



VGI to Launch a New Global LIC

VGI Partners, a Sydney and New York based global equity manager, has flagged its intention to create a new listed investment company. VGI Partners Global Investments could potentially raise between A\$100m to A\$300m, plus up to A\$100m in oversubscriptions, to invest in a portfolio of global equities. VGI currently manages money primarily for high net worth individuals, family offices and endowment funds. It has over US\$800m in funds under management and has a stated target of closing its funds to new investment when it reaches US\$1,250m. VGI believes a LIC would help it achieve its fund target earlier, which would then allow the team to focus on managing the portfolio rather than chasing new money. The LIC would also provide the opportunity for retail investors to access VGI's global investing strategies. The current minimum investment in its funds is \$1m.

VGI's investment philosophy focuses on capital preservation and achieving superior long-term growth by investing in high quality businesses. It is often contrarian and will move to cash when a sufficient margin of safety does not exist. It invests in a concentrated portfolio of 10-15 core stocks. Whilst we have not seen any published data, we understand VGI has outperformed the MSCI World Index by close to 4% p.a. since its inception in 2008.

A key feature of the initial public offer is that VGI will pay all the offer expenses so the LIC will start day one with a net asset value equivalent to the offer price. This will favourably differentiate it from most LIC IPOs where the investors wear the up-front costs. This means there will not be the need for attaching options. A prospectus is expected to be available in late July with the shares listing in October 2017. We will be undertaking research on VGI Partners Global Investments and will publish a report in due course.

New Listed Fund to Focus on Disruption

Specialist global fund manager, Walsh & Company, has issued a product disclosure statement for a new fund that will focus on the disruption theme. The Evans & Partners Global Disruption Fund (proposed ASX code: EGD) will be a listed investment trust that invests in a concentrated portfolio of largely listed international shares. As well as investing in companies that have proven abilities to disrupt, and the potential to continue to disrupt, the fund will invest in a selection of smaller innovators who have the potential to successfully disrupt existing industries and companies. It is our expectation that the portfolio may have something of a core-satellite characteristic, representing a mix of larger, established companies (Alphabet, Apple, for example) and smaller less established companies. Evans and Partners Investment Management will be the investment manager for the fund and Walsh & Company will be the responsible entity. The investment committee will comprise a number of leading industry figures with experience in technology, innovation and disruptive enterprises.

The offer, expected to close on 18 July 2017, is for 62.5m units at \$1.60 to raise \$100m, with the ability to raise an additional \$50m through oversubscriptions. We have published a full research report on EGD and our rating for the fund is Recommended.

HHV Announces Strategic Initiatives

On 6 June the Board of HHV announced a number of new strategic initiatives aimed at delivering shareholder value. These initiatives include changes to the Board, lower directors' fees, a reduced base investment fee, changes to the investment mandate and tweaking of the dividend policy. Frank Gooch, currently Managing Director of Milton Corporation (ASX: MLT) has joined the Board and will become Chairman of HHV after the next AGM. Frank has considerable experience in the investment industry and has been CEO of MLT since 1999. Russel Pillemer, CEO of Pengana Capital also joins the HHV Board whilst interim Director, Rob Millner leaves the Board.

The HHV mandate will be changed to replicate the Pengana strategy which has a focus on investing in a well-constructed portfolio of growing businesses at reasonable valuations. The portfolio is typically segmented into core, cyclical and opportunistic components with core stocks providing stability with a weighting between 60-80%. HHV will retain its ethical focus with Pengana applying ethical screens across the portfolio. The HHV portfolio will be managed by the merged investment team which is led by Pengana Chief Investment Officer & Portfolio Manager, Jordan Cvetanovski and Steven Glass, Head of Research & Portfolio Manager. Former Hunter Hall CIO, James McDonald is also a member of the investment team.

The dividend policy has been revised slightly with the words "consistent and regular" replaced with "regular and growing", the emphasis being on "growing". The Board anticipates it will pay a 3.5 cents per share final 2017 dividend but said it will confirm this in July. This is consistent with previous comments and would take the FY2017 dividend to 7cps, up from 6cps in FY2016. This represents a yield of 6.4% on the current share price of \$1.10.

We have commenced a detailed review of HHV and will publish a report and revised investment rating in the coming weeks.

New Listings - Contango Global Growth & WAM Microcap

Contango Global Growth (ASX: CQG) shares listed in June after the company raised \$100m through the issue of 90.9m shares at \$1.10. An equivalent number of attaching options were also issued. CQG joins the ranks of LICs focused on international equities with the company planning to invest in a concentrated portfolio of quality global growth equities. Our rating for CQG is Recommended Plus.

WAM Microcap (ASX: WMI) successfully raised \$154m through an initial public offer and the shares commenced trading on 28 June. The offer was oversubscribed and, whilst existing investors in Wilson Asset Management LICs received their full allocations under the priority offer, other applicants were scaled back. WMI will invest the proceeds of the offer in a portfolio of undervalued ASX listed companies with a market cap less than \$300m at the time of investing. The Manager, Wilson Asset Management, will use its proven research-driven and market-driven processes to select stocks for the portfolio. IIR has not undertaken any research on WMI and we make no recommendation in relation to the LIC.

Initiating Coverage of Switzer Dividend Growth Fund

IIR has initiated coverage of Switzer Dividend Growth Fund (ASX: SWTZ) an Active ETF that listed in February 2017. SWTZ seeks to provide investors exposure to a portfolio of actively managed large cap stocks with a focus on providing an attractive income stream with the benefits of high levels of franking. Given this objective, we would expect the trust to provide an above market dividend yield over the long-term. The trust will also be seeking to provide capital growth over the long-term through active management of the portfolio. Switzer Asset Management is the Investment Manager for SWTZ and Contango Asset Management (ASX: CGA) has been appointed Investment Adviser. IIR has assigned SWTZ a Recommended rating. For further details see our full initiation report.

Upgrading AFIC to Highly Recommended

IIR has upgraded its rating for Australian Foundation Investment Company (ASX: AFI) from Recommended Plus to Highly Recommended. This recognises its sound investment processes, highly experienced investment team and Board, transparency, exceptionally low costs and the benefits of a lengthy track-record. Investors can gain confidence from a long track-record in which the Manager has achieved its investment objectives over the long-term, particularly in delivering a stable, growing, fully-franked dividend. Refer to our full research report for details of the upgrade.

