

# Listed Investment Companies (LICs)

## Sector Report

### December 2018 performance review and update

**Top picks:** Our top picks refer to preferred exposures within each sector based on numerous quantitative and qualitative factors. They should not be treated as official stock recommendations but merely as a guide to where we would apportion funds at this point in time. The table on page 5 provides an update of the overall sector, as at 29 January 2019, with our estimated current net tangible assets (NTAs) derived from our model portfolios for the LICs.

**Traditional LICs:** On average, traditional LICs slightly underperformed the All Ordinaries Accumulation index (XAOAI) in Dec-18 by 0.7% and 0.2% on total shareholder return (TSR) and NTA bases respectively. A number of traditional LICs have announced 1H19 results, with both AFIC and BKI announcing special dividends alongside interim dividends. Management noted proceeds from underlying holdings' (RIO, BHP buybacks) recent corporate activity, and cited the potential impact of an ALP Federal election win and the subsequent uncertainty surrounding Labor's franking rebate policy, as the key drivers. We outline the respective franking balances of traditional LICs on page 3. Our top picks include Milton Corp (MLT) and Diversified United (DUI), which are trading at estimated 1.9% and 2.8% discounts to NTA respectively.

**Large capitalisation:** WAM Leaders (WLE) and Ophir High Conviction Fund (OPH) are our top picks, trading at estimated 5.6% and 0.9% discounts to NTA respectively. We added OPH to our coverage list in our [Nov-18 LIC update](#). We believe OPH should command a scarcity premium due to: 1) the listing mechanism of converting unlisted units; 2) unitholders were provided an opportunity to redeem funds prior to listing (soaking up initial selling pressure, in our view); 3) increased investor demand due to a strong track record of management outperformance and the hard closing of the fund since early 2018; and 4) the initial minimum investment of \$100k, which is no longer applicable. Elsewhere, WLE's underlying portfolio remains skewed towards the ASX top 20 (~55%), the highest allocation in a number of months. WLE has progressively increased its dividend since inception and we believe risk is to the upside for this to continue.

**Small/Micro capitalisation:** Top pick Acorn Capital (ACQ) outperformed the ASX Small Ordinaries Accumulation Index (XSOAI) for the year ending Dec-18 by 5.9% (TSR). The underlying portfolio continues to hold a significant unlisted allocation (29%). This, coupled with a 5% cash weighting, provides a natural market hedge, in our view. The current 6.4% discount to NTA, as well as a trailing 5.7% dividend yield, provides an attractive entry point for investors. Elsewhere, Westoz (WIC) is our top small cap resources pick, trading at an estimated 2.9% discount to NTA with a trailing yield of 5.6%.

## Analyst

Piers Flanagan  
+ 613 9282 8127  
pflanagan@baillieu.com.au

## Disclosure

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

**International:** Top picks MFF Capital Investments (MFF) and PM Capital Global Opportunities Fund (PGF) underperformed (TSR basis) the MSCI World Index (AUD adjusted) in Dec-18, as geopolitical risk continued to impact global markets. As a result, discount trading levels have widened, providing attractive entry points, in our view. MFF was the top performing LIC (on both NTA and TSR bases) for the year ending Dec-18 (up 8.2% and 16.3% respectively). Trading at an estimated 8.0% discount to NTA, MFF remains a top pick for investors seeking exposure to the US. Elsewhere, PGF's regional exposure of the US (37.8%), Europe (28.9%) and Other (17.0%) means it is our top broad-based global pick, trading at an estimated 9.7% discount to NTA. TGG remains our top European pick (currently overweight Europe and underweight US), trading at an estimated 9.6% discount to NTA.

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## Franking and special dividends

- Recently, a number of domestic focused LICs announced special dividends to accompanying respective 1H19 interim dividends (AFI/BKI/MIR/AMH). For a majority of these LICs this is the first special dividend in a number of years (>5 years). Respective LIC managers have cited a number of reasons for the special dividend including: 1) recent corporate activity (buybacks) from underlying holdings; and 2) the uncertainty surrounding Australian Labor Party's proposed franking policy should the ALP win the upcoming election.
- Special dividend:** To date, domestic LICs AFI, BKI, MIR and AMH have announced special dividends. AFI announced an 18.0cps 1H19 interim dividend (incl. 8.0cps special dividend). In FY18, AFI paid a total of 24.0cps in dividends. We note within the traditional segment that ARG, AUI and DUI are still to report 1H19 results.
- Figure 1 below depicts the respective franking balance of key domestic LICs (as at FY18). We believe risk is to the upside of further special dividend announcements from those LICs that are yet to report 1H19 results as well as for the remainder of FY19, as noted by BKI and MLT in their results commentary.
  - BKI recent dividend commentary:** "Following payment of these dividends, BKI will have approximately \$16.8m of imputation credits available for future dividends. It is therefore the intention of the BKI Directors to distribute to shareholders another fully franked special dividend of at least 1.0cps. This dividend would be declared on or before the release of BKI's FY19 results, expected on Wednesday, 17 July 2019".
  - MLT recent dividend commentary:** "We note that special dividend income is expected to be strong in the second half which may allow for a special dividend for the full year."

**Fig.1: Franking balances of key domestic LICs (as at FY18)**

Company	Code	FY18 net franking balance (post FY18 final) (\$'000)	Ability to frank additional dividend amount up to (\$'000)	Retained earnings/Dividend reserve FY18 (\$'000)	FY18 dividends paid (\$'000)
Australian Foundat.	AFI	107.6	251.0	631.7	282.2
Argo Investments	ARG	69.5	162.2	410.2	221.4
Australian United In	AUI	32.4	75.6	133.9	43.4
BKI Investment Ltd	BKI	16.7	39.0	47.0	45.4
Diversified United	DUI	9.1	21.1	67.5	31.5
Djerriwarrh	DJW	23.7	55.2	56.6	44.1
Milton Corporation	MLT	96.3	224.8	203.1	125.0
Mirrabooka Invest.	MIR	17.1	45.2	15.7	19.0
AMCIL Limited	AMH	1.8	4.7	10.6	11.1
Perpetual Equity Ltd	PIC	5.3	12.4	10.4	19.0
WAM Capital Limited	WAM	1.4	3.4	130.1	102.6
WAM Leaders Limited	WLE	2.1	4.9	68.6	35.1
Whitefield Ltd	WHF	12.8	29.9	24.2	15.2
Acorn Cap Inv Fund	ACQ	1.1	2.5	18.8	3.3
WAM Research Ltd	WAX	1.8	4.2	59.8	17.2
Westoz Inv Ltd	WIC	3.5	8.3	25.4	7.8

Source: Company reports, Baillieu estimates

## **Performance Review**

- The All Ordinaries Accumulation Index (XAOAI) returned -3.5% for the year ending 31 December 2018, whilst the MSCI World Index (AUD adjusted) – a benchmark for LICs with an international focus – returned 1.7%, as global markets outperformed local equities and the Australian dollar depreciated 9.6% against the US dollar.

### **Traditional LICs**

- AFIC (AFI) & DUI were the strongest performers for the year ending 31 December 2018 with TSRs of -0.1% and -1.3% respectively and active returns of 3.5% and 2.3%.
- Diversified United Investment (DUI) was at the largest discount to net tangible assets at 5.2%. Djerriwarrh (DJW) is currently trading at a 6.8% premium to NTA.
- DJW has the highest trailing dividend yield at 6.4%.

### **Large capitalisation LICs**

- CBG Capital (CBC) and Future Generation Fund (FGX) were the strongest performers for the year with TSRs of 10.0% and 4.2% respectively and active returns of 13.5% and 7.7% respectively.
- Australian Leaders Fund (ALF) was at the largest discount to net tangible assets at -16.4%. WAM Capital (WAM) continues to trade at a significant 21.8% premium to NTA.
- Contango Income Generator (CIE) has the highest dividend yield at 8.6% (partially franked).

### **Small capitalisation LICs**

- WAM Research (WAX) and Glennon Small Companies (GC1) were the strongest performers for the year with TSRs of 1.4% and 0.6% respectively and active returns of 5.0% and 9.2%.
- NGE Capital (NGE) was at the largest discount to net tangible assets at 24.2%. WAX continues to trade at a significant 33.8% premium to NTA.
- Naos Small Cap Opportunities (NSC) has the highest dividend yield at 10.1%.

### **International**

- MFF Capital Investments (MFF) & Future Generation Global (FGG) were the strongest performers for the year with TSRs of 16.3% and 6.3% respectively and active returns of 14.3% and 4.5%.
- Argo Global Infrastructure (ALI) was at the largest discount to net tangible assets at 15.6%. PMC continues to trade at a significant 16.8% premium to NTA
- Platinum Asia (PAI) has the highest dividend yield at 9.3%.

### **Specialist**

- Lion Selection (LSX) was the strongest performer for the year with a TSR of 5.6% and an active return of 21.6%
- Bailador Tech (BTI) was at the largest discount to net tangible assets at 34.5%. WAM Active (WAA) trades at a 1.8% premium to NTA.
- Sandon Capital (SNC) has the highest dividend yield at 8.3%.

## Updated Sector Snapshot

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

Figures as at: 29 January 2019

Traditional LICs	Code	Share Price	Market Cap. (\$m)	Dividend (cents)	Dividend Yield	Grossed Up Yield	TSR since Jan 1	Current Est. NTA	Current Estimated Disc/Prem	Dec NTA	Dec Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	MER
Australian Foundat.	<b>AFI</b>	6.29	7497.9	24.0	3.8%	5.5%	4.8%	5.88	6.9%	5.69	5.4%	1.5%	1.5%	0.14%
Argo Investments	<b>ARG</b>	7.77	5531.9	31.5	4.1%	5.8%	2.5%	7.61	2.1%	7.34	3.3%	0.8%	1.4%	0.17%
Australian United In	<b>AUI</b>	8.40	1043.0	35.0	4.2%	6.0%	5.7%	8.70	-3.5%	8.44	-5.8%	-4.2%	-5.0%	0.10%
BKI Investment Ltd	<b>BKI</b>	1.57	1142.2	7.3	4.7%	6.7%	4.0%	1.56	0.8%	1.51	0.3%	-1.0%	1.3%	0.15%
Djerriwarrh	<b>DJW</b>	3.13	694.2	20.0	6.4%	9.1%	2.5%	2.99	4.7%	2.95	6.8%	5.2%	14.8%	0.46%
Diversified United	<b>DUI</b>	4.11	864.9	15.0	3.6%	5.2%	6.8%	4.23	-2.8%	4.10	-6.1%	-5.2%	-5.9%	0.13%
Milton Corporation	<b>MLT</b>	4.47	2972.3	19.0	4.3%	6.1%	3.7%	4.56	-1.9%	4.42	-2.5%	-1.6%	-0.8%	0.12%

Large Capitalisation	Code	Share Price	Market Cap. (\$m)	Dividend (cents)	Dividend Yield	Grossed Up Yield	TSR since Jan 1	Current Est. NTA	Current Estimated Disc/Prem	Dec NTA	Dec Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	MER
Australian Leaders	<b>ALF</b>	0.97	253.4	2.0	2.1%	3.0%	-0.5%	n.a	n.a	1.16	-16.4%	-14.5%	-2.3%	1.00%
Concentrated Leaders	<b>CLF</b>	1.22	72.2	6.0	4.9%	7.1%	5.4%	1.27	-4.2%	1.21	-3.7%	-5.6%	-7.9%	0.75%
AMCIL Limited	<b>AMH</b>	0.89	241.0	4.3	4.8%	6.8%	4.1%	0.92	-3.0%	0.88	-2.8%	-6.1%	-2.8%	0.65%
Clime Capital	<b>CAM</b>	0.84	76.8	5.0	6.0%	8.5%	0.3%	0.88	-4.3%	0.84	1.2%	-6.7%	-8.2%	0.83%
CBG Capital	<b>CBC</b>	0.90	23.6	3.1	3.4%	4.9%	0.0%	0.94	-3.9%	0.91	-1.1%	-12.0%	-10.7%	1.00%
Cadence Capital	<b>CDM</b>	0.87	278.7	8.0	9.2%	13.1%	-1.7%	0.94	-7.5%	0.93	-5.2%	3.8%	8.0%	1.00%
Contango Inc Gen Ltd	<b>CIE</b>	0.76	79.0	6.6	8.6%	12.3%	-3.8%	0.91	-16.6%	0.88	-9.8%	-6.2%	-5.2%	0.95%
Carlton Investments	<b>CIN</b>	31.38	830.8	121.0	3.9%	5.5%	3.2%	35.19	-10.8%	35.07	-13.3%	-11.6%	-12.2%	0.09%
Future Gen Ltd	<b>FGX</b>	1.16	459.8	4.5	3.9%	5.5%	-1.3%	n.a	n.a	1.11	5.7%	0.2%	-1.3%	0.00%
Mirrabooka Invest.	<b>MIR</b>	2.50	397.6	12.0	4.8%	6.9%	4.5%	2.29	9.3%	2.21	14.0%	7.6%	13.2%	0.65%
Ophir High Conviction	<b>OPH</b>	2.29	458.0	0.0	na	na	2.2%	2.31	-0.9%	2.13	5.2%	na	na	1.23%
Perpetual Equity Ltd	<b>PIC</b>	1.05	362.1	6.3	6.0%	8.6%	0.5%	1.07	-2.1%	1.04	0.1%	0.3%	-4.8%	1.00%
Plato Income Max.	<b>PL8</b>	1.01	298.1	5.4	5.3%	7.6%	1.5%	n.a	n.a	0.99	0.6%	-2.5%	-0.1%	0.80%
Qv Equities Limited	<b>QVE</b>	1.08	297.6	5.2	4.8%	6.9%	3.3%	1.12	-3.3%	1.08	-3.2%	-2.5%	1.7%	0.90%
WAM Capital Limited	<b>WAM</b>	2.08	1479.4	15.5	7.5%	10.6%	-3.7%	n.a	n.a	1.77	21.8%	20.8%	19.6%	1.00%
WAM Leaders Limited	<b>WLE</b>	1.08	760.5	5.0	4.6%	6.6%	1.9%	1.14	-5.6%	1.09	-3.1%	-2.2%	-1.6%	1.00%
Whitefield Ltd	<b>WHF</b>	4.35	388.6	18.8	4.3%	6.2%	3.3%	4.67	-6.9%	4.52	-6.9%	-6.7%	-7.9%	0.25%

Small Capitalisation	Code	Share Price	Market Cap. (\$m)	Dividend (cents)	Dividend Yield	Grossed Up Yield	TSR since Jan 1	Current Est. NTA	Current Estimated Disc/Prem	Dec NTA	Dec Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	MER
Acorn Cap Inv Fund	<b>ACQ</b>	1.09	57.6	6.2	5.7%	6.7%	2.3%	1.16	-6.4%	1.15	-7.2%	-10.8%	-13.1%	0.95%
Barrack St Invest	<b>BST</b>	0.88	16.0	3.3	3.7%	4.4%	-0.6%	1.12	-21.7%	1.07	-17.8%	-19.4%	-17.3%	1.00%
Naos Small Cap Opp	<b>NSC</b>	0.68	114.9	6.9	10.1%	11.9%	0.7%	n.a	n.a	0.76	-11.2%	-11.4%	-10.0%	1.25%
Forager Aust. Shares	<b>FOR</b>	1.38	157.1	21.3	15.4%	15.4%	3.8%	1.36	1.5%	1.34	-0.7%	9.0%	10.6%	1.00%
Glennon SML Co Ltd	<b>GC1</b>	0.87	41.4	4.0	4.6%	5.4%	-6.5%	n.a	n.a	0.91	2.2%	-12.8%	-9.0%	1.00%
Naos Emerg Opp	<b>NCC</b>	1.06	63.5	7.3	6.8%	9.8%	-3.6%	n.a	n.a	1.09	0.9%	1.6%	-1.8%	1.25%
NGE Capital	<b>NGE</b>	0.67	24.9	0.0	na	na	18.6%	n.a	n.a	0.77	-24.2%	-21.1%	-23.5%	1.90%
Ozgrowth Limited	<b>OZG</b>	0.16	57.0	0.5	3.1%	4.5%	0.0%	0.20	-17.9%	0.19	-13.5%	-19.4%	-19.8%	1.00%
Ryder Capital	<b>RYD</b>	1.20	61.6	3.0	2.5%	3.6%	0.8%	n.a	n.a	1.35	-10.2%	-17.4%	-9.4%	1.25%
Spheria Emerging Co	<b>SEC</b>	1.70	112.8	4.0	2.4%	3.4%	-1.7%	1.90	-10.7%	1.84	-6.0%	-6.9%	-6.5%	1.00%
WAM Research Ltd	<b>WAX</b>	1.37	258.8	9.5	7.0%	9.9%	-6.5%	n.a	n.a	1.09	33.8%	23.8%	21.6%	1.00%
Westoz Inv Ltd	<b>WIC</b>	1.07	141.9	6.0	5.6%	8.0%	4.4%	1.10	-2.9%	1.06	-4.1%	-9.2%	-11.8%	1.00%
8lp Emerg Co Ltd	<b>SEC</b>	0.71	29.1	4.0	5.6%	8.0%	-5.3%	n.a	n.a	0.87	-13.9%	-15.3%	-12.3%	1.25%

International	Code	Share Price	Market Cap. (\$m)	Dividend (cents)	Dividend Yield	Grossed Up Yield	TSR since Jan 1	Current Est. NTA	Current Estimated Disc/Prem	Dec NTA	Dec Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	MER
Argo Global Ltd	<b>ALI</b>	1.93	273.5	3.8	1.9%	1.9%	4.9%	2.27	-15.0%	2.18	-15.6%	-14.7%	-12.2%	1.25%
Antipodes Global	<b>APL</b>	1.05	579.1	5.0	4.8%	4.8%	5.5%	1.12	-5.8%	1.09	-8.3%	-5.4%	-2.5%	1.10%
Ellerston Asian	<b>EAI</b>	0.99	108.0	1.0	1.0%	1.0%	-1.0%	1.10	-10.2%	1.02	-2.3%	-5.9%	-9.2%	0.75%
Ellerston Global Inv	<b>EGI</b>	0.94	102.8	4.0	4.3%	6.1%	-3.6%	1.04	-10.1%	0.99	-2.2%	-7.7%	-10.2%	0.75%
Future Glb Invest Co	<b>FGG</b>	1.34	525.0	1.0	0.7%	1.1%	0.8%	n.a	n.a	1.26	5.3%	0.8%	-0.4%	0.00%
Global Value Fnd Ltd	<b>GVF</b>	1.04	152.9	6.3	6.1%	8.7%	0.0%	1.10	-6.0%	1.04	-0.1%	-0.5%	-0.9%	1.50%
Pengana International	<b>PIA</b>	1.10	278.3	7.0	6.4%	9.1%	3.8%	1.17	-5.8%	1.15	-7.6%	-6.2%	-6.6%	1.50%
MFF Capital Invest.	<b>MFF</b>	2.60	1406.6	3.0	1.2%	1.6%	2.4%	2.83	-8.0%	2.65	-4.1%	-7.4%	-9.3%	1.25%
Magellan Global Trust	<b>MGG</b>	1.67	1761.9	6.0	3.6%	5.1%	3.7%	1.63	2.8%	1.57	4.5%	-0.7%	-0.2%	1.35%
Pm Capital Asian Ops	<b>PAF</b>	1.03	58.0	4.5	4.4%	6.3%	3.5%	1.01	1.1%	0.99	-0.3%	2.4%	-4.7%	1.00%
Platinum Asia Ltd	<b>PAI</b>	1.08	388.7	10.0	9.3%	13.3%	0.5%	1.03	4.7%	1.02	5.4%	5.1%	0.0%	1.10%
Pm Capital Fund	<b>PGF</b>	1.14	400.3	3.6	3.2%	4.5%	4.6%	1.26	-9.7%	1.17	-7.1%	-4.5%	-8.4%	1.00%
Platinum Capital Ltd	<b>PMC</b>	1.72	493.9	10.0	5.8%	8.3%	-2.0%	1.55	11.2%	1.50	16.8%	12.7%	8.7%	1.10%
Templeton Global	<b>TGG</b>	1.26	277.8	8.0	6.3%	9.1%	-1.9%	1.39	-9.6%	1.33	-3.2%	-8.6%	-10.0%	1.20%
VGI Partners Global	<b>VG1</b>	2.31	641.3	0.0	na	na	3.6%	2.20	4.8%	2.24	-0.4%	5.3%	4.6%	1.50%

Specialist	Code	Share Price	Market Cap. (\$m)	Dividend (cents)	Dividend Yield	Grossed Up Yield	TSR since Jan 1	Current Est. NTA	Current Estimated Disc/Prem	Dec NTA	Dec Disc/Prem	1 Yr Ave Disc/Prem	3 Yr Ave Disc/Prem	MER
Blue Sky Alt Access	<b>BAF</b>	0.84	172.0	5.0	6.0%	8.5%	0.0%	1.11	-24.2%	1.11	-24.2%	-15.1%	-3.5%	1.20%
Bailador Tech Inv	<b>BTI</b>	0.80	96.2	0.0	na	na	5.3%	1.16	-31.0%	1.16	-34.5%	-26.4%	-18.0%	1.75%
Lowell Resource Fund	<b>LRT</b>	4.55	12.7	0.0	na	na	-4.8%	5.68	-19.9%	5.43	-12.0%	-9.3%	na	2.16%
Lion Selection Grp	<b>LSX</b>	0.38	56.3	0.0	na	na	-1.3%	n.a	n.a	0.43	-11.6%	-3.8%	-7.5%	1.50%
Monash Absolute	<b>MA1</b>	0.77	34.1	1.0	na	na	7.7%	n.a	n.a	0.86	-16.8%	-15.4%	-9.8%	1.50%
NAOS ex-50 Opport.	<b>NAC</b>	0.86	45.2	6.6	7.7%	11.0%	-3.4%	n.a	n.a	1.00	-11.0%	-11.3%	-7.1%	1.75%
Sandon Capital Ltd	<b>SNC</b>	0.84	40.7	7.0	8.3%	11.9%	0.6%	n.a	n.a	0.92	-9.2%	-4.4%	-4.6%	1.25%
Thorney Opp Ltd	<b>TOP</b>	0.63	128.3	1.5	2.4%	3.4%	4.1%	n.a	n.a	0.70	-13.6%	-13.5%	-9.0%	0.75%

## LIC Basics

### What is a LIC?

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

### Benefits of investing in LICs

#### Diversification

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

### LICs are managed by investment professionals

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

### Transparent investment philosophy

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

### Ease of investment

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

## Costs involved in investing in a LIC

### Entry costs

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

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

### Ongoing costs

- There are two types of fees that the manager of the LIC charges during the investment period: management fees and performance fees.
- The LIC uses management fees to cover costs incurred in running the portfolio. These fees are taken out of the profits of the LIC, which are a function of the performance of the investment portfolio of the company (including dividends paid and capital gains/losses on shares that are sold). They are paid regardless of the profitability of the investment portfolio.
- These fees range from 0.0%-1.75% of assets per year. This is much lower than average fees charged for retail managed funds, which are approximately 1.5-3.0%. The effect of this cost-saving on a longer-term investment, where returns compound over a number of years, can be quite substantial. One reason for this lower cost is that LICs do not incur back-office or distribution costs, reducing their cost of operation. The fees (calculated as a "management expense ratio" or MER) of our selected LICs are shown in the graph below.
- Unlike management fees, performance fees are paid only if the LIC's investment portfolio outperforms a predetermined benchmark and is linked to the size of this outperformance. Not all LICs charge performance fees.
- These fees provide an incentive for the manager of the fund to optimise returns for shareholders of the LIC. They are generally paid not just if the fund is profitable, but when it is more profitable than the market as a whole. Unlike management fees, they will generally not deteriorate low returns or worsen investment losses.
- Performance fees for our selected LICs are shown in the table overleaf. The benchmark index is the S&P/ASX All Ordinaries Accumulation Index unless otherwise stated below.

## NTA Performance calculation methodology

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

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

**Fig.2: Performance fees of selected LICs**

ACQ	20% of outperformance of S&P/ASX Small Ords Acc Index
AFI	None
ALF	20% above All Ordinaries Accumulation Index
ALI	None
ALR	None
AMH	None
APL	15% of net return in excess of MSCI World Index (\$AUD)
ARG	None
AUI	None
BKI	None
BST	20% of annual outperformance over 8.0%
BTI	On sale, a fee of 17.5% of the increase in value, subject to a compound 8% hurdle
CAM	20% of outperformance in excess of the All Ords Accum. Index
CBC	20% (exclusive of GST) in excess of the S&P/ASX200 Accum. Index
CDM	20% of returns above index or of portfolio return
CIE	None
CIN	None
DJW	None
DUI	None
EAI	15% of outperformance in excess of the MSCI AC Asia Ex Japan Index (\$AUD)
EGI	15% of outperformance in excess of MSCI World Index (Local)
FGG	None
FGX	None
FOR	10% of the net return in excess of 8% p.a. benchmark
GC1	20% of outperformance over the Small Ordinaries Accumulation Index
GVF	15% of outperformance in excess of a hurdle return being 4% above the 1 year swap rate
HHV	15% above MSCI World Index
LRT	NTA change over a hurdle rate of 10% (calculated bi-annually)
LSX	15% of outperformance above benchmark
MA1	20% of outperformance over the RBA cash rate, inclusive of a high watermark
MFF	\$1m pa if TSR exceeds 10% compounded annually over a three year period
MGG	10% of excess performance above the higher of MSCI World Index (AUD)/Yield of 10 Yr Aust Govt Bonds
MIR	None
MLT	None
NAC	20% of performance in excess of the RBA cash rate + 250bps
NCC	15% of performance in excess of Small Ordinaries Accumulation Index
OPH	20.5% (pa) of outperformance over the ASX Mid-Small Index
OZG	20% where performance exceeds 7% over 12 month period
PAF	15% of performance in excess of MSCI Asia (ex Japan) Index (AUD)
PAI	15% of performance in excess of MSCI Asia (ex Japan) Index (AUD)
PGF	15% of performance in excess of MSCI World Index (AUD)
PIC	None
PMC	15% of performance in excess of MSCI World Index (AUD)
QVE	None
RYD	20% (plus GST) of outperformance over the RBA cash rate +4.5% pa
SEC	20% of returns above ASX Small Ordinaries Accumulation Index
SNC	20% of outperformance over the Benchmark Reference Rate (BBSW)
TGG	None
TOP	Greater of zero and 20% of the increase in asset value in each financial year
VG1	15% of the portfolio's performance
WAA	20% of portfolio growth over a high watermark
WHF	None
WAM & WAX	20% of returns above All Ordinaries Accumulation Index if index increased, or where the 20% of the index decreased over the period, 20% of positive portfolio perf (0% if negative)
WIC	20% where performance exceeds 10% over 12 month period
WDE	15% of outperformance over the S&P/ASX300 Accumulation Index
WLE	20% outperformance over the S&P/ASX200 Accumulation Index
WMK	20% of returns above the RBA cash rate
8EC	20% of outperformance over the RBA cash rate plus 2%

Source: Company reports, Baillieu

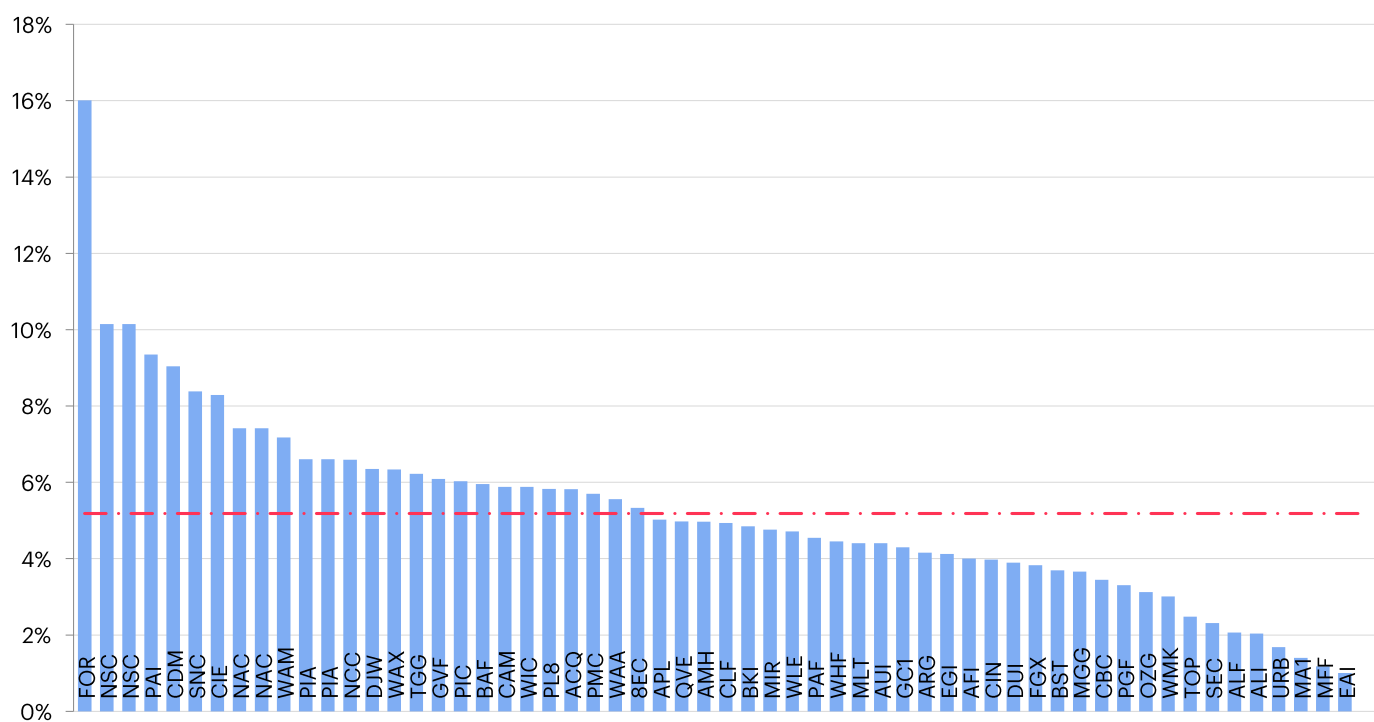
### Exit costs

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

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

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

Fig.3: Dividend yield for selected LICs



Source: Iress, Bloomberg, Baillieu

### Taxation issues

- The returns of the LIC are generally taxed at the company tax rate of 30%. Accordingly, when dividends are paid to shareholders of the LIC, they attach franking credits. These are a tax benefit for shareholders, as they receive a “credit” for the company tax already paid on the LIC income when the shareholder’s ordinary income is assessed.

- Capital gains are managed by the manager of the LIC. Where the dividend paid to a shareholder of a LIC contains income derived from a capital gain of the LIC, it will be treated as a capital gain, not ordinary income, in the hands of the shareholder. Under current tax rules, only 50% of this amount is taxable for many investors.
- This tax treatment contrasts with that of unlisted retail managed funds, where investors incur an annual tax liability on interest and capital gains that the fund earns each year.

### LICs versus managed funds

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

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

### LICs versus exchange traded funds (ETFs)

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

Fig. 4: LIC Performance Table (Dec 2018)

Code	Company	1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA performance	TSR Performance	Avg. Prem/Disc	NTA performance	TSR Performance	Avg. Prem/Disc	NTA performance	TSR Performance	Avg. Prem/Disc
AFI	Australian Foundat.	-3.6%	-0.1%	1.5%	4.4%	4.4%	1.5%	3.5%	3.2%	2.4%
ARG	Argo Investments	-5.0%	-3.1%	0.8%	4.3%	2.2%	1.4%	3.9%	4.7%	2.3%
AUI	Australian United In	-2.8%	-4.9%	-4.2%	6.5%	6.9%	-5.0%	3.8%	4.6%	-4.6%
BKI	BKI Investment Ltd	-5.5%	-8.9%	-1.0%	2.4%	0.8%	1.3%	2.7%	3.6%	0.8%
DJW	Djerriwarrh	-6.2%	-7.4%	5.2%	3.8%	-4.6%	14.8%	1.8%	-2.7%	19.7%
DUI	Diversified United	0.5%	-1.3%	-5.2%	9.1%	8.3%	-5.9%	6.4%	6.3%	-5.7%
MLT	Milton Corporation	-2.3%	-4.1%	-1.6%	3.5%	2.2%	-0.8%	4.4%	4.6%	0.3%
Code		1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
ALF	Australian Leaders	-0.8%	-9.3%	-14.5%	-1.0%	-6.8%	-2.3%	0.1%	-4.9%	1.7%
CLF	Concentrated Leaders	-6.1%	-3.9%	-5.6%	5.3%	8.5%	-7.9%	5.0%	1.7%	-5.5%
AMH	AMCIL Limited	-4.9%	0.5%	-6.1%	2.2%	2.5%	-2.8%	3.8%	3.2%	-2.3%
CAM	Clime Capital	-8.4%	1.8%	-6.7%	0.9%	5.7%	-8.2%	-0.8%	1.1%	-8.2%
CBC	CBG Capital Limited	-8.1%	10.0%	-12.0%	-1.9%	2.8%	-7.8%	na	na	na
CDM	Cadence Capital	-20.7%	-30.2%	3.8%	-3.1%	-11.1%	8.0%	-0.3%	-3.7%	6.1%
CIE	Contango Inc Gen Ltd	-8.7%	-12.6%	-6.2%	1.5%	0.0%	-5.2%	na	na	na
CIN	Carlton Investments	-2.9%	-5.4%	-11.6%	0.0%	0.0%	-12.2%	7.3%	7.8%	-11.5%
FGX	Future Gen Ltd	-6.0%	4.2%	0.2%	1.4%	4.1%	-1.3%	na	na	na
MIR	Mirrabooka Invest.	-6.4%	-0.6%	7.6%	2.5%	4.2%	13.2%	5.7%	3.3%	13.5%
PIC	Perpetual Equity Ltd	-6.1%	-5.4%	0.3%	3.9%	7.0%	-4.8%	na	na	na
PL8	Plato Inc Max Ltd.	-2.2%	-3.4%	-2.5%	na	na	na	na	na	na
QVE	Qv Equities Limited	-8.7%	-16.6%	-2.5%	3.8%	3.9%	1.7%	na	na	na
WAM	WAM Capital Limited	-6.3%	-3.9%	20.8%	5.6%	7.2%	19.6%	8.1%	8.8%	15.1%
WLE	WAM Leaders Limited	-2.1%	-4.5%	-2.2%	na	na	na	na	na	na
WHF	Whitefield Ltd	-6.4%	-10.0%	-6.7%	1.8%	3.0%	-7.9%	4.8%	5.1%	-7.2%
Code		1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
ACQ	Acorn Cap Inv Fund	-8.8%	-2.8%	-10.8%	7.5%	11.7%	-13.1%	na	na	na
BST	Barrack St Invest	-4.5%	-1.7%	-19.4%	-1.6%	3.2%	-17.3%	na	na	na
NSC	Naos Smlcap Com Ltd	-17.2%	-21.8%	-11.4%	-5.6%	-4.4%	-10.0%	-1.7%	-1.7%	-9.8%
FOR	Forager Aust Shs Fnd	-17.4%	-27.6%	9.0%	na	na	na	na	na	na
GC1	Glennon SML Co Ltd	-15.5%	0.6%	-12.8%	-0.5%	1.2%	-9.0%	na	na	na
NCC	Naos Emerg Opp	-15.8%	-20.5%	1.6%	5.1%	9.8%	-1.8%	3.9%	5.6%	-5.1%
NGE	NGE Capital Limited	-4.4%	26.1%	-21.1%	na	na	na	na	na	na
OZG	Ozgrowth Limited	-14.8%	-11.1%	-19.4%	10.3%	13.6%	-19.8%	-0.7%	1.9%	-16.8%
RYD	Ryder Capital Ltd	-14.3%	-7.5%	-17.4%	7.7%	7.4%	-9.4%	na	na	na
SEC	Spheria Emerging Co	-9.7%	-10.8%	-6.9%	na	na	na	na	na	na
WAX	WAM Research Ltd	-8.0%	1.4%	23.8%	4.2%	10.5%	21.6%	7.6%	12.0%	15.3%
WIC	Westoz Inv Ltd	-11.1%	-9.4%	-9.2%	10.3%	12.9%	-11.8%	1.2%	3.3%	-10.4%
8EC	8lp Emerg Co Ltd	-23.0%	-18.6%	-15.3%	-2.3%	-5.6%	-12.3%	na	na	na
Code		1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
ALI	Argo Global Ltd	5.6%	-0.9%	-14.7%	6.9%	3.6%	-12.2%	na	na	na
APL	Antipodes Global Inv	-9.1%	-17.1%	-5.4%	na	na	na	na	na	na
EAI	Ellerston Asian	-11.7%	-9.5%	-5.9%	2.0%	1.5%	-9.2%	na	na	na
EGI	Ellerston Global Inv	-18.4%	-13.2%	-7.7%	0.2%	0.1%	-10.2%	na	na	na
FGG	Future Glb Invest Co	3.8%	6.3%	0.8%	6.5%	5.2%	na	na	na	na
GVF	Global Value Fnd Ltd	-0.9%	-6.3%	-0.5%	2.1%	6.3%	-0.9%	na	na	na
PIA	Pengana Int Equ Ltd	0.0%	-4.7%	-6.2%	0.7%	2.1%	-6.6%	5.3%	8.6%	-8.5%
MFF	MFF Capital Inv Ltd	8.2%	16.3%	-7.4%	11.8%	7.7%	-9.3%	14.4%	11.7%	-6.6%
MGG	Magellan Glob Trust	3.3%	1.9%	-0.7%	na	na	-0.2%	na	na	na
PAF	Pm Capital Asian Ops	-18.6%	-16.9%	2.4%	-0.8%	4.7%	-4.7%	na	na	na
PAI	Platinum Asia Ltd	-11.4%	-8.5%	5.1%	5.3%	4.3%	0.0%	na	na	na
PGF	Pm Capital Fund	-9.4%	-8.8%	-4.5%	3.3%	5.9%	-8.4%	na	na	na
PMC	Platinum Capital Ltd	-10.5%	-8.5%	12.7%	3.9%	2.6%	8.7%	3.1%	6.4%	9.0%
TGG	Templeton Global	-8.5%	-4.0%	-8.6%	2.4%	5.9%	-10.0%	2.8%	2.3%	-8.0%
VG1	Vgi Partners Global	10.9%	0.0%	5.3%	na	na	na	na	na	na
Code		1 Year			3 Year (annualised)			5 Year (annualised)		
		NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc	NTA Performance	TSR Performance	Avg. Prem/Disc
BAF	Blue Sky Alt Access	1.6%	-26.2%	-15.1%	6.7%	-0.7%	-3.5%	na	na	na
BTI	Bailador Tech Inv	7.4%	-15.6%	-26.4%	-2.5%	-8.6%	-18.0%	na	na	na
LRT	Lowell Res Fund	-31.5%	-42.8%	-9.3%	na	na	na	na	na	na
LSX	Lion Selection Grp	26.5%	5.6%	-3.8%	14.0%	29.5%	-7.5%	-6.4%	-6.4%	-18.2%
MA1	Monash Absolute	-14.0%	-16.4%	-15.4%	na	na	na	na	na	na
NAC	Naos Ex-50	-9.5%	-9.9%	-11.3%	-1.0%	1.1%	-7.1%	na	na	na
SNC	Sandon Capital Ltd	-1.8%	-8.0%	-4.4%	4.7%	6.1%	-4.6%	4.8%	2.7%	-4.1%
TOP	Thorney Opp Ltd	-9.8%	-15.3%	-13.5%	9.6%	4.0%	-9.0%	9.5%	4.3%	-6.8%
URB	URB Investments Ltd	2.4%	-13.5%	-8.5%	na	na	na	na	na	na
WAA	WAM Active Limited	-2.2%	-5.4%	3.7%	5.1%	3.4%	4.1%	5.3%	2.1%	4.8%
WMK	Watermark Fund Ltd	-2.6%	-2.3%	-12.3%	-0.8%	-0.5%	-5.2%	2.2%	0.7%	-5.7%

## Acorn Capital (ACQ)

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

- Acorn Capital was founded in 1998 and is one of the largest specialist microcap investor in the Australian market. ACQ commenced trading on the ASX in May 2014.
- Utilising a sector neutral investment style, ACQ invests in ASX listed companies outside the top 250 by market capitalisation and unlisted opportunities if they are evaluated to be more attractive than listed opportunities.
- At Jun-18 ACQ had a dividend reverse which equates to approximately 5 years over dividend coverage (assuming 7.0cps on current capital structure).
- The total shareholder return for the year ending 31 December 2018 was -2.8% with pre-tax net asset backing decreasing 8.8%. The active return (TSR) was 5.9%.

