	28.5	22.6	-
PGF	PM Capital Global Opportunities	3.2	-5.1	-7.5	9.8	4.4	20.6	18.8	18.7
PIA	Pengana International Equities	2.8	0.0	-1.7	5.4	6.8	16.1	16.7	18.3
PMC	Platinum Capital	-2.0	-3.9	-7.8	3.8	0.0	27.7	27.1	25.6
TGG	Templeton Global Growth Fund	-1.2	-0.8	-8.7	8.0	1.6	17.9	15.9	16.8
VG1	VGI Partners Global Investments	7.2	0.8	12.7	-	-	20.3	-	-
WGB	WAM Global	0.5	-5.3	-	-	-	-	-	-
<b>Alternative/Specialist</b>									
AEG	Absolute Equity Performance	0.5	-2.6	6.5	-4.0	-	18.9	21.6	-
ALF	Australian Leaders Fund	-1.0	-3.5	-3.4	-8.5	-4.1	11.2	16.3	17.5
BAF	Blue Sky Alternative Access	0.0	0.0	-26.4	0.4	-	47.1	32.4	-
BTI	Bailador Technology Investments	2.6	-1.3	-10.9	-6.7	-	28.7	28.1	-
GCI	Gryphon Capital Income Trust	2.4	3.8	-	-	-	-	-	-
MXT	MCP Master Income Trust	0.0	2.0	5.8	-	-	8.6	-	-
NBI	NB Global Corporate Income Trust	1.4	-1.6	-	-	-	-	-	-
WGF	Watermark Global Leaders	1.0	12.0	11.0	-	-	15.3	-	-
WMK	Watermark Market Neutral Fund	2.4	4.3	3.6	-2.1	1.6	17.1	16.3	17.1

Source: MWM Research, IRESS, February 2019. Please note the above table refers to share price performance.

## Dividends and franking

Managers of LICs place a great emphasis on dividend payments given the primarily retail investor base. The majority of Australian equity LICs listed below have a long track record of paying fully franked dividends with the largest LICs (AFI, ARG, MLT) having paid 100% franked dividends for over 20 years.

### 12 Months Net dividend yield and Gross dividend Yield (%)

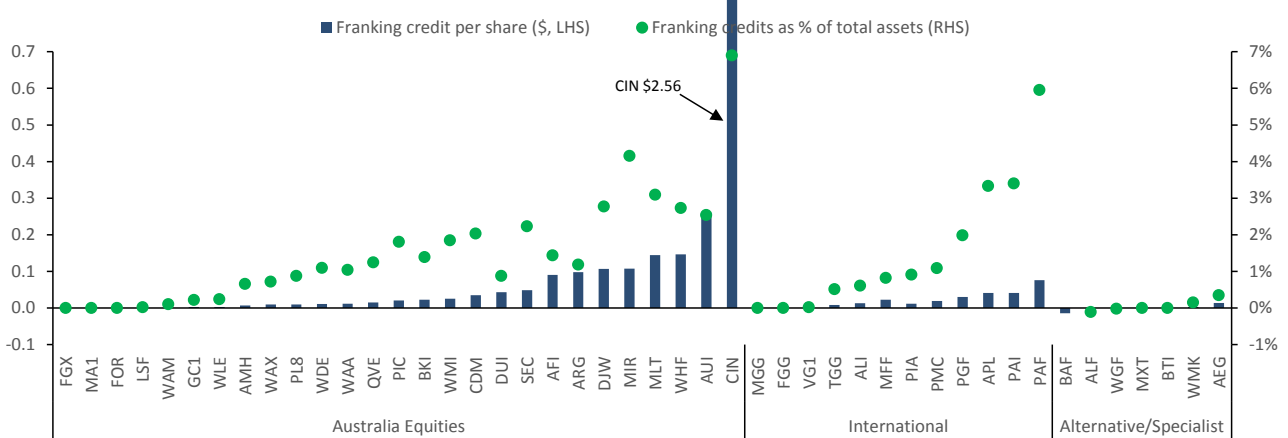


Source: MWM Research, IRESS, February 2019

### Franking accounts

The chart below illustrates the Australian equity LICs with the largest franking credit balances, normalised by the LIC's asset base. A larger franking credit balance provides a degree of certainty future dividends will be fully franked with the potential for franking credits to be returned via capital management strategies.

### Australian LICs - Franking credit balances



Source: MWM Research, IRESS, February 2019



## Recent and upcoming distributions

Code	Name	Ex-Date	Pay Date	Dividends (c)	Franking (%)	Type	DRP (c)
MXT	MCP Master Income Trust	31/12/2018	9/01/2019	0.89	0	I	200.30
MGG	Magellan Global	2/01/2019	15/01/2019	3.00	0	I	148.80
NBI	NB Global Corporate Income Trust	2/01/2019	10/01/2019	0.88	0	I	190.00
CAM	Clime Capital	3/01/2019	24/01/2019	1.25	100	I	84.25
CLF	Concentrated Leaders Fund	4/01/2019	1/02/2019	1.25	100	I	120.74
PLB	Plato Income Maximiser	16/01/2019	31/01/2019	0.50	100	I	0.00
URF	US Masters Residential Property Fund	21/01/2019	5/02/2019	5.00	0	S	126.00
MIR	Mirrabooka Investments	22/01/2019	15/02/2019	10.00	100	S	240.00
MIR	Mirrabooka Investments	22/01/2019	15/02/2019	3.50	100	I	240.00
DJW	Djerriwarrh Investments	29/01/2019	21/02/2019	10.00	100	I	303.00
QRI	Qualitas Real Estate Income Fund	30/01/2019	8/02/2019	0.24	0	I	0.00
AMH	AMCIL Limited	30/01/2019	22/02/2019	1.50	100	S	86.00
AMH	AMCIL Limited	30/01/2019	22/02/2019	2.00	100	I	86.00
GCI	Gryphon Capital Income Trust	30/01/2019	8/02/2019	0.88	0	I	0.00
MXT	MCP Master Income Trust	31/01/2019	8/02/2019	1.08	0	I	200.18
NBI	NB Global Corporate Income Trust	1/02/2019	11/02/2019	0.88	0	I	198.00
WIC	Westoz Investment Company	1/02/2019	22/02/2019	3.00	100	I	106.10
OZG	Ozgrowth	1/02/2019	22/02/2019	0.25	100	I	16.50
KAT	Katana Capital	7/02/2019	1/03/2019	0.25	100	I	0.00
AFI	Australian Foundation Investment	8/02/2019	25/02/2019	8.00	100	S	593.00
AFI	Australian Foundation Investment	8/02/2019	25/02/2019	10.00	100	I	593.00
BKI	BKI Investment	8/02/2019	28/02/2019	1.50	100	S	152.00
BKI	BKI Investment	8/02/2019	28/02/2019	3.63	100	I	152.00
MLT	Milton Corporation	13/02/2019	5/03/2019	9.00	100	I	0.00
FSI	Flagship Investments	14/02/2019	1/03/2019	4.00	100	I	0.00
ARG	Argo Investments	15/02/2019	8/03/2019	16.00	100	I	0.00
PLB	Plato Income Maximiser	15/02/2019	28/02/2019	0.50	100	I	0.00
QVE	QV Equities	21/02/2019	15/03/2019	2.20	100	I	0.00
AUI	Australian United Investment	22/02/2019	14/03/2019	17.00	100	I	0.00
DUI	Diversified United Investment	22/02/2019	14/03/2019	7.00	100	I	0.00
NSC	Naos Small Cap Opportunities Company	25/02/2019	11/03/2019	1.15	100	I	0.00
CIE	Contango Income Generator Limited	25/02/2019	12/03/2019	1.55	100	I	0.00
NAC	Naos Absolute Opps	25/02/2019	11/03/2019	1.35	100	I	0.00
PMC	Platinum Capital	27/02/2019	19/03/2019	3.00	100	S	0.00
PMC	Platinum Capital	27/02/2019	19/03/2019	3.00	100	I	0.00
CIN	Carlton Investments	28/02/2019	25/03/2019	55.00	100	I	0.00
ALI	Argo Global Listed Infrastructure	1/03/2019	22/03/2019	2.50	100	I	0.00
SEC	Spheria Emerging Companies	5/03/2019	20/03/2019	2.00	100	I	0.00
PGF	PM Capital Global Opportunities	6/03/2019	28/03/2019	1.80	100	I	0.00
EAI	Ellerston Asian Investments	6/03/2019	5/04/2019	1.00	100	I	0.00
EGI	Ellerston Global Investments	6/03/2019	5/04/2019	1.50	100	I	0.00
NCC	Naos Emerging Opportunities	11/03/2019	27/03/2019	3.75	100	I	0.00

Source: IRESS, MWM Research, February 2019.

## Listed options

Options	Issuer	Option price* (\$)	Options on issue (mil)	Expiry date	Exercise price (\$)	LIC share price* (\$)	In / Out of the money	Current NTA (\$) #	Diluted NTA (\$)
EAIO	Ellerston Asian Investments	0.002	58.31	28/02/2019	1.000	1.010	In the money	1.061	1.040
PL8O	Plato Income Maximiser	0.001	295.92	29/04/2019	1.100	1.000	Out of the money	0.989	-
PIAO	Pengana International Equities	0.002	237.80	10/05/2019	1.180	1.130	Out of the money	1.147	-
WQGO	WCM Global Growth Limited	0.007	90.87	24/06/2019	1.100	1.050	Out of the money	0.000	-
MA1OA	Monash Absolute Invest.	0.002	44.31	15/05/2020	1.050	0.785	Out of the money	0.860	-

\*Prices as at the last close price. #Pre-tax NTA price as at last month end.

Source: IRESS, MWM Research, February 2019.

## Financial results summary – FY18

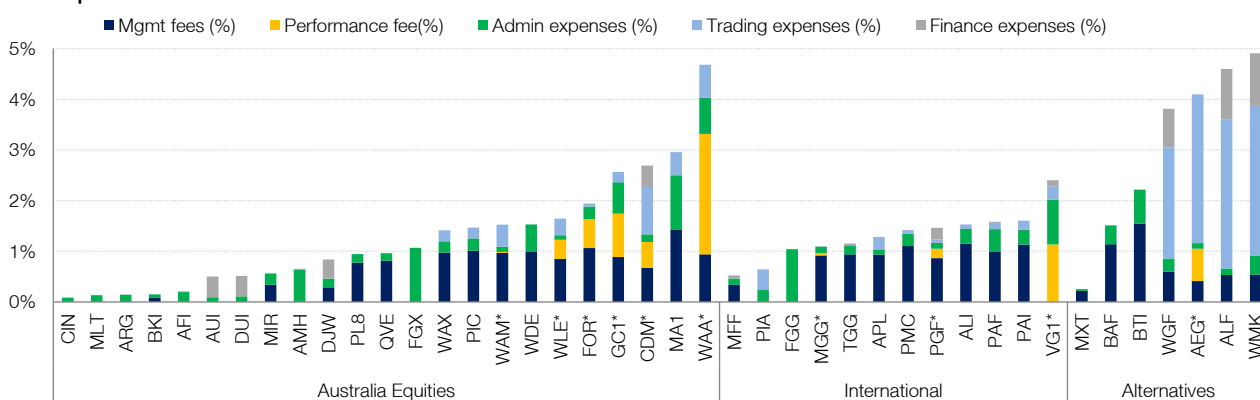
### Expenses breakdown

Comparison of expenses for LICs can be difficult due to varying levels of disclosure. While some companies provide detailed disclosures, others report all costs in a single line. We have taken a broad approach here, aggregating each underlying cost into four broad categories:

- Management & performance fees – paid to external managers, internally managed LICs excluded;
- Administration expenses – staff costs and director fees, ASX listing costs, audit and legal fees;
- Trading expenses – brokerage, dividends paid on borrowed stocks and stock loan fees;
- Finance costs – interest expense on borrowings.

The chart below shows an aggregated comparison of FY18 expenses. We have excluded several recently listed LICs with short reporting periods. Reporting of brokerage expenses varies - we have sourced from the income statement or footnotes where available. The chart illustrates the total cost to shareholders can be much higher than the base management fee, particularly after accounting for performance fees and trading expenses.

### FY18 expenses

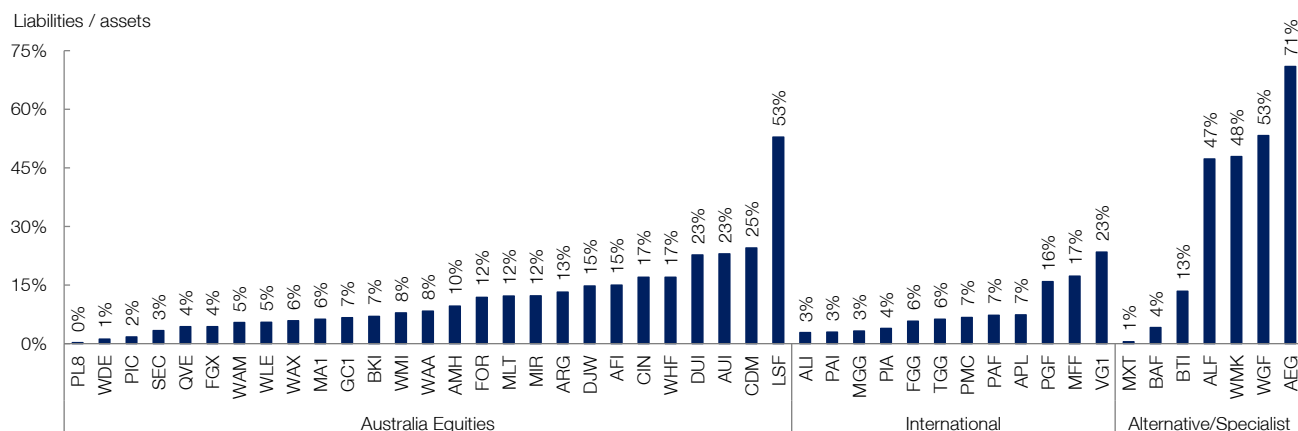


Source: Company data, MWM Research, February 2019 \*paid out a performance fee in FY18

### Balance sheet leverage

The chart below illustrates balance sheet leverage for each LIC as measured by total liabilities divided by total assets. The largest typical liabilities are stocks sold short, debt used to gear a portfolio, and tax liabilities. LICs with higher leverage have the potential to deliver more volatile returns, both positive and negative, so should be taken into consideration when comparing returns between strategies.

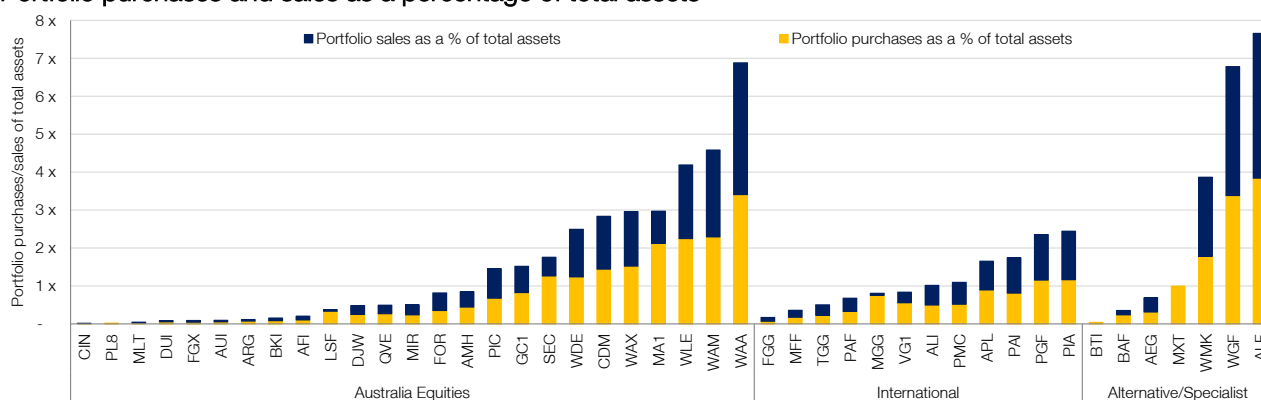
### Total liabilities / total assets – FY18



Source: Company data, IRESS, MWM Research, February 2019

## Portfolio activity in FY18

### Portfolio purchases and sales as a percentage of total assets



Category	Ticker	FY18		FY17	
		Purchases	Sales	Purchases	Sales
Australia Equities	CIN	\$8   1%	\$2   0%	\$9   1%	\$2   0%
	PL8	\$7   2%	\$0   0%	\$316   101%	\$0   0%
	MLT	\$70   2%	\$67   2%	\$56   2%	\$44   2%
	DUI	\$55   5%	\$31   3%	\$80   9%	\$90   10%
	FGX	\$20   4%	\$19   4%	\$44   317%	\$0   0%
	AUI	\$71   6%	\$45   4%	\$77   6%	\$88   7%
	ARG	\$421   7%	\$240   4%	\$256   5%	\$471   9%
	BKI	\$103   9%	\$82   7%	\$78   8%	\$27   3%
	AFI	\$758   10%	\$756   10%	\$288   4%	\$245   4%
	LSF	\$862   33%	\$104   4%	\$0   n.a.	\$0   n.a.
	DJW	\$210   25%	\$202   24%	\$156   19%	\$186   23%
	QVE	\$92   27%	\$75   22%	\$93   27%	\$73   21%
	MIR	\$97   24%	\$109   26%	\$66   17%	\$102   27%
	FOR	\$59   35%	\$77   46%	\$66   41%	\$36   22%
	AMH	\$120   44%	\$110   41%	\$80   32%	\$89   36%
	PIC	\$200   68%	\$228   77%	\$259   89%	\$272   93%
	GC1	\$48   83%	\$40   69%	\$74   159%	\$65   138%
	SEC	\$183   127%	\$71   49%	\$0   0%	\$0   0%
	WDE	\$156   124%	\$158   125%	\$90   73%	\$85   69%
CDM	\$790   144%	\$761   139%	\$464   93%	\$580   116%	
WAX	\$381   152%	\$359   144%	\$250   109%	\$306   134%	
MA1	\$112   213%	\$44   84%	\$54   102%	\$48   92%	
WLE	\$1990   225%	\$1719   194%	\$1964   399%	\$1624   330%	
WAM	\$3210   229%	\$3206   229%	\$2942   226%	\$2861   219%	
WAA	\$168   341%	\$171   347%	\$154   335%	\$148   321%	
International	FGG	\$27   7%	\$41   10%	\$6   2%	\$20   5%
	MFF	\$255   17%	\$278   19%	\$110   9%	\$136   11%
	TGG	\$80   23%	\$98   28%	\$67   20%	\$99   29%
	PAF	\$23   33%	\$25   35%	\$14   21%	\$25   37%
	MGG	\$1312   75%	\$91   5%	\$0   n.a.	\$0   n.a.
	VG1	\$424   56%	\$213   28%	\$0   n.a.	\$0   n.a.
	ALI	\$155   50%	\$160   52%	\$147   49%	\$151   51%
	PMC	\$260   51%	\$292   58%	\$243   52%	\$194   41%
	APL	\$443   89%	\$375   76%	\$427   116%	\$152   41%
	PAI	\$351   81%	\$401   93%	\$295   74%	\$226   57%
	PGF	\$616   115%	\$642   120%	\$596   121%	\$655   133%
PIA	\$365   117%	\$400   128%	\$453   156%	\$444   153%	
Alternative/Specialist	BTI	\$6   4%	\$0   0%	\$28   20%	\$0   0%
	BAF	\$58   24%	\$28   12%	\$56   26%	\$33   15%
	AEG	\$129   31%	\$152   37%	\$7   2%	\$6   2%
	MXT	\$726   99%	\$0   0%	\$0   n.a.	\$0   n.a.
	WMK	\$278   178%	\$326   209%	\$324   156%	\$329   158%
	WGF	\$587   338%	\$591   340%	\$226   127%	\$223   125%
	ALF	\$2372   384%	\$2355   382%	\$2462   300%	\$2422   295%

Source: Company data, MWM Research, February 2019. Please note dollar values are stated in millions and sourced from cash flow statements. Percentages represent cash flows relative to total assets.

## AGM Season Voting

The table below details AGM voting results for each LIC's remuneration report resolution. An 'against' vote of at least 25% is a 'strike' under the Corporations Act. Two consecutive strikes requires a spill resolution to be held which, if a majority of votes are in favour of, requires an extraordinary general meeting to be held within 90 days with the board of directors requiring re-election. Hence, it is a potential avenue for taking control of a board and replacing an external manager. 'Against' votes above 25% are highlighted in red while those above 15% are highlighted in grey. The last column illustrates the percentage of votes cast in 2018 as a percentage of the register, providing some context for protest votes.

### Adoption of AGM remuneration report resolutions 2015-2018, percentage of 'against' votes

Code	Company	2018	2017	2016	2015	% of register voted
BAF	Blue Sky Alternative Access	68.1%	12.0%	0.6%	0.2%	28%
WMK	Watermark Market Neutral Fund	39.2%	20.8%	11.9%	15.9%	8%
WGF	Watermark Global Leaders	38.0%	11.1%			17%
MA1	Monash Absolute Invest.	26.0%	8.8%	14.4%		19%
ALF	Australian Leaders Fund	25.6%	19.0%	15.1%	19.2%	12%
APL	Antipodes Global Investment Company	22.3%	14.3%	14.3%		3%
LSF	L1 Long Short Fund	21.0%				3%
AFI	Australian Foundation Investment	18.3%	18.5%	11.2%	9.5%	7%
NSC	Naos Small Cap Opportunities Company	17.8%	21.6%	15.3%	9.6%	16%
WAA	WAM Active	14.5%	21.0%	11.4%	16.8%	9%
DJW	Djerriwarrh Investments	11.2%	12.1%	9.2%	7.5%	12%
ARG	Argo Investments	10.8%	11.1%	11.5%	12.9%	9%
WMI	WAM Microcap	10.8%				5%
CDM	Cadence Capital	10.6%	6.6%	49.7%	11.3%	9%
WAM	WAM Research	10.6%	10.4%	9.6%	10.8%	7%
AEG	Absolute Equity Performance	10.2%	8.0%	9.6%		4%
SEC	Spheria Emerging Companies	10.0%				2%
PIC	Perpetual Equity Investment	9.8%	12.4%	11.1%	8.8%	6%
QVE	QV Equities	9.7%	8.8%	7.3%	6.2%	4%
WAX	WAM Research Limited	9.7%	11.6%	10.7%	12.9%	10%
WLE	WAM Leaders	9.1%	4.7%			5%
AMH	AMCIL Limited	8.4%	10.2%	6.7%	5.9%	10%
PL8	Plato Income Maximiser	7.5%	6.0%			6%
PIA	Pengana International Equities	7.2%	49.6%	9.5%	63.9%	14%
MLT	Milton Corporation	6.9%	6.6%	1.5%		19%
PMC	Platinum Capital	6.6%	5.6%	10.3%	8.3%	13%
BKI	BKI Investment	6.3%	3.8%	4.4%		14%
MFF	MFF Capital	5.9%	6.0%	7.0%		7%
ALI	Argo Global Listed Infrastructure	5.8%	6.3%	6.9%		20%
TGG	Templeton Global Growth Fund	5.4%	32.2%	42.7%	35.5%	23%
MIR	Mirrabooka Investments	4.3%	6.4%	5.4%	7.2%	15%
CIN	Carlton Investments	3.3%	6.3%	2.4%	2.6%	5%
VG1	VGI Partners Global Investments	3.3%				7%
WHF	Whitefield Limited	3.1%	0.8%	1.5%	2.3%	25%
FGX	Future Generation Invt Company	3.0%	1.9%	1.1%	1.7%	7%
PGF	PM Capital Global Opportunities	2.7%	2.2%	3.3%	3.8%	8%
PAI	Platinum Asia Investments	2.3%	2.5%	2.8%		18%
PAF	PM Capital Asian Opportunities	2.2%	2.5%	1.1%	6.6%	26%
GC1	Glennon Small Companies	1.6%	1.4%	7.0%		3%
EAI	Ellerston Asian Investments	1.4%	1.2%	2.4%		13%
DUI	Diversified United Investment	1.4%	2.6%	2.1%	1.4%	40%
FGG	Future Generation Global Invest.	1.2%	1.0%	1.4%		9%
BTI	Bailador Technology Investments	1.1%	2.5%	0.2%	3.0%	27%
AUI	Australian United Investment	0.4%	0.8%	0.4%	0.6%	62%
EGI	Ellerston Global Investments	0.2%	0.1%	2.9%	0.7%	11%

