

06/10/2016

The fund's gross long investment position was 43% at the end of the quarter, invested in 10 investments. Activity in the fund during the quarter included:

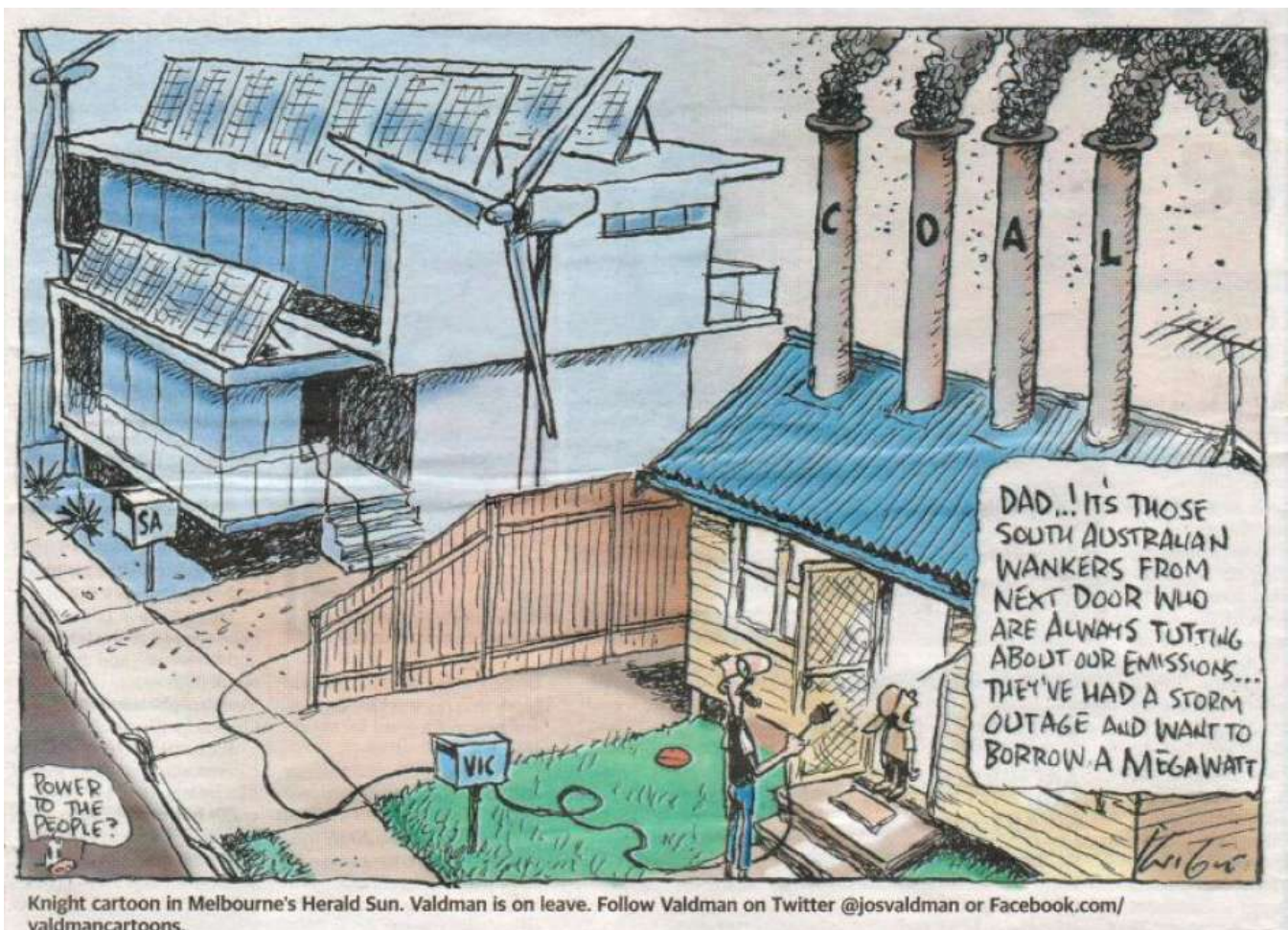
- Exiting the remaining energy related investment. This investment was an 8% position that was held from July 2014 until August 2016. Operationally we felt the company performed well in the context of the environment. We sold the investment because the valuation was becoming increasingly stretched and our view was that the downside risks had meaningfully increased. The fund realised an annualised IRR of 2% from this investment.
- Increasing the "Gen Co" related investments to 13% and 3 investments from 8% and 2 investments. This investment idea relates to businesses that own merchant electricity generation asset bases; these businesses own the type of assets we perceive to be increasingly advantaged and are located in electricity markets we want to be involved in. These businesses do not own meaningful wind or solar generation assets. For the businesses we own, we perceive their generation assets are highly valuable because of the capacity they provide and positioning on the supply curve. There is clearly change in the way electricity is being generated; increasingly wind and solar are contributing more (supported by subsidies) and coal generation is or will ultimately be economically pressured due to its carbon intensity. This energy transition has enabled us to build out this investment idea into three businesses that we regard as having relevant, high quality and long life assets at a fraction of their replacement costs.
- Acquiring an initial 3.5% position in Akzo Nobel N.V. at €58.70. Akzo Nobel is a Dutch based company, it manufactures paints, coatings and specialty chemicals and has strong positions across these categories in various markets globally.
- The major currency exposures in the fund (arising from equity investments outside of Australia) are USD 26%, EUR 12% and GBP 5%. We have tended to buy well out of the money longer term AUD call options against the USD and EUR to provide a degree of protection or insurance against material weakness in either of these currencies. During the quarter we extended this process by buying more AUD calls against the EUR. This protection will only provide the fund support if there is a material (10%+) weakness in the EUR or USD against the AUD, but given the relatively small cost of the premiums we think it is reasonable to continue to pursue this strategy.

