



Forager to List Australian Shares Fund

Forager Funds Management is seeking to convert its Australian Shares Fund into a closed-ended vehicle and list it on the ASX as a listed investment trust (LIT). Forager is able to invest in all Australian shares, but is primarily invested in small and microcap stocks. Given the size and liquidity at this end of the market, Forager believes there is a limit of \$150-\$200m to the size of its fund. With the portfolio value at \$114m at the end of August 2016, Forager Australian Shares Fund will close to new subscriptions on 7 October 2016. Forager is holding a number of meetings to explain the process and unitholders will vote on the change of Responsible Entity on 14 October and on ASX listing at a meeting on 14 November. ASX listing is expected to occur on 13 December.

There are a number of benefits of the closed-ended listed fund structure, either in the form of a listed investment company (LIC) or LIT. In addition to market liquidity, which makes it easier for investors to enter and exit the fund, the closed-ended structure means the manager is able to better focus on managing the portfolio without the distractions of fund inflows and outflows. Of course, there is also a risk the units or shares will trade at a discount to NTA. But this should not be an issue for a reasonable size fund with a strong performance track record. Encouragingly, Forager has said it will not dilute investors' interests by issuing options. For the record, Forager Australian Shares Fund has delivered consistently strong performance since inception on 31 October 2009 with an average annual return of 14.7% versus the All Ordinaries Accumulation Index of 7.1%.

Strong Demand for Antipodes IPO

In our July LMI Update we discussed the Antipodes Global Investment Company Limited (ASX:APL) IPO, a new LIC looking to invest in a Long/Short portfolio of international listed shares. The LIC will replicate the strategy used by the unlisted Antipodes Global Fund since its establishment in July 2015. The offer has already reached the maximum of \$220m and APL has said it will accept up to a further \$110 million in oversubscriptions. The general offer closed on 30 September 2016 with ASX trading expected to commence on 18 October 2016.

Asian Masters Fund: An opportunity to gain exposure to China A shares

Australian retail investors have historically been underweight global equities and the strong demand for the Antipodes Global Investment Company IPO is an indication that investors are looking to achieve some global diversification. We have just initiated coverage of Asian Masters Fund (AUF), a LIC that provides investors the opportunity to gain exposure to Asian equities. AUF was listed in December 2007 and is a multi-manager investment vehicle that provides exposure to select Asian equities fund managers. AUF's portfolio, which is managed by Walsh & Company Asset Management Pty Limited, typically consists of between 8 to 20 regional and country specific fund managers. The portfolio has for some time reflected a strong play on the Asian consumer, particularly the Chinese and Indian consumer, and it has also been materially overweight the more 'emerging' country end of the spectrum. As a point of difference to many other Asian equities investment vehicles, the Fund invests in China A-Shares managed funds and historically its exposure to this market has been significant. With the AMP China Growth Fund, which was an investor in China-A shares, being wound up, AUF offers an alternative way of accessing this market, albeit it is not a pure play exposure. We initiated coverage with a Recommended Plus rating.

Spotlight on Technology

We recently issued a research report on a proposed new technology LIC, H2 Ocean (H2O). The company is seeking to raise up to \$110 million including oversubscriptions to invest in a portfolio of fintech start-ups in Australia and overseas. H2O offers investors a unique opportunity to gain exposure to early and growth stage fintech ventures that would otherwise be difficult to access. We have assigned H2Ocean Limited a Recommended rating.

When H2O lists it will become one of two dedicated technology LICs on the ASX. Existing technology LIC, Bailador Technology Investments (BTI), offers investors exposure to a portfolio of unlisted internet related businesses founded in Australia and New Zealand. BTI invests in companies that are in the expansion stage, with a demonstrated revenue and customer base. BTI listed on the ASX in November 2014 and with a market cap over \$110m has a portfolio of seven investments. These investments include technology business across a broad range of industries including, travel, communications, mortgage solutions, document management, advertising, compliance and certification. Following an option underwriting agreement, Washington H Soul Pattinson emerged with a 19.8% stake in BTI. This transactions means BTI is cashed up and at the end of June 2016 held more than \$25m in cash making it well-placed to fund new investment opportunities. The portfolio performed well over the 12 months to 30 June with pre-tax NTA rising 8.1%. This compares favourably to the ASX 300 Information Technology Accumulation Index rise of 3.8% pa over the period. The portfolio uplift has largely resulted from investments from third parties in the underlying investments at appreciating valuations. Our rating for BTI is Recommended Plus. At 31 August BTI shares were trading at a 6.4% discount to pre-tax NTA.

H2O and BTI provide investors with, unique, but different opportunities to diversify their portfolios and gain exposure to early and expansion stage businesses in the technology sector. The LIC structure provides investors with market liquidity, which would not be available by directly investing in the underlying businesses. Investors need to remember that these are higher risk investments that, for most investors, should only represent a small part of their portfolio.

Geoff Lloyd Joins Perpetual Investment Company Board

Perpetual Investment Company (PIC) has appointed Perpetual CEO and MD, Geoff Lloyd to its board following the departure of former Perpetual executive, David Kiddie. Mr Kiddie who was Group Executive, Perpetual Investments, is returning to the UK.