Source: IRESS, MWM Research, February 2019

## Profit reserves

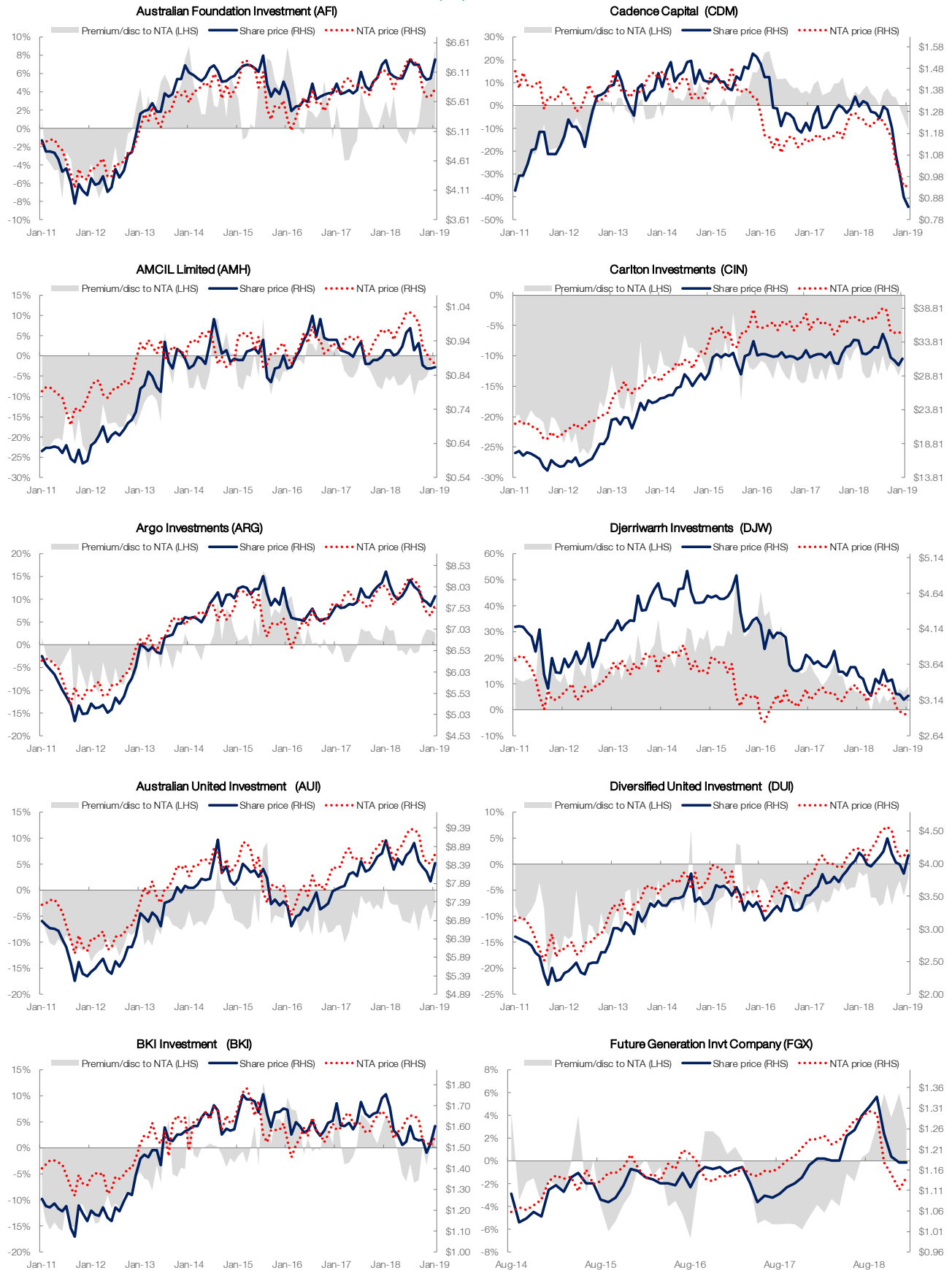
The table below details retained profits and profit reserves, where applicable, for each listed investment company. Profit reserves are a component of equity stated on the balance sheet from which companies can pay future dividends. We have calculated the equivalent dividend per share (DPS) which could be paid out based on current shares on issue. The 'coverage' column details how many years of dividends could be paid, based on the last 12-months excluding special dividends. Companies with a profit reserve typically have a negative retained profit reserve (exceptions are EAI, EGI, PIC, QVE) with current year profits transferred to the profit reserve. A reasonable number of LICs do not maintain a profit reserve and pay dividends from retained profits instead. Of these we have only included companies that disclose crystallised profits rather than a broader measure that includes unrealised profits (MFF, PAF, PGF and BTI are excluded).

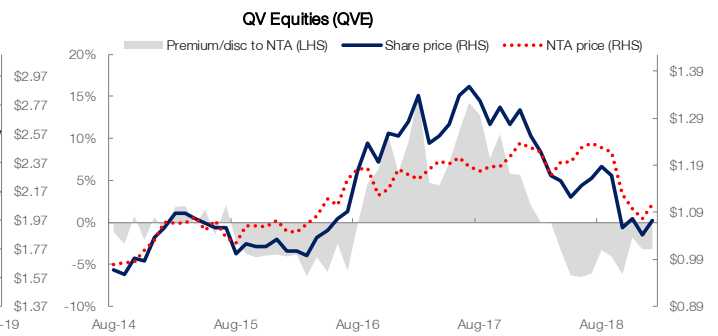
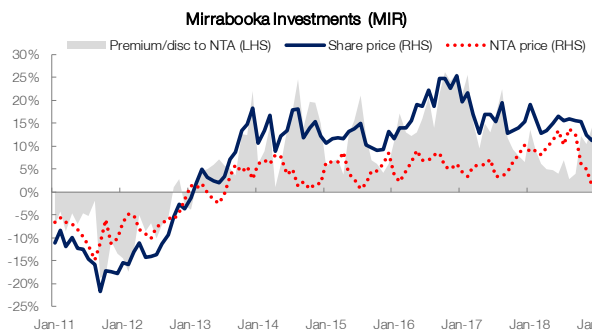
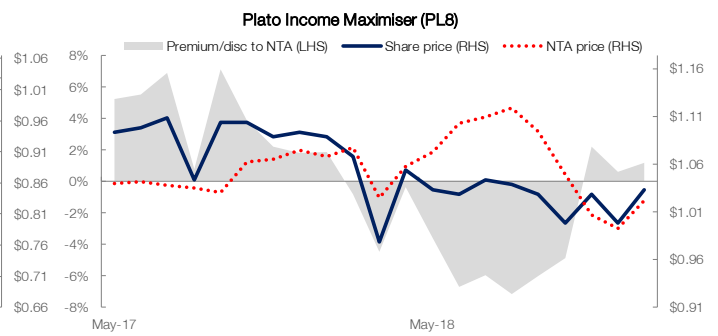
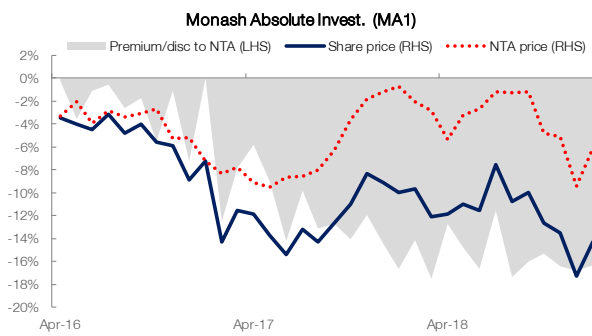
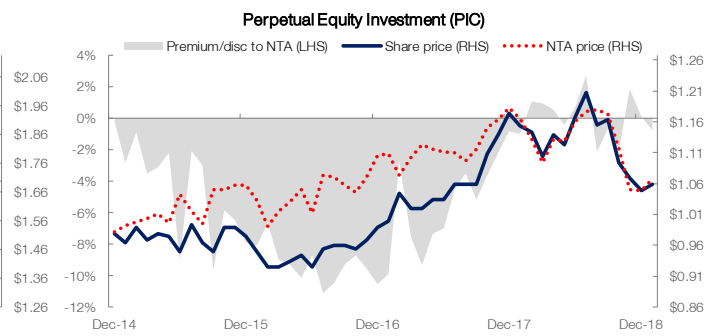
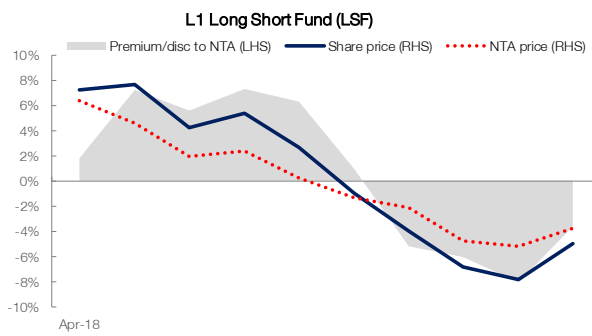
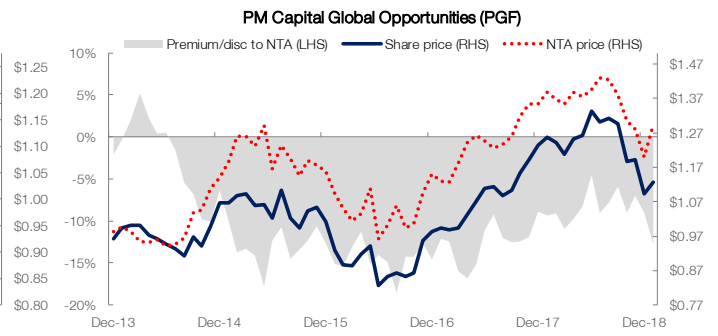
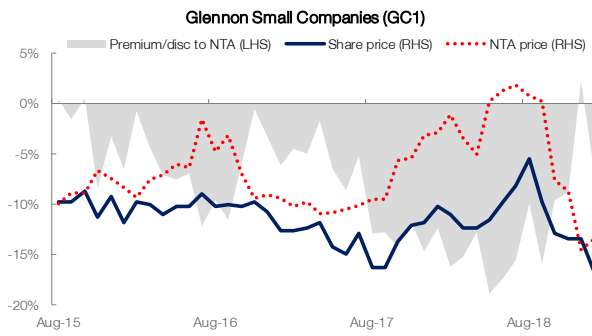
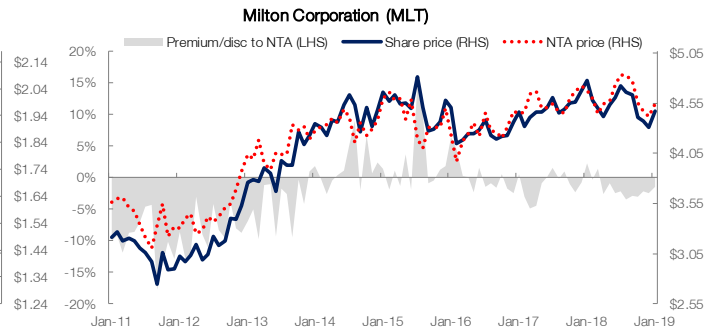
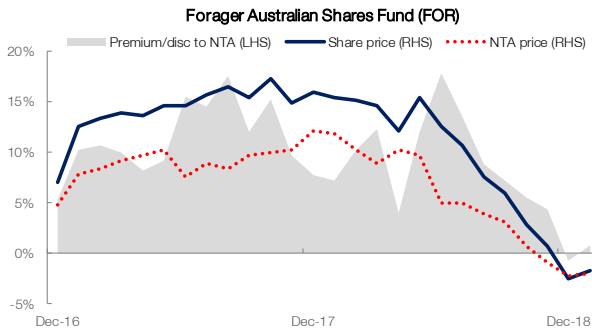
Code	Company	Reserves \$m	DPS cps	Coverage x	Reserve*
MA1	Monash Absolute Invest.	8.1	18.3	18.3	PR
CIN	Carlton Investments	353.5	1,335.3	11.0	RP
PIA	Pengana International Equities	106.5	42.1	6.0	PR
ALI	Argo Global Listed Infrastructure	30.3	21.4	5.7	PR
GC1	Glennon Small Companies	10.6	22.2	5.6	PR
WMI	WAM Microcap	27.9	19.8	5.0	PR
WAX	WAM Research Limited	64.2	33.9	3.6	PR
FGG	Future Generation Global Investment	12.9	3.3	3.3	PR
PMC	Platinum Capital	92.2	32.1	3.2	PR
AUI	Australian United Investment	133.9	107.8	3.1	RP
SEC	Spheria Emerging Companies	7.1	10.7	2.7	PR
APL	Antipodes Global Investment	68.1	12.3	2.5	PR
AEG	Absolute Equity Performance	10.2	10.0	2.2	PR
AFI	Australian Foundation Investment	631.7	53.0	2.2	RP
DUI	Diversified United Investment	67.5	32.1	2.1	RP
FGX	Future Generation Invst Company	36.9	9.3	2.1	PR
EAI	Ellerston Asian Investments	2.2	2.0	2.0	PR
WLE	WAM Leaders	68.6	9.7	1.9	PR
ARG	Argo Investments	410.2	57.6	1.8	RP
WGF	Watermark Global Leaders	0.9	1.3	1.7	PR
MLT	Milton Corporation	203.1	30.5	1.6	RP
NSC	Naos Small Cap Opportunities	18.6	11.0	1.6	PR
CDM	Cadence Capital	39.3	12.3	1.5	PR
BAF	Blue Sky Alternative Access	15.4	7.5	1.5	RP
WAA	WAM Active	3.9	8.4	1.5	PR
TGG	Templeton Global Growth Fund	14.5	6.6	1.5	RP
WHF	Whitefield Limited	24.2	27.1	1.4	RP
PAI	Platinum Asia Investments	51.1	14.1	1.4	PR
PIC	Perpetual Equity Investment	29.7	8.6	1.4	PR
EGI	Ellerston Global Investments	4.4	4.0	1.3	PR
DJW	Djerriwarrh Investments	56.6	25.5	1.3	RP
WAM	WAM Research	130.1	18.3	1.2	PR
MIR	Mirrabooka Investments	15.7	9.8	1.0	RP
ALF	Australian Leaders Fund	4.9	1.9	0.9	PR
BKI	BKI Investment	47.0	6.5	0.9	RP
AMH	AMCIL Limited	9.5	3.5	0.8	RP
QVE	QV Equities	6.6	2.4	0.6	PR
PL8	Plato Income Maximiser	7.5	2.5	0.4	PR
WMK	Watermark Market Neutral Fund	0.1	0.1	0.0	PR
LSF	L1 Long Short Fund	-75.4	-11.3	-	RP
VG1	VGI Partners Global Investments	33.2	12.0	-	RP

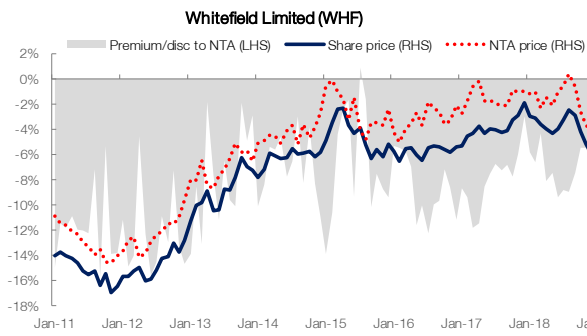
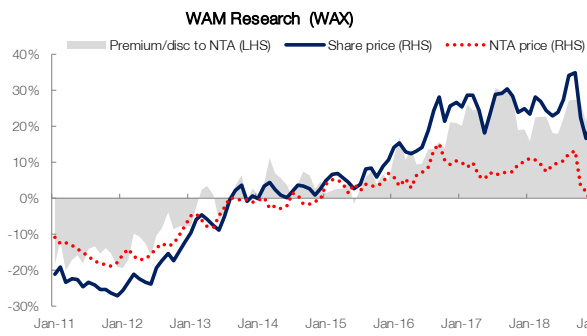
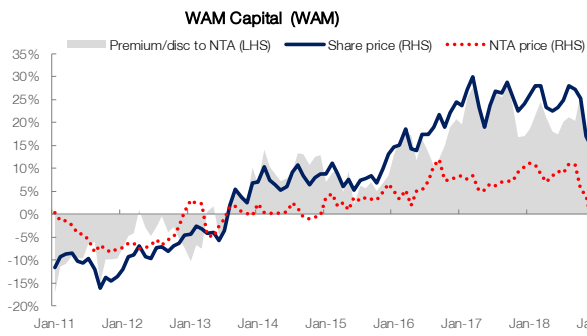
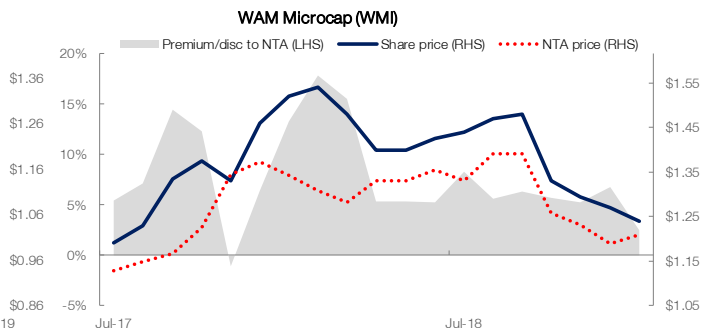
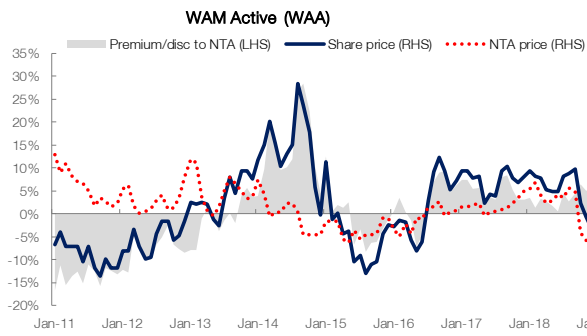
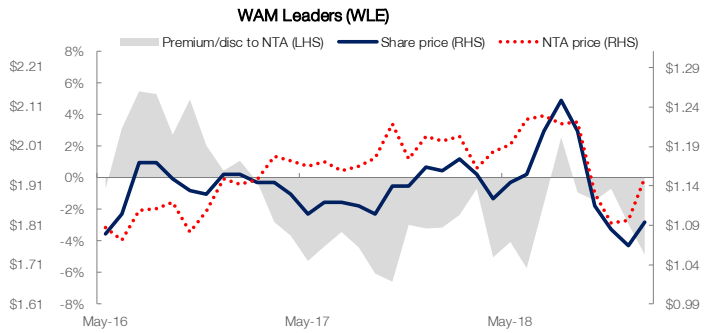
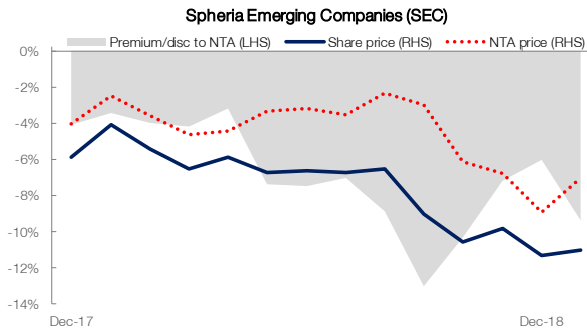
Source: Company reports, MWM Research, February 2019. \* PR = profit reserve, RP = retained profit.

# Premium/Discount to NTA (%) history

## Australian LICs Premium/Discount to NTA (%)



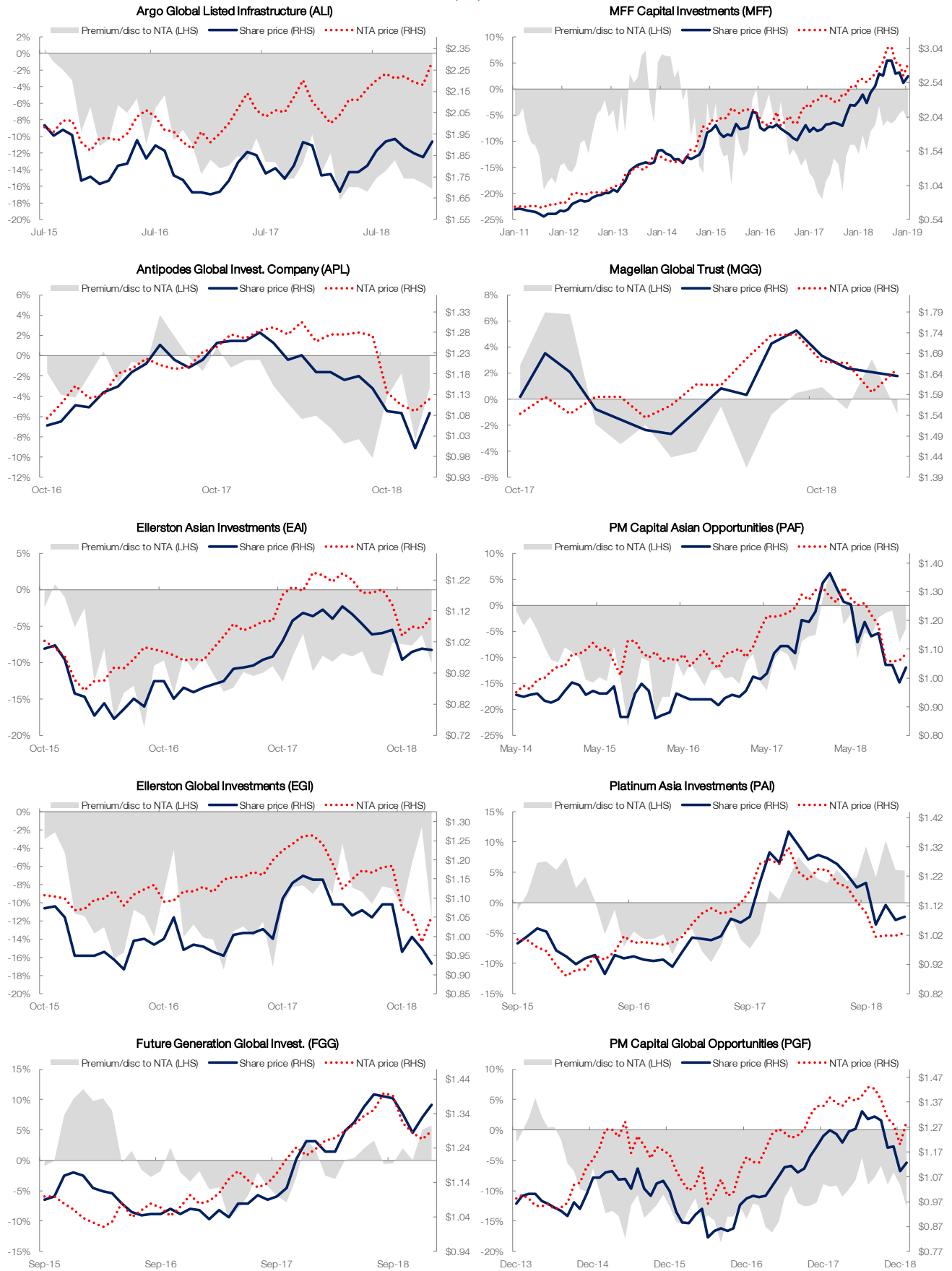




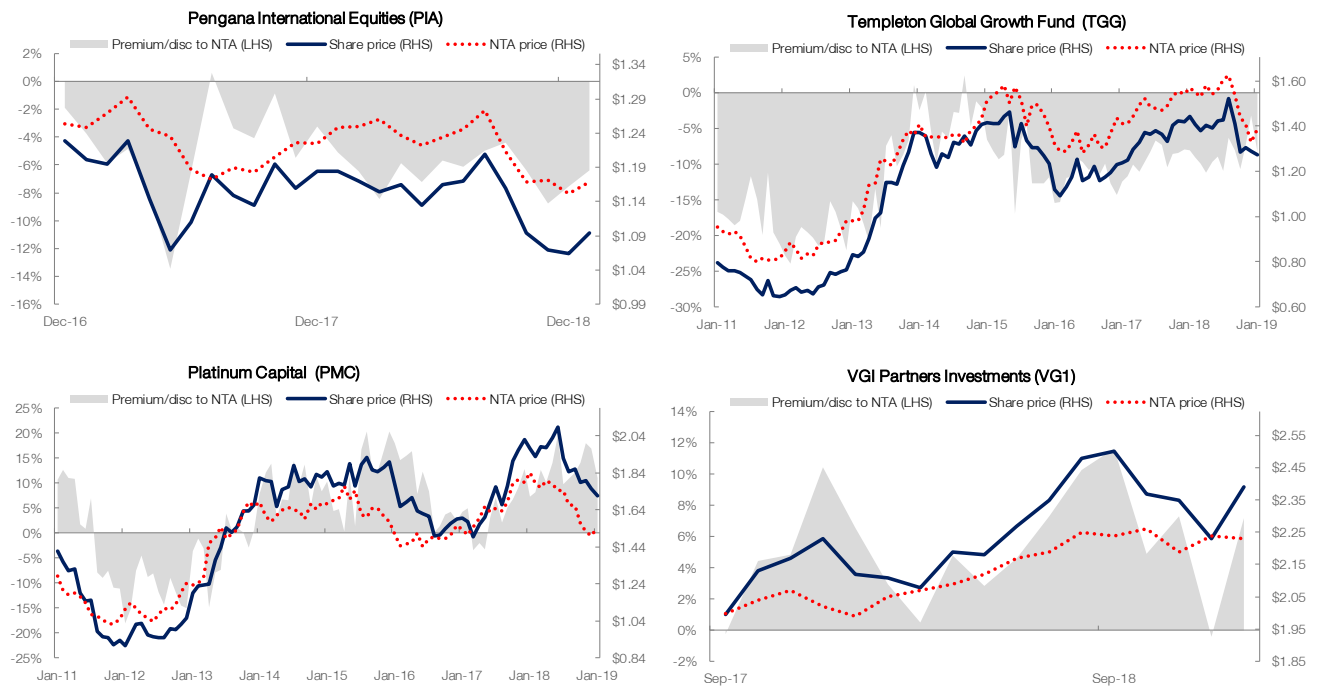
Source: MWM Research, company data, IRESS, February 2019