**Fig.5: ACQ overview**

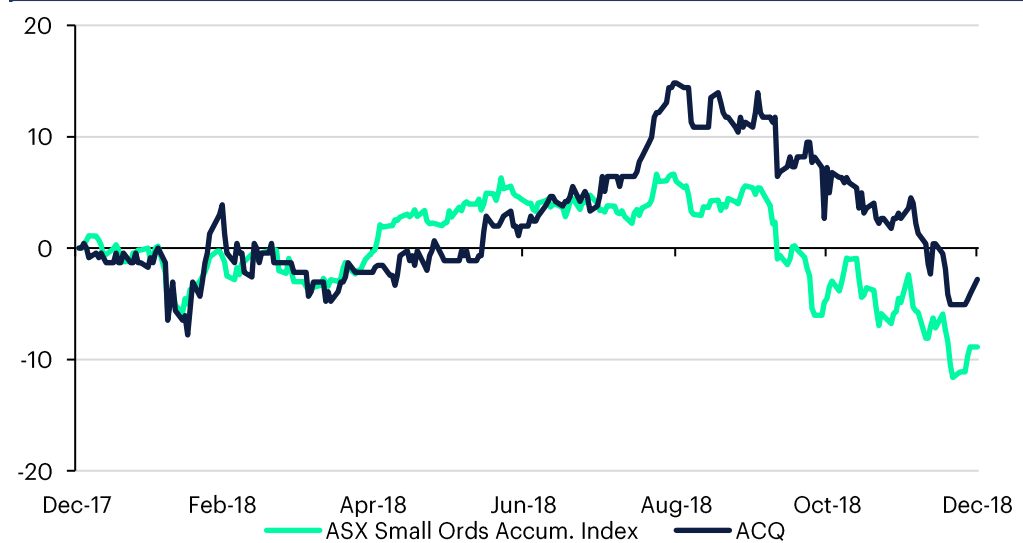
ACQ Snapshot				Top Holdings			
Price (31 December 2018)	\$1.07			CALIX LTD		5.9%	
Share price range (12 months)	\$1.04- \$1.3			MOULA MONEY PTY LTD (UL)		5.8%	
Shares on issue (Mn)	52.8			TELIX PHARMACEUTICALS		5.1%	
Market capitalisation (\$Mn)	\$56			REDHILL EDUCATION LTD		3.3%	
Pre-tax asset backing*	\$1.15			CARBON REVOLUTION PTY LTD (UL)		3.0%	
Post-tax asset backing*	\$1.14			LIFESTYLE PANEL (UL)		3.0%	
Premium/(Discount) to pre-tax NTA	-7.2%			SHINE CORPORATION LTD		2.6%	
Premium/(Discount) to post-tax NTA	-6.2%			INNOVATIVE ASSET SOLUTIONS (UL)		2.5%	
Dividend yield	5.8%			REDBUBBLE LTD		2.4%	
Dividend per share (cents)	6.2			DEPARTMENT 13 INTERNATIONAL (UL)		2.3%	
Franking	100%						
Management expense ratio	0.95%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
ACQ	-2.8%	11.7%	na	NTA growth	-8.8%	7.5%	na
Active return	5.9%	4.2%	na	Active return	-0.1%	0.1%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.6: ACQ TSR vs ASX Small Ords Accum. Index**



Source: Bloomberg, Baillieu

## Australian Foundation Investment Company (AFI)

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

- AFI was formed in 1928 and is Australia's oldest and largest listed investment company.
- AFI is a long-term, low-risk investor in major companies on both the ASX and New Zealand Stock Exchange.
- Key sector exposures include Banks (21.2%), Materials (17.2%), Industrials (14.5%), Other Financials (10.5%), Healthcare (10.3%), and Consumer Staples (5.4%).
- The total shareholder return for the year ending 31 December 2018 was -0.1% with pre-tax net asset backing decreasing 3.6%. The active return (TSR) was 3.5%.

**Fig.7: AFI overview**

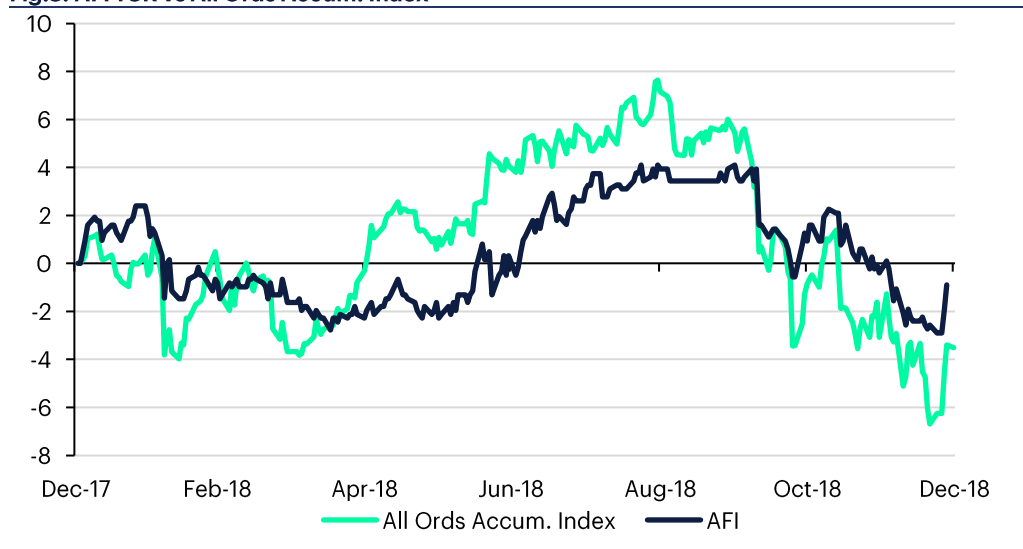
AFI Snapshot				Top Holdings			
Price (31 December 2018)	\$6.00			COMMONWEALTH BANK OF AUSTRAL		8.6%	
Share price range (12 months)	\$5.81- \$6.44			BHP GROUP LTD		7.0%	
Shares on issue (Mn)	1192.0			WESTPAC BANKING CORP		5.9%	
Market capitalisation (\$Mn)	\$7,152			CSL LTD		5.4%	
Pre-tax asset backing*	\$5.69			TRANSURBAN GROUP		4.1%	
Post-tax asset backing*	\$4.97			NATIONAL AUSTRALIA BANK LTD		3.5%	
Premium/(Discount) to pre-tax NTA	5.4%			WESFARMERS LTD		3.3%	
Premium/(Discount) to post-tax NTA	20.7%			AUST AND NZ BANKING GROUP		3.1%	
Dividend yield	4.0%			MACQUARIE GROUP LTD		2.9%	
Dividend per share (cents)	24.0			WOOLWORTHS GROUP LTD		2.7%	
Franking	100%						
Management expense ratio	0.13%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
AFI	-0.1%	4.4%	3.2%	NTA growth	-3.6%	4.4%	3.5%
Active return	3.5%	-2.2%	-2.5%	Active return	0.0%	-2.2%	-2.2%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.8: AFI TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Australian Leaders Fund (ALF)

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

- Australian Leaders Fund invests in leading Australian companies, focusing on the top 200, with strong business fundamentals on attractive terms. In addition, ALF short sells companies that it feels are fundamentally challenged.
- ALF's investment objective is to deliver superior returns over the medium term within acceptable risk parameters while preserving the company's capital.
- The net equity exposure of the portfolio is currently 4.0%.
- The total shareholder return for the year ending 31 December 2018 was -9.3% with pre-tax net asset backing decreasing 0.8%. The active return (TSR) was -5.6%.

**Fig.9: ALF overview**

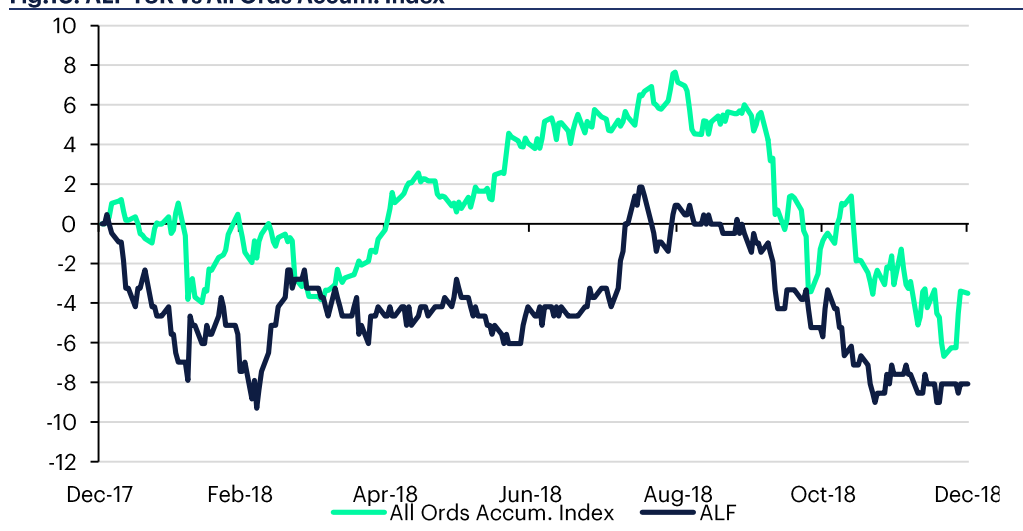
ALF Snapshot		Top Holdings			
Price (31 December 2018)	\$0.97				na
Share price range (12 months)	\$0.95- \$1.105				
Shares on issue (Mn)	262.6				
Market capitalisation (\$Mn)	\$255				
Pre-tax asset backing*	\$1.16				
Post-tax asset backing*	\$1.16				
Premium/(Discount) to pre-tax NTA	-16.4%				
Premium/(Discount) to post-tax NTA	-16.4%				
Dividend yield	2.1%				
Dividend per share (cents)	2.0				
Franking	100%				
Management expense ratio	1.00%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
ALF	-9.3%	-6.8%	-4.9%	NTA growth	-0.8%	-1.0%	0.1%
Active return	-5.8%	-13.4%	-10.6%	Active return	2.7%	-7.6%	-5.6%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.10: ALF TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Argo Global Listed Infrastructure (ALI)

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

- Established in July 2015, ALI provides investors exposure to a diversified portfolio of global listed infrastructure securities. ALI seeks to provide investors with a mix of long-term capital growth and dividend income. Cohen & Steers, a listed company on the New York Stock Exchange is a global investment manager specialising in assets such as listed infrastructure, real estate and real assets.
- ALI is heavily weighted towards the USA (53.1%) with key holdings in sectors such as Electricity (33.0%), Midstream Energy (15.1%), Railways (11.4%), Communications (11.0%), Airports (7.8%) and Gas Distribution (7.1%).
- The total shareholder return for the year ending 31 December 2018 was -0.9% with pre-tax net asset backing increasing 5.6%. The active return (TSR) was -7.6%.

**Fig.11: ALI overview**

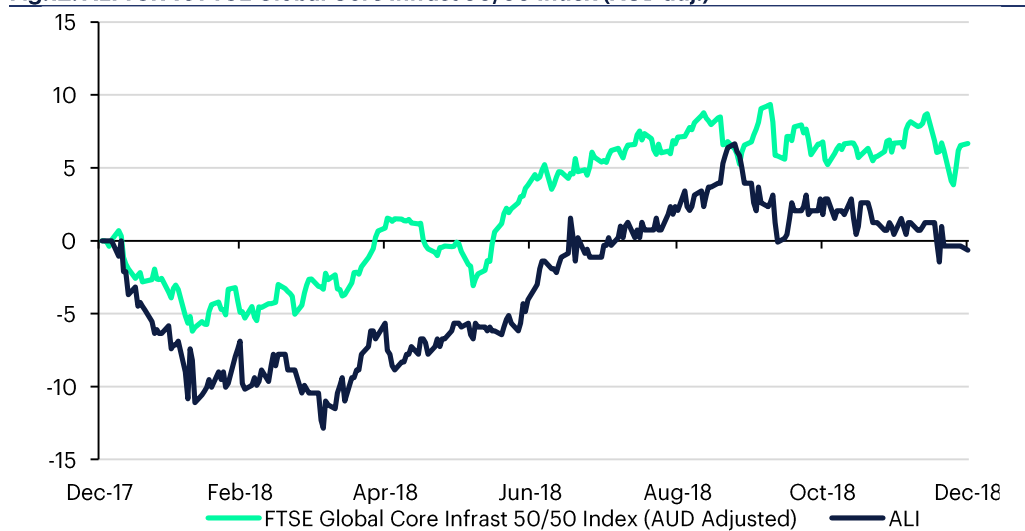
ALI Snapshot				Top Holdings		%	
Price (31 December 2018)	\$1.84			REGION			
Share price range (12 months)	\$1.63- \$1.985			US		53.1%	
Shares on issue (Mn)	141.5			ASIA PACIFIC		8.8%	
Market capitalisation (\$Mn)	\$260			CANADA		8.7%	
Pre-tax asset backing*	\$2.18			EUROPE		7.9%	
Post-tax asset backing*	\$2.14			SECTOR ALLOCATION			
Premium/(Discount) to pre-tax NTA	-15.6%			ELECTRIC		33.0%	
Premium/(Discount) to post-tax NTA	-14.0%			MIDSTREAM ENERGY		15.1%	
Dividend yield	2.0%			RAILWAYS		11.4%	
Dividend per share (cents)	3.8			COMMUNICATIONS		11.0%	
Franking	100%						
Management expense ratio	1.20%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
ALI	-0.9%	3.6%	na	NTA growth	5.6%	6.9%	na
Active return	-7.6%	-5.6%	na	Active return	-1.1%	-2.3%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.12: ALI TSR vs FTSE Global Core Infrast 50/50 Index (AUD adj.)**



Source: Bloomberg, Baillieu

## AMCIL (AMH)

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

- AMCIL was formed in 1996 with an initial focus on the media and telecommunications sectors.
- The limited scope of attractive investments within these sectors resulted in a change of strategy, and AMCIL now has a diversified portfolio of 30 to 40 of Australia's largest companies.
- Key sector exposures include Industrials (22.2%), Materials (14.4%), Other Financials (12.9%), Banks (11.6%), Healthcare (9.9%), and Information Technology (8.6%).
- The total shareholder return for the year ending 31 December 2018 was 0.5% with pre-tax net asset backing decreasing 4.9%. The active return (TSR) was 3.3%

**Fig.13: AMH overview**

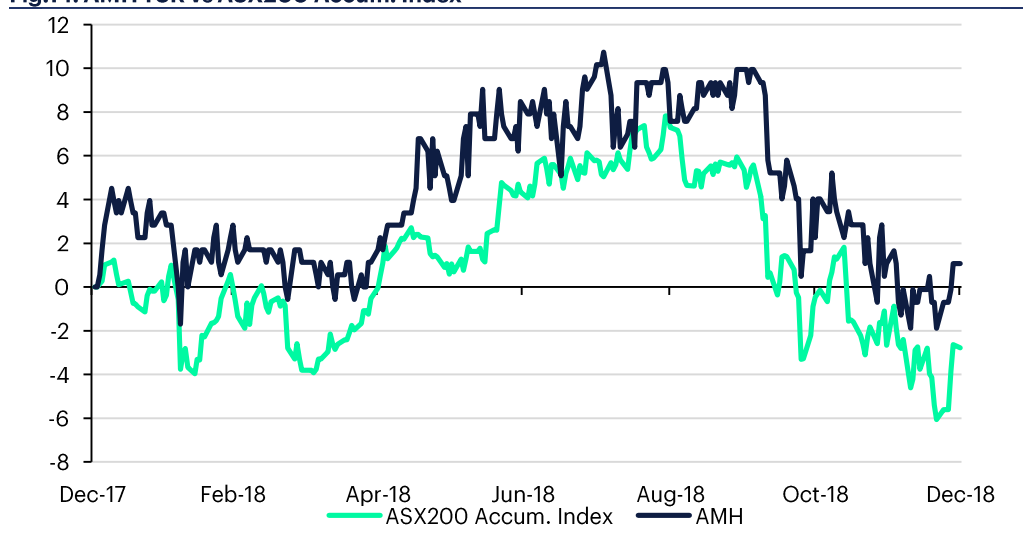
AMH Snapshot				Top Holdings			
Price (31 December 2018)	\$0.86			CSL LTD		5.7%	
Share price range (12 months)	\$0.83- \$0.98			BHP GROUP LTD		5.2%	
Shares on issue (Mn)	270.8			MAINFREIGHT LTD		4.1%	
Market capitalisation (\$Mn)	\$232			WESTPAC BANKING CORP		4.0%	
Pre-tax asset backing*	\$0.88			MACQUARIE GROUP LTD		3.5%	
Post-tax asset backing*	\$0.84			LIFESTYLE COMMUNITIES LTD		3.4%	
Premium/(Discount) to pre-tax NTA	-2.8%			COMMONWEALTH BANK OF AUSTRAL		3.3%	
Premium/(Discount) to post-tax NTA	1.8%			QUBE HOLDINGS LTD		3.3%	
Dividend yield	5.0%			TRANSURBAN GROUP		3.2%	
Dividend per share (cents)	4.3			NATIONAL AUSTRALIA BANK LTD		3.0%	
Franking	100%						
Management expense ratio	0.67%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
AMH	0.5%	2.5%	3.2%	NTA growth	-4.9%	2.2%	3.8%
Active return	3.3%	-4.2%	-2.5%	Active return	-2.1%	-4.5%	-1.8%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.14: AMH TSR vs ASX200 Accum. Index**



Source: Bloomberg, Baillieu

## Antipodes Global Investment Company (APL)

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

- Antipodes Global Investment Company (APL) is a recently incorporated LIC (October 2016) having raised over \$300m via an IPO.
- The Company has a dual investment objective to provide capital growth and income and achieve returns in excess of the benchmark, over a full investment cycle (typically 3-5 years). All underlying options have now expired (15-Oct-18)
- Key underlying regional and sector allocations include Asia (30.2%), Western Europe (18.7 %) and Communications, Banks, and Energy at 8.4%, 8.0% and 7.1% respectively.
- The total shareholder return for the year ending 31 December 2018 was -17.1% with pre-tax net asset backing decreasing 9.1%. The active return (TSR) was -18.8%.

**Fig.15: APL overview**

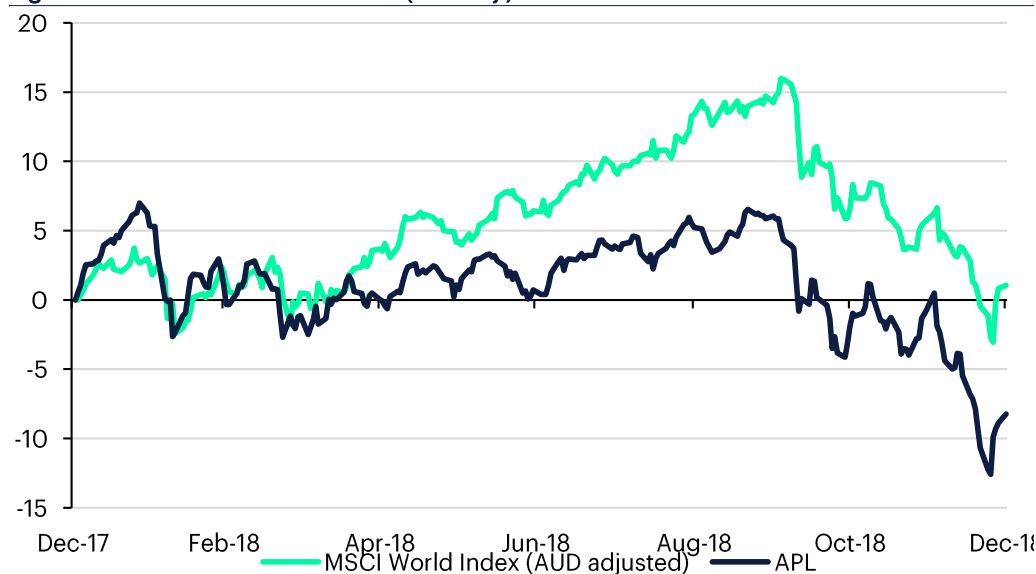
APL Snapshot			Top Holdings		%
Price (31 December 2018)	\$1.00		CISCO SYSTEMS		2.8%
Share price range (12 months)	\$0.97- \$1.37		ELECTRICITE DE FRANCE		2.7%
Shares on issue (Mn)	551.6		KT CORPORATION		2.7%
Market capitalisation (\$Mn)	\$549		BAIDU		2.6%
Pre-tax asset backing*	\$1.09		MICROSOFT CORPORATION		2.6%
Post-tax asset backing*	\$1.11		PING AN INSURANCE		2.6%
Premium/(Discount) to pre-tax NTA	-8.3%		KB FINANCIAL		2.5%
Premium/(Discount) to post-tax NTA	-10.4%		TAPESTRY		2.5%
Dividend yield	5.0%		QUALCOMM		2.5%
Dividend per share (cents)	5.0		CHINA MOBILE		2.5%
Franking	100%				
Management expense ratio	1.10%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
APL	-17.1%	na	na	NTA growth	-9.1%	na	na
Active return	-18.8%	na	na	Active return	-10.9%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.16: APL TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, Baillieu

## Argo Investments (ARG)

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

- Argo was formed in 1946 and is based in Adelaide, South Australia.
- It is the second-largest LIC by market capitalisation.
- Argo's portfolio contains investments in about 100 companies, with many of Australia's major enterprises represented.
- When compared to our large cap LICs, ARG has the lowest big four bank weighting at 17.5% of the portfolio (XAO ~20%).
- The total shareholder return for the year ending 31 December 2018 was -3.1% with pre-tax net asset backing decreasing 5.0%. The active return (TSR) was 0.4%.

**Fig.17: ARG overview**

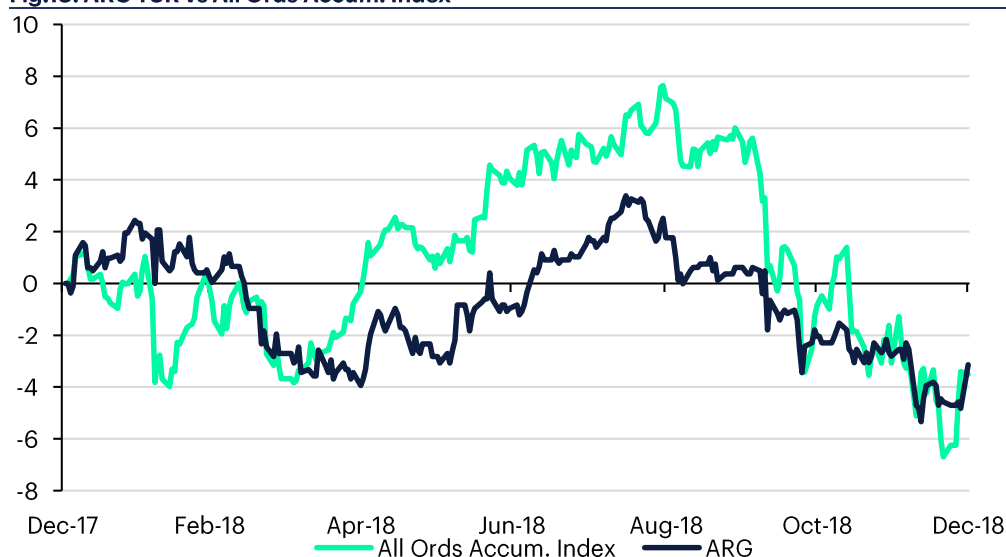
ARG Snapshot				Top Holdings			
Price (31 December 2018)	\$7.58			WESTPAC BANKING CORP		5.7%	
Share price range (12 months)	\$7.47- \$8.44			BHP GROUP LTD		5.2%	
Shares on issue (Mn)	712.0			MACQUARIE GROUP LTD		5.1%	
Market capitalisation (\$Mn)	\$5,397			AUST AND NZ BANKING GROUP		4.5%	
Pre-tax asset backing*	\$7.34			COMMONWEALTH BANK OF AUSTRAL		4.4%	
Post-tax asset backing*	\$6.60			CSL LTD		3.9%	
Premium/(Discount) to pre-tax NTA	3.3%			RIO TINTO LTD		3.3%	
Premium/(Discount) to post-tax NTA	14.8%			WESFARMERS LTD		3.1%	
Dividend yield	4.2%			NATIONAL AUSTRALIA BANK LTD		2.9%	
Dividend per share (cents)	31.5			TELSTRA CORP LTD		2.5%	
Franking	100%						
Management expense ratio	0.15%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
ARG	-3.1%	2.2%	4.7%	NTA growth	-5.0%	4.3%	3.9%
Active return	0.4%	-4.4%	-1.0%	Active return	-1.5%	-2.3%	-1.8%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.18: ARG TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Australian United Investment Company (AUI)

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

- AUI was founded in 1953 by the late Sir Ian Potter and The Ian Potter Foundation.
- AUI utilises a “traditional” investment philosophy, focusing on risk reduction by investing in a range of large and mid-cap companies on the ASX.
- Investments are chosen on their individual merits, with no pre-determined policy that any particular proportions of the capital will be invested in particular investment sectors.
- The total shareholder return for the year ending 31 December 2018 was -4.9% with pre-tax net asset backing decreasing 2.8%. The active return (TSR) was -1.4%.

**Fig.19: AUI overview**

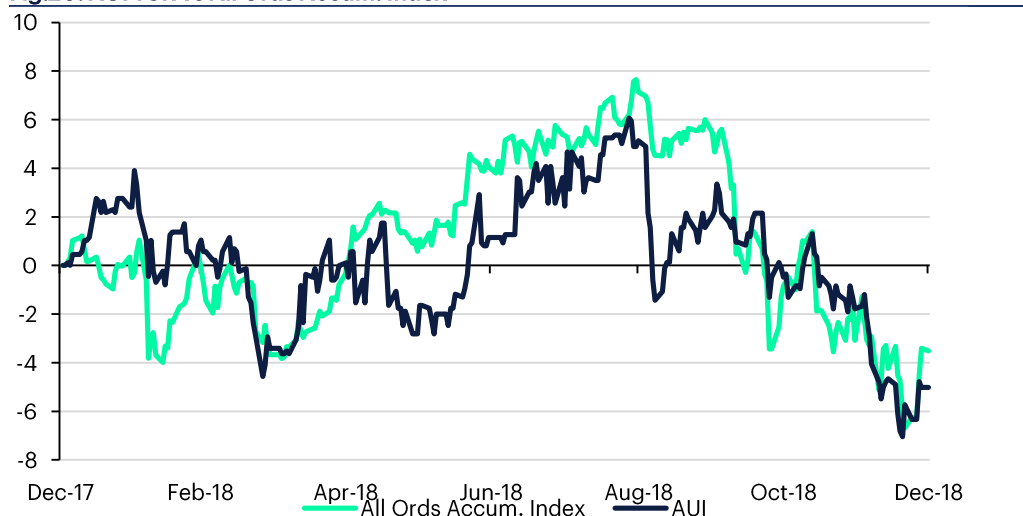
AUI Snapshot				Top Holdings			
Price (31 December 2018)	\$7.95			COMMONWEALTH BANK OF AUSTRAL		8.1%	
Share price range (12 months)	\$7.78- \$9.09			CSL LTD		6.4%	
Shares on issue (Mn)	124.2			AUST AND NZ BANKING GROUP		6.3%	
Market capitalisation (\$Mn)	\$987			WESTPAC BANKING CORP		5.8%	
Pre-tax asset backing*	\$8.44			TRANSURBAN GROUP		5.5%	
Post-tax asset backing*	\$7.37			BHP GROUP LTD		5.5%	
Premium/(Discount) to pre-tax NTA	-5.8%			RIO TINTO LTD		5.1%	
Premium/(Discount) to post-tax NTA	7.9%			WOODSIDE PETROLEUM LTD		4.9%	
Dividend yield	4.4%			DIVERSIFIED UNITED INVESTMNT		4.8%	
Dividend per share (cents)	35.0			NATIONAL AUSTRALIA BANK LTD		4.8%	
Franking	100%						
Management expense ratio	0.10%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
AUI	-4.9%	6.9%	4.6%	NTA growth	-2.8%	6.5%	3.8%
Active return	-1.4%	0.3%	-1.1%	Active return	0.8%	-0.1%	-1.9%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.20: AUI TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Blue Sky Alternative Access Fund (BAF)

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

- BAF listed on the ASX in December 2014.
- Following a short report on Blue Sky Asset Management (and subsequent BLA'S downgrade), BLA and BAF have decreased by 93.1% and 23.1% respectively since 26 March 2018. On 18-Oct-18, BLA and BAF proposed to transition the investment management mandate to Pinnacle (PNI). Since this time BAF has received another investment management proposal (from WAM) individual offers for assets.
- BAF has de-rated from a mid-single digit premium to NTA to an estimated 24.2% discount to NTA.
- The total shareholder return for the year ending 31 December 2018 was -26.2% with pre-tax net asset backing increasing 1.6%. The active return (TSR) was -22.6%

**Fig.21: BAF overview**

Fig.21: BAF Overview

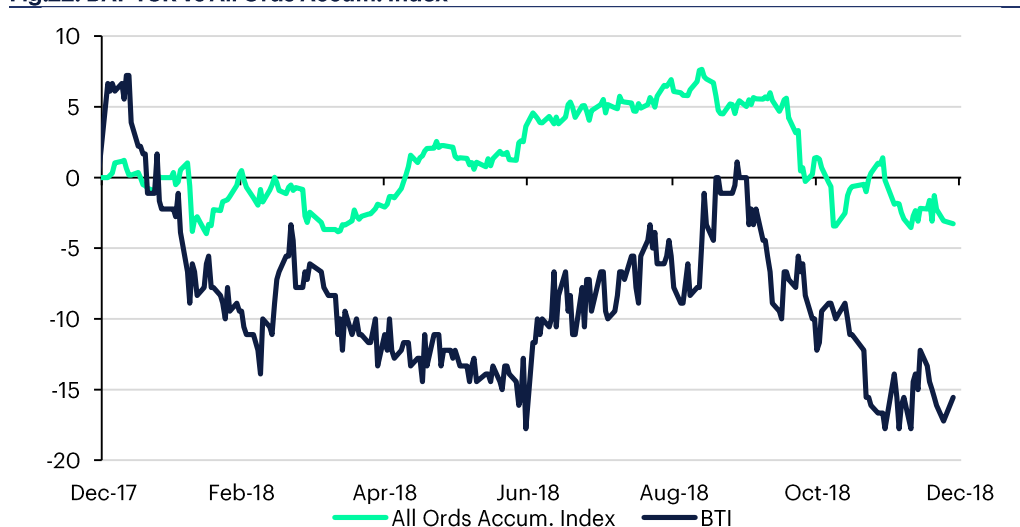
BAF Snapshot				Top Holdings			
				%			
Price (31 December 2018)	\$0.84			<b>ASSET ALLOCATION</b>			
Share price range (12 months)	\$0.685- \$1.225			REAL ASSETS	36.6%		
Shares on issue (Mn)	204.7			PRIVATE EQUITY AND VC	26.8%		
Market capitalisation (\$Mn)	\$172			REAL ESTATE	22.1%		
Pre-tax asset backing*	\$1.11			CASH	14.5%		
Post-tax asset backing*	\$1.08						
Premium/(Discount) to pre-tax NTA	-24.2%						
Premium/(Discount) to post-tax NTA	-22.4%						
Dividend yield	6.0%						
Dividend per share (cents)	5.0						
Franking	100%						
Management expense ratio	1.20%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
BAF	-26.2%	-0.7%	na	NTA growth	1.6%	6.7%	na
Active return	-22.6%	-7.3%	na	Active return	5.2%	0.1%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.22: BAF TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## BKI Investment Company (BKI)

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

- BKI was listed on the ASX in December 2003 with an objective to provide investors with sound dividend yields and long-term capital growth.
- BKI invests in a diversified portfolio of Australian shares, trusts and interest-bearing securities, focusing on securities that are paying an increasing dividend stream.
- Average portfolio turnover for the FY18 was -8.5%
- The total shareholder return for the year ending 31 December 2018 was -8.9% with pre-tax net asset backing decreasing 5.5%. The active return (TSR) was -5.3%.

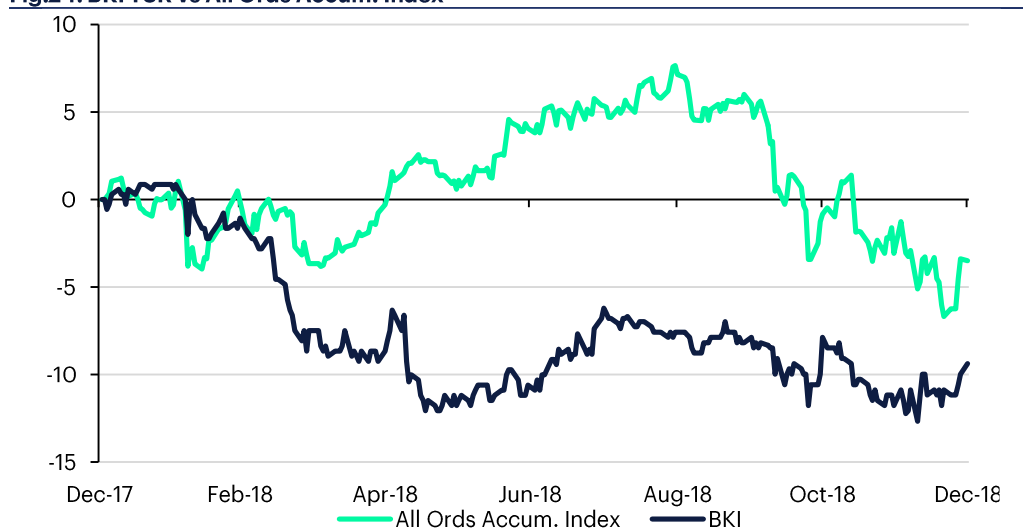
**Fig.23: BKI overview**

Fig.20: BKI Overview

BKI Snapshot				Top Holdings				%
Price (31 December 2018)	\$1.51			COMMONWEALTH BANK OF AUSTRAL				6.6%
Share price range (12 months)	\$1.45- \$1.7728			NATIONAL AUSTRALIA BANK LTD				6.1%
Shares on issue (Mn)	727.5			WESTPAC BANKING CORP				5.3%
Market capitalisation (\$Mn)	\$1,099			NEW HOPE CORP LTD				4.6%
Pre-tax asset backing*	\$1.51			BHP GROUP LTD				4.2%
Post-tax asset backing*	\$1.46			TRANSURBAN GROUP				3.9%
Premium/(Discount) to pre-tax NTA	0.3%			APA GROUP				3.8%
Premium/(Discount) to post-tax NTA	3.6%			AUST AND NZ BANKING GROUP				3.5%
Dividend yield	4.9%			WOODSIDE PETROLEUM LTD				3.4%
Dividend per share (cents)	7.3			WESFARMERS LTD				3.3%
Franking	100%							
Management expense ratio	0.14%							
Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance		1 Year	3 Year	5 Year
BKI	-8.9%	0.8%	3.6%	NTA growth		-5.5%	2.4%	2.7%
Active return	-5.3%	-5.8%	-2.1%	Active return		-2.0%	-4.2%	-3.0%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.24: BKI TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Barrack St Investments (BST)

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

- Barrack St Investments (BST) is managed by EC Pohl Asset Management and was listed on the ASX in August 2014.
- BST invests in companies outside of the S&P/ASX 50 Index, providing investors access to a high conviction, small/micro-cap bias portfolio.
- The portfolio is constructed using a research driven, bottom-up investment philosophy.
- Total shareholder return for the year ending 31 December 2018 was -1.7% with pre-tax net asset backing decreasing 4.5%. The active return (TSR) was 1.9%.

**Fig.25: BST overview**

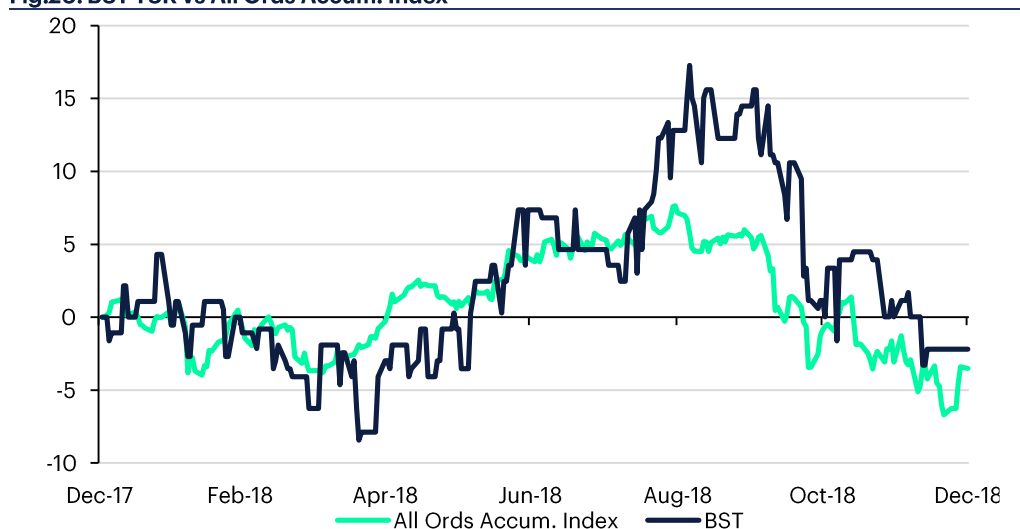
BST Snapshot				Top Holdings			
Price (31 December 2018)	\$0.88			PENDAL GROUP LTD		8.0%	
Share price range (12 months)	\$0.84- \$1.06			AFTERPAY TOUCH GROUP LTD		6.6%	
Shares on issue (Mn)	18.3			SEEK LTD		6.1%	
Market capitalisation (\$Mn)	\$16			DOMINO'S PIZZA ENTERPRISES L		5.4%	
Pre-tax asset backing*	\$1.07			NETWEALTH GROUP LTD		5.4%	
Post-tax asset backing*	\$1.07						
Premium/(Discount) to pre-tax NTA	-17.8%						
Premium/(Discount) to post-tax NTA	-17.8%						
Dividend yield	3.7%						
Dividend per share (cents)	3.3						
Franking	100%						
Management expense ratio	1.20%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
BST	-1.7%	3.2%	na	NTA growth	-4.5%	-1.6%	na
Active return	1.9%	-3.4%	na	Active return	-1.0%	-8.2%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.26: BST TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Bailador Technology Investments (BTI)

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

- Bailador Technology Investments listed on the ASX in November 2014. BTI invests in private companies within the information technology sector.
- BTI invests in companies that are in the expansion stage and typically display the following characteristics: several million dollars of revenue, established customer base, proven technology and management. One of BTI's top holdings Straker Translations (STG) recently listed on the ASX (19-Oct-18).
- Currently, BTI holds 10 unlisted investments through a variety of different ownership structures to help mitigate downside risk (such as convertible notes, preference shares).
- Total shareholder return for the year ending 31 December 2018 was -15.6% with pre-tax net asset backing increasing 7.4%. The active return (TSR) was -12.0%.

