



Initiating coverage of Ellerston Global Investments

We initiated coverage of Ellerston Global Investments (ASX:EGL) with a Recommended rating. EGL is a listed investment company that invests in a long only, actively managed portfolio of global stocks. EGL listed on the ASX in October 2014. Ellerston Capital Limited, a fund manager with \$5.2b in funds under management, is the portfolio manager. The portfolio is concentrated and typically comprises 20 to 40 stocks with the Manager able to hold up to 50% cash in the event attractive opportunities cannot be identified. The portfolio has a bias towards small and mid-cap stocks and therefore can offer diversification to large cap global stock portfolios. EGL pays a semi-annual dividend, franked to the maximum extent possible. To date, it has paid a fully franked dividend for each period since listing, providing a regular income stream to shareholders.

EGL's management fee is competitive, being one of the lowest of the peer group and the performance fee is in line with the median fees of the peer group. The portfolio has slightly underperformed the benchmark index, MSCI World Index (Local), since inception, however, has provided capital protection in down markets.

EGL's shares are currently trading at a discount to pre-tax NTA, which we attribute to the significant number of options on issue, which expire in April 2018. The options are in-the-money and in the event they are exercised, will have a dilutionary impact on NTA per share given the exercise price is at a significant discount to NTA. New investors should be mindful of the options maturity date and carefully consider the timing of an investment in the company as the share price will likely be negatively impacted by the exercise of the options.

Wilson Asset Management to go Global

Wilson Asset Management (WAM) has announced plans to launch a new global LIC towards the end of the first half of calendar 2018. WAM Global will invest in a portfolio of undervalued international growth stocks using its proven research-driven and market-driven research processes, although a majority of the investments are likely to be research-driven. WAM said it would probably look to raise between \$250-\$500m with priority entitlements to existing investors in WAM's various LICs. WAM Global would be expected to pay dividends but fees are likely to be higher than for existing WAM LICs. It is likely that there will be no accompanying option issue and NTA on day one is likely to be at par with the Manager to collect the upfront establishment costs from the LIC over time. WAM does not currently have global equities expertise but said it is looking to hire experienced global equities personnel ahead of the launch.

We believe there is still significant unmet demand for new global equities products with local investors gradually recognising the need for international diversification. This was demonstrated by the strong demand for the VGI Partners Global Investments and Magellan Global Trust offers which raised a total of more than \$2b in funds.

HHV Shareholders Approve New Fee Structure

Hunter Hall Global Value (ASX:HHV) shareholders voted in favour of all resolutions put to the annual general meeting on 20 November 2017 including the name change to Pengana International Equities Limited (ASX:PIA from 15 December), a reduction in the base management fee from 1.5% to 1.2% and the reset of the performance fee. Whilst all resolutions were approved, there was a strong "Against" vote for all resolutions except the election of Frank Gooch (who became Chairman on 6 December) and Russell Pillemer as Directors and the company name change. The performance fee reset and management fee change was narrowly passed with a 51.25% vote in favour and the remuneration report received a 49.58% vote against, meaning the company suffered a "first strike" against its remuneration report.

With a new direction, hopefully the LIC can now put the difficulties of the past year behind it and deliver better outcomes for its

shareholders. If Pengana can achieve its objectives of generating a superior risk-adjusted return to the benchmark index and stability returns to the investment team and Board then we may see the discount eliminated. This is also dependent on HHV delivering a stable and growing dividend. Our rating for HHV is Recommended.

Farewell to Contango MicroCap

At the annual general meeting (AGM) of Contango MicroCap on 28 November 2017, shareholders approved a number of resolutions including changing the company name to NAOS Small Cap Opportunities Company Limited (ASX:NSC), a new investment management agreement (IMA) with NAOS Asset Management (NAOS) and the election of two NAOS representatives to the Board. This followed Contango Asset Management's sale of the previous IMA to NAOS in October. This hopefully brings to an end what has been a tumultuous year for shareholders in the listed investment company. We placed our rating for Contango MicroCap (as it was then known) under review in December 2016 following the announcement that it would add an additional manager and change the LIC name. There have been a number of changes since then including reversion to a one manager arrangement, numerous Board changes and assignment of the management agreement to NAOS, with the new management agreement approved at AGM. The change in Investment Manager is significant and results in a fundamental change in the way the portfolio is managed, including a change in the investment universe. Prior to the change in Manager, we were undertaking a detailed review of the company, however, this is now irrelevant given the new Manager and different approach to managing the portfolio. At this stage, the new Manager has chosen not to undergo a review so our rating for NSC will remain suspended.

WAM Leaders Raises \$247m from Options Exercise

During November, optionholders in WAM Leaders exercised 224.7m options at \$1.10 per share raising \$247m for the LIC. This results in a substantial increase in WLE's portfolio size which had gross assets of \$568m at the end of October. We expect the Manager will gradually invest the proceeds as it identifies opportunities.

It's not surprising that such a large number of options were exercised given the exercise price was below the 31 October pre-tax NTA of \$1.21 per share and the market price which was trading around \$1.14/\$1.15 in early November, ahead of the 17 November expiry date. With the exercise price below NTA, we estimate the dilution to pre-tax NTA to be around four cents per share. WLE's experience with options is significantly different to most LICs. Research we undertook earlier this year showed that over the past few years the majority of LIC options expired worthless, with investors receiving no value. In WLE's case, the fact that the Manager was able to grow NTA over the period of the options, with the share price partially following the NTA growth, resulted in the majority of options being exercised. Just 15.5m of the original 358m options issued were unexercised. Despite the successful take-up, we point out that it was dilutive for investors who acquired shares on-market after listing and this is why WLE's shares have largely traded at a discount to pre-tax NTA for most of this year. Depending on portfolio performance and dividend trajectory, we would expect WLE's shares to now trade closer to pre-tax NTA.

