

04/07/2017

The fund returned 5.1% over the financial year. Long equity investments (in local currencies) contributed 11%, currencies detracted 1%, equity derivative positions and currency hedges detracted 2% and the Yen put options detracted 1%.

Investments in Akzo Nobel N.V., Whole Foods Market Inc., Deere & Company and UK Mail Group plc positively contributed to the fund's performance during the year. In addition, there were good contributions from the fund's undisclosed investments in a European genco and a US infrastructure related company.

Five investments held in the fund were impacted by corporate activity during the year. Generally, our preference is to continue to own an investment longer term, rather than taking the immediate and more certain profit from a takeover offer. For instance, we would have preferred to continue to own Saft Groupe rather than accepting the takeover offer from Total S.A. We were pleased that the offers by PPG Industries Inc for Akzo Nobel NV were rebuffed. We did sell Whole Foods however, we regarded the offer from Amazon.com Inc as being fair; we also perceived that the downside to Whole Foods share price would be very material if (for whatever reason) the deal does not close.

Activity in the fund included:

Acquiring:

- July 2016 - An initial 4% position in Akzo Nobel N.V. at €58.52
- Aug - Nov 2016 – increasing the investment in Calpine by an additional 3.0 % at US\$12.37
- Dec 2016 – An initial 4% position in Topps Tiles plc at GBP0.86
- May 2017 – An initial 4% position in Santos Limited at AUD3.51

Selling:

- Aug 2016 – Saft Groupe 5.8% position at €36.50. The fund held an investment in Saft Groupe from June 2012 until it was taken over by Total S.A. in August 2016. The investment in Saft realised an annualised local currency IRR of 33.7% and contributed 3.9% to performance.
- Aug 2016 – Oil Related investment 8% position. The fund held this investment from July 2014 until Aug 2016. The investment realised an annualised local currency IRR of 2.2%.
- Jan 2017 – UK Mail plc 4.6% position at GBP4.40. The fund held an investment in UK Mail Plc from November 2015 until it was taken over by Deutsche Post AG in January 2017. The UK Mail investment realised an annualised local currency IRR of 64.8% and contributed 1.9% to performance.
- June 2017 – Whole Foods Market Inc 4.5% position at US\$42.90. The fund held an investment in Whole Foods Markets from May 2014 until June 2017. The Whole Foods investment realised an annualised local currency IRR of 4.7%.

The fund currently holds 10 investments and is 50% gross invested.

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| Returns (to 30/06/2017) | Fund |
|-------------------------------|--------|
| Since inception* (annualised) | 10.2% |
| Since inception* (cumulative) | 102.7% |
| Rolling 5 year (annualised) | 14.3% |
| Rolling 3 year (annualised) | 9.4% |
| Rolling 1 year | 5.1% |
| Standard deviation | 9.0% |

| Financial Year | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| July | | 1.14% | -1.95% | -3.06% | 2.03% | 1.98% | 0.45% | -1.62% |
| August | | -0.33% | -0.32% | 0.45% | 1.42% | -0.39% | -1.39% | -0.18% |
| September | | 0.60% | -2.18% | 1.89% | 0.52% | 4.18% | -1.19% | 1.34% |
| October | | 2.12% | 0.83% | 1.30% | 1.43% | 2.53% | 0.27% | -0.21% |
| November | | 0.47% | -1.22% | -2.46% | 3.97% | 11.10% | 0.60% | 4.50% |
| December | | -0.24% | 0.27% | 6.93% | 1.13% | 3.00% | -3.07% | 2.46% |
| January | | 0.31% | 0.84% | 9.92% | -0.54% | 0.97% | -1.77% | -5.16% |
| February | | 1.78% | 0.02% | 2.69% | -0.81% | 1.57% | 1.77% | -0.59% |
| March | | 1.06% | 5.59% | -0.44% | -1.45% | -0.04% | -0.84% | 1.21% |
| April | *0.04% | -1.94% | 1.62% | 4.45% | 0.08% | 0.32% | 1.72% | 1.34% |
| May | -0.78% | 1.01% | -0.37% | 8.63% | 1.29% | 0.47% | 4.12% | 1.84% |
| June | -0.76% | -0.70% | -2.58% | 1.68% | 0.02% | -2.61% | -0.79% | 0.37% |
| Financial Year | -1.49% | 5.33% | 0.29% | 36.06% | 9.33% | 24.95% | -0.31% | 5.10% |
| Calendar Year | | -3.10% | 10.12% | 43.95% | 22.40% | -3.70% | 10.76% | |