## International LICs Premium/Discount to NTA (%)

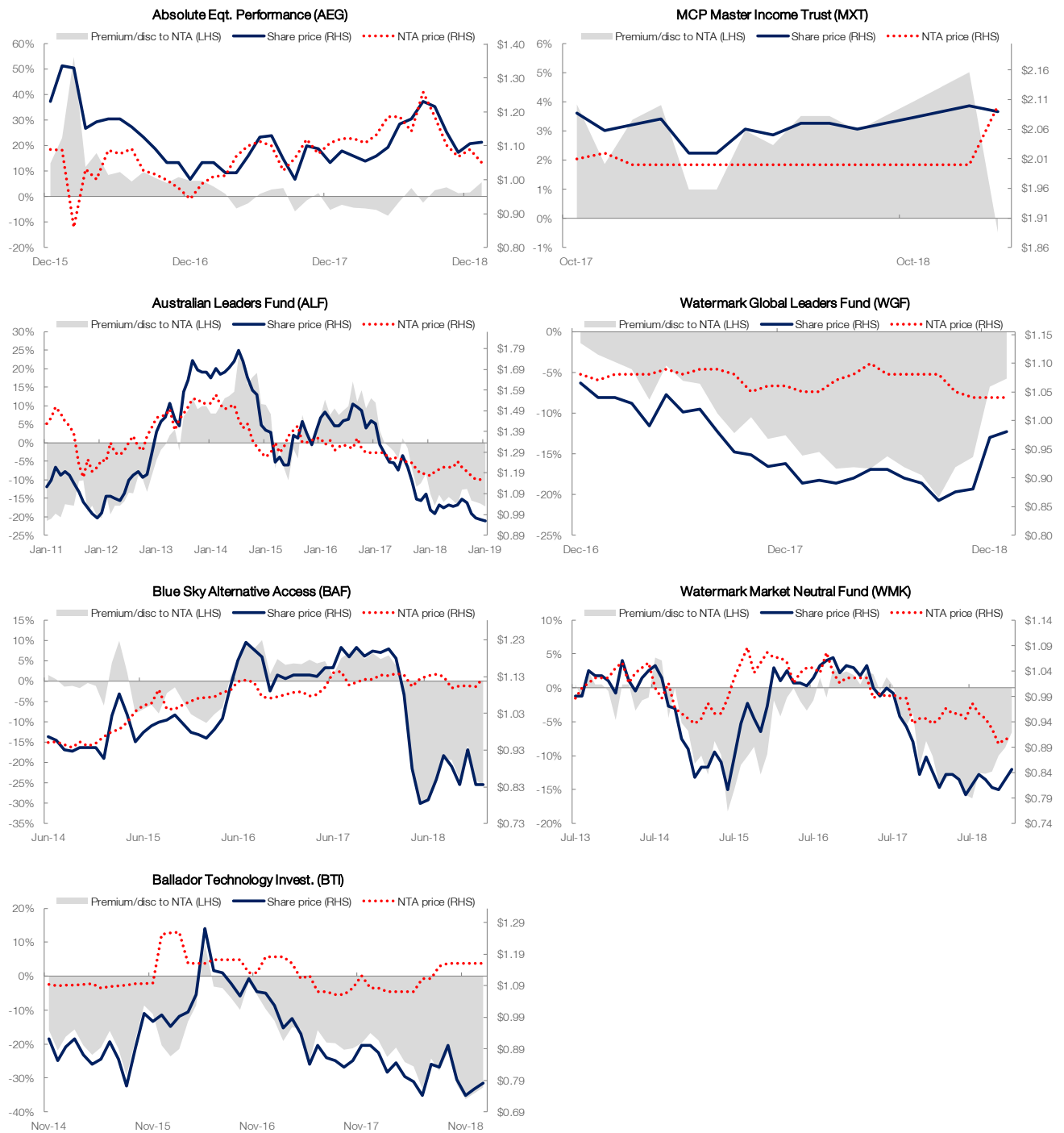


## International LICs Premium/Discount to NTA (%)



Source: MWM Research, company data, IRESS, February 2019

## Alternative/Specialists LICs Premium/Discount to NTA (%)



Source: MWM Research, company data, IRESS, February 2019

## An introduction to Listed Investment Companies

### What are Listed Investment Companies (LICs)?

LICs are companies, listed on the ASX, which manage a portfolio of assets on behalf of their investors. By owning shares in LICs, investors are able to gain exposure to diversified portfolios that are managed by investment professionals. LICs are closed-end funds where shareholders join or leave the investment by buying or selling the LIC shares on the ASX. The resulting stable funds under management (FUM) allow the manager to make decisions on a long-term basis. A number of LICs strive to pay stable fully franked dividends (although dividends are set at the discretion of the board with respect to profitability and solvency of the company) which may satisfy investors desire for tax effective income. The investment manager may be internal or external to the LIC.

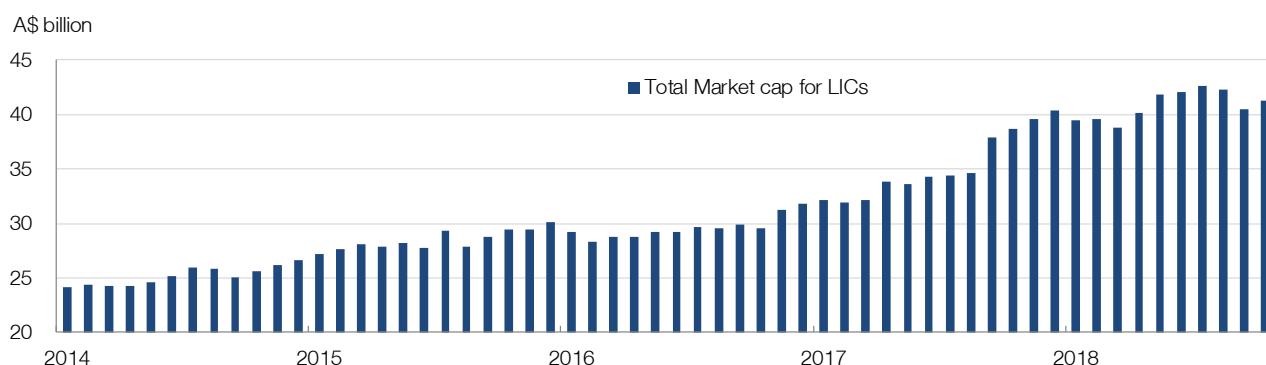
The investment styles of LICs can be classified into three broad categories:

- Australian shares invest principally in ASX-listed shares
- International shares invest principally in shares listed on international stock exchanges
- Absolute / specialist LICs include long/short equities, absolute return strategies, fund of fund vehicles, private equity, unlisted assets and multi-asset strategies.

Investment approaches vary and can range from conservative to aggressive. When deciding whether to invest in a LIC, investors should consider whether the structure, investment style and underlying portfolio suit their personal investment objectives.

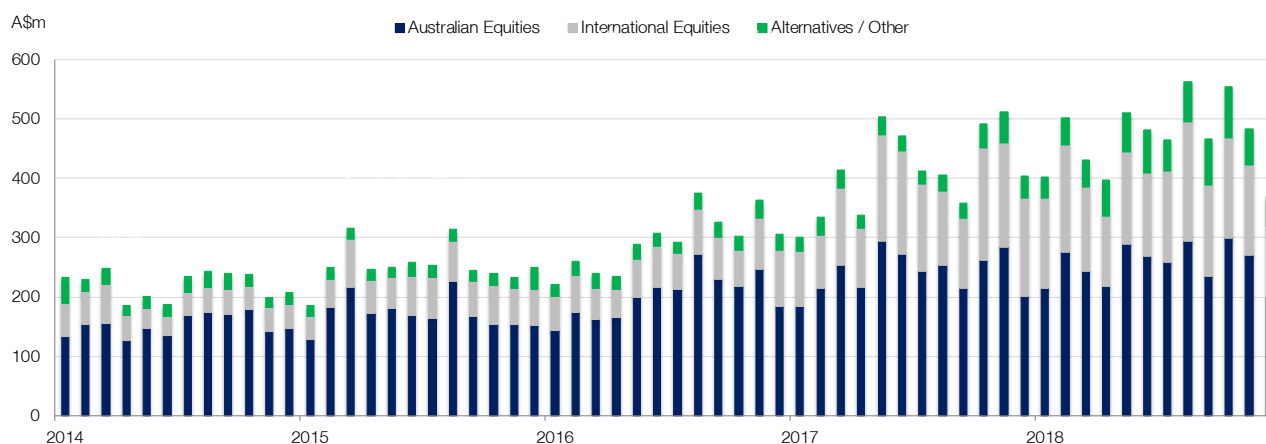
The charts below illustrate the growth in market capitalisation and market liquidity for LICs in recent years.

#### Listed Investment Companies market capitalisation



Source: MWM Research, IRESS, February 2019

#### Monthly value traded



Source: MWM Research, IRESS, February 2019

## Choosing a Listed Investment Company (LIC)

### Net Tangible Asset Backing (NTA)

LICs report net tangible asset backing (NTA) for the company on a monthly basis. The NTA is the market valuation of the underlying investments and is reported on a pre-tax basis and post-tax basis (where the capital gains tax obligation of liquidating all holdings is taken into account). As LICs are closed-end funds they may trade at, above or below the most recent NTA valuation due to liquidity risk and investor sentiment. Increasingly, LICs are reporting NTA on a more frequent basis (weekly or even daily) to provide more up to date information to investors.

### Management fees, performance fees and other costs

LICs incur a fee for management of the portfolio, which is paid out of the asset base. The management fee is also referred to as the management expense ratio (MER). It normally ranges between 0.1% and 1.5%, with larger internally managed LICs incurring fees at the low end of the range as they are able to spread their fixed costs over a greater asset base. A performance fee may also be incurred, calculated with reference to the performance of the portfolio against a benchmark and paid to the investment manager in accordance with the investment management contract. Other significant costs can include transaction costs, director fees and listing costs. Refer to the financial results section of this report for a comparison of costs.

### Company/management risk

The LIC investor takes on the risk and performance of the underlying investments, as well as the risk of the LIC as an operating entity. The NTA only takes into account the value of the investments at a fixed date. Assessments of the competency of management and desirability of the investment strategy of the LIC may lead investors to apply a premium or discount to the existing portfolio.

### Liquidity risk

LICs are not typically highly liquid, though the underlying investments may be. This mismatch in liquidity may lead to investors preferring to purchase a LIC at a discount to NTA. Unlike ETFs, contracted market makers are not appointed to provide minimum spreads. See the appendix for average trading spreads and value traded.

### Dividend timing

Dividends may be paid by the underlying investments through the year, while the LIC may pay annual, semi-annual, quarterly or monthly dividends. The NTA price may include the value of dividends received by the LIC and not yet paid out.

### Expected change in value of underlying investments

The NTA is a valuation at a fixed point in time. If the market moves subsequent to this date, the LIC share price may pre-empt the change to NTA. At times investment themes may lead to LICs trading at a price that deviates from underlying value. For example when investors are pursuing yield, LICs that pay fully franked dividends may trade at a higher premium to NTA than when negative investment environments prevail.

## Advantages of investing in LICs

### Low costs

The MER for most ASX-listed LICs ranges from 0.10% to 1.50% per annum. The MERs for the three largest Australian equity LICs (AFI, ARG, MLT) are amongst the most competitively priced with all three below 0.20% reflecting their larger scale. Internally managed LICs typically have lower costs than externally managed vehicles. A number of LICs do not charge performance fees. While LICs do not charge exit fees (like managed funds), bid/offer spreads and brokerage do need to be accounted for.

### Diversification

LICs may hold a large number of companies in their portfolio, providing an efficient means of diversification with the purchase of a single security. The last few years has also seen an increase in LICs investing in international markets and implementing alternative strategies such as market neutral and private equity.

### Income

Investors can seek LICs that strive to pay stable, franked dividends. The three largest Australian equity LICs have continually paid 100% franked dividends since 1995. Certain Australian resident taxpayers can claim a tax benefit where a component of the dividend is sourced from realised eligible LIC capital gains. Shareholders should consult their tax adviser.

### Transparency

LICs release portfolio updates to the ASX in order to meet their continuous disclosure obligations. The majority of LICs publish their top holdings each month while all disclose their full portfolios in their financial statements. There is a general positive trend towards reporting NTA on a more regular basis i.e. daily or weekly. Larger LICs communicate regularly with their investors, holding investor seminars as well as annual general meetings.

### Investor access

LICs can be traded during regular market hours and there are no minimum investment amounts or holding periods beyond those applied by the ASX to all listed securities.

## Risks and Considerations of investing in LICs

### Investment style

Investors need to review the characteristics of the underlying portfolio prior to investment to verify the philosophy of the LIC.

### Security may trade at prices higher or lower than NTA

LIC share prices may trade higher or lower than NTA. If an LIC is trading at a discount to NTA there is no quick mechanism to close the gap (though sometimes other interested parties will try to have the manager replaced or the venture wound up).

### No control over the timing of realisation of capital gains

Shareholders have no control over the timing of realisation of capital gains, which are at the discretion of the LIC. Also the tax treatment may not be the same across different taxable entities. Shareholders should consult their tax adviser if they are unsure or have any questions.

### Performance fees

Some LICs (notably smaller specialist LICs) charge performance fees in addition to the MER.

### Derivatives and gearing

LICs can leverage the portfolio by using options and/or derivatives. Shareholders should check whether the LIC uses leverage and what limits are in place.

## Glossary

**Benchmark** - LICs often provide an indicator or benchmark against which their portfolio performance can be compared.

**Capital management** - LICs may increase or decrease the amount of capital held by offering share buybacks, dividend reinvestment plans and/or share purchase plans. These mechanisms allow shareholders to increase or decrease their holdings without brokerage fees being charged.

**Dividend/distribution reinvestment plan (DRP)** - A company may offer shareholders the opportunity to reinvest their dividend in the LIC's shares. This allows the LIC to retain cash which may be consumed by participating in the DRP's of their investee companies or other purchases of securities. A DRP allows shareholders to increase their shareholding without brokerage fees. A discount may be offered on the price of the new shares.

**Dividend Type** - Dividends are denoted interim (I), final (F) or special (S).

**Dividend yield** - Dividend yield is defined as dividend over the last 12 months divided by current share price. Payment of a dividend is determined at the discretion of the manager. Not all LICs pay or intend to pay a dividend.

**Expense ratio** – this is an all-in estimate of costs we use through the report. It includes management fees, performance fees, administration costs, listing costs, transaction costs and finance costs. The costs are compared to total assets on a year-end basis to calculate the ratio.

**Funds under management (FUM)** - FUM is the quantum of funds available to the LIC for investment.

**Liquidity risk** - Whereas many of the underlying investments of LICs may be highly liquid (able to be traded in sizeable volumes without moving the share price significantly), LICs do not trade as robustly. It is wise to check the liquidity of the LIC when deciding how much to invest. LICs may hold investments that are illiquid, facing liquidity risks in their operations.

**Listed investment company (LIC)** - LICs are closed-end vehicles, allowing the company to concentrate on investment selection rather than potential redemptions. Liquidity is provided to shareholders via trading on the ASX. The manager may issue new shares where investment opportunities arise or buy-back and cancel shares in order to reduce the size of the funds under management. Some LICs manage the investment portfolio to minimise tax and produce regular income through fully franked dividends.

**Listed investment company capital gains** - A LIC capital gain is a capital gain made directly by a listed investment company. If the dividend paid by a LIC includes the capital gain, shareholders who are Australian residents can claim an income tax deduction. The LIC advises its shareholders how much of the dividend is attributable to a LIC capital gain. Refer: <http://www.ato.gov.au/Business/Bus/CGT-listed-investment-companies-concession/>

**Listed investment trusts (LITs)** - LITs have an open-ended structure meaning that investors can buy or sell their units on the ASX or directly buy from or sell to the Trust. LITs must pay all surplus income in the form of distributions, which carry the franking levels of the underlying investments' distributions.

**Management expense ratio (MER)** - The MER is the cost to manage the investments of the LIC (and therefore the cost to the shareholder). The LIC may use internal or external management. The MER does not include what can be potentially significant costs in the form of performance fees and transactional costs.

**Net tangible assets (NTA)** - Pre-tax NTA is calculated by valuing the aggregate portfolio at market prices and dividing by the number of shares on issue. The NTA figure is also quoted on a post-tax basis, where any tax that would be payable on the realisation of the portfolio is taken into account.

**Performance fee** - Some LICs receive a performance fee, where the investment management stipulates and the performance exceeds the benchmark. The performance fee may be structured so that after a period of poor performance the LIC's performance has to exceed prior highs before being payable.

**Share purchase plan (SPP)** - ASIC has granted relief to allow companies to offer a share purchase plan where investors may apply for new shares at a predetermined price without being charged brokerage. The amount is restricted to \$15,000 per investor per annum. A discount may be offered on the price of the new shares.

**Share buyback** - Companies may offer a share buyback program, purchasing shares on market (or potentially off-market) to reduce the FUM.

# LIC Snapshot

## Macquarie Wealth Management Research



### Absolute Equity Performance Fund Limited

Absolute Equity Performance Fund (AEG) is a listed investment company (LIC) that aims to generate positive investment returns, irrespective of the direction of equity markets. The company will primarily hold a portfolio of pair trades in large capitalisation Australian equities in a market neutral style that seeks to minimise market risk. AEG targets annualised volatility of 12% to 15%. A management fee of 1.50% (plus GST), payable monthly in arrears, is charged by the investment manager. A performance fee may also be charged, equivalent to 20% of the increase in AEG's net asset value, before taxes, above a high watermark. AEG is externally managed by Bennelong Long Short Equity Management (BLSEM), a boutique fund manager founded in 2002 as a joint venture with Bennelong Funds Management.

The investment manager will predominately deploy a pair trading strategy, which involves short selling a security and using the proceeds to purchase a security in a similar industry with an equal dollar value. Fundamental research is used to select securities and generate returns. The market neutral process can potentially reduce market and sector risk leaving the portfolio more purely exposed to company specific risk. The portfolio composition will be approximately i) immature pairs (30%) which are early stage opportunities with a large potential return ii) maturing pairs (40%) which will have a catalyst driving an ongoing price adjustment and iii) mature pairs (30%) which will have largely been re-rated by the market and will look to be exited by the investment manager. Approximately 50 to 80 securities will be held at any one time via 25 to 40 pairs with each pair representing 2% to 4% of the fund's gross value. The portfolio can be leveraged up to 5 times NAV.

#### Details

Stock code	AEG
Last Price - 31 Jan 19	\$1.11
Pre-Tax NTA - 31 Jan 19	\$1.05
Premium/discount to NTA	5.6%
Premium/discount avg (5yr)	3.4%
Securities on issue	101,508,804
Market cap (m)	\$105
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	4.10%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.05
Dividend Yield (past 12mth)	4.1%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	5.8%
DRP	n/a
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	1.2
Value traded 12 mth (\$m)	39.1
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### AEG share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	0.5	-2.6	6.5	-4.0	-
<b>Stand Dev.**</b>	-	-	18.9	21.6	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = n/a

Performance fee = 20% of performance above the high watermark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
18/09/2018	2.50	100	19/10/2018	F	1.19
29/03/2018	2.00	100	18/05/2018	I	1.07
22/11/2017	2.50	100	6/12/2017	F	

Source: MWM Research, IRESS



# LIC Snapshot

## Macquarie Wealth Management Research



### Australian Foundation Investment Company Limited

Australian Foundation Investment Company Limited (AFI) invests in ASX-listed companies with high quality assets, brands and/or business footprints. AFI is the largest listed investment company (LIC) on the ASX by market capitalisation. The company was listed on the ASX in 1928. The company is internally managed with a very low no management expense ratio in part due to scale benefits. A dividend reinvestment plan (DRP) is available for shareholders with no discount offered currently.

The investment team, led by Mark Freeman, seeks well-managed companies with strong fundamentals and able to pay steady dividends. The investment horizon is the medium to long term, with the aim of providing attractive total returns and fully franked dividends which grow at a faster rate than inflation. AFI typically holds 70 to 100 stocks with moderate portfolio turnover expected. AFI also operates a trading portfolio, limited to 10% of the total portfolio, in order to take advantage of shorter-term opportunities in the market. AFI operates a 'buy and write' option strategy to generate extra income, particularly during periods of heightened volatility. Investors should note AFI's long history and its buy and hold portfolio approach has resulted in substantial tax liabilities which are reflected in its post-tax net tangible assets.

#### Details

Stock code	AFI
Last Price - 31 Jan 19	\$6.33
Pre-Tax NTA - 31 Jan 19	\$5.83
Premium/discount to NTA	8.6%
Premium/discount avg (5yr)	2.3%
Securities on issue	1,192,029,175
Market cap (m)	\$7,224
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.21%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$0.24
Dividend Yield (past 12mth)	3.8%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	5.4%
DRP	Yes
DRP discount	2.5%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	58.2
Value traded 12 mth (\$m)	679.5
Average spread (%)	0.2

#### Top 5 holdings (%) as at 31-Jan-19

Commonwealth Bank	8.2
BHP Billiton	7.0
Westpac Banking	5.7
CSL	5.6
Transurban Group	4.2

Source: MWM Research, IRESS (18/02/19)

#### AFI share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	5.5	4.5	4.1	6.8	4.2
<b>Stand Dev.**</b>	-	-	8.7	9.8	10.3

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 200 Accumulation Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
8/02/2019	8.00	100	25/02/2019	S	6.18
8/02/2019	10.00	100	25/02/2019	I	6.11
8/08/2018	14.00	100	31/08/2018	F	5.92
8/02/2018	10.00	100	23/02/2018	I	5.84

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Australian Leaders Fund Ltd

The Australian Leaders Fund (ALF) is a long/short Australian equities LIC which first listed in 2004. ALF is externally managed by Watermark Funds Management, headed by portfolio manager Justin Braitling. A management fee of 1% (plus GST) is applied, as a percentage of net assets, for investment services provided. An annual performance fee of 20% may be charged i) when the S&P/All Ordinaries Accumulation Index has increased, 20% of excess returns will be charged and ii) when the S&P/All Ordinaries Accumulation Index has declined, 20% of the amount of the increase in the portfolio will be charged. The performance fee is calculated for the year to 30 June, no performance fee will be charged when the portfolio value has declined.