PRICING & PERFORMANCE UPDATE*

Best 5-year portfolio returns - % (#)					Discounts & Premiums to pre-tax NTA - %								
Australian Large Cap Focus					Small/Mid Cap Focus & Others								
Company	3M	1Yr	3Yr	5Yr	Company	3M	1Yr	3Yr	5Yr	Largest discounts		Largest premiums	
										Company	Discount	Company	Premium
WHF	1.7	6.9	7.1	15.6	GFL	0.2	8.9	10.4	16.7	BTI	-25.0	WAM	18.2
DUI	3.4	13.7	6.2	13.4	WAX	-1.2	5.3	10.9	15.1	BST	-16.7	WAX	17.9
AMH	3.3	1.6	5.8	11.6	HHV	0.1	-11.9	8.1	13.4	FSI	-14.6	MIR	14.9
ARG	2.1	10.7	5.4	11.6	MIR	3.5	2.1	7.8	13.0	HHV	-13.4	DJW	11.1
MLT	0.9	8.0	5.2	11.4	WAM	0.8	7.9	10.2	11.5	CTN	-9.9	FOR	10.5

*Data to 31 May 2017. Only includes LICs covered by IIR

#Portfolio return = Pre-tax NTA + dividends per share

Discounts and Premiums

In this month's LMI Update we look at premiums and discounts to NTA and profile five LICs trading at large discounts to pre-tax NTA.

In our view, there are four key factors that contribute to the extent of a LIC/LIT trading at a discount or premium to net tangible assets (NTA). These are: (1) Dividend consistency - LICs/LITs that provide a consistent and growing dividend stream tend to trade at narrower discounts or even premiums while LICs/ LITs with volatile or declining dividend payments tend to trade at heightened discounts; (2) Portfolio performance - performance of the portfolio will contribute to the discount/ premium with LICs/LITs achieving their objectives generally trading at narrower discounts (or even premiums) than those that are not achieving the stated objectives; (3) Shareholder engagement - those LIC/LITs that engage regularly with shareholders and grow the shareholder base tend not to experience the extreme discounts; and (4) Market Liquidity – LICs/LITs with a low market cap or where market liquidity is thin are more likely to trade at discounts.

As the pricing tables on the following pages show, the Australian large cap share focused LICs are mostly trading at discounts to pre-tax NTA. We see this as a reasonable entry point for long-term investors. Amongst the mid/small-cap focused LICs/LITs, there are more entities trading at discounts than premiums. However, most of the larger, better performing LICs/LITs such as WAM Capital (ASX: WAM), WAM Research (ASX: WAX), Mirrabooka Investments (ASX: MIR) and Forager Australian Shares Fund (ASX: FOR) are trading at significant premiums. We discussed this in our last monthly and noted that mid-cap focused LIC, Contango Income Generator (ASX: CIE - trading at a 7% discount at the end of May), presented an opportunity for investors looking for exposure outside the large caps.

The above table highlights LICs under our coverage that are trading at the largest discounts and premiums to pre-tax NTA. Investors need to be careful when buying LICs at a discount to NTA as many trade at significant discounts for a prolonged period and there is no guarantee the discounts will be eliminated. We provide a few comments below on the five largest discounts to NTA and look at potential catalysts that might see the discount correct.

Bailador Technology Investments (ASX: BTI)

Technology focused LIC Bailador has traded at an average discount of 14.1% since its listing in late 2014. So a 25% discount at 31 May 2017 seems excessive. The underlying portfolio of investments in expansion stage technology businesses has performed reasonably well since inception, delivering an underlying portfolio return of 14.3% p.a. to 31 December 2016, after all fees. However, pre-tax NTA per share has grown at a slower 5.1% p.a. to 31 May due to the dilutive impact of options exercised in March 2016. Over the past 12 months pre-tax NTA per share has fallen by 3.4% and this could help explain the discount. Potential catalysts for a re-rating include strong valuation uplifts of its portfolio investments and realisation of these gains over time. In a presentation earlier this year, BTI said it expects a material valuation and cash realisation over the next 24 months. We think the market will wait to see some evidence of this before undertaking a significant re-rating of the stock. In May, BTI's investment in Lendi, an online home loan provider, saw a 42.3% uplift in valuation on the back of third-party investments. The nature of BTI's investment portfolio means that returns are likely to be lumpy and of

a capital nature, so an investment in BTI is more suited to long-term investors. Our rating for BTI is Recommended Plus.

Barrack St Investments (ASX: BST)

BST is a relatively new LIC having listed in August 2014. It invests in a portfolio of predominantly mid-to-small-cap Australian shares. The portfolio performed well in its first 18 months following inception, but performance over the past year and options dilution has significantly dragged down returns, with a portfolio return (pre-tax NTA plus dividends) of minus 10.0% over the past 12 months. Since inception the shares have traded at an average discount to pre-tax NTA of 14.5%. The key catalyst for a narrowing of the discount is likely to be evidence of improved performance. With a market cap of just \$15.7m, BST is a relatively small LIC which is likely to restrict market liquidity in the shares. Our rating for BST is Recommended.

Flagship Investments (ASX: FSI)

FSI is managed by the same investment manager as BST, EC Pohl & Co, but it has a longer track record and stronger performance. The portfolio is concentrated and invested across the market, but has a heavy weighting (around 70%) to ASX 100 stocks. Whilst it has significantly underperformed over the past 12 months, performance over three and five years is more in line with the market. Over the past 12 months performance has been hurt by falls in a number of small cap exposures and underweight positions in resources and energy. The current discount to pre-tax NTA is broadly in line with the three-year average. Likely catalysts for a narrowing of the discount include a return to stronger performance and improved investor communication. Dividends have been flat over the past two years so higher dividends would likely lead to improved share price performance. Our rating for FSI is Recommended.

Hunter Hall Global Value (ASX: HHV)

The HHV discount of 13.4% at the end of May compares with an average discount over the past three years of 9.7%, although in the latter months of 2016 the discount was much lower. We believe the current discount reflects the recent instability surrounding the Investment Manager, the Board and poor portfolio performance over the past 12 months. With a return to stability following Hunter Hall International's merger with Pengaga Capital, Board renewal and the announcement of new strategic initiatives, we see the potential for the discount to start narrowing. Our HHV rating remains suspended whilst we undertake a detailed review of the LIC and its manager.