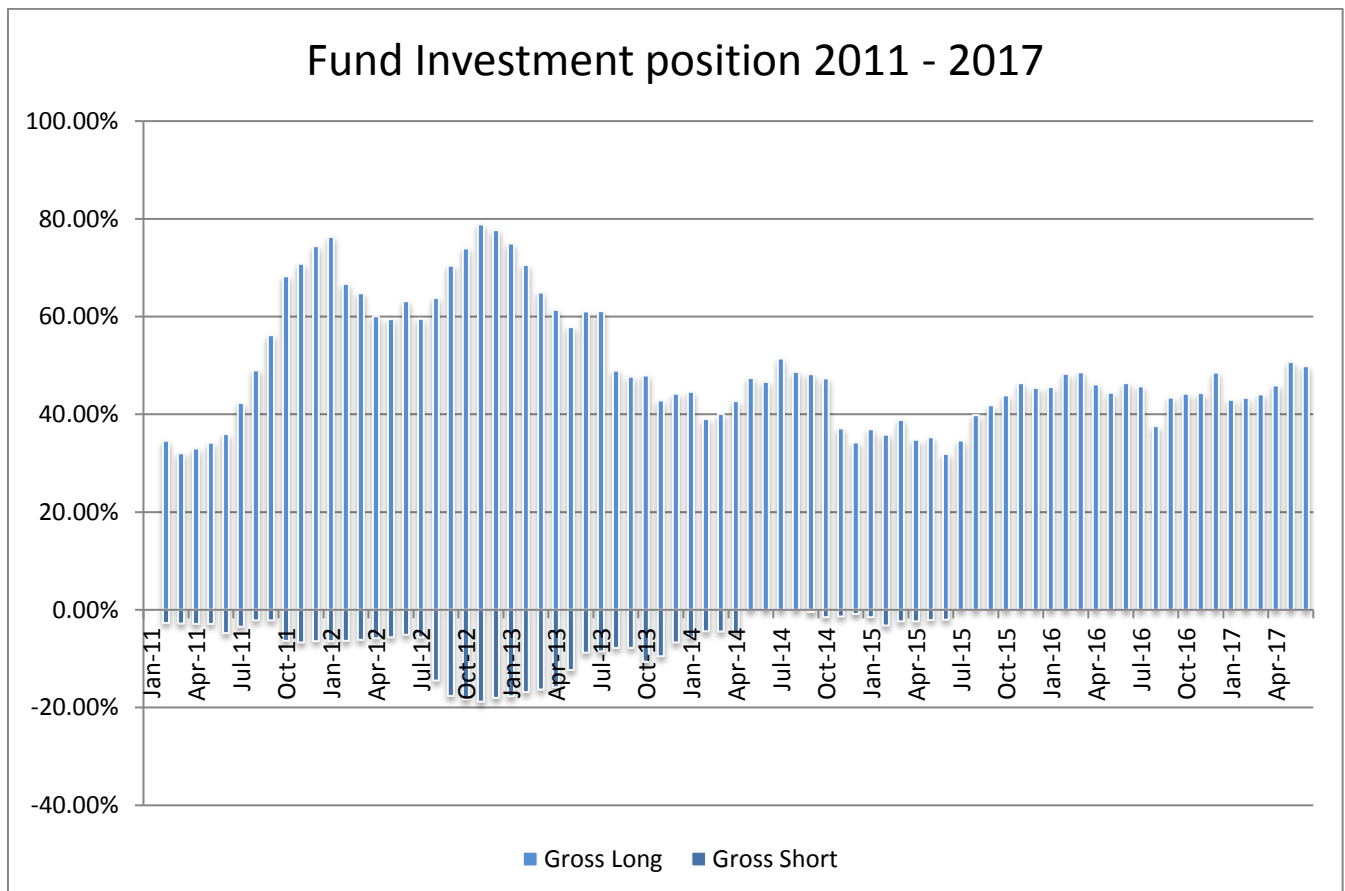
* Inception date: 15/04/2010. Past Performance is not a reliable indicator of future performance and no guarantee of future returns is implied.