ALF seeks to deliver above market returns with lower risk while delivering fully franked dividends to investors. The primary focus is a long / short strategy via Australian equities, although up to 50% of the portfolio can be held in international equities as of February 2016. A directional long/short investment strategy is employed with the goal of delivering returns in excess of the All Ordinaries Accumulation Index and managing exposure to equity market risk. A 'long' portfolio is constructed with a focus on high quality companies well placed to benefit from economic and industry trends. The 'short' portfolio bets against companies with poor management and weak fundamentals. This is not necessarily a market neutral strategy - the portfolio may be either fully invested, market neutral or net short at any time. The relative size of the long and short portfolios will be determined by the opportunity set available. Leverage may be used to amplify returns.

#### Details

Stock code	ALF
Last Price - 31 Jan 19	\$0.96
Pre-Tax NTA - 31 Jan 19	\$1.16
Premium/discount to NTA	-17.2%
Premium/discount avg (5yr)	0.8%
Securities on issue	254,420,758
Market cap (m)	\$238
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	4.60%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.02
Dividend Yield (past 12mth)	2.1%
Franking level (past 12mth)	75%
Gross dividend yield (past 12mth)	2.8%
DRP	No
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	5.5
Value traded 12 mth (\$m)	108.4
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### ALF share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-1.0	-3.5	-3.4	-8.5	-4.1
<b>Stand Dev.**</b>	-	-	11.2	16.3	17.5

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = ASX All Ordinaries Accum. Index

Performance fee = 20% of outperformance above the benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
30/08/2018	2.00	100	14/09/2018	F	
29/03/2017	4.00	50	13/04/2017	I	1.24
10/10/2016	5.00	100	26/10/2016	F	1.40
29/03/2016	5.00	100	14/04/2016	I	1.41

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Argo Global Listed Infrastructure

Argo Global Listed Infrastructure (ALI) primarily invests in a portfolio of global listed infrastructure securities. The company is externally managed by Argo Service Company (ASCO), a subsidiary of Argo Investments. ASCO appointed Cohen & Steers Capital Management, a global investment manager specialising in real assets, as portfolio manager of ALI. A management fee of 1.2% per annum is charged by ASCO with Cohen & Steers entitled to 50% of this fee. There is no performance fee in place. ALI pays a semi-annual dividend with a DRP available with no discount. ALI was first listed on the ASX during July 2015.

The investment objective is to deliver total returns from a combination of income and capital appreciation via prudent investment management. Cohen & Steers, as portfolio manager, will aim to deliver above benchmark returns. The company has selected a blended benchmark of 90% of FTSE Global Core Infrastructure 50/50 Index (A\$) and 10% of the BofA Merrill Lynch Fixed Rate Preferred Securities Index (A\$). Hence, the portfolio will consist of an actively managed, diversified set of global listed infrastructure securities (80%-100% of portfolio) and fixed-income securities (0%-20% of portfolio), diversified by country and sub-sector. While the portfolio will be unhedged, the manager does have flexibility to defensively hedge against currencies where the outlook is weak, but does not attempt to generate alpha from currency management. Approximately 50 to 100 securities will be held by the portfolio with a 5% maximum allocation to cash. Permitted derivative instruments such as options and futures contracts may be used by the portfolio manager, including opportunistic sale of call options on up to 20% of the portfolio and put options on up to 10% of the portfolio.

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	4.1	1.6	11.3	5.6	-
<b>Stand Dev.**</b>	-	-	14.2	17.8	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements. Benchmark = 90% FTSE Global Infra, 10% BofA Fixed Rate Pref Securities Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
1/03/2019	2.50	100	22/03/2019	I	1.91
7/09/2018	2.50	100	28/09/2018	F	1.69
2/03/2018	1.25	0	23/03/2018	I	1.74
8/09/2017	2.50	0	29/09/2017	F	1.71

Source: MWM Research, IRESS

#### Details

Stock code	ALI
Last Price - 31 Jan 19	\$1.92
Pre-Tax NTA - 31 Jan 19	\$2.29
Premium/discount to NTA	-16.4%
Premium/discount avg (5yr)	-11.2%
Securities on issue	141,539,639
Market cap (m)	\$282
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.53%
Performance Fee	No
Internal / external management	External
Dividends (past 12mth)	\$0.05
Dividend Yield (past 12mth)	2.6%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	3.7%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	2.9
Value traded 12 mth (\$m)	45.7
Average spread (%)	0.3

#### Top 5 holdings (%) as at 31-Dec-18

NextEra Energy Inc.	5.8
American Tower	4.6
Enbridge	3.6
Crown Castle International	3.2
American Water Works Company	2.7

Source: MWM Research, IRESS (18/02/19)

#### ALI share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### AMCIL Limited

AMCIL (AMH) invests in a concentrated portfolio of both large and small capitalisation Australian equities. AMH has an agreement in place with Australian Investment Company Services Limited (AICS) for the provision of portfolio management and research duties. The fee paid to AICS reflects the costs of providing these services. Ross Barker, the Managing Director of AICS and AMH, is also Managing Director of AFIC, Djerrivarrh Investments and Mirrabooka Investments. AMH has paid a fully franked annual dividend every year since listing in February 2000. A DRP is currently available with no discount.

The objective is to provide shareholders with attractive total returns including capital growth over the medium to long term and to pay an enhanced level of dividends. AMCIL maintains three portfolios: the investment portfolio, the trading portfolio and the options written portfolio. The investment portfolio will typically contain 30 to 40 stocks covering large and small companies in the Australian equity market. The number of holdings in the portfolio will depend on market conditions and 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. A medium to long term view of value is taken. The options written and trading portfolio are held for short term trading opportunities only.

#### Details

Stock code	AMH
Last Price - 31 Jan 19	\$0.86
Pre-Tax NTA - 31 Jan 19	\$0.87
Premium/discount to NTA	-1.1%
Premium/discount avg (5yr)	-2.7%
Securities on issue	270,806,926
Market cap (m)	\$227
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.66%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$0.06
Dividend Yield (past 12mth)	7.3%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	10.4%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Annual
Value traded 1 mth (\$m)	2.1
Value traded 12 mth (\$m)	26.7
Average spread (%)	1.2

#### Top 5 holdings (%) as at 31-Jan-19

CSL	5.9
BHP Billiton	5.2
Mainfreight	4.2
Westpac Banking Corporation	3.9
Macquarie Group	3.6

Source: MWM Research, IRESS (18/02/19)

#### AMH share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.9	1.7	1.4	5.1	4.3
<b>Stand Dev.**</b>	-	-	18.3	17.7	18.8

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 200 Accumulation Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
30/01/2019	1.50	100	22/02/2019	S	0.91
30/01/2019	2.00	100	22/02/2019	I	0.88
6/08/2018	4.25	100	24/08/2018	F	0.95
7/08/2017	3.50	100	24/08/2017	F	0.85

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Antipodes Global Investment Company

Antipodes Global Investment Company (APL) is a listed investment company established in September 2016 with the aim of generating returns after fees ahead of its benchmark and preserving capital. APL is externally managed by Antipodes Partners Limited. A management fee of 1.10% (plus GST) per annum of the value of the portfolio is charged monthly. The performance fee is 15% of any outperformance above the MSCI All Country World Net Index, calculated semi-annually and subject to recoupment of any prior underperformance. Investors should note the performance fee is still payable in the event of a negative absolute portfolio return. APL intends to pay a dividend at least annually, franked to the maximum extent possible, and has established a dividend reinvestment plan.

Jacob Mitchell, chief investment officer at Antipodes, will manage the portfolio, supported by a well resourced investment team. Portfolio construction relies on fundamental analysis, while optimisation techniques are used to ensure an appropriate balance between risk and return. The portfolio will be concentrated, holding 20 to 60 securities, with a flexible mandate allowing the use of shorting, unlisted securities, derivatives, currency positions, commodities and cash allocation with no sector or regional portfolio limits in place. The net equity exposure is expected to range from 50% to 100%. In addition, gross exposure to leverage (long positions plus short positions plus derivatives) within the portfolio will be no greater than 150% of portfolio NAV. The effective exposure of all derivatives within the portfolio may not exceed 100% of the portfolio's NAV.

#### Details

Stock code	APL
Last Price - 31 Jan 19	\$1.08
Pre-Tax NTA - 31 Jan 19	\$1.12
Premium/discount to NTA	-3.1%
Premium/discount avg (5yr)	-3.0%
Securities on issue	551,552,448
Market cap (m)	\$579
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.28%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.05
Dividend Yield (past 12mth)	4.6%
Franking level (past 12mth)	50%
Gross dividend yield (past 12mth)	5.6%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Annual
Value traded 1 mth (\$m)	10.8
Value traded 12 mth (\$m)	218.8
Average spread (%)	1.0

#### Top 5 holdings (%) as at 31-Dec-18

Cisco Systems	2.8
Electricite de France	2.7
KT Corporation	2.7
Baidu	2.6
Microsoft	2.6

Source: MWM Research, IRESS (18/02/19)

#### APL share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	8.5	-0.5	-11.4	-	-
<b>Stand Dev.**</b>	-	-	17.1	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = MSCI All Country World Net Index in AUD

Performance fee = 15% of excess returns above MSCI All Country Wld Net Index

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
19/10/2018	5.00	50	31/10/2018	F	

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Argo Investments Limited

Argo Investments Limited (ARG) is a listed investment company (LIC) that primarily invests in Australian listed securities. The company was established in 1946 and is amongst the largest LICs available on the ASX. Argo is internally managed, does not charge a performance fee, and has a relatively low management expense ratio. Argo has paid a semi-annual fully franked dividend since 1995 with a dividend reinvestment plan (DRP) currently available at a 2% discount.

Argo's investment function is led by Jason Beddow, Managing Director, having joined the firm in 2001 as an analyst. The investment team seeks to identify well-managed businesses with the potential to generate growing and sustainable profits to fund increasing dividend payments. A majority of revenue is generated by the dividends and distributions received from portfolio companies. The underlying portfolio is constructed to provide steady returns over the long run, by diversifying over approximately 100 companies. Larger blue-chips account for most of the portfolio although smaller companies can be held where potential for long-term growth in earnings and dividends is evident. Argo adopts a bottom-up approach for investment analysis purpose. The investment team seeks to purchase companies, or add to existing holdings, below their calculated long-term value. The long history of Argo and its 'buy and hold' approach has resulted in significant tax liabilities, although portfolio holdings are generally only sold due to takeovers or when the outlook for the industry or company has deteriorated significantly. Investors should note ARG's long history has resulted in substantial tax liabilities which are reflected in its post-tax net tangible assets.

### Details

Stock code	ARG
Last Price - 31 Jan 19	\$7.80
Pre-Tax NTA - 31 Jan 19	\$7.60
Premium/discount to NTA	2.6%
Premium/discount avg (5yr)	2.3%
Securities on issue	711,953,094
Market cap (m)	\$5,461
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.15%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$0.32
Dividend Yield (past 12mth)	4.1%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	5.9%
DRP	Yes
DRP discount	2.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	34.9
Value traded 12 mth (\$m)	432.4
Average spread (%)	0.1

### Top 5 holdings (%) as at 31-Jan-19

Westpac Banking	5.4
Macquarie Group	5.3
BHP Billiton	5.1
ANZ Banking	4.5
Common Wealth Bank	4.1

Source: MWM Research, IRESS (18/02/19)

### ARG share price history



Source: MWM Research, IRESS

### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.9	0.9	-3.3	4.9	5.0
<b>Stand Dev.**</b>	-	-	8.9	9.2	10.9

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 200 Accumulation Index

Performance fee = None

### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
15/02/2019	16.00	100	8/03/2019	I	7.89
24/08/2018	16.00	100	14/09/2018	F	7.98
16/02/2018	15.50	100	9/03/2018	I	7.63
25/08/2017	16.00	100	15/09/2017	F	7.46

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Australian United Investment Company Limited

Australian United Investment Company (AUI) is an Australian investment company holding a portfolio of securities predominantly comprising shares of ASX listed companies in the S&P/ASX 300. AUI is internally managed, has no performance fee and has one of the lowest management expense ratios available. AUI does not offer an annual share purchase plan (SPP) to shareholders, having historically raised capital via rights issues. The board of directors is chaired by Charles Goode with other directors including Peter Wetherall, James Craig and Fred Grimwade. The company was founded in 1953 and has a long history of paying fully franked dividends. AUI offers a dividend reinvestment plan (DRP) with no discount in place. The company utilises a modest amount of debt representing approximately 10% of the investment portfolio.

AUI invests in a portfolio of ASX listed securities, taking a long term view to generate a balance of capital gains and income. The objective is to provide shareholders with steadily rising fully franked dividends and capital appreciation slightly ahead of the S&P/ASX 300 index over rolling five year periods. The investment philosophy is to take a medium to long term view and to invest in a diversified portfolio of Australian equities which have the potential to provide income and capital appreciation over the longer term. Investments are purchased or subscribed for on the basis of the Directors' assessment of their prospects for income and growth.

#### Details

Stock code	AUI
Last Price - 31 Jan 19	\$8.45
Pre-Tax NTA - 31 Jan 19	\$8.68
Premium/discount to NTA	-2.6%
Premium/discount avg (5yr)	-4.5%
Securities on issue	124,170,144
Market cap (m)	\$1,068
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.50%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$0.36
Dividend Yield (past 12mth)	4.3%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	6.1%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	2.0
Value traded 12 mth (\$m)	37.4
Average spread (%)	0.7

#### Top 5 holdings (%) as at 31-Jan-19

Commonwealth Bank	7.6
CSL	6.5
ANZ Banking	6.3
Transurban Group	5.6
Westpac Banking	5.6

Source: MWM Research, IRESS (18/02/19)

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	6.3	1.4	-2.8	9.2	5.4
<b>Stand Dev.**</b>	-	-	13.5	12.7	13.7

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 300 Accumulation Index

Performance fee = 20% of outperformance above the benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
22/02/2019	17.00	100	14/03/2019	I	8.55
3/09/2018	19.00	100	21/09/2018	F	8.61
22/02/2018	16.00	100	14/03/2018	I	8.23
30/08/2017	18.50	100	22/09/2017	F	7.83

Source: MWM Research, IRESS

#### AUI share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Blue Sky Alternatives Access Fund Limited

The Blue Sky Alternatives Access Fund (BAF) was listed in June 2014 as a listed vehicle offering investors access to unlisted alternatives. The asset classes include real estate, private equity, real assets and hedge funds. BAF is externally managed with a management agreement in place with Blue Sky Alternative Investments (Blue Sky). An annual management fee of 1.20% (plus GST) is payable monthly while a performance fee is payable annually in arrears. The performance fee is equivalent to 17.5% (plus GST) of the portfolio's outperformance above the company's absolute return hurdle rate of 8.0%. The company paid its first dividend in October 2015 with a DRP currently available at a 4% discount.

The investment objective is to achieve pre-tax returns, net of fees, in the long-term that are above 8.0% per annum by investing in a portfolio of alternative investments. The investment portfolio consists of a portfolio of funds and investments managed by Blue Sky entities. The manager seeks to achieve a balance in returns between capital growth and income while asset classes able to provide short term liquidity are also allocated to. The company's mandate restricts investments in a single asset class to 40% of the portfolio and investments in a single Blue Sky entity to no more than 50% of the invested equity in a particular fund. The strategy of investing in unlisted funds carries redemption risk which may result in BAF not being able to exit the underlying investments when required.

#### Details

Stock code	BAF
Last Price - 31 Jan 19	\$0.84
Pre-Tax NTA - 31 Jan 19	\$1.13
Premium/discount to NTA	-25.7%
Premium/discount avg (5yr)	-2.6%
Securities on issue	203,734,216
Market cap (m)	\$174
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.51%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.05
Dividend Yield (past 12mth)	6.0%
Franking level (past 12mth)	83%
Gross dividend yield (past 12mth)	8.1%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Annual
Value traded 1 mth (\$m)	1.8
Value traded 12 mth (\$m)	77.0
Average spread (%)	1.2

#### Top 5 holdings (%) as at 31-Jan-19

Private equity	26.8
Water fund	22.3
Student accom. projects	12.9
Other real estate	7.2
Other real assets	4.0

Source: MWM Research, IRESS (18/02/19)

#### BAF share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	0.0	0.0	-26.4	0.4	-
<b>Stand Dev.**</b>	-	-	47.1	32.4	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = No benchmark

Performance fee = 17.5% of excess returns above 8.0% hurdle return

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
7/09/2018	4.00	65	24/09/2018	F	
1/03/2018	1.00	100	27/03/2018	I	1.12
25/08/2017	4.00	100	18/09/2017	F	1.17
1/03/2017	1.00	100	21/03/2017	I	1.08

Source: MWM Research, IRESS



# LIC Snapshot

## Macquarie Wealth Management Research



### BKI Investment Company Limited

BKI Investment Company (BKI) is an Australian investment company which invests in a diversified portfolio of Australian shares, trusts and interest bearing securities. BKI is externally managed by Contact Asset Management which charges a management fee of 0.1% of total assets with no performance fee payable. BKI has continually paid fully franked dividends since 2004 with dividends paid on a semi-annual basis. A dividend reinvestment plan is currently available to shareholders at no discount to the traded share price.

BKI's investment strategy is focused on research driven, active equities management, investing for the long term, in profitable companies with a history of paying attractive dividend yields. Stock selection is bottom up, focusing on the merits of individual companies rather than market and economic trends. The majority of BKI's investments are blue-chip companies, reflecting a focus on dividend paying companies. BKI targets a 90% to 95% dividend payout ratio of net operating profit. Portfolio turnover has historically been low at 5% to 10%.

#### Details

Stock code	BKI
Last Price - 31 Jan 19	\$1.60
Pre-Tax NTA - 31 Jan 19	\$1.55
Premium/discount to NTA	3.2%
Premium/discount avg (5yr)	1.3%
Securities on issue	727,527,323
Market cap (m)	\$1,091
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.15%
Performance Fee	No
Internal / external management	External
Dividends (past 12mth)	\$0.07
Dividend Yield (past 12mth)	4.6%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	6.5%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	13.1
Value traded 12 mth (\$m)	163.2
Average spread (%)	0.3

#### Top 5 holdings (%) as at 31-Jan-19

Commonwealth Bank	6.1
National Australia Bank	5.8
New Hope Corporation	5.2
Westpac Bank	5.0
BHP Billiton	4.1

Source: MWM Research, IRESS (18/02/19)

#### BKI share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	5.6	4.2	-4.5	2.7	4.4
<b>Stand Dev.**</b>	-	-	11.9	11.6	13.3

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 300 Accumulation Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
8/02/2019	1.50	100	28/02/2019	S	1.55
8/02/2019	3.63	100	28/02/2019	I	1.68
10/08/2018	3.70	100	29/08/2018	F	1.64
12/02/2018	3.63	100	28/02/2018	I	1.64

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Bailador Technology Investments Limited

Bailador Technology Investments Limited (BTI) is a specialist listed investment company investing in internet-related businesses located in Australia and New Zealand. BTI is externally managed by Bailador Investment Management Pty Ltd which charges a 1.75% (plus GST) management fee of the portfolio net asset value (NAV), payable quarterly in advance. A performance fee may also be payable equivalent to 17.5% (plus GST) of any increase in the portfolio value subject to an 8% hurdle rate. The performance fee is calculated and accrued annually, but is only payable once proceeds from investments have been realised and is payable on the full amount of any gain i.e. not performance above the 8% hurdle rate.

The company's objective is to invest in and develop a portfolio of internet-related businesses comprising established businesses that require expansion capital and which the company believes will provide strong growth and value creation opportunities. The investment strategy is to invest in internet-related businesses at the expansion stage (not start-up stage) with a typical aggregate amount invested of \$2 million to \$20 million in any one portfolio company. BTI will primarily invest in companies headquartered in Australia and New Zealand but has the flexibility to invest offshore if appropriate opportunities arise. Investments in publicly listed technology stocks and IPOs are limited to 15% of the portfolio. Bailador's investment team is headed up by co-founders David Kirk and Paul Wilson. The underlying portfolio of investments is relatively concentrated with Siteminder and Viocorp accounting for approximately 50% of the portfolio.

#### Details

Stock code	BTI
Last Price - 31 Jan 19	\$0.78
Pre-Tax NTA - 31 Jan 19	\$1.16
Premium/discount to NTA	-32.8%
Premium/discount avg (5yr)	-18.4%
Securities on issue	120,247,831
Market cap (m)	\$92
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	2.21%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	n/a
Dividend Yield (past 12mth)	n/a
Franking level (past 12mth)	n/a
Gross dividend yield (past 12mth)	n/a
DRP	n/a
DRP discount	0.0%
Dividend frequency	n/a
Value traded 1 mth (\$m)	0.4
Value traded 12 mth (\$m)	10.6
Average spread (%)	0.6

#### Top 5 holdings (%) as at 31-Jan-19

Siteminder	40.5
Instaclustr	18.8
Stackla	12.6
Lendi	11.2
Straker Translations	9.5

Source: MWM Research, IRESS (18/02/19)

#### BTI share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.6	-1.3	-10.9	-6.7	-
<b>Stand Dev.**</b>	-	-	28.7	28.1	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = 0.08

Performance fee = 17.5% of portfolio value increase

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Cadence Capital

Cadence Capital Limited (CDM) is a listed investment company established in 2003, aiming to achieve a high real return comprising both income (fully franked dividends) and steady capital growth. CDM is externally managed by Cadence Asset Management with a management fee of 1.0% (plus GST) charged monthly. A performance fee may also be charged at 20% of the portfolio's outperformance above the ASX All Ordinaries Accumulation Index. No performance fee will be payable where the portfolio has decreased in value over the performance period. Fully franked dividends have been paid by CDM since 2007. A dividend reinvestment plan (DRP) is currently in place at a 3% discount. Karl Siegling is the Chairman of CDM and lead portfolio manager at Cadence Asset Management.

CDM has a broad investment mandate enabling the company to invest in any listed company and allocate freely between cash and equities. The company primarily invests in Australian listed securities, but also invests globally, with no particular bias to large or small companies. Cadence employs a combination of fundamental and technical analysis, with both viewed as equally important in the investment process. The focus on technical analysis results in above average turnover with positions scaled up or down depending on share price trends. The underlying portfolio typically averages 20 to 40 fundamental core investments. Cadence does hold short positions although they are typically quite limited.

#### Details

Stock code	CDM
Last Price - 31 Jan 19	\$0.84
Pre-Tax NTA - 31 Jan 19	\$0.94
Premium/discount to NTA	-10.7%
Premium/discount avg (5yr)	6.0%
Securities on issue	320,288,996
Market cap (m)	\$272
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	2.69%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.08
Dividend Yield (past 12mth)	9.5%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	13.6%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	6.9
Value traded 12 mth (\$m)	83.7
Average spread (%)	0.6

#### Top 5 holdings (%) as at 31-Jan-19

ARQ Group	10.8
Macquarie Group	4.9
Santos Ltd	4.9
Money3 Corporation	4.7
Noni B Ltd	4.4

Source: MWM Research, IRESS (18/02/19)

#### CDM share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-5.1	-22.2	-29.5	-10.1	-1.6
<b>Stand Dev.**</b>	-	-	22.3	21.4	18.7

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = ASX All Ordinaries Accum. Index

Performance fee = 20% of excess returns above ASX All Ordinaries Accum. Index

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
7/09/2018	4.00	100	17/09/2018	F	
9/04/2018	4.00	100	23/04/2018	I	
8/09/2017	4.00	100	18/09/2017	F	
12/04/2017	4.00	100	28/04/2017	I	1.19

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Carlton Investments Limited

Carlton Investments (CIN) is an investment company investing and holding in shares and units in entities listed on the Australian Securities Exchange with a long term investment horizon. CIN is internally managed and has one of the lowest cost structures amongst ASX-listed LICs. CIN has paid fully franked dividends every year since 1991 but does not offer a DRP.

CIN invests in Australian listed entities that provide both high levels of income through predominantly franked dividends and long term capital growth. Investments are generally only disposed of through takeover, mergers or other exceptional circumstances that may arise from time to time. CIN's large position in Event Hospitality and Entertainment (EVT) can result in volatile returns relative to more diversified LICs.