Contango MicroCap (ASX: CTN)

CTN has also suffered a degree of instability following attempts to split the portfolio management amongst two managers and the subsequent Board instability. With the LIC returning to a one manager entity and a refreshed Board, stability seems to have returned to the company. The 31 May discount of 9.9% is close to the three-year average of 10.9% and, while the instability over the past six months no doubt plays a part, the portfolio has also underperformed over the past 12 months dragging down the longer-term performance numbers. Dividends have also fallen over the past two years. Whilst stability seems to have returned to the company, the market is likely to want to see an improvement in performance before the discount starts to narrow. Our rating for CTN remains suspended while we undertake a detailed review of the LIC.

Pricing & Recommendations – Australian Share Focus

All data as at 31 May 2017	ASX Code	Market Cap (\$M) *	Last Price (\$)	Dividend Yield	Pre-Tax NTA (\$)	Pre-tax NTA Prem/Disc	3 Year Avg Prem/Disc	M'ment	M'ment Fee	IIR Rating
Australian Shares - Large Cap										
Australian Foundation Investment Company	AFI	6,762.5	5.75	4.2%	5.87	-2.0%	2.5%	Internal	0.16	Highly Recommended
Argo Investments	ARG	5,269.3	7.60	4.0%	7.74	-1.8%	3.1%	Internal	0.15	Highly Recommended
Milton Corporation	MLT	2,907.8	4.46	4.2%	4.50	-0.9%	1.0%	Internal	0.13	Highly Recommended
Australian United Investment	AUI	1,013.1	8.19	4.2%	8.54	-4.1%	-4.9%	Internal	0.10	Recommended+
BKI Investment Company	BKI	959.0	1.59	4.6%	1.61	-1.6%	1.5%	Internal	0.16	Not Rated
Djerriwarrh Investments	DJW	789.7	3.60	6.7%	3.24	11.1%	25.4%	Internal	0.46	Recommended+
Diversified United Investments	DUI	772.2	3.70	3.8%	4.00	-7.5%	-6.1%	Internal	0.13	Recommended
WAM Leaders Limited	WLE	451.1	1.10	0.9%	1.16	-5.2%	1.0%	External	1.00	Recommended
Whitefield Limited	WHF	376.3	4.48	3.8%	4.90	-8.6%	-7.7%	Internal	0.35	Recommended+
Plato Income Maximiser	PL8	322.9	1.09	0.0%	1.04	5.2%	5.2%	External	0.80	Not Rated
AMCIL Limited	AMH	229.6	0.89	3.9%	0.94	-5.3%	-0.9%	Internal	0.65	Recommended+
Century Australia	CYA	128.0	0.96	4.5%	0.94	1.9%	-5.1%	External	1.08	Not Rated
Wealth Defender Equities	WDE	99.1	0.79	2.5%	0.91	-14.1%	-8.4%	External	0.98	Not Rated
Absolute Equity Performance Fund	AEG	98.9	1.07	0.0%	1.10	-2.7%	8.2%	External	na	Not Rated
Aberdeen Leaders	ALR	68.9	1.16	4.3%	1.28	-9.4%	-7.4%	External	2.40	Recommended
Ironbark Capital	IBC	67.9	0.50	6.9%	0.54	-7.8%	-8.9%	External	0.65	Not Rated
Aust Governance Masters Index Fund	AQF	49.9	1.91	4.2%	1.95	-2.1%	-0.7%	External	0.49	Not Rated
Flagship Investments	FSI	38.9	1.53	4.8%	1.79	-14.6%	-15.3%	External	0.00	Recommended
CBG Capital	CBC	22.5	0.90	2.8%	0.96	-6.5%	-6.7%	External	1.00	Recommended
Aurora Property Buy Write Inc. Trust	AUP	10.7	4.51	9.7%	4.53	-0.3%	-1.2%	External	2.00	Not Rated
Australian Shares - Mid/Small Cap										
WAM Capital	WAM	1,437.7	2.27	6.5%	1.92	18.2%	12.7%	External	1.00	Recommended+
Carlton Investments	CIN	847.2	32.00	3.8%	36.39	-12.1%	-11.3%	Internal	0.08	Not Rated
Mirrabooka Investments	MIR	423.0	2.70	5.6%	2.35	14.9%	14.6%	Internal	0.65	Recommended+
Future Generation Investment Company	FGX	377.6	1.08	3.8%	1.14	-5.5%	-1.1%	External	0.00	Highly Recommended
QV Equities	QVE	352.1	1.28	3.0%	1.20	7.1%	0.9%	External	0.90	Recommended+
WAM Research	WAX	260.9	1.42	6.2%	1.20	17.9%	9.9%	External	1.00	Highly Recommended
Forager Australian Shares Fund	FOR	175.3	2.00	0.0%	1.81	10.5%	11.0%	External	1.10	Recommended+
Contango MicroCap	CTN	151.6	0.90	7.1%	1.00	-9.9%	-10.9%	External	1.25	Rating Under Review
Westoz Investment Company	WIC	121.3	0.94	6.4%	1.05	-10.5%	-9.9%	External	1.00	Recommended
Thorney Opportunities	TOP	119.6	0.71	1.7%	0.75	-6.4%	-7.1%	External	na	Not Rated
Watermark Market Neutral Fund	WMK	86.9	1.00	6.0%	1.00	-0.5%	-3.9%	External	1.00	Not Rated
Naos Emerging Opp Company	NCC	78.7	1.33	5.3%	1.30	2.3%	-8.3%	External	1.25	Not Rated
Contango Income Generator	CIE	77.1	0.95	6.8%	1.02	-7.0%	-4.0%	External	0.95	Recommended+
Ozgrowth Limited	OZG	57.2	0.16	3.1%	0.19	-16.2%	-17.0%	External	1.00	Not Rated
Naos Absolute Opportunities Coy.	NAC	54.1	1.03	4.9%	1.07	-3.7%	-8.8%	External	1.75	Not Rated
Acorn Capital Inv Fund	ACQ	45.7	0.93	3.5%	1.08	-13.7%	-13.8%	External	na	Not Rated
Sandon Capital Investments	SNC	45.1	0.94	6.9%	0.95	-1.1%	-7.0%	External	1.25	Not Rated
Lion Select Group	LSX	44.9	0.42	0.0%	0.40	5.0%	-26.6%	External	1.50	Not Rated
Glennon Small Companies Fund	GC1	43.1	0.92	4.4%	0.98	-6.5%	-4.9%	External	1.00	Recommended
WAM Active Limited	WAA	41.9	1.08	4.9%	1.05	2.9%	8.5%	External	1.00	Recommended
8IP Emerging Companies	8EC	39.0	0.95	1.1%	1.04	-8.4%	-9.7%	External	1.25	Recommended
Ryder Capital	RYD	38.3	1.04	0.0%	1.17	-11.2%	-4.1%	External	na	Not Rated
Katana Capital Limited	KAT	32.0	0.72	4.2%	0.81	-11.4%	-6.1%	External	na	Not Rated
Barrack St Investments	BST	15.7	0.86	2.9%	1.03	-16.7%	-14.5%	External	1.00	Recommended
Bentley Capital	BEL	9.9	0.13	7.7%	0.16	-16.1%	-33.4%	External	na	Not Rated
Orion Equities	OEQ	3.0	0.17	0.0%	0.39	-55.9%	-59.7%	External	na	Not Rated
Australian/International Shares - Blended										
Cadence Capital	CDM	331.6	1.21	6.6%	1.15	5.2%	7.3%	External	1.00	Recommended+
Perpetual Investment Company	PIC	262.2	1.04	4.1%	1.11	-6.8%	-6.1%	External	1.00	Recommended
Hunter Hall Global Value	HHV	260.1	1.07	6.6%	1.23	-13.4%	-9.7%	External	1.50	Rating Under Review
Clime Capital	CAM	77.1	0.86	5.6%	0.88	-2.3%	-7.3%	External	na	Not Rated
Mercantile Investment Company	MVT	43.4	0.16	0.0%	0.18	-15.5%	-13.9%	External	na	Not Rated
Sunvest Corporation	SVS	3.3	0.27	0.0%	0.57	-52.6%	-39.7%	External	na	Not Rated