The fund benefited from an investment in UK Mail Group plc. The fund acquired an initial position in UK Mail in November 2015 and built it up to 4% of the fund's capital over time. The average cost was GBP3.00 per share. On 28 September 2016, Deutsche Post DHL made a takeover offer for UK Mail at GBP4.40 per share. The position is currently 5.4% of the fund.

When we reflect on the fund, our thinking has not changed from the thought processes we have detailed in previous reports. We like the investments the fund holds, we believe they are reasonably well positioned despite the macro environment that eventuates. The available cash enables us to be aggressive when we perceive there to be suitable opportunities.

Please do not hesitate to contact us if you would like to discuss investing in the fund or mandate offering.

Miles, Nigel & Toby



Returns (to 30/09/2016)	Fund
Since inception* (annualised)	10.6%
Since inception* (cumulative)	91.9%
Rolling 5 year (annualised)	14.1%
Rolling 3 year (annualised)	9.2%
Rolling 1 year	1.4%
Standard deviation	9.1%

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%	
November		0.47%	-1.22%	-2.46%	3.97%	11.10%	0.60%	
December		-0.24%	0.27%	6.93%	1.13%	3.00%	-3.07%	
January		0.31%	0.84%	9.92%	-0.54%	0.97%	-1.77%	
February		1.78%	0.02%	2.69%	-0.81%	1.57%	1.77%	
March		1.06%	5.59%	-0.44%	-1.45%	-0.04%	-0.84%	
April	*0.04%	-1.94%	1.62%	4.45%	0.08%	0.32%	1.72%	
May	-0.78%	1.01%	-0.37%	8.63%	1.29%	0.47%	4.12%	
June	-0.76%	-0.70%	-2.58%	1.68%	0.02%	-2.61%	-0.79%	
Financial Year	-1.49%	5.33%	0.29%	36.06%	9.33%	24.95%	-0.31%	
Calendar Year		-3.10%	10.12%	43.95%	22.40%	-3.70%		