PIC invests in a blended portfolio of Australian mid-cap and international shares. Its portfolio weighting at 31 August was 57% Australian securities, 20% global securities and 23% cash. For the 12 months to 31 August the portfolio delivered a return of 8.4% versus the benchmark S&P/ASX 300 Accumulation Index of 9.7%. However, the MSCI World Index (AUD), which is a more appropriate measure for the global component of PIC's portfolio delivered a return of just 0.6%. At 31 August PIC shares were trading at a discount to pre-tax NTA of 10% compared to an average 3% discount for the period since listing in December 2014.

We are currently undertaking research on PIC and will initiate coverage in coming weeks.

FOCUS ON DIVIDENDS

Table: LICs With Above Average Dividend Yields

Australian Shares - Large Cap				Australian Shares - Mid/Small Cap				Aust/International Shares - Blended			
ASX Code	Div Yield %	Franking %	Reserves Cover (x)	ASX Code	Div Yield %	Franking %	Reserves Cover (x)	ASX Code	Div Yield %	Franking %	Reserves Cover (x)
AUP	7.7	0	na	KAT	7.6	88	0.3	CDM	7.1	100	0.3
DJW	6.6	100	1.5	BEL	7.4	100	4.6	HHV	4.5	100	6.0
BKI	4.6	100	1.1	WIC	7.0	100	2.4	CAM	6.0	100	1.6
IBC	4.6	100	0.0	CIE	6.6	50	2.8				
ALR	4.5	100	2.0	WAM	6.3	100	1.4				
FSI	4.5	100	0.9	WMK	6.1	62	1.1				
MLT	4.4	100	2.1	CTN	5.5	50	1.4				
AUI	4.4	100	3.4	SNC	5.5	100	0.3				
AQF	4.4	100	0.5	WAX	5.6	100	3.6				
				MIR	5.4	100	3.0				
				NCC	5.8	100	2.7				

Source: IIR/Company Accounts

One of the reasons investors have embraced the listed investment company (LIC) sector is the fact that many LICs offer a reliable source of franked dividend income. Based on our data tables on the following pages, we have calculated that LICs with an Australian large cap shares focus currently offer an average dividend yield of 4.4%, with most dividends fully franked. For LICs with an Australian mid to small cap shares focus the average yield is 4.6%, although not all dividends are fully franked. We have analysed our data base to find LICs with an Australian shares focus and those with a blended portfolio of Australian and international shares that offer a dividend yield of 4.4% or higher and have come up with a selection of 23 LICs as shown in the above table.

While dividends are a key consideration, investors should not buy LIC shares purely on the basis of dividend yield. It is also important to look at valuation metrics such as premiums and discounts to NTA as well as performance of the underlying portfolios. To this point, the data tables on the following pages of this report provide analysis that can help investors choose LICs to suit their own specific investing strategies.

Dividend Sustainability

Dividend sustainability is a critical issue when choosing LICs. To understand whether dividends are sustainable, we first need to look at how LICs earn their profits. Most of the older, internally managed LICs, such as AFIC (AFI), Argo (ARG) and Milton (MLT) are long-term investors and do not actively trade shares. This means their earnings are largely dividend based. On the other hand, the earnings of the LICs with more actively traded portfolios and those with a focus on small or emerging companies, tend to have a greater reliance on capital appreciation. In times of a prolonged market downturn, when overall market returns are negative, LICs that have a greater reliance on capital appreciation are likely to experience greater pressure on earnings and could in fact report losses in the P&L account.

LICs that rely largely on dividend income for earnings are less likely to report losses during periods of market downturns, and therefore the dividends they pay to their own shareholders are likely to be more sustainable. However, if the companies they invest in are forced to lower dividends due to reduced earnings, then, depending on their own payout ratios, the LICs may also be forced to reduce dividends, or at best hold them at current levels. This happened following the global financial crisis when banks and a number of companies were forced to cut dividends to preserve capital. MLT dropped its dividend in both 2009 and then again in 2010, with a total reduction of 26% before resuming the upward trend in 2011. ARG's dividend was down 17% from 2008 to 2010 before resuming its upward trend. AFI was able to hold its dividend flat post GFC, but it did not start increasing again until 2013.

LICs with a greater reliance on capital appreciation were forced to take more dramatic action in relation to dividend payments following the GFC. The WAM Capital (WAM) dividend halved from

16 cents per share in 2007 to 8 cps in 2008 and then fell to 4 cents per share in 2009. With better markets, the dividend has rebounded rapidly with WAM paying 14.5 cents per share in 2016. After paying a dividend of 8 cents per share in 2008, Contango MicroCap (CTN) did not pay a dividend in 2009, with dividends resuming again in 2010. In more recent times, Westoz Investment Company (WIC) dropped its dividend from 9 cents per share to 6 cents per share in 2016. The dividend was maintained in 2015 despite the LIC reporting a large loss due to poor performance of its West Australian dominated portfolio, but this ate into profit reserves. With the company reporting a small profit in 2016 the dividend was cut to prevent further erosion of profit reserves.

In order to be able to pay dividends, LICs need to generate profits. However, it is possible for LICs to pay out more than they generate in profits in a given year by dipping into retained profit or dividend reserves from prior years, as WIC has done. So it is possible for LICs to smooth dividend payments to their shareholders by retaining profits rather than simply paying out 100% of earnings each year. The table above shows our estimates (based on published accounts) of the number of years each LIC could retain its current dividend payments without generating any additional profits. This is a good indicator of dividend sustainability when markets turn down. Coverage of one means that a LIC could maintain its current dividend payout for one year without generating any profit in the current year.