Pricing & Recommendations – International Shares & Specialist Focus

All data as at 31 May 2017	ASX Code	Market Cap (\$M) *	Last Price (\$)	Dividend Yield	Pre-Tax NTA (\$)	Pre-tax NTA Prem/Disc (\$)	3 Year Avg Prem/Disc	M'ment	M'ment Fee	IIR Rating
International Shares - Diversified										
Magellan Flagship Fund	MFF	934.9	1.94	1.0%	2.35	-17.7%	-8.3%	External	1.50	Not Rated
Platinum Capital	PMC	455.4	1.61	5.0%	1.66	-3.3%	8.5%	External	1.50	Not Rated
PM Capital Global Opportunities Fund	PGF	373.9	1.07	2.9%	1.26	-15.1%	-11.6%	External	1.00	Not Rated
Antipodes Global Investment Company Ltd	APL	354.1	1.20	0.0%	1.21	-1.0%	-1.9%	External	1.10	Not Rated
Templeton Global Growth	TGG	311.6	1.37	3.3%	1.52	-9.7%	-8.6%	External	1.00	Not Rated
Future Generation Global Investment Company	FGG	299.9	1.08	0.9%	1.17	-8.0%	1.1%	External	0.00	Recommended+
Ellerston Global Investments	EGI	76.3	1.01	2.0%	1.16	-13.1%	-5.2%	External	0.75	Not Rated
Fat Prophets Global Contrarian Fund	FPC	51.0	1.15	0.0%	1.10	5.0%	7.5%	External	1.25	Not Rated
Morphic Ethical Equities Fund	MEC	50.9	1.14	0.0%	1.09	4.6%	4.6%	External	1.25	Not Rated
International Shares - Emerging Markets										
Platinum Asia Investments	PAI	359.0	1.00	0.0%	1.11	-9.8%	-1.7%	External	1.10	Not Rated
Emerging Markets Masters Fund	EMF	187.3	1.97	3.0%	1.91	3.1%	2.1%	External	1.10	Recommended+
Asian Masters Fund	AUF	166.0	1.27	5.7%	1.30	-2.3%	0.3%	External	1.00	Recommended+
Ellerston Asian Investments	EAI	105.9	0.93	0.0%	1.07	-13.4%	-9.9%	External	0.95	Not Rated
PM Capital Asian Opportunities Fund	PAF	57.0	1.02	4.4%	1.22	-16.3%	-12.0%	External	1.00	Not Rated
International - Specialist										
Argo Global Listed Infrastructure	ALI	267.8	1.87	1.9%	2.14	-12.9%	-8.5%	External	1.20	Not Rated
Global Value Fund	GVF	134.1	1.11	5.6%	1.11	-0.6%	-4.6%	External	1.50	Not Rated
Zeta Resources	ZER	38.0	0.38	0.0%	0.37	2.8%	-17.0%	External	0.50	Not Rated
Global Masters Fund	GFL	18.4	2.15	0.0%	1.98	8.8%	-13.2%	Internal	0.00	Recommended+
Aurora Global Income Trust	AIB	5.7	0.82	7.6%	0.68	21.1%	-0.6%	External	1.33	Not Rated
Private Equity Funds										
US Select Private Opportunities Fund 2	USG	124.7	2.26	3.5%	2.12	6.6%	4.0%	External	2.33	Recommended
Bailador Technology Investments	BTI	101.0	0.84	0.0%	1.12	-25.0%	-14.1%	External	1.75	Recommended+
US Select Private Opportunities Fund	USF	97.1	2.49	4.4%	2.23	11.7%	4.6%	External	2.33	Recommended
US Select Private Opportunities Fund 3	USP	76.4	1.59	0.0%	1.53	3.9%	5.1%	External	2.33	Recommended
IPE Limited	IPE	14.9	0.11	30.9%	0.11	-0.9%	-0.1%	External	1.50	Not Rated
Absolute Return Funds										
Australian Leaders Fund Limited	ALF	337.9	1.24	7.3%	1.27	-2.4%	7.5%	External	na	Not Rated
Watermark Global Leaders Fund Limited	WGF	86.5	1.05	0.0%	1.09	-4.1%	-4.1%	External	1.20	Not Rated
Arowana Australasian Value Op. Fund	AWQ	61.4	0.89	6.7%	1.00	-11.0%	-4.8%	External	1.00	Not Rated
Monash Absolute Investment Company Limited	MA1	40.9	0.78	0.0%	0.86	-9.0%	-4.6%	External	1.50	Not Rated
Benjamin Hornigold	BHD	20.9	1.05	0.0%	1.01	4.0%	4.0%	External	3.00	Not Rated
Alternative Investment Trust	AIQ	10.1	0.08	19.5%	0.10	-23.9%	-16.9%	External	na	Not Rated
Hastings High Yield Fund	HHY	8.6	0.10	0.0%	0.11	-12.9%	-15.3%	External	na	Not Rated
Aurora Absolute Return Fund	ABW	4.8	0.50	6.9%	0.71	-30.0%	-4.3%	External	na	Not Rated
Other Specialist										
Blue Sky Alternatives Access Fund	BAF	200.2	1.17	6.8%	1.11	5.8%	4.0%	External	1.20	Not Rated
URB Investments	URB	77.6	1.07	0.0%	1.05	1.4%	-3.0%	External	0.50	Not Rated
Duxton Water Limited	D20	67.2	1.05	0.0%	1.09	-3.7%	5.8%	External	0.85	Not Rated
Thorney Technologies Ltd	TEK	40.6	0.21	0.0%	0.22	-5.8%	1.7%	External	0.75	Not Rated