Seasons Greetings

Finally, seasons greetings to all our readers. This will be the last LMI Monthly Update for 2017. We will return with our first issue for the new year in early February. There are already a number of new offers in the pipeline and we expect more fund managers will look to tap the markets with listed managed investment offerings. So, barring a market crash, 2018 is likely to be another busy year in the listed managed investment space.

Table: New Listed Investment Companies & Trusts

	2017	2016	2015	3 Yr Total
Aust Large-cap				
No. of Entities	1	1	2	4
Funds Raised \$m	325.9	394.3	225.7	945.9
Aust Mid/small/microcap				
No. of Entities	2	2	5	9
Funds Raised \$m	286.7	52.5	211.1	550.3
International				
No. of Entities	7	2	3	12
Funds Raised \$m	2,926.0	404.4	715.0	4,045.4
Other Strategies				
No. of Entities	4	3	1	8
Funds Raised \$m	658.8	162.8	286.1	1,107.7
Total				
No. of Entities	14	8	11	33
Funds Raised \$m	4,197.4	1,014.0	1,437.9	6,649.3

Source: Companies/ASX Announcements

A Big Year for Listed Managed Investments

2017 was an exceptional year for new listed investment company (LIC) and listed investment trust (LIT) raisings, with 14 new entities raising a total of \$4.2bn via initial public offers. This significantly exceeded the funds raised by new LIC/LIT offers in the previous two years and lifted the total number of LICs & LITs on the ASX to 105 by the end of November 2017, for a total market capitalisation of \$38.2bn. Three entities accounted for \$2.6bn of the funds raised in 2017 with Magellan Global Trust (ASX:MGG) raising over \$1.5bn, VGI Partners Global Investments (ASX:VG1) \$550m and MCP Master Income Trust (ASX:MXT) \$516m.

We initiated coverage on five of the 2017 listings, URB Investments (Recommended), Contango Global Growth (Recommended Plus), Evans & Partners Global Disruption Fund (Recommended), VGI Partners Global Investments (Recommended Plus) and Magellan Global Trust (Recommended Plus). We are also undertaking research on Plato Income Maximiser and expect to initiate coverage in coming weeks.

Investors Flocking to International Offers

With the Australian sharemarket representing a very small proportion of global equity markets and lacking sector diversification, it has long been recognised that Australian investors need to have a reasonable exposure to international shares. Australian Taxation Office (ATO) data show that Australian SMSFs in total have just 0.65% of their assets in overseas shares, although we believe this understates international exposure as it is likely a proportion of the 15.3% invested in listed and unlisted trusts would be in international equity funds. Nonetheless, we believe total retail investor exposure to international equities is still relatively low. We believe this relative underweight position in international equities has provided an opportunity for domestic fund managers, with retail investors, including SMSF trustees, starting to recognise the need for international exposure.

During 2017, half the new LIC/LIT floats were for entities offering international exposure with a total of \$2.9bn in funds raised, of which \$2.1bn was for the MGG and VG1 IPOs. We believe there is still significant opportunity for new LIC/LIT offerings in the international space and Wilson Asset Management (WAM) has already flagged its intention to launch WAM Global in the first half of calendar 2018. A show of hands at the recent WAM investor day in Melbourne indicated there would likely be strong demand for such an offer. We would not be surprised to see more international LIC/LIT offers in 2018.

SMSFs Remain Cashed Up

ATO data also shows that SMSFs still have large holdings of cash and term deposits, with an average weighting of 22.5% at 30 September 2017, down from 24.9% at 30 September 2016. With Australian

interest rates likely to remain unchanged for much of 2018, we believe there is the potential for some of this cash to shift to higher yielding assets such as LICs & LITs.

LICs/LITs that offered high yields with regular payments were popular in 2017 with the Plato Income Maximiser (ASX:PL8) raising \$326m and MCP Master Income Trust \$516m. PL8 invests in a portfolio of high yielding Australian shares and aims to pay monthly dividends whilst MXT invests in a portfolio of corporate loans and targets a return of the RBA cash rate plus 3.25% per annum, with monthly distributions to its unitholders. With SMSFs holding high levels of cash in a low interest rate environment we believe there are likely to be more LIC/LIT offers focused on delivering high, regular income payments to investors.

Few opportunities in small-caps

Based on IIR classifications, there are 27 LICs/LITs that invest in Australian mid, small or micro-cap shares. However, in our view many of these are sub-scale and 15 of these entities have market caps below \$100m. We understand that a number of small and micro-cap strategies lend themselves to smaller fund sizes, but in our view entities with market caps below \$100m are likely to struggle to gain market traction unless they can deliver significant outperformance.

Another problem for investors in the small-cap space is that, in our view, most of the better performing LICs/LITs such as WAM Capital (ASX:WAM), WAM Research (ASX:WAX), Mirrabooka Investments (ASX:MIR), QV Equities (ASX:QVE) and Forager Australian Shares Fund (ASX:FOR) are all trading at large premiums to pre-tax NTA, making it difficult for new investors to enter the sector at a reasonable price.

There were just two new LIC's in this space in 2017, WMI and Spheria Emerging Companies (ASX:SEC), which raised a total of \$287m between them. In our view, there is opportunity for more raisings in this space in 2018.

Fewer LIC Options in 2017

Finally, one trend we noticed in 2017 was that there were fewer LIC IPOs with options attached. Just 5 LICs that listed in 2017 had attaching options whereas in the previous two years every new LIC issued subscribers with options. One of the reasons LICs attach free options to their IPOs is that it gives the perception of providing investors with some value to compensate for the fact that day one NTA for the LIC shares would be 2-3% below the share issue price due to the offer costs. However, as we noted in our March 2017 LMI Monthly Update, over the past few years most IPO LIC options have expired worthless.

A number of LICs and LITs that have not issued options have put in place arrangements that have resulted in day one reported NTA or net asset value (NAV) per security being equal to the offer price. However, potential investors need to understand that this may not necessarily be a cash NTA/NAV and it does not necessarily mean the manager is paying the issue costs. In some instances the NTA/NAV has been manufactured through accounting mechanisms and loan structures between the Managers and the LICs/LITs.