**Fig.27: BTI overview**

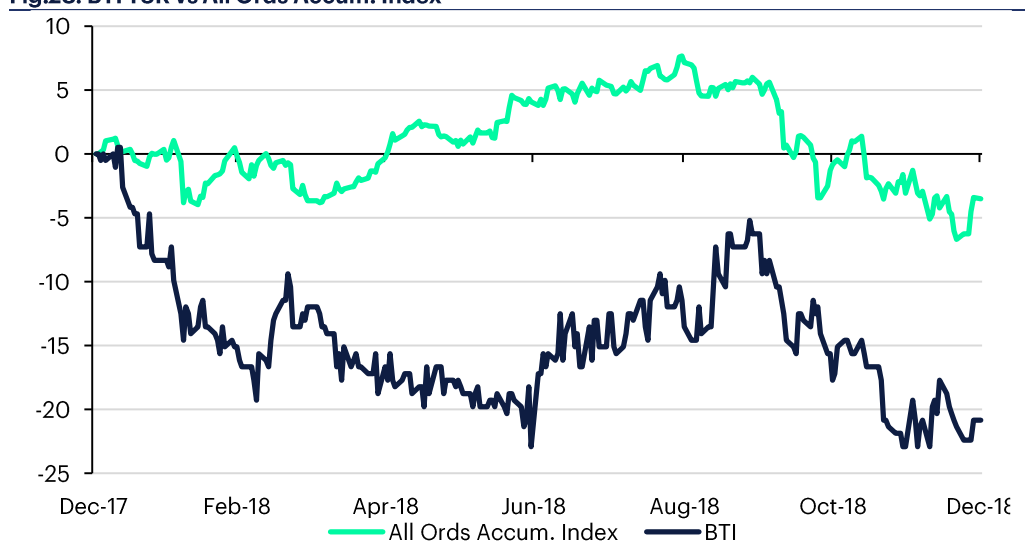
BTI Snapshot			Top Holdings				
Price (31 December 2018)	\$0.76		SITEMINDER (UL)			40.5%	
Share price range (12 months)	\$0.74- \$0.92		INSTACLUSTER (UL)			10.3%	
Shares on issue (Mn)	120.2		STACKLA			8.6%	
Market capitalisation (\$Mn)	\$91		STRAKER TRANSLATIONS (STG)			7.8%	
Pre-tax asset backing*	\$1.16		LENDI			6.9%	
Post-tax asset backing*	\$1.10		DOCSCORP			6.9%	
Premium/(Discount) to pre-tax NTA	-34.5%		SMI			5.2%	
Premium/(Discount) to post-tax NTA	-30.9%		VIOSTREAM			5.2%	
Dividend yield	0.0%		REZDY			3.4%	
Dividend per share (cents)	0.0		BROSA			1.7%	
Franking	100%						
Management expense ratio	1.75%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
BTI	-15.6%	-8.6%	na	NTA growth	7.4%	-2.5%	na
Active return	-12.0%	-15.2%	na	Active return	10.9%	-9.1%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.28: BTI TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Clime Capital (CAM)

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

- About: Clime Capital was incorporated and listed in February 2004, providing investors access to a long term value orientated investment portfolio.
- The company has three key financial objectives 1) preserve and protect the capital of the company; 2) achieve long-term growth of capital and dividends without taking excessive or unnecessary risks to achieve that growth; and 3) deliver investors a secure income stream in the form of fully-franked dividends.
- CAM pays quarterly dividend distributions and since FY10 CAM has consistently paid an above 4.0% fully franked cash dividend yield. CAM is currently yielding 5.9% fully franked.
- The total shareholder return for the year ending 31 December 2018 was 1.8% with pre-tax net asset backing decreasing 8.4%. The active return (TSR) was 5.4%.

**Fig.29: CAM overview**

CAM Snapshot		Top Holdings		%
Price (31 December 2018)	\$0.85	RIO TINTO LTD		3.9%
Share price range (12 months)	\$0.8195- \$0.97	CREDIT CORP GROUP LTD		3.7%
Shares on issue (Mn)	91.4	WEBJET LTD		3.7%
Market capitalisation (\$Mn)	\$78	AFTERPAY TOUCH GROUP LTD		3.6%
Pre-tax asset backing*	\$0.82	NAVIGATOR GLOBAL INVESTMENTS		3.5%
Post-tax asset backing*	\$0.84	HANSEN TECHNOLOGIES LTD		3.4%
Premium/(Discount) to pre-tax NTA	3.7%	JUMBO INTERACTIVE LTD		3.3%
Premium/(Discount) to post-tax NTA	1.2%	BHP GROUP LTD		3.2%
Dividend yield	5.9%	AMCOR LIMITED		3.1%
Dividend per share (cents)	5.0	JANUS HENDERSON GROUP-CDI		3.0%
Franking	100%			
Management expense ratio	0.83%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
CAM	1.8%	5.7%	1.1%	NTA growth	-8.4%	0.9%	-0.8%
Active return	5.4%	-0.9%	-4.7%	Active return	-4.9%	-5.7%	-6.5%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.30: CAM TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## CBG Capital (CBC)

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

- CBG Asset Management is an active, boutique Australian equities investment manager founded in 2002 by Ronni Chalmers. CBG was recently acquired by Clime Investment Management (CIW), an ASX listed fund manager with ~\$834m of FUM.
- Investment decisions are driven by fundamental bottom-up stock analysis, overlayed with macro and industry level considerations. Idea generation is derived from initial qualitative and quantitative screening of CBC's investment universe and the continuous monitoring of stocks within each industry sector.
- Current active weights (relative to the S&P/ASX200 Index) include I.T, Consumer Discretionary, and Diversified Financials.
- The total shareholder return for the year ending 31 December 2018 was 10.0% with pre-tax net asset backing decreasing 8.1%. The active return (TSR) was 13.5%.

**Fig.31: CBC overview**

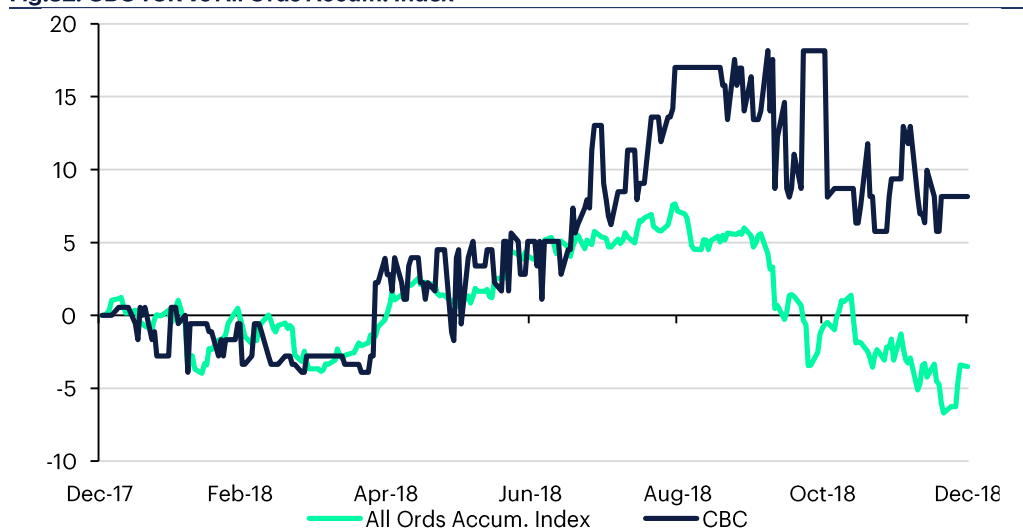
CBC Snapshot			Top Holdings			
Price (31 December 2018)	\$0.90		BHP GROUP LTD		9.3%	
Share price range (12 months)	\$0.8173- \$1.01		NATIONAL AUSTRALIA BANK LTD		6.4%	
Shares on issue (Mn)	26.2		BRAVURA SOLUTIONS LTD		4.9%	
Market capitalisation (\$Mn)	\$24		AFTERPAY TOUCH GROUP LTD		4.8%	
Pre-tax asset backing*	\$0.91		RIO TINTO LTD		4.6%	
Post-tax asset backing*	\$0.90					
Premium/(Discount) to pre-tax NTA	-1.1%					
Premium/(Discount) to post-tax NTA	0.0%					
Dividend yield	3.4%					
Dividend per share (cents)	3.1					
Franking	100%					
Management expense ratio	1.00%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
CBC	10.0%	2.8%	na	NTA growth	-8.1%	-1.9%	na
Active return	13.5%	-3.8%	na	Active return	-4.6%	-8.5%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.32: CBC TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Cadence Capital (CDM)

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

- Cadence Capital is an actively managed investment company with a portfolio of Australian and international securities.
- Although it focuses on a fundamental bottom-up approach to portfolio management, it also uses technical analysis over the short term to supplement returns.
- The manager targets 20 to 40 core investments with direct international exposure. Current net exposure is 58.0% with CDM holding high levels of cash (42.0%) and key shorts including the Consumer/Cyclical sectors.
- The total shareholder return for the year ending 31 December 2018 was -30.2% with pre-tax net asset backing decreasing 20.7%. The active return (TSR) was -26.6%.

**Fig.33: CDM overview**

Fig. 35: CDM Overview

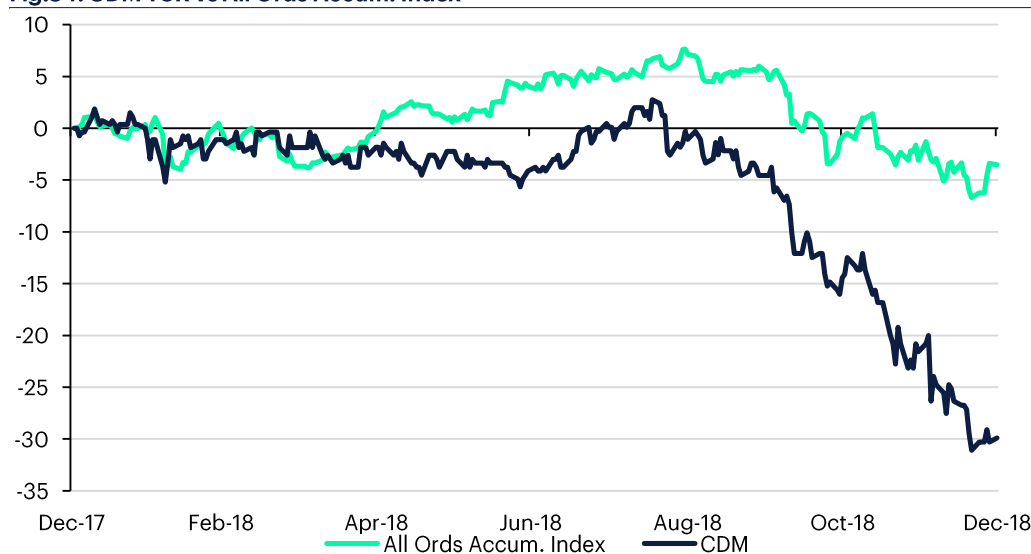
CDM Snapshot		Top Holdings		%
Price (31 December 2018)	\$0.89	ARQ GROUP LTD		12.1%
Share price range (12 months)	\$0.83- \$1.36	MACQUARIE GROUP LTD		4.7%
Shares on issue (Mn)	320.3	MONEY3 CORP LTD		4.6%
Market capitalisation (\$Mn)	\$283	NONI B LTD		4.5%
Pre-tax asset backing*	\$0.93	SHINE CORPORATE LTD		2.7%
Post-tax asset backing*	\$1.08	EMECO HOLDINGS LTD		2.4%
Premium/(Discount) to pre-tax NTA	-4.8%	MACMAHON HOLDINGS LTD		2.2%
Premium/(Discount) to post-tax NTA	-17.8%	RESIMAC GROUP LTD		2.0%
Dividend yield	9.0%	CENTURIA CAPITAL GROUP		1.9%
Dividend per share (cents)	8.0	NAVIGATOR GLOBAL INVESTMENTS		1.9%
Franking	100%			
Management expense ratio	1.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
CDM	-30.2%	-11.1%	-3.7%	NTA growth	-20.7%	-3.1%	-0.3%
Active return	-26.6%	-17.7%	-9.4%	Active return	-17.2%	-9.7%	-6.0%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.34: CDM TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Concentrated Leaders Fund (CLF)

- Following a resolution to internalise the management of CLF, CLF ended its agreement with Aberdeen Asset Management, a global asset manager.
- CLF invests in companies within the S&P/ ASX 200 index and aims to provide investors with regular income and long-term capital growth.
- Top sector weightings currently include Financials (24.0%), Consumer Discretionary (16.7%), Industrials (11.5%), Materials (9.2%), and Information Technology (8.2%).
- The total shareholder return for the year ending 31 December 2018 was -3.9% with pre-tax net asset backing decreasing 6.1%. The active return (TSR) was -1.1%.

**Fig.35: CLF overview**

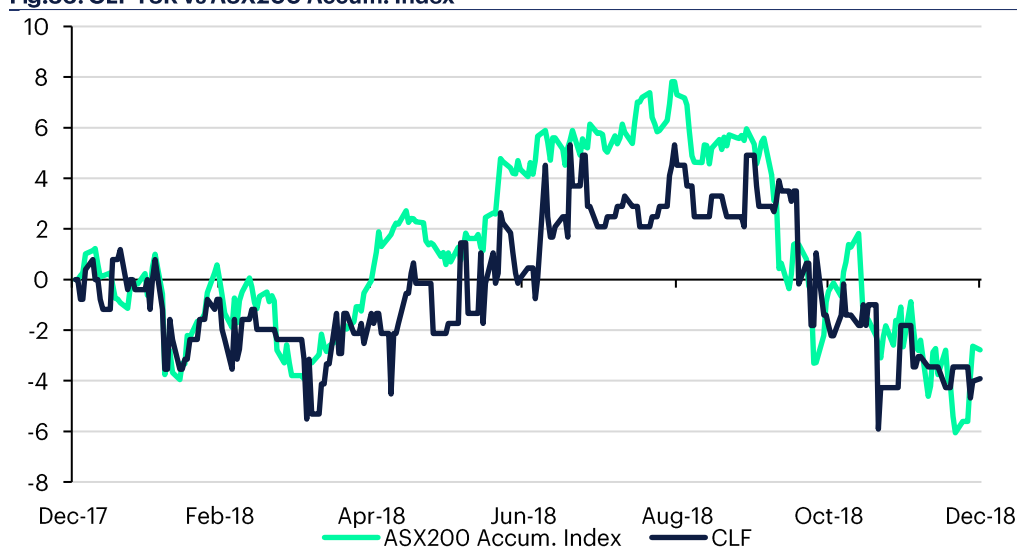
CLF Snapshot				Top Holdings			
Price (31 December 2018)	\$1.17			BHP GROUP LTD		6.7%	
Share price range (12 months)	\$1.15- \$1.305			MACQUARIE GROUP LTD		6.4%	
Shares on issue (Mn)	59.4			CSL LTD		6.3%	
Market capitalisation (\$Mn)	\$69			COMMONWEALTH BANK OF AUSTRAL		6.3%	
Pre-tax asset backing*	\$1.21			AUST AND NZ BANKING GROUP		4.7%	
Post-tax asset backing*	\$1.18			ARISTOCRAT LEISURE LTD		4.5%	
Premium/(Discount) to pre-tax NTA	-3.7%			TRANSURBAN GROUP		3.4%	
Premium/(Discount) to post-tax NTA	-1.3%			NEXTDC LTD		3.4%	
Dividend yield	4.9%			A2 MILK CO LTD		3.2%	
Dividend per share (cents)	5.8			SEVEN GROUP HOLDINGS LTD		3.0%	
Franking	100%						
Management expense ratio	0.75%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
CLF	-3.9%	8.5%	1.7%	NTA growth	-6.1%	5.3%	5.0%
Active return	-1.1%	1.8%	-4.0%	Active return	-3.3%	-1.4%	-0.6%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.36: CLF TSR vs ASX200 Accum. Index**



Source: Bloomberg, Baillieu

## Contango Income Generator Limited (CIE)

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

- Managed by Contango Asset Management, CIE provides investors access to a portfolio of companies predominately within the S&P/ASX 300 Index, excluding those securities of the largest 30 entities. The objective of CIE is to deliver a sustainable income stream and modest capital growth to its shareholders over time.
- The dividend policy of CIE is to pay annual dividends of no less than 6.5% of the company's net tangible assets. CIE will typically hold between 30-40 securities where the manager identifies sustainable dividend growth, lower than market risk profile, low earnings volatility and balance sheet strength characteristics.
- The total shareholder return for the year ending 31 December 2018 was -12.6% with pre-tax net asset backing decreasing 8.7%. The active return (TSR) was -9.1%.

**Fig.37: CIE overview**

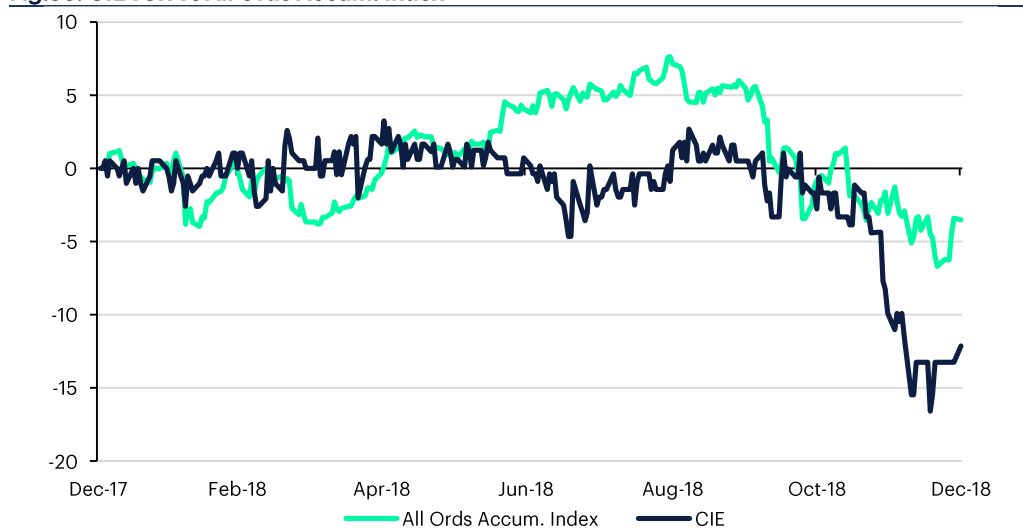
CIE Snapshot				Top Holdings			
Price (31 December 2018)	\$0.79			BANK OF QUEENSLAND LTD		5.2%	
Share price range (12 months)	\$0.75- \$1			BENDIGO AND ADELAIDE BANK		5.2%	
Shares on issue (Mn)	104.1			ASX LTD		2.6%	
Market capitalisation (\$Mn)	\$82			PERPETUAL LTD		2.3%	
Pre-tax asset backing*	\$0.88			MYSTATE LTD		2.3%	
Post-tax asset backing*	\$0.87			MAGELLAN FINANCIAL GROUP LTD		1.9%	
Premium/(Discount) to pre-tax NTA	-9.8%			MEDIBANK PRIVATE LTD		1.7%	
Premium/(Discount) to post-tax NTA	-8.8%			ECLIPX GROUP LTD		1.3%	
Dividend yield	8.3%			IOOF HOLDINGS LTD		1.3%	
Dividend per share (cents)	6.6			STOCKLAND		3.1%	
Franking	100%						
Management expense ratio	0.95%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
CIE	-12.6%	0.0%	na	NTA growth	-8.7%	1.5%	na
Active return	-9.1%	-6.6%	na	Active return	-5.1%	-5.1%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.38: CIE TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Carlton Investments (CIN)

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

- Carlton Investments' strategy is to invest in established listed blue-chip stocks that provide high levels of sustainable income through fully franked dividends.
- Investments are held for the long term and not for trading purposes.
- Carlton is primarily exposed to the banking, tourism and leisure sectors.
- The total shareholder return for the year ending 31 December 2018 was -5.4% with pre-tax net asset backing decreasing 2.9%. The active return (TSR) was -2.6%.

**Fig.39: CIN overview**

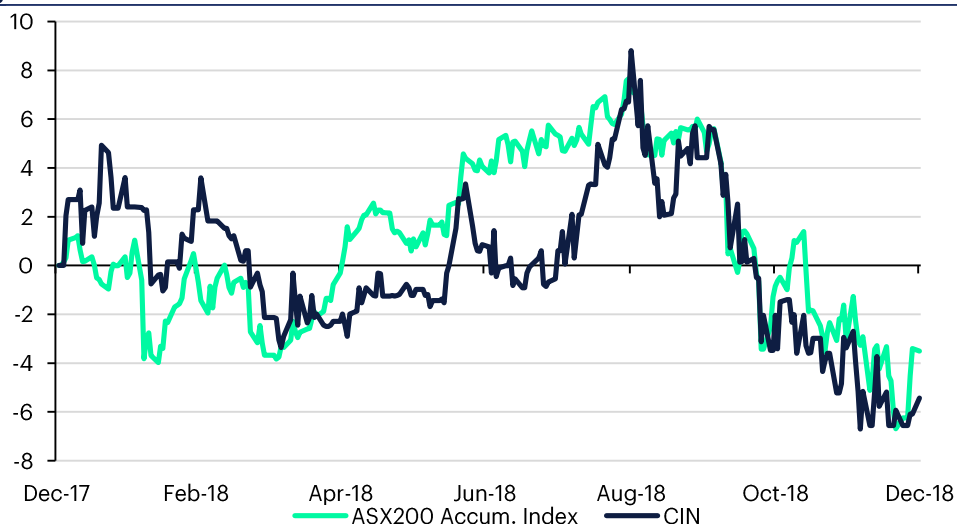
CIN Snapshot			Top Holdings		%
Price (31 December 2018)	\$30.41		EVENT HOSPITALITY AND ENTERT		45.1%
Share price range (12 months)	\$29.7- \$35.02		NATIONAL AUSTRALIA BANK LTD		5.7%
Shares on issue (Mn)	26.5		WESTPAC BANKING CORP		4.8%
Market capitalisation (\$Mn)	\$805		COMMONWEALTH BANK OF AUSTRAL		4.5%
Pre-tax asset backing*	\$35.07		AGL ENERGY LTD		3.6%
Post-tax asset backing*	\$29.28		BHP GROUP LTD		3.1%
Premium/(Discount) to pre-tax NTA	-13.3%		AUST AND NZ BANKING GROUP		2.6%
Premium/(Discount) to post-tax NTA	3.9%		WESFARMERS LTD		2.1%
Dividend yield	4.0%		BANK OF QUEENSLAND LTD		1.5%
Dividend per share (cents)	121.0		PERPETUAL LTD		1.5%
Franking	100%				
Management expense ratio	0.09%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
CIN	-5.4%	0.0%	7.8%	NTA growth	-2.9%	0.0%	7.3%
Active return	-2.6%	-6.7%	2.2%	Active return	-0.1%	-6.7%	1.6%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.40: CIN TSR vs ASX200 Accum index**



Source: Bloomberg, Baillieu

## Djerriwarrh Investments (DJW)

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

- Djerriwarrh Investments has been in operation since 1989 and was listed on the ASX in 1995.
- Its investment portfolio focuses on stocks with low price-earnings ratios in the ASX top 50.
- It also has a trading portfolio that is used for short-term trading purposes. DJW currently has options outstanding against 19 of its top 20 holdings.
- The total shareholder return for the year ending 31 December 2018 was -7.4% with pre-tax net asset backing decreasing 6.2%. The active return (TSR) was -3.8%.

**Fig.41: DJW overview**

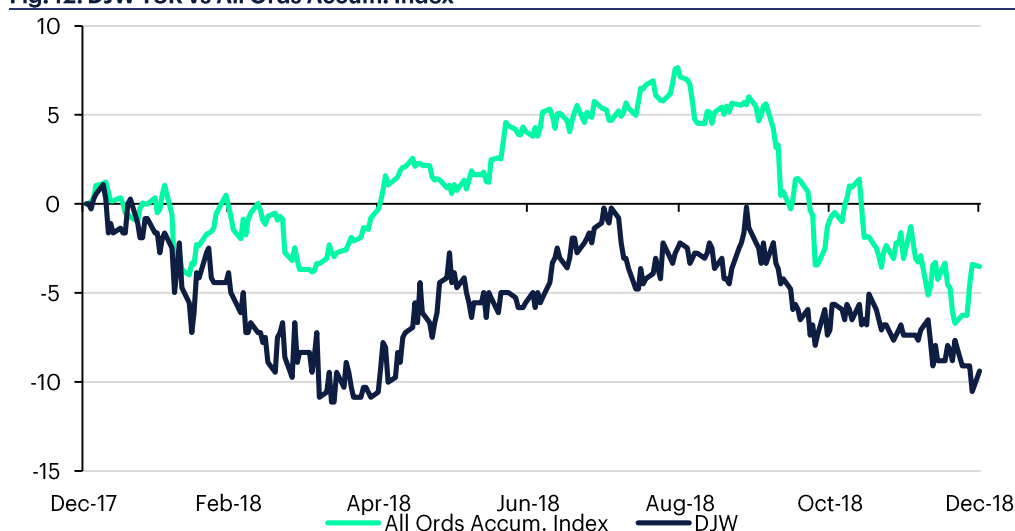
DJW Snapshot			Top Holdings			
Price (31 December 2018)	\$3.15		COMMONWEALTH BANK OF AUSTRAL		8.3%	
Share price range (12 months)	\$3.11- \$3.67		BHP GROUP LTD		7.1%	
Shares on issue (Mn)	221.8		WESTPAC BANKING CORP		7.1%	
Market capitalisation (\$Mn)	\$699		NATIONAL AUSTRALIA BANK LTD		4.9%	
Pre-tax asset backing*	\$2.95		AUST AND NZ BANKING GROUP		4.7%	
Post-tax asset backing*	\$3.04		CSL LTD		3.7%	
Premium/(Discount) to pre-tax NTA	6.8%		WOOLWORTHS GROUP LTD		3.3%	
Premium/(Discount) to post-tax NTA	3.6%		MACQUARIE GROUP LTD		3.2%	
Dividend yield	6.3%		BRAMBLES LTD		2.5%	
Dividend per share (cents)	20.0		SYDNEY AIRPORT		2.5%	
Franking	100%					
Management expense ratio	0.41%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
DJW	-7.4%	-4.6%	-2.7%	NTA growth	-6.2%	3.8%	1.8%
Active return	-3.8%	-11.2%	-8.4%	Active return	-2.7%	-2.8%	-3.9%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.42: DJW TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Diversified United Investments (DUI)

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

- Diversified United Investments was founded in 1991 by Australia United Investments, Barclay Investments (a Myer family investment company), the late Sir Ian Potter and The Ian Potter Foundation.
- It invests predominantly in Australian equities, however it also invests in global ETFs, property trusts and fixed income securities.
- DUI has a target range for international equities of 10-20% (primarily through global ETF's). Current international exposure represents 16.0% of the portfolio.
- The total shareholder return for the year ending 31 December 2018 was -1.3% with pre-tax net asset backing increasing 0.5%. The active return (TSR) was 2.3%.

**Fig.43: DUI overview**

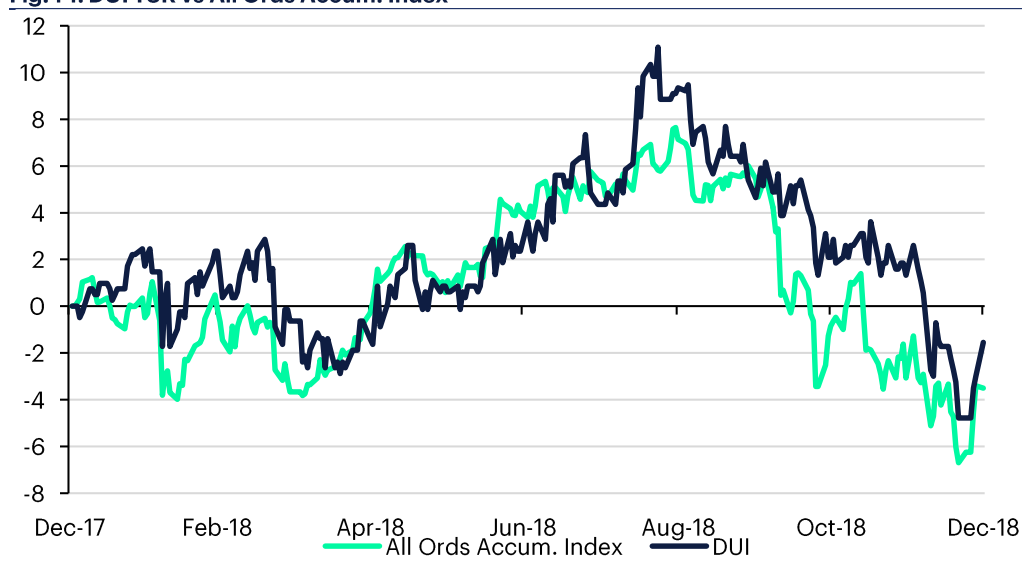
DUI Snapshot				Top Holdings			
Price (31 December 2018)	\$3.85			CSL LTD		10.9%	
Share price range (12 months)	\$3.73- \$4.45			COMMONWEALTH BANK OF AUSTRAL		7.5%	
Shares on issue (Mn)	210.4			TRANSURBAN GROUP		6.7%	
Market capitalisation (\$Mn)	\$810			AUST AND NZ BANKING GROUP		5.1%	
Pre-tax asset backing*	\$4.10			WESTPAC BANKING CORP		5.0%	
Post-tax asset backing*	\$3.55			BHP GROUP LTD		4.3%	
Premium/(Discount) to pre-tax NTA	-6.1%			RIO TINTO LTD		3.8%	
Premium/(Discount) to post-tax NTA	8.5%			NATIONAL AUSTRALIA BANK LTD		3.8%	
Dividend yield	3.9%			WOODSIDE PETROLEUM LTD		3.7%	
Dividend per share (cents)	15.0			#N/A Invalid Security		3.4%	
Franking	100%						
Management expense ratio	0.13%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
DUI	-1.3%	8.3%	6.3%	NTA growth	0.5%	9.1%	6.4%
Active return	2.3%	1.7%	0.6%	Active return	4.0%	2.5%	0.7%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.44: DUI TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Ellerston Asian Investment Limited (EAI)

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

- Incorporated in August 2015, EAI is managed by Ellerston Capital, a specialist funds manager founded in 2004 with over \$5.0 billion in funds under management.
- EAI will provide investors with exposure to a portfolio of high growth equity securities in the Asian region. EAI will invest in the 10 core countries that constitute the MSCI AC Asia Ex Japan Index. EAI has identified four key investment themes: 1) Asian consumption; 2) Structural reforms in India; 3) Disruptive technologies; and 4) Capital market liberalisation in China.
- Key underlying regional exposure for EAI is China/Hong Kong (51.7%) and India (14.7%) with Financials (43.0%) and Consumer (15.1%) top sector exposures.
- Total shareholder return for the year ending 31 December 2018 was -9.5% with pre-tax net asset backing decreasing 11.7%. The active return (TSR) was -4.4%.

**Fig.45: EAI overview**

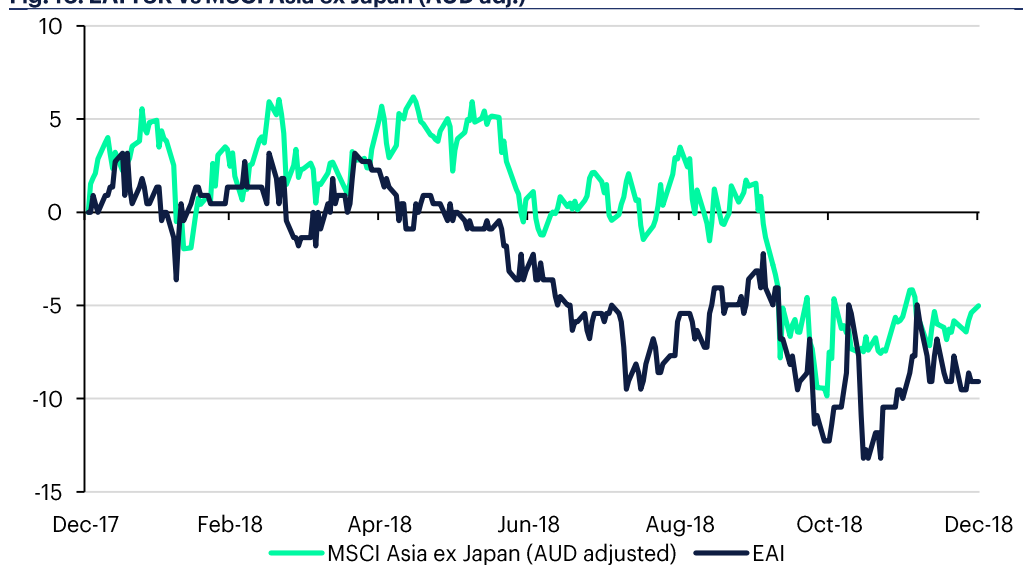
EAI Snapshot			Top Holdings			
Price (31 December 2018)	\$1.00		TENCENT HOLDINGS		9.8%	
Share price range (12 months)	\$0.94- \$1.165		PING AN INSURANCE		6.4%	
Shares on issue (Mn)	109.7		HONG KONG EXCHANGES		5.2%	
Market capitalisation (\$Mn)	\$109		ALIBABA GROUP HOLDING		5.1%	
Pre-tax asset backing*	\$1.02		CHINA CONSTRUCTION BANK		4.2%	
Post-tax asset backing*	\$1.05		ICICI BANK		4.2%	
Premium/(Discount) to pre-tax NTA	-2.3%		DBS GROUP HOLDINGS		4.2%	
Premium/(Discount) to post-tax NTA	-5.0%		TSMC		4.2%	
Dividend yield	1.0%		OCBC BANK		4.0%	
Dividend per share (cents)	1.0		SAMSUNG ELECTRONICS		3.8%	
Franking	100%					
Management expense ratio	0.75%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
EAI	-9.5%	1.5%	na	NTA growth	-11.7%	2.0%	na
Active return	-4.4%	-8.4%	na	Active return	-6.6%	-8.0%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.46: EAI TSR vs MSCI Asia ex Japan (AUD adj.)**



Source: Bloomberg, Baillieu

## Ellerston Global Investments (EGI)

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

- Founded in 2004 as a subsidiary of CPH (the Packer family holding company), Ellerston Capital is a specialist fund manager offering investors a range of managed equity based strategies. EGI commenced trading in October 2014.
- Ellerston's investment strategy will consist of a high conviction global equity securities portfolio, holding up to 25 securities. EGI will take a contrarian view, seeking securities that are fundamentally mispriced with a long-term investment timeframe.
- EGI initially screens companies for events such as spin offs, management change, post IPO's and fallen angels. Key regional and sector exposures include the USA (66.0%), UK (19.0%) and Spain (7.0%) with key sectors I.T. (27.0%), Consumer Services (22.0%), and Industrials (10.0%).
- Total shareholder return for the year ending 31 December 2018 was -13.2% with pre-tax net asset backing decreasing 18.4%. The active return (TSR) was -15.0%.

**Fig.47: EGI overview**

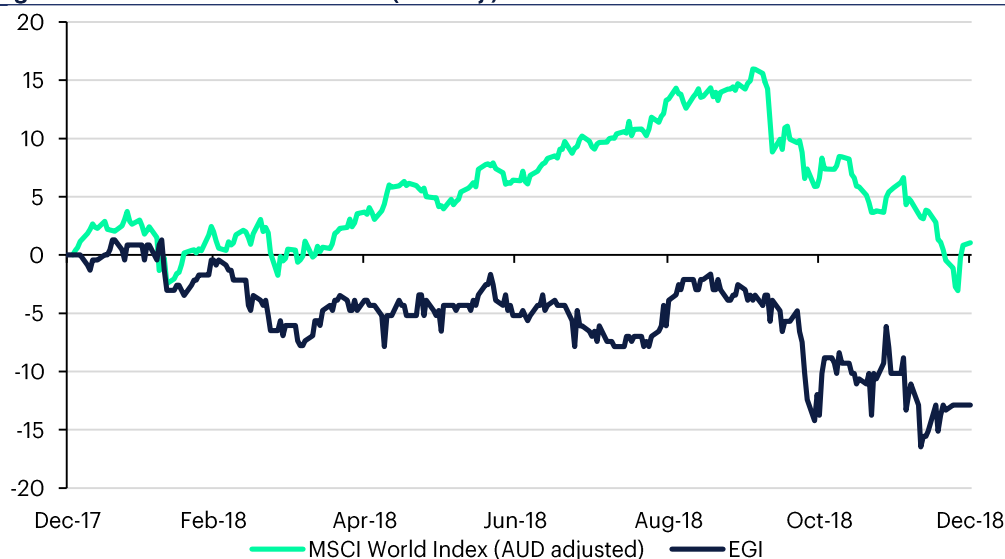
EGI Snapshot		Top Holdings	
Price (31 December 2018)	\$0.97	EQUINITI GROUP	6.8%
Share price range (12 months)	\$0.925- \$1.1595	INTERXION HOLDINGS	6.8%
Shares on issue (Mn)	110.0	ENTERTAINMENT ONE	5.8%
Market capitalisation (\$Mn)	\$107	PREMIER INC	5.7%
Pre-tax asset backing*	\$0.99	ZAYO GROUP HOLDINGS	5.6%
Post-tax asset backing*	\$1.01	CELLNEX TELECOM SA	5.3%
Premium/(Discount) to pre-tax NTA	-2.2%	TRIBUNE MEDIA CO	5.2%
Premium/(Discount) to post-tax NTA	-4.4%	KEYSIGHT TECHNOLOGIES	4.7%
Dividend yield	4.1%	QTS REALTY TRUST	3.0%
Dividend per share (cents)	4.0	TERADYNE INC	2.8%
Franking	100%		
Management expense ratio	0.75%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
EGI	-13.2%	0.1%	na	NTA growth	-18.4%	0.2%	na
Active return	-15.0%	-8.0%	na	Active return	-20.1%	-8.0%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.48: EGI TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, Baillieu

## Forager Australian Shares Fund (FOR)

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

- The Forager Australian Shares Fund was initially incorporated in October 2009 as an unlisted unit trust before being converted to a closed end vehicle in December 2016.
- FOR utilises a fundamental bottom up investment approach, focusing on business which the assessed intrinsic value of the underlying business is substantially higher than the security price. FOR holds a relatively small number of securities, generally between 15 and 25.
- FOR will publish a daily NTA update which provides greater visibility of the underlying fund (performance) and may help to mitigate the likelihood of a discount to NTA. FOR is currently trading at a 1.5% premium to NTA.
- Total shareholder return for the year ending 31 December 2018 was -27.6% with pre-tax net asset backing decreasing -17.4%. The active return (TSR) was -18.9%.