There a number of LICs in the above table with dividend coverage of more than two years which means they are reasonably well-placed in the event of a sustained market downturn. Of the LICs we cover in the table, Hunter Hall Global Value (HHV), WAM Research (WAX), Australian United Investment Company (AUI) and Mirrabooka Investments (MIR), all stand out as having particularly strong dividend coverage.

Over the next year, we expect some LIC dividends may come under pressure as the income from their own portfolios declines due to lower dividends from resources and energy stocks and perhaps also the banking sectors. We note that Djerrivarrh Investments (DJW), one the highest yielding LICs currently, has already said it expects to cut its dividend from 24 cents per share to 20 cents per share in 2017. Based on the current share price this would lower the dividend yield to 5.5%, still an attractive, fully franked yield. This highlights the importance of watching management commentary for indications of potential changes to dividend payouts.

Conclusion

The LIC sector offers investors attractive dividend yields, but in periods of market downturns all LIC dividends are likely to come under pressure. While LICs that rely largely on dividend income from their underlying portfolios will suffer from reductions in dividends from their own investments, those with a higher reliance on capital appreciation are likely to come under greater pressure to reduce dividends. LICs with high levels of profit reserves are best placed to maintain dividends during periods of market weakness.

Pricing & Recommendations – Australian Share Focus

All data as at 31 August 2016	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	6,427.2	5.65	4.2%	5.59	1.1%	3.7%	Internal	0.16	Recommended+
Argo Investments	ARG	4,988.1	7.31	4.2%	7.27	0.6%	3.3%	Internal	0.15	Recommended+
Milton Corporation	MLT	2,753.8	4.23	4.4%	4.27	-0.9%	1.2%	Internal	0.12	Highly Recommended
BKI Investment Company	BKI	948.8	1.58	4.6%	1.58	0.0%	0.6%	Internal	0.19	Not Rated
Djerriwarrh Investments	DJW	795.7	3.64	6.6%	3.10	17.4%	27.6%	Internal	0.41	Recommended+
Australian United Investment	AUI	943.8	7.65	4.4%	7.79	-1.8%	-4.6%	Internal	0.10	Recommended+
Diversified United Investments	DUI	724.2	3.49	4.0%	3.59	-2.8%	-5.8%	Internal	0.13	Recommended
Whitefield Limited	WHF	361.2	4.32	3.9%	4.80	-10.0%	-6.7%	Internal	0.25	Recommended+
AMCIL Limited	AMH	245.1	0.95	3.7%	0.94	1.1%	-0.8%	Internal	0.67	Recommended+
Absolute Equity Performance Fund	AEG	103.8	1.13	0.0%	1.03	9.5%	3.2%	External	na	Not Rated
Wealth Defender Equities	WDE	98.7	0.79	1.3%	0.89	-12.2%	-2.7%	External	0.98	Not Rated
Century Australia	CYA	70.8	0.87	4.2%	0.91	-4.9%	-5.9%	External	1.08	Not Rated
Aberdeen Leaders	ALR	66.3	1.10	4.5%	1.17	-6.0%	-2.3%	External	2.40	Recommended
Ironbark Capital	IBC	27.2	0.47	4.6%	0.55	-15.2%	-9.4%	External	0.65	Not Rated
Aust Governance Masters Index Fund	AQF	51.9	1.80	4.4%	1.83	-1.6%	0.0%	External	0.49	Not Rated