#### Details

Stock code	CIN
Last Price - 31 Jan 19	\$31.36
Pre-Tax NTA - 31 Jan 19	\$35.46
Premium/discount to NTA	-11.6%
Premium/discount avg (5yr)	-11.1%
Securities on issue	26,474,675
Market cap (m)	\$837
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.09%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$1.21
Dividend Yield (past 12mth)	3.9%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	5.5%
DRP	No
DRP discount	n/a
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	1.2
Value traded 12 mth (\$m)	17.7
Average spread (%)	0.7

#### Top 5 holdings (%) as at 31-Dec-18

Event Hospitality & Entertainment	45.1
National Australia Bank	5.7
Westpac Banking	4.8
Commonwealth Bank	4.5
AGL	3.6

Source: MWM Research, IRESS (18/02/19)

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	3.1	-0.4	-4.5	3.1	7.7
<b>Stand Dev.**</b>	-	-	16.1	14.2	15.9

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 200 Accumulation Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
31/08/2018	70.00	100	24/09/2018	F	
28/02/2018	51.00	100	20/03/2018	I	
31/08/2017	68.00	100	25/09/2017	F	
28/02/2017	48.00	100	20/03/2017	I	

Source: MWM Research, IRESS

#### CIN share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Djerriwarrh Investments Limited

Djerriwarrh Investments Limited (DJW) is a listed investment company (LIC) which predominantly invests in larger ASX-listed companies. DJW has an agreement in place with Australian Investment Company Services Limited (AICS) for the provision of portfolio management services. DJW was first listed on the ASX during June 1995 and has fully franked every semi-annual dividend since. The company has a dividend reinvestment plan (DRP) with a 5% discount currently available.

DJW aims to provide shareholders with a balance of "enhanced" fully franked dividends and attractive total returns over the medium to long term. The core investment portfolio is built on taking a medium to long term view of business strategy, value and growth prospects. DJW also operates a trading portfolio to capitalise on short-term opportunities. The strategy makes extensive use of selling options over the investment and trading portfolios. Exchange traded options are used to enhance income returns to investors. The level of covered-call options typically ranges between 20% to 50% of the portfolio. DJW's monthly report indicates which portfolio holdings have options written against them. A moderate amount of gearing is utilised by DJW.

#### Details

Stock code	DJW
Last Price - 31 Jan 19	\$3.20
Pre-Tax NTA - 31 Jan 19	\$2.94
Premium/discount to NTA	8.8%
Premium/discount avg (5yr)	19.4%
Securities on issue	221,784,908
Market cap (m)	\$710
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.84%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$0.20
Dividend Yield (past 12mth)	6.3%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	8.9%
DRP	Yes
DRP discount	5.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	9.3
Value traded 12 mth (\$m)	109.8
Average spread (%)	0.6

#### Top 5 holdings (%) as at 31-Jan-19

Commonwealth Bank	8.0
BHP Billiton	7.1
Westpac Banking	6.8
National Australia Bank	4.8
ANZ Banking	4.7

Source: MWM Research, IRESS (18/02/19)

#### DJW share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	4.8	2.2	-2.3	-2.9	-0.9
<b>Stand Dev.**</b>	-	-	19.2	17.7	17.5

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 200 Accumulation Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
29/01/2019	10.00	100	21/02/2019	I	3.29
7/08/2018	10.00	100	27/08/2018	F	3.33
29/01/2018	10.00	100	21/02/2018	I	3.44
4/08/2017	10.00	100	25/08/2017	F	3.53

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Diversified United Investment Limited

Diversified United Investment (DUI) is an investment company that invests in a diversified portfolio with the objective of obtaining its current income and longer term capital gain within an acceptable level of risk. The board of directors is chaired by Charles Goode with other directors including Anthony Burgess, Stephen Hiscock and Andrew Larke. DUI is internally managed with no performance fee and has one of the lowest management expense ratios available. DUI does not offer an annual share purchase plan (SPP) to shareholders, having historically raised capital via rights issues. The company has a long history of paying fully franked dividends with a dividend reinvestment plan (DRP) currently available with no discount. The company utilises a modest amount of gearing with debt as a percentage of the investment portfolio having historically averaged 10% to 12%.

The investment philosophy is to take a medium to long term view by investing in Australian equities, international equities and short term deposits. DUI's portfolio is primarily invested in large capitalisation Australian shares. The portfolio is managed in an index relative manner with limits in place to ensure the portfolio is not overly exposed to individual sectors or companies. Options are also used to derive additional income from option premiums received. DUI has explicit asset allocation targets that are reviewed regularly by the board. While the portfolio primarily consists of Australian equities, there is an allowance for up to 10% of the portfolio to be invested in international equities. This is achieved via the use of Exchange Traded Funds (ETFs), listed both in Australia and the United States, with an explicit tilt towards the healthcare and information technology sectors.

#### Details

Stock code	DUI
Last Price - 31 Jan 19	\$4.12
Pre-Tax NTA - 31 Jan 19	\$4.23
Premium/discount to NTA	-2.6%
Premium/discount avg (5yr)	-5.7%
Securities on issue	210,448,198
Market cap (m)	\$878
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.51%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$0.16
Dividend Yield (past 12mth)	3.8%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	5.4%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	3.6
Value traded 12 mth (\$m)	49.6
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

CSL	11.2
Commonwealth Bank	7.1
Transurban Group	6.8
ANZ Banking	5.1
Westpac Banking	4.7

Source: MWM Research, IRESS (18/02/19)

#### DUI share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	7.0	2.7	2.6	11.5	7.6
<b>Stand Dev.**</b>	-	-	14.4	14.1	15.5

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 300 Accumulation Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
22/02/2019	7.00	100	14/03/2019	I	4.25
3/09/2018	8.50	100	21/09/2018	F	4.07
22/02/2018	6.50	100	14/03/2018	I	3.72
30/08/2017	8.00	100	22/09/2017	F	3.56

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Ellerston Asian Investments Limited

Ellerston Asian Investments (EAI) is a listed investment company (LIC) that invests in an actively managed portfolio of Asian equity securities. The company's objective is to generate superior returns for shareholders by identifying and investing in the growth opportunities which the manager believes are present in the Asian region. EAI is externally managed by Ellerston Capital Limited (Ellerston), an Australian-based investment manager with a bias to contrarian investing. EAI will pay Ellerston a management fee of 0.95% p.a. (plus GST) on the first \$50 million of EAI's pre-tax net asset value of the investment portfolio, then 0.75% (plus GST) on any amount above \$50 million. Ellerston is also entitled to a performance fee of 15% (plus GST) of the investment portfolio's pre-tax return exceeds the MSCI AC Asia ex Japan Index (A\$), accrued monthly and paid annually in arrears. Negative performance relative to the index is carried forward, but there is no high watermark. EAI will determine whether a dividend will be payable to shareholders on an annual basis with the intent of franking dividends to the maximum extent possible.

Mary Manning is the lead portfolio manager of the underlying portfolio supported by Fredy Hoh (deputy portfolio manager), Eric Fong (investment analyst) and Vinay Narsi (investment analyst). The investment strategy is to construct a high conviction concentrated portfolio of Asian equities aiming to identify high growth companies valued at a reasonable price. The approach blends both bottom-up fundamental analysis and top-down macro analysis to identify regional thematic. The portfolio will average 20 to 50 holdings with a maximum single investment weight of 7%. Ellerston may hold up to 50% in cash and will hedge currency at its discretion. There are no pre-determined country weights but the portfolio has been mostly allocated to China / Hong Kong, India and ASEAN to date.

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-0.5	3.1	-9.1	5.6	-
<b>Stand Dev.**</b>	-	-	16.9	22.5	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = MSCI AC Asia ex Japan Index (A\$)

Performance fee = 15% excess above benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
6/03/2019	1.00	100	5/04/2019	I	1.00
5/09/2018	1.00	100	5/10/2018	F	

Source: MWM Research, IRESS

#### Details

Stock code	EAI
Last Price - 31 Jan 19	\$0.99
Pre-Tax NTA - 31 Jan 19	\$1.10
Premium/discount to NTA	-10.0%
Premium/discount avg (5yr)	-9.7%
Securities on issue	111,999,838
Market cap (m)	\$113
Listed option code	EAI0
Listed options on issue	58,370,021
Expense ratio	0.75%
Performance Fee	Yes
Internal / external management	0.00%
Dividends (past 12mth)	\$0.02
Dividend Yield (past 12mth)	2.0%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	2.9%
DRP	Yes
DRP discount	2.5%
Dividend frequency	Annual
Value traded 1 mth (\$m)	2.7
Value traded 12 mth (\$m)	34.6
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

Tencent Holdings	9.0
Alibaba Group Holdings	7.0
Ping An Insurance Group	6.5
Samsung Electronics	5.4
Hong Kong Exchanges	5.2

Source: MWM Research, IRESS (18/02/19)

#### EAI share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Ellerston Global Investments Limited

Ellerston Global Investments (EGI) is a listed investment company (LIC) that invests in a concentrated portfolio of global equities. The company's objective is to generate superior returns for shareholders with a focus on risk management and capital preservation. EGI is externally managed by Ellerston Capital Limited (Ellerston), an Australian-based investment manager with a bias to contrarian investing. EGI will pay Ellerston a management fee of 0.75% p.a. (plus GST) of the pre-tax net asset value of the investment portfolio, paid monthly in arrears. Ellerston is also entitled to a performance fee of 15% (plus GST) of the investment portfolio's pre-tax return exceeds the MSCI World Index (local), accrued monthly and paid annually in arrears. Negative performance relative to the index is carried forward, but there is no high watermark. EGI intends to pay semi-annual dividends to shareholders, franked to the maximum extent possible.

Arik Star is the lead portfolio manager supported by Bill Pridham (co-portfolio manager) and Travis Duff (investment analyst). Ellerston employs a high conviction, contrarian investment strategy that seeks to identify misunderstood and fundamentally mispriced securities. The approach is primarily fundamental bottom-up with no reference to the benchmark. Ellerston has flexibility to utilise derivatives for the purpose of hedging positions and/or portfolio exposures, while cash can also be held at up to 50% of the portfolio. The portfolio is typically highly concentrated at 20 to 40 positions. The manager has the ability to invest in emerging markets but has been primarily weighted to developed markets (US, Europe) to date. However, the portfolio has exhibited a clear bias to small and mid-cap equities.

#### Details

Stock code	EGI
Last Price - 31 Jan 19	\$0.93
Pre-Tax NTA - 31 Jan 19	\$1.05
Premium/discount to NTA	-11.7%
Premium/discount avg (5yr)	-10.2%
Securities on issue	109,983,363
Market cap (m)	\$107
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.75%
Performance Fee	Yes
Internal / external management	0.00%
Dividends (past 12mth)	\$0.03
Dividend Yield (past 12mth)	3.2%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	4.6%
DRP	Yes
DRP discount	2.5%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	1.5
Value traded 12 mth (\$m)	28.7
Average spread (%)	1.1

#### Top 5 holdings (%) as at 31-Jan-19

Interxion Holding	6.8
Equiniti Group	6.1
Entertainment One	6.0
Premier Inc	5.4
Cellnex Telecom SA	5.3

Source: MWM Research, IRESS (18/02/19)

#### EGI share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-4.1	-3.1	-16.5	1.9	-
<b>Stand Dev.**</b>	-	-	19.6	21.7	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = MSCI World Index (local)

Performance fee = 15% excess above benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
6/03/2019	1.50	100	5/04/2019	I	1.06
5/09/2018	1.50	100	5/10/2018	F	1.06
24/04/2018	1.00	100	18/05/2018	S	1.06
24/04/2018	1.50	100	18/05/2018	I	0.99

Source: MWM Research, IRESS



# LIC Snapshot

## Macquarie Wealth Management Research



### Future Generation Global Investment Company Limited

Future Generation Global Investment Company (FGG) is a listed investment company (LIC) which invests in a diversified portfolio of global fund managers with an equity style focus on long only, absolute bias and quantitative strategies. FGG was first listed during September 2015. The underlying fund managers and service providers operate pro bono, allowing FGG to charge no management fee or performance fee. Instead, approximately 1.0% of its net assets are donated each year to charities focussed on youth mental health.

FGG seeks to provide capital growth and fully franked dividends while preserving capital. FGG invests in approximately 10 to 20 global equity funds which have forgone all management and performance fees. Portfolio decisions are made by a five person investment committee comprised of Geoff Wilson (Wilson Asset Management), Amanda Gillespie (Lonsec), Aman Ramrakha (Commonwealth Bank), Sean Webster (AMP) and Chris Donohoe (previous joint CEO). The investment committee is responsible for selecting fund managers, making, redeeming and monitoring investments in the underlying portfolio. The maximum allocation to a single fund manager is capped at 10%. FGG has the flexibility to invest directly in international and Australian securities as well as cash. The company does not intend to leverage its portfolio but may invest in managed funds which are geared or use short selling strategies.

#### Details

Stock code	FGG
Last Price - 31 Jan 19	\$1.37
Pre-Tax NTA - 31 Jan 19	\$1.29
Premium/discount to NTA	5.7%
Premium/discount avg (5yr)	0.3%
Securities on issue	391,791,594
Market cap (m)	\$537
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.04%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$0.01
Dividend Yield (past 12mth)	0.7%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	1.0%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Annual
Value traded 1 mth (\$m)	4.0
Value traded 12 mth (\$m)	68.3
Average spread (%)	0.7

#### Top 5 holdings (%) as at 31-Jan-19

Magellan Global Fund	11.2
Antipodes Global Fund	10.3
Cooper Investors Global equities	10.1
Marsico Capital Management	8.7
Caledonia	7.1

Source: MWM Research, IRESS (18/02/19)

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.6	1.9	9.1	6.3	-
<b>Stand Dev.**</b>	-	-	20.2	16.8	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = No benchmark

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
8/10/2018	1.00	100	26/10/2018	I	1.33
17/10/2017	1.00	100	27/10/2017	I	1.13
18/10/2016	1.00	100	31/10/2016	F	1.08

Source: MWM Research, IRESS

#### FGG share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Future Generation Investment Company

The Future Generation Investment Company (FGX) invests in a diversified portfolio of Australian fund managers with a focus on long-only equities, absolute bias and quantitative strategies. FGX was first listed during September 2014. A fully franked semi-annual dividend has been paid since October 2015 with a 'dividend donation plan' currently in place which allows shareholders to redirect their dividend payments to one of FGX's designated charities. FGX does not charge a management fee or performance fee, instead donating 1.0% of its assets each year to charities. FGX seeks to have services provided on a pro bono basis and does not pay director fees to its directors.

The investment objective is to provide fully franked dividends, capital growth and preserve capital. FGX invests in a selection of approximately 10 to 20 funds managed by prominent Australian fund managers which have forgone all management and performance fees. Portfolio decisions are made by a three person investment committee comprised of Geoff Wilson (Wilson Asset Management), Matthew Kidman (Watermark Funds Management) and Gabriel Radzysinski (Sandon Capital). The investment committee is responsible for the investment strategy of FGX and making, redeeming and monitoring investments in the underlying funds. The maximum allocation to a single fund manager is capped at 20%. FGX has the flexibility to invest in any asset class via any investment strategy, including directly investing in listed and unlisted Australian and International securities, derivatives and cash. Leverage may also be used to a limit of 50% of the company's gross portfolio value.

#### Details

Stock code	FGX
Last Price - 31 Jan 19	\$1.18
Pre-Tax NTA - 31 Jan 19	\$1.14
Premium/discount to NTA	3.1%
Premium/discount avg (5yr)	-1.6%
Securities on issue	396,348,525
Market cap (m)	\$472
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.07%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$0.05
Dividend Yield (past 12mth)	3.8%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	5.5%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	4.9
Value traded 12 mth (\$m)	86.8
Average spread (%)	2.5

#### Top 5 holdings (%) as at 31-Jan-19

Bennelong Aus. Equities Partners	10.8
Paradice Investment	10.9
Regal Funds Management	9.4
Eley Griffiths Group	6.6
Tribeca Investment partners	6.5

Source: MWM Research, IRESS (18/02/19)

#### FGX share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	0.0	-5.6	3.0	4.1	-
<b>Stand Dev.**</b>	-	-	14.2	11.7	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = n/a.

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
12/10/2018	2.30	100	26/10/2018	I	1.26
12/04/2018	2.20	100	27/04/2018	F	1.16
17/10/2017	2.20	100	27/10/2017	I	1.13
6/04/2017	2.10	100	21/04/2017	F	1.12

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Forager Australian Shares Fund

Forager Australian Shares Fund (FOR) is a listed investment trust (LIT) which listed during December 2016. The fund was converted from an unlisted managed fund that was established in October 2009 under the Intelligent Investor Group. FOR is externally managed by Forager Funds Management Pty Ltd with a management fee of 1% per annum paid monthly in arrears. A performance fee may also be payable for 10% of the excess net return above an absolute return of 8% per annum, payable on a semi-annual basis. No performance fee will be charged where the net return is less than 8% with any negative performance carried forward. Distributions are expected to be paid on an annual basis with a DRP established. The fund aims to outperform the S&P/ASX All Ordinaries Accumulation Index based on a 5-year rolling period.

Forager primarily invests in ASX listed securities with a focus on generating capital returns rather than income. Steve Johnson leads the investment team, implementing a bottom-up value style with a focus on smaller companies. Forager seeks to purchase companies at a deep discount to intrinsic value at the time of investment. The approach is benchmark unaware and highly concentrated with only 15 to 25 securities typically held. Pre-IPO investments may be held at a 10% limit while cash may be held at up to 100% of the portfolio.

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.3	-11.1	-21.7	-	-
<b>Stand Dev.**</b>	-	-	24.0	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX All Ordinaries Accumulation Index

Performance fee = 10% of excess return above 8% per annum

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
28/06/2018	21.29	0	20/07/2018	F	1.62
29/06/2017	11.18	0	21/07/2017	F	1.72

Source: MWM Research, IRESS

#### Details

Stock code	FOR
Last Price - 31 Jan 19	\$1.36
Pre-Tax NTA - 31 Jan 19	\$1.35
Premium/discount to NTA	0.7%
Premium/discount avg (5yr)	10.6%
Securities on issue	113,843,839
Market cap (m)	\$156
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.94%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.21
Dividend Yield (past 12mth)	15.5%
Franking level (past 12mth)	0%
Gross dividend yield (past 12mth)	15.5%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Annual
Value traded 1 mth (\$m)	1.0
Value traded 12 mth (\$m)	16.4
Average spread (%)	1.5

#### Top 5 holdings (%) as at 31-Jan-19

Macmahon Holdings	11.0
iSelect Limited	9.5
Enero Group	9.4
Thorn Group	7.2
MMA Offshore Limited	4.8

Source: MWM Research, IRESS (18/02/19)

#### FOR share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Glennon Small Companies Ltd

Glennon Small Companies Limited (GC1) is a listed investment company established in 2015 with the aim of providing investors with medium to long-term capital growth. GC1 is externally managed by Glennon Capital Pty Limited which charges a management fee of 1.0% (plus GST) per annum of the value of the portfolio, paid monthly. A performance fee may also be charged at 20% of the portfolio's outperformance above the S&P/ASX Small Ordinaries Accumulation Index, paid quarterly. However, no performance fee will be payable if the pre-tax net asset value of the portfolio is below its previous high water mark. Dividends have been fully franked to date with a dividend reinvestment plan (DRP) available at a 3% discount.

GC1 primarily invests in small companies outside the S&P/ASX 100. The company seeks to outperform the S&P/ASX Small Ordinaries Accumulation index before fees, costs and taxes. The strategy is to invest in companies with sustainable businesses and quality management teams located in industries with barriers entry and growth potential. Michael Glennon is the Chairman of GC1 and lead portfolio manager at Glennon Capital. Glennon acquires companies with the intention of holding for the long-term, with the portfolio typically consisting of 20 to 60 holdings. Individual stock positions are limited to 12% of total portfolio value while cash is capped at 20%. The company does not employ leverage but may hold unlisted securities that are expected to list within 12 months. The investment strategy and process are the same as the Glennon Capital Small Companies Portfolio, managed since July 2010.

#### Details

Stock code	GC1
Last Price - 31 Jan 19	\$0.87
Pre-Tax NTA - 31 Jan 19	\$0.93
Premium/discount to NTA	-7.0%
Premium/discount avg (5yr)	-8.5%
Securities on issue	48,006,438
Market cap (m)	\$41
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	2.57%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.04
Dividend Yield (past 12mth)	4.6%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	6.6%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	1.4
Value traded 12 mth (\$m)	13.0
Average spread (%)	1.2

#### Top 5 holdings (%) as at 31-Jan-19

Afterpay Touch Group	n/a
Alliance Aviation Services	n/a
CML Group	n/a
Macmahon Holdings	n/a
Shine Corporate	n/a

Source: MWM Research, IRESS (18/02/19)

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-7.0	-8.0	-8.6	0.8	-
<b>Stand Dev.**</b>	-	-	26.1	27.4	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX Small Ord. Accum. Index

Performance fee = 20% of excess returns above S&P/ASX Small Ord. Accum. Index

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
28/08/2018	3.00	100	18/09/2018	F	
7/03/2018	1.00	100	23/03/2018	I	0.96
20/09/2017	3.00	100	6/10/2017	F	0.90
20/04/2017	1.00	100	4/05/2017	I	0.90

Source: MWM Research, IRESS

#### GC1 share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Gryphon Capital Income Trust

Gryphon Capital Income Trust (GCI) is a listed investment trust (LIT) that invests in the Australian securitisation market. GCI's objective is to provide monthly cash income and capital preservation by investing in a portfolio of securitised fixed income bonds. The trust will target a return of the RBA cash rate plus 3.50% p.a. net of all fees through the economic cycle. The trust is externally managed by Gryphon Capital Investment Pty Ltd while One Managed Investment Funds Ltd is the responsible entity. Gryphon is entitled to a management fee of 0.72% p.a. of GCI's NAV with total costs, which includes responsible entity fees, estimated at 0.86-0.96% p.a depending on the size of the trust. There is no performance fee payable.

Gryphon Capital is a specialist fixed income manager founded in 2014 by Steven Fleming, Ashley Burtenshaw and Henry Cooke. Gryphon manages three fixed income strategies for institutional clients, each specialising in the securitisation markets with varying levels of risk. Its 'Investment Grade Securitised' and 'Secured Opportunities' strategies are the most comparable to the GCI strategy. GCI will primarily invest in residential mortgage backed securities (RMBS) and asset backed securities (ABS) via a 70-100% to 0-30% allocation respectively. Portfolio restrictions include at least 50% of the portfolio will be invested in assets with an investment grade rating, the maximum holding for an individual security is limited to 10% of NAV at the time of purchase, the exposure to a single originator is limited to 25% of NAV, and non-investment grade ABS must not exceed 5% of NAV. The trust will not use gearing to enhance returns.

#### Details

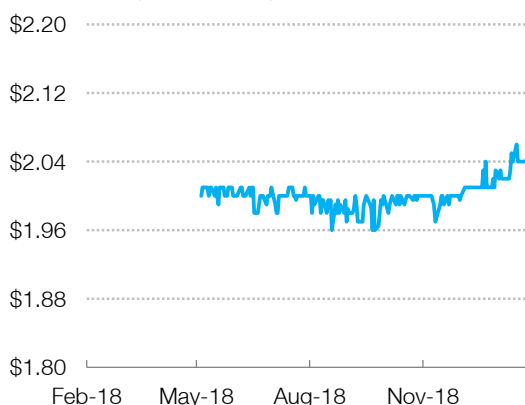
Stock code	GCI
Last Price - 31 Jan 19	\$2.05
Pre-Tax NTA - 31 Jan 19	\$2.00
Premium/discount to NTA	2.5%
Premium/discount avg (5yr)	n/a
Securities on issue	87,650,000
Market cap (m)	\$180
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.96%
Performance Fee	No
Internal / external management	External
Dividends (past 12mth)	\$0.06
Dividend Yield (past 12mth)	2.8%
Franking level (past 12mth)	0%
Gross dividend yield (past 12mth)	2.8%
DRP	No
DRP discount	n/a
Dividend frequency	Monthly
Value traded 1 mth (\$m)	2.0
Value traded 12 mth (\$m)	34.6
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### GCI share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.4	3.8	-	-	-
<b>Stand Dev.**</b>	-	-	-	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = RBA cash rate

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
30/01/2019	0.88	0	8/02/2019	I	
28/12/2018	0.88	0	9/01/2019	I	
29/11/2018	0.86	0	10/12/2018	I	
30/10/2018	0.88	0	8/11/2018	I	

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Hearts and Minds Investments Limited

Hearts and Minds Investments Limited (HM1) is a listed investment company (LIC) that invests in a concentrated portfolio of global and Australian companies. HM1's has dual objectives of providing a concentrated portfolio of the highest conviction ideas from leading fund managers and supporting leading medical research institutes. The company's portfolio will be managed by an internal investment committee, comprised of external industry professionals, which will meet quarterly and report to the HM1 board. The company intends to donate to charities twice a year an amount equal to 1.5% (plus GST) of the average monthly NTA of the previous half-year. The donation amount will accrue monthly. Each of the fund managers providing recommendations to HM1 have agreed to forgo any investment fees. HM1 may consider paying a dividend if it is consistent with the company's objectives.