*Based on fully paid ordinary shares available for trade.

Source: ASX/IRESS

Performance – Australian Share Focus

All data as at 31 May 2017	ASX Code	NTA (plus dividends) Return (%)					Share Price (plus dividends) Return (%)					Benchmark
		1 Mth	3 Mths	1 yr	3 yrs	5 yrs	1 Mth	3 Mths	1 yr	3 yrs	5 yrs	
Australian Shares - Large Cap												
Australian Foundation Investment Company	AFI	-2.5	1.9	7.8	3.8	10.7	-1.0	0.2	6.3	2.5	11.5	S&P/ASX 200 Acc Index
Argo Investments	ARG	-2.3	2.1	10.7	5.4	11.6	-0.3	0.9	9.5	5.1	12.8	S&P/ASX 200 Acc Index
Milton Corporation	MLT	-3.6	0.9	8.0	5.2	11.4	0.0	3.2	9.6	5.0	13.1	All Ordinaries Acc Index
Australian United Investment	AUI	-3.5	2.3	13.8	4.2	11.4	0.6	5.1	18.2	5.4	12.9	ASX 300 Acc Index
BKI Investment Company	BKI	-3.0	1.3	5.9	3.5	9.6	-1.9	-1.2	5.6	2.7	11.3	S&P/ASX 300 Acc Index
Djerriwarrh Investments	DJW	-2.4	1.6	8.8	2.0	8.4	-0.6	-1.4	-6.1	-2.9	6.0	S&P/ASX 200 Acc Index
Diversified United Investments	DUI	-2.9	3.4	13.7	6.2	13.4	-3.6	3.1	15.0	6.4	14.4	ASX 300 Acc Index
WAM Leaders Limited	WLE	-0.9	2.6	8.1	na	na	-2.2	-2.7	3.2	na	na	S&P/ASX 200 Acc Index
Whitefield Limited	WHF	-3.4	1.7	6.9	7.1	15.6	-0.1	2.8	10.9	6.7	16.6	S&P/ASX 200 Industrials Acc (XJOAI) Index
Plato Income Maximiser	PL8	na	na	na	na	na	na	na	na	na	na	S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-exempt)
AMCIL Limited	AMH	-1.1	3.3	1.6	5.8	11.6	-1.1	-2.2	-1.8	5.9	12.8	S&P/ASX 200 Acc Index
Century Australia	CYA	-1.9	1.6	9.9	4.6	11.0	0.5	4.5	22.8	7.2	15.6	S&P/ASX 300 Acc Index
Wealth Defender Equities	WDE	-1.9	0.1	5.7	na	na	-3.1	-2.5	2.6	na	na	na
Absolute Equity Performance Fund	AEG	2.8	8.9	1.2	na	na	4.9	1.9	-9.3	na	na	na
Aberdeen Leaders	ALR	-3.0	1.6	9.3	6.5	11.0	0.0	3.5	11.4	1.9	8.2	S&P ASX 200 Acc Index
Ironbark Capital	IBC	-1.6	-2.1	5.5	2.5	4.5	1.0	-0.2	12.8	2.2	6.2	na
Aust Governance Masters Index Fund	AQF	-3.0	1.0	10.5	4.4	11.1	-2.6	-1.5	10.7	4.4	10.2	S&P/ASX 100 Acc Index
Flagship Investments	FSI	-3.0	2.4	0.5	4.5	11.2	-3.5	-1.4	6.7	2.6	11.1	All Ordinaries Index
CBG Capital	CBC	-1.0	1.7	-1.0	na	na	-3.2	1.1	5.1	na	na	S&P/ASX 200 Acc Index
Aurora Property Buy Write Inc. Trust	AUP	-7.3	-10.7	-14.7	1.7	5.5	-6.0	-10.8	-14.2	2.3	5.7	RBA Cash Rate
Australian Shares - Mid/Small Cap												
WAM Capital	WAM	0.0	0.8	7.9	10.2	11.5	-4.6	-5.6	12.9	13.0	15.3	All Ordinaries Acc Index
Carlton Investments	CIN	-2.0	2.7	2.6	9.3	15.4	0.0	1.6	5.1	9.8	20.1	S&P/ASX 200 Acc Index
Mirraboopa Investments	MIR	0.0	3.5	2.1	7.8	13.0	5.1	-5.3	2.7	8.5	16.4	S&P/ASX Mid Cap 50's Acc Index, S&P/ASX Small Ordinaries Acc Index