In some of the arrangements we have reviewed the LIC/LIT has paid the issue costs in cash upfront. The costs are then recovered from the Manager over time with the LIC/LIT not paying performance and/or management fees until it has recovered all the upfront costs of the offer. The LIC/LIT balance sheet records a non-cash asset, being the amount to be recovered from the Manager. This is the case with VG1.

We have also seen one instance where the LIT provided a loan to the Manager to pay the issue costs with the Manager repaying the loan, plus interest, over time. However, the loan repayments are to be funded by the proceeds of a special levy paid by the LIT to the Manager. In this case the LIT investors are actually paying the upfront costs.

To our knowledge, there has been only one offer, MGG, where the Manager has paid all the issue costs upfront so that the day one cash NAV is equivalent to the offer price.

We will continue to monitor new offers in 2018 and will write further on this matter in coming months.

Pricing & Recommendations – Australian Share Focus

All data as at 31 October 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	7,032.8	5.95	4.0%	5.95	0.0%	2.2%	Internal	0.16	Highly Recommended
Argo Investments	ARG	5,519.4	7.93	3.9%	7.81	1.5%	3.0%	Internal	0.15	Highly Recommended
Milton Corporation	MLT	2,990.2	4.55	4.1%	4.60	-1.1%	0.7%	Internal	0.13	Highly Recommended
Australian United Investment	AUI	1,044.2	8.43	4.0%	8.75	-3.7%	-5.0%	Internal	0.10	Recommended+
BKI Investment Company	BKI	1,029.9	1.66	4.4%	1.62	2.5%	2.0%	Internal	0.16	Recommended+
Diversified United Investments	DUI	812.3	3.88	3.7%	4.09	-5.1%	-6.2%	Internal	0.13	Recommended
WAM Leaders Limited	WLE	777.7	1.14	0.9%	1.21	-6.2%	-1.2%	External	1.00	Recommended
Djerriwarrah Investments	DJW	768.2	3.49	5.7%	3.25	7.4%	23.8%	Internal	0.46	Recommended+
Whitefield Limited	WHF	404.7	4.65	3.7%	5.04	-7.7%	-7.9%	External	0.35	Recommended+
Plato Income Maximiser	PL8	326.0	1.10	0.4%	1.06	3.9%	4.9%	External	0.80	Not Rated
AMCIL Limited	AMH	230.1	0.88	4.0%	0.93	-5.4%	-1.5%	Internal	0.65	Recommended+
Wealth Defender Equities	WDE	108.2	0.86	1.2%	0.94	-9.1%	-8.8%	External	0.98	Not Rated
Absolute Equity Performance Fund	AEG	103.4	1.10	0.0%	1.12	-1.7%	6.3%	External	na	Not Rated
Century Australia	CYA	89.1	0.95	2.9%	0.98	-3.9%	-4.7%	External	1.08	Not Rated
Ironbark Capital	IBC	71.4	0.52	5.4%	0.54	-3.2%	-8.9%	External	0.65	Not Rated
Aberdeen Leaders	ALR	70.7	1.19	4.2%	1.31	-9.2%	-8.7%	External	2.40	Rating Suspended
Aust Governance Masters Index Fund	AQF	48.3	1.93	4.1%	1.98	-2.5%	-1.0%	External	0.49	Not Rated
Flagship Investments	FSI	42.6	1.67	4.3%	1.87	-10.9%	-15.7%	External	0.00	Recommended
CBG Capital	CBC	23.4	0.94	2.7%	1.00	-6.4%	-6.6%	External	1.00	Recommended
Aurora Property Buy Write Inc. Trust	AUP	10.5	4.49	9.1%	4.52	-0.7%	-1.5%	External	2.00	Not Rated
Australian Shares - Mid/Small Cap										
WAM Capital	WAM	1,598.8	2.44	6.1%	1.97	23.9%	14.7%	External	1.00	Recommended+
Carlton Investments	CIN	850.6	32.13	3.6%	37.19	-13.6%	-11.8%	Internal	0.08	Not Rated
Mirrabooka Investments	MIR	408.6	2.59	5.4%	2.37	9.3%	14.6%	Internal	0.65	Highly Recommended
Future Generation Investment Company	FGX	394.4	1.13	3.8%	1.18	-5.0%	-1.9%	External	0.00	Highly Recommended
QV Equities	QVE	362.0	1.32	3.0%	1.19	10.5%	2.4%	External	0.90	Recommended+
WAM Research	WAX	296.7	1.59	5.7%	1.24	27.8%	13.2%	External	1.00	Highly Recommended
WAM Microcap Limited	WMI	192.5	1.38	0.0%	1.23	11.8%	8.2%	External	1.00	Not Rated
Forager Australian Shares Fund	FOR	191.5	2.10	5.3%	1.80	16.7%	13.7%	External	1.10	Recommended+
Naos Small Cap Opportunities Company Limited	NSC	152.9	0.91	7.3%	1.02	-11.3%	-8.5%	External	1.25	Rating Suspended
Westoz Investment Company	WIC	137.4	1.07	5.6%	1.22	-12.8%	-11.5%	External	1.00	Recommended
Thorney Opportunities	TOP	119.7	0.71	1.8%	0.80	-11.9%	-7.7%	External	na	Not Rated
Contango Income Generator	CIE	92.3	0.95	6.8%	1.02	-6.4%	-4.2%	External	0.95	Rating Suspended
Naos Emerging Opp Company	NCC	85.5	1.44	4.9%	1.36	5.9%	-6.1%	External	1.25	Not Rated
Ozgrowth Limited	OZG	62.4	0.18	2.9%	0.22	-19.4%	-16.8%	External	1.00	Not Rated
Naos Absolute Opportunities Company	NAC	53.6	1.02	7.4%	1.10	-7.3%	-8.5%	External	1.75	Not Rated
Acorn Capital Inv Fund	ACQ	48.6	1.00	3.5%	1.18	-15.2%	-15.2%	External	na	Not Rated
Lion Select Group	LSX	48.1	0.38	0.0%	0.34	11.8%	-20.6%	External	1.50	Not Rated
Sandon Capital Investments	SNC	47.7	0.99	7.1%	0.97	2.4%	-6.7%	External	1.25	Not Rated
WAM Active Limited	WAA	45.7	1.14	4.8%	1.08	5.1%	6.1%	External	1.00	Recommended
Ryder Capital	RYD	44.3	1.22	0.0%	1.38	-11.6%	-5.6%	External	na	Not Rated
Glenn Small Companies Fund	GC1	43.9	0.93	4.3%	1.08	-14.2%	-6.0%	External	1.00	Recommended
8IP Emerging Companies	8EC	40.4	0.99	3.0%	1.14	-13.3%	-10.4%	External	1.25	Not Rated
Katana Capital Limited	KAT	33.4	0.76	2.6%	0.89	-15.4%	-7.2%	External	na	Not Rated
Barrack St Investments	BST	16.8	0.92	2.7%	1.11	-17.6%	-15.7%	External	1.00	Recommended
Bentley Capital	BEL	8.4	0.11	9.1%	0.15	-24.8%	-32.8%	External	na	Not Rated
Orion Equities	OEQ	2.9	0.17	5.5%	0.31	-46.8%	-60.1%	External	na	Not Rated
Australian/International Shares - Blended										
Cadence Capital	CDM	402.5	1.28	6.3%	1.22	4.3%	7.8%	External	1.00	Recommended+
Perpetual Investment Company	PIC	281.8	1.11	4.2%	1.15	-3.1%	-5.8%	External	1.00	Recommended
Clime Capital	CAM	78.2	0.87	5.6%	0.91	-4.4%	-6.4%	External	na	Not Rated
Mercantile Investment Company	MVT	44.8	0.16	0.0%	0.20	-18.5%	-14.7%	External	na	Not Rated
Sunvest Corporation	SVS	3.3	0.27	0.0%	0.56	-51.8%	-39.9%	External	na	Not Rated