The company's investment strategy is to create a concentrated portfolio of long positions in approximately 25 securities. Approximately 60% of the portfolio (or 15 securities) will be drawn from quarterly recommendations provided by 'core fund managers'. Initially, this will consist of Caledonia, Copper Investors, Magellan Asset Management, Paradise Investment Management and Regal Funds Management for at least three years. Approximately 40% (or 10 securities) will be drawn from annual recommendations of ten 'conference fund managers' presenting at the Sohn Hearts & Minds Investment Leaders Conference. The investment strategy will be implemented by the investment committee in conjunction with the CEO. The company has a global mandate but will invest in both Australian and globally listed securities with no geographic portfolio limits.

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	8.5	-	-	-	-
<b>Stand Dev.**</b>	-	-	-	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = n/a.

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)

Source: MWM Research, IRESS

#### Details

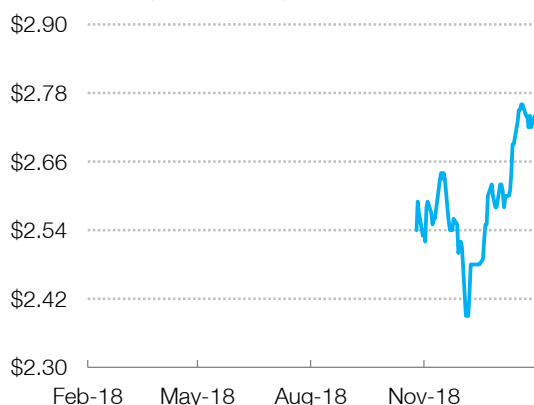
Stock code	HM1
Last Price - 31 Jan 19	\$2.69
Pre-Tax NTA - 31 Jan 19	\$2.64
Premium/discount to NTA	1.8%
Premium/discount avg (5yr)	n/a
Securities on issue	200,000,001
Market cap (m)	\$548
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.50%
Performance Fee	No
Internal / external management	0.00%
Dividends (past 12mth)	n/a
Dividend Yield (past 12mth)	n/a
Franking level (past 12mth)	n/a
Gross dividend yield (past 12mth)	n/a
DRP	n/a
DRP discount	0.0%
Dividend frequency	n/a
Value traded 1 mth (\$m)	12.4
Value traded 12 mth (\$m)	61.4
Average spread (%)	0.4

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### HM1 share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### L1 Long Short Fund

L1 Long Short Fund Limited (LSF) is a listed investment company (LIC) that invests in both long and short equity positions. LSF's objective is to deliver strong, positive, risk-adjusted returns to investors over the long term. LSF is externally managed by L1 Capital Pty Limited (L1). L1 charges a management fee of 1.4% (plus GST), calculated monthly based on the underlying portfolio value. The upfront listing fees for LSF were absorbed by the company and will be recouped over time by non-payment of management fees. A performance fee may also be charged at 20% (plus GST), calculated every six-months, for returns above the prior high watermark with any losses carried forward. LSF intends to pay fully franked dividends when possible, although delivering a high dividend is not a primary objective.

Raphael Lamm and Mark Landau are the lead portfolio managers at L1 having co-founded the firm in 2007. They are supported by Lev Margolin (portfolio manager) and three analysts. L1's investment strategy is to use a bottom-up research process to identify high quality but mispriced securities. Short positions will be comprised of either low quality, over-gearred or over-valued companies. The company's gross exposure is expected to range between 150-300% with net exposure expected between 30-90%. LSF has a flexible mandate which allows the company to invest in pre-IPO securities, derivatives, currencies and international equities. The exposure to international equities is capped at 30% of the portfolio's gross exposure at the time of trade initiation.

#### Details

Stock code	LSF
Last Price - 31 Jan 19	\$1.48
Pre-Tax NTA - 31 Jan 19	\$1.53
Premium/discount to NTA	-3.6%
Premium/discount avg (5yr)	0.6%
Securities on issue	664,839,144
Market cap (m)	\$984
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.40%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	n/a
Dividend Yield (past 12mth)	n/a
Franking level (past 12mth)	n/a
Gross dividend yield (past 12mth)	n/a
DRP	n/a
DRP discount	0.0%
Dividend frequency	n/a
Value traded 1 mth (\$m)	14.6
Value traded 12 mth (\$m)	283.5
Average spread (%)	0.7

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### LSF share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	9.3	-3.0	-	-	-
<b>Stand Dev.**</b>	-	-	-	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = No performance benchmark

Performance fee = 20% above previous high watermark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)

Source: MWM Research, IRESS

# LIC Snapshot

Macquarie Wealth Management Research



## Monash Absolute Investment Company Limited

Monash Absolute Investment Company (MA1) invests in a portfolio of predominantly small capitalisation ASX-listed securities. The investment portfolio is externally managed by Monash Investors Pty Ltd which charges a 1.5% (plus GST) investment management fee payable monthly and based on the pre-tax net asset value. A performance fee may also be charged equivalent to 20% (plus GST) of any excess return above the Reserve Bank of Australia (RBA) official cash rate. The performance fee is calculated annually and is only payable if the portfolio net tangible asset (NTA) value is above its previous high water mark. No performance fee will be charged if the portfolio declines in absolute terms. Simon Shield and Shane Fitzgerald from Monash are the portfolio managers for MA1.

The company's objective is to achieve a targeted positive return over a full investment cycle of approximately 5 to 7 years whilst avoiding a negative return each financial year through an absolute return style of investing. Monash Investors employs an investment strategy which is high conviction, benchmark unaware, security size and style agnostic, and has a capital preservation focus. The portfolio will have a bias towards small capitalisation companies, utilise short-selling, selectively hold pre-IPO securities and seek to maintain a more consistent return profile than the market, with lower volatility and lower beta. Monash believes this flexible mandate gives it the greatest chance of achieving its investment objectives.

### Details

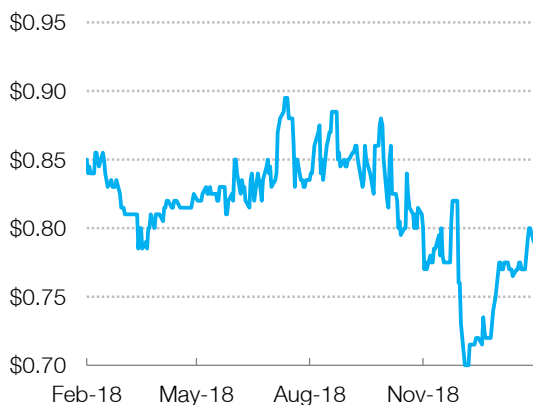
Stock code	MA1
Last Price - 31 Jan 19	\$0.77
Pre-Tax NTA - 31 Jan 19	\$0.92
Premium/discount to NTA	-16.4%
Premium/discount avg (5yr)	-10.3%
Securities on issue	44,314,634
Market cap (m)	\$35
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	2.96%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.01
Dividend Yield (past 12mth)	1.3%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	1.9%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Annual
Value traded 1 mth (\$m)	0.7
Value traded 12 mth (\$m)	13.8
Average spread (%)	2.5

### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

### MA1 share price history



Source: MWM Research, IRESS

### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	7.7	-3.8	-8.2	-	-
<b>Stand Dev.**</b>	-	-	23.8	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = RBA cash rate

Performance fee = 20% of performance above the RBA cash rate

### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
14/09/2018	1.00	100	31/10/2018	F	

Source: MWM Research, IRESS



# LIC Snapshot

## Macquarie Wealth Management Research



### MFF Capital Investments

MFF Capital Investments (MFF) aims to maximise risk adjusted after-tax returns while preserving investor capital. MFF is an externally managed LIC with portfolio duties outsourced to Magellan Asset Management (MAM). MFF joined the ASX in late 2006 under the name of the Magellan Flagship Fund. MFF pays a fixed fee of \$4 million per annum, payable quarterly, for research and other services provided. A performance fee of up to \$1 million per annum may also be payable if MFF's total shareholder return exceeds 10% per annum compounded annually. Performance fees are non-cumulative. This capped fee structure will expire 31 December 2019. MFF pays dividends semi-annually with franking credits provided to the maximum extent possible. A dividend reinvestment plan (DRP) is available with no discount applied currently. MFF has not historically operated a share purchase plan (SPP).

Chris Mackay, MFF's portfolio manager, seeks to identify quality companies in attractive industries. Companies are sought out that exhibit sustainable competitive advantages, high barriers to entry, and are able to reinvest at attractive rates of return. The quality focus results in a bias towards industries with more predictable return profiles such as financials and industrials. A value approach is followed with companies ideally purchased at a discount to their intrinsic value. MFF invests in a minimum of 20 securities. An individual investment will not exceed 10% of the portfolio value without approval from the directors, and will not exceed 20% under any circumstance. MFF will not own more than 10% of any company. MFF may pledge securities and borrow against the portfolio with borrowings limited to 20% of the portfolio value. MFF may adopt currency hedging if the exchange rate or economic conditions move adversely.

#### Details

Stock code	MFF
Last Price - 31 Jan 19	\$2.64
Pre-Tax NTA - 31 Jan 19	\$2.81
Premium/discount to NTA	-6.2%
Premium/discount avg (5yr)	-7.9%
Securities on issue	541,566,108
Market cap (m)	\$1,543
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.52%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.03
Dividend Yield (past 12mth)	1.1%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	1.6%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	10.8
Value traded 12 mth (\$m)	183.6
Average spread (%)	0.4

#### Top 5 holdings (%) as at 31-Jan-19

Visa	13.0
MasterCard	12.7
Home Depot	9.3
Bank of America	8.3
Alphabet	7.1

Source: MWM Research, IRESS (18/02/19)

#### MFF share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	3.9	-1.1	17.6	13.0	12.1
<b>Stand Dev.**</b>	-	-	21.9	18.6	20.1

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = No benchmark

Performance fee = capped at \$1m per annum.

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
26/04/2019	1.50	100	17/05/2019	I	2.69
11/10/2018	1.50	100	9/11/2018	F	2.37
27/04/2018	1.50	100	18/05/2018	I	1.86
12/10/2017	1.00	100	10/11/2017	F	1.86

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Magellan Global Trust

Magellan Global Trust (MGG) is a listed investment trust (LIT) that invests in a concentrated portfolio of global equities. MGG's objective is to achieve attractive risk-adjusted returns over the medium to long-term, whilst reducing the risk of permanent capital loss. MGG is externally managed by Magellan Asset Management (Magellan). Magellan charges a management fee of 1.35% p.a. based on the trust's net asset value (NAV), payable monthly in arrears. A performance fee may also be charged of 10% of the excess return over the higher of two hurdles i) the index relative hurdle (MSCI World Net Total Return Index (AUD)) and ii) the absolute return hurdle (the yield of Australian Government 10-year bonds). MGG will target a cash distribution yield of 4% p.a. paid semi-annually. A DRP has been established with a 5% discount available.

Hamish Douglass and Stefan Marcionetti are the designated portfolio managers for MGG, supported by a broader investment team. Magellan undertakes extensive fundamental analysis at the company and industry level, and also undertakes detailed macroeconomic analysis to exploit the mispricing of economic cycles. Magellan will seek to invest in companies that are able to exploit competitive advantages in order to earn returns on capital that are in excess of their cost of capital. The strategy is benchmark agnostic so returns will likely deviate from the index. Approximately 15 to 35 positions will be held with individual positions restricted to 15% of the trust's gross asset value at the time of purchase. Cash and cash equivalents may be held to a limit of 50% of gross assets while the trust can borrow up to 20% of gross assets. Magellan may use derivatives to manage foreign currency fluctuations.

#### Details

Stock code	MGG
Last Price - 31 Jan 19	\$1.63
Pre-Tax NTA - 31 Jan 19	\$1.65
Premium/discount to NTA	-1.1%
Premium/discount avg (5yr)	-0.3%
Securities on issue	1,055,895,708
Market cap (m)	\$1,721
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.10%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.06
Dividend Yield (past 12mth)	3.7%
Franking level (past 12mth)	0%
Gross dividend yield (past 12mth)	3.7%
DRP	Yes
DRP discount	5.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	30.4
Value traded 12 mth (\$m)	389.4
Average spread (%)	0.3

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### MGG share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	1.2	-1.2	9.0	-	-
<b>Stand Dev.**</b>	-	-	24.0	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = i) MSCI World Net Total Return Index (A\$) and ii) yield of Australian Gov 10-year bond

Performance fee = 10% of excess return above dual benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
2/01/2019	3.00	0	15/01/2019	I	1.49
28/06/2018	3.00	0	31/07/2018	F	1.59
28/12/2017	3.00	0	16/01/2018	I	1.46

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Mirrabooka Investments Limited

Mirrabooka Investments (MIR) is an investment company specialising in small and medium sized companies located with Australia and New Zealand. The company's general definition of small and medium sized companies is those companies which fall outside the top 50 listed companies, by market capitalization, on the Australian Stock Exchange (ASX) or are in the S&P/ASX Mid Cap 50s or Small Ordinaries Index. MIR has historically paid a semi-annual fully franked dividend with a DRP available.

The portfolio has a medium to long-term investment horizon. Securities purchased that grow to be reclassified as large will not necessarily be sold if the company is satisfied with investment prospects. The company typically holds between 50 - 80 stocks depending on their fit with its investment aims and the desired concentration of risk within the portfolio. Portfolio performance is benchmarked against the Small Ordinaries Accumulation Index and the Mid Cap 50 Accumulation Index.

#### Details

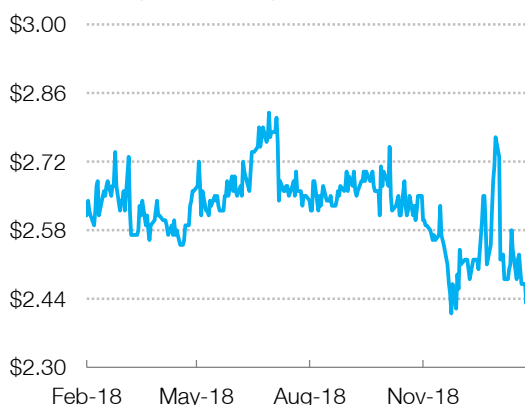
Stock code	MIR
Last Price - 31 Jan 19	\$2.58
Pre-Tax NTA - 31 Jan 19	\$2.13
Premium/discount to NTA	21.1%
Premium/discount avg (5yr)	12.6%
Securities on issue	160,465,435
Market cap (m)	\$406
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.56%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$0.10
Dividend Yield (past 12mth)	3.9%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	5.5%
DRP	Yes
DRP discount	5.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	3.0
Value traded 12 mth (\$m)	41.8
Average spread (%)	1.2

#### Top 5 holdings (%) as at 31-Jan-19

Mainfreight	4.3
Qube Holdings	4.1
Lifestyle Communities	3.6
Alumina	3.3
Reliance Worldwide	2.6

Source: MWM Research, IRESS (18/02/19)

#### MIR share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	3.8	-1.3	-3.2	4.4	4.2
<b>Stand Dev.**</b>	-	-	22.8	22.4	22.8

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX Mid Cap 50 and Small Ord Accu. Indices

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
22/01/2019	10.00	100	15/02/2019	S	
22/01/2019	3.50	100	15/02/2019	I	
26/07/2018	2.00	100	13/08/2018	S	2.58
26/07/2018	6.50	100	13/08/2018	F	2.58

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Milton Corporation Limited

Milton Corporation (MLT) was established as a private investment vehicle for four shareholders in 1938. It became a public company in 1950 and listed on the Sydney Stock Exchange in 1958. Milton's objective is to hold a diversified portfolio of assets that generates a growing income stream for distribution to shareholders in the form of increasing fully franked dividends and provides capital growth in the value of the shareholders' investments. MLT has historically paid a semi-annual fully franked dividend with a DRP available.

Milton is predominantly a long term investor in companies and trusts that are well managed, with a profitable history and an expectation of increasing dividends and distributions. Turnover of investments is low and capital gains arising from disposals are reinvested. Milton holds liquid assets such as cash and term deposits and it may invest in hybrid securities as well as real property development through joint ventures.

#### Details

Stock code	MLT
Last Price - 31 Jan 19	\$4.47
Pre-Tax NTA - 31 Jan 19	\$4.54
Premium/discount to NTA	-1.5%
Premium/discount avg (5yr)	0.3%
Securities on issue	664,934,692
Market cap (m)	\$2,926
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.13%
Performance Fee	No
Internal / external management	Internal
Dividends (past 12mth)	\$0.19
Dividend Yield (past 12mth)	4.3%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	6.1%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	66.0
Value traded 12 mth (\$m)	267.0
Average spread (%)	0.2

#### Top 5 holdings (%) as at 31-Jan-19

Westpac Banking	8.6
W H Soul Pattinson	8.0
Commonwealth Bank	7.3
BHP Billiton	4.7
National Australia Bank	3.8

Source: MWM Research, IRESS (18/02/19)

#### MLT share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	3.7	1.4	-2.5	3.7	4.4
<b>Stand Dev.**</b>	-	-	11.6	10.8	12.6

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = All Ord Accu. Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
13/02/2019	9.00	100	5/03/2019	I	4.66
9/08/2018	10.20	100	4/09/2018	F	4.59
14/02/2018	8.80	100	1/03/2018	I	4.44
10/08/2017	10.00	100	5/09/2017	F	4.34

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### MCP Master Income Trust

MCP Master Income Trust (MXT) is a listed investment trust (LIT) that invests in the Australian corporate loan market. MXT aims to provide monthly income with a low risk of capital loss via a diversified portfolio of Australian corporate loans. The trust will target a return of 3.25% p.a. above the RBA cash rate after all fees and costs, through the economic cycle. MXT estimates total costs to unitholders of 0.60% per annum, calculated against NAV. While MXT does not charge a performance fee, the underlying funds may receive a performance fee. The trust is externally managed by Metrics Credit Partners (MCP), a specialist Australian corporate loans manager established in 2011 by Andrew Lockhart, Graham McNamara and Justin Hynes. MCP has a formal environmental, social and governance policy in place.

The investment strategy is to create a diversified exposure to Australian corporate loans, diversified by borrower, industry and credit quality. The trust is not expected to invest in the banking sector. MXT expects to hold 75-100 individual positions with a 5% limit on an individual borrower. MXT employs an in-house ratings model to monitor credit risks and loan exposures. MXT is expected to have a substantial allocation to sub-investment grade bonds. MXT invests in the MCP Wholesale Investments Trust which then allocates 60-70% to the Metrics Credit Partners Diversified Australian Senior Loan Fund (DASLF), 20-30% to the MCP Secured Private Debt Fund II (SPDF II), and the remainder to the MCP Real Estate Debt Fund (REDF). The trust is not anticipated to have any debt or derivatives, but the underlying investment, MCP Wholesale Investments Trust, may use leverage.

#### Details

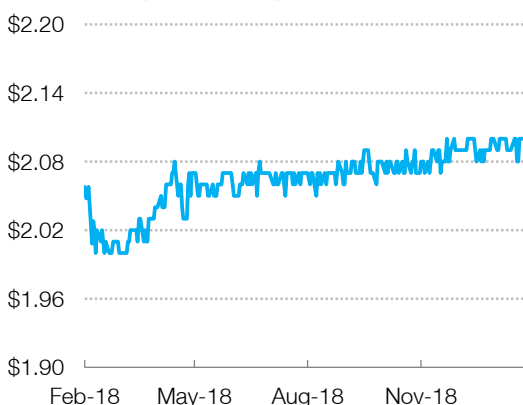
Stock code	MXT
Last Price - 31 Jan 19	\$2.09
Pre-Tax NTA - 31 Jan 19	\$2.10
Premium/discount to NTA	-0.5%
Premium/discount avg (5yr)	3.1%
Securities on issue	363,861,749
Market cap (m)	\$764
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.25%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.11
Dividend Yield (past 12mth)	5.2%
Franking level (past 12mth)	0%
Gross dividend yield (past 12mth)	5.2%
DRP	n/a
DRP discount	0.0%
Dividend frequency	Monthly
Value traded 1 mth (\$m)	22.1
Value traded 12 mth (\$m)	254.0
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### MXT share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	0.0	2.0	5.8	-	-
<b>Stand Dev.**</b>	-	-	8.6	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = No performance benchmark

Performance fee = 15% of excess return over 90-day BBSW + 4-5% hurdle. Only applies to underlying SPDF II and REDF.

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
31/01/2019	1.08	0	8/02/2019	I	2.00
31/12/2018	0.89	0	9/01/2019	I	2.00
30/11/2018	1.20	0	10/12/2018	I	2.00
31/10/2018	0.90	0	8/11/2018	I	

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### NB Global Corporate Income Trust

The NB Global Corporate Income Trust (NBI) is a listed investment trust (LIT) that invests in the global high yield bond market. NBI aims to provide unitholders with a stable monthly income stream while achieving an attractive total return across a full market cycle. The trust will initially target a 5.25% distribution yield (net of fees), based on the offer price, with the target distribution reviewed annually. NBI estimates total costs to unitholders of 0.85% per annum, calculated against NAV and paid monthly. There is no performance fee payable. The trust is externally managed by Neuberger Berman Australia Pty Limited, a wholly-owned subsidiary of Neuberger Berman Group LLC.

The investment strategy is to invest in and actively manage a portfolio of high yield bonds issued by companies in both developed and emerging markets. The strategy has an emphasis on capital preservation by focusing on higher quality credits (BB and B rated) within the high yield market, larger and more liquid companies, and by avoiding companies with deteriorating financials. The strategy will be managed by a specialist team of 56 investment professionals led by five senior portfolio managers. While the portfolio's average credit rating is expected to average between BB and B, the team can opportunistically invest in more defensive BBB rated bonds or lower-rated CCC bonds to take on more risk to seek higher returns. The strategy has experienced only one default since 1997. The portfolio is expected to average allocations of 60% to US high yield, 20% to European high yield and 20% to emerging market USD denominated high yield bonds. The investment team intends to employ hedging strategy in order to minimize the currency risk. As part of its policy approach, the investment team considers ESG issues in investment.

#### Details

Stock code	NBI
Last Price - 31 Jan 19	\$2.01
Pre-Tax NTA - 31 Jan 19	\$1.99
Premium/discount to NTA	1.0%
Premium/discount avg (5yr)	n/a
Securities on issue	207,029,149
Market cap (m)	\$424
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.85%
Performance Fee	No
Internal / external management	External
Dividends (past 12mth)	\$0.04
Dividend Yield (past 12mth)	1.7%
Franking level (past 12mth)	0%
Gross dividend yield (past 12mth)	1.7%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Monthly
Value traded 1 mth (\$m)	11.9
Value traded 12 mth (\$m)	61.4
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31/01/2019

Petrobras	2.0
Cablevision Systems	1.6
Navient Corp	1.6
Numericable Group	1.5
Sprint Corp	1.4

Source: MWM Research, IRESS (18/02/19)

#### NBI share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
Total Return	1.4	-1.6	-	-	-
Stand Dev.**	-	-	-	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = ICE BofAML Global High Yield Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
1/02/2019	0.88	0	11/02/2019	I	1.90
2/01/2019	0.88	0	10/01/2019	I	1.94
3/12/2018	0.88	0	11/12/2018	I	1.97
1/11/2018	0.88	0	9/11/2018	I	

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Naos Small Cap Opportunities Company

NAOS Small Cap Opportunities (NSC) is a listed investment company that first listed on the ASX in March 2004 as Contango MicroCap Limited (CTN). NAOS Asset Management, the current external investment manager of the company, was appointed in late 2017. NSC aims to provide risk-adjusted returns from a portfolio of undervalued growth companies with a market capitalisation of less than \$300 million at time of acquisition. NAOS is entitled to a 1.15% annual management fee (plus GST), paid monthly, charged on the average gross value of the portfolio. NAOS may also be entitled to a performance fee equivalent to 20% (plus GST) of the portfolio's excess performance above the S&P/ASX Small Ordinaries Accumulation Index. Any underperformance is carried forward and must be recouped before a performance fee is paid. NAOS may also elect to receive NSC shares in lieu of cash payments at its discretion. NSC intends to pay fully franked quarterly dividends with a DRP available.