Future Generation Investment Fund	FGX	-0.4	1.6	1.0	na	na	-4.0	-5.2	-0.5	na	na	All Ordinaries Acc Index
QV Equities	QVE	-0.5	4.7	10.3	na	na	2.0	-2.9	25.1	na	na	na
WAM Research	WAX	-1.6	-1.2	5.3	10.9	15.1	-6.9	-8.4	12.3	14.7	21.7	All Ordinaries Acc Index
Forager Australian Shares Fund	FOR	1.1	4.0	na	na	na	2.0	2.6	na	na	na	8% Absolute
Contango MicroCap	CTN	-2.8	-10.4	-10.9	0.2	1.9	-7.7	-10.9	1.0	3.1	5.5	ASX All Ordinaries Acc Index
Westoz Investment Company	WIC	-0.9	-5.9	14.9	-1.6	1.5	2.2	-6.9	19.3	-2.1	7.3	Absolute return focus
Thorney Opportunities	TOP	2.3	1.8	24.2	18.9	na	2.9	3.1	31.7	18.5	15.8	na
Watermark Market Neutral Fund	WMK	1.0	0.0	1.9	3.8	na	-1.5	-1.0	3.3	4.5	na	na
Naos Emerging Opp Company	NCC	0.0	-1.8	12.2	8.4	na	-10.7	-2.8	34.3	14.9	na	Small Ordinaries Acc Index (XSOAI)
Contango Income Generator	CIE	-1.5	3.4	8.3	na	na	-1.6	0.0	9.3	na	na	All Ordinaries Acc Index
Ozgrowth Limited	OZG	-4.5	-9.0	12.5	-1.8	1.2	-3.0	-8.6	22.2	-2.0	6.1	Absolute return focus
Naos Absolute Opportunities Coy.	NAC	-0.9	-2.3	-9.1	na	na	-5.9	-5.9	5.5	na	na	na
Acorn Capital Inv Fund	ACQ	-2.1	-5.3	2.6	4.5	na	-4.1	-6.5	8.4	1.8	na	na
Sandon Capital Investments	SNC	-1.5	-3.0	9.4	5.4	na	-5.8	-10.1	25.4	7.0	na	na
Lion Select Group	LSX	-4.8	0.0	14.3	-12.6	na	2.4	0.0	31.3	1.6	na	na
Glennon Small Companies Fund	GC1	0.1	-0.1	-5.1	na	na	-4.7	-2.2	-3.8	na	na	ASX Small Ords Acc Index
WAM Active Limited	WAA	-0.2	0.7	9.0	7.4	8.1	-2.9	-3.7	16.1	2.0	8.7	All Ordinaries Acc Index
8IP Emerging Companies	8EC	2.1	-7.4	-4.7	na	na	-3.1	-5.0	-3.6	na	na	ASX Emerging Co. Acc Index
Ryder Capital	RYD	-0.5	0.6	18.4	na	na	-2.8	-2.8	9.5	na	na	na
Katana Capital Limited	KAT	-3.1	-0.9	0.3	-1.9	3.6	-1.4	-1.4	-4.1	-3.5	6.0	na
Barrack St Investments	BST	-1.1	4.0	-10.0	na	na	-3.4	3.0	-7.5	na	na	All Ordinaries Accum Index
Bentley Capital	BEL	-7.5	-11.1	-24.2	-6.4	-4.4	-3.7	-3.7	3.7	4.8	5.6	na
Orion Equities	OEQ	-5.8	-9.6	-22.8	-8.1	-12.3	-5.6	3.0	-15.0	-11.5	-7.4	na
Australian/International Shares - Blended												
Cadence Capital	CDM	-0.4	2.8	6.1	1.5	7.3	0.4	-1.2	-0.2	1.1	8.5	All Ordinaries Acc Index
Perpetual Investment Company	PIC	-0.7	3.9	10.4	na	na	1.5	-1.0	14.2	na	na	na
Hunter Hall Global Value	HHV	-0.8	0.1	-11.9	8.1	13.4	-6.6	-7.8	-11.8	8.8	14.7	MSCI Total Return Index, Net Dividends Reinvested in Australian dollars
Clime Capital	CAM	-2.2	-0.9	2.0	-1.2	1.9	-2.3	-3.1	14.5	0.5	5.9	na
Mercantile Investment Company	MVT	0.5	5.2	1.8	8.4	16.6	0.0	-6.1	10.7	6.0	13.3	na
Sunvest Corporation	SVS	3.6	1.8	3.6	-4.3	-8.1	0.0	8.0	12.5	1.9	-3.6	na