Pricing & Recommendations – International Shares & Specialist Focus

All data as at 31 October 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										
MFF Capital Investments	MFF	1,118.5	2.07	1.0%	2.37	-12.8%	-10.3%	External	0.42	Not Rated
VGI Partners Global Investments Limited	VG1	585.8	2.13	0.0%	2.04	4.4%	2.1%	External	1.50	Recommended +
Platinum Capital	PMC	543.2	1.91	5.2%	1.79	6.6%	7.8%	External	1.10	Not Rated
Antipodes Global Investment Company Ltd	APL	407.3	1.25	0.0%	1.24	0.8%	-0.8%	External	1.10	Not Rated
PM Capital Global Opportunities Fund	PGF	402.7	1.15	3.0%	1.31	-12.5%	-12.8%	External	1.00	Not Rated
Future Generation Global Investment Company	FGG	333.1	1.13	0.9%	1.22	-7.5%	-0.5%	External	0.00	Recommended+
Templeton Global Growth	TGG	316.9	1.40	3.2%	1.53	-8.6%	-9.4%	External	1.00	Not Rated
Pengana International Equities Limited	PIA	291.4	1.19	5.9%	1.20	-0.9%	-8.3%	External	1.50	Recommended
Contango Global Growth Limited	CQG	91.9	1.01	0.0%	1.10	-8.5%	1.9%	External	1.25	Recommended +
Ellerston Global Investments	EGI	85.4	1.10	2.3%	1.21	-8.8%	-5.8%	External	0.75	Recommended
Morphic Ethical Equities Fund	MEC	49.6	1.09	0.0%	1.13	-3.8%	3.4%	External	1.25	Not Rated
Fat Prophets Global Contrarian Fund	FPC	49.4	1.10	0.0%	1.17	-6.3%	1.7%	External	1.25	Not Rated
International Shares - Emerging Markets										
Platinum Asia Investments	PAI	429.3	1.20	0.8%	1.26	-5.2%	-2.4%	External	1.10	Not Rated
Emerging Markets Masters Fund	EMF	196.8	2.07	2.9%	2.02	2.5%	1.9%	External	1.10	Recommended+
Asian Masters Fund	AUF	187.2	1.42	5.1%	1.41	0.7%	0.4%	External	1.00	Recommended+
Ellerston Asian Investments	EAI	109.8	1.02	0.0%	1.17	-12.6%	-10.2%	External	0.95	Not Rated
PM Capital Asian Opportunities Fund	PAF	67.8	1.21	3.7%	1.29	-6.9%	-12.8%	External	1.00	Not Rated
International - Specialist										
Argo Global Listed Infrastructure	ALI	219.1	1.80	1.9%	2.12	-15.1%	-9.3%	External	1.20	Not Rated
Evans & Partners Global Disruption Fund	EGD	203.2	1.80	0.0%	1.73	4.0%	4.9%	External	1.28	Recommended
Global Value Fund	GVF	140.6	1.16	5.5%	1.13	2.0%	-4.0%	External	1.50	Not Rated
Zeta Resources	ZER	79.4	0.40	0.0%	0.45	-11.5%	-14.3%	External	0.50	Not Rated
Global Masters Fund	GFL	24.1	2.25	0.0%	2.13	5.7%	-9.5%	Internal	0.00	Recommended+
Aurora Global Income Trust	AIB	5.2	0.55	10.6%	0.57	-3.0%	-1.9%	External	1.33	Not Rated
Private Equity Funds										
Cordish Dixon Private Equity Fund 1	CD1	233.3	1.94	15.5%	1.91	12.0%	31.9%	External	2.33	Recommended
Cordish Dixon Private Equity Fund 2	CD2	119.8	2.17	4.6%	2.10	15.2%	15.8%	External	2.33	Recommended
Cordish Dixon Private Equity Fund 3	CD3	112.4	1.56	0.0%	1.50	4.0%	4.8%	External	2.33	Recommended
Bailador Technology Investments	BTI	102.2	0.85	0.0%	1.08	-21.3%	-14.9%	External	1.75	Recommended+
IPE Limited	IPE	13.6	0.10	34.0%	0.10	-3.8%	-1.1%	External	1.50	Not Rated
Absolute Return Funds										
Australian Leaders Fund Limited	ALF	290.2	1.07	3.8%	1.21	-12.0%	4.3%	External	na	Not Rated
Watermark Market Neutral Fund	WMK	81.9	0.94	5.9%	0.94	-3.7%	-4.3%	External	1.00	Not Rated
Watermark Global Leaders Fund Limited	WGF	77.6	0.94	0.0%	1.05	-10.5%	-6.4%	External	1.20	Not Rated
Arowana Australasian Value Op. Fund	AWQ	73.9	1.07	5.1%	1.17	-8.5%	-5.5%	External	1.00	Not Rated
Monash Absolute Investment Company Limited	MA1	43.5	0.83	0.0%	0.97	-14.1%	-6.7%	External	1.50	Not Rated
Alternative Investment Trust	AIQ	11.8	0.09	0.0%	0.10	-6.1%	-16.6%	External	na	Not Rated
Hastings High Yield Fund	HHY	8.2	0.10	0.0%	0.12	-22.2%	-13.0%	External	na	Not Rated
Aurora Absolute Return Fund	ABW	3.9	0.45	7.1%	0.67	-32.7%	-9.6%	External	na	Not Rated
Other Specialist										
Blue Sky Alternatives Access Fund	BAF	255.2	1.19	6.7%	1.13	5.5%	2.3%	External	1.20	Not Rated
Duxton Water Limited	D20	75.5	1.06	0.0%	1.14	-7.0%	-3.8%	External	0.85	Not Rated
URB Investments	URB	74.3	1.02	0.0%	1.03	-1.0%	0.8%	External	0.50	Recommended
Thorney Technologies Ltd	TEK	66.9	0.26	0.0%	0.25	3.6%	3.8%	External	0.75	Not Rated