**Fig.49: FOR overview**

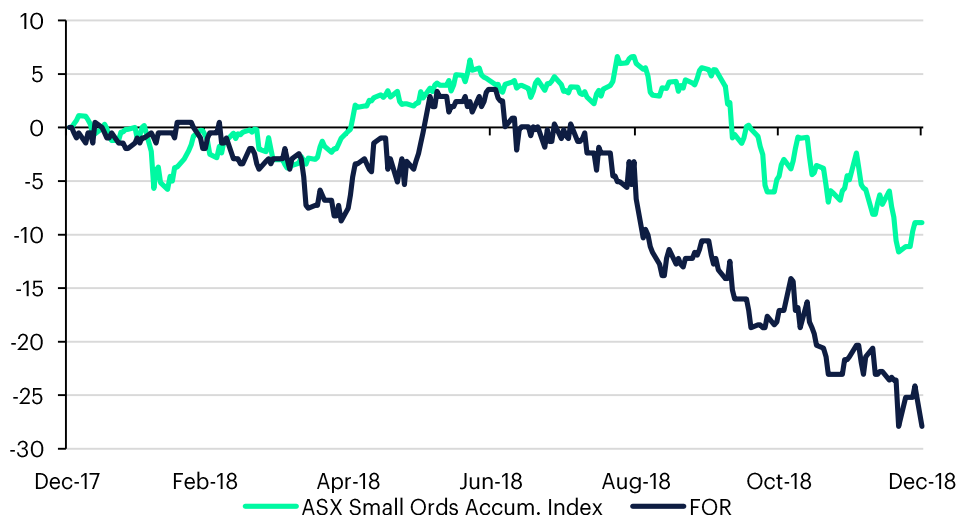
FOR Snapshot			Top Holding	
Price (31 December 2018)	\$1.33		MACMAHON HOLDINGS LTD	10.2%
Share price range (12 months)	\$1.3- \$2.12		ISELECT LTD	9.6%
Shares on issue (Mn)	113.8		ENERO GROUP LTD	9.2%
Market capitalisation (\$Mn)	\$151		THORN GROUP LTD	6.4%
Pre-tax asset backing*	\$1.34		MMA OFFSHORE LTD	4.6%
Post-tax asset backing*	-			
Premium/(Discount) to pre-tax NTA	-0.7%			
Premium/(Discount) to post-tax NTA	-			
Dividend yield	16.0%			
Dividend per share (cents)	21.3			
Franking	100%			
Management expense ratio	1.00%			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
FOR	-27.6%	na	na	NTA growth	-17.4%	na	na
Active return	-18.9%	na	na	Active return	-8.7%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.50: FOR TSR vs ASX Small Ords Accum. Index**



Source: Bloomberg, Baillieu

## Future Generation Global (FGG)

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

- Future Generation Global is a philanthropic internationally focused listed investment company that listed in December 2015. All management and performance fees have been waived in preference of an annual charitable donation of 1% of NTA.
- The company provides investors the opportunity to gain access to a leading group of global fund managers (13 fund managers) by allocating capital to a number of global fund managers.
- The underlying investment strategy allocation is Long Equities (45.4%), Absolute Bias (32.1%) and Cash (22.5%).
- Total shareholder return for the year ending 31 December 2018 was 6.3% with pre-tax net asset backing increasing 3.8%. The active return (TSR) was 4.5%.

**Fig.51: FGG overview**

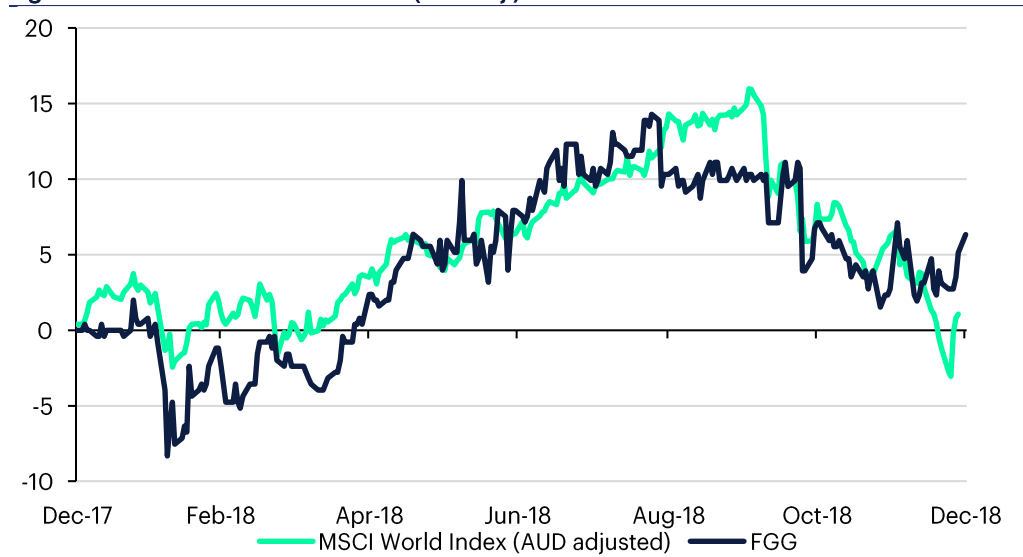
FGG Snapshot			Top Holdings				
Price (31 December 2018)	\$1.33		MAGELLAN GLOBAL FUND			11.1%	
Share price range (12 months)	\$1.15- \$1.47		ANTIPODES GLOBAL FUND			10.6%	
Shares on issue (Mn)	391.8		COOPER INVESTORS GLOBAL			10.2%	
Market capitalisation (\$Mn)	\$521		NIKKO AM GLOBAL SHARE			6.8%	
Pre-tax asset backing*	\$1.26		VGI PARTNERS FUND			6.6%	
Post-tax asset backing*	\$1.24		MARSICO GLOBAL FUND			5.9%	
Premium/(Discount) to pre-tax NTA	5.3%		CALEDONIA FUND			4.6%	
Premium/(Discount) to post-tax NTA	7.5%		MUNRO GLOBAL GROWTH			4.5%	
Dividend yield	0.8%		MANIKAY GLOBAL OPPORT.			3.7%	
Dividend per share (cents)	1.0		PARADICE GBL SMALL/MID			3.5%	
Franking	100%						
Management expense ratio	0.00%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
FGG	6.3%	5.2%	na	NTA growth	3.8%	6.5%	na
Active return	4.5%	-2.9%	na	Active return	2.0%	-1.6%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.52: FGG TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, Baillieu

## Future Generation Investment Fund (FGX)

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

- Future Generation Investment Fund is a small/mid-cap LIC that is managed by a number of prominent investment managers who have waived their usual management and performance fees so that funds can be donated to nominated charities.
- Investment objectives: 1) Provide a stream of fully franked dividends; 2) achieve capital growth and; 3) preserve shareholder capital.
- The underlying investment strategy allocation is Long Equities (42.0%), Absolute Bias (33.0%), Market Neutral (14.1%), and cash (10.9%).
- Total shareholder return for the year ending 31 December 2018 was 4.2% with pre-tax net asset backing decreasing 6.0%. The active return (TSR) was 7.7%.

**Fig.53: FGX overview**

FGX Snapshot				Top Holdings			
Price (31 December 2018)	\$1.18			BENNELONG AUS. EQUITIES FUND		10.7%	
Share price range (12 months)	\$1.13- \$1.36			REGAL AUS. LONG SHORT EQ. FD.		9.4%	
Shares on issue (Mn)	396.3			TRIBECA ALPHA PLUS FUND		6.3%	
Market capitalisation (\$Mn)	\$466			WILSON ASSET MANAGEMENT		5.8%	
Pre-tax asset backing*	\$1.11			PARADICE MID CAP FUND - B CLASS		5.8%	
Post-tax asset backing*	\$1.13			ELEY GRIFFITHS SML CO. FUND		5.6%	
Premium/(Discount) to pre-tax NTA	5.7%			WATERMARK MKT. NEUTRAL FD.		4.7%	
Premium/(Discount) to post-tax NTA	4.1%			PARADICE AUST. EQUITIES FUND		4.6%	
Dividend yield	3.8%			SANDON ACTIVIST FUND		4.4%	
Dividend per share (cents)	4.5			BENNELONG LONG/SHORT FUND		3.5%	
Franking	100%						
Management expense ratio	0.00%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
FGX	4.2%	4.1%	na	NTA growth	-6.0%	1.4%	na
Active return	7.7%	-2.5%	na	Active return	-2.5%	-5.2%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.54: FGX TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Glennon Small Companies Limited (GC1)

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

- Listed in August 2015, GC1 invests in a small and micro-cap segment of the market. The underlying portfolio will hold between 20-60 securities, predominately found outside the S&P/ASX100.
- The investment strategy of the manager is to focus on companies that operate in industries with high barriers to entry, have superior management and are viewed to be undervalued.
- GC1 adopts a long only investment style and does not use leverage; the portfolio may include securities from companies that are expected to list within 12 months.
- The total shareholder return for the year ending 31 December 2018 was 0.6% with pre-tax net asset backing decreasing 15.5%. The active return (TSR) was 9.2%.

**Fig.55: GC1 overview**

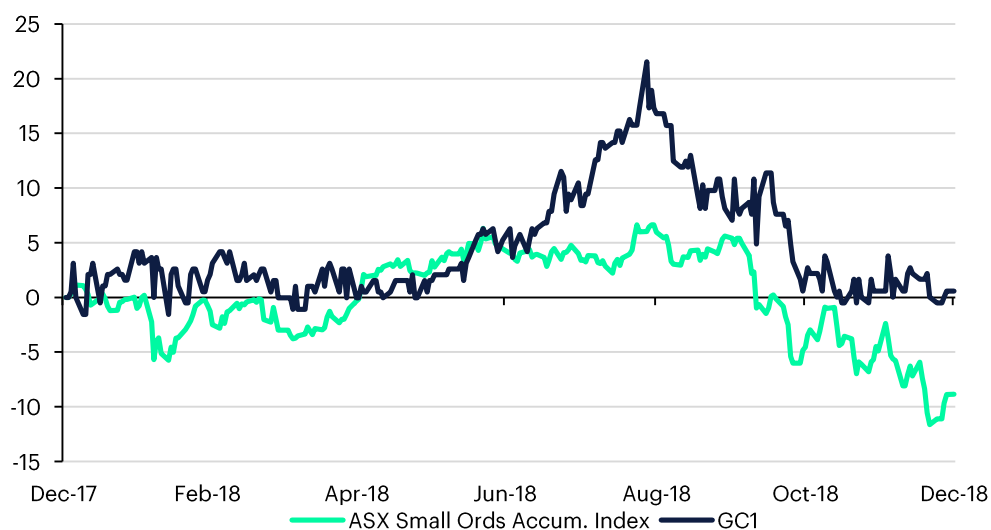
GC1 Snapshot			Top Holding				
Price (31 December 2018)	\$0.93		ALLIANCE AVIATION SERVICES L		na		
Share price range (12 months)	\$0.83- \$1.17		CML GROUP LTD				
Shares on issue (Mn)	48.0		FIDUCIAN GROUP LTD				
Market capitalisation (\$Mn)	\$45		MACMAHON HOLDINGS LTD				
Pre-tax asset backing*	\$0.91		SHINE CORPORATE LTD				
Post-tax asset backing*	\$0.92						
Premium/(Discount) to pre-tax NTA	2.2%						
Premium/(Discount) to post-tax NTA	1.1%						
Dividend yield	4.3%						
Dividend per share (cents)	4.0						
Franking	100%						
Management expense ratio	1.00%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
GC1	0.6%	1.2%	na	NTA growth	-15.5%	-0.5%	na
Active return	9.2%	-6.3%	na	Active return	-6.9%	-8.0%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.56: GC1 TSR vs ASX Small Ords Accum. Index**



Source: Bloomberg, Baillieu

## Global Value Fund (GVF)

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

- Global Value Fund invests in a global portfolio of closed-end funds purchased at a discount to its underlying asset value, giving investors an alternate source of market outperformance compared to more common stock selection strategies.
- GVF implements an extensive risk management profile, including investing in a range of underlying asset classes (i.e. Fixed Interest, Private Equity).
- Four of GVF's top five funds are currently in the process of liquidating assets and returning funds back to shareholders.
- The total shareholder return for the year ending 31 December 2018 was -6.3% with pre-tax net asset backing decreasing 0.9%. The active return (TSR) was -8.1%.

**Fig.57: GVF overview**

GVF Snapshot				Top Holdings			
Price (31 December 2018)	\$1.04			CARADOR INCOME FUND		7.6%	
Share price range (12 months)	\$1.01- \$1.17			ASIA PACIFIC FUND		6.5%	
Shares on issue (Mn)	147.7			PERSHING SQUARE HOLDINGS		6.4%	
Market capitalisation (\$Mn)	\$153			BLUE CAPITAL GLOBAL REINSURANCE		6.3%	
Pre-tax asset backing*	\$1.04			LAZARD WORLD TRUST		6.1%	
Post-tax asset backing*	\$1.05						
Premium/(Discount) to pre-tax NTA	-0.1%			<b>UNDERLYING ASSET CLASS</b>			
Premium/(Discount) to post-tax NTA	-1.1%			LISTED EQUITY		36.0%	
Dividend yield	6.1%			LISTED DEBT		25.0%	
Dividend per share (cents)	6.3			LISTED PRIVATE EQUITY		17.0%	
Franking	50%			LISTED HEDGE FUND		7.0%	
Management expense ratio	1.50%						

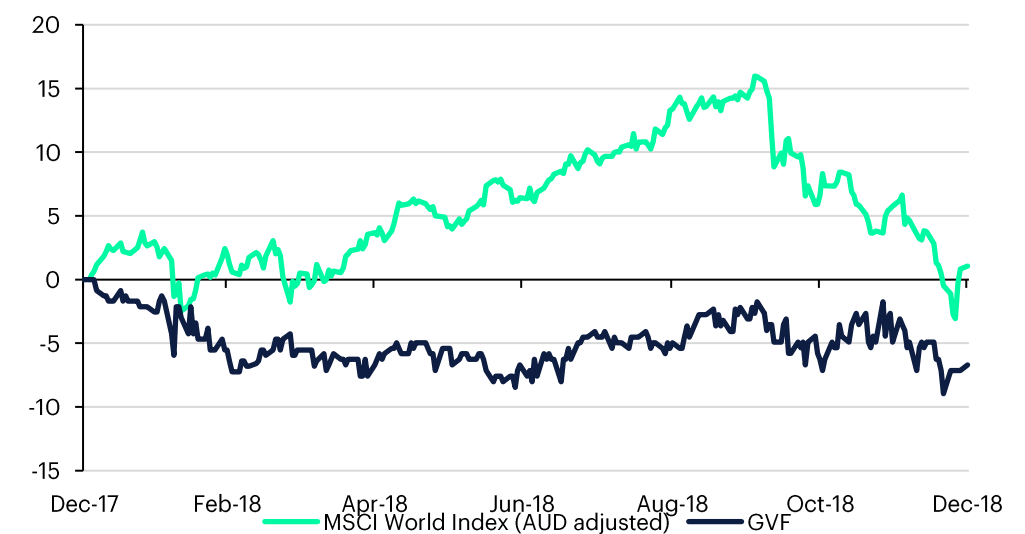
  

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
GVF	-6.3%	6.3%	na	NTA growth	-0.9%	2.1%	na
Active return	-8.1%	-1.8%	na	Active return	-2.7%	-6.0%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

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

**Fig.58: GVF TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, Baillieu

## Lowell Resources Fund (LRT)

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

- LRT is a recently incorporated Listed Investment Trust (LIT) that invests in the junior mining and energy sectors in Australia and the around the world. The fund listed on the ASX in March 2018 following a \$5m raise.
- The manager employs a top-down investment strategy in conjunction with a bottom up stock selection process to achieve performance.
- Over time, the portfolio will represent a range of commodities including gold, iron ore, coal, oil, gas, uranium, rare earths and strategic minerals, copper and other base metals.
- The total shareholder return for the year ending 31 December 2018 (since inception 23 Mar 2018) was -42.8% with pre-tax net asset backing decreasing -31.5%. The active return (TSR) was -26.8%.

**Fig.59: LRT overview**

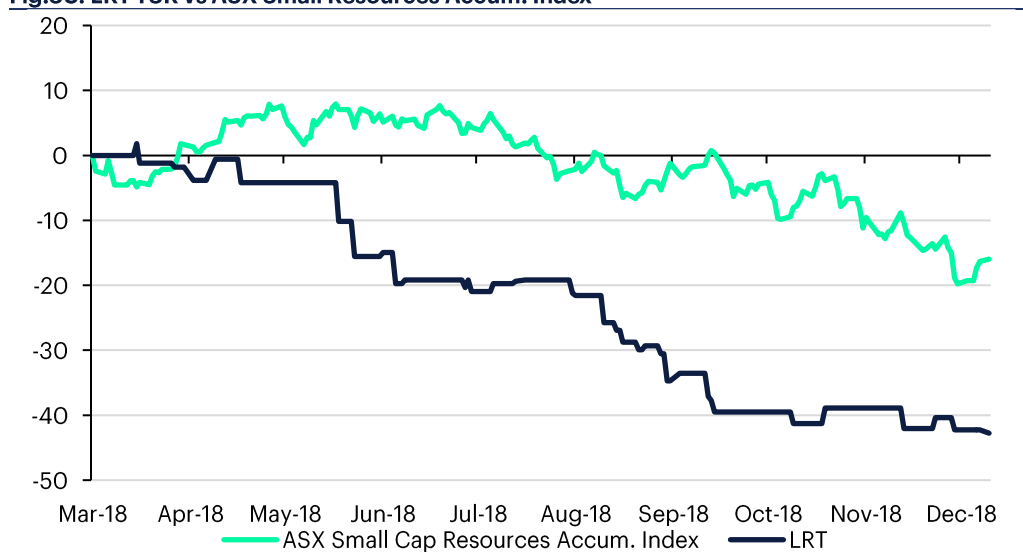
LRT Snapshot		Top Holdings	
Price (31 December 2018)	\$4.78	GOLD ROAD RESOURCES LTD	8.0%
Share price range (12 months)	\$4.55- \$8.5	TINKA RESOURCES LTD	5.0%
Shares on issue (Mn)	2.8	MUSGRAVE MINERALS LTD	5.0%
Market capitalisation (\$Mn)	\$13	ADRIATIC METALS PLC-CDI	5.0%
Pre-tax asset backing*	\$5.43	CARDINAL RESOURCES LTD	4.0%
Post-tax asset backing*	-	INDAGO ENERGY LTD	3.0%
Premium/(Discount) to pre-tax NTA	-12.0%		
Premium/(Discount) to post-tax NTA	-		
Dividend yield	0.0%		
Dividend per share (cents)	0.0		
Franking	100%		
Management expense ratio	2.16%		

Total Shareholder Return	1 Year*	3 Year	5 Year	NTA Performance	1 Year*	3 Year	5 Year
LRT	-42.8%	na	na	NTA growth	-31.5%	na	na
Active return	-26.8%	na	na	Active return	-15.5%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 23 March 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.60: LRT TSR vs ASX Small Resources Accum. Index**



Source: Bloomberg, Baillieu

## Lion Selection Group (LSX)

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

- LSX Lion Selection (LSX) is a specialist mining LIC with a focus on early stage mining projects. LSX was established and listed on the ASX in 1997.
- LSX gives investors exposure to the high risk, high growth stage of mining investment. It focuses on early stage gold and base metals activities. LSX also provides early stage funding to assist companies along the development curve.
- The total shareholder return for the year ending 31 December 2018 was 5.6% with pre-tax net asset backing increasing 26.5%. The active return (TSR) was 21.6%.

**Fig.61: LSX overview**

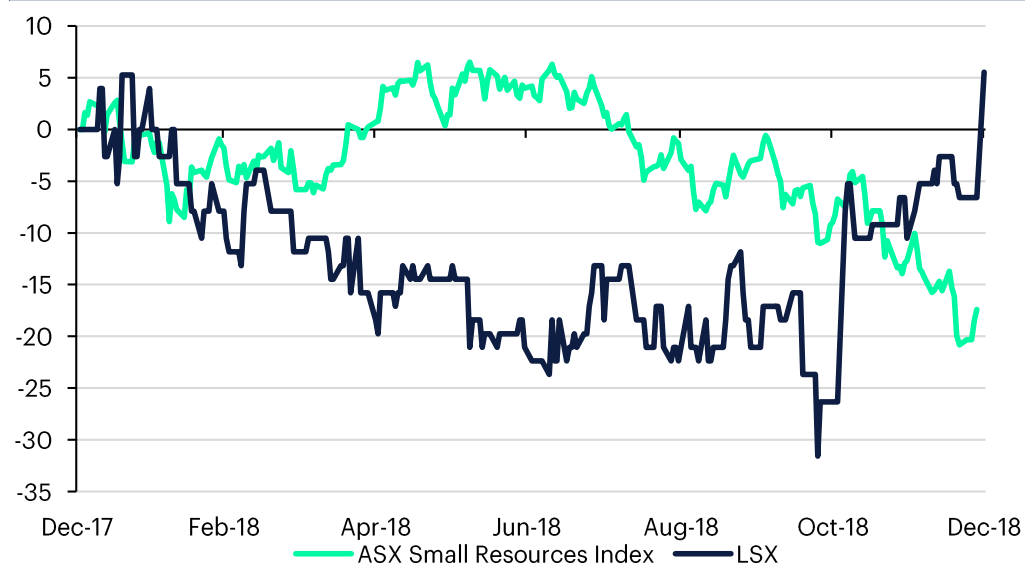
LSX Snapshot		Top Holdings	
Price (31 December 2018)	\$0.38	PANI JV (33.3% INTEREST)	60.0%
Share price range (12 months)	\$0.26- \$0.4	NUSANTARA RESOURCES	11.4%
Shares on issue (Mn)	150.1	ROXGOLD	7.7%
Market capitalisation (\$Mn)	\$57	EGAN STREET RESOURCES	6.7%
Pre-tax asset backing*	\$0.43	ERDENE RESOURCES	3.5%
Post-tax asset backing*	-	TORO GOLD	2.3%
Premium/(Discount) to pre-tax NTA	-11.6%	OTHER	5.3%
Premium/(Discount) to post-tax NTA	#VALUE!		
Dividend yield	0.0%		
Dividend per share (cents)	0.0		
Franking	100%		
Management expense ratio	1.50%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
LSX	5.6%	29.5%	-6.4%	NTA growth	26.5%	14.0%	-6.4%
Active return	21.6%	6.8%	-8.9%	Active return	42.5%	-8.7%	-8.9%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.62: LSX TSR vs ASX Small Resources Index**



Source: Bloomberg, Baillieu

## Monash Absolute Investment (MA1)

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

- Monash Absolute Investment (MA1) was incorporated in April 2016 and is managed by Monash Investors.
- MA1 seeks to achieve a targeted positive return over a full investment cycle (5 to 7 years) as well as avoiding negative returns each financial year.
- MA1 will provide investors access to a portfolio (small cap bias) comprised of long and short positions. MA1 employs an investment approach which is high conviction, benchmark unaware, security size agnostic and investment style agnostic.
- The total shareholder return for the year ending 31 December 2018 was -16.4% with pre-tax net asset backing decreasing 14.0%. The active return (TSR) was -12.8%.

**Fig.63: MA1 overview**

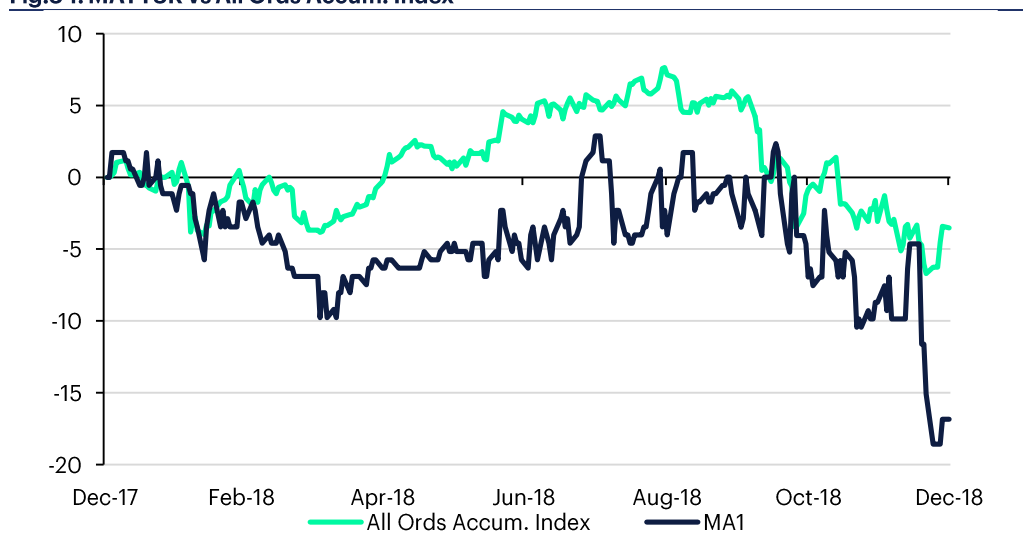
MA1 Snapshot		Top Holdings	%
Price (31 December 2018)	\$0.72		na
Share price range (12 months)	\$0.7- \$0.91		
Shares on issue (Mn)	44.3		
Market capitalisation (\$Mn)	\$32		
Pre-tax asset backing*	\$0.86		
Post-tax asset backing*	\$0.91		
Premium/(Discount) to pre-tax NTA	-16.8%		
Premium/(Discount) to post-tax NTA	-21.7%		
Dividend yield	1.4%		
Dividend per share (cents)	1.0		
Franking	100%		
Management expense ratio	1.00%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MA1	-16.4%	na	na	NTA growth	-14.0%	na	na
Active return	-12.8%	na	na	Active return	-10.5%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.64: MA1 TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## MFF Capital Investments (MFF)

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

- The MFF Capital Investments was listed on the ASX in December 2006.
- The fund is focused on North American companies; more than 85% of its portfolio consists of US domiciled corporations that are leaders in emerging markets as well as developed markets.
- MFF has been one of the top performing LICs from our coverage universe over 1, 3 and 5 years.
- The total shareholder return for the year ending 31 December 2018 was 16.3% with pre-tax net asset backing increasing 8.2%. The active return (TSR) was 14.5%.

**Fig.65: MFF overview**

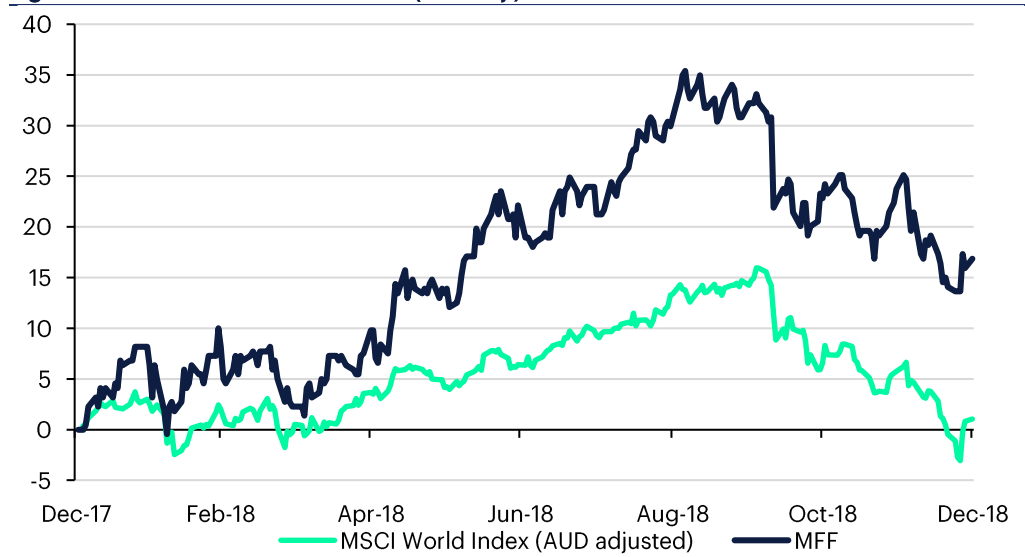
MFF Snapshot			Top Holdings			
Price (31 December 2018)	\$2.54		VISA INC-CLASS A SHARES		13.9%	
Share price range (12 months)	\$2.12- \$2.99		MASTERCARD INC - A		12.5%	
Shares on issue (Mn)	541.6		HOME DEPOT INC		9.6%	
Market capitalisation (\$Mn)	\$1,376		BANK OF AMERICA CORP		7.8%	
Pre-tax asset backing*	\$2.65		ALPHABET INC-CL A		7.0%	
Post-tax asset backing*	\$2.18		JPMORGAN CHASE & CO		6.1%	
Premium/(Discount) to pre-tax NTA	-4.1%		FACEBOOK INC-CLASS A		4.7%	
Premium/(Discount) to post-tax NTA	16.6%		LOWE'S COS INC		4.7%	
Dividend yield	1.2%		HCA HEALTHCARE INC		4.1%	
Dividend per share (cents)	3.0		WELLS FARGO & CO		3.6%	
Franking	100%					
Management expense ratio	1.25%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MFF	16.3%	7.7%	11.7%	NTA growth	8.2%	11.8%	14.4%
Active return	14.5%	-0.4%	1.5%	Active return	6.4%	3.7%	4.2%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.66: MFF TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, Baillieu

## Magellan Global Trust (MGG)

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

- Magellan Global Trust is a recently incorporated LIT following a \$1.5bn raise in October 2017. The investment strategy mirrors the core investment principles of Magellan Financial Group's (MFG) global equities strategy. MFG currently manages more than \$74.5bn.
- MGG seeks to achieve attractive risk-adjusted returns over the medium to long term, whilst reducing risk of permanent capital loss. MGG has a target cash distribution yield of 4% pa.
- Top regional and sector exposures include US (48%), Western Europe (11%), and Emerging Markets (14%) and Cons Defensive (18%) and Internet/Ecommerce (14%).
- The total shareholder return for the year ending 31 December 2018 was 1.9% with pre-tax net asset backing increasing 3.3%. The active return (TSR) was 0.1%.

**Fig.67: MGG overview**

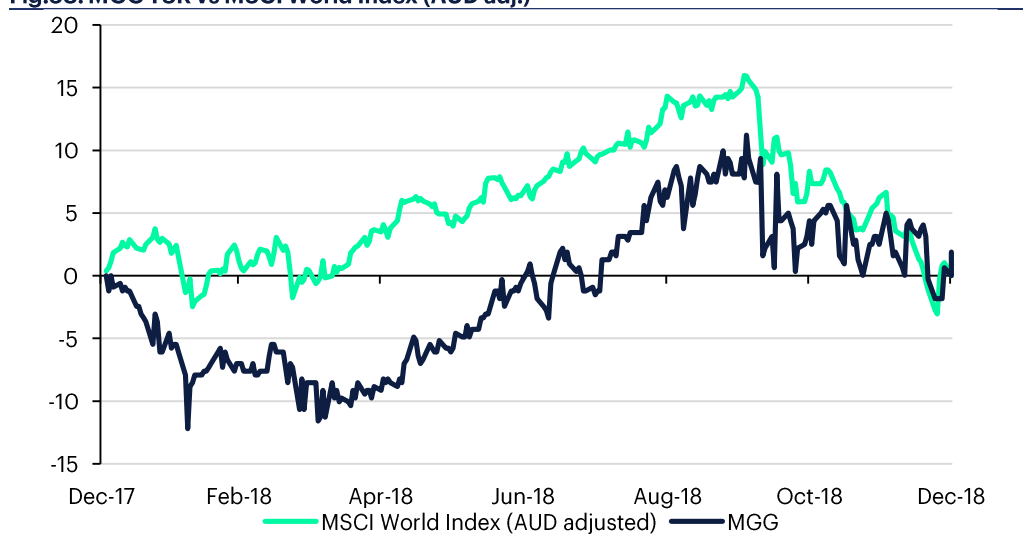
MGG Snapshot		Top Holdings	
Price (31 December 2018)	\$1.64	ALPHABET INC-CL A	7.6%
Share price range (12 months)	\$1.42- \$1.8	FACEBOOK INC-CLASS A	6.3%
Shares on issue (Mn)	1055.9	HCA HEALTHCARE INC	6.1%
Market capitalisation (\$Mn)	\$1,732	STARBUCKS CORP	6.1%
Pre-tax asset backing*	\$1.57	APPLE INC	5.7%
Post-tax asset backing*	-	MICROSOFT CORP	5.6%
Premium/(Discount) to pre-tax NTA	4.5%	VISA INC-CLASS A SHARES	5.3%
Premium/(Discount) to post-tax NTA	-	KRAFT HEINZ CO/THE	4.3%
Dividend yield	3.7%	MASTERCARD INC - A	4.3%
Dividend per share (cents)	6.0	ORACLE CORP	4.2%
Franking	100%		
Management expense ratio	1.35%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MGG	1.9%	na	na	NTA growth	3.3%	na	na
Active return	0.1%	na	na	Active return	1.5%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.68: MGG TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, Baillieu

## Mirrabooka Investments (MIR)

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

- Mirrabooka Investments' objective is to provide medium to long-term gains by investing in small/mid-sized companies in Australia and New Zealand. It was established in 1999 and listed in 2001.
- Mirrabooka provides investors with an opportunity to focus on investing outside blue chip companies.
- Mirrabooka currently writes options against 3 of its top 20 holdings.
- As at 31 December 2018, MIR was trading at an estimated 14.0% premium to NTA, this compares to its one and three-year historical average of 7.3% and 13.2% respectively.
- The total shareholder return for the year ending 31 December 2018 was -0.6% with pre-tax net asset backing decreasing 6.4%. The active return (TSR) was 6.8%.

**Fig.69: MIR overview**

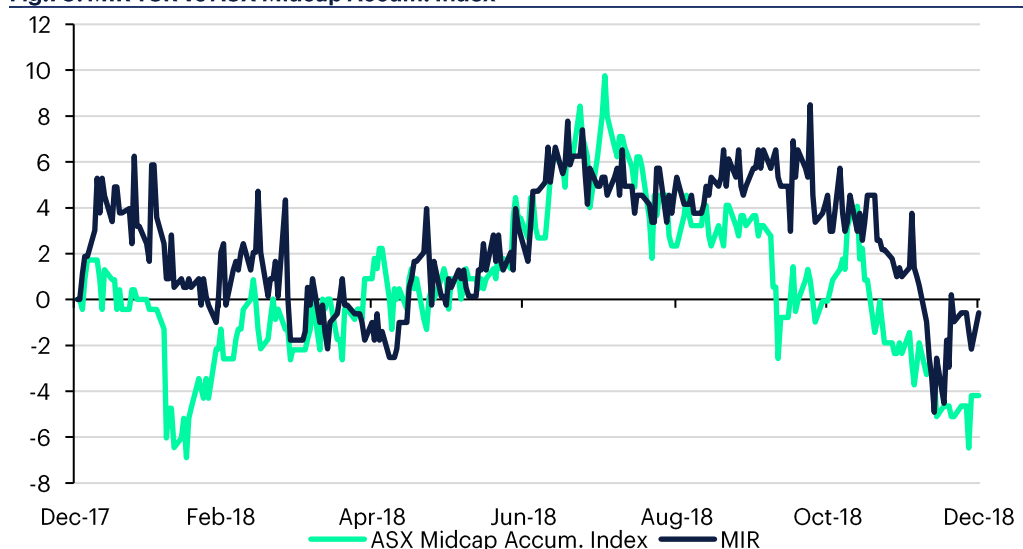
MIR Snapshot			Top Holdings		%
Price (31 December 2018)	\$2.52		MAINFREIGHT LTD		4.2%
Share price range (12 months)	\$2.41- \$2.8		QUBE HOLDINGS LTD		3.8%
Shares on issue (Mn)	159.0		LIFESTYLE COMMUNITIES LTD		3.6%
Market capitalisation (\$Mn)	\$401		ALUMINA LTD		3.1%
Pre-tax asset backing*	\$2.21		SEEK LTD		2.6%
Post-tax asset backing*	\$2.04		IRESS LTD		2.5%
Premium/(Discount) to pre-tax NTA	14.0%		EQT HOLDINGS LTD		2.4%
Premium/(Discount) to post-tax NTA	23.5%		RELIANCE WORLDWIDE CORP LTD		2.4%
Dividend yield	4.8%		JAMES HARDIE INDUSTRIES-CDI		2.4%
Dividend per share (cents)	12.0		REECE LTD		2.4%
Franking	100%				
Management expense ratio	0.67%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MIR	-0.6%	4.2%	3.3%	NTA growth	-6.4%	2.5%	5.7%
Active return	6.8%	-5.8%	-7.6%	Active return	1.0%	-7.5%	-5.2%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.70: MIR TSR vs ASX Midcap Accum. Index**



Source: Bloomberg, Baillieu

## Milton Corporation (MLT)

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

- Milton Corporation was formed in 1938 and listed in 1958. Its objective is to invest in a diversified portfolio that provides an increasing income stream over time.
- Milton is not a speculative investor and does not sell assets to increase profits for shareholders. It maintains a relatively heavy focus on banking with 28.2% of total assets invested in the sector.
- The total shareholder return for the year ending 31 December 2018 was -4.1% with pre-tax net asset backing decreasing 2.3%. The active return (TSR) was -0.6%.

**Fig.71: MLT overview**

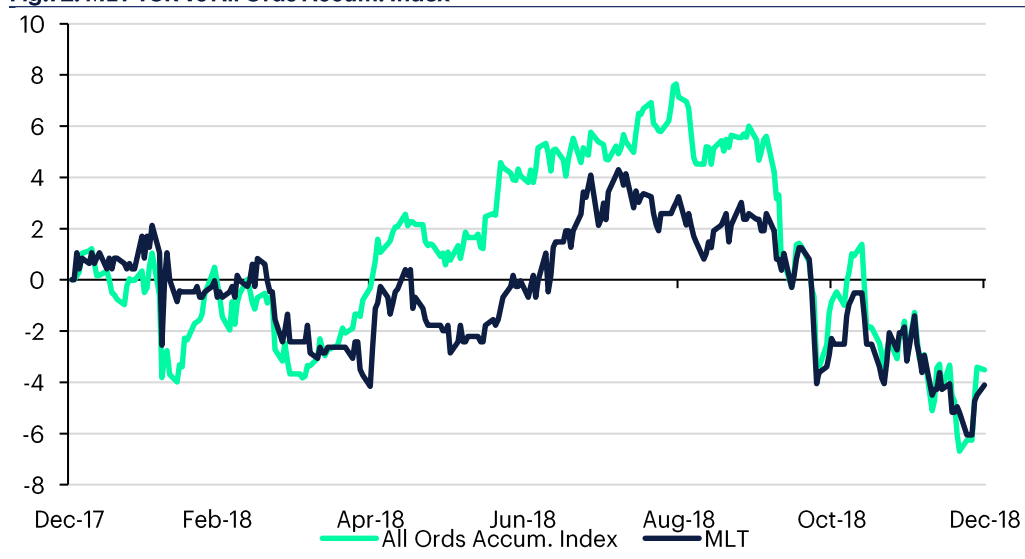
MLT Snapshot			Top Holdings		%
Price (31 December 2018)	\$4.31		WESTPAC BANKING CORP		9.0%
Share price range (12 months)	\$4.24- \$4.83		WASHINGTON H. SOUL PATTINSON		7.8%
Shares on issue (Mn)	664.9		COMMONWEALTH BANK OF AUSTRAL		7.7%
Market capitalisation (\$Mn)	\$2,866		BHP GROUP LTD		4.7%
Pre-tax asset backing*	\$4.42		NATIONAL AUSTRALIA BANK LTD		4.0%
Post-tax asset backing*	\$3.94		CSL LTD		3.7%
Premium/(Discount) to pre-tax NTA	-2.5%		WESFARMERS LTD		3.1%
Premium/(Discount) to post-tax NTA	9.4%		WOOLWORTHS GROUP LTD		2.9%
Dividend yield	4.4%		AUST AND NZ BANKING GROUP		2.9%
Dividend per share (cents)	19.0		MACQUARIE GROUP LTD		2.5%
Franking	100%				
Management expense ratio	0.12%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
MLT	-4.1%	2.2%	4.6%	NTA growth	-2.3%	3.5%	4.4%
Active return	-0.6%	-4.4%	-1.1%	Active return	1.2%	-3.1%	-1.3%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.72: MLT TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## NAOS Ex-50 Opportunities Company Ltd (NAC)

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

- Established in 2005, Naos Asset Management is an Australian boutique fund manager with two listed investment companies.
- NAC is a fundamental bottom up absolute return long/short fund holding a concentrated portfolio of small and mid-cap securities (market capitalisation typically between \$400m - \$1bn).
- Whilst NAC does not disclose top holdings due to its high portfolio concentration (11 long holding at 31 December 2018).
- The total shareholder return for the year ending 31 December 2018 was -9.9% with pre-tax net asset backing decreasing 9.5%. The active return (TSR) was -6.3%.