- The fund's daily unit price and distribution details can be downloaded via this [link](#).

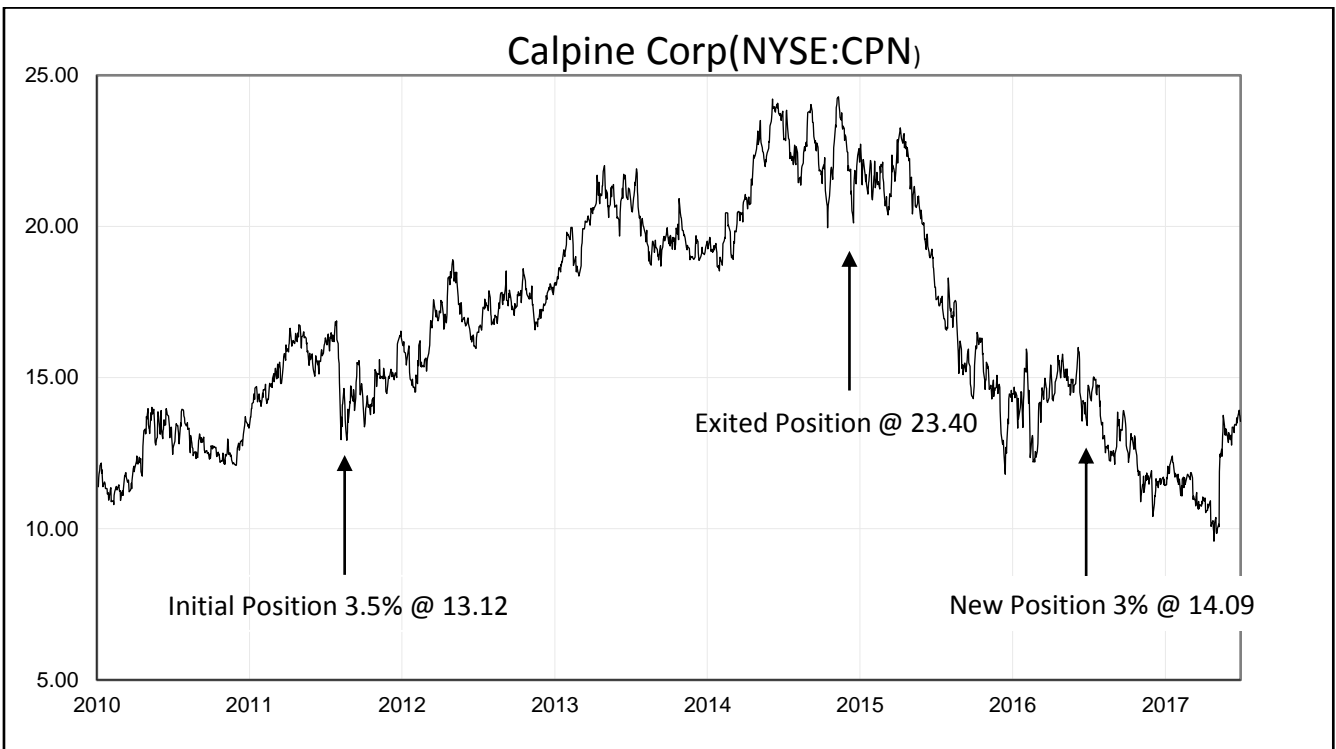
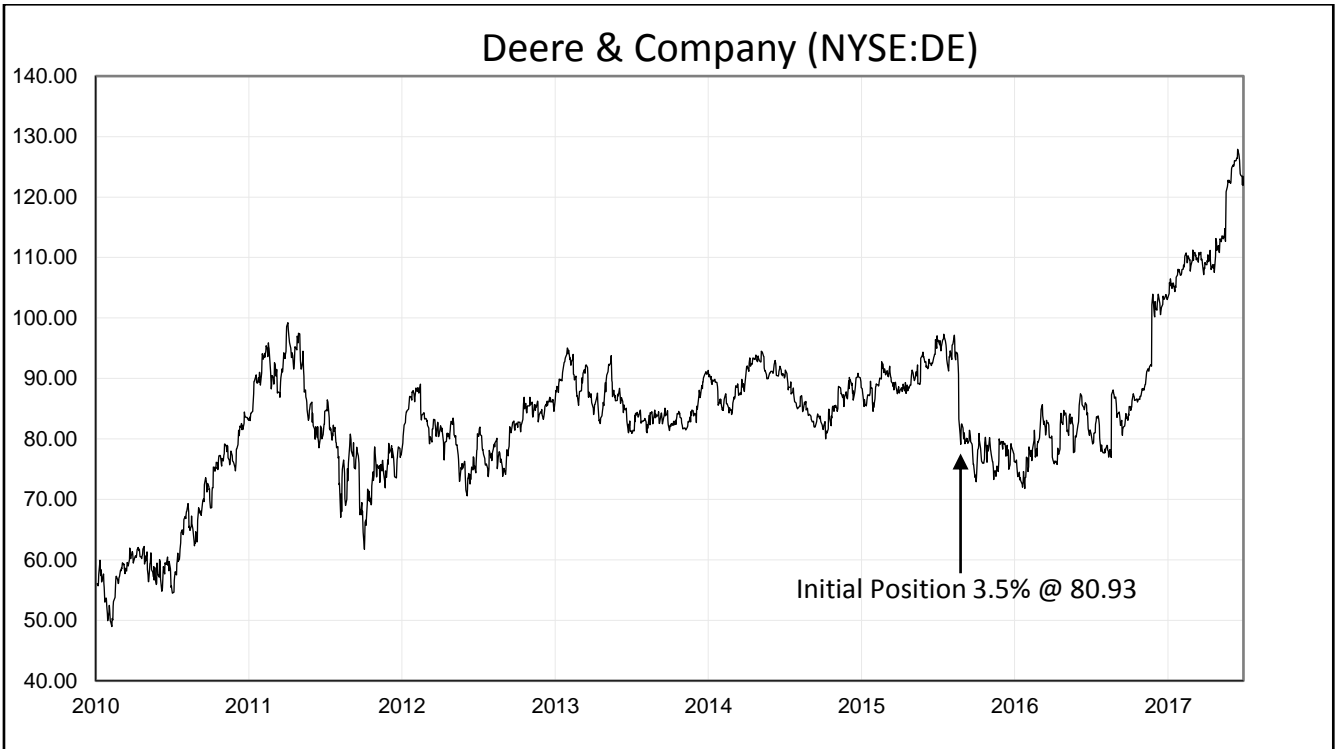
| | Long (%) | Short (%) | Currency (%) |
|---------------------------|----------|-----------|--------------|
| Australia | 3 | 0 | 63 |
| United States* | 27 | 0 | 22 |
| UK/Europe* | 19 | 0 | 15 |
| Total | 50 | 0 | 100 |
| Derivatives (annual cost) | 3 | | |