The investment objective of NSC is providing investors with an exposure to small-cap companies with a long-term value focus. The company invests in a highly concentrated portfolio of small-cap ASX-listed companies outside of the S&P/ASX 100 Index within a market cap range of \$100 million to \$1 billion. The manager focuses on industrial companies while avoiding resources and early-stage technology firms, which will likely result in significant performance deviation relative to the index through certain periods. NAOS integrates ESG factors into its investment process and is guided by the UN Principles for Responsible Investment.

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	3.0	-2.9	-17.9	-2.1	0.5
<b>Stand Dev.**</b>	-	-	22.8	18.3	17.5

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX Small Ordinaries Accumulation Index

Performance fee = 20% excess above benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
25/02/2019	1.15	100	11/03/2019	I	0.76
5/11/2018	1.35	100	19/11/2018	I	0.85
3/09/2018	3.00	100	19/09/2018	F	0.90
13/03/2018	2.50	100	29/03/2018	I	0.90

Source: MWM Research, IRESS

#### Details

Stock code	NSC
Last Price - 31 Jan 19	\$0.70
Pre-Tax NTA - 31 Jan 19	\$0.79
Premium/discount to NTA	-12.0%
Premium/discount avg (5yr)	7.6%
Securities on issue	168,995,806
Market cap (m)	\$117
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.15%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.06
Dividend Yield (past 12mth)	7.9%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	11.3%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Quarterly
Value traded 1 mth (\$m)	1.3
Value traded 12 mth (\$m)	32.4
Average spread (%)	2.2

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### NSC share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### PM Capital Asian Opportunities Fund

PM Capital Asian Opportunities Fund (PAF) is a listed investment company established in May 2014, seeking investment opportunities in Asia ex-Japan equities. The company's investment objective is to provide long-term capital growth over an investment horizon of at least seven years. PAF is externally managed by PM Capital Limited with a 1.0% annual management fee charged on the net asset value of the portfolio, paid on a quarterly basis. An annual performance fee may also be paid for 15% of the excess returns above the MSCI Asia ex-Japan Equity Index. Dividends will be franked to the maximum extent possible with a dividend reinvestment plan currently available with no discount.

PM Capital has a broad mandate to invest in Asia ex-Japan equities with no constraints on industry or company size. The approach is index unaware, implementing a high conviction approach with a concentrated portfolio of approximately 15 to 35 securities listed on Asian stock markets, holding no more than 10% of the total portfolio value in a single position. The investment manager selects stocks based on fundamentals, employing a bottom-up research style, with a focus on capital growth rather than income generation. The company can hold up to 30% of its net assets in short positions, resulting in a maximum gross exposure of 130%. The cash position of the portfolio can also be increased up to 100% in volatile markets. The investment manager may also use derivatives and option strategies within the portfolio as well as invest up to 10% of the portfolio in unlisted securities. Currency is actively managed with the level of hedging varying through time.

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	5.1	-1.0	-18.7	10.1	-
<b>Stand Dev.**</b>	-	-	32.8	24.4	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = MSCI Asia (ex-Japan) Equity Index

Performance fee = 15% of excess returns above MSCI Asia (ex-Japan) Equity Index

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
12/09/2018	2.00	100	4/10/2018	F	1.16
14/03/2018	2.50	100	5/04/2018	I	1.32
13/09/2017	2.50	100	5/10/2017	F	1.09
15/03/2017	2.00	100	6/04/2017	I	0.99

Source: MWM Research, IRESS

#### Details

Stock code	PAF
Last Price - 31 Jan 19	\$1.04
Pre-Tax NTA - 31 Jan 19	\$1.09
Premium/discount to NTA	-4.4%
Premium/discount avg (5yr)	-9.2%
Securities on issue	56,541,541
Market cap (m)	\$61
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.58%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.05
Dividend Yield (past 12mth)	4.3%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	6.2%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	0.6
Value traded 12 mth (\$m)	15.3
Average spread (%)	1.9

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### PAF share price history



Source: MWM Research, IRESS



# LIC Snapshot

## Macquarie Wealth Management Research



### Platinum Asia Investments Limited

Platinum Asia Investments (PAI) provides investors with an opportunity to invest in an ASX listed investment company which aims to give investors exposure to an actively managed, diversified portfolio of attractive companies in the Asian Region ex Japan.

The company will invest primarily in listed securities of companies in the Asian Region ex Japan. Shareholders may expect the portfolio to contain listed companies based in China, Hong Kong, Taiwan, South Korea, Malaysia, Singapore, India, Thailand, Indonesia, Philippines, Sri Lanka, Pakistan and Vietnam. The company may also invest up to 15% of its NAV (at the time of investment) in unlisted securities of companies in the Asian Region ex Japan. Such investments may include, for example, shares in a pre-IPO company. However, unlisted securities do not form part of the company's core investment strategy.

#### Details

Stock code	PAI
Last Price - 31 Jan 19	\$1.08
Pre-Tax NTA - 31 Jan 19	\$1.03
Premium/discount to NTA	5.3%
Premium/discount avg (5yr)	0.2%
Securities on issue	361,558,324
Market cap (m)	\$390
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.60%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.10
Dividend Yield (past 12mth)	9.3%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	13.2%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Annual
Value traded 1 mth (\$m)	5.0
Value traded 12 mth (\$m)	89.3
Average spread (%)	0.9

#### Top 5 holdings (%) as at 31-Dec-18

Samsung Electronics	3.7
Tencent Holdings	3.1
Kasikornbank PCL	3.0
Axis Bank	2.7
Alibaba Group	2.4

Source: MWM Research, IRESS (18/02/19)

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	0.9	2.4	-13.9	7.2	-
<b>Stand Dev.**</b>	-	-	28.5	22.6	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = MSCI All Country Asia ex Japan Net Index (A\$)

Performance fee = 0.15

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
24/08/2018	6.00	100	17/09/2018	F	1.18
2/03/2018	4.00	100	19/03/2018	I	1.27
22/08/2017	1.00	100	13/09/2017	F	1.02

Source: MWM Research, IRESS

#### PAI share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### PM Capital Global Opportunities Fund Limited

PM Capital Global Opportunities Fund (PGF) aims to provide long term capital growth over a seven-year-plus investment horizon by investing in global markets. According to the investment guidelines, the portfolio should hold approximately 40 global listed stocks with no individual position exceeding 10% of the portfolio weighting. There are no geographical restrictions, while industry sectors are limited to the greater of 35% of the portfolio or three times sector weight within MSCI World Index (\$A). While a majority of the portfolio will be invested in globally listed stocks, the company may also invest in unlisted securities, interest bearing debt securities, managed investment schemes, derivatives, deposit products and cash.

The portfolio is able to short-sell securities and use leverage to enhance returns. The maximum short proportion and leverage allowed by the company is 30% of the portfolio's market value. PGF pays a management fee of 1.0% per annum (payable on a quarterly basis) to the investment manager. The performance fee equates to 15% of any outperformance over the benchmark (MSCI World Index (AUD)).

#### Details

Stock code	PGF
Last Price - 31 Jan 19	\$1.13
Pre-Tax NTA - 31 Jan 19	\$1.29
Premium/discount to NTA	-12.8%
Premium/discount avg (5yr)	-10.0%
Securities on issue	351,161,024
Market cap (m)	\$404
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.46%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.04
Dividend Yield (past 12mth)	3.2%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	4.6%
DRP	Yes
DRP discount	5.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	4.5
Value traded 12 mth (\$m)	80.1
Average spread (%)	1.3

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### PGF share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	3.2	-5.1	-7.5	9.8	4.4
<b>Stand Dev.**</b>	-	-	20.6	18.8	18.7

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = MSCI World Index (AUD)

Performance fee = 15% of outperformance above the benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
6/03/2019	1.80	100	28/03/2019	I	1.30
5/09/2018	1.80	100	27/09/2018	F	1.23
7/03/2018	1.80	100	29/03/2018	I	1.06
6/09/2017	1.80	100	28/09/2017	F	0.98

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Pengana International Equities

Pengana International Equities Limited (previously Hunter Hall Global Value) aims to generate long-term consistent returns whilst reducing volatility and delivering regular and growing dividends. PIA is an externally managed LIC first listed on in the ASX in March 2004. Portfolio management is outsourced to Pengana Capital for a 1.2% annual management fee calculated on the gross value of the investment portfolio, payable monthly. A performance fee will also be charged for 15% of returns above the benchmark (MSCI World Total Return Index, Net Dividends Reinvested A\$). The performance fee has a high watermark. PIA has a dividend policy of delivering a regular and growing stream of fully franked. PIA has provided a dividend reinvestment plan (DRP) since 2014 with no discount currently available. The company has historically paid fully franked dividends with the exception of the period from 2013 to 2015.

PIA invests in international equities with flexibility to allocate across developed and emerging markets as well as smaller companies. The process is benchmark unaware, so returns will likely diverge from established global indices, while also adopting an ethical approach to investment selection. The investment approach is style-agnostic with cash capped at 20% of the portfolio. The portfolio will range between 30 to 50 holdings. The majority of investments will be companies with stable yet growing free cash flow through the cycle, supplemented by positions in more cyclical companies and companies that have been mispriced by the market. The investment team is headed by Jordan Cvetanovski, Chief Investment Officer, supported by two portfolio managers and three analysts.

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.8	0.0	-1.7	5.4	6.8
<b>Stand Dev.**</b>	-	-	16.1	16.7	18.3

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = MSCI All Country World Total Return Index (net) in A\$

Performance fee = 15% of O/P above the benchmark; High watermark applies

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
20/09/2018	3.50	100	28/09/2018	F	1.17
12/04/2018	3.50	100	30/04/2018	I	1.15
21/09/2017	3.50	100	6/10/2017	F	1.13
3/04/2017	3.50	100	21/04/2017	I	1.19

Source: MWM Research, IRESS

#### Details

Stock code	PIA
Last Price - 31 Jan 19	\$1.09
Pre-Tax NTA - 31 Jan 19	\$1.16
Premium/discount to NTA	-6.4%
Premium/discount avg (5yr)	-8.5%
Securities on issue	252,988,871
Market cap (m)	\$287
Listed option code	PIAO
Listed options on issue	237,796,435
Expense ratio	0.64%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.07
Dividend Yield (past 12mth)	6.4%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	9.2%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	3.0
Value traded 12 mth (\$m)	53.6
Average spread (%)	0.4

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### PIA share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Perpetual Equity Investment Company Limited

Perpetual Equity Investment Company (PIC) is a listed investment company (LIC) with an objective to provide investors with a growing income stream and long-term capital growth in excess of its benchmark over minimum 5 year investment periods. The company has a flexible mandate to invest in both global and domestic securities which will result in the portfolio materially departing from PIC's benchmark, the S&P/ASX 300 Accumulation Index. The ASX 300 benchmark was selected to represent the opportunity cost of only investing in Australian equities with the manager seeking to add value above Australian equity market return.

The company's investment strategy is to create a concentrated and actively managed portfolio of Australian securities with a mid-cap focus outside the 20 largest ASX companies by market capitalisation. The allocation to global listed securities will be opportunistic in nature and the global listed securities portion is not expected to have any consistent capitalisation bias, but will be larger and more liquid than comparable Australian entities. Companies are selected on four key quality criteria: sound management; conservative debt; quality of the business; and recurring earnings (where applicable). The portfolio is expected to be concentrated in 20-40 securities, but the manager will diversify the portfolio across industry sectors and offshore investments. Up to 25% of the portfolio's net asset value may be held in cash, deposit products and senior debt with less than one year to maturity with this cash portion of the portfolio only likely to be reached as equity markets become very expensive.

#### Details

Stock code	PIC
Last Price - 31 Jan 19	\$1.06
Pre-Tax NTA - 31 Jan 19	\$1.06
Premium/discount to NTA	-0.8%
Premium/discount avg (5yr)	-4.0%
Securities on issue	344,840,452
Market cap (m)	\$371
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.47%
Performance Fee	No
Internal / external management	External
Dividends (past 12mth)	\$0.06
Dividend Yield (past 12mth)	6.1%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	8.7%
DRP	Yes
DRP discount	2.5%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	4.6
Value traded 12 mth (\$m)	66.1
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

Commonwealth Bank	8.7
Westpac Banking	7.5
Suncorp Group	5.8
Evolution Mining Ltd	5.1
Telstra	4.6

Source: MWM Research, IRESS (18/02/19)

#### PIC share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	1.0	-3.2	-2.7	8.1	-
<b>Stand Dev.**</b>	-	-	17.6	15.0	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 300 Accumulation Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
3/04/2019	3.10	100	26/04/2019	I	
18/10/2018	3.30	100	2/11/2018	F	1.09
20/03/2018	3.00	100	11/04/2018	I	1.04
23/08/2017	2.50	100	8/09/2017	F	0.99

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Plato Income Maximiser

Plato Income Maximiser (PL8) primarily invests in ASX-listed companies with a focus on providing regular tax-efficient dividends. PL8 is externally managed by Plato Investment Management. PL8 does not invest in shares directly. Instead, the company invests in F Class units in the long-running Plato Australian Shares Income Fund. The F class units have similar rights as ordinary units but without paying fees to the manager. Plato is entitled to receive a monthly management fee as 0.8% (plus GST) per annum of the underlying investment value. There is no performance fee payable at the underlying fund level or within the LIC management agreement. PL8 intends to pay monthly franked dividends.

Don Hamson, Plato's Managing Director, will lead the investment process. The broader team of 8 investment staff is highly experienced and brings an in-depth understanding of applying quantitative methods to the Australian equity market. The underlying fund seeks to outperform the S&P/ASX 200 Accumulation Index by 3% p.a. while distributing a yield that is 3% higher than the benchmark. The investment process considers value, business momentum, quality, dividend and dividend run up, and dividend trap avoidance. The underlying fund will typically hold 50 to 120 Australian listed equities and is designed to be most effective for 0% tax payers. Portfolio turnover is relatively high as the strategy invests during the dividend run-up period. The approach is index-relative with tracking error targeted at 1-4%. Individual positions are capped at a 5% active deviation from the index while cash is limited to 10% of the portfolio.

#### Details

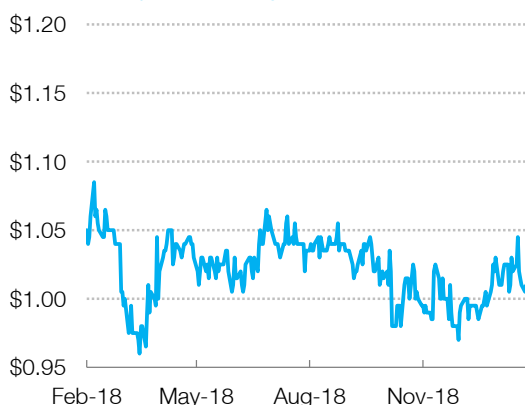
Stock code	PL8
Last Price - 31 Jan 19	\$1.03
Pre-Tax NTA - 31 Jan 19	\$1.02
Premium/discount to NTA	1.2%
Premium/discount avg (5yr)	0.0%
Securities on issue	296,619,760
Market cap (m)	\$295
Listed option code	PL8O
Listed options on issue	295,917,055
Expense ratio	0.94%
Performance Fee	No
Internal / external management	External
Dividends (past 12mth)	\$0.06
Dividend Yield (past 12mth)	5.8%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	8.3%
DRP	n/a
DRP discount	n/a
Dividend frequency	Monthly
Value traded 1 mth (\$m)	9.7
Value traded 12 mth (\$m)	87.2
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### PL8 share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	4.0	5.0	0.4	-	-
<b>Stand Dev.**</b>	-	-	19.4	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.  
Benchmark = S&P/ASX 200 Franking Credit Adj Daily Total Return Index  
Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
15/02/2019	0.50	100	28/02/2019	I	
16/01/2019	0.50	100	31/01/2019	I	
18/12/2018	0.50	100	31/12/2018	I	
15/11/2018	0.50	100	30/11/2018	I	

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Platinum Capital Limited

Platinum Capital (PMC) seeks to provide long-term capital growth by investing in undervalued global equities. PMC is an externally managed listed investment company, first listed in 1994. Platinum Investment Management manages the underlying portfolio and is entitled to 1.1% management fee of the portfolio value. A performance fee may also be charged at 15% of any outperformance relative to the MSCI All Country World Net Index. Any prior underperformance must first be recouped before a performance fee can be paid. PMC pays dividends on a semi-annual basis fully franked where possible. All dividend payments have been fully franked since 1996. A dividend reinvestment plan (DRP) is currently available with a 2.5% discount applied.

Platinum seeks to invest in mispriced securities globally. Key themes and preferred industries are identified with the portfolio constructed through bottom-up fundamental research. Platinum utilised short selling and active currency management to broaden its investment. Funds may be allocated to cash if no suitable investment opportunities are available. Derivatives may be utilised for both risk management and return enhancement purpose. However, the maximum value of derivatives held by the company will not exceed 100% of the portfolio value. The underlying value of long stocks and derivative contracts will not exceed 150% of the portfolio value.

#### Details

Stock code	PMC
Last Price - 31 Jan 19	\$1.72
Pre-Tax NTA - 31 Jan 19	\$1.55
Premium/discount to NTA	11.0%
Premium/discount avg (5yr)	9.1%
Securities on issue	287,168,500
Market cap (m)	\$482
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.42%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.10
Dividend Yield (past 12mth)	5.8%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	8.3%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	4.7
Value traded 12 mth (\$m)	112.1
Average spread (%)	0.6

#### Top 5 holdings (%) as at 31-Dec-18

Samsung Electronics	3.1
Glencore plc	2.9
Ping An Insurance	2.7
Alphabe Inc	2.6
China Overseas Land & Investment	2.5

Source: MWM Research, IRESS (18/02/19)

#### PMC share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-2.0	-3.9	-7.8	3.8	0.0
<b>Stand Dev.**</b>	-	-	27.7	27.1	25.6

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = MSCI All country World Net Index in A\$

Performance fee = 15% of O/P above the benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
24/08/2018	6.00	100	12/09/2018	F	1.80
23/02/2018	4.00	100	13/03/2018	I	1.93
22/08/2017	6.00	100	11/09/2017	F	1.64
21/02/2017	4.00	100	13/03/2017	I	1.54

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### QV Equities Limited

QV Equities (QVE) provides investment in ASX listed entities outside the S&P/ASX 20 Index with the aim of providing long-term capital growth and income over a five year plus investment period. The company's manager is Investors Mutual Limited. The company's investment strategy is to create a diversified portfolio of ASX listed securities outside the S&P/ASX 20 Index. The company aims to predominantly invest in the S&P/ASX 300 Index and the portfolio may also invest up to 5% in unlisted securities, derivatives and cash securities.

Investors Mutual has a long-term focus with a belief that short-term volatility can create opportunities to build positions in high quality companies which will reflect their value in the long-term. A qualitative, bottom-up, value approach is employed. The manager looks to invest in entities with four clear quality characteristics: a competitive advantage over their peers; recurring, predictable earnings; a capable management team; and the ability to grow over time. Additionally, from a valuation perspective, Investors Mutual believes that it is important that such entities be trading at a price below what it believes represents the long-term underlying value of the entity. The portfolio is primarily managed by Anton Tagliaferro (Chief Investment Manager) and Simon Conn (Senior Portfolio Manager) from Investors Mutual.

#### Details

Stock code	QVE
Last Price - 31 Jan 19	\$1.08
Pre-Tax NTA - 31 Jan 19	\$1.11
Premium/discount to NTA	-3.2%
Premium/discount avg (5yr)	0.9%
Securities on issue	275,995,117
Market cap (m)	\$295
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	0.96%
Performance Fee	No
Internal / external management	External
Dividends (past 12mth)	\$0.04
Dividend Yield (past 12mth)	4.0%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	5.7%
DRP	No
DRP discount	3.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	4.3
Value traded 12 mth (\$m)	70.8
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

Crown Resorts	4.7
Amcor	4.5
Spark Infrastructure	4.3
Pact Group	4.2
Caltex Australia	4.1

Source: MWM Research, IRESS (18/02/19)

#### QVE share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.9	1.4	-11.0	5.6	-
<b>Stand Dev.**</b>	-	-	25.2	23.5	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 300 Accumulation Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
21/02/2019	2.20	100	15/03/2019	I	1.08
1/10/2018	1.00	100	31/10/2018	S	1.08
1/10/2018	2.10	100	31/10/2018	F	1.16
16/03/2018	2.10	100	4/04/2018	I	1.29

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Spheria Emerging Companies

Spheria Emerging Companies Limited (SEC) is a listed investment company that listed on the ASX in December 2017. The company aims to outperform the S&P/ASX Small Ordinaries Accumulation Index (benchmark) and maximise total shareholder returns via a combination of capital growth and income. The company's portfolio is externally managed by Spheria Asset Management, a dedicated Australian equity small cap manager. The fee structure is a management fee of 1.00% (plus GST) with a performance fee of 20% (plus GST) of excess returns above the benchmark. SEC paid the company's upfront listing costs which are held on balance sheet as a receivable which will be reduced through to 2021 rather than SEC paying Spheria a performance fee. SEC intends to pay fully franked dividends at least annually.

Spheria was founded by Marcus Burns and Matthew Booker in early 2016. The pair had previously managed Schroder's small company fund for a three-year period. Spheria believes returns are primarily a function of each security's purchasing price (or start valuation) and its economic performance. The investment process involves screening, fundamental analysis and research, risk assessment, portfolio construction and monitoring. Spheria takes a risk-aware approach, preferring companies with low gearing and ample free cash flow. The portfolio will comprise of 20 to 65 stocks with individual positions limited to +5% versus its benchmark weight. Cash will be limited to 20%.

#### Details

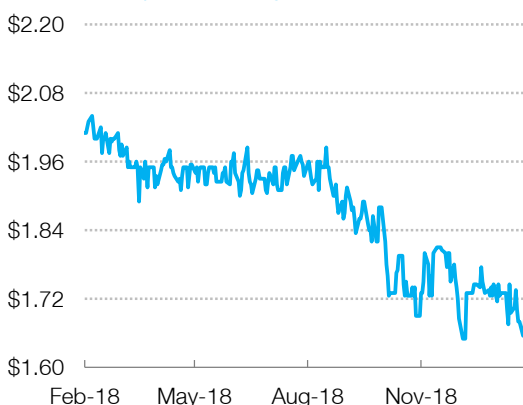
Stock code	SEC
Last Price - 31 Jan 19	\$1.75
Pre-Tax NTA - 31 Jan 19	\$1.93
Premium/discount to NTA	-9.4%
Premium/discount avg (5yr)	-6.8%
Securities on issue	66,337,546
Market cap (m)	\$114
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	n/a
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.04
Dividend Yield (past 12mth)	2.3%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	3.3%
DRP	No
DRP discount	0.0%
Dividend frequency	Annual
Value traded 1 mth (\$m)	2.4
Value traded 12 mth (\$m)	28.7
Average spread (%)	0.3

#### Top 5 holdings (%) as at 30-Nov-18

Navitas Limited	6.3
Bega Cheese	5.6
Fletcher Building	5.4
Platinum Asset	4.7
Trade Me Group	4.7

Source: MWM Research, IRESS (18/02/19)

#### SEC share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	0.9	-1.1	-13.3	-	-
<b>Stand Dev.**</b>	-	-	22.9	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX Small Ord. Accum. Index

Performance fee = 20% of excess return above S&P/ASX Small Ord Accum Index

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
6/09/2018	4.00	100	21/09/2018	F	

Source: MWM Research, IRESS



# LIC Snapshot

## Macquarie Wealth Management Research



### Templeton Global Growth Fund Limited

Templeton Global Growth Fund (TGG) aims to deliver long-term capital growth from a globally diversified portfolio of investment securities. TGG is an externally managed listed investment company first listed in 1987. Franklin Templeton Investments Australia manages the portfolio as the appointed investment manager. A management fee of 1.0% per annum of net assets is charged. There is no performance fee in place. TGG pays an annual dividend with a variable level of franking applied. TGG has suspended its dividend reinvestment plan (DRP) while it reduces shares on issue via an on market share buyback.

Franklin Templeton implements a distinct long-term, value approach to invest in global equities. Peter Wilmshurst leads the investment team which seeks out undervalued securities via a thorough bottom-up process. A long-term “buy and hold” philosophy is a differentiator for this LIC with stocks typically held for at least five years. We have found the underlying portfolio to be well diversified over time by both region and industry. There are no geographical or sector constraints in place, providing freedom for the investment team to express ideas. Portfolio weights are published with reference to the broad MSCI All Country World Index which encapsulates both developed and emerging markets. The portfolio is not hedged for currency movements.