*Based on fully paid ordinary shares available for trade.

**Pre-tax NTA includes tax paid on realised gains.

Source: ASX/IRESS

Performance – Australian Share Focus

All data as at 31 October 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	3.8	3.8	13.8	4.6	9.0	2.6	-0.3	8.2	4.1	9.0	S&P/ASX 200 Acc Index
Argo Investments	ARG	3.4	3.4	13.4	5.5	9.8	1.9	1.3	13.5	4.5	10.9	S&P/ASX 200 Acc Index
Milton Corporation	MLT	3.4	3.6	14.2	6.3	10.2	1.3	0.9	12.5	4.6	10.6	All Ordinaries Acc Index
Australian United Investment	AUI	3.7	4.2	18.1	5.1	9.7	2.1	1.5	21.1	4.9	11.0	ASX 300 Acc Index
BKI Investment Company	BKI	3.2	3.0	11.6	4.0	7.8	0.9	-1.1	9.8	6.0	10.1	S&P/ASX 300 Acc Index
Diversified United Investments	DUI	3.5	4.9	20.2	5.9	11.3	1.6	4.3	23.0	8.0	12.5	ASX 300 Acc Index
WAM Leaders Limited	WLE	3.1	4.2	11.6	na	na	3.2	1.8	1.3	na	na	S&P/ASX 200 Acc Index
Djerriwarrh Investments	DJW	3.8	3.5	13.5	3.1	6.7	-1.4	-6.3	3.8	-2.7	3.1	S&P/ASX 200 Acc Index
Whitefield Limited	WHF	4.1	3.7	13.5	6.9	13.0	3.1	2.6	13.2	7.2	13.4	S&P/ASX 200 Industrials Acc (XJOAI) Index
Plato Income Maximiser	PL8	3.6	2.9	na	na	na	0.4	0.0	na	na	na	S&P/ASX 200 Franking Credit Adjusted Daily Total Return Index (Tax-exempt)
AMCIL Limited	AMH	3.3	2.8	7.4	5.6	10.4	1.1	-2.1	-3.1	3.0	10.8	S&P/ASX 200 Acc Index
Wealth Defender Equities	WDE	3.3	2.7	10.0	na	na	0.6	6.1	13.1	na	na	na
Absolute Equity Performance Fund	AEG	5.3	1.8	12.1	na	na	10.0	-2.7	4.8	na	na	na
Century Australia	CYA	4.0	4.5	14.3	5.6	10.0	1.6	-0.5	13.0	6.2	12.3	S&P/ASX 300 Acc Index
Ironbark Capital	IBC	0.9	0.8	4.5	2.7	4.1	0.0	4.5	15.5	3.1	6.6	na
Aberdeen Leaders	ALR	5.6	6.5	17.4	7.3	8.8	3.0	3.9	15.0	5.8	7.8	S&P ASX 200 Acc Index
Aust Governance Masters Index Fund	AQF	3.1	3.1	14.0	4.6	9.1	-0.5	3.2	14.3	3.7	7.9	S&P/ASX 100 Acc Index
Flagship Investments	FSI	5.9	6.4	10.8	6.5	10.8	2.1	8.9	13.8	6.5	12.7	All Ordinaries Index
CBG Capital	CBC	3.2	2.5	7.1	na	na	1.1	2.7	9.8	na	na	S&P/ASX 200 Acc Index
Aurora Property Buy Write Inc. Trust	AUP	1.1	3.4	-5.1	1.9	4.6	-0.2	6.3	-6.4	2.4	4.7	RBA Cash Rate
Australian Shares - Mid/Small Cap												
WAM Capital	WAM	3.7	4.4	7.9	11.4	11.5	-0.2	1.8	14.3	15.1	16.0	All Ordinaries Acc Index
Carlton Investments	CIN	4.6	4.3	8.3	9.3	14.0	5.2	1.8	5.4	8.1	15.5	S&P/ASX 200 Acc Index
Mirrabooka Investments	MIR	3.0	4.4	7.6	9.0	12.5	0.8	-2.3	-7.6	5.5	12.1	S&P/ASX Mid Cap 50's Acc Index, S&P/ASX Small Ordinaries Acc Index
Future Generation Investment Fund	FGX	3.1	5.5	8.6	6.4	na	2.9	5.2	0.3	5.8	na	All Ordinaries Acc Index
QV Equities	QVE	1.7	1.7	9.2	9.5	na	4.3	-1.8	13.0	12.7	na	na
WAM Research	WAX	4.3	5.3	3.2	11.8	14.3	0.6	2.2	14.2	17.9	21.1	All Ordinaries Acc Index
WAM Microcap Limited	WMI	5.2	8.3	na	na	na	3.0	15.5	na	na	na	
Forager Australian Shares Fund	FOR	0.6	2.3	16.2	18.1	20.9	3.4	2.9	na	na	na	8% Absolute
Naos Small Cap Opportunities Company Limited	NSC	3.5	4.4	-7.5	2.6	3.2	-2.2	0.4	-10.3	1.3	5.6	ASX All Ordinaries Acc Index
Westoz Investment Company	WIC	4.5	16.5	20.8	8.1	3.3	7.0	11.0	21.6	5.6	9.3	Absolute return focus
Thorney Opportunities	TOP	3.0	3.2	8.3	21.4	13.5	0.7	0.9	4.0	18.9	15.5	na
Contango Income Generator	CIE	1.7	2.5	11.0	na	na	-2.6	-1.1	3.6	na	na	All Ordinaries Acc Index
Naos Emerging Opp Company	NCC	2.6	4.9	3.9	10.3	na	3.1	6.9	13.5	17.2	na	Small Ordinaries Acc Index (XSOAI)
Ozgrowth Limited	OZG	3.8	14.4	10.5	5.9	3.0	6.1	11.1	12.7	4.8	7.3	Absolute return focus
Naos Absolute Opportunities Coy.	NAC	1.4	3.2	-5.2	na	na	4.0	-0.5	-5.0	na	na	na
Acorn Capital Inv Fund	ACQ	5.6	9.8	2.4	9.4	na	3.1	5.2	-1.3	8.3	na	na
Lion Select Group	LSX	-5.6	-10.5	-15.0	-13.8	na	1.3	-5.0	8.6	9.4	na	na
Sandon Capital Investments	SNC	-0.5	0.5	5.2	5.8	na	1.0	5.7	19.8	9.1	na	na
WAM Active Limited	WAA	3.7	4.5	8.9	9.0	7.9	0.2	6.2	3.7	1.2	8.4	All Ordinaries Acc Index
Ryder Capital	RYD	3.3	7.0	23.3	na	na	0.8	8.0	14.0	na	na	na
Glennon Small Companies Fund	GC1	7.4	11.9	6.6	na	na	5.7	1.8	-2.4	na	na	ASX Small Ords Acc Index
8IP Emerging Companies	8EC	7.5	8.8	-1.4	na	na	-1.5	11.9	-0.8	na	na	ASX Emerging Co. Acc Index
Katana Capital Limited	KAT	5.4	8.2	11.8	2.6	5.8	5.6	8.5	3.4	-1.2	9.1	na
Barrack St Investments	BST	6.5	7.3	7.2	6.7	na	1.7	7.5	2.3	0.6	na	All Ordinaries Accum Index
Bentley Capital	BEL	2.2	-6.5	-14.5	-7.1	-4.0	0.0	0.0	-8.3	-1.5	4.3	na
Orion Equities	OEQ	-1.4	-2.7	-22.0	-11.4	-13.1	2.5	8.2	15.0	-12.0	-8.7	na
Australian/International Shares - Blended												
Cadence Capital	CDM	5.6	8.1	17.5	3.9	6.7	-1.9	2.7	13.2	2.1	6.0	All Ordinaries Acc Index
Perpetual Investment Company	PIC	3.1	6.1	14.9	na	na	4.7	7.2	21.5	na	na	na
Clime Capital	CAM	3.7	6.0	9.2	0.7	1.8	1.4	0.3	10.8	2.1	3.7	na
Mercantile Investment Company	MVT	0.7	8.8	2.7	9.3	13.3	3.2	6.7	-3.0	5.8	12.2	na
Sunvest Corporation	SVS	1.8	1.8	1.8	8.4	-6.2	0.0	0.0	8.0	-10.8	-1.1	na