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

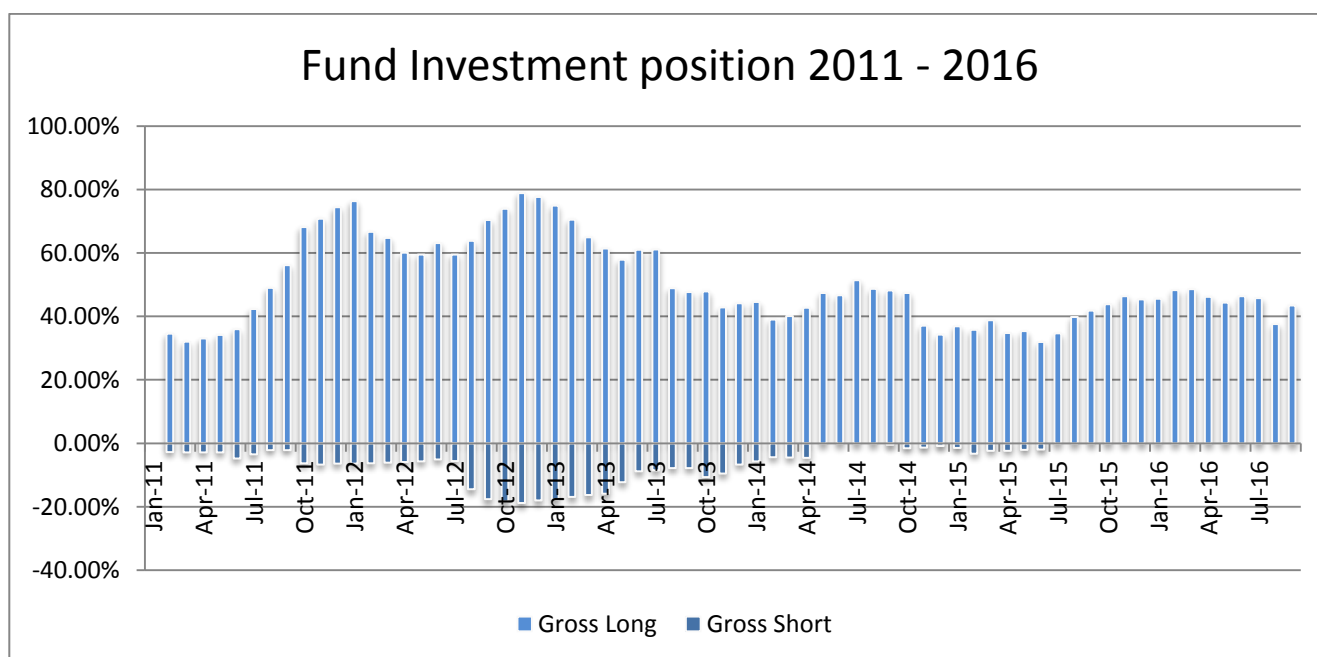
- The fund's daily unit price and distribution details can be downloaded via this [link](#).

	Long (%)	Short (%)	Currency (%)
Australia	0	0	65
United States*	26	0	21
UK/Europe*	17	0	14
Total	43	0	100
Derivatives (annual cost)	3		