**Fig.73: NAC overview**

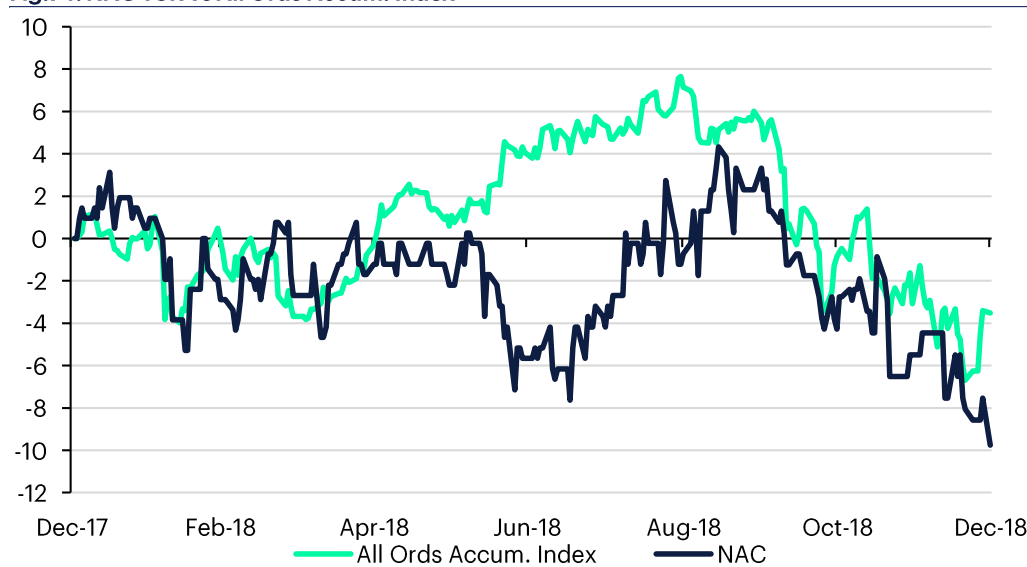
NAC Snapshot			Top Holdings		%
Price (31 December 2018)	\$0.89		BSA LTD		na
Share price range (12 months)	\$0.87- \$1.07		ELDERS LTD		
Shares on issue (Mn)	52.5		SERVICE STREAM LTD		
Market capitalisation (\$Mn)	\$47		EVENT HOSPITALITY AND ENTERT		
Pre-tax asset backing*	\$1.00				
Post-tax asset backing*	\$1.00				
Premium/(Discount) to pre-tax NTA	-11.0%				
Premium/(Discount) to post-tax NTA	-11.0%				
Dividend yield	7.4%				
Dividend per share (cents)	6.6				
Franking	100%				
Management expense ratio	1.75%				
			**stock example**		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
NAC	-9.9%	1.1%	na	NTA growth	-9.5%	-1.0%	na
Active return	-6.3%	-5.5%	na	Active return	-6.0%	-7.6%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.74: NAC TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## NAOS Emerging Opportunities Fund (NCC)

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

- Established in 2005, Naos Asset Management is an Australian boutique fund manager with two listed investment companies.
- NCC provides investors with a highly concentrated ASX ex-100 portfolio that seeks to achieve a minimum of 4.0% yield on investments.
- Whilst NCC does not disclose top holdings due to its high portfolio concentration (9 long holding at 31 December 2018).
- The total shareholder return for the year ending 31 December 2018 was -20.5% with pre-tax net asset backing decreasing 15.8%. The active return (TSR) was -11.9%.

**Fig.75: NCC overview**

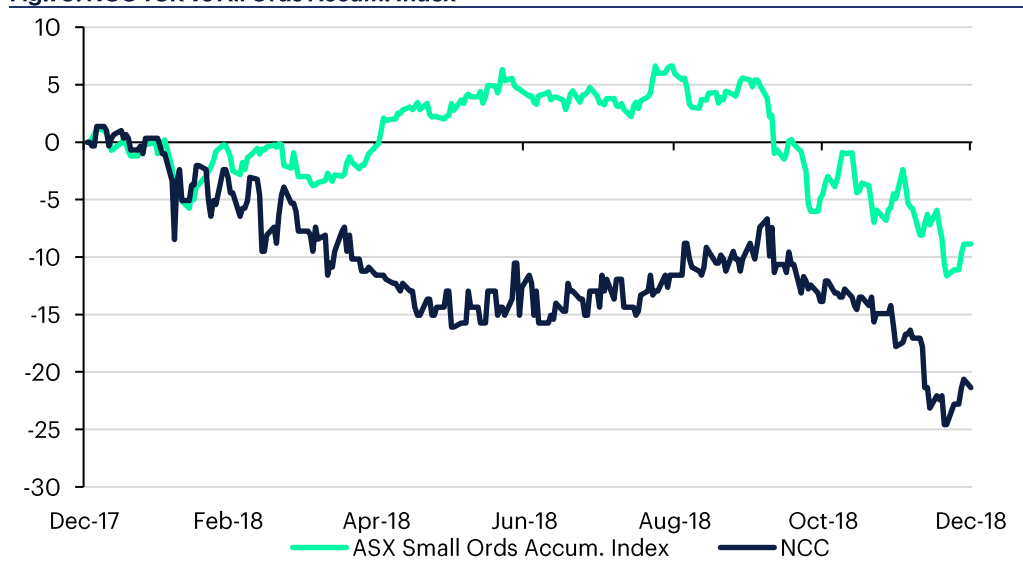
NCC Snapshot			Top Holdings				
Price (31 December 2018)	\$1.10		BSA LTD		na		
Share price range (12 months)	\$1.05- \$1.49		CALLIDEN GROUP PTY LTD				
Shares on issue (Mn)	59.9		CAPITOL HEALTH LTD				
Market capitalisation (\$Mn)	\$66		CONSOLIDATED OPERATIONS GROU				
Pre-tax asset backing*	\$1.09		LINDSAY AUSTRALIA LTD				
Post-tax asset backing*	\$1.10						
Premium/(Discount) to pre-tax NTA	0.9%						
Premium/(Discount) to post-tax NTA	0.0%						
Dividend yield	6.6%						
Dividend per share (cents)	7.3						
Franking	100%						
Management expense ratio	1.25%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
NCC	-20.5%	9.8%	5.6%	NTA growth	-15.8%	5.1%	3.9%
Active return	-11.9%	2.4%	0.0%	Active return	-7.1%	-2.4%	-1.7%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.76: NCC TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## NGE Capital (NGE)

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

- About: NGE was launched as a LIC in October 2016, following a vote by shareholders for a change of structure and activities. NGE is managed by Kentgrove Capital, a boutique investment manager in Melbourne.
- NGE's investment mandate is intended to be as broad as permitted under ASX Listing Rules. As such, NGE expects that it will focus its investments on equity securities in listed or unlisted entities but is permitted to invest in other asset classes such as hybrids/bonds/convertible notes/currencies.
- NGE holds a high conviction portfolio of securities, derived from bottom-up fundamental research focusing on the fundamentals of the company rather than market trends.
- The total shareholder return for the year ending 31 December 2018 was 26.1% with pre-tax net asset backing decreasing -4.4%. The active return (TSR) was 34.8%.

**Fig.77: NGE overview**

NGE Snapshot			Top Holdings			
Price (31 December 2018)	\$0.58		POWERWRAP (UL)		21.0%	
Share price range (12 months)	\$0.42- \$0.73		UNITED COMPANY RUSAL (HKE)		19.2%	
Shares on issue (Mn)	37.2		YELLOW CAKE PLC		15.4%	
Market capitalisation (\$Mn)	\$22		EUREKA GROUP		8.7%	
Pre-tax asset backing*	\$0.77		HORIZON OIL		7.4%	
Post-tax asset backing*	-		BASE RESOURCES		6.1%	
Premium/(Discount) to pre-tax NTA	-24.2%		WARRIOR MET COAL		5.6%	
Premium/(Discount) to post-tax NTA	-29.2%					
Dividend yield	0.0%					
Dividend per share (cents)	0.0					
Franking	100%					
Management expense ratio	1.90%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
NGE	26.1%	13.2%	11.3%	NTA growth	-4.4%	na	na
Active return	34.8%	5.7%	5.7%	Active return	4.3%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.78: NGE TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## NAOS Small Cap Opportunities Company (NSC)

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

- In November 2017, NAOS Asset Management acquired the investment management agreement of NSC (previously Contango Microcap). NAOS currently manage two other LICs – NCC and NAC.
- NAOS has evolved the underlying investment strategy and portfolio. Management will seek undervalued industrial companies with a market cap between \$100m - \$1bn. NSC will hold a concentrated (long only) portfolio of 10-15 securities.
- NSC aims to deliver shareholders with a sustainable growing stream of dividend franked to the maximum extent possible over the long term.
- At 31 December 2018, NSC held 10 securities and 0.9% of the portfolio in cash.
- The total shareholder return for the year ending 31 December 2018 was -21.8% with pre-tax net asset backing decreasing -17.2%. The active return (TSR) was -13.1%.

**Fig.79: NSC overview**

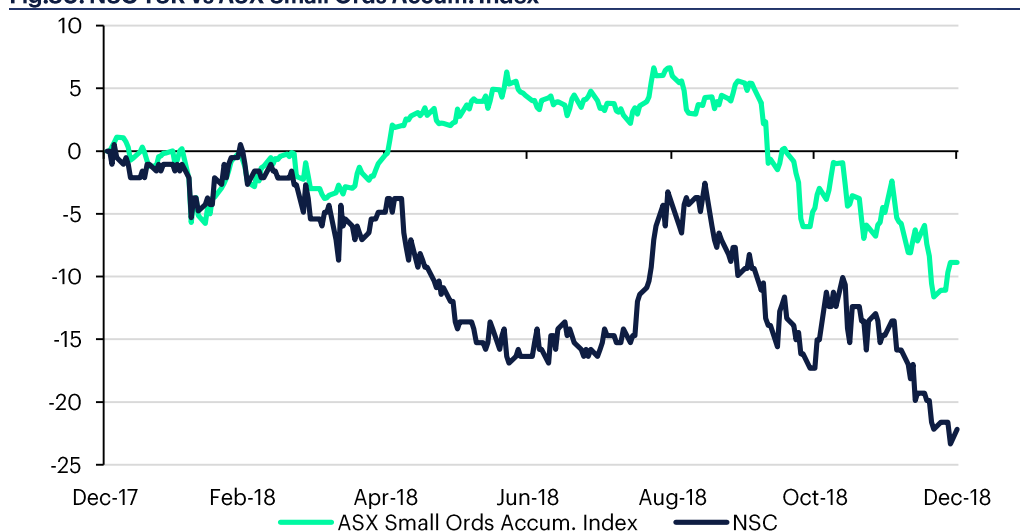
NSC Snapshot			Top Holdings		%
Price (31 December 2018)	\$0.68		OVER THE WIRE HOLDINGS LTD		na
Share price range (12 months)	\$0.66- \$0.95		SERVICE STREAM LTD		
Shares on issue (Mn)	169.0		360 CAPITAL TOTAL RETURN FUN		
Market capitalisation (\$Mn)	\$114		ENERO GROUP LTD		
Pre-tax asset backing*	\$0.76		CONSOLIDATED OPERATIONS GROU		
Post-tax asset backing*	\$0.79				
Premium/(Discount) to pre-tax NTA	-11.2%				
Premium/(Discount) to post-tax NTA	-14.6%				
Dividend yield	10.1%				
Dividend per share (cents)	6.9				
Franking	100%				
Management expense ratio	1.15%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
NSC	-21.8%	-4.4%	-1.7%	NTA growth	-17.2%	-5.6%	-1.7%
Active return	-13.1%	-11.9%	-7.3%	Active return	-8.5%	-13.0%	-7.3%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.80: NSC TSR vs ASX Small Ords Accum. Index**



Source: Bloomberg, Baillieu

## Ophir High Conviction (OPH)

[www.ophiram.com.au/ophir-high-conviction-fund](http://www.ophiram.com.au/ophir-high-conviction-fund)

- OPH listed in Dec-18 as a LIT, via the conversion (no capital raised) of the three previous classes of units into a single ordinary class that will list on the ASX. Established in 2012, Ophir is a specialist small and midcap equities investment manager with ~\$960m of funds under management. OPH is one of two strategies run by the manager.
- Although recently listed, OPH has a strong track record of outperformance (17.0% annualised returns since inception - Aug-15)
- Management employ a fundamental, bottom up strategy seeking companies that: 1) operate IN or about to enter periods of structural growth; 2) are generating cash or have a clear pathway to cash generation; 2) have a high quality management team and are under-researched/appreciated or not well understood by the market.
- The total return NTA for the year ending 31 December 2018 was -2.3%, the active return was 5.7%.

**Fig.81: OPH overview**

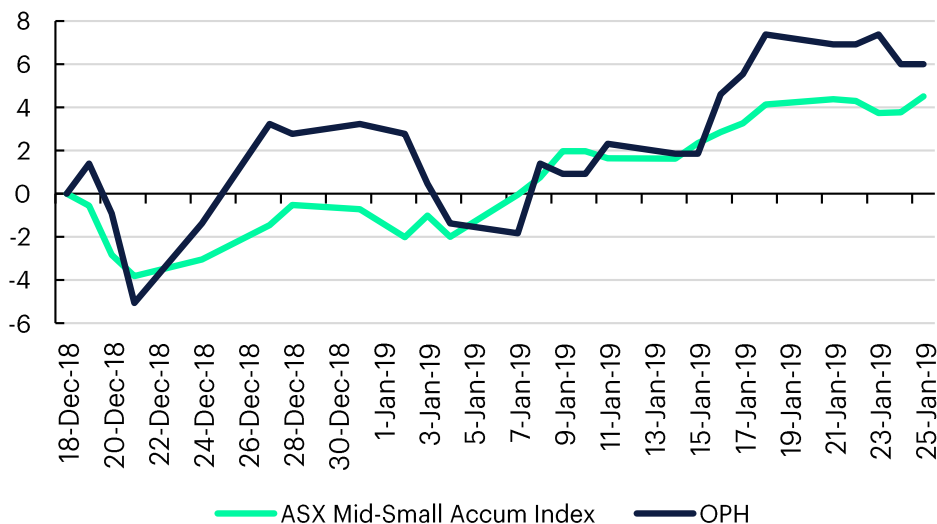
OPH Snapshot		Top Holdings	%
Price (31 December 2018)	\$2.24	A2 MILK CO LTD	
Share price range (12 months)	-	CLEANAWAY WASTE MANAGEMENT L	
Shares on issue (Mn)	200.0	NEXTDC LTD	
Market capitalisation (\$Mn)	\$448.0	RELIANCE WORLDWIDE CORP LTD	
Pre-tax asset backing*	\$2.13	TABCORP HOLDINGS LTD	
Post-tax asset backing*	-		42.7%
Premium/(Discount) to pre-tax NTA	5.2%		
Premium/(Discount) to post-tax NTA	-		
Dividend yield	-		
Dividend per share (cents)	-		
Franking	-		
Management expense ratio	1.23%		

Total Shareholder Return	1 Year	3 Year	Inception	NTA Performance*	1 Year	3 Year	Inception
OPH	-	-	-	NTA growth	-2.3%	6.9%	17.0%
Active return	-	-	-	Active return	5.7%	-1.9%	8.1%

\*Historical returns of the unlisted High Conviction Fund

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.82: OPH Performance vs ASX Mid-Small Index**



Source: Bloomberg, Baillieu

## Ozgrowth Limited (OZG)

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

- OZG is a listed investment company that focuses on investing in the Australian equity market. The portfolio of assets is managed by Westoz Funds Management Pty Ltd, a wholly owned subsidiary of Euroz Limited.
- The Company invests in small to mid-sized companies, generally listed on the Australian Securities Exchange and with some connection to Western Australia.
- The total shareholder return for the year ending 31 December 2018 was -11.1% with pre-tax net asset backing decreasing 14.8%. The active return (TSR) was -7.6%.

**Fig.83 OZG overview**

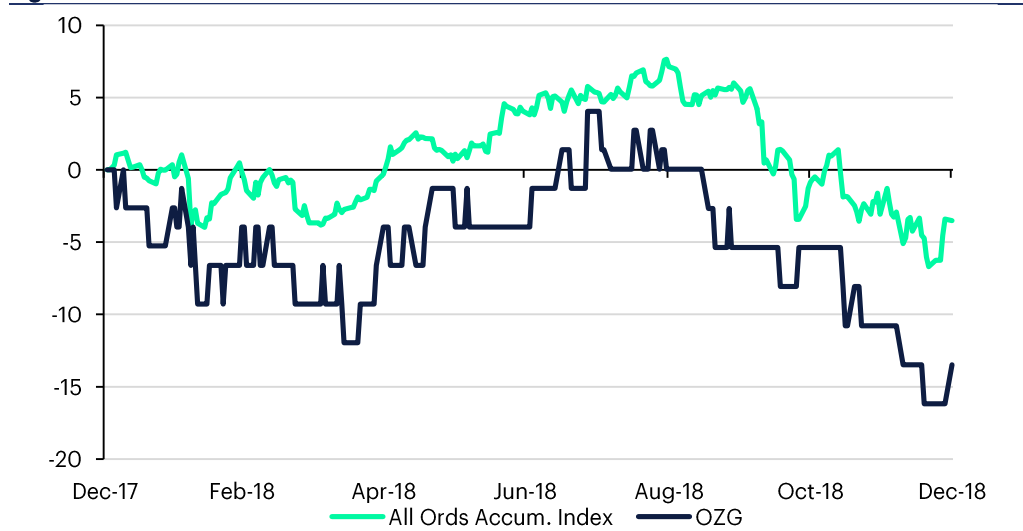
OZG Snapshot		Top Holdings	
Price (31 December 2018)	\$0.16	CEDAR WOODS PROPERTIES LTD	11.0%
Share price range (12 months)	\$0.16- \$0.2	AUSTRALIS OIL & GAS LTD	9.0%
Shares on issue (Mn)	356.1	SRG GLOBAL LTD	6.0%
Market capitalisation (\$Mn)	\$57	MACMAHON HOLDINGS LTD	6.0%
Pre-tax asset backing*	\$0.19	AUSDRILL LTD	5.0%
Post-tax asset backing*	\$0.19	EMERALD RESOURCES NL	5.0%
Premium/(Discount) to pre-tax NTA	-13.5%	COOPER ENERGY LTD	5.0%
Premium/(Discount) to post-tax NTA	-16.7%	FLEETWOOD CORP LTD	4.0%
Dividend yield	3.1%	FINBAR GROUP LTD	4.0%
Dividend per share (cents)	0.5	EQUATORIAL RESOURCES LTD	3.0%
Franking	100%		
Management expense ratio	1.00%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
OZG	-11.1%	13.6%	1.9%	NTA growth	-14.8%	10.3%	-0.7%
Active return	-7.6%	7.0%	-3.9%	Active return	-11.3%	3.7%	-6.4%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.84: OZG TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## PM Capital Asian Opportunities Fund (PAF)

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

- PM Capital Asian Opportunities Fund began trading on the ASX on 21 May 2014.
- PAF provide long-term capital growth by investing in a portfolio of predominantly undervalued listed Asian equities and other investment securities in the Asian Region (ex-Japan).
- Greater China (45.1%) and South-East Asia (26.5%) are the highest regionals exposures within the portfolio with Gaming (18.8%) and Financials (18.5%) the highest sector allocations.
- The total shareholder return for the year ending 31 December 2018 was -16.9% with pre-tax net asset backing decreasing -18.6%. The active return (TSR) was -11.8%.

**Fig.85: PAF overview**

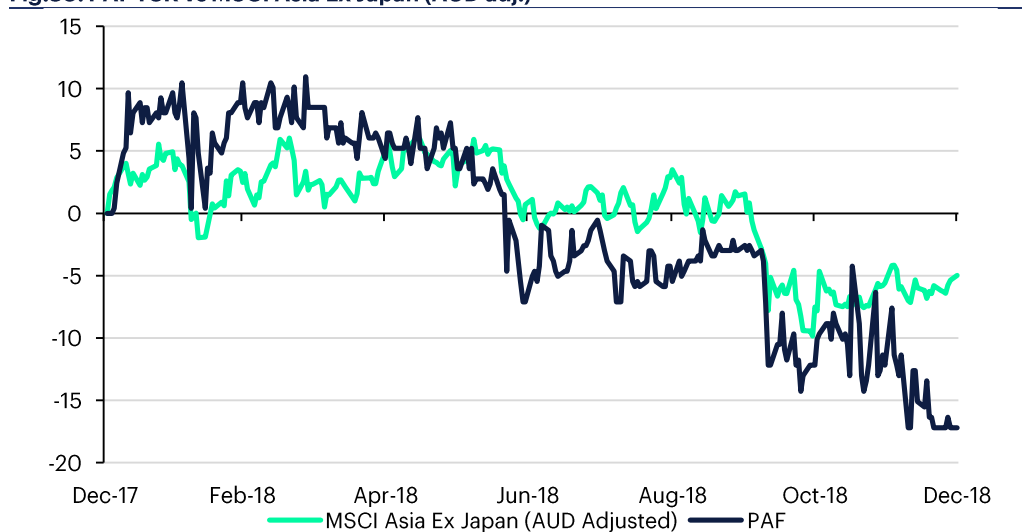
PAF Snapshot				Top Holdings			
Price (31 December 2018)	\$0.99			HEINEKEN MALAYSIA		na	
Share price range (12 months)	\$0.98- \$1.38			DALI FOOD GROUP			
Shares on issue (Mn)	56.5			DBS GROUP			
Market capitalisation (\$Mn)	\$56			MGM CHINA HOLDINGS			
Pre-tax asset backing*	\$0.99			NAGACORP			
Post-tax asset backing*	\$1.04			TURQUOISE HILL RESOURCES			
Premium/(Discount) to pre-tax NTA	-0.3%			SINOPEC KANTONS			
Premium/(Discount) to post-tax NTA	-4.8%			BAIDU			
Dividend yield	4.5%						
Dividend per share (cents)	4.5						
Franking	100%						
Management expense ratio	1.00%						
				**current stock example**			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PAF	-16.9%	4.7%	na	NTA growth	-18.6%	-0.8%	na
Active return	-11.8%	-5.3%	na	Active return	-13.5%	-10.7%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.86: PAF TSR vs MSCI Asia Ex Japan (AUD adj.)**



Source: Bloomberg, Baillieu

## Platinum Asia Investments Limited (PAI)

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

- Platinum Asia Investments (PAI) is managed by the ASX listed, Platinum Asset Management (PTM) with ~\$24.1 billion of funds under management as at 31 December 2018. PAI invests in the Asian region (ex-Japan), seeking to provide investors with capital growth over the long term.
- PAI is recently incorporated, listing in December 2015 however Platinum Asset Management has been investing in the Asian region (ex-Japan) since 2004 through its Platinum Asia Fund which currently manages ~\$4.3 billion of funds.
- Key regional exposures include Greater China (36.0%), India (15.8%), and Korea (10.0%).
- The total shareholder return for the year ending 31 December 2018 was -8.5% with pre-tax net asset backing decreasing 11.4%. The active return (TSR) was -3.4%.

**Fig.87: PAI overview**

PAI Snapshot			Top Holdings			
Price (31 December 2018)	\$1.07		SAMSUNG ELECTRONICS CO		3.7%	
Share price range (12 months)	\$1.01- \$1.4		TENCENT HOLDINGS		3.1%	
Shares on issue (Mn)	361.6		KASIKORNBANK PCL		3.0%	
Market capitalisation (\$Mn)	\$387		AXIS BANK		2.7%	
Pre-tax asset backing*	\$1.02		ALIBABA GROUP		2.4%	
Post-tax asset backing*	\$1.03		AYALA LAND		2.1%	
Premium/(Discount) to pre-tax NTA	5.4%		NAVER CORPORATION		2.1%	
Premium/(Discount) to post-tax NTA	3.8%		RELIANCE INDUSTRIES		2.1%	
Dividend yield	9.3%		AIA GROUP		2.0%	
Dividend per share (cents)	10.0		ANTA SPORTS PRODUCTS		2.0%	
Franking	100%					
Management expense ratio	1.10%					

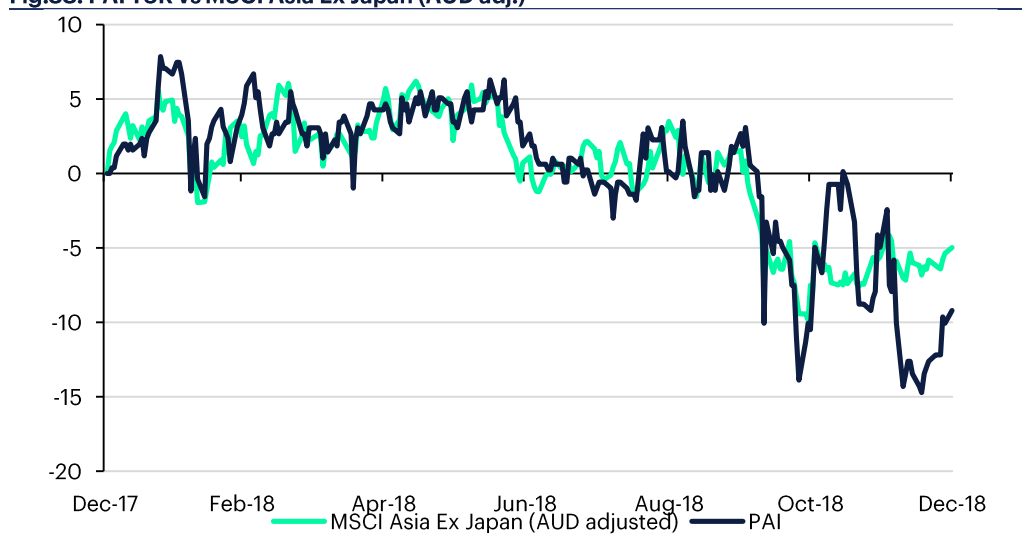
  

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PAI	-8.5%	4.3%	na	NTA growth	-11.4%	5.3%	na
Active return	-3.4%	-5.7%	na	Active return	-6.4%	-4.7%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

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

**Fig.88: PAI TSR vs MSCI Asia Ex Japan (AUD adj.)**



Source: Bloomberg, Baillieu

## PM Capital Global Opportunities Fund (PGF)

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

- Managed by PM Capital, PGF began trading on the ASX on 11 December 2013.
- Current Investment themes include: 1) Global Domestic Banking; 2) Post GFC Housing Recovery (US/Europe); 3) Service Monopolies; and 4) Alternative Investment Managers.
- Key underlying regional exposure is North America (37.8%), Europe (28.9%) and International (17.0%) with currency exposure of the portfolio weighted towards the USD at 61.3%.
- The total shareholder return for the year ending 31 December 2018 was -8.8% with pre-tax net asset backing decreasing 9.4%. The active return (TSR) was -10.6%.

**Fig.89: PGF overview**

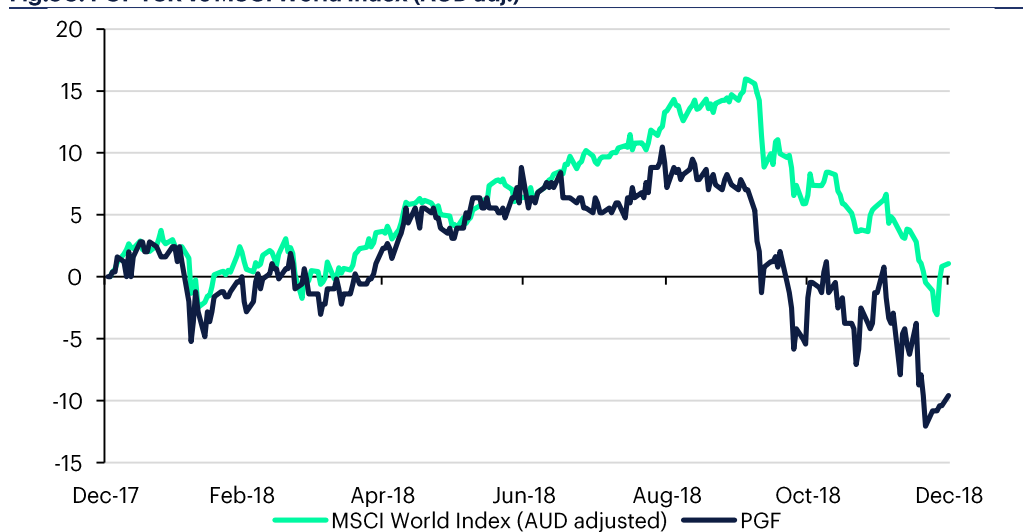
PGF Snapshot				Top Holdings			
Price (31 December 2018)	\$1.09			HOWARD HUGHES		na	
Share price range (12 months)	\$1.06- \$1.35			CAIRN HOMES			
Shares on issue (Mn)	351.2			BANK OF AMERICA			
Market capitalisation (\$Mn)	\$383			ALPHABET			
Pre-tax asset backing*	\$1.17			MGM CHINA HOLDINGS			
Post-tax asset backing*	\$1.15			KKR & CO			
Premium/(Discount) to pre-tax NTA	-7.1%			**current stock examples**			
Premium/(Discount) to post-tax NTA	-4.9%						
Dividend yield	3.3%						
Dividend per share (cents)	3.6						
Franking	100%						
Management expense ratio	1.00%						
Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PGF	-8.8%	5.9%	na	NTA growth	-9.4%	3.3%	5.0%
Active return	-10.6%	-2.2%	na	Active return	-11.2%	-4.9%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

Baillieu Limited is raising capital for PTrackERS and will earn fees in relation to that activity.

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

**Fig.90: PGF TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, Baillieu

## Perpetual Equity Investment Company (PIC)

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

- Perpetual Equity Investment Company listed on 18 December 2014 and is managed by Perpetual. Perpetual currently has ~\$27.7 billion of funds under management.
- PIC follows a bottom-up investment approach, focusing on mid-caps with a concentrated exposure of 20–40 securities. Additionally, a global allocation is included, up to 25% of the portfolio. Currently PIC has no exposure allocated to international securities. At 31-Dec, PIC held 21% of the portfolio in cash.
- The total shareholder return for the year ending 31 December 2018 was -5.4% with pre-tax net asset backing decreasing 6.1%. The active return (TSR) was -2.3%.

**Fig.91: PIC overview**

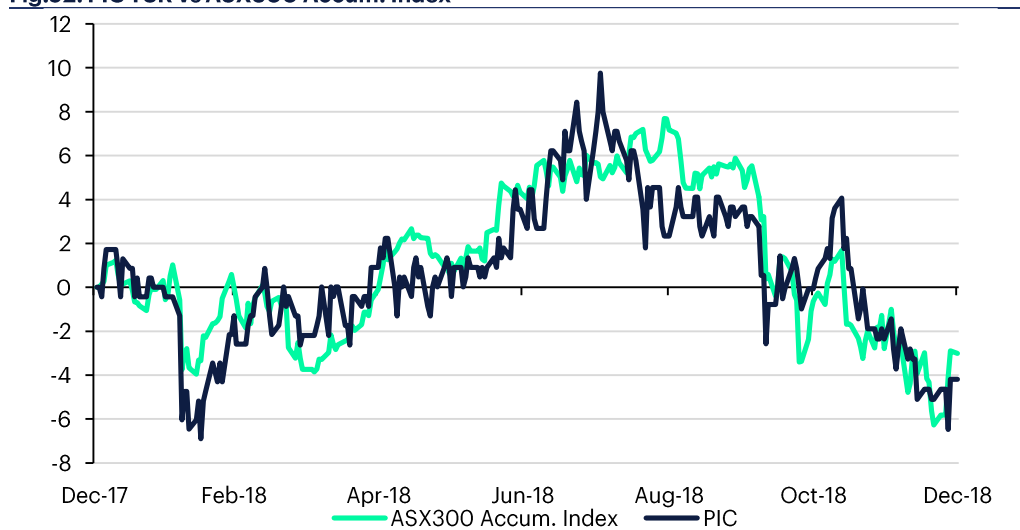
PIC Snapshot				Top Holdings			
Price (31 December 2018)	\$1.05			COMMONWEALTH BANK OF AUSTRAL		9.0%	
Share price range (12 months)	\$1.01- \$1.23			WESTPAC BANKING CORP		7.8%	
Shares on issue (Mn)	344.8			SUNCORP GROUP LTD		5.8%	
Market capitalisation (\$Mn)	\$360			EVOLUTION MINING LTD		4.8%	
Pre-tax asset backing*	\$1.04			WOOLWORTHS GROUP LTD		4.6%	
Post-tax asset backing*	\$1.06			GLOBAL TOP HOLDINGS			
Premium/(Discount) to pre-tax NTA	0.1%			NA			
Premium/(Discount) to post-tax NTA	-0.9%						
Dividend yield	6.0%						
Dividend per share (cents)	6.3						
Franking	100%						
Management expense ratio	1.00%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PIC	-5.4%	7.0%	na	NTA growth	-6.1%	3.9%	na
Active return	-2.3%	0.4%	na	Active return	-3.0%	-2.7%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.92: PIC TSR vs ASX300 Accum. Index**



Source: Bloomberg, Baillieu

## Pengana International Equities (PIA)

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

- PIA is managed by Pengana Capital (PCG), a listed fund manager with ~\$3.0bn of funds under management.
- PIA's objective is to deliver long term consistent shareholder returns that consistently pay dividends whilst reducing volatility and the risk of losing capital.
- Post the investment mandate change in 2017, the underlying PIA portfolio now replicates the strategy and process of Pengana's International Equity Fund (PIEF). Top regional exposure including the USA (44.7%) and Europe ex-UK (26.6%). Key sector exposures include Financials (17.5%), Consumer Disc. (11.3%) and Industrials (11.2%).
- The total shareholder return for the year ending 31 December 2018 was -4.7% with pre-tax net asset backing increasing 0.0%. The active return (TSR) was -6.5%.

**Fig.93: PIA overview**

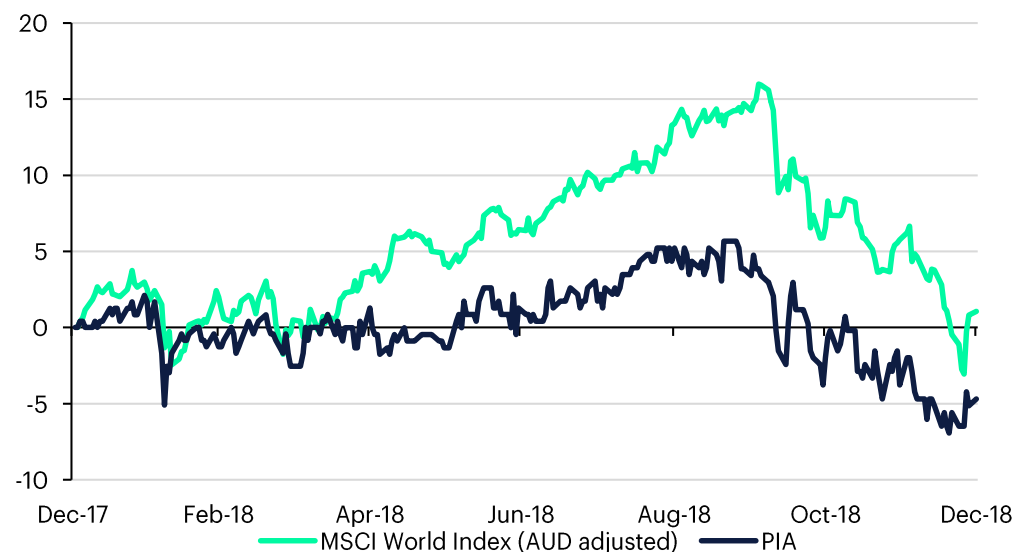
Fig.55: NTA overview

PIA Snapshot				Top Holdings				%
Price (31 December 2018)			\$1.06	ALPHABET				na
Share price range (12 months)			\$1.01- \$1.21	BHARTI INFRATEL				
Shares on issue (Mn)			253.0	CIGNA				
Market capitalisation (\$Mn)			\$268	CME GROUP				
Pre-tax asset backing*			\$1.15	DEUTSCHE BOERSE				
Post-tax asset backing*			\$1.15	DOLLAR GENERAL				
Premium/(Discount) to pre-tax NTA			-7.6%	HEINEKEN				
Premium/(Discount) to post-tax NTA			-8.0%	INTERCONTINENTAL EXCHANGE				
Dividend yield			6.6%	MICROSOFT				
Dividend per share (cents)			7.0	NUTRIEN				
Franking			100%					
Management expense ratio			1.50%					
				**listed in alphabetical order**				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PIA	-4.7%	2.1%	8.6%	NTA growth	0.0%	0.7%	5.3%
Active return	-6.5%	-6.0%	-1.6%	Active return	-1.8%	-7.4%	-5.0%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.94: PIA TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, Baillieu

## Platinum Capital (PMC)

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

- Platinum Capital listed on the ASX in 1994 and is managed by Platinum Asset Management.
- Its strategy is to invest in international equities, predominantly from Europe and Asia. The portfolio is currently overweight net China (21.6%) with other key regions including Europe (20.5%) and Japan (11.4%). PMC is underweight the US with net exposure of only 1.8%.
- Platinum is an active manager and also derives revenue from trading activities.
- The total shareholder return for the year ending 31 December 2018 was -8.5% with pre-tax net asset backing decreasing 10.5%. The active return (TSR) was -10.3%.

**Fig.95: PMC overview**

PMC Snapshot				Top Holdings			
Price (31 December 2018)	\$1.76			SAMSUNG ELECTRONICS		3.1%	
Share price range (12 months)	\$1.67- \$2.16			GLENCORE PLC		2.9%	
Shares on issue (Mn)	287.2			PING AN INSURANCE GROUP		2.7%	
Market capitalisation (\$Mn)	\$504			ALPHABET INC		2.6%	
Pre-tax asset backing*	\$1.50			CHINA OVERSEAS LAND & INVEST		2.5%	
Post-tax asset backing*	\$1.49			ROCHE HOLDINGS		2.4%	
Premium/(Discount) to pre-tax NTA	16.8%			SANOFI SA		2.2%	
Premium/(Discount) to post-tax NTA	18.1%			JIANGSU YANGHE BREWERY		2.1%	
Dividend yield	5.7%			PICC PROPERTY AND CASUALTY		2.0%	
Dividend per share (cents)	10.0			SIEMENS AG		2.0%	
Franking	100%						
Management expense ratio	1.10%						

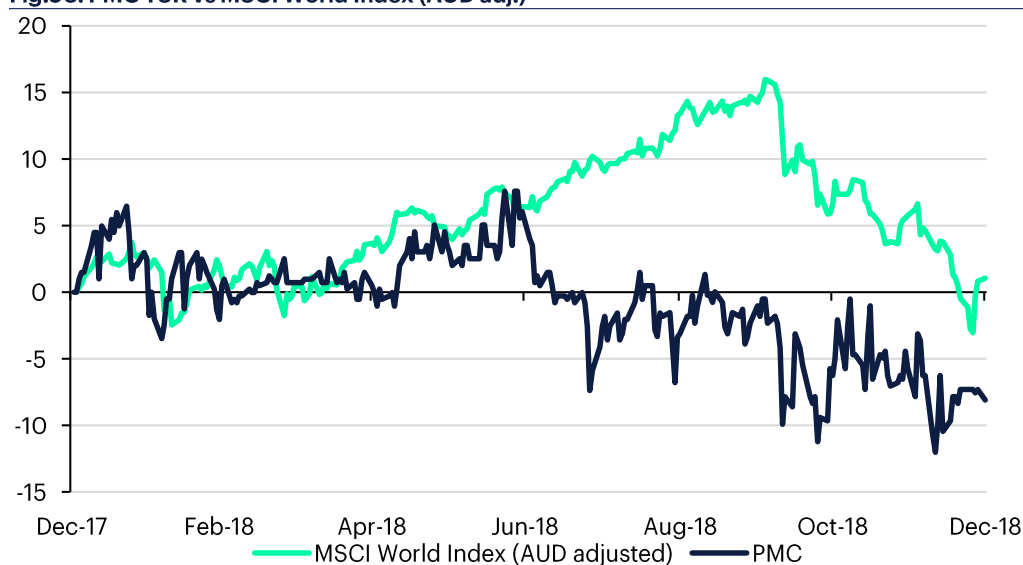
  

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PMC	-8.5%	2.6%	6.4%	NTA growth	-10.5%	3.9%	3.1%
Active return	-10.3%	-5.5%	-3.8%	Active return	-12.3%	-4.2%	-7.1%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

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

**Fig.96: PMC TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, Baillieu

## Plato Income Maximiser (PL8)

[www.plato.com.au/lic-overview/](http://www.plato.com.au/lic-overview/)

- PL8 is a recently incorporated LIC raising ~\$320m in May 2017. Plato is a boutique fund manager specialising in Australian and global equities with ~\$4.9bn of FUM.
- The fund is specifically managed for investors who can utilise franking credits, such as zero tax and low tax paying investors including pension phase superannuation, SMSFs and charities and will seek to pay out monthly fully franked dividends.
- The PL8 strategy seeks to maximise the amount of dividends it receives by rotating the portfolio depending on upcoming ex-dividend dates. PL8 announced its first fully franked dividend five months post listing.
- The total shareholder for the year ending 31 December 2018 was -3.4% with pre-tax net asset backing decreasing 2.2%. The active return (TSR) is -0.6%.