Performance – International Shares & Specialist Focus

All data as at 31 October 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												
MFF Capital Investments	MFF	0.3	5.3	22.5	14.6	21.8	8.9	6.1	22.6	12.8	19.6	na
VGI Partners Global Investments Limited	VG1	1.0	na	na	na	na	6.8	na	na	na	na	na
Platinum Capital	PMC	6.0	12.2	28.0	10.1	16.3	7.6	11.8	31.4	8.3	19.8	MSCI All Country World Net Index in A\$
Antipodes Global Investment Company Ltd	APL	6.8	11.1	20.0	na	na	3.3	3.3	19.0	na	na	MSCI All Country World Net Index (AUD)
PM Capital Global Opportunities Fund	PGF	4.5	9.0	34.7	10.1	na	4.5	5.3	38.1	9.4	na	na
Future Generation Global Investment Company	FGG	4.3	7.9	17.3	na	na	3.2	2.7	6.6	na	na	MSCI World Index AUD
Templeton Global Growth	TGG	3.1	7.1	21.4	8.5	14.9	5.3	5.3	23.7	5.7	16.9	MSCI All Country World Free Index
Hunter Hall Global Value	HHV	1.9	5.9	-7.7	4.6	11.7	5.3	4.4	-7.7	9.4	16.0	MSCI Total Return Index, Net Dividends Reinvested in Australian dollars
Contango Global Growth Limited	COG	6.0	7.8	na	na	na	-1.9	-9.4	na	na	na	MSCI AWCI ex Australia, AUD
Ellerston Global Investments	EGI	1.7	5.2	13.1	9.2	na	10.6	10.6	13.4	2.3	na	na
Morphic Ethical Equities Fund	MEC	5.5	8.9	na	na	na	3.3	-3.1	na	na	na	MSCI All Countries World Daily Total Return Net Index
Fat Prophets Global Contrarian Fund	FPC	5.3	6.8	na	na	na	8.4	-1.3	na	na	na	Increase in value of investment portfolio above previous high
International Shares - Emerging Markets												
Platinum Asia Investments	PAI	7.8	15.8	27.8	na	na	10.6	12.2	29.0	na	na	na
Emerging Markets Masters Fund	EMF	3.6	9.2	16.6	9.9	9.9	5.1	8.4	15.6	9.5	8.9	MSCI Emerging Mkt Index
Asian Masters Fund	AUF	6.8	11.1	20.0	12.5	12.7	9.2	8.5	17.3	13.2	11.6	MSCI AC Asia ex Japan Index
Ellerston Asian Investments	EAI	7.7	9.6	18.5	na	na	5.2	8.5	14.6	na	na	na
PM Capital Asian Opportunities Fund	PAF	3.7	8.1	29.5	11.1	na	10.6	10.6	38.1	12.0	na	na
International - Specialist												
Argo Global Listed Infrastructure	ALI	3.4	5.7	12.9	na	na	3.4	3.4	5.8	na	na	na
Evans & Partners Global Disruption Fund	EGD	1.0	na	na	na	na	6.5	na	na	na	na	na
Global Value Fund	GVF	5.1	6.9	11.2	8.5	na	3.2	4.1	13.0	9.2	na	BBSW 1 year swap rate + 4
Zeta Resources	ZER	13.9	23.9	5.5	-13.2	na	5.3	11.1	8.1	-12.6	na	na
Global Masters Fund	GFL	3.7	9.7	23.6	10.6	18.5	0.9	-1.7	61.5	20.3	28.1	S&P 500 US Index
Aurora Global Income Trust	AIB	-7.9	-5.1	-21.1	-5.5	-2.8	10.0	17.4	-23.5	-6.3	-2.8	UBS Australia Bank Bill Index
Private Equity Funds												
Cordish Dixon Private Equity Fund 1	CD1	1.6	7.3	23.0	21.9	14.6	0.0	4.9	4.4	11.7	8.4	na
Cordish Dixon Private Equity Fund 2	CD2	2.4	7.1	6.5	10.5	na	2.4	5.9	5.1	9.4	na	Absolute Return w H/W Mark
Cordish Dixon Private Equity Fund 3	CD3	1.4	5.6	-0.7	na	na	6.1	4.0	-2.5	na	na	8% Absolute
Bailador Technology Investments	BTI	1.9	0.9	-4.4	na	na	2.4	-1.2	-23.4	na	na	8% p.a. compound
IPE Limited	IPE	0.0	-1.9	-14.6	8.9	9.1	0.0	-4.8	-25.8	7.0	14.4	na
Absolute Return Funds												
Australian Leaders Fund Limited	ALF	-2.4	-4.0	-4.8	2.3	7.0	-7.4	-16.5	-26.6	-7.3	4.6	All Ordinaries Acc Index
Watermark Market Neutral Fund	WMK	-2.5	-3.5	-4.4	4.5	na	-0.5	-7.0	-10.5	3.3	na	na
Watermark Global Leaders Fund Limited	WGF	-2.8	-3.7	na	na	na	-0.5	-7.8	na	na	na	RBA Cash Rate
Arowana Australasian Value Op. Fund	AWQ	8.3	15.0	15.3	na	na	8.1	20.4	17.3	na	na	na
Monash Absolute Investment Company Limited	MA1	5.4	10.3	-1.9	na	na	3.7	5.1	-10.8	na	na	na