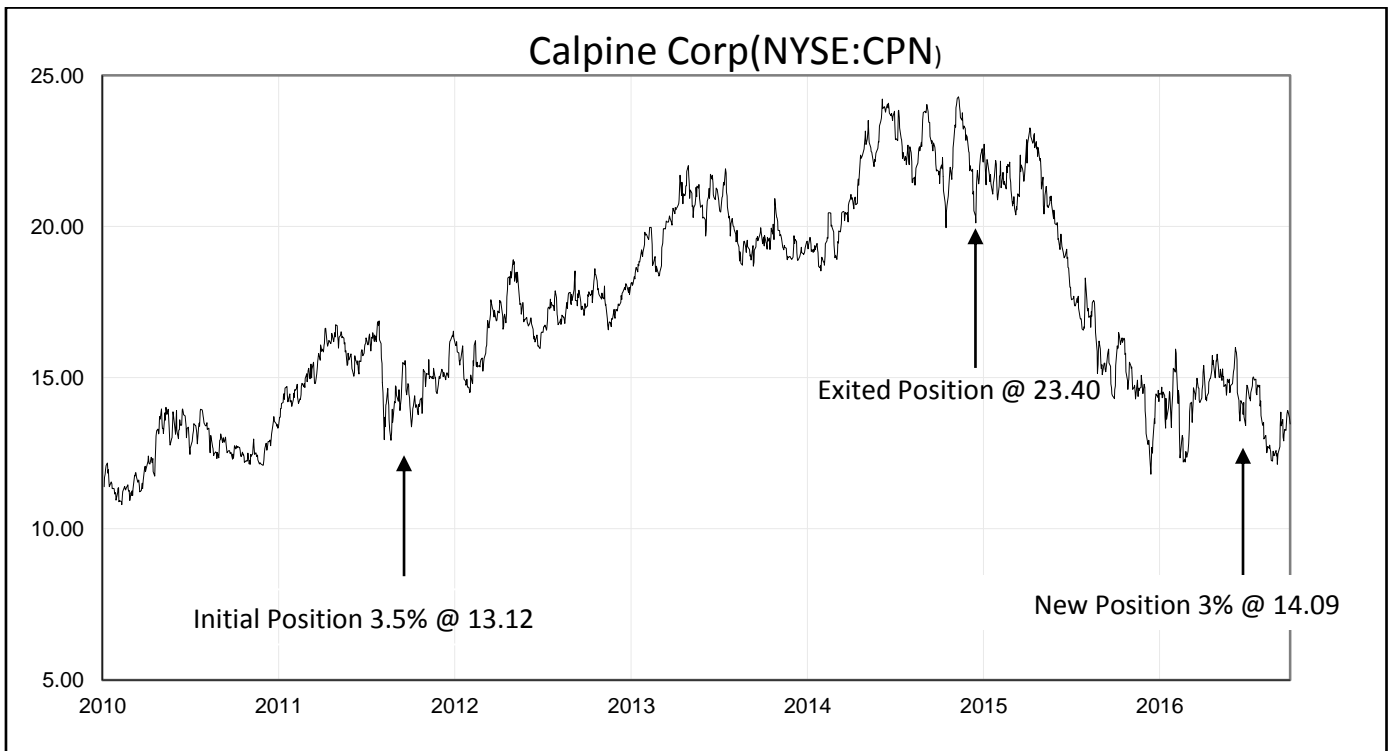
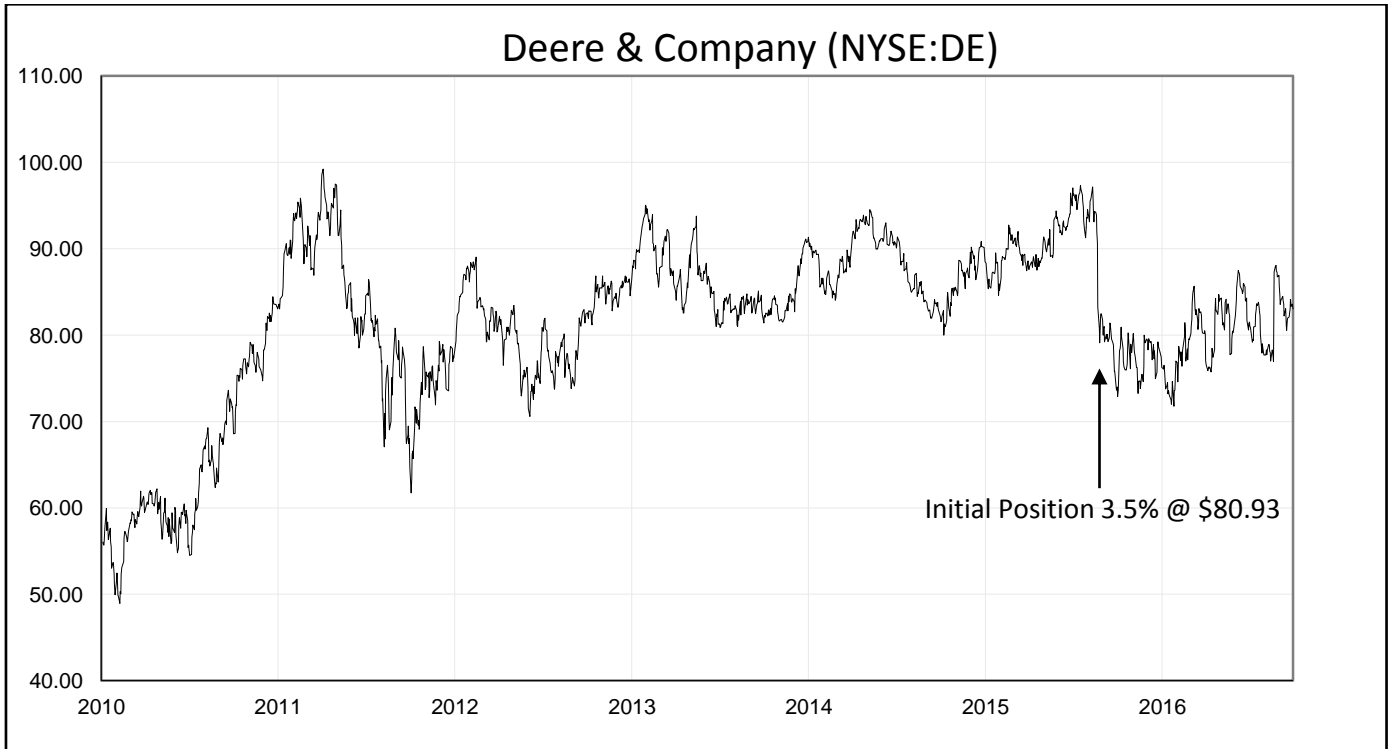
Notes: Data as at 30th September 2016. * Euro & USD approximate only.