Flagship Investments	FSI	40.7	1.60	4.5%	1.88	-15.0%	-15.1%	External	0.00	Recommended
CBG Capital	CBC	20.8	0.85	3.7%	1.00	-15.9%	-3.9%	External	1.00	Recommended
Aurora Property Buy Write Inc. Trust	AUP	12.3	5.70	7.7%	5.70	0.0%	-1.2%	Internal	2.00	Not Rated
Australian Shares - Mid/Small Cap										
WAM Capital	WAM	1,332.9	2.27	6.3%	2.05	10.7%	9.5%	External	1.00	Recommended+
Carlton Investments	CIN	833.7	31.49	1.7%	36.36	-13.4%	-11.0%	Internal	0.10	Not Rated
Mirrabooka Investments	MIR	431.3	2.76	5.4%	2.42	14.0%	13.2%	Internal	0.67	Recommended+
WAM Research	WAX	264.7	1.52	5.4%	1.34	13.7%	5.9%	External	1.00	Recommended
Future Generation Investment Company	FGX	302.7	1.12	3.6%	1.20	-6.8%	-1.0%	External	0.00	Highly Recommended
QV Equities	QVE	261.2	1.18	2.5%	1.18	-0.3%	-1.1%	External	0.90	Not Rated
Contango MicroCap	CTN	186.3	1.15	5.5%	1.32	-12.7%	-11.9%	External	1.25	Recommended+
Westoz Investment Company	WIC	110.4	0.86	7.0%	1.05	-18.6%	-10.3%	External	1.00	Recommended
Watermark Market Neutral Fund	WMK	95.6	1.06	5.7%	1.05	0.5%	-4.4%	External	1.00	Not Rated
Thorney Opportunities	TOP	114.3	0.68	1.6%	0.70	-3.3%	27.6%	External	na	Not Rated
Contango Income Generator	CIE	76.6	0.98	3.1%	1.06	-7.2%	-1.1%	External	0.95	Recommended+
Naos Emerging Opp Company	NCC	54.9	1.17	5.3%	1.38	-15.2%	-11.6%	External	1.25	Not Rated
Ozgrowth Limited	OZG	53.8	0.15	3.3%	0.20	-23.9%	-17.9%	External	1.00	Not Rated
Acorn Capital Inv Fund	ACQ	49.9	1.02	0.0%	1.18	-13.5%	-10.9%	External	na	Not Rated
Sandon Capital Investments	SNC	40.3	0.91	5.5%	1.00	-9.0%	-6.5%	External	1.25	Not Rated
WAM Active Limited	WAA	40.3	1.15	4.2%	1.07	10.9%	10.4%	External	1.00	Recommended
Katana Capital Limited	KAT	35.3	0.79	7.6%	0.84	-6.0%	-7.5%	External	na	Not Rated
Ryder Capital	RYD	35.0	0.95	0.0%	1.08	-12.4%	-0.6%	External	na	Not Rated
8IP Emerging Companies	8EC	33.4	1.01	0.0%	1.17	-13.4%	-2.1%	External	1.25	Recommended
Lion Select Group	LSX	32.1	0.30	0.0%	0.39	-23.1%	-29.6%	External	1.50	Not Rated
Glennon Small Companies Fund	GC1	46.2	0.99	0.8%	1.10	-9.6%	-1.8%	External	1.00	Recommended
Naos Absolute Opportunities Coy.	NAC	33.3	1.06	4.0%	1.26	-15.9%	-7.3%	External	1.75	Not Rated
Barrack St Investments	BST	18.1	0.99	1.5%	1.15	-14.3%	-9.9%	External	1.00	Recommended
Bentley Capital	BEL	10.2	0.14	7.4%	0.20	-31.8%	-37.2%	External	na	Not Rated
Orion Equities	OEQ	2.9	0.16	0.0%	0.45	-64.4%	-57.5%	External	na	Not Rated
Australian/International Shares - Blended										
Cadence Capital	CDM	343.3	1.27	8.7%	1.16	9.2%	6.0%	External	1.00	Recommended+
Hunter Hall Global Value	HHV	349.9	1.44	7.6%	1.50	-3.8%	-11.9%	External	1.50	Recommended
Perpetual Investment Company	PIC	242.6	0.96	2.9%	1.07	-10.0%	-3.0%	External	1.00	Not Rated
Clime Capital	CAM	63.3	0.80	6.0%	0.92	-13.0%	-7.2%	External	na	Not Rated
Mercantile Investment Company	MVT	43.4	0.16	0.0%	0.18	-14.6%	-14.6%	External	na	Not Rated
Sunvest Corporation	SVS	3.2	0.26	0.0%	0.59	-55.9%	-41.9%	External	na	Not Rated