**Fig.97: PL8 overview**

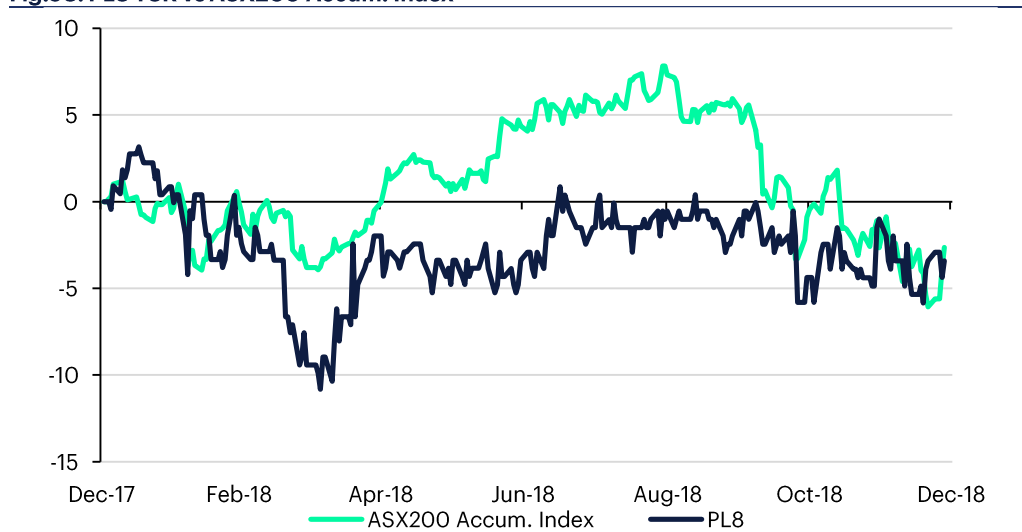
PL8 Snapshot				Top Holdings			
Price (31 December 2018)	\$1.00			AUST AND NZ BANKING GROUP		na	
Share price range (12 months)	\$0.95- \$1.11			BHP GROUP LTD			
Shares on issue (Mn)	296.6			COMMONWEALTH BANK OF AUSTRAL			
Market capitalisation (\$Mn)	\$295			CSL LTD			
Pre-tax asset backing*	\$0.99			INSURANCE AUSTRALIA GROUP			
Post-tax asset backing*	\$1.03			MACQUARIE GROUP LTD			
Premium/(Discount) to pre-tax NTA	0.6%			WESFARMERS LTD			
Premium/(Discount) to post-tax NTA	-3.6%			WESTPAC BANKING CORP			
Dividend yield	5.8%			WOODSIDE PETROLEUM LTD			
Dividend per share (cents)	5.8			WOOLWORTHS GROUP LTD			
Franking	100%			**listed in alphabetical order**			
Management expense ratio	0.80%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
PL8	-3.4%	na	na	NTA growth	-2.2%	na	na
Active return	-0.6%	na	na	Active return	0.6%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.98: PL8 TSR vs ASX200 Accum. Index**



Source: Bloomberg, Baillieu

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

## QV Equities (QVE)

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

- QV Equities Limited is a listed investment company, managed by Investors Mutual Limited (IML). It first listed on the ASX in August 2014.
- Its investment objective is to achieve long term value through capital growth and income by investing in a diversified portfolio of ASX listed entities outside the S&P/ASX 20 Index.
- As of QVE's most recent portfolio update, the company was holding 16.7% cash.
- The total shareholder for the year ending 31 December 2018 was -16.6% with pre-tax net asset backing decreasing -8.7%. The active return (TSR) was -10.1%

**Fig.99: QVE overview**

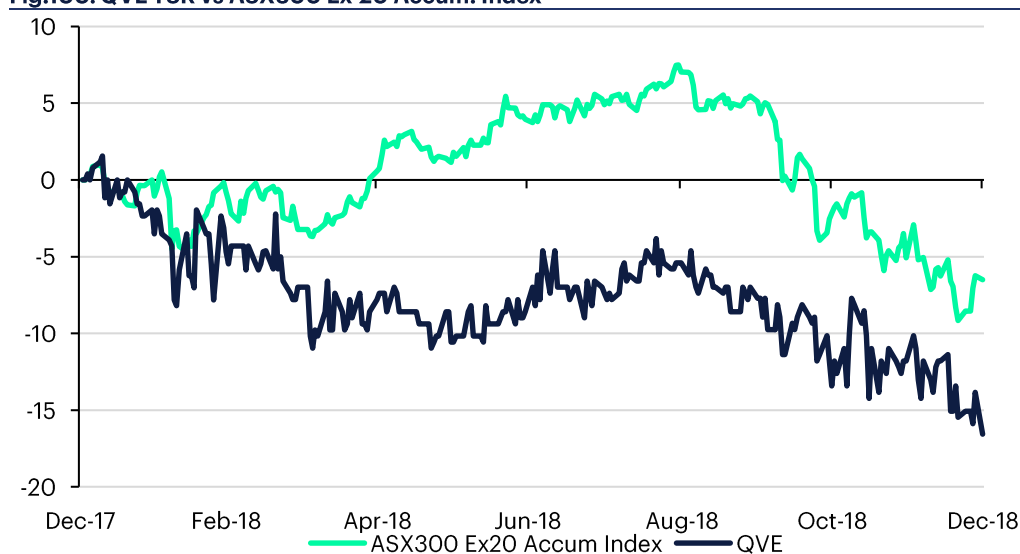
QVE Snapshot				Top Holdings			
Price (31 December 2018)	\$1.05			CROWN RESORTS LTD		4.8%	
Share price range (12 months)	\$1.02- \$1.27			AMCOR LIMITED		4.4%	
Shares on issue (Mn)	276.0			SONIC HEALTHCARE LTD		4.2%	
Market capitalisation (\$Mn)	\$288			SPARK INFRASTRUCTURE GROUP		4.1%	
Pre-tax asset backing*	\$1.08			CTI LOGISTICS LTD		4.0%	
Post-tax asset backing*	\$1.08			PACT GROUP HOLDINGS LTD		3.9%	
Premium/(Discount) to pre-tax NTA	-3.2%			ORICA LTD		3.8%	
Premium/(Discount) to post-tax NTA	-3.2%			AURIZON HOLDINGS LTD		3.6%	
Dividend yield	5.0%			STEADFAST GROUP LTD		3.2%	
Dividend per share (cents)	5.2			BANK OF QUEENSLAND LTD		3.1%	
Franking	100%						
Management expense ratio	0.95%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
QVE	-16.6%	3.9%	na	NTA growth	-8.7%	3.8%	na
Active return	-10.1%	-5.1%	na	Active return	-2.2%	-5.1%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.100: QVE TSR vs ASX300 Ex-20 Accum. Index**



Source: Bloomberg, Baillieu

## Ryder Capital (RYD)

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

- The manager, established in 2008, is an active, value manager that follows a fundamental bottom-up investment process. RYD provides exposure to a concentrated portfolio of listed and unlisted micro and small cap securities.
- RYD's investment process utilises seven key components (as per its prospectus) which are constantly being reviewed and refined. The seven key components are: 1) Discount to intrinsic value; 2) Quality of earnings; 3) Balance sheet strength; 4) Quality of business; 5) Quality of management; 6) Clear and observable business plan; and 7) Identifiable value catalyst.
- The Company may hold up to 50% of the portfolio in cash at any given time. Up to 20% of the portfolio may be invested in unlisted securities, on the condition that these securities are proposed to be listed within 12 months.
- The total shareholder for the year ending 31 December 2018 was -7.5% with pre-tax net asset backing decreasing 14.3%. The active return (TSR) was -4.0%

**Fig.101: RYD overview**

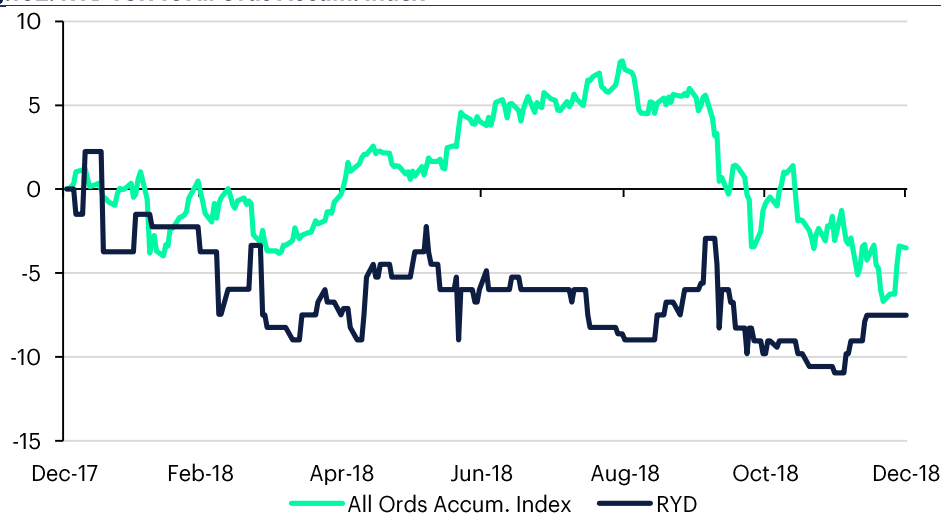
RYD Snapshot		Top Holdings	%
Price (31 December 2018)	\$1.21	UPDATER INC	
Share price range (12 months)	\$1.15- \$1.32	AURELIA METALS	
Shares on issue (Mn)	60.3	NEXTDC	
Market capitalisation (\$Mn)	\$73	CODAN LTD	
Pre-tax asset backing*	\$1.35	SRG GLOBAL	
Post-tax asset backing*	-	CUMULATIVE WEIGHTING	42.7%
Premium/(Discount) to pre-tax NTA	-10.2%		
Premium/(Discount) to post-tax NTA	-5.8%		
Dividend yield	2.5%		
Dividend per share (cents)	3.0		
Franking	100%		
Management expense ratio	1.25%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
RYD	-7.5%	7.4%	na	NTA growth	-14.3%	7.7%	na
Active return	-4.0%	0.8%	na	Active return	-10.8%	1.1%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.102: RYD TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Spheria Emerging Companies (SEC)

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

- Spheria is managed by Spheria Asset Management; a fundamental bottom up investment manager specialising in small and microcap companies. SEC is recently incorporated LIC following a ~\$132m raise in November 2017.
- SEC has a dual investment objective to outperform the benchmark over each full investment cycle (three to five years), and provide capital growth and income (over the investment cycle).
- A significant portion of SEC's portfolio is investment in companies with a market capitalisation of \$1bn+.
- The total shareholder for the year ending 31 December 2018 was -10.8% with pre-tax net asset backing decreasing 9.7%. The active return (TSR) was -2.2%.

**Fig.103: SEC overview**

SEC Snapshot			Top Holdings		%	
Price (31 December 2018)	\$1.73		NAVITAS LTD		6.3%	
Share price range (12 months)	\$1.65- \$2.09		BEGA CHEESE LTD		5.6%	
Shares on issue (Mn)	66.3		FLETCHER BUILDING LTD		5.4%	
Market capitalisation (\$Mn)	\$115		PLATINUM ASSET MANAGEMENT		4.7%	
Pre-tax asset backing*	\$1.84		TRADE ME GROUP LTD		4.7%	
Post-tax asset backing*	\$1.93					
Premium/(Discount) to pre-tax NTA	-6.0%					
Premium/(Discount) to post-tax NTA	-10.2%					
Dividend yield	2.3%					
Dividend per share (cents)	4.0					
Franking	100%					
Management expense ratio	1.00%					

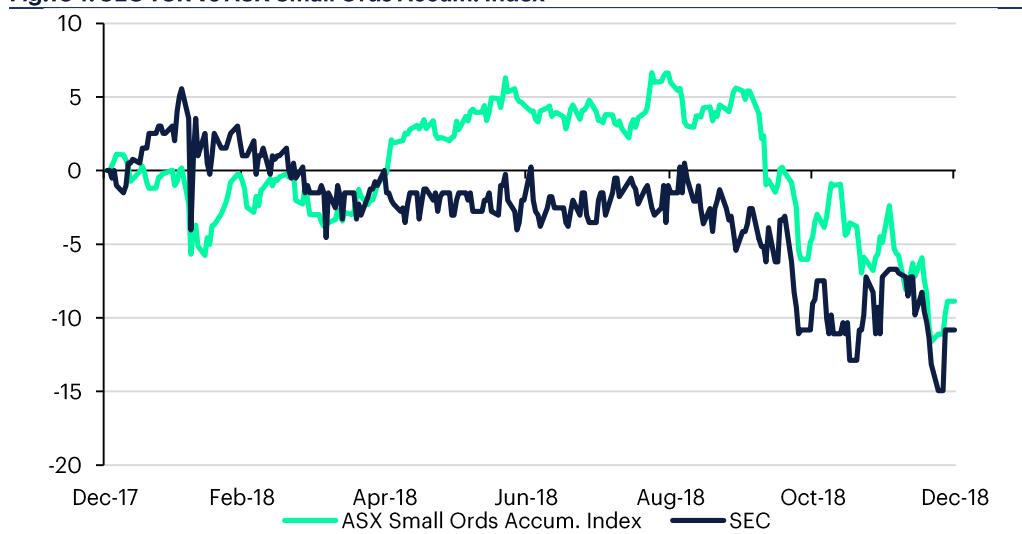
Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
SEC	-10.8%	na	na	NTA growth	-9.7%	na	na
Active return	-2.2%	na	na	Active return	-1.0%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

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

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

**Fig.104: SEC TSR vs ASX Small Ords Accum. Index**



Source: Bloomberg, Baillieu

## Sandon Capital Investments (SNC)

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

- Sandon Capital is an activist investment firm established in December 2008. Activism seeks to unlock value in listed companies through a proactive approach to corporate governance. Activism investing is independent of the company board but works closely with substantial shareholders.
- SNC seeks to provide investors capital growth over the medium to long term as well as the regular payment of semi-annual fully franked dividends.
- SNC recently proposed a merger with Monash Absolute (MA1).
- The total shareholder return for the year ending 31 December 2018 was -8.0% with pre-tax net asset backing decreasing 1.8%. The active return (TSR) was -4.4%.

**Fig.105: SNC overview**

SNC Snapshot				Top Holdings			
Price (31 December 2018)	\$0.84			LISTED EQUITIES		93.0%	
Share price range (12 months)	\$0.8- \$1.06			CASH		7.0%	
Shares on issue (Mn)	48.4			NUMBER OF INVESTMENTS		32	
Market capitalisation (\$Mn)	\$40						
Pre-tax asset backing*	\$0.92						
Post-tax asset backing*	\$0.89						
Premium/(Discount) to pre-tax NTA	-9.2%						
Premium/(Discount) to post-tax NTA	-6.4%						
Dividend yield	8.4%						
Dividend per share (cents)	7.0						
Franking	100%						
Management expense ratio	1.25%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
SNC	-8.0%	6.1%	2.7%	NTA growth	-1.8%	4.7%	4.8%
Active return	-4.4%	-0.5%	-3.0%	Active return	1.7%	-1.9%	-0.9%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.106: SNC TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Templeton Global Growth Fund (TGG)

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

- The Templeton Global Growth Fund was listed on the ASX in 1987 by Franklin Templeton Investment Group, an American investment group with more than 50 years' experience.
- Templeton's investment approach is to seek out fundamentally undervalued securities with a focus on long-term growth.
- Its portfolio gives Australian investors access to a diversified portfolio of international securities.
- TGG is overweight European exposure (43.0%) whilst underweight North America (32.0%) when compared MSCI All Country World Index. Key underlying portfolio holdings included Financials (23.2%), Healthcare (17.9%) and Energy (12.6%)
- The total shareholder return for the year ending 31 December 2018 was -4.0% with pre-tax net asset backing decreasing 8.5%. The active return (TSR) was -5.8%.

**Fig.107: TGG overview**

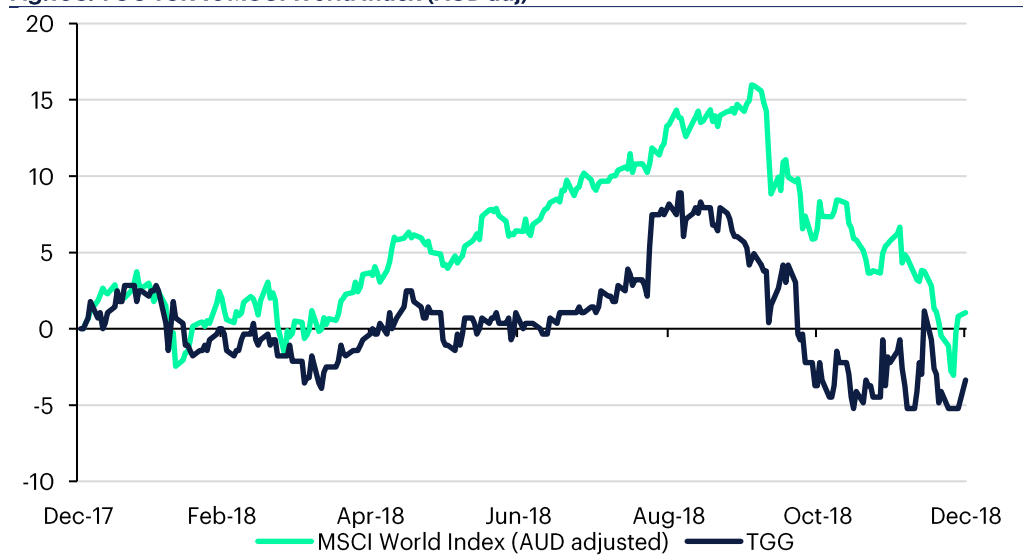
TGG Snapshot			Top Holdings		%	
Price (31 December 2018)	\$1.29		ORACLE CORP		na	
Share price range (12 months)	\$1.23- \$1.5		BP PLC			
Shares on issue (Mn)	219.4		ROYAL DUTCH SHELL			
Market capitalisation (\$Mn)	\$282		SANOFI			
Pre-tax asset backing*	\$1.33		SIEMENS AG			
Post-tax asset backing*	\$1.33		SAMSUNG ELECTRONICS			
Premium/(Discount) to pre-tax NTA	-3.2%		SINGAPORE TELECOMMUNICATIONS			
Premium/(Discount) to post-tax NTA	-3.2%		VEOLIA ENVIRONMENT			
Dividend yield	6.2%		CITIGROUP INC			
Dividend per share (cents)	8.0		VODAFONE GROUP PLC			
Franking	100%					
Management expense ratio	1.00%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
TGG	-4.0%	5.9%	2.3%	NTA growth	-8.5%	2.4%	2.8%
Active return	-5.8%	-2.3%	-7.9%	Active return	-10.2%	-5.7%	-7.4%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.108: TGG TSR vs MSCI World Index (AUD adj)**



Source: Bloomberg, Baillieu

## Thorney Opportunities (TOP)

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

- Thorney Opportunities (TOP) evolved from Thorney Investment Group, a private investment company via a backdoor listing with cashbox Wentworth Holdings.
- TOP invests in a number of asset classes including securities (listed and unlisted) derivatives, unit trusts, joint ventures, debt instruments and cash.
- The total shareholder return for the year ending 31 December 2018 was -15.3% with pre-tax net asset backing decreasing 9.8%. The active return (TSR) was -11.8%.

**Fig.109: TOP overview**

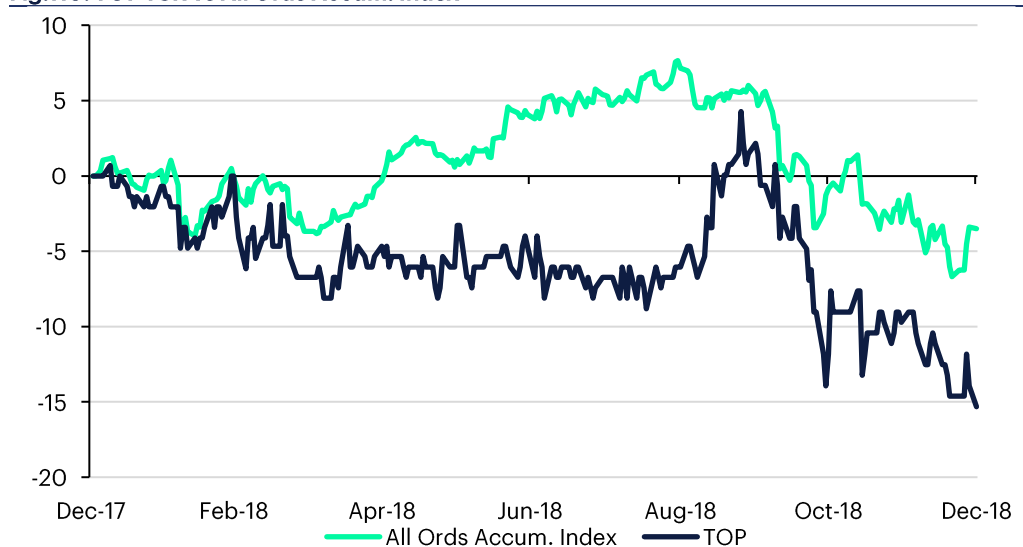
TOP Snapshot		Top Holdings	%
Price (31 December 2018)	\$0.61		na
Share price range (12 months)	\$0.6- \$0.75		
Shares on issue (Mn)	203.6		
Market capitalisation (\$Mn)	\$123		
Pre-tax asset backing*	\$0.70		
Post-tax asset backing*	\$0.69		
Premium/(Discount) to pre-tax NTA	-13.6%		
Premium/(Discount) to post-tax NTA	-11.9%		
Dividend yield	2.5%		
Dividend per share (cents)	1.5		
Franking	100%		
Management expense ratio	0.75%		

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
TOP	-15.3%	4.0%	4.3%	NTA growth	-9.8%	9.6%	9.5%
Active return	-11.8%	-2.6%	-1.4%	Active return	-6.3%	3.0%	3.8%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.110: TOP TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## URB Investments (URB)

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

- Managed by Contact Asset Management, URB Investments (URB) is a newly created LIC, listing in April 2017.
- URB seeks to capture long-term value through a combination of capital and income growth by investing in a diversified portfolio of equity assets and direct property assets with exposure to urban renewal and regeneration.
- The company has identified an urbanised equities universe of 89 stocks that are beneficiaries of urban renewal and regeneration. The manager will have the ability to rotate the portfolio allocation between equities, direct property and cash.
- The initial portfolio includes 3 seed properties jointly owned with Soul Pattinson (SOL) that represents 43.4% of the overall portfolio.
- The total shareholder return for the year ending 31 December 2018 was -13.5% with pre-tax net asset backing decreasing 2.4%. The active return (TSR) was -10.0%.

**Fig.111: URB overview**

URB Snapshot		Top Holdings	
Price (31 December 2018)	\$0.89	PRESTONS PROPERTY	22.5%
Share price range (12 months)	\$0.88- \$1.06	KINGSGROVE PROPERTY	10.9%
Shares on issue (Mn)	73.3	PENRITH PROPERTY	10.0%
Market capitalisation (\$Mn)	\$65	TRANSURBAN GROUP	7.1%
Pre-tax asset backing*	\$1.06	SYDNEY AIRPORT	5.8%
Post-tax asset backing*	\$1.06	HOMEHQ - ARTAMON	3.7%
Premium/(Discount) to pre-tax NTA	-16.0%	360 CAPITAL GROUP LTD	2.7%
Premium/(Discount) to post-tax NTA	-16.0%	HARVEY NORMAN HOLDINGS LTD	2.2%
Dividend yield	1.7%	STOCKLAND	1.8%
Dividend per share (cents)	1.5	LENLEASE GROUP	1.7%
Franking	100%		
Management expense ratio	0.50%		

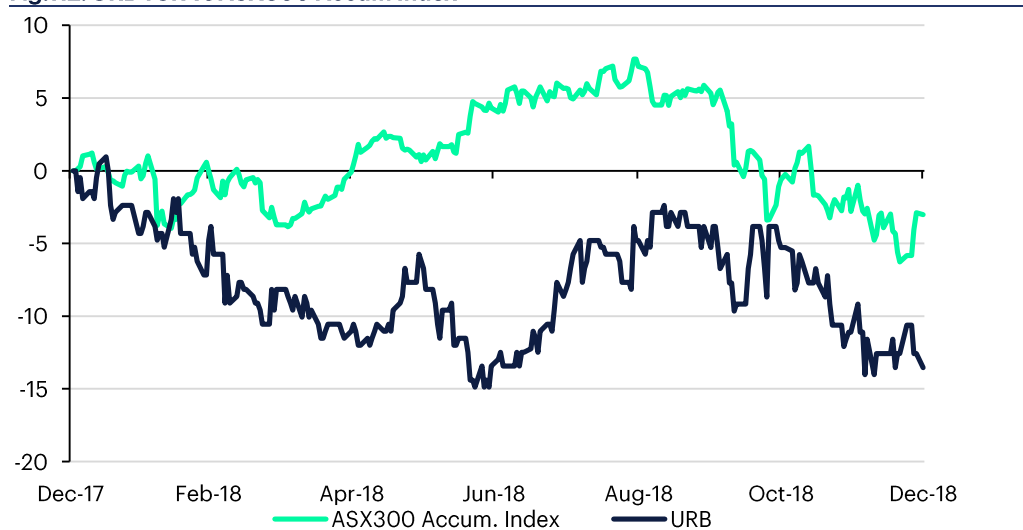
Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
URB	-13.5%	na	na	NTA growth	2.4%	na	na
Active return	-10.0%	na	na	Active return	5.9%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

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

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

**Fig.112: URB TSR vs ASX300 Accum Index**



Source: Bloomberg, Baillieu

## VGI Partners Global Investments (VG1)

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

- VG1 is managed by VGI Partners; a high conviction global equity manager, managing over \$2.0bn of FUM (as at 30 June 2018) for high net worth clients. VG1 is recently incorporated post a ~\$550m raise in December 2017.
- VG1 holds a concentrated portfolio of global securities which the manager extensively analyses from a fundamental bottom up perspective. VG1 can also opportunistically short sell low quality businesses that are considered to be structurally challenged, poorly managed or materially overvalued.
- Typically, VG1's top five positions will constitute 40%-50% of the portfolio's NAV (currently 39%). Historically, net equity exposure has been >60% (currently 49%).
- The total shareholder return for the year ending 31 December 2018 was 0.0% with pre-tax net asset backing increasing 10.9%. The active return (TSR) was -1.8%.

**Fig.113: VG1 overview**

VG1 Snapshot		Top Holdings	
Price (31 December 2018)	\$2.23	CME GROUP INC	12.0%
Share price range (12 months)	\$2- \$2.59	COLGATE-PALMOLIVE CO	8.0%
Shares on issue (Mn)	277.6	AMAZON.COM INC	7.0%
Market capitalisation (\$Mn)	\$619	MEDIBANK PRIVATE LTD	6.0%
Pre-tax asset backing*	\$2.24	MASTERCARD INC - A	6.0%
Post-tax asset backing*	\$2.17		
Premium/(Discount) to pre-tax NTA	-0.4%		
Premium/(Discount) to post-tax NTA	2.8%		
Dividend yield	0.0%		
Dividend per share (cents)	0.0		
Franking	100%		
Management expense ratio	1.50%		

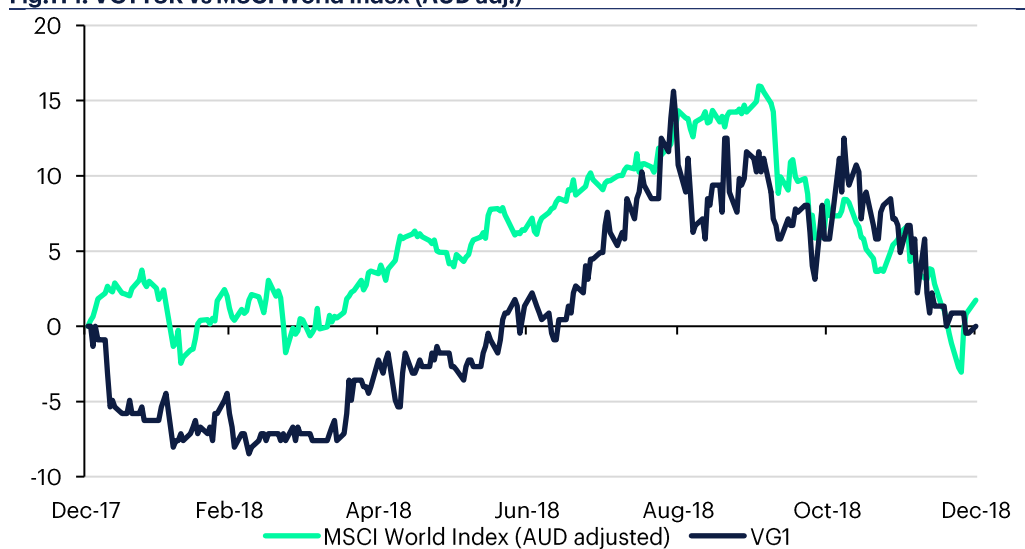
Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
VG1	0.0%	na	na	NTA growth	10.9%	na	na
Active return	-1.8%	na	na	Active return	9.1%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

Baillieu Limited has acted in a corporate advisory role for VG1 and earned fees in relation to that activity in the past 12 months. In line with the company's internal compliance guidelines, our investment recommendation is restricted.

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

**Fig.114: VG1 TSR vs MSCI World Index (AUD adj.)**



Source: Bloomberg, Baillieu

## WAM Active (WAA)

<https://wilsonassetmanagement.com.au/>

- Incorporated in 2008, WAM Active is managed by Wilson Asset Management International Pty Ltd.
- WAA seeks to provide positive returns in all market conditions and aims to achieve this through exposure to an active trading style portfolio.
- WAA will not incorporate a single investment strategy; rather it aims to utilise short term catalysts such as corporate transactions and takeovers, IPO's, placements and arbitrage opportunities such as LIC discount arbitrage.
- The total shareholder return for the year ending 31 December 2018 was -5.4% with pre-tax net asset backing decreasing 2.2%. The active return (TSR) was -1.9%.

**Fig.115: WAA overview**

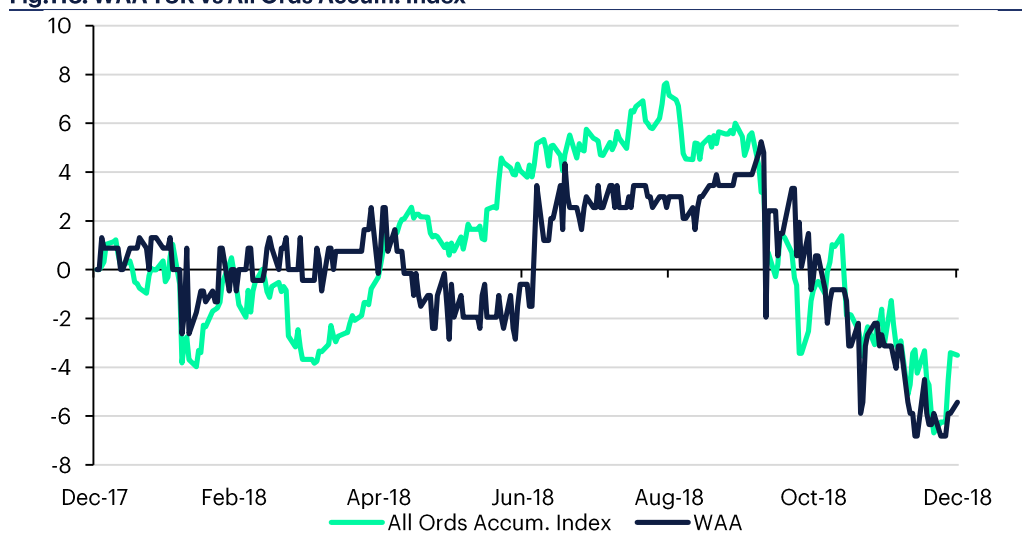
WAA Snapshot				Top Holdings			
Price (31 December 2018)	\$1.03			ALTUM LTD	MACQUARIE GROUP		
Share price range (12 months)	\$0.98- \$1.17			AURIZON HOLDINGS	MACQUARIE MEDIA		
Shares on issue (Mn)	46.0			CHALLENGER LTD	PENGANA INTERNAT		
Market capitalisation (\$Mn)	\$47			CIMIC GROUP LTD	SEVEN GROUP HOLD		
Pre-tax asset backing*	\$1.01			CLEANAWAY WASTE	SMARTGROUP CORP		
Post-tax asset backing*	\$1.01			COLLINS FOODS LT	STEADFAST GROUP		
Premium/(Discount) to pre-tax NTA	1.8%			CONCENTRATED LEA	TEMPLETON GLOBAL		
Premium/(Discount) to post-tax NTA	1.9%			CSL LTD	360 CAPITAL GROU		
Dividend yield	5.6%			DOWNER EDI LTD	WESTOZ INVEST		
Dividend per share (cents)	5.7			IDP EDUCATION LT	WOOLWORTHS GROUP		
Franking	100%						
Management expense ratio	1.00%			**listed in alphabetical order**			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WAA	-5.4%	3.4%	2.1%	NTA growth	-2.2%	5.1%	5.3%
Active return	-1.9%	-3.2%	-3.6%	Active return	1.3%	-1.5%	-0.4%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.116: WAA TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## WAM Capital (WAM)

<https://wilsonassetmanagement.com.au/>

- WAM Capital concentrates primarily on small to medium industrial companies with an objective to deliver a rising stream of fully franked dividends, to provide capital growth and preserve capital. WAM utilises a research driven investment strategy, focusing on fundamental analysis as well as a market driven approach, seeking short-term mispricing opportunities.
- WAM also provides exposure to relative value arbitrage and market mispricing opportunities. WAM is managed by Wilson Asset Management (International) Pty Ltd.
- The total shareholder return for the year ending 31 December 2018 was -3.9% with pre-tax net asset backing decreasing 6.3%. The active return (TSR) was -0.3%.

**Fig.117: WAM overview**

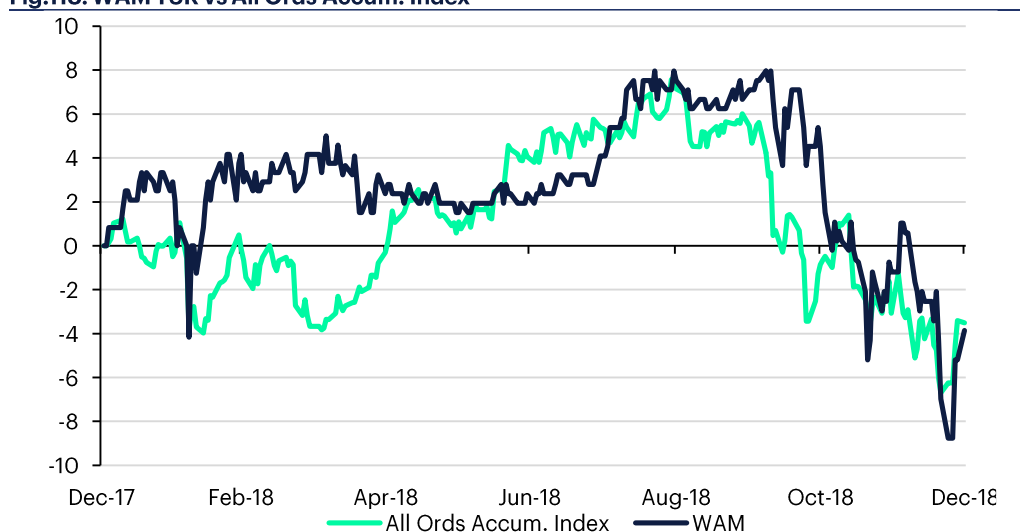
WAM Snapshot				Top Holdings			
Price (31 December 2018)		\$2.16		AUSTAL LTD		MACQUARIE GROUP	
Share price range (12 months)		\$2.01- \$2.52		CIMIC GROUP LTD		MAYNE PHARMA GRO	
Shares on issue (Mn)		713.6		CLEANAWAY WASTE		NONI B LTD	
Market capitalisation (\$Mn)		\$1,541		CREDIT CORP GRP		PENGANA INTERNAT	
Pre-tax asset backing*		\$1.77		CHALLENGER LTD		PSC INSURANCE GR	
Post-tax asset backing*		\$1.80		CSL LTD		STEADFAST GROUP	
Premium/(Discount) to pre-tax NTA		21.8%		DOWNER EDI LTD		TABCORP HLDGS	
Premium/(Discount) to post-tax NTA		20.2%		EMECO HOLDINGS L		TEMPLETON GLOBAL	
Dividend yield		7.2%		IDP EDUCATION LT		VOCUS GROUP LTD	
Dividend per share (cents)		15.5		IPH LTD		WOOLWORTHS GROUP	
Franking		100%		**listed in alphabetical order**			
Management expense ratio		1.00%					

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WAM	-3.9%	7.2%	8.8%	NTA growth	-6.3%	5.6%	8.1%
Active return	-0.3%	0.6%	3.1%	Active return	-2.8%	-1.0%	2.4%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.118: WAM TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

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

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

## WAM Research (WAX)

<https://wilsonassetmanagement.com.au/>

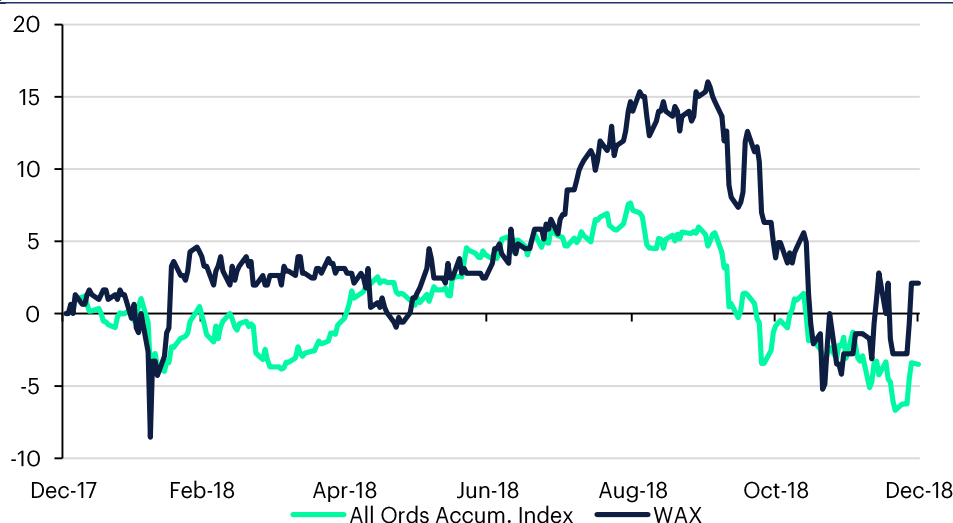
- WAM Research (WAX) aims to invest in undervalued small and medium industrial growth companies listed on the ASX. WAX is also managed by Wilson Asset Management (International) Pty Ltd.
- The investment objective is to provide a growing stream of fully franked dividends and to achieve a high real rate of return, comprising both income and capital growth within risk parameters acceptable to the Directors, utilising a fundamental research investment strategy.
- The total shareholder return for the year ending 31 December 2018 was 1.4% with pre-tax net asset backing decreasing 8.0%. The active return was 5.0%.