Alternative Investment Trust	AIQ	0.7	0.9	-9.7	0.6	26.2	15.4	18.4	-5.3	2.0	34.5	na
Hastings High Yield Fund	HHY	-0.4	4.6	-2.3	-18.7	41.8	-8.6	-8.6	-20.0	-17.3	64.1	na
Aurora Absolute Return Fund	ABW	-2.4	-1.3	-17.4	-9.0	-4.3	11.1	6.4	-42.1	-20.1	-11.3	RBA Cash Rate
Other Specialist												
Blue Sky Alternatives Access Fund	BAF	1.7	3.6	13.6	4.9	na	-2.0	2.2	16.2	10.6	na	na
Duxton Water Limited	D20	1.8	3.6	8.6	na	na	1.9	0.0	1.9	na	na	8% Absolute
URB Investments	URB	0.0	1.0	na	na	na	-1.0	-3.3	na	na	na	8% increase in NTA (after ordinary dividends)
Thorney Technologies Ltd	TEK	3.3	10.1	na	na	na	6.1	10.6	na	na	na	Increase in NAV
Benchmark Returns												
S&P/ASX 50 Accumulation Index	XFLAI	na	na	na	na	na	3.5	3.8	15.3	5.5	9.8	na
S&P/ASX 200 Accumulation Index	XJOAI	na	na	na	na	na	4.0	4.7	16.1	6.9	10.3	na
S&P/ASX 300 Accumulation Index	XKOAI	na	na	na	na	na	4.0	4.8	15.9	7.0	10.2	na
All Ordinaries Accumulation Index	XAOAI	na	na	na	na	na	4.1	4.9	15.5	7.3	10.3	na
Small Ordinaries Accumulation Index	XSOAI	na	na	na	na	na	6.0	10.3	14.6	10.5	6.1	na
S&P/ASX 200 Industrials Accumulation Index	XJIAI	na	na	na	na	na	3.9	3.9	14.9	7.8	12.8	na
S&P/ASX 200 Resources Accumulation Index	XMJAI	na	na	na	na	na	4.5	7.4	21.0	8.8	4.6	na
RBA Cash Rate at 31 October 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 October 2017	ASX Code	Market Cap (\$)	Last Price (\$)	Dividend Yield	NAV (\$)	M'ment Fee	IIR Rating
Australian Share Strategies							
Aurora Dividend Income Trust	AOD	9.0	0.67	7.8%	0.65	1.30	Not Rated
Betashares Aus Top20 Equity Yield Max Fund	YMAX	404.4	8.91	8.9%	na	0.59	Not Rated
Betashares Australian Dividend Harvester Fund	HVST	331.0	17.51	11.4%	na	0.65	Not Rated
BetaShares Australian Equities Bear Hedge Fund	BEAR	57.5	14.39	0.0%	na	1.19	Not Rated
Betashares Australian Equities Strong Bear Hedge Fund	BBOZ	97.2	16.06	0.0%	na	1.19	Not Rated
Betashares Geared Australian Equity Fund	GEAR	54.3	22.76	6.0%	na	0.80	Not Rated
Betashares Managed Risk Australian Share Fund	AUST	5.4	16.06	19.3%	na	0.39	Not Rated
K2 Australian Small Cap Fund	KSM	17.1	2.63	9.9%	2.61	2.05	Recommended
BetaShares Australian Small Companies Fund (Managed Fund)	SMLL	13.2	3.23	0.0%	na	0.39	Not Rated
Switzer Dividend Growth Fund	SWTZ	75.6	2.54	2.3%	2.54	0.89	Rating Suspended
International Share/Security Strategies							
AMP Capital Global Infrastructure Securities Fund (Unhedged)	GLIN	26.2	2.68	2.1%	na	0.95	Not Rated
AMP Capital Global Property Securities Fund (Unhedged)	RENT	17.6	2.34	1.5%	na	0.99	Not Rated
BetaShares Geared U.S. Equity Fund - Currency Hedged	GGUS	10.2	14.56	0.7%	na	0.74	Not Rated
Betashares Managed Risk Global Share Fund	WRLD	69.2	11.54	0.5%	na	0.39	Not Rated
BetaShares S&P 500 Yield Maximiser Fund	UMAX	91.7	18.20	4.5%	na	0.59	Not Rated
K2 Global Equities Fund	KII	21.3	2.71	0.0%	2.71	2.05	Not Rated
Magellan Global Equities Fund	MGE	922.4	2.93	1.7%	2.95	1.35	Not Rated
Magellan Global Equities Fund (Currency Hedged)	MHG	56.0	2.94	1.7%	2.94	1.35	Not Rated
Schroders Real Return Fund (Managed Fund)	GROW	42.6	3.68	1.4%	na	0.90	Not Rated
AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT	21.3	2.66	4.7%	na	0.48	Not Rated
Magellan Infrastructure Fund (Currency Hedged) (Managed Fund)	MICH	122.5	2.76	2.2%	na	0.95	Not Rated
Commodity & Currency Strategies							
Betashares Strong Australian Dollar Fund (Hedge Fund)	AUDS	1.6	15.61	2.0%	na	1.38	Not Rated
Betashares Strong US Dollar Fund (Hedge Fund)	YANK	13.6	13.59	0.0%	na	1.38	Not Rated