Pricing & Recommendations – International Shares & Specialist Focus

All data as at 31 August 2016	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	838.0	1.79	1.1%	2.05	-12.8%	-3.4%	External	1.50	Not Rated
Platinum Capital	PMC	354.5	1.50	4.7%	1.50	0.1%	9.1%	External	1.50	Not Rated
Future Generation Global Investment Company	FGG	290.3	1.05	0.0%	1.08	-2.7%	1.5%	External	0.00	Recommended+
PM Capital Global Opportunities Fund	PGF	299.3	0.86	1.7%	1.06	-18.6%	-8.0%	External	1.00	Not Rated
Templeton Global Growth	TGG	289.2	1.22	3.4%	1.36	-10.2%	-6.8%	External	1.00	Not Rated
Ellerston Global Investments	EGI	75.3	1.00	2.0%	1.12	-11.4%	-1.5%	External	0.75	Not Rated
International Shares - Emerging Markets										
Platinum Asia Investments	PAI	275.6	0.94	0.0%	1.01	-7.3%	0.6%	External	1.10	Not Rated
Asian Masters Fund	AUF	174.0	1.32	1.7%	1.29	2.3%	1.3%	External	1.00	Not Rated
Emerging Markets Masters Fund	EMF	172.9	1.83	3.3%	1.80	1.7%	2.6%	External	1.10	Recommended+
Ellerston Asian Investments	EAI	97.2	0.81	0.0%	1.00	-18.9%	-2.6%	External	0.95	Not Rated
PM Capital Asian Opportunities Fund	PAF	51.3	0.93	0.0%	1.10	-15.5%	-8.8%	External	1.00	Not Rated
International - Specialist										
Argo Global Listed Infrastructure	ALI	267.8	1.87	1.6%	1.97	-5.1%	-2.3%	External	1.20	Not Rated
Global Value Fund	GVF	111.3	1.09	4.6%	1.11	-1.9%	-4.5%	External	1.50	Not Rated
Zeta Resources	ZER	40.0	0.40	0.0%	0.45	-10.6%	-20.4%	External	0.50	Not Rated
Global Masters Fund	GFL	11.8	1.38	0.0%	1.83	-24.4%	-14.4%	Internal	0.00	Recommended+
Aurora Global Income Trust	AIB	4.9	0.75	9.1%	0.78	-3.9%	-1.9%	External	1.33	Not Rated
Fixed Income Funds										
Australian Enhanced Income Fund	AYF	19.0	5.85	6.6%	5.98	-2.1%	-0.8%	External	na	Not Rated
Australian Masters Yield Fund No 1	AYD	27.3	30.15	5.3%	30.18	-0.1%	2.8%	External	0.59	Not Rated
Australian Masters Yield Fund No 2	AYH	18.2	42.74	6.2%	42.53	0.5%	2.9%	External	0.59	Not Rated
Australian Masters Yield Fund No 3	AYJ	69.9	71.55	3.6%	71.23	0.4%	0.8%	External	0.59	Not Rated
Australian Masters Yield Fund No 4	AYK	54.5	54.71	3.4%	54.56	0.3%	2.2%	External	0.59	Not Rated
Australian Masters Yield Fund No 5	AYZ	75.5	74.66	3.5%	74.49	0.2%	0.4%	External	0.50	Not Rated
Private Equity Funds										
US Select Private Opportunities Fund	USF	82.7	2.12	9.9%	2.10	1.0%	4.4%	External	2.33	Recommended
Bailador Technology Investments	BTI	101.4	1.10	0.0%	1.17	-6.4%	-7.9%	External	1.75	Recommended+
US Select Private Opportunities Fund 2	USG	115.9	2.10	7.1%	2.11	-0.5%	4.3%	External	2.33	Recommended
IPE Limited	IPE	31.2	0.23	29.0%	0.22	2.7%	-1.2%	External	1.50	Not Rated
Absolute Return Funds										
Armida Investment Corporation Limited	AIK	76.7	0.14	0.0%	0.16	-13.5%	-24.0%	Internal	na	Not Rated
Arowana Australasian Value Op. Fund	AWQ	69.0	1.01	0.0%	1.08	-6.5%	-2.2%	External	1.00	Not Rated
Aurora Absolute Return Fund	ABW	12.8	0.76	5.7%	0.84	-9.8%	-1.5%	External	na	Not Rated
Alternative Investment Trust	AIQ	12.4	0.10	15.8%	0.11	-12.3%	-17.6%	External	na	Not Rated
Hastings High Yield Fund	HHY	11.4	0.12	0.0%	0.13	-4.2%	-20.3%	External	na	Not Rated
Australian Leaders Fund Limited	ALF	411.6	1.53	6.6%	1.31	16.4%	8.5%	External	na	Not Rated
Other Specialist										
Blue Sky Alternatives Access Fund	BAF	157.3	1.23	2.4%	1.12	9.8%	0.2%	External	1.20	Not Rated