**Fig.119: WAX overview**

WAX Snapshot				Top Holdings			
Price (31 December 2018)	\$1.46			A2B AUSTRALIA LT	IPH LTD		
Share price range (12 months)	\$1.3- \$1.71			AUSTAL LTD	LIFESTYLE COMMUN		
Shares on issue (Mn)	189.6			BRAVURA SOLUTION	MAYNE PHARMA GRO		
Market capitalisation (\$Mn)	\$277			CITY CHIC COLLEC	MYER HOLDINGS		
Pre-tax asset backing*	\$1.09			CODAN LTD	NONI B LTD		
Post-tax asset backing*	\$1.11			CREDIT CORP GRP	PSC INSURANCE GR		
Premium/(Discount) to pre-tax NTA	33.8%			EMECO HOLDINGS L	RECKON LTD		
Premium/(Discount) to post-tax NTA	31.5%			EVENT HOSPITALIT	SERVICE STREAM L		
Dividend yield	6.3%			GTN LTD	TABCORP HLDGS		
Dividend per share (cents)	9.3			IMDEX LTD	VOCUS GROUP LTD		
Franking	100%			<i>**listed in alphabetical order**</i>			
Management expense ratio	1.00%						
Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WAX	1.4%	10.5%	12.0%	NTA growth	-8.0%	4.2%	7.6%
Active return	5.0%	3.9%	6.3%	Active return	-4.5%	-2.4%	1.9%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.120: WAX TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## Whitefield (WHF)

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

- Formed in 1923, Whitefield is one of Australia's oldest listed investment companies.
- It provides investors with a diversified exposure to the industrial segment (i.e. no resource companies) of the market with the aim of generating long-term returns.
- Top sector exposures currently include Commercial Banks and Financials (38.8%), Healthcare (10.5%), Industrials (8.8%), Real Estate (8.3%), Cons Discretionary (7.9%) and Cons Staples (7.6%).
- The total shareholder return for the year ending 31 December 2018 was -10.0% with pre-tax net asset backing decreasing 6.4%. The active return (TSR) was -5.8%.

**Fig.121: WHF overview**

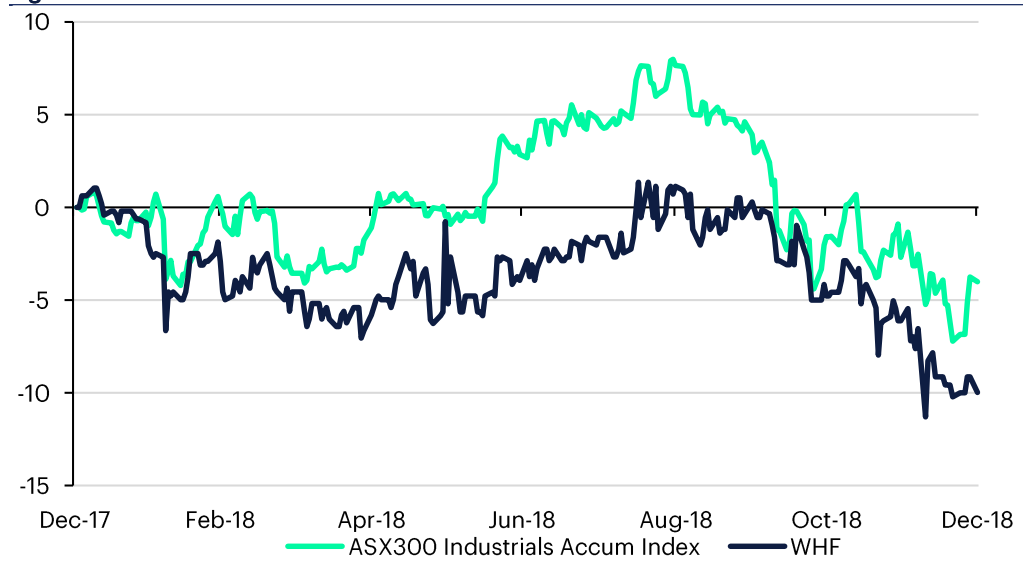
WHF Snapshot				Top Holdings			
Price (31 December 2018)	\$4.21			COMMONWEALTH BANK OF AUSTRAL		9.8%	
Share price range (12 months)	\$4.1- \$4.81			CSL LTD		6.7%	
Shares on issue (Mn)	91.8			WESTPAC BANKING CORP		6.5%	
Market capitalisation (\$Mn)	\$386			AUST AND NZ BANKING GROUP		5.7%	
Pre-tax asset backing*	\$4.52			NATIONAL AUSTRALIA BANK LTD		5.5%	
Post-tax asset backing*	\$4.27			WESFARMERS LTD		3.3%	
Premium/(Discount) to pre-tax NTA	-6.9%			WOOLWORTHS GROUP LTD		2.9%	
Premium/(Discount) to post-tax NTA	-1.4%			MACQUARIE GROUP LTD		2.8%	
Dividend yield	4.5%			TELSTRA CORP LTD		2.5%	
Dividend per share (cents)	18.8			TRANSURBAN GROUP		1.9%	
Franking	100%						
Management expense ratio	0.25%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WHF	-10.0%	3.0%	5.1%	NTA growth	-6.4%	1.8%	4.8%
Active return	-5.8%	-0.9%	-1.1%	Active return	-2.2%	-2.1%	-1.4%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.122: WHF TSR vs ASX300 Industrial Accum. Index**



Source: Bloomberg, Baillieu

## Westoz Investment Company (WIC)

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

- Westoz Funds, established in 2005, initially focused on investments in Western Australian based companies outside the ASX100. Recently, WIC has invested in companies outside of Western Australian, within the industrial sector.
- The company has stated a policy to pay out a minimum of 50% of realised after tax profits to shareholders by way of dividends.
- The total shareholder return for the year ending 31 December 2018 was -9.4% with pre-tax net asset backing decreasing 11.1%. The active return (TSR) was -5.9%.

**Fig.123: WIC overview**

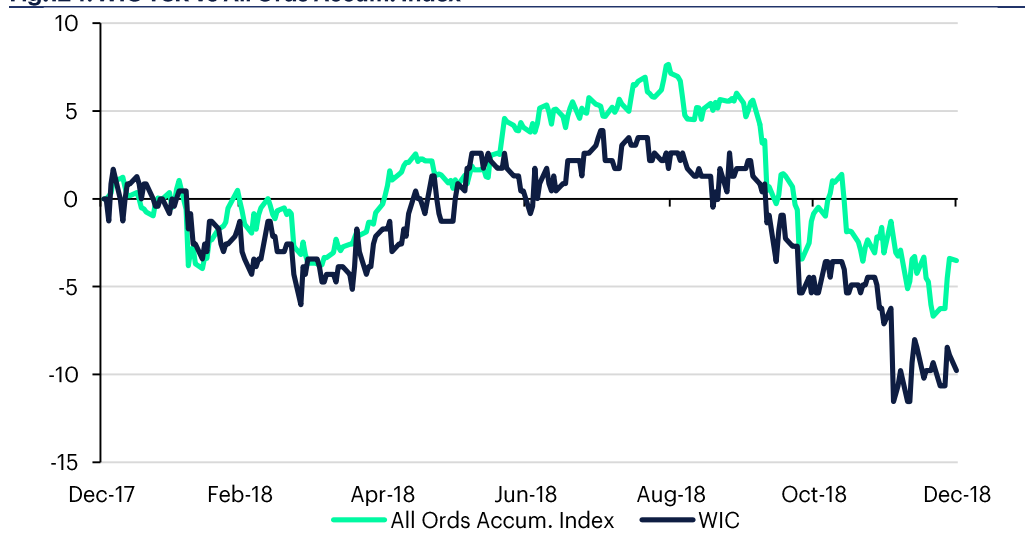
WIC Snapshot			Top Holdings		%
Price (31 December 2018)	\$1.02		CEDAR WOODS PROPERTIES LTD		13.0%
Share price range (12 months)	\$0.99- \$1.21		AUSTRALIS OIL & GAS LTD		9.0%
Shares on issue (Mn)	133.2		FINBAR GROUP LTD		6.0%
Market capitalisation (\$Mn)	\$136		INDEPENDENCE GROUP NL		5.0%
Pre-tax asset backing*	\$1.06		AUSDRILL LTD		5.0%
Post-tax asset backing*	\$1.09		MACMAHON HOLDINGS LTD		5.0%
Premium/(Discount) to pre-tax NTA	-4.1%		COOPER ENERGY LTD		5.0%
Premium/(Discount) to post-tax NTA	-6.0%		MOUNT GIBSON IRON LTD		4.0%
Dividend yield	5.9%		SOUTHERN CROSS ELECTRICAL		4.0%
Dividend per share (cents)	6.0		EVOLUTION MINING LTD		4.0%
Franking	100%				
Management expense ratio	1.00%				

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WIC	-9.4%	12.9%	3.3%	NTA growth	-11.1%	10.3%	1.2%
Active return	-5.9%	6.3%	-2.5%	Active return	-7.6%	3.7%	-4.5%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.124: WIC TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## WAM Leaders (WLE)

<https://wilsonassetmanagement.com.au/>

- Incorporated in May 2016, WAM Leaders is managed by Wilson Asset Management International (WAMI) Pty Ltd. WAMI also manages WAM, WAX, WMI, WAA and CYA within the LIC space.
- WLE seeks to deliver a stream of fully franked dividends, provide capital growth over the medium-to-long term and preserve capital. The portfolio will predominately comprise of large cap companies within the S&P/ASX 200 Index.
- WLE employs a two-tiered investment process including research driven investing (fundamental bottom up approach) and a market driven approach which seeks to take advantage of short-term relative arbitrage and mispricing opportunities.
- The current portfolio position has a large cap bias with ~55% of the portfolio invested in the ASX top 20.
- The total shareholder return for the year ending 31 December 2018 was -4.5% with pre-tax net asset backing decreasing 2.1%. The active return (TSR) was -1.7%.

**Fig.125: WLE overview**

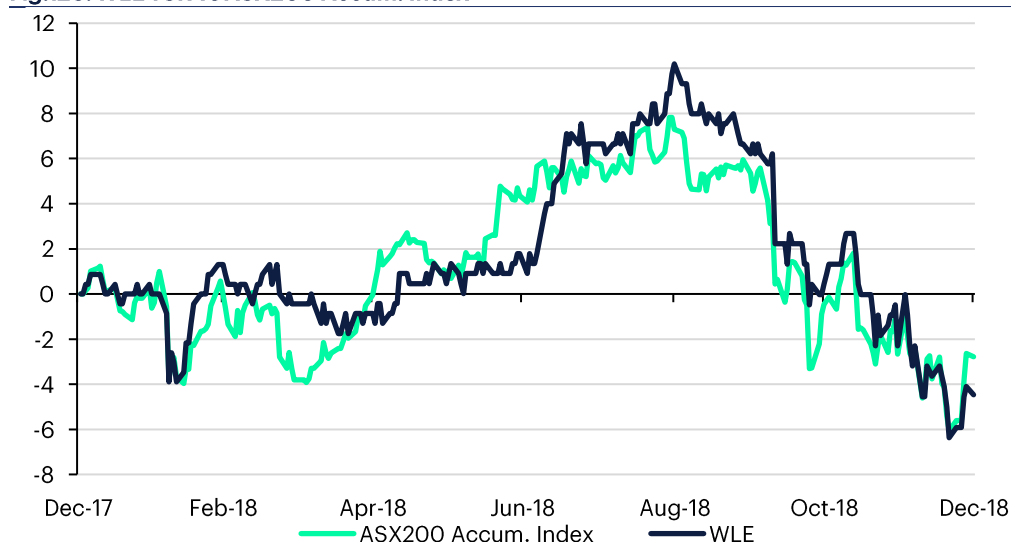
WLE Snapshot			Top Holdings			
Price (31 December 2018)	\$1.06		ARISTOCRAT LEISU	OIL SEARCH LTD		
Share price range (12 months)	\$1.02- \$1.25		AURIZON HOLDINGS	RIO TINTO LTD		
Shares on issue (Mn)	704.1		BHP GROUP LTD	SOUTH32 LTD		
Market capitalisation (\$Mn)	\$746		COMMONW BK AUSTR	TABCORP HLDGS		
Pre-tax asset backing*	\$1.09		CSL LTD	TRANSURBAN GROUP		
Post-tax asset backing*	\$1.10		EVOLUTION MINING	TELSTRA CORP		
Premium/(Discount) to pre-tax NTA	-3.1%		FORTESCUE METALS	STAR ENTERTAINME		
Premium/(Discount) to post-tax NTA	-3.8%		NATL AUST BANK	WESTPAC BANKING		
Dividend yield	4.7%		NEWCREST MINING	WOODSIDE PETRO		
Dividend per share (cents)	5.0		ORIGIN ENERGY	WOOLWORTHS GROUP		
Franking	100%					
Management expense ratio	1.00%		**listed in alphabetical order**			

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WLE	-4.5%	na	na	NTA growth	-2.1%	na	na
Active return	-1.7%	na	na	Active return	0.8%	na	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.126: WLE TSR vs ASX200 Accum. Index**



Source: Bloomberg, Baillieu

## Watermark Market Neutral Fund (WMK)

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

- Watermark Market Neutral Fund (WMK) listed in July 2013 and is managed by Watermark Funds Management, an absolute return manager who also manages Australian Leaders Fund (ALF).
- The market neutral structure means the long portfolio and short portfolio are of equal value, thus minimising exposure to general market movements. The performance on the fund will be the interest on the cash at bank, plus the difference in performance of the two portfolios.
- The total shareholder return for the year ending 31 December 2018 was -2.3% with pre-tax net asset backing decreasing 2.6%. The active return (TSR) was 1.2%.

**Fig.127: WMK overview**

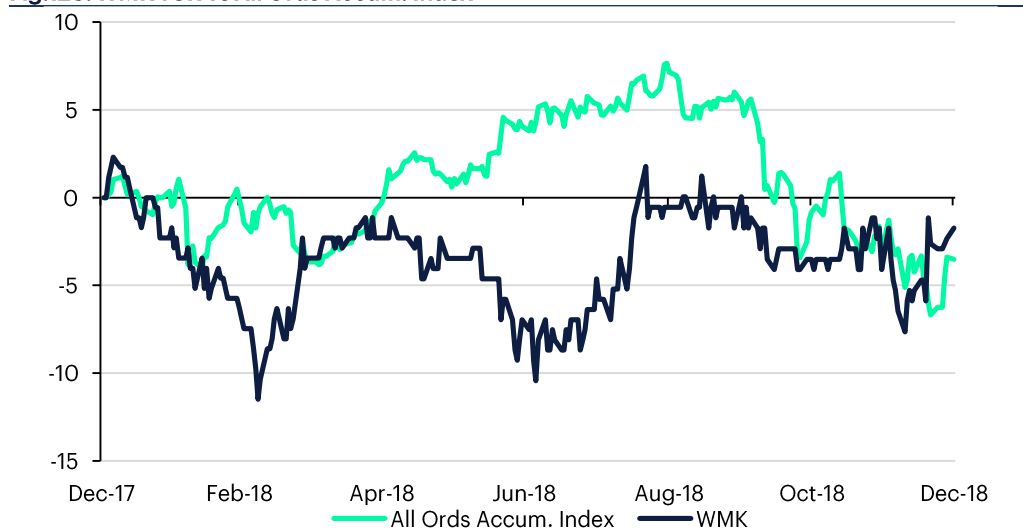
WMK Snapshot				Top Holding			
Price (31 December 2018)	\$0.83				na		
Share price range (12 months)	\$0.76- \$0.88						
Shares on issue (Mn)	87.6						
Market capitalisation (\$Mn)	\$73						
Pre-tax asset backing*	\$0.91						
Post-tax asset backing*	\$0.92						
Premium/(Discount) to pre-tax NTA	-8.8%						
Premium/(Discount) to post-tax NTA	-9.8%						
Dividend yield	3.0%						
Dividend per share (cents)	2.5						
Franking	100%						
Management expense ratio	1.00%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
WMK	-2.3%	-0.5%	0.7%	NTA growth	-2.6%	-0.8%	2.2%
Active return	1.2%	-7.1%	-5.0%	Active return	0.9%	-7.4%	-3.5%

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.128: WMK TSR vs All Ords Accum. Index**



Source: Bloomberg, Baillieu

## 8IP Emerging Companies (8EC)

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

- Listing in December 2015, 8EC is managed by Eight Investment Partner. 8EC provides investors access to a concentrated benchmark unaware portfolio (typically between 20 – 30 securities) focusing predominately on securities within the \$20m - \$500m market cap range.
- 8EC seeks to exploit inefficiencies within the market arising from a number of factors such as lack of broker research and behavioural factors (i.e. over/under reactions to new information). 8EC utilises a three tier conviction scorecard (“A”- “AAA”) to determine portfolio construction.
- The total shareholder return for the year ending 31 December 2018 was -18.6% with pre-tax net asset backing decreasing 23.0%. The active return (TSR) was 1.3%.

**Fig.129: 8EC overview**

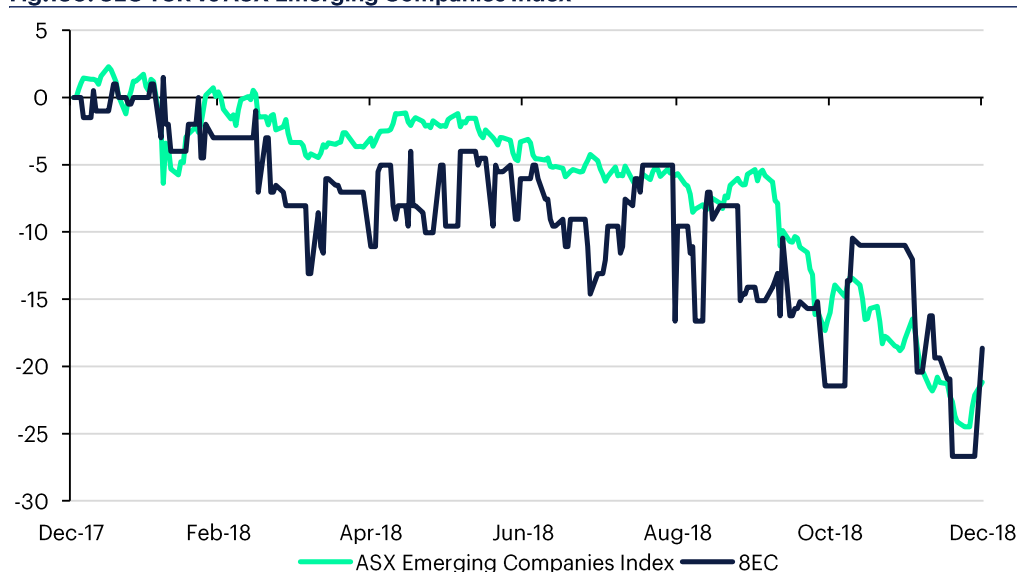
8EC Snapshot				Top Holdings			
Price (31 December 2018)	\$0.75			MEGAPORT LTD		6.1%	
Share price range (12 months)	\$0.69- \$1.02			OVER THE WIRE HOLDINGS LTD		5.8%	
Shares on issue (Mn)	41.0			CITADEL GROUP LTD/THE		4.8%	
Market capitalisation (\$Mn)	\$31			GAGE ROADS BREWING CO		4.2%	
Pre-tax asset backing*	\$0.87			BOUNTY MINING LTD		4.1%	
Post-tax asset backing*	\$0.89						
Premium/(Discount) to pre-tax NTA	-13.9%						
Premium/(Discount) to post-tax NTA	-15.8%						
Dividend yield	5.3%						
Dividend per share (cents)	4.0						
Franking	100%						
Management expense ratio	1.25%						

Total Shareholder Return	1 Year	3 Year	5 Year	NTA Performance	1 Year	3 Year	5 Year
8EC	-18.6%	-5.6%	na	NTA growth	-23.0%	-2.3%	na
Active return	1.3%	-11.1%	na	Active return	-3.1%	-7.8%	na

Source: IRESS, Bloomberg, Baillieu, Company reports. Figures as at 31 December 2018. Active returns refers to the TSR and NTA growth relative to that of the comparative index (see chart below).

**Fig.130: 8EC TSR vs ASX Emerging Companies Index**



Source: Bloomberg, Baillieu

## Appendix – Historical Premium/Discounts for Selected LICs

Fig.131: AFI

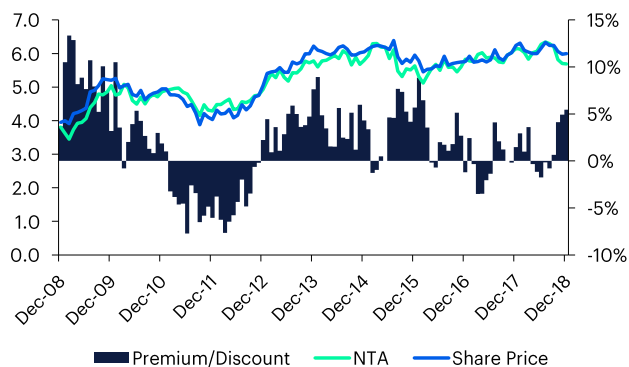
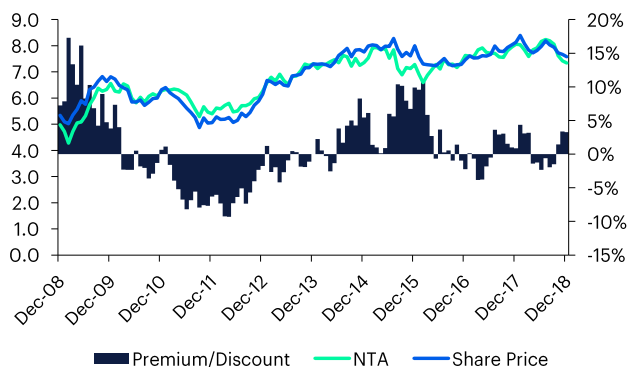


Fig.132: ARG



Source: Bloomberg, IRESS, Baillieu

Source: Bloomberg, IRESS, Baillieu

Fig.133: AUI

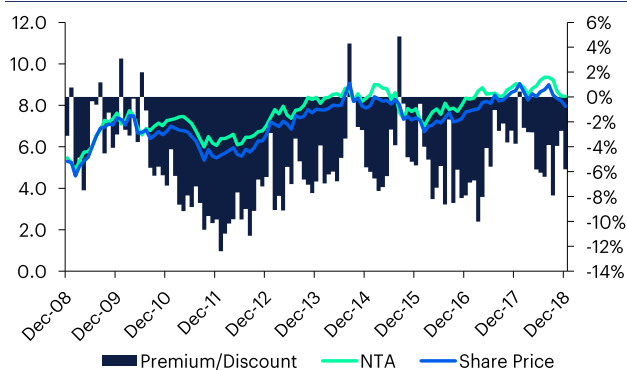
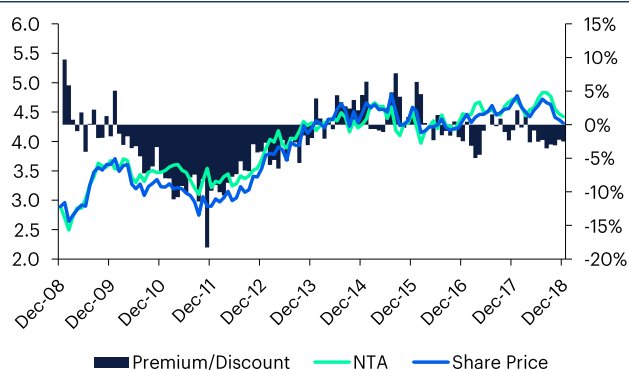


Fig.134: MLT



Source: Bloomberg, IRESS, Baillieu

Source: Bloomberg, IRESS, Baillieu

Fig.135: BKI

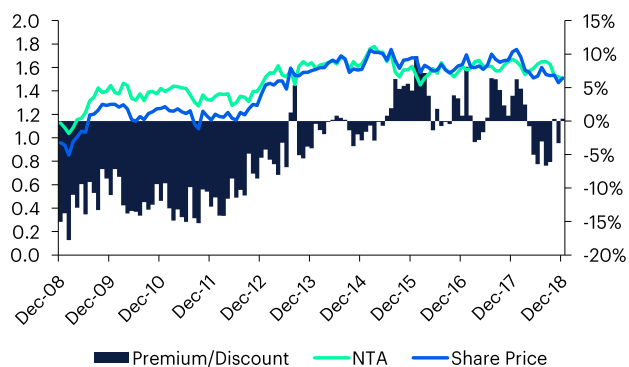
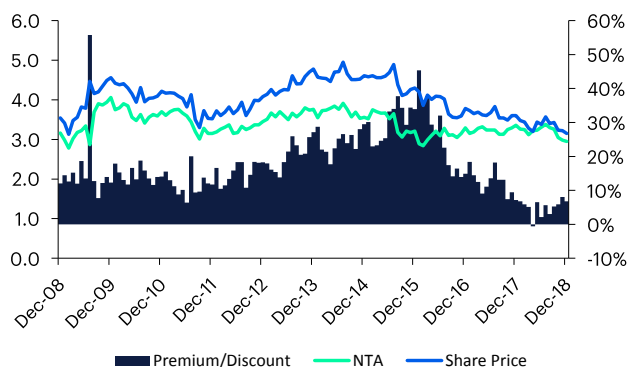