#### Details

Stock code	TGG
Last Price - 31 Jan 19	\$1.27
Pre-Tax NTA - 31 Jan 19	\$1.39
Premium/discount to NTA	-8.4%
Premium/discount avg (5yr)	-8.3%
Securities on issue	219,342,965
Market cap (m)	\$283
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.15%
Performance Fee	No
Internal / external management	External
Dividends (past 12mth)	\$0.05
Dividend Yield (past 12mth)	3.5%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	5.1%
DRP	No
DRP discount	0.0%
Dividend frequency	Annual
Value traded 1 mth (\$m)	2.8
Value traded 12 mth (\$m)	62.0
Average spread (%)	0.4

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### TGG share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-1.2	-0.8	-8.7	8.0	1.6
<b>Stand Dev.**</b>	-	-	17.9	15.9	16.8

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = MSCI All Country World Index

Performance fee = None

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
6/09/2018	3.50	100	21/09/2018	S	
6/09/2018	4.50	100	21/09/2018	F	
7/09/2017	4.50	100	22/09/2017	F	
8/09/2016	4.50	56	23/09/2016	F	

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### VGI Partners Global Investment

VGI Partners Global Investments Limited (VG1) invests in a concentrated portfolio of global securities utilising both long and short positions. VG1 aims to preserve capital and deliver superior risk adjusted returns over the long-term (at least five years). VG1 is externally managed by VGI Partners Pty Limited. VGI charges a management fee of 1.5% (plus GST) per annum of the portfolio's value, charged monthly. VGI is also entitled to a performance fee of 15% (plus GST) of the portfolio's performance over each six month period, subject to a high water mark. VGI has agreed to reinvest into VG1 any performance fees collected on an after-tax basis via a 'share purchase mechanism'. Dividends are not a primary objective for VG1, but will be paid where possible.

VG1's portfolio will closely replicate the portfolio of the VGI Partners Master Fund, a wholesale unit trust from the same manager. Approximately 10 to 25 securities will be held as long positions and 10 to 35 securities as short positions. Long positions are typically concentrated (capped at 20% of NAV) while shorts will be more diversified. VGI will seek to hold long-term investments in "great businesses that it believes are not fully valued by the market" and short low quality securities that are overvalued. VG1's investment strategy is fairly unconstrained with no geographic or industry limits. Robert Luciano, portfolio manager and founder of VGI, is responsible for implementation of the company's investment strategy. Luciano is supported by a team of investment staff located in Sydney and New York. As a long/short strategy, the portfolio's net equity exposure is expected to range from 50% to 100%. VG1 does not intend to borrow funds, however the use of short selling and derivatives may generate leverage.

### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	7.2	0.8	12.7	-	-
<b>Stand Dev.**</b>	-	-	20.3	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = No performance benchmark

Performance fee = 15% of the incremental value over 6-month period

### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)

Source: MWM Research, IRESS

### Details

Stock code	VG1
Last Price - 31 Jan 19	\$2.39
Pre-Tax NTA - 31 Jan 19	\$2.23
Premium/discount to NTA	7.2%
Premium/discount avg (5yr)	5.3%
Securities on issue	278,606,377
Market cap (m)	\$694
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	2.40%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	n/a
Dividend Yield (past 12mth)	n/a
Franking level (past 12mth)	n/a
Gross dividend yield (past 12mth)	n/a
DRP	n/a
DRP discount	0.0%
Dividend frequency	n/a
Value traded 1 mth (\$m)	11.6
Value traded 12 mth (\$m)	133.6
Average spread (%)	0.4

### Top 5 holdings (%) as at 31-Jan-19

CME Group Inc	11.0
Colgate Palmolive Co.	8.0
Amazon.com	8.0
MasterCard Inc	6.0
Medibank Private	6.0

Source: MWM Research, IRESS (18/02/19)

### VG1 share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### WAM Active

WAM Active (WAA) was established in January 2008 with the aim of delivering positive returns to investors with low volatility as well as regular fully franked dividends. The company is externally managed by MAM Pty Limited with a 1.0% annual management fee (plus GST) charged on the gross asset value of the portfolio. MAM Pty Limited is also entitled to a performance fee equivalent to 20% (plus GST) of the increase in the gross value of the portfolio above the previous high water mark, with no hurdle in place. Dividends have been fully franked and paid semi-annually to date, with a DRP currently available at a 2.5% discount.

The investment objective of WAM Active is to deliver positive investment returns through most periods of time, pay regular fully franked dividends, and preserve capital. The investment style is a fundamental bottom-up approach, focusing on absolute return generation with above average levels of cash typically held. The investment manager utilises Wilson Asset Management's 'market-driven' process which is an active, short-term approach seeking opportunities in initial public offerings, placements, block trades, rights issues, and corporate transactions such as mergers & acquisitions, takeovers, schemes of arrangements, spin-offs and restructures. The investment process can also involve arbitrage opportunities, short-selling and trading market themes and trends. While short selling is utilised, cash has historically accounted for a larger portion of the portfolio.

### Details

Stock code	WAA
Last Price - 31 Jan 19	\$1.00
Pre-Tax NTA - 31 Jan 19	\$1.00
Premium/discount to NTA	-0.1%
Premium/discount avg (5yr)	4.5%
Securities on issue	45,969,433
Market cap (m)	\$46
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	4.68%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.06
Dividend Yield (past 12mth)	5.7%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	8.1%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	0.5
Value traded 12 mth (\$m)	10.7
Average spread (%)	0.5

### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

### WAA share price history



Source: MWM Research, IRESS

### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-2.4	-7.4	-8.1	4.1	1.7
<b>Stand Dev.**</b>	-	-	17.9	18.1	22.3

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = n/a

Performance fee = 20% of incremental value above the high water mark

### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
12/10/2018	2.85	100	26/10/2018	F	1.07
12/04/2018	2.85	100	27/04/2018	I	1.09
17/10/2017	2.75	100	27/10/2017	F	1.11
16/05/2017	2.75	100	26/05/2017	I	1.08

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### WAM Capital Limited

WAM Capital (WAM) is a listed investment company managed by Wilson Asset Management (International) Pty Limited. WAM provides investors exposure to an actively managed diversified portfolio of undervalued growth companies which are generally found in the small to medium industrial sector; and also provides exposure to relative value arbitrages and market mispricing opportunities. The investment objectives are to deliver investors a rising stream of fully franked dividends, to provide capital growth and preserve capital. Dividends have been historically fully franked with a DRP currently available at a 2.5% discount.

WAM has two investment principal factors determining the investment decisions of the company, being (i) Research Driven, the company buys shares in companies after extensive research, focused on free cashflow then rating the company with respect to management, earnings growth potential, valuation and industry position. The company sells once the company reaches the valuation. (ii) Market Driven, the company scours the market for trading opportunities including IPO's, placement, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spin-offs, restructurings), arbitrage opportunities.

#### Details

Stock code	WAM
Last Price - 31 Jan 19	\$2.08
Pre-Tax NTA - 31 Jan 19	\$1.78
Premium/discount to NTA	16.6%
Premium/discount avg (5yr)	15.3%
Securities on issue	713,608,947
Market cap (m)	\$1,541
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.52%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.16
Dividend Yield (past 12mth)	7.5%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	10.6%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	24.6
Value traded 12 mth (\$m)	402.0
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-3.7	-11.2	-8.8	5.4	7.3
<b>Stand Dev.**</b>	-	-	16.3	14.3	14.3

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX All Ord Accu. Index

Performance fee = 20% of outperformance above the benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
16/11/2018	7.75	100	26/11/2018	F	2.09
12/04/2018	7.75	100	27/04/2018	I	2.35
17/10/2017	7.50	100	27/10/2017	F	2.35
13/04/2017	7.50	100	28/04/2017	I	2.37

Source: MWM Research, IRESS

#### WAM share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### WAM Research Limited

WAM Research (WAX) is a listed investment company managed by Wilson Asset Management Group. WAM Research Limited (WAX) invests in undervalued growth companies, primarily small to medium sized industrial companies listed on the ASX. WAX has historically paid a semi-annual fully franked dividend with a DRP currently available at a 2.5% discount.

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. The investment strategy is primarily research driven, focusing on free cashflow then analysing the company with respect to management, earnings growth potential, valuation and industry position.

#### Details

Stock code	WAX
Last Price - 31 Jan 19	\$1.39
Pre-Tax NTA - 31 Jan 19	\$1.11
Premium/discount to NTA	25.4%
Premium/discount avg (5yr)	14.3%
Securities on issue	189,561,267
Market cap (m)	\$251
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.41%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.10
Dividend Yield (past 12mth)	6.8%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	9.8%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	4.7
Value traded 12 mth (\$m)	58.9
Average spread (%)	0.4

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-4.8	-6.4	-1.3	7.1	10.2
<b>Stand Dev.**</b>	-	-	22.8	19.8	18.3

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX Small Ordinaries Accum. Index

Performance fee = 20% of outperformance above the benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
12/10/2018	4.75	100	26/10/2018	F	1.50
12/04/2018	4.75	100	27/04/2018	I	1.47
17/10/2017	4.50	100	27/10/2017	F	1.54
6/04/2017	4.50	100	21/04/2017	I	1.51

Source: MWM Research, IRESS

#### WAX share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### WAM Global Limited

WAM Global Limited (WGB) is a listed investment company (LIC) that invests in a diversified portfolio of global growth companies. WGB's objectives are to provide capital growth over the medium to long-term, deliver a stream of fully franked dividends and preserve capital while providing an exposure to global equities. WGB is externally managed by Wilson Asset Management (WAM). WAM is entitled to a management fee of 1.25% p.a. (plus GST) based on the portfolio's value, payable monthly. A performance fee may also be charged of 20% (plus GST) of the excess return above the MSCI World Index Net (AUD) subject to recoupment of any prior underperformance. WGB intends to pay fully franked dividends subject to availability of franking credits.

Catriona Burns is the lead portfolio manager for WGB, supported by analysts dedicated to the strategy. Geoff Wilson and Chris Stott, portfolio managers at WAM, will also dedicate 10-20% of their time to the company. WGB's investment strategy utilises WAM's research-driven investment process to seek out undervalued growth companies, and WAM's market-driven investment process which seeks to take advantage of short-term mispricing opportunities. The strategy is benchmark unaware with few restrictions but will primarily invest in developed markets. Approximately 40 to 80 positions will be held with individual positions typically averaging 1-5% of the portfolio. WGB may hold significant levels of cash, engage in short-selling and utilise derivatives.

#### Details

Stock code	WGB
Last Price - 31 Jan 19	\$1.95
Pre-Tax NTA - 31 Jan 19	\$2.02
Premium/discount to NTA	-3.5%
Premium/discount avg (5yr)	n/a
Securities on issue	211,607,623
Market cap (m)	\$403
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.25%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	n/a
Dividend Yield (past 12mth)	n/a
Franking level (past 12mth)	n/a
Gross dividend yield (past 12mth)	n/a
DRP	n/a
DRP discount	0.0%
Dividend frequency	n/a
Value traded 1 mth (\$m)	6.4
Value traded 12 mth (\$m)	75.4
Average spread (%)	0.3

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	0.5	-5.3	-	-	-
<b>Stand Dev.**</b>	-	-	-	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = MSCI World Index (AUD)

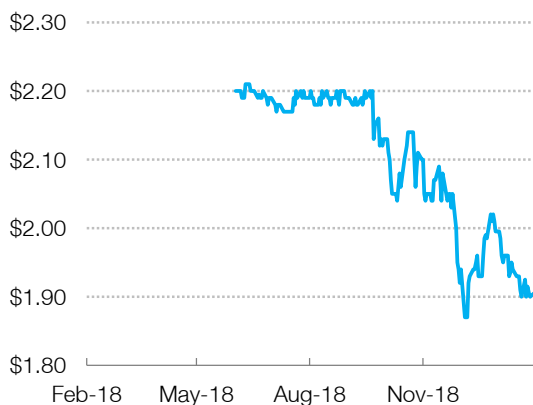
Performance fee = 20% excess above benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)

Source: MWM Research, IRESS

#### WGB share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Watermark Global Leaders Fund

Watermark Global Leaders Fund (WGF) is a listed investment company established in December 2016. The investment objective is to i) deliver capital growth and income via a market neutral strategy of international listed securities and ii) deliver consistent, positive rates of return with relatively low volatility while maintaining minimal exposure to the share market. WGF is externally managed by Watermark Funds Management Pty Limited. An annual management fee of 1.20% (plus GST) is payable monthly in arrears while a performance fee may also be charged. The performance fee is 20% (plus GST) of the portfolio's gross excess return over the RBA cash rate, paid annually. No performance fee will be payable where the portfolio decreases in value with negative values carried forward. WGF intends to pay dividends, franked where possible, with a dividend reinvestment plan (DRP) made available.

Watermark implements a market neutral strategy. This is an absolute return strategy that holds long and short positions in approximately equal weights, reducing the portfolio's sensitivity to market movements. Fundamental research includes consideration of return generation, management quality, growth opportunities and valuation metrics. Each portfolio will consist of 40 to 80 securities. The mandate is broad with flexibility to invest in listed and unlisted securities, fixed interest, derivatives and cash. Net equity exposure will typically be zero but is limited to +/- 20% of the portfolio's NAV. Net currency positions will also be capped at +/- 20% of the portfolio's NAV. The gross exposure of the portfolio is expected to range from 150% to 300% of the portfolio's NAV but is capped at a maximum of 400%. Justin Braitting is the lead portfolio manager at Watermark Funds Management which also manages the Australian Leaders Fund (ALF) and Watermark Market Neutral Fund (WMK).

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	1.0	12.0	11.0	-	-
<b>Stand Dev.**</b>	-	-	15.3	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = RBA Cash Rate

Performance fee = 20% of excess return above the RBA Cash Rate

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
31/08/2018	0.75	50	17/09/2018	F	

Source: MWM Research, IRESS

#### Details

Stock code	WGF
Last Price - 31 Jan 19	\$0.98
Pre-Tax NTA - 31 Jan 19	\$1.04
Premium/discount to NTA	-5.8%
Premium/discount avg (5yr)	-11.2%
Securities on issue	74,543,215
Market cap (m)	\$73
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	3.81%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.01
Dividend Yield (past 12mth)	0.8%
Franking level (past 12mth)	50%
Gross dividend yield (past 12mth)	0.9%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	4.3
Value traded 12 mth (\$m)	29.8
Average spread (%)	0.5

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### WGF share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Whitefield Limited

Whitefield (WHF) is a listed investment company with an objective of providing shareholders with long term capital growth and a reliable growing stream of franked dividends from a diversified portfolio of ASX-listed industrial shares. WHF is internally managed with the investment team led by Angus Gluskie. Dividends are fully franked, paid semi-annually, with a DRP available at a 2.5% discount.

Whitefield aims to generate an investment return which is in excess of the return of the All Industrials Accumulation Index over the long term from investment in a portfolio of industrial shares listed on the ASX. Whitefield seeks to hold investments which are realistically capable of generating a robust and sufficient rate of return through the satisfactory delivery of future earnings over a few years. The company holds a diversified investment portfolio containing approximately 60 holdings, with exposure across the major economic segments of the Australian industrial (non-resource) market. While the portfolio will not invest in the resources sector, the approach is style neutral (neither value or growth) within industrials.

### Details

Stock code	WHF
Last Price - 31 Jan 19	\$4.33
Pre-Tax NTA - 31 Jan 19	\$4.62
Premium/discount to NTA	-6.3%
Premium/discount avg (5yr)	-7.2%
Securities on issue	91,841,004
Market cap (m)	\$403
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	n/a
Performance Fee	No
Internal / external management	External
Dividends (past 12mth)	\$0.19
Dividend Yield (past 12mth)	4.3%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	6.2%
DRP	Yes
DRP discount	2.5%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	2.2
Value traded 12 mth (\$m)	31.3
Average spread (%)	0.2

### Top 5 holdings (%) as at 31-Jan-19

Commonwealth Bank	9.3
CSL	7.1
Westpac Banking	6.2
ANZ Banking	5.9
National Australia Bank	5.3

Source: MWM Research, IRESS (18/02/19)

### WHF share price history



Source: MWM Research, IRESS

### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.9	-1.6	-3.9	4.6	5.9
<b>Stand Dev.**</b>	-	-	17.2	13.9	14.6

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX 200 All Industrials Index

Performance fee = None

### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
23/11/2018	9.75	100	12/12/2018	I	4.23
23/05/2018	9.00	100	12/06/2018	F	4.36
24/11/2017	8.75	100	12/12/2017	I	4.60
26/05/2017	8.50	100	13/06/2017	F	4.34

Source: MWM Research, IRESS



# LIC Snapshot

## Macquarie Wealth Management Research



### WAM Leaders Limited

WAM Leaders Limited is a listed investment company providing investors with access to S&P/ASX 200 Index listed companies. WLE is externally managed by Wilson Asset Management which charges a 1% investment management fee (plus GST) payable monthly. A performance fee may also be payable equivalent to 20% (plus GST) of any outperformance above the S&P/ASX 200 Accumulation Index. The performance fee is calculated annually and is payable if the absolute portfolio value declines but outperforms the benchmark i.e. there is no high water mark.

The company's objective is to deliver a stream of fully franked dividends, to provide capital growth over the medium-to-long term and to preserve capital. The investment strategy will employ both research and market driven methodologies. The bottom-up research will focus on a company's quality, its free cash flow and return on equity as well as industry positioning and quality of management. The market driven process seeks to take advantage of mispricing and relative arbitrage opportunities. The strategy will make use of short selling to generate returns and manage risk. Short positions are expected to average less than 10% of the portfolio. Gearing will not be employed and cash levels may be elevated through time as there is no upper limit on the cash balance as a percentage of the portfolio.

#### Details

Stock code	WLE
Last Price - 31 Jan 19	\$1.09
Pre-Tax NTA - 31 Jan 19	\$1.15
Premium/discount to NTA	-4.9%
Premium/discount avg (5yr)	-1.5%
Securities on issue	704,135,905
Market cap (m)	\$796
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.64%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.05
Dividend Yield (past 12mth)	4.6%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	6.6%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	18.9
Value traded 12 mth (\$m)	247.2
Average spread (%)	0.4

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### WLE share price history



Source: MWM Research, IRESS

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.8	-1.8	-1.3	-	-
<b>Stand Dev.**</b>	-	-	11.7	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P /ASX 200 Accum. Index

Performance fee = 20% of excess returns above S&P /ASX 200 Accumulation Index

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
12/10/2018	2.50	100	26/10/2018	F	1.13
12/04/2018	2.50	100	27/04/2018	I	1.12
23/11/2017	2.00	100	5/12/2017	F	1.14
13/04/2017	1.00	100	28/04/2017	I	1.12

Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### WAM Microcap Limited

WAM Microcap Limited (WMI) is a listed investment company established in June 2017. WMI aims to provide risk-adjusted returns from a portfolio of undervalued growth companies with a market capitalisation of less than \$300 million at time of acquisition. WMI is externally managed by MAM Pty Ltd with a 1.0% annual management fee (plus GST) charged on the gross asset value of the portfolio. MAM Pty Ltd is also entitled to a performance fee equivalent to 20% (plus GST) of the portfolio's excess performance above the S&P/ASX Small Ordinaries Accumulation Index. A performance fee is only payable when the absolute performance has been positive, although there is no high water mark and any underperformance is not carried forward. WMI intends to pay fully franked dividends with a DRP established.

The investment objective of WMI is to deliver a stream of fully franked dividends and capital growth over the medium-to-long term while preserving capital. WMI will target undervalued growth companies identified using Wilson Asset Management's research-driven and market-driven investment processes. The research process focusses on company fundamentals including cash flow, return on equity, management quality, industry structure and earnings growth while the market-driven process utilises a range of short-term opportunities to add alpha. WMI can utilise short selling, although has historically preferred cash over short selling. Portfolio management duties will be shared by Geoff Wilson and Chris Stott with Martin Hickson, Tobias Yao and Oscar Oberg also dedicated to the strategy.

#### Details

Stock code	WMI
Last Price - 31 Jan 19	\$1.24
Pre-Tax NTA - 31 Jan 19	\$1.21
Premium/discount to NTA	2.5%
Premium/discount avg (5yr)	7.7%
Securities on issue	140,530,698
Market cap (m)	\$177
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	1.00%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.04
Dividend Yield (past 12mth)	3.2%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	4.6%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	3.0
Value traded 12 mth (\$m)	47.4
Average spread (%)	0.4

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	-2.4	-6.8	-15.8	-	-
<b>Stand Dev.**</b>	-	-	23.0	-	-

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = S&P/ASX Small Ordinaries Accumulation Index

Performance fee = 20% of outperformance above the benchmark

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
12/10/2018	2.00	100	26/10/2018	S	1.40
12/10/2018	2.00	100	26/10/2018	F	1.40
12/04/2018	2.00	100	27/04/2018	I	1.36

Source: MWM Research, IRESS

#### WMI share price history



Source: MWM Research, IRESS

# LIC Snapshot

## Macquarie Wealth Management Research



### Watermark Market Neutral Fund Ltd

Watermark Market Neutral Fund (WMK) is a listed investment company, established in July 2013, aiming to deliver stable positive returns with comparably low risk. The company is externally managed by Watermark Funds Management. A management fee of 1.0% (plus GST) per annum of the net asset value of the portfolio is charged while a performance fee is also in place. The performance fee is 20% of the excess return over the Reserve Bank of Australia cash rate, paid annually. No performance fee will be payable where the portfolio decreases in value. Justin Braitting is the lead portfolio manager at Watermark Funds Management, also managing the Australian Leaders Fund (ALF).

Watermark implements a market neutral strategy. This is an absolute return strategy that holds long and short positions in approximately equal weights, reducing a portfolio's sensitivity to market movements. While the long and short positions will typically move together in line with market movements, the portfolio will outperform if longs do better than shorts. Watermark employs a fundamental approach with the long portfolio comprised of fundamentally sound businesses and the short portfolio representing companies with poor management and/or weak fundamentals. Watermark has broadened its investment mandate in recent years and can now invest up to 50% of the portfolio's gross value into international equities. Gearing is not used by Watermark, but short selling may magnify gains and losses with gross exposure expected to average approximately 200%.

#### Share Price Performance & Volatility (% , 31 January 2019)

	1 Mth	3 Mth	1 Year	3 Year*	5 Year*
<b>Total Return</b>	2.4	4.3	3.6	-2.1	1.6
<b>Stand Dev.**</b>	-	-	17.1	16.3	17.1

\* Total Return and Standard Deviation are annualised.

\*\* Standard Deviation is a measure of volatility on share price movements.

Benchmark = Reserve Bank of Australia's cash rate

Performance fee = 20% of excess returns above RBA's cash rate

#### Recent Dividends

Ex Date	Dividend (cps)	Franking (%)	Pay Date	Div Type	DRP(\$)
30/08/2018	1.50	100	14/09/2018	F	
9/04/2018	1.00	100	24/04/2018	I	
4/10/2017	2.50	100	31/10/2017	F	0.89
11/04/2017	3.00	100	27/04/2017	I	1.01

Source: MWM Research, IRESS

#### Details

Stock code	WMK
Last Price - 31 Jan 19	\$0.85
Pre-Tax NTA - 31 Jan 19	\$0.91
Premium/discount to NTA	-6.6%
Premium/discount avg (5yr)	-5.6%
Securities on issue	81,402,801
Market cap (m)	\$68
Listed option code	n/a
Listed options on issue	n/a
Expense ratio	4.91%
Performance Fee	Yes
Internal / external management	External
Dividends (past 12mth)	\$0.03
Dividend Yield (past 12mth)	2.9%
Franking level (past 12mth)	100%
Gross dividend yield (past 12mth)	4.2%
DRP	Yes
DRP discount	0.0%
Dividend frequency	Semi-annual
Value traded 1 mth (\$m)	3.9
Value traded 12 mth (\$m)	27.3
Average spread (%)	0.6

#### Top 5 holdings (%) as at 31-Jan-19

n/a  
n/a  
n/a  
n/a  
n/a

Source: MWM Research, IRESS (18/02/19)

#### WMK share price history



Source: MWM Research, IRESS

## Disclaimer

Listed Investment Companies was finalised 21 February 2019

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