Notes: Data as at 30th June 2017. * Euro & USD approximate only.

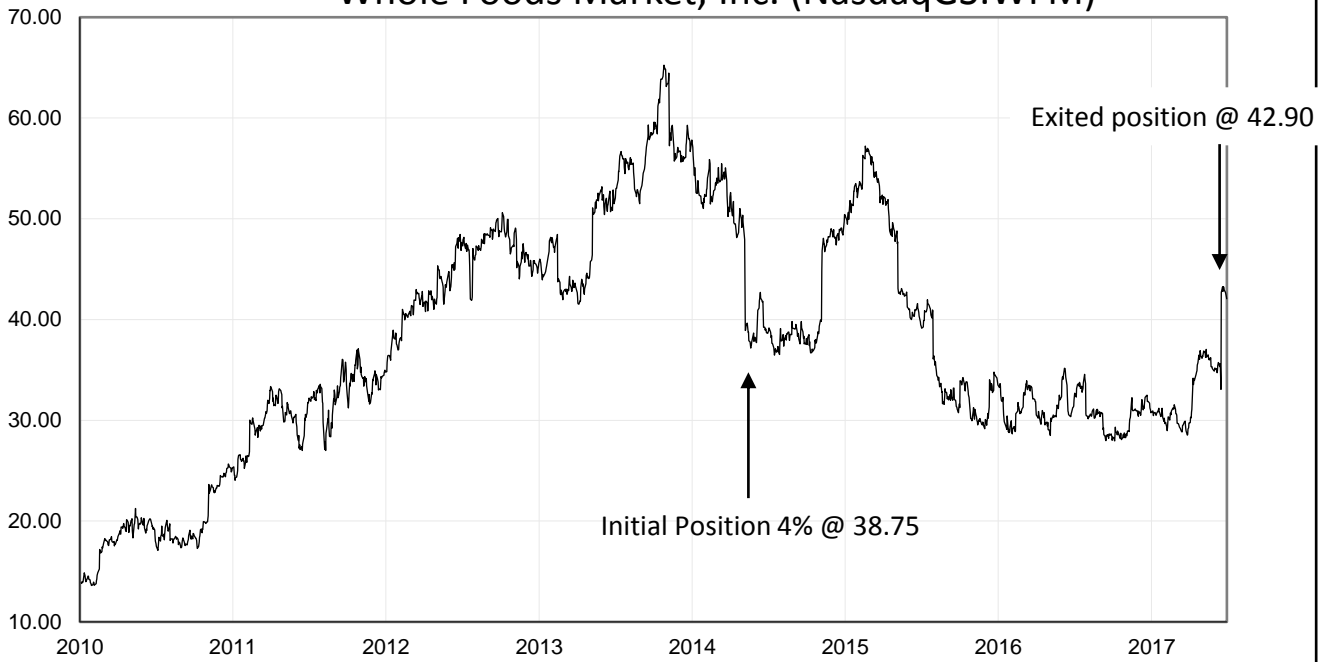
| | Australia | | United States | | UK/Europe | | Total | |
|--|-----------|------|---------------|------|-----------|------|-------|------|
| | % | no/. | % | no/. | % | no/. | % | no/. |
| Tenet 1: Gen Co.: | | | 6 | 1 | 5 | 1 | 12 | 2 |
| Calpine Corp | | | 6 | 1 | | | | |
| Undisclosed | | | | | 5 | 1 | | |
| Tenet 2: Infrastructure related | | | 14 | 2 | | | 14 | 2 |
| Undisclosed | | | 7 | 1 | | | | |
| Undisclosed | | | 6 | 1 | | | | |
| Deere & Company | | | 5 | 1 | | | 5 | 1 |
| Santos Ltd | 3 | 1 | | | | | 3 | 1 |
| Akzo Nobel | | | | | 6 | 1 | 6 | 1 |
| Dover Downs Gaming | | | 2 | 1 | | | 2 | 1 |
| Topps Tiles | | | | | 4 | 1 | 4 | 1 |
| Undisclosed | | | | | 4 | 1 | 4 | 1 |
| Gross long | 3 | 1 | 27 | 5 | 19 | 4 | 50 | 10 |
| Gross short | | | | | | | | |
| Gross invested position | 3 | 1 | 27 | 5 | 19 | 4 | 50 | 10 |
| Derivatives (annual cost) | | | | | | | 3 | 3 |
| Notes: Totals may not add due to rounding. Data as at 30 th June 2017. | | | | | | | | |