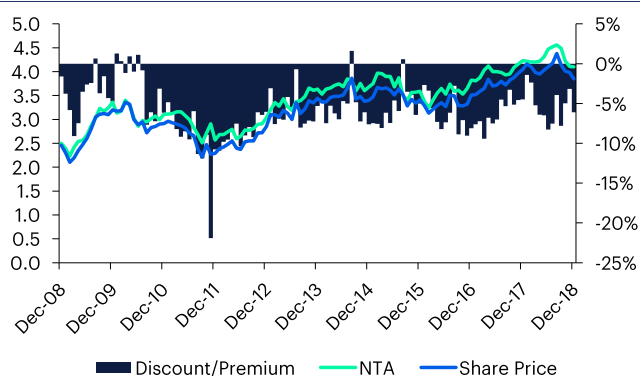
Fig.136: DJW



Source: Bloomberg, IRESS, Baillieu

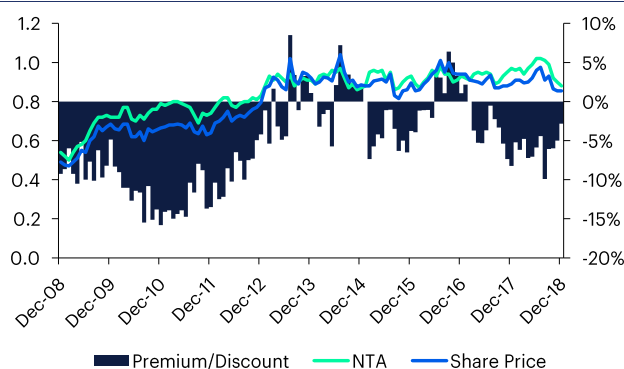
Source: Bloomberg, IRESS, Baillieu

Fig.137: DUI



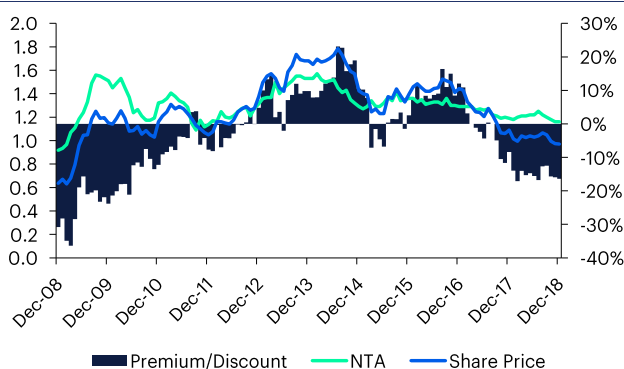
Source: Bloomberg, IRESS, Baillieu

Fig.138: AMH



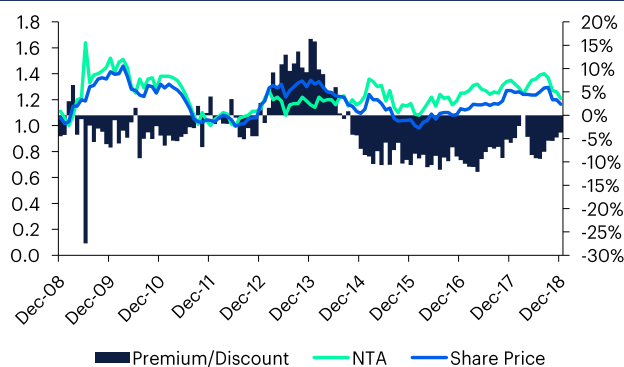
Source: Bloomberg, IRESS, Baillieu

Fig.139: ALF



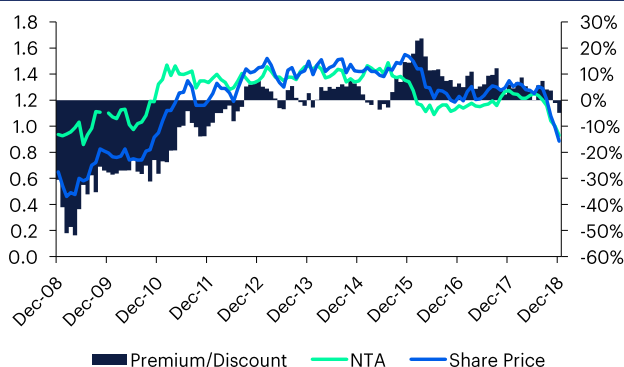
Source: Bloomberg, IRESS, Baillieu

Fig.140: CLF



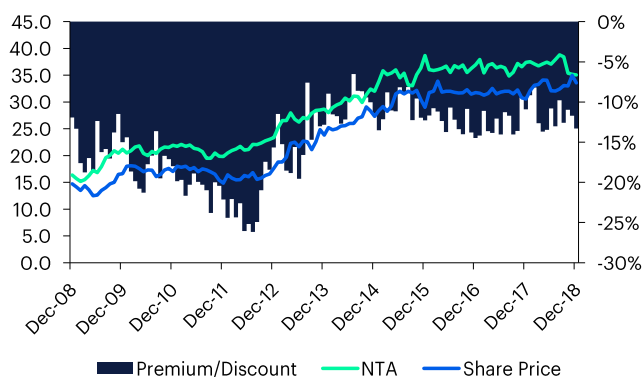
Source: Bloomberg, IRESS, Baillieu

Fig.141: CDM



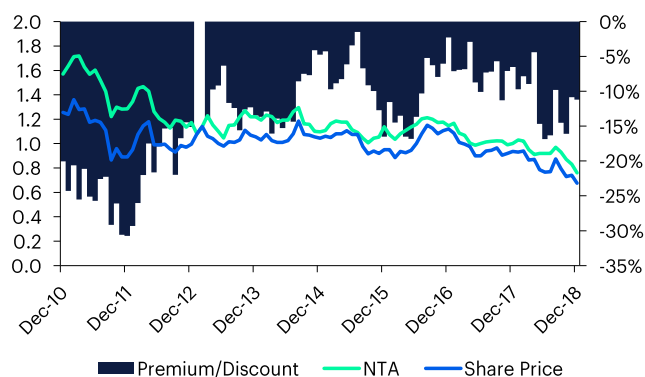
Source: Bloomberg, IRESS, Baillieu

Fig.142: CIN



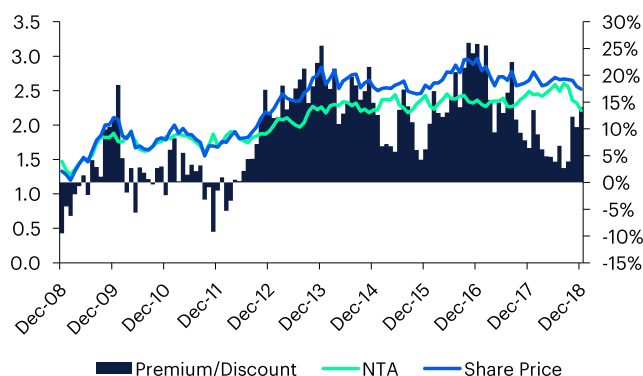
Source: Bloomberg, IRESS, Baillieu

Fig.143: NSC



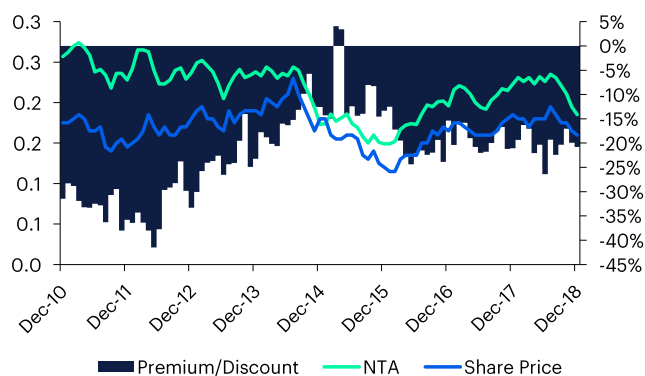
Source: Bloomberg, IRESS, Baillieu

Fig.144: MIR



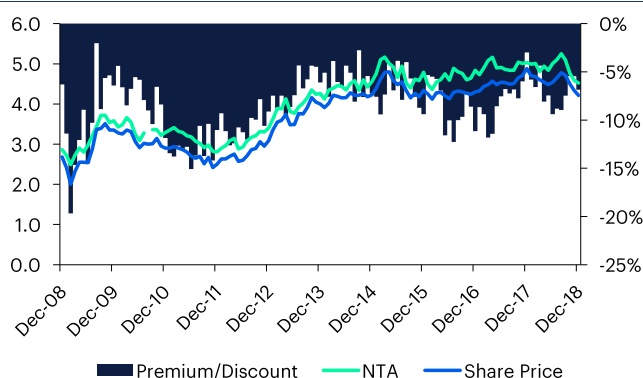
Source: Bloomberg, IRESS, Baillieu

Fig.145: OZG



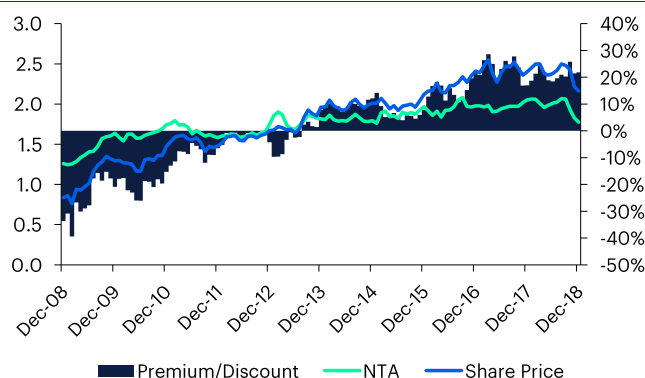
Source: Bloomberg, IRESS, Baillieu

Fig.146: WHF



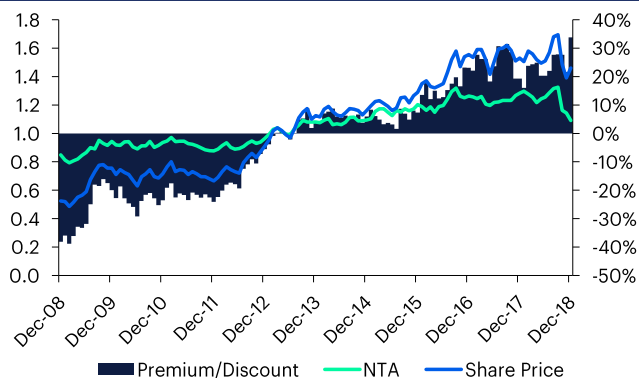
Source: Bloomberg, IRESS, Baillieu

Fig.147: WAM



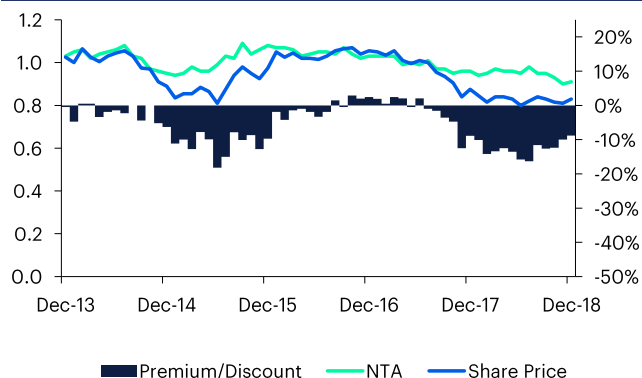
Source: Bloomberg, IRESS, Baillieu

**Fig.148: WAX**



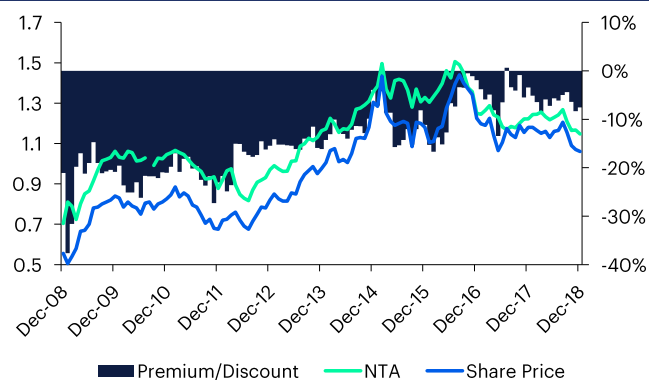
Source: Bloomberg, IRESS, Baillieu

**Fig.149: WMK**



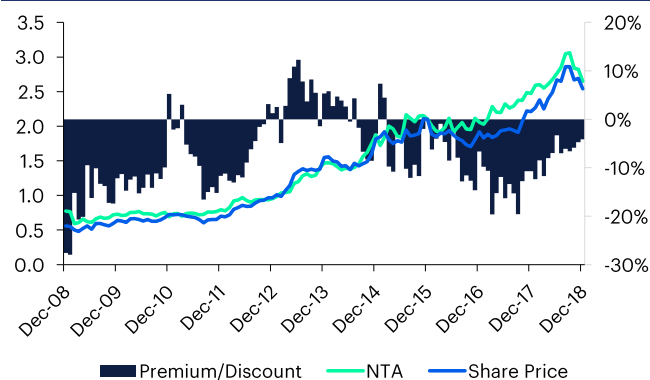
Source: Bloomberg, IRESS, Baillieu

**Fig.150: PIA**



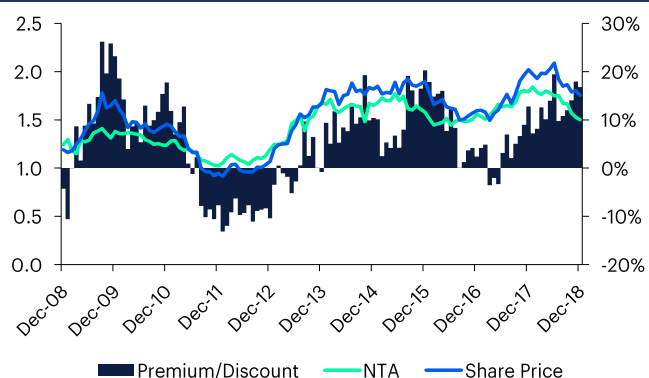
Source: Bloomberg, IRESS, Baillieu

**Fig.151: MFF**



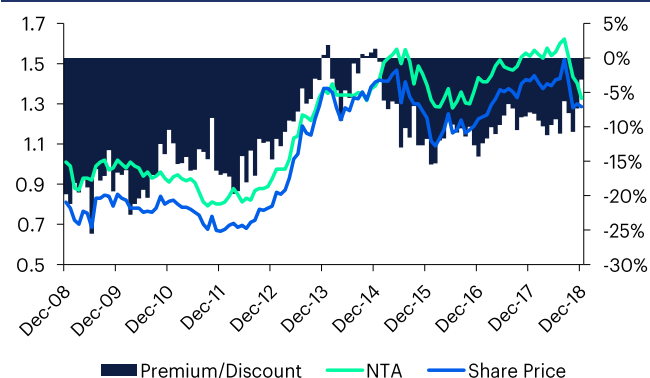
Source: Bloomberg, IRESS, Baillieu

**Fig.152: PMC**



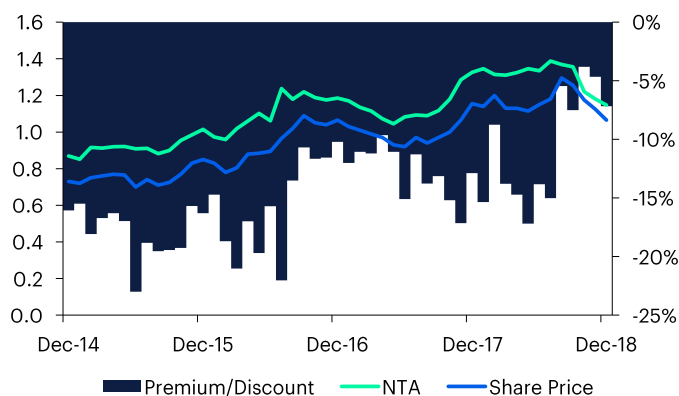
Source: Bloomberg, IRESS, Baillieu

**Fig.153: TGG**



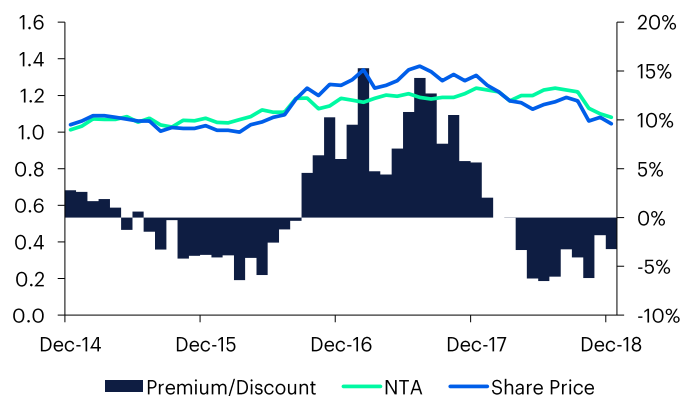
Source: Bloomberg, IRESS, Baillieu

Fig.154: ACQ



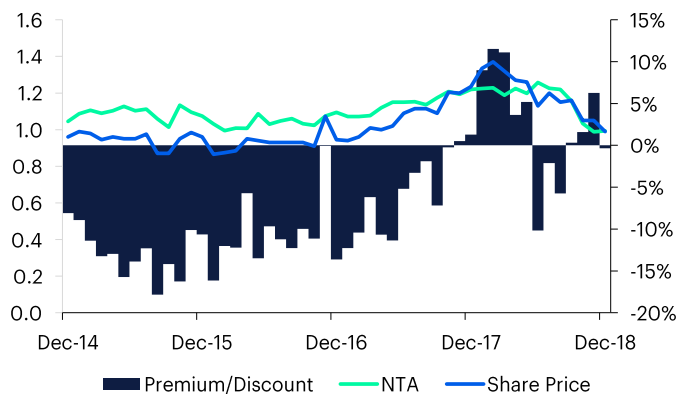
Source: Bloomberg, IRESS, Baillieu

Fig.155: QVE



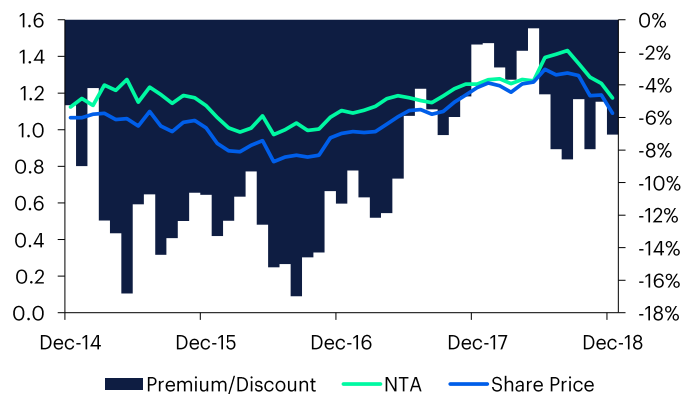
Source: Bloomberg, IRESS, Baillieu

Fig.156: PAF



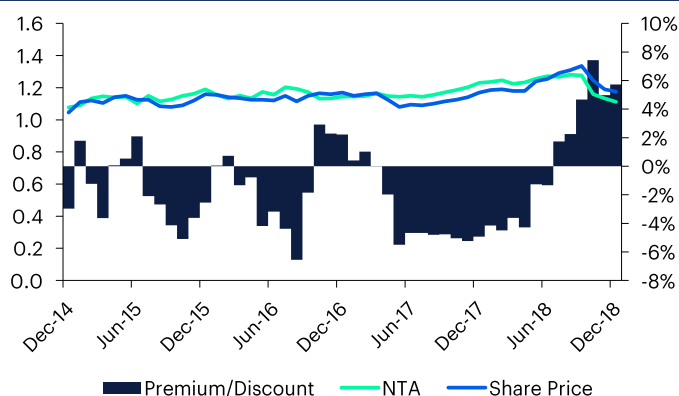
Source: Bloomberg, IRESS, Baillieu

Fig.157: PGF



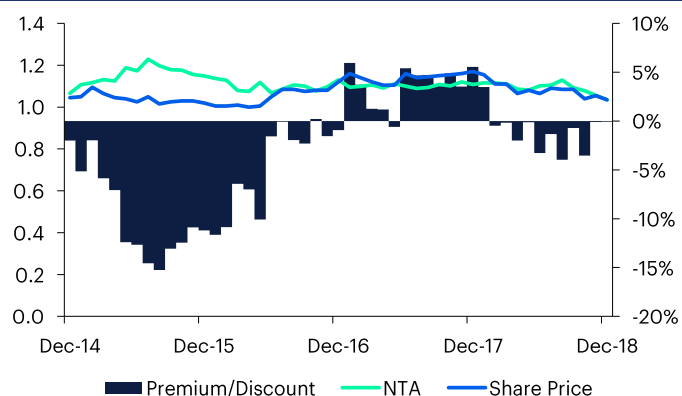
Source: Bloomberg, IRESS, Baillieu

Fig.158: FGX



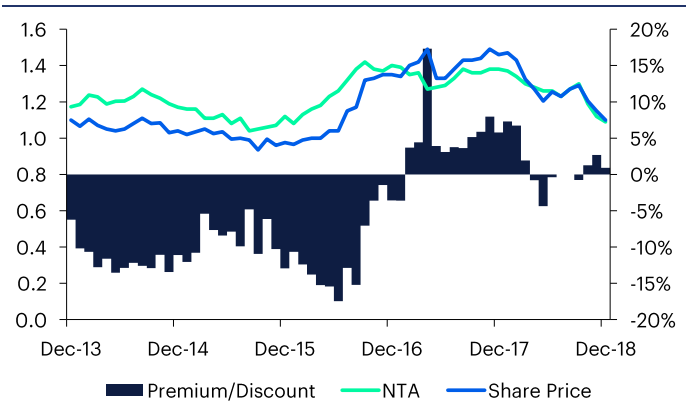
Source: Bloomberg, IRESS, Baillieu

Fig.159: GVF



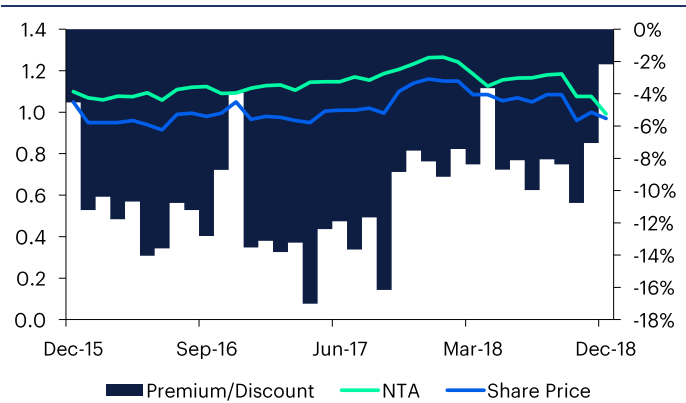
Source: Bloomberg, IRESS, Baillieu

Fig.160: NCC



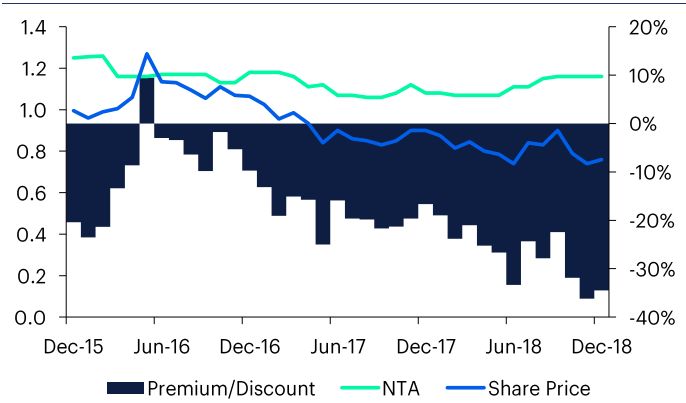
Source: Bloomberg, IRESS, Baillieu

Fig.161: EGI



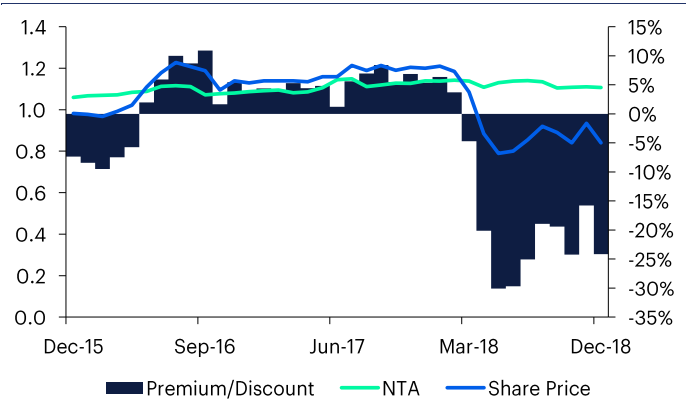
Source: Bloomberg, IRESS, Baillieu

Fig.162: BTI



Source: Bloomberg, IRESS, Baillieu

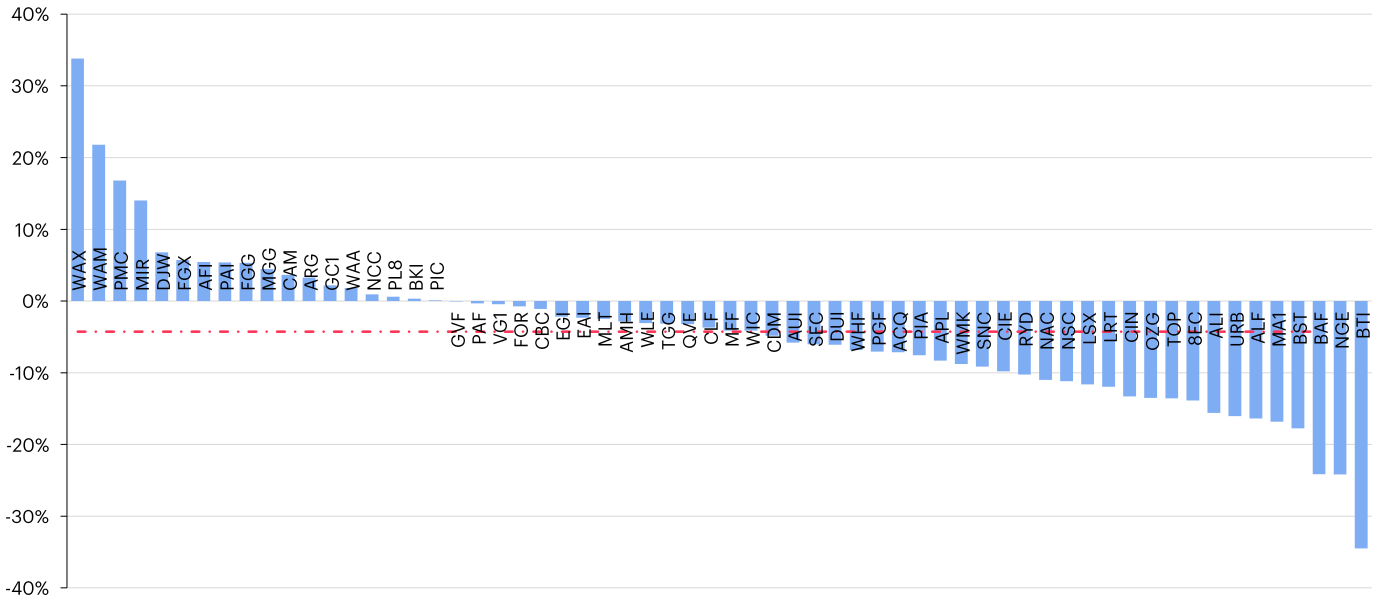
Fig.163: BAF



Source: Bloomberg, IRESS, Baillieu

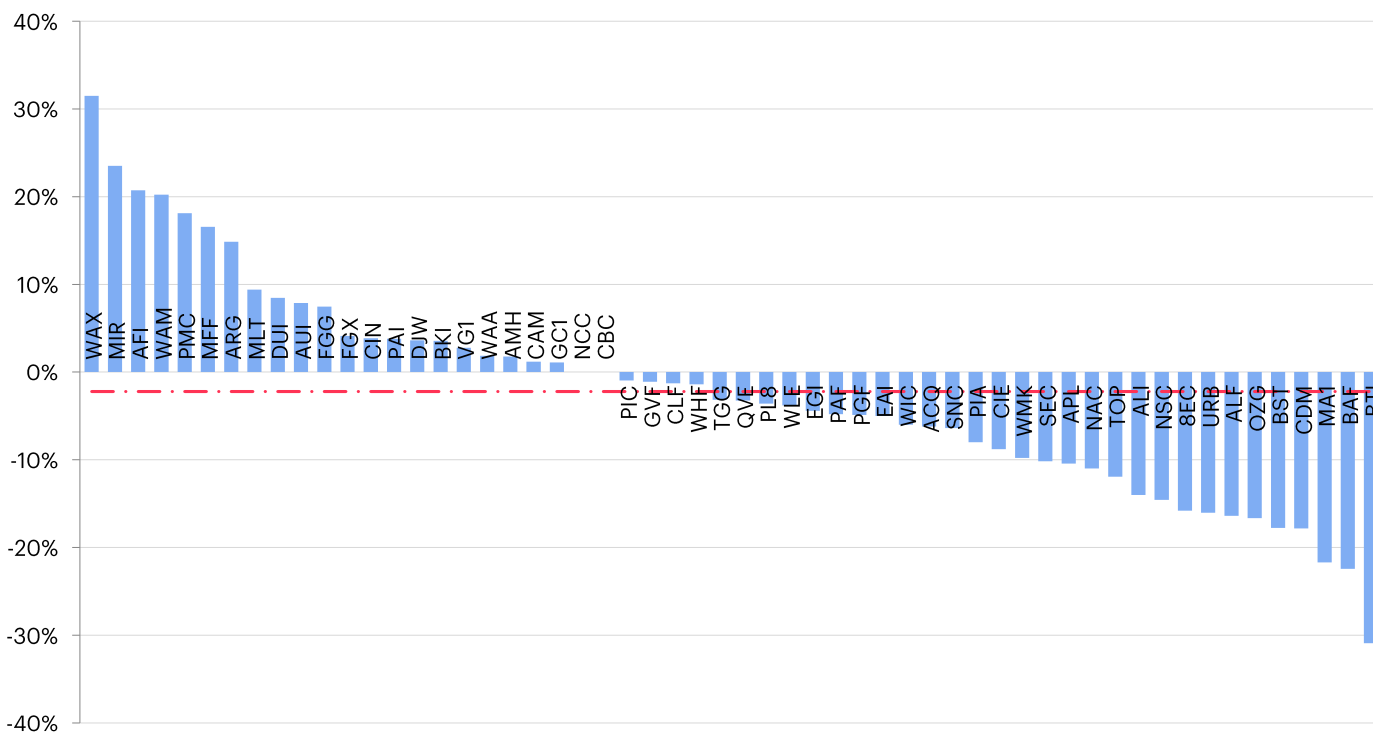
Pre- & Post Discount/Premium to NTA

Fig.164: Premium/(Discount) to Pre-tax NTA



Source: Bloomberg, Iress, Baillieu

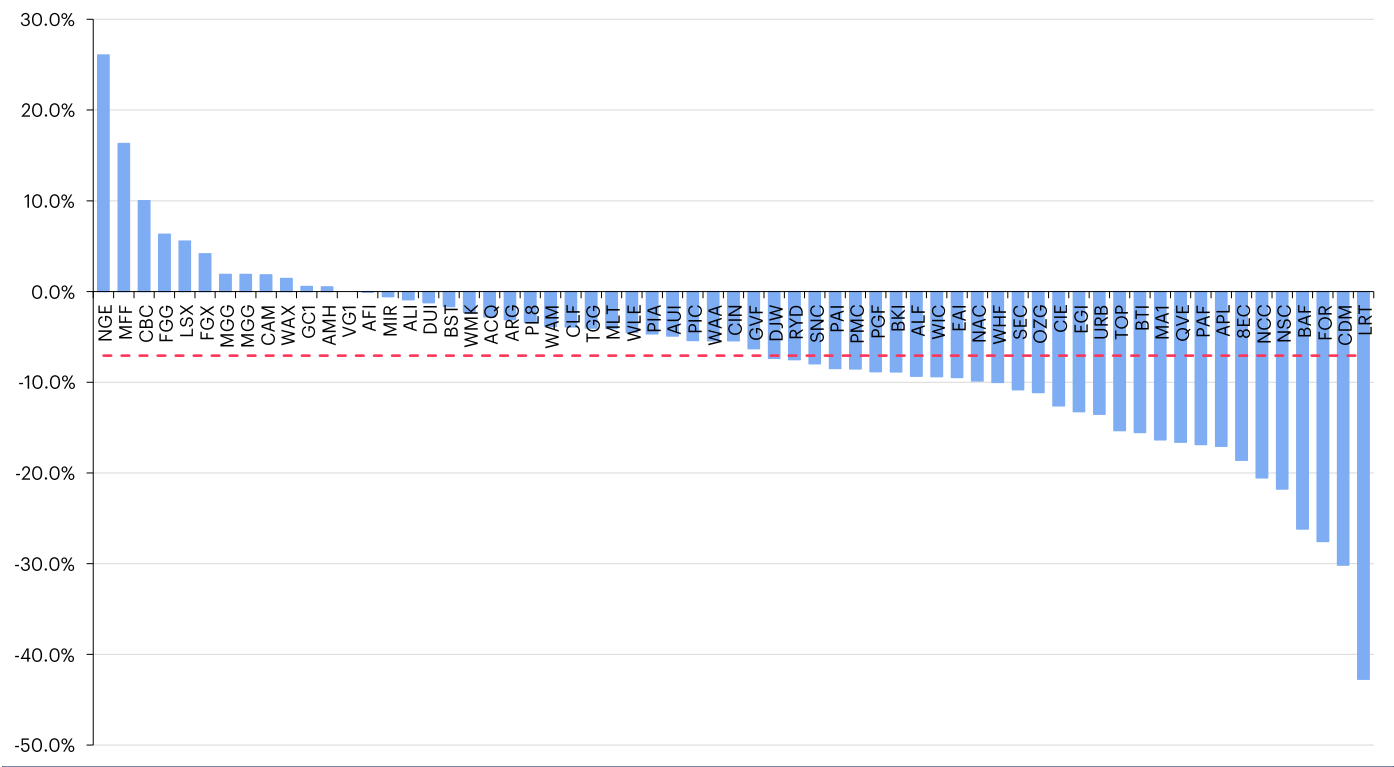
Fig.165: Premium/(Discount) to Post-tax NTA



Source: Bloomberg, Iress, Baillieu

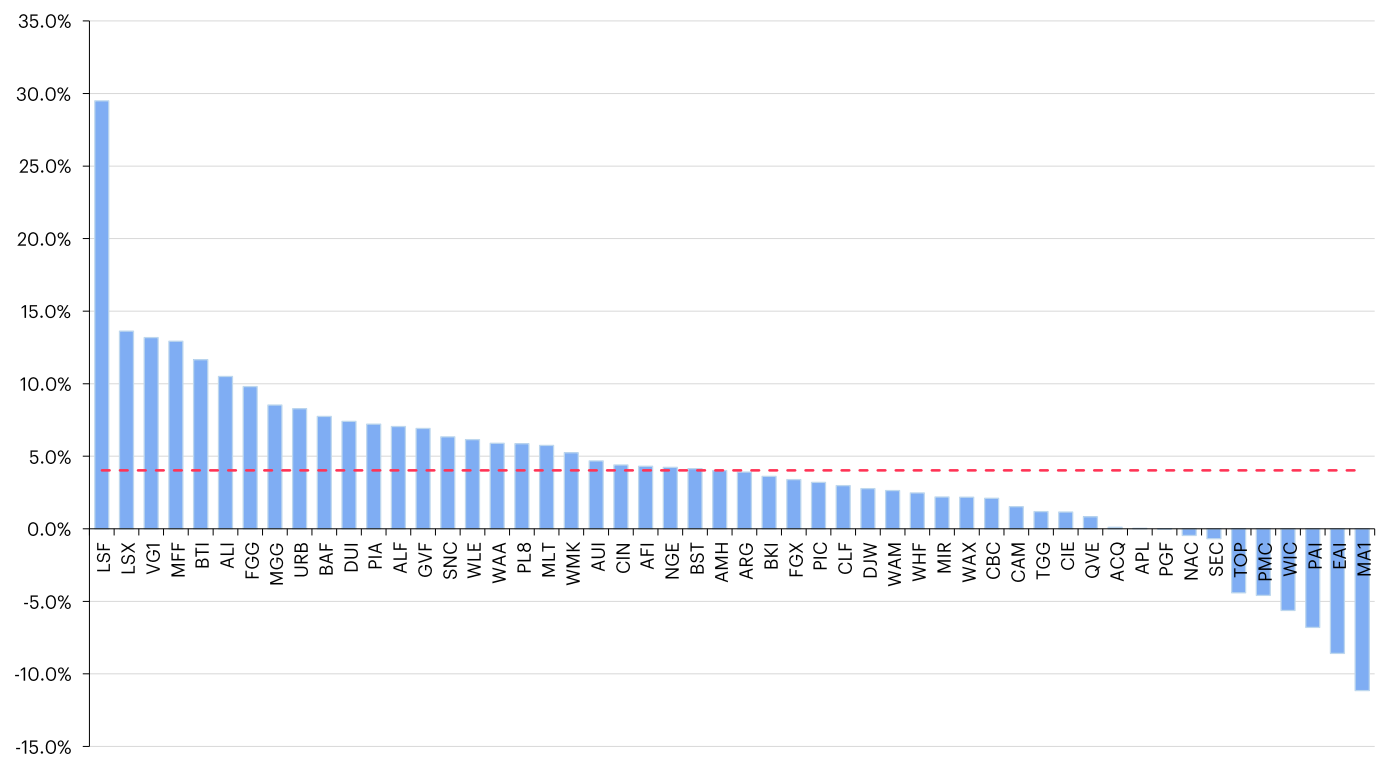
1, 3 and 5 Year Total Shareholder Return & NTA Growth

Fig.166: TSR compound annual growth rate - % over 12 months



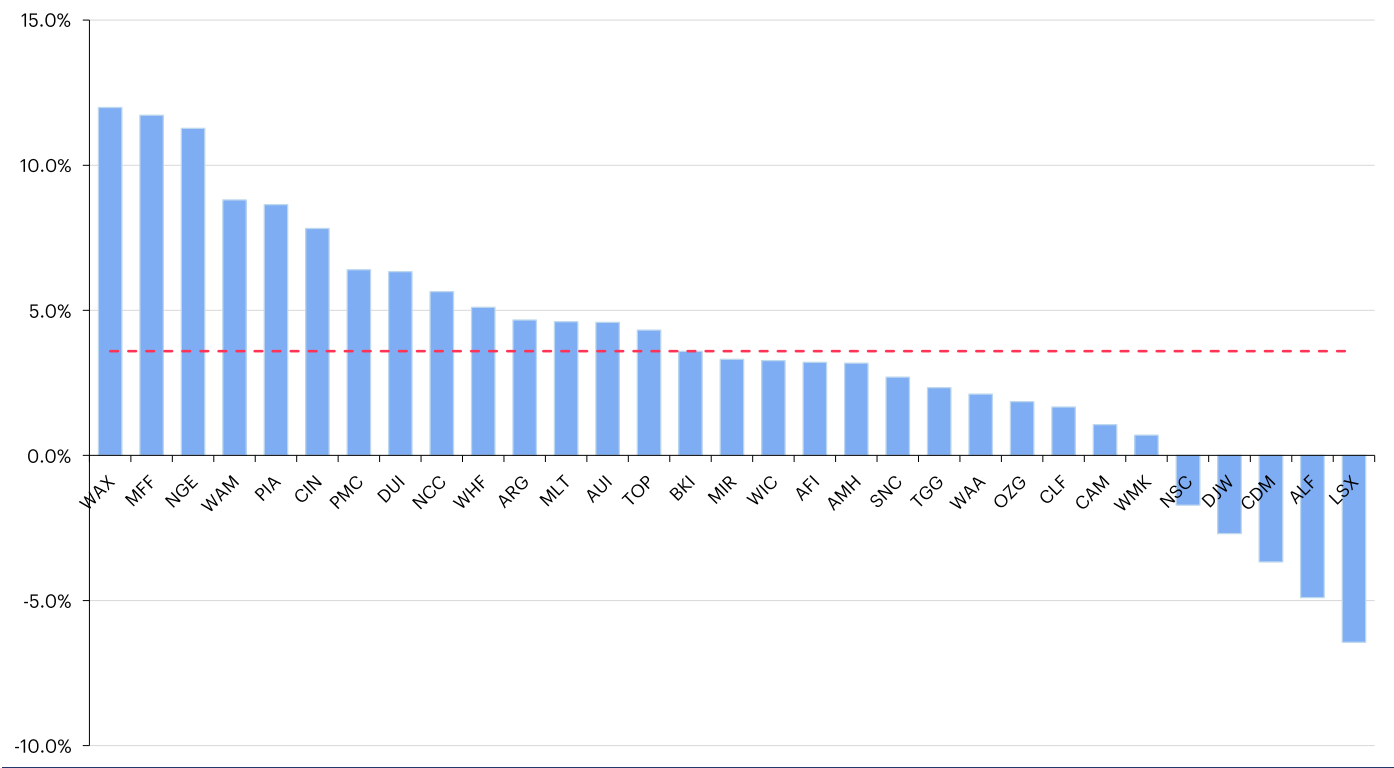
Source: Bloomberg, Iress, Baillieu

Fig.167: TSR compound annual growth rate - % over 3 years



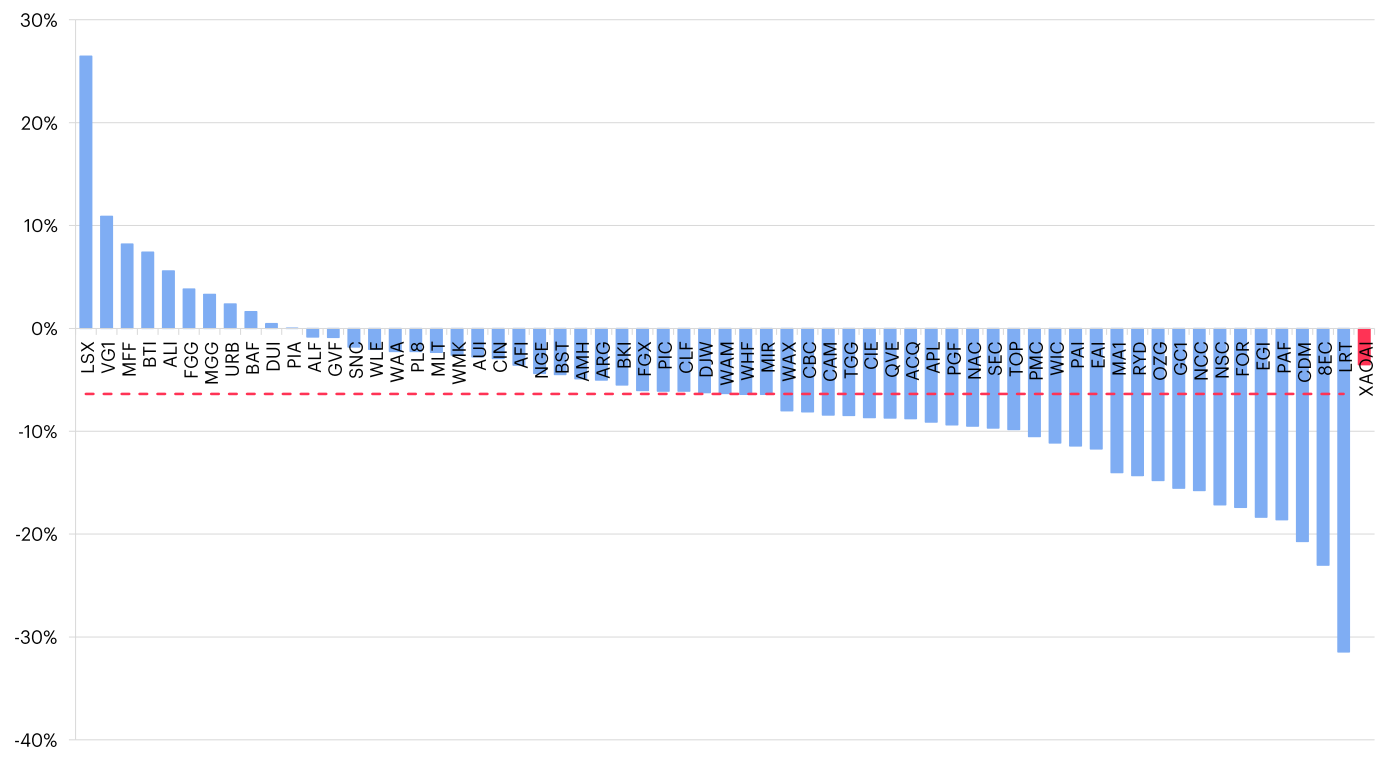
Source: Bloomberg, Iress, Baillieu

Fig.168: TSR compound annual growth rate - % over 5 years



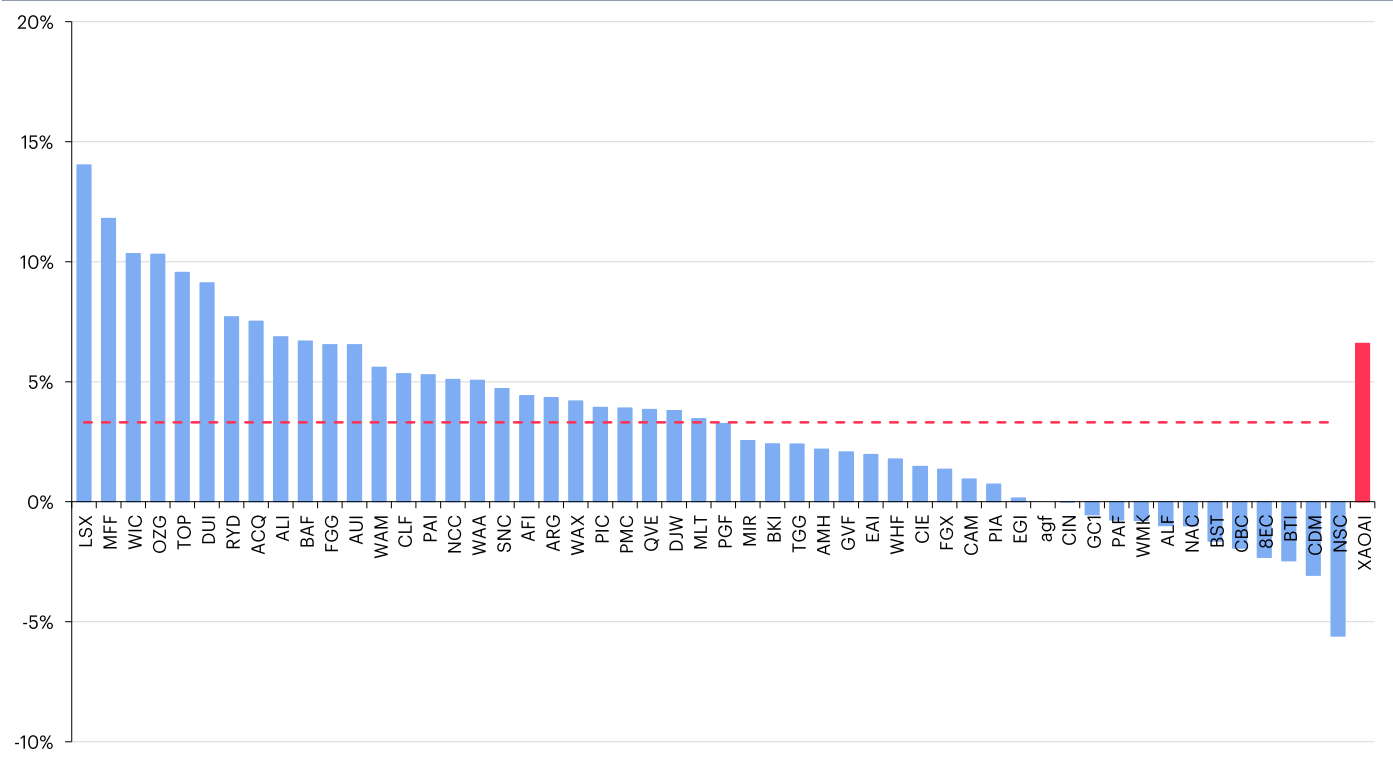
Source: Bloomberg, Iress, Baillieu

Fig.169: CAGR NTA performance - % return over 12 months



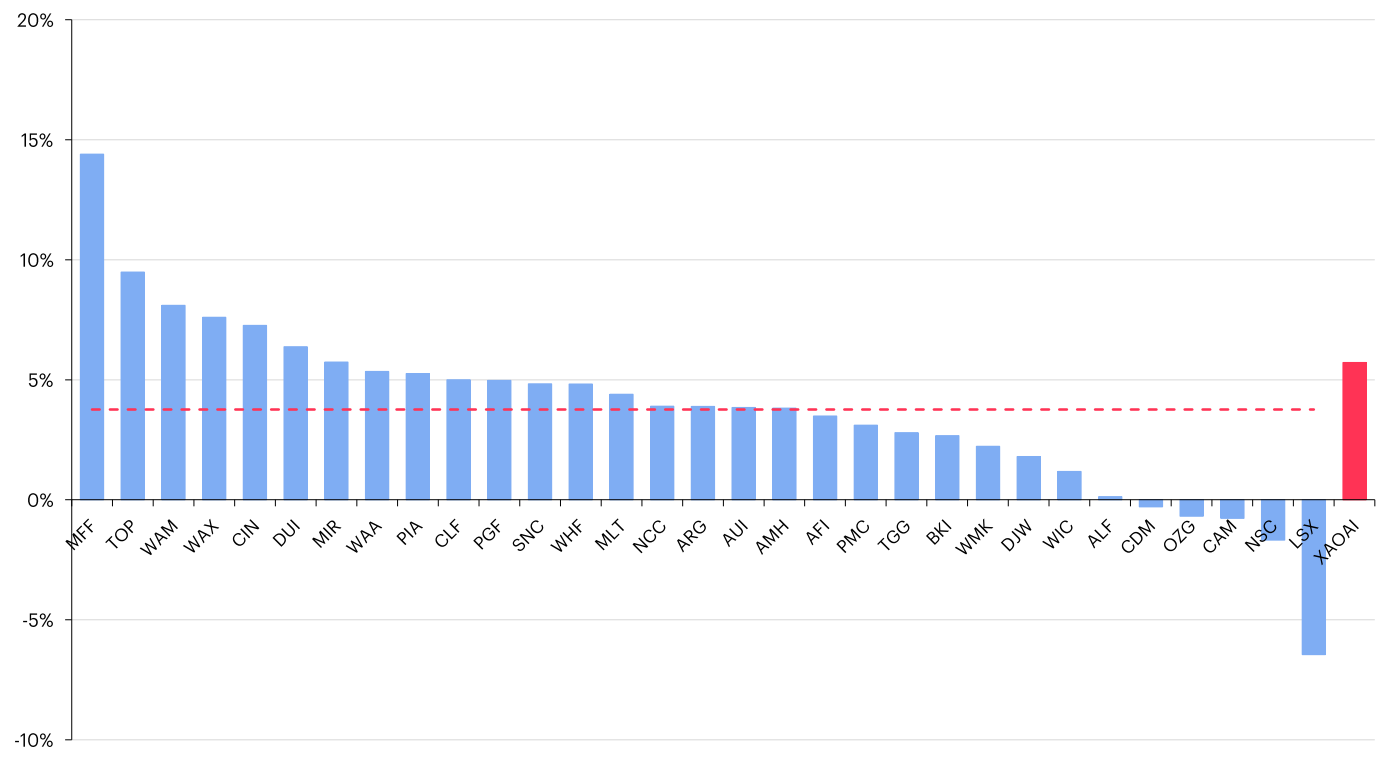
Source: Bloomberg, Iress, Baillieu

Fig.170: CAGR NTA performance - % return over 3 years



Source: Bloomberg, Iress, Baillieu

Fig.171: CAGR NTA performance - % return over 5 years



Source: Bloomberg, Iress, Baillieu

All chart data to 31 December 2018

This document has been prepared and issued by:

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**www.baillieu.com.au**

**Melbourne (Head Office)**

**Address** Level 26, 360 Collins Street  
Melbourne, VIC 3000 Australia  
**Postal** PO Box 48, Collins Street West  
Melbourne, VIC 8007 Australia  
**Phone** +61 3 9602 9222  
**Facsimile** +61 3 9602 2350  
**Email** melbourne@baillieu.com.au

**Adelaide Office**

**Address** Ground Floor, 226 Greenhill Road,  
Eastwood SA 5063  
**Postal** PO Box 171  
Fullarton SA 5063  
**Phone** +61 8 7074 8400  
**Facsimile** +61 8 8362 3942  
**Email** adelaide@baillieu.com.au

**Bendigo Office**

**Address** Level 1, 10-16 Forest Street  
Bendigo, VIC 3550  
**Postal** PO Box 84  
Bendigo, VIC 3552  
**Phone** +61 3 4433 3400  
**Facsimile** +61 3 4433 3430  
**Email** bendigo@baillieu.com.au

**Geelong Office**

**Address** 16 Aberdeen Street  
Geelong West Vic 3218  
**Postal** PO Box 364  
Geelong Vic 3220 Australia  
**Phone** +61 3 5229 4637  
**Facsimile** +61 3 4229 4142  
**Email** geelong@baillieu.com.au

**Gold Coast Office**

**Address** Suite 202 Level 2, Eastside Building  
6 Waterfront Place, Robina QLD 4226  
**Phone** +61 7 5628 2670  
**Facsimile** +61 7 5677 0258  
**Email** goldcoast@baillieu.com.au

**Newcastle Office**

**Address** Level 1, 120 Darby Street  
Cooks Hill, NSW 2300 Australia  
**Postal** PO Box 111  
The Junction, NSW 2291 Australia  
**Phone** +61 2 4037 3500  
**Facsimile** +61 2 4037 3511  
**Email** newcastle@baillieu.com.au

**Perth Office**

**Address** Level 9, 216 St Georges Terrace  
Perth WA 6000 Australia  
**Postal** PO Box 7662, Cloisters Square  
Perth, WA 6850 Australia  
**Phone** +61 8 6141 9450  
**Facsimile** +61 8 6141 9499  
**Email** perth@baillieu.com.au

**Sydney Office**

**Address** Level 40, 259 George Street  
Sydney, NSW 2000 Australia  
**Postal** PO Box R1797  
Royal Exchange, NSW 1225 Australia  
**Phone** +61 2 9250 8900  
**Facsimile** +61 2 9247 4092  
**Email** sydney@baillieu.com.au