Performance

All data as at 31 October 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	-0.3	5.9	1.1	-6.0	-0.3	6.1	-2.9	1.7	-5.2	0.2
Betashares Aus Top20 Equity Yield Max Fund	YMAX	na	na	na	na	na	2.4	2.2	10.1	1.4	na
Betashares Australian Dividend Harvester Fund	HVST	na	na	na	na	na	2.9	-1.3	-2.6	na	na
BetaShares Australian Equities Bear Hedge Fund	BEAR	na	na	na	na	na	-4.0	-3.9	-12.8	-6.2	-12.9
Betashares Australian Equities Strong Bear Hedge Fund	BBOZ	na	na	na	na	na	-9.5	-9.8	-28.9	na	na
Betashares Geared Australian Equity Fund	GEAR	na	na	na	na	na	8.8	9.2	33.6	8.9	na
Betashares Managed Risk Australian Share Fund	AUST	na	na	na	na	na	3.9	3.8	11.0	na	na
K2 Australian Small Cap Fund	KSM	2.8	6.5	8.8	na	na	4.0	8.2	7.1	na	na
BetaShares Australian Small Companies Select Fund (Managed Fund)	SMLL	na	na	na	na	na	4.5	7.3	na	na	na
Switzer Dividend Growth Fund	SWTZ	na	na	na	na	na	3.1	3.5	na	na	na
International Share/Security Strategies											
AMP Capital Global Infrastructure Securities Fund (Unhedged)	GLIN	na	na	na	na	na	0.8	2.0	11.3	na	na
AMP Capital Global Property Securities Fund (Unhedged)	RENT	na	na	na	na	na	2.6	3.9	4.7	na	na
BetaShares Geared U.S. Equity Fund - Currency Hedged	GGUS	na	na	na	na	na	5.7	9.4	49.8	na	na
Betashares Managed Risk Global Share Fund	WRLD	na	na	na	na	na	4.6	8.0	18.6	na	na
BetaShares S&P 500 Yield Maximiser Fund	UMAX	na	na	na	na	na	3.4	6.6	15.7	12.7	na
K2 Global Equities Fund	KII	3.4	8.8	17.3	na	na	5.0	9.7	15.8	na	na
Magellan Global Equities Fund	MGE	5.0	8.9	20.5	na	na	4.6	7.7	19.8	na	na
Magellan Global Equities Fund (Currency Hedged)	MHG	3.0	5.1	22.0	na	na	2.8	4.6	21.2	na	na
Schroders Real Return Fund (Managed Fund)	GROW	na	na	na	na	na	1.4	1.9	6.0	na	na
AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT	na	na	na	na	na	2.3	4.3	10.3	na	na
Magellan Infrastructure Fund (Currency Hedged) (Managed Fund)	MICH				na	na	2.6	3.8	17.2	na	na
Commodity & Currency Strategies											
Betashares Strong Australian Dollar Fund (Hedge Fund)	AUDS	na	na	na	na	na	-5.2	-8.6	na	na	na
Betashares Strong US Dollar Fund (Hedge Fund)	YANK	na	na	na	na	na	4.5	8.3	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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