Performance – International Shares & Specialist Focus

All data as at 31 May 2017	ASX Code	NTA (plus dividends) Return (%p.a)					Share Price (plus dividends) Return (%p.a)					Benchmark
		1 Mth	3 Mths	1 yr	3 yrs	5 yrs	1 Mth	3 Mths	1 yr	3 yrs	5 yrs	
International Shares - Diversified												
Magellan Flagship Fund	MFF	-0.5	3.9	12.2	20.2	21.0	3.8	3.2	1.1	11.8	20.1	na
Platinum Capital	PMC	3.9	10.2	15.3	6.8	14.2	2.6	1.6	3.3	2.3	15.7	MSCI All Country World Net Index in A\$
PM Capital Global Opportunities Fund	PGF	1.9	13.6	17.2	11.3	na	3.9	10.4	17.7	5.4	na	na
Antipodes Global Investment Company Ltd	APL	3.1	9.8	na	na	na	1.7	6.2	na	na	na	MSCI All Country World Net Index (AUD)
Templeton Global Growth	TGG	1.9	7.7	14.1	7.3	16.2	3.4	10.0	13.9	5.7	18.5	MSCI All Country World Free Index
Future Generation Global Investment Company	FGG	2.0	8.0	9.3	na	na	3.8	4.3	0.9	na	na	MSCI World Index AUD
Ellerston Global Investments	EGI	0.6	3.1	5.1	na	na	5.8	4.2	9.1	na	na	na
Fat Prophets Global Contrarian Fund	FPC	na	na	na	na	na	na	na	na	na	na	Increase in value of investment portfolio above previous high
Morphic Ethical Equities Fund	MEC	na	na	na	na	na	na	na	na	na	na	MSCI All Countries World Daily Total Return Net Index
International Shares - Emerging Markets												
Platinum Asia Investments	PAI	1.5	9.6	17.0	na	na	-0.5	4.2	5.3	na	na	na
Emerging Markets Masters Fund	EMF	2.1	9.1	10.4	10.2	na	4.2	10.1	10.1	9.9	na	MSCI Emerging Mkt Index
Asian Masters Fund	AUF	3.1	9.8	9.4	12.2	10.9	-0.8	6.5	4.9	10.9	10.2	MSCI AC Asia ex Japan Index
Ellerston Asian Investments	EAI	3.7	12.1	14.8	na	na	4.5	6.9	20.8	na	na	na
PM Capital Asian Opportunities Fund	PAF	3.8	15.1	16.9	9.5	na	2.0	8.4	13.6	4.2	na	na
International - Specialist												
Argo Global Listed Infrastructure	ALI	3.4	10.3	7.3	na	na	2.8	11.7	-1.0	na	na	na
Global Value Fund	GVF	1.8	4.0	5.2	na	na	0.0	-0.3	16.2	na	na	BBSW 1 year swap rate + 4
Zeta Resources	ZER	-12.5	-33.2	48.9	-24.8	na	-5.0	8.6	123.5	-15.1	na	na
Global Masters Fund	GFL	-0.2	0.2	8.9	10.4	16.7	15.6	17.8	51.4	22.1	27.0	S&P 500 US Index
Aurora Global Income Trust	AIB	-2.8	-13.0	-13.1	-0.8	1.2	0.0	7.8	16.8	5.9	5.1	UBS Australia Bank Bill Index
Private Equity Funds												
US Select Private Opportunities Fund II	USG	-2.8	1.4	-1.3	11.0	na	1.8	4.1	0.8	11.4	na	Absolute Return w H/W Mark
Bailador Technology Investments	BTI	0.9	-5.1	-3.4	na	na	-10.2	-12.0	-33.9	na	na	8% p.a. compound
US Select Private Opportunities Fund	USF	-11.5	-5.4	-2.1	12.4	na	10.7	16.9	6.9	17.3	na	na
US Select Private Opportunities Fund 3	USP	0.0	2.7	na	na	na	-0.6	-2.5	na	na	na	8% Absolute
IPE Limited	IPE	0.9	-6.1	-9.3	8.8	14.8	-4.3	-18.1	-16.7	5.5	23.3	na
Absolute Return Funds												
Australian Leaders Fund Limited	ALF	0.8	1.5	3.0	1.6	9.4	-0.4	-3.9	-7.0	-3.5	11.0	All Ordinaries Acc Index
Watermark Global Leaders Fund Limited	WGF	0.9	0.9	na	na	na	5.6	0.5	na	na	na	RBA Cash Rate
Arowana Australasian Value Op. Fund	AWQ	1.0	5.3	-11.6	na	na	-9.3	-10.3	67.1	na	na	na
Monash Absolute Investment Company Limited	MA1	-0.9	-2.6	-13.8	na	na	-4.3	1.3	-18.8	na	na	na
Benjamin Hornigold	BHD	na	na	na	na	na	na	na	na	na	na	Increase in NTA above previous high
Alternative Investment Trust	AIQ	-0.5	-1.7	4.5	3.3	27.0	-7.2	-9.4	-5.2	1.4	31.3	na
Hastings High Yield Fund	HHY	-1.8	-4.8	-9.2	16.5	55.1	-4.8	-4.8	-4.8	38.7	85.5	na
Aurora Absolute Return Fund	ABW	-3.2	-14.3	-21.5	-8.1	-3.1	-15.3	-27.7	-37.8	-18.4	-9.7	RBA Cash Rate
Other Specialist												
Blue Sky Alternatives Access Fund	BAF	1.8	5.7	9.4	na	na	2.2	6.2	11.7	na	na	na
URB Investments	URB	0.0	na	na	na	na	-1.4	na	na	na	na	8% increase in NTA (after ordinary dividends)
Duxton Water Limited	D20	0.0	1.9	na	na	na	-0.9	1.0	na	na	na	8% Absolute
Thorney Technologies Ltd	TEK	1.4	6.2	na	na	na	-6.7	-8.7	na	na	na	Increase in NAV
Benchmark Returns												
S&P/ASX 50 Accumulation Index	XFLAI	na	na	na	na	na	-3.3	0.9	11.3	5.0	11.9	na
S&P/ASX 200 Accumulation Index	XJOAI	na	na	na	na	na	-2.8	1.5	11.1	6.0	11.9	na
S&P/ASX 300 Accumulation Index	XKAOI	na	na	na	na	na	-2.7	1.4	10.8	6.0	11.7	na
All Ordinaries Accumulation Index	XAOAI	na	na	na	na	na	-2.6	1.3	10.2	6.2	11.6	na
Small Ordinaries Accumulation Index	XSOAI	na	na	na	na	na	-2.1	0.3	3.5	6.0	4.2	na
S&P/ASX 200 Industrials Accumulation Index	XJIAI	na	na	na	na	na	-3.5	1.8	8.4	8.1	15.4	na
S&P/ASX 200 Resources Accumulation Index	XMJAI	na	na	na	na	na	-0.2	0.0	25.4	3.3	3.3	na
RBA Cash Rate at 30 April 2017: 1.5%												

Source: ASX/IRESS

Note: Share Price and NTA are adjusted using adjustment factors provided by IRESS.

ASX Active ETFs

About ASX Active ETFs

Active ETFs are a relatively new type of exchange traded product (ETP) traded on the ASX. While traditional exchange traded funds (ETFs) adopt passive strategies that synthetically track the performance of an index or other benchmark, Active ETFs are actively managed funds. The legal structure is the same as a traditional managed fund, but the units can be bought and sold on the ASX just like shares. Unlike listed investment companies, Active ETFs are open ended with the manager acting as market maker. This ensures the units trade close to net asset value. The manager issues new units as required to meet market demand.