	Australia		United States		UK/Europe		Total	
	%	no/.	%	no/.	%	no/.	%	no/.
Tenet 1: Gen Co.:			4	1	9	2	13	3
Calpine Corp			4	1				
Undisclosed					5	1		
Undisclosed					3	1		
Tenet 2: Infrastructure related			12	2			12	2
Undisclosed			6	1				
Undisclosed			6	1				
Wholefoods			4	1			4	1
Deere & Company			4	1			4	1
Akzo Nobel					3	1	3	1
Dover Downs Gaming			2	1			2	1
UK Mail					5	1	5	1
Gross long			26	6	17	4	43	10
Gross short								
Gross invested position			26	6	17	4	43	10
Derivatives (annual cost)							3	3

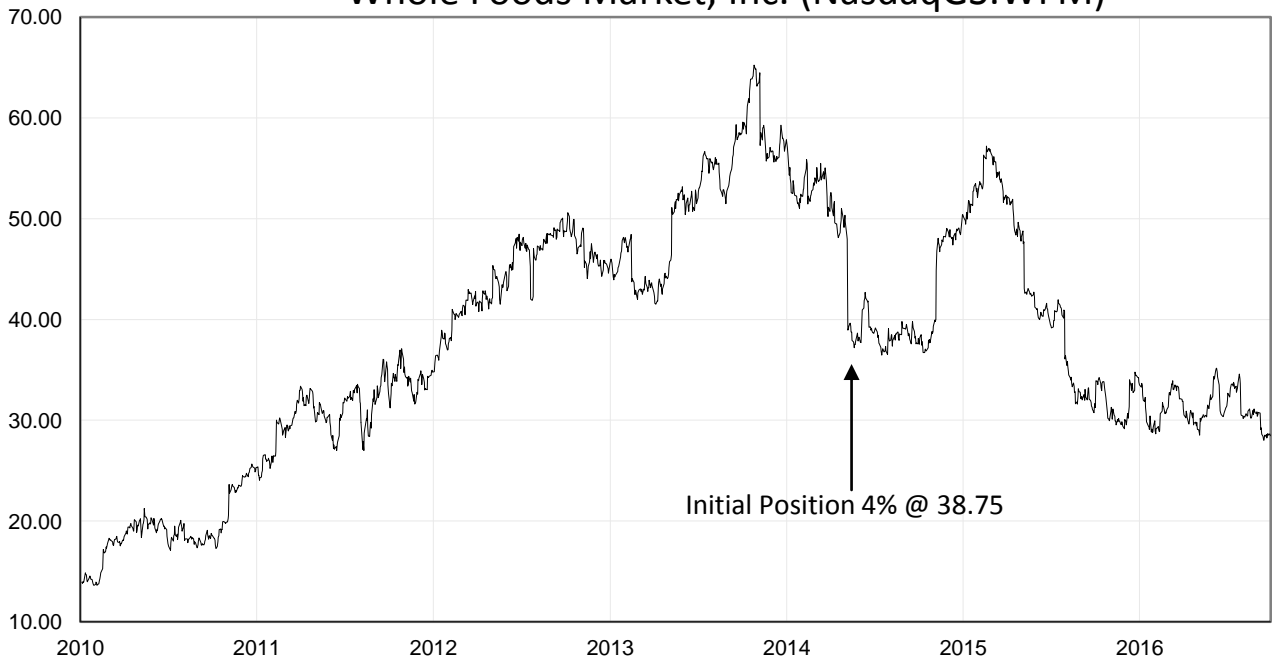
Notes: Totals may not add due to rounding.
Data as at 30th September 2016.