*Based on fully paid ordinary shares available for trade.

Source: ASX/IRESS

Performance – Australian Share Focus

All data as at 31 August 2016	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	-1.5	0.9	6.6	5.2	9.4	-2.2	2.7	-0.1	3.7	10.4	S&P/ASX 200 Acc Index
Argo Investments	ARG	-0.9	2.0	3.9	6.1	9.9	-0.6	3.3	-3.2	6.1	11.2	S&P/ASX 200 Acc Index
Milton Corporation	MLT	-1.8	0.5	6.7	6.3	10.6	-1.2	1.9	-2.0	6.8	12.2	All Ordinaries Acc Index
BKI Investment Company	BKI	-1.4	1.7	6.2	4.4	8.7	-0.8	3.0	-0.4	5.4	12.3	S&P/ASX 300 Acc Index
Djerriwarrh Investments	DJW	-1.2	0.9	5.4	2.8	7.1	-6.0	-7.6	-11.6	-0.5	7.1	S&P/ASX 200 Acc Index
Australian United Investment	AUI	-3.8	-0.4	6.4	3.4	7.9	3.4	5.5	-0.3	4.7	10.1	ASX 300 Acc Index
Diversified United Investments	DUI	-4.0	-1.6	6.9	5.2	9.9	-0.6	4.2	3.5	7.4	13.0	ASX 300 Acc Index
Whitefield Limited	WHF	-1.8	1.1	10.3	10.1	14.6	0.7	2.9	3.9	9.1	15.2	S&P/ASX 200 Industrials Acc (XJOAI) Index
AMCIL Limited	AMH	-0.5	1.6	13.4	8.9	13.1	-2.5	4.8	18.7	8.0	16.2	S&P/ASX 200 Acc Index
Absolute Equity Performance Fund	AEG	-6.0	-5.5	na	na	na	-2.6	-4.7	na	na	na	na
Wealth Defender Equities	WDE	-0.2	1.1	-1.5	na	na	3.3	0.0	-16.8	na	na	na
Century Australia	CYA	0.0	2.0	5.7	6.2	8.8	0.6	6.1	11.7	6.7	11.1	S&P/ASX 300 Acc Index
Aberdeen Leaders	ALR	-5.6	-2.4	7.2	4.9	8.3	0.5	2.8	9.4	-0.7	8.2	S&P ASX 200 Acc Index
Ironbark Capital	IBC	2.5	4.1	6.5	4.0	4.9	2.0	1.9	-1.6	0.8	5.1	na
Aust Governance Masters Index Fund	AOF	-1.6	1.1	5.2	5.0	8.7	-0.5	1.7	4.6	3.7	7.6	S&P/ASX 100 Acc Index
Flagship Investments	FSI	-1.8	3.9	17.8	10.3	11.8	6.7	9.5	22.5	11.3	9.5	All Ordinaries Index
CBG Capital	CBC	-1.5	0.6	7.6	na	na	-2.9	-4.0	-2.8	na	na	S&P/ASX 200 Acc Index
Aurora Property Buy Write Inc. Trust	AUP	-1.2	1.0	11.9	9.9	10.2	-0.3	2.0	13.0	10.4	10.6	RBA Cash Rate
Australian Shares - Mid/Small Cap												
WAM Capital	WAM	4.2	7.0	19.1	13.1	12.6	1.8	6.1	22.4	14.8	16.6	All Ordinaries Acc Index
Carlton Investments	CIN	-1.0	-0.7	11.3	13.5	16.8	-2.3	-0.3	5.1	11.4	19.5	S&P/ASX 200 Acc Index
Mirrabooka Investments	MIR	1.7	3.5	18.2	13.3	15.2	-3.8	3.6	16.9	11.8	17.9	S&P/ASX Mid Cap 50's Acc Index, S&P/ASX Small Ordinaries Acc Index
WAM Research	WAX	6.2	9.5	24.6	15.2	17.3	6.3	13.9	29.6	18.3	24.6	All Ordinaries Acc Index
Future Generation Investment Fund	FGX	-0.8	2.1	14.3	na	na	-3.0	-0.9	10.6	-5.2	161.5	All Ordinaries Acc Index
QV Equities	QVE	1.8	5.6	17.2	na	na	7.8	11.8	20.9	na	na	na
Contango MicroCap	CTN	1.3	11.5	28.3	10.9	5.0	6.5	21.7	26.3	11.1	8.8	ASX All Ordinaries Acc Index
Westoz Investment Company	WIC	5.8	12.0	14.0	-1.1	1.0	-3.8	5.4	9.7	-0.5	5.4	Absolute return focus
Watermark Market Neutral Fund	WMK	0.0	1.0	4.9	5.7	na	2.4	3.4	19.1	na	na	na
Thorney Opportunities	TOP	6.7	13.3	40.2	13.7	na	8.0	23.9	49.9	13.6	14.7	na
Contango Income Generator	CIE	1.3	5.1	na	na	na	1.0	5.4	na	na	na	All Ordinaries Acc Index
NaoS Emerging Opp Company	NCC	6.2	13.1	40.3	8.6	na	1.7	12.5	25.7	8.6	na	Small Ordinaries Acc Index (XSOAI)
Ozgrowth Limited	OZG	5.0	14.7	28.3	0.3	2.2	1.7	13.0	15.4	2.0	8.1	Absolute return focus
Acorn Capital Inv Fund	ACQ	-3.1	9.2	36.5	na	na	5.7	15.3	43.7	na	na	na
Sandon Capital Investments	SNC	0.6	6.2	12.2	na	na	9.6	11.7	7.3	na	na	na
WAM Active Limited	WAA	0.0	2.3	12.3	6.6	7.5	5.8	17.8	30.2	6.0	11.3	All Ordinaries Acc Index
Katana Capital Limited	KAT	0.7	1.8	7.9	1.4	2.9	4.5	3.2	na	na	na	na
Ryder Capital	RYD	5.1	9.7	na	na	na	0.0	0.0	na	na	na	na
8IP Emerging Companies	8EC	2.2	6.3	na	na	na	3.1	1.5	na	na	na	ASX Emerging Co. Acc Index
Lion Select Group	LSX	0.0	11.4	34.5	-15.2	na	0.0	-6.3	na	na	na	na
Glennon Small Companies Fund	GC1	-5.3	2.3	11.7	na	na	-2.5	0.0	-0.3	na	na	ASX Small Ords Acc Index
Naos Absolute Opportunities Coy.	NAC	4.1	2.4	23.4	na	na	0.5	3.9	28.6	na	na	na
Barrack St Investments	BST	-4.7	-1.1	14.8	na	na	0.5	4.2	29.1	na	na	All Ordinaries Accum Index
Bentley Capital	BEL	-1.0	-8.3	-13.8	-2.2	1.6	0.0	0.0	-6.3	5.9	5.5	na
Orion Equities	OEQ	-3.0	-10.0	-18.4	-6.4	-14.3	0.0	-20.0	-22.0	-10.1	-13.2	na
Australian/International Shares - Blended												
Cadence Capital	CDM	2.0	0.1	-8.6	3.0	6.2	-0.4	-1.9	-4.0	3.9	9.9	All Ordinaries Acc Index
Hunter Hall Global Value	HHV	-2.1	1.8	19.1	18.0	15.8	3.2	12.9	32.1	23.5	19.7	MSCI Total Return Index, Net Dividends Reinvested in Australian dollars
Perpetual Investment Company	PIC	1.7	3.9	8.4	na	na	2.6	3.7	2.4	na	na	na
Clime Capital	CAM	2.2	2.4	1.0	-1.5	3.0	1.9	2.2	-6.3	-2.4	4.5	na
Mercantile Investment Company	MVT	-4.8	0.7	17.3	13.3	24.7	3.3	10.7	19.2	13.9	23.0	na
Sunvest Corporation	SVS	0.0	7.3	118.5	-5.1	-12.6	13.0	8.3	-13.3	2.7	-4.1	na