Appendix: Charts



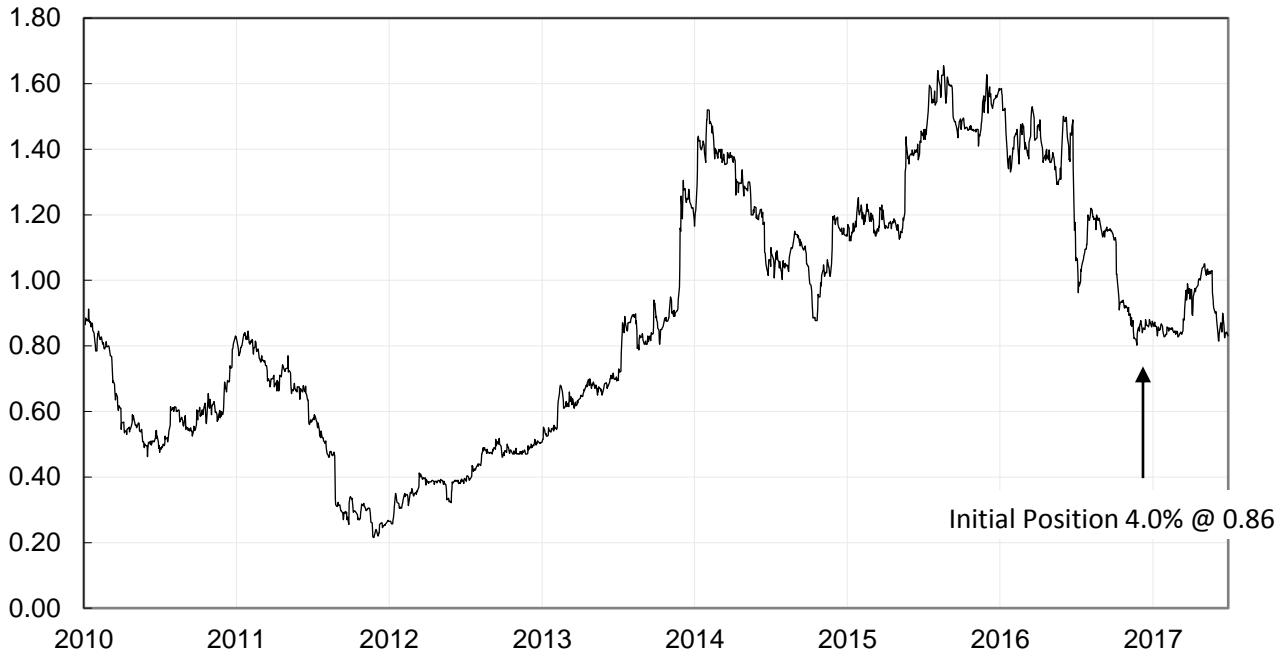
Whole Foods Market, Inc. (NasdaqGS:WFM)



Akzo Nobel N.V. (ENXTAM:AKZA)



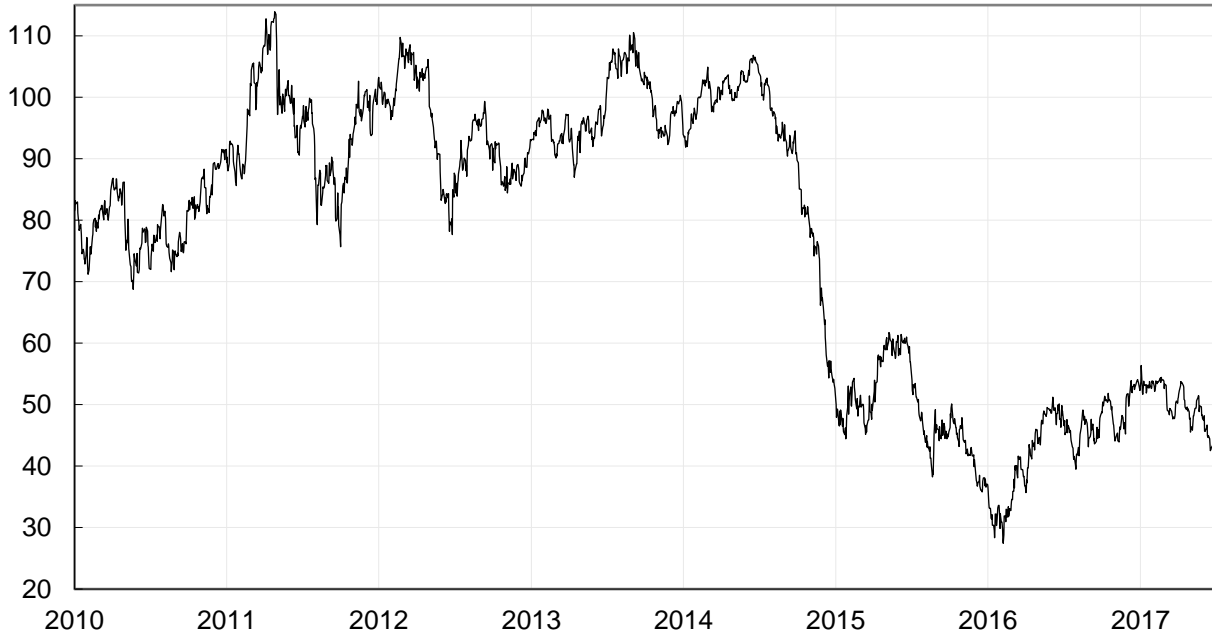
Topps Tiles Plc (LSE:TPT)



Australian Dollar (\$AUDUSD)



Crude Oil (NYMEX:^CL)



Japanese Yen (\$JPYUSD)



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