Pricing & Rating

All data as at 31 May 2017	ASX Code	Market Cap (\$)	Last Price (\$)	Dividend Yield	NAV (\$)	M'ment Fee	IIR Rating
Australian Share Strategies							
Aurora Dividend Income Trust	AOD	10.9	0.70	6.1%	0.66	1.30	Not Rated
Betashares Aus Top20 Equity Yield Max Fund	YMAX	387.2	9.08	9.0%	na	0.59	Not Rated
Betashares Australian Dividend Harvester Fund	HVST	457.7	19.46	11.1%	na	0.65	Not Rated
BetaShares Australian Equities Bear Hedge Fund	BEAR	62.9	15.00	1.1%	na	1.19	Not Rated
Betashares Australian Equities Strong Bear Hedge Fund	BBOZ	104.2	17.81	0.0%	ma	1.19	Not Rated
Betashares Geared Australian Equity Fund	GEAR	50.3	21.24	6.1%	na	0.80	Not Rated
Betashares Managed Risk Australian Share Fund	AUST	31.2	15.60	2.6%	na	0.39	Not Rated
K2 Australian Small Cap Fund	KSM	18.4	2.56	0.0%	2.59	2.05	Recommended
Switzer Dividend Growth Fund	SWTZ	64.5	2.58	0.4%	2.50	0.89	Not Rated
International Share/Security Strategies							
AMP Capital Global Infrastructure Securities Fund (Unhedged)	GLIN	22.2	2.75	0.9%	na	0.95	Not Rated
AMP Capital Global Property Securities Fund (Unhedged)	RENT	14.5	2.34	1.2%	na	0.99	Not Rated
BetaShares Geared U.S. Equity Fund - Currency Hedged	GGUS	9.0	12.83	0.8%	na	0.74	Not Rated
Betashares Managed Risk Global Share Fund	WRLD	31.2	11.15	1.2%	na	0.39	Not Rated
BetaShares S&P 500 Yield Maximiser Fund	UMAX	89.8	18.20	4.9%	na	0.59	Not Rated
K2 Global Equities Fund	KII	25.5	2.48	0.0%	2.51	2.05	Recommended
Magellan Global Equities Fund	MGE	828.6	2.82	1.8%	2.92	1.35	Not Rated
Magellan Global Equities Fund (Currency Hedged)	MHG	48.0	2.74	1.8%	2.82	1.35	Not Rated
Schroders Real Return Fund (Managed Fund)	GROW	33.3	3.66	0.5%	na	0.90	Not Rated
AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT	16.8	2.64	1.6%	na	0.48	Not Rated
Magellan Infrastructure Fund (Currency Hedged) (Managed Fund)	MICH	79.3	2.78	0.4%	2.77	0.95	Not Rated
Commodity & Currency Strategies							
Betashares Strong Australian Dollar Fund (Hedge Fund)	AUSD	1.5	14.97	0.0%	na	1.38	Not Rated
Betashares Strong US Dollar Fund (Hedge Fund)	YANK	6.0	14.98	0.0%	na	1.38	Not Rated

Performance

All data as at 31 May 2017	ASX Code	NAV (plus dividends) Return (%p.a)					Share Price (plus dividends) Return (%p.a)				
		1 Mth	3 Mths	1 year	3 years	5 years	1 Mth	3 Mths	1 year	3 years	5 years
Australian Share Strategies											
Aurora Dividend Income Trust	AOD	-3.2	-5.3	-6.3	-7.5	0.1	0.5	2.2	-0.2	-5.9	0.5
Betashares Aus Top20 Equity Yield Max Fund	YMAX	na	na	na	na	na	-4.1	-0.9	6.9	0.7	na
Betashares Australian Dividend Harvester Fund	HVST	na	na	na	na	na	-4.4	-0.9	0.9	na	na
BetaShares Australian Equities Bear Hedge Fund	BEAR	na	na	na	na	na	3.2	-0.7	-9.7	-5.2	na
Betashares Australian Equities Strong Bear Hedge Fund	BBOZ	na	na	na	na	na	7.9	-2.3	-22.7	na	na
Betashares Geared Australian Equity Fund	GEAR	na	na	na	na	na	-6.3	2.0	18.8	6.2	na
Betashares Managed Risk Australian Share Fund	AUST	na	na	na	na	na	-2.7	0.5	4.9	na	na
K2 Australian Small Cap Fund	KSM	0.8	1.6	3.2	na	na	-0.4	-2.3	2.0	na	na
Switzer Dividend Growth Fund	SWTZ	-3.4	0.9	na	na	na	1.0	3.0	na	na	na
International Share/Security Strategies											
AMP Capital Global Infrastructure Securities Fund (Unhedged)	GLIN	na	na	na	na	na	1.9	12.0	na	na	na
AMP Capital Global Property Securities Fund (Unhedged)	RENT	na	na	na	na	na	0.4	2.4	na	na	na
BetaShares Geared U.S. Equity Fund - Currency Hedged	GGUS	na	na	na	na	na	2.2	3.8	34.4	na	na
Betashares Managed Risk Global Share Fund	WRLD	na	na	na	na	na	2.1	7.5	9.9	na	na
BetaShares S&P 500 Yield Maximiser Fund	UMAX	na	na	na	na	na	2.0	5.7	10.0	na	na
K2 Global Equities Fund	KII	2.0	5.0	8.2	na	na	0.0	2.5	6.9	na	na
Magellan Global Equities Fund	MGE	3.3	10.1	13.0	na	na	3.9	9.3	12.4	na	na
Magellan Global Equities Fund (Currency Hedged)	MHG	2.6	6.4	17.9	na	na	3.6	6.0	18.0	na	na
Schroders Real Return Fund (Managed Fund)	GROW	na	na	na	na	na	0.3	1.9	na	na	na
AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT	na	na	na	na	na	-0.4	-0.4	na	na	na
Magellan Infrastructure Fund (Currency Hedged) (Managed Fund)	MICH	4.1	10.0	na	na	na	3.7	10.3	na	na	na
Commodity & Currency Strategies											
Betashares Strong Australian Dollar Fund (Hedge Fund)	AUSD	na	na	na	na	na	-1.3	-6.8	na	na	na
Betashares Strong US Dollar Fund (Hedge Fund)	YANK	na	na	na	na	na	0.6	6.7	na	na	na

WHO IS IIR?

Independent Investment Research, "IIR", is an independent investment research house based in Australia and the United States. IIR specialises in the analysis of high quality commissioned research for Brokers, Family Offices and Fund Managers. IIR distributes its research in Asia, United States and the Americas. IIR does not participate in any corporate or capital raising activity and therefore it does not have any inherent bias that may result from research that is linked to any corporate/ capital raising activity.

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