Performance – International Shares & Specialist Focus

All data as at 31 August 2016	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	3.6	-2.9	-2.0	17.2	24.3	-1.9	-7.5	-2.7	11.0	26.5	na
Platinum Capital	PMC	3.5	1.4	-2.8	4.5	11.0	-4.3	-5.8	-18.6	4.5	13.1	MSCI All Country World Net Index in A\$
Future Generation Global Investment Company	FGG	1.7	-0.5	na	na	na	0.5	-2.8	na	na	na	MSCI World Index AUD
PM Capital Global Opportunities Fund	PGF	5.8	-4.6	-10.1	na	na	1.2	-8.5	-14.2	na	na	na
Templeton Global Growth	TGG	3.6	-1.2	-7.4	5.8	13.4	4.3	-2.4	-5.7	4.7	15.4	MSCI All Country World Free Index
Ellerston Global Investments	EGL	1.3	0.3	2.6	na	na	0.5	5.9	-6.0	na	na	na
International Shares - Emerging Markets												
Platinum Asia Investments	PAI	5.5	7.0	na	na	na	-1.1	-1.1	na	na	na	na
Asian Masters Fund	AUF	2.4	3.3	-1.3	10.1	10.4	2.4	4.0	3.3	9.8	10.2	MSCI AC Asia ex Japan Index
Emerging Markets Masters Fund	EMF	2.9	2.3	-2.0	8.5	na	0.5	0.6	-1.0	7.7	na	MSCI Emerging Mkt Index
Ellerston Asian Investments	EAI	3.9	6.8	na	na	na	4.4	1.8	na	na	na	na
PM Capital Asian Opportunities Fund	PAF	2.6	1.3	3.9	na	na	0.0	-1.1	6.9	na	na	na
International - Specialist												
Argo Global Listed Infrastructure	ALI	-1.7	-1.7	1.0	na	na	3.3	4.7	-4.5	na	na	na
Global Value Fund	GVF	1.9	-1.0	-3.4	na	na	0.0	0.0	9.1	na	na	BBSW 1 year swap rate + 4
Zeta Resources	ZER	2.5	80.2	58.8	-21.0	na	70.2	135.3	12.7	-7.2	na	na
Global Masters Fund	GFL	4.3	0.6	4.9	13.0	16.9	-0.4	-2.8	-15.9	9.4	15.2	S&P 500 US Index
Aurora Global Income Trust	AIB	-7.4	-6.3	-2.7	0.9	2.5	7.2	0.2	-0.1	-0.3	1.8	UBS Australia Bank Bill Index
Fixed Income Funds												
Australian Enhanced Income Fund	AYF	1.3	3.1	4.5	4.0	5.4	0.0	2.8	4.1	3.7	5.9	na
Australian Masters Yield Fund No 1	AYD	0.4	-0.1	2.7	7.8	na	-0.7	-4.1	2.2	7.6	na	na
Australian Masters Yield Fund No 2	AYH	88.6	-0.1	4.6	7.3	na	-0.8	-1.4	4.6	7.4	na	na
Australian Masters Yield Fund No 3	AYJ	1.3	0.9	3.2	na	na	0.2	1.2	3.6	na	na	na
Australian Masters Yield Fund No 4	AYK	0.5	0.3	3.5	na	na	-0.1	0.6	3.5	na	na	na
Australian Masters Yield Fund No 5	AYZ	1.1	0.9	4.3	na	na	0.7	1.8	3.8	na	na	na
Private Equity Funds												
US Select Private Opportunities Fund	USF	3.4	0.6	-0.2	10.4	na	1.0	-9.0	-1.5	9.7	na	na
Bailador Technology Investments	BTI	0.0	0.9	7.5	na	na	-3.1	-13.8	42.2	na	na	8% p.a. compound
US Select Private Opportunities Fund II	USG	3.4	-1.8	-5.5	8.7	na	-1.9	-6.3	-8.3	7.5	na	Absolute Return w H/W Mark
IPE Limited	IPE	0.9	0.9	13.1	11.9	9.4	-2.1	-2.1	37.9	14.3	22.6	na
Absolute Return Funds												
Armidale Investment Corporation Limited	AIK	3.7	20.4	18.3	8.3	12.5	7.7	21.7	26.8	39.7	25.4	na
Arowana Australasian Value Op. Fund	AWQ	-6.9	-10.0	6.9	na	na	-1.0	-1.0	2.0	na	na	na
Aurora Absolute Return Fund	ABW	-9.2	-10.1	-10.5	-2.7	0.2	-3.8	-8.5	-19.2	-5.8	-1.8	RBA Cash Rate
Alternative Investment Trust	AIQ	0.2	11.8	-0.2	21.2	36.6	-4.0	17.0	17.0	22.6	45.4	na
Hastings High Yield Fund	HHY	-1.6	-1.0	13.8	27.0	63.5	0.0	14.3	22.4	55.2	108.0	na
Australian Leaders Fund Limited	ALF	-0.8	-0.8	0.7	4.4	10.3	5.2	7.4	20.2	4.9	15.5	All Ordinaries Acc Index
Other Specialist												
Blue Sky Alternatives Access Fund	BAF	-0.4	2.1	8.4	na	na	-1.6	8.8	22.8	na	na	na
Benchmark Returns												
S&P/ASX 50 Accumulation Index	XFLAI	na	na	na	na	na	-1.8	1.2	5.7	5.1	9.7	na
S&P/ASX 200 Accumulation Index	XJOAI	na	na	na	na	na	-1.6	2.1	9.3	6.6	9.7	na
S&P/ASX 300 Accumulation Index	XKOA	na	na	na	na	na	-1.6	2.1	9.7	6.6	9.5	na
All Ordinaries Accumulation Index	XAOAI	na	na	na	na	na	-1.3	2.5	10.7	7.1	9.5	na
Small Ordinaries Accumulation Index	XSOAI	na	na	na	na	na	-1.6	5.5	26.5	7.1	2.6	na
S&P/ASX 200 Industrials Accumulation Index	XJIAI	na	na	na	na	na	-1.9	0.9	10.3	9.7	15.3	na
S&P/ASX 200 Resources Accumulation Index	XMJAI	na	na	na	na	na	0.3	8.5	10.4	0.2	-4.0	na
RBA Cash Rate at 31 August 2016: 1.5%												