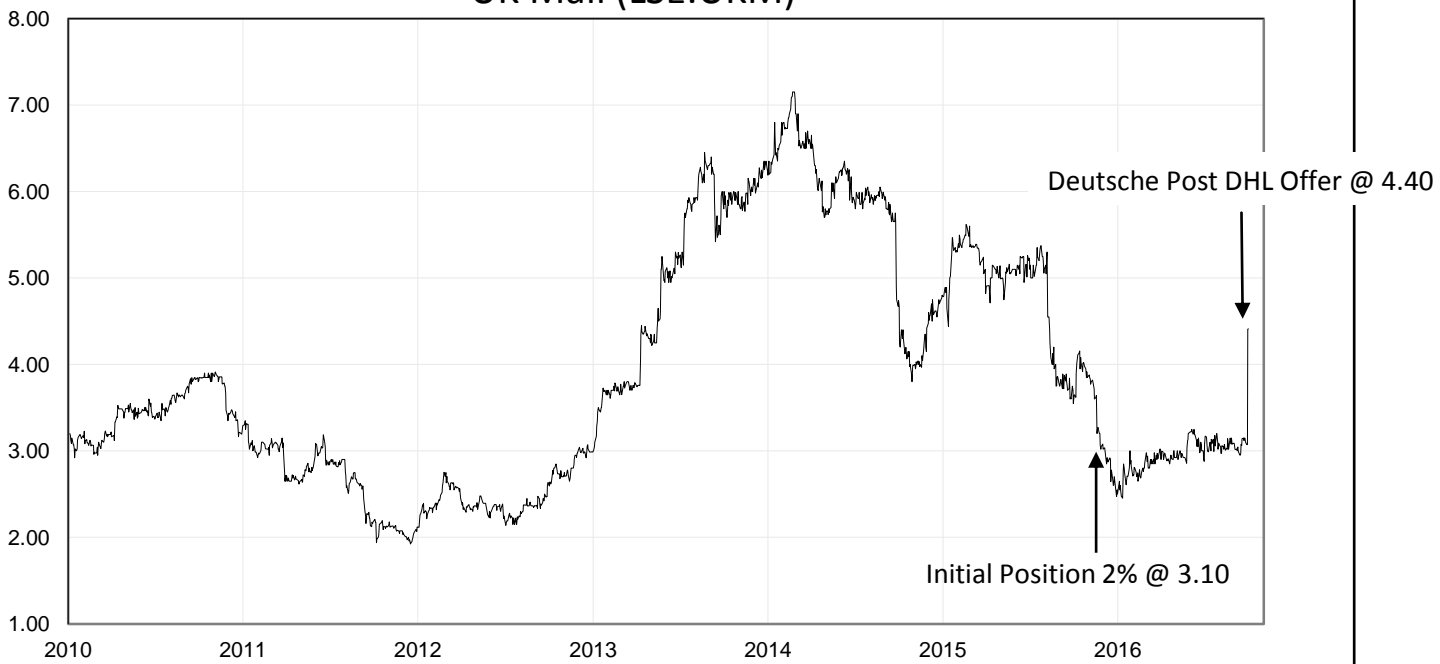
Appendix: Charts



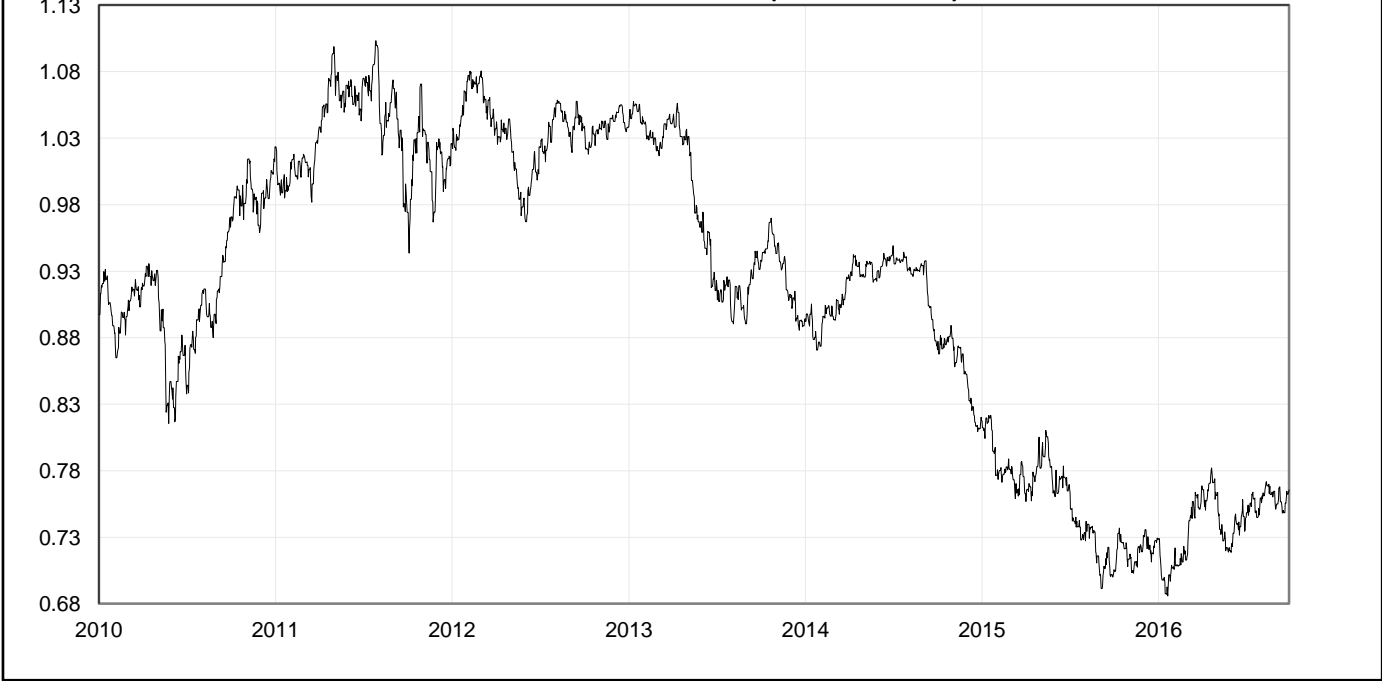
Whole Foods Market, Inc. (NasdaqGS:WFM)



UK Mail (LSE:UKM)



Australian Dollar (\$AUDUSD)



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