Source: ASX/IRESS

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

ASX Quoted Managed Funds

About ASX Quoted Managed Funds

Quoted managed Funds (QMFs) 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, QMFs 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, QMFs 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 August 2016	ASX Code	Market Cap (\$)	Last Price (\$)	Dividend Yield	Pre-Tax NTA (\$)	M'ment Fee	IIR Rating
Australian Share Strategies							
Aurora Dividend Income Trust	AOD	13.6	0.72	6.2%	0.72	1.30	Not Rated
Betashares Aus Top20 Equity Yield Max Fund	YMAX	327.4	9.18	10.4%	na	0.59	Not Rated
Betashares Australian Dividend Harvester Fund	HVST	270.6	21.70	10.5%	na	0.65	Not Rated
BetaShares Australian Equities Bear Hedge Fund	BEAR	60.3	16.09	1.0%	na	1.19	Not Rated
Betashares Australian Equities Strong Bear Hedge Fund	BBOZ	102.5	21.13	0.0%	na	1.19	Not Rated
Betashares Geared Australian Equity Fund	GEAR	53.8	19.80	4.8%	na	0.80	Not Rated
Betashares Managed Risk Australian Share Fund	AUST	26.3	15.46	0.4%	na	0.39	Not Rated
K2 Australian Small Cap Fund	KSM	23.2	2.67	0.0%	2.70	2.05	Recommended
International Share/Security Strategies							
AMP Capital Global Infrastructure Securities Fund (Unhedged)	GLIN	17.3	2.55	0.0%	na	0.95	Not Rated
AMP Capital Global Property Securities Fund (Unhedged)	RENT	11.1	2.48	0.0%	na	0.99	Not Rated
BetaShares Geared U.S. Equity Fund - Currency Hedged	GGUS	4.1	10.16	1.0%	na	0.74	Not Rated
Betashares Managed Risk Global Share Fund	WRLD	9.9	9.93	0.4%	na	0.39	Not Rated
BetaShares S&P 500 Yield Maximiser Fund	UMAX	75.0	16.97	1.3%	na	0.59	Not Rated
K2 Global Equities Fund	KII	37.2	2.33	0.0%	2.36	2.00	Recommended
Magellan Global Equities Fund	MGE	597.9	2.54	0.0%	2.56	1.35	Not Rated
Magellan Global Equities Fund (Currency Hedged)	MHG	32.3	2.48	0.0%	2.47	1.35	Not Rated

Performance

All data as at 31 August 2016	ASX Code	NTA (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	-2.0	-2.2	-6.4	-5.0	1.4	-1.5	-1.2	-5.5	-4.9	1.3
Betashares Aus Top20 Equity Yield Max Fund	YMAX	na	na	na	na	na	-1.0	-0.1	2.7	1.3	na
Betashares Australian Dividend Harvester Fund	HVST	na	na	na	na	na	-2.8	0.3	5.4	na	na
BetaShares Australian Equities Bear Hedge Fund	BEAR	na	na	na	na	na	1.2	-1.9	-8.8	-5.1	na
Betashares Australian Equities Strong Bear Hedge Fund	BBOZ	na	na	na	na	na	4.4	-4.3	-22.2	na	na
Betashares Geared Australian Equity Fund	GEAR	na	na	na	na	na	-3.8	1.6	11.4	na	na
Betashares Managed Risk Australian Share Fund	AUST	na	na	na	na	na	-1.4	0.4	na	na	na
K2 Australian Small Cap Fund	KSM	3.1	7.6	na	na	na	3.1	6.8	na	na	na
International Share/Security Strategies											
AMP Capital Global Infrastructure Securities Fund (Unhedged)	GLIN	na	na	na	na	na	-0.4	na	na	na	na
AMP Capital Global Property Securities Fund (Unhedged)	RENT	na	na	na	na	na	-1.6	na	na	na	na
BetaShares Geared U.S. Equity Fund - Currency Hedged	GGUS	na	na	na	na	na	0.4	6.8	23.9	na	na
Betashares Managed Risk Global Share Fund	WRLD	na	na	na	na	na	0.6	-2.5	na	na	na
BetaShares S&P 500 Yield Maximiser Fund	UMAX	na	na	na	na	na	0.8	-0.6	3.2	na	na
K2 Global Equities Fund	KII	2.2	1.7	-2.9	na	na	1.7	0.4	-5.3	na	na
Magellan Global Equities Fund	MGE	1.7	-1.2	-1.1	na	na	0.0	-2.6	-1.8	na	na
Magellan Global Equities Fund (Currency Hedged)	MHG	0.8	3.1	6.6	na	na	1.2	3.0	6.0	na	na

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