

03/07/2018

The fund returned 5.0% over the financial year. Long equity investments (in local currencies) contributed 5.8%, currencies contributed 2.4%, equity derivative positions and currency hedges detracted 0.6% and the Yen put options detracted 1.4%.

Investments in Santos Limited, Dover Downs Gaming & Entertainment, Inc and Deere & Company positively contributed to the fund's performance during the year.

The fund currently holds 10 investments and is 48% gross invested. A number of the investments held in the fund are directly exposed to global trade and economic activity. We expect these investments to be volatile in the current environment. We are attracted to these investments due to company specific traits (rather than a view on global macro outcomes) and we expect to hold them for many years.

The high cash balance provides us with the flexibility to invest aggressively when we identify suitable opportunities. We have recently bought some additional downside protection extending out to September 2018. Assets generally look expensive to us; we think valuations have continued to be propped up by central bank support. We would welcome a period of market weakness enabling us to increase some existing holdings and add some new investments to the fund.

Activity in the fund included:

Acquiring:

- July to Nov 2017 – Increased the position in Eurokai GmbH & Co. KGaA by an additional 3.5% at €39.52
- Aug 2017 - An initial 4% position in Tikkurila Oyj at €16.07
- Aug 2017 - An initial 3.5% position in Schlumberger Limited at \$62.87
- May 2018 – An initial 2.5% position in Asics Corporation at ¥1,941.60

Selling:

- October 2017 – The fund held an investment in Calpine Corporation from June 2016 until it was taken over by Energy Capital Partners in October 2017. The Calpine investment realised an annualised IRR of 10.5% and contributed 0.7% to the fund's returns.
- October 2017 – The fund held an investment in Verbund AG from March 2015 until October 2017. The investment realised an annualised IRR of 9.9% and contributed 1.0% to the fund's returns.
- January 2018 – The fund held an investment in Deere and Company from August 2015 until January 2018. The investment realised an annualised IRR of 33.7% and contributed 2.8% to the fund's returns.
- June 2018 – The fund held an investment in Santos Ltd from May 2017 until June 2018. The Santos investment realised an annualised IRR of 65.5% and contributed 2.5% to the fund's returns.

Please contact us if you would like to discuss our activities in detail.

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Returns (to 30/06/2018)	Fund
Since inception* (annualised)	9.6%
Since inception* (cumulative)	112.7%
Rolling 5 year (annualised)	8.5%
Rolling 3 year (annualised)	3.2%
Rolling 1 year	5.0%
Standard deviation	8.7%

Financial Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
July		1.14%	-1.95%	-3.06%	2.03%	1.98%	0.45%	-1.62%	-1.57%
August		-0.33%	-0.32%	0.45%	1.42%	-0.39%	-1.39%	-0.18%	1.21%
September		0.60%	-2.18%	1.89%	0.52%	4.18%	-1.19%	1.34%	3.04%
October		2.12%	0.83%	1.30%	1.43%	2.53%	0.27%	-0.21%	0.56%
November		0.47%	-1.22%	-2.46%	3.97%	11.10%	0.60%	4.50%	2.73%
December		-0.24%	0.27%	6.93%	1.13%	3.00%	-3.07%	2.46%	0.06%
January		0.31%	0.84%	9.92%	-0.54%	0.97%	-1.77%	-5.16%	1.32%
February		1.78%	0.02%	2.69%	-0.81%	1.57%	1.77%	-0.59%	-1.66%
March		1.06%	5.59%	-0.44%	-1.45%	-0.04%	-0.84%	1.21%	-0.52%
April	*0.04%	-1.94%	1.62%	4.45%	0.08%	0.32%	1.72%	1.34%	1.27%
May	-0.78%	1.01%	-0.37%	8.63%	1.29%	0.47%	4.12%	1.84%	-0.23%
June	-0.76%	-0.70%	-2.58%	1.68%	0.02%	-2.61%	-0.79%	0.37%	-1.21%
Financial Year	-1.49%	5.33%	0.29%	36.06%	9.33%	24.95%	-0.31%	5.10%	4.97%
Calendar Year		-3.10%	10.12%	43.95%	22.40%	-3.70%	10.76%	4.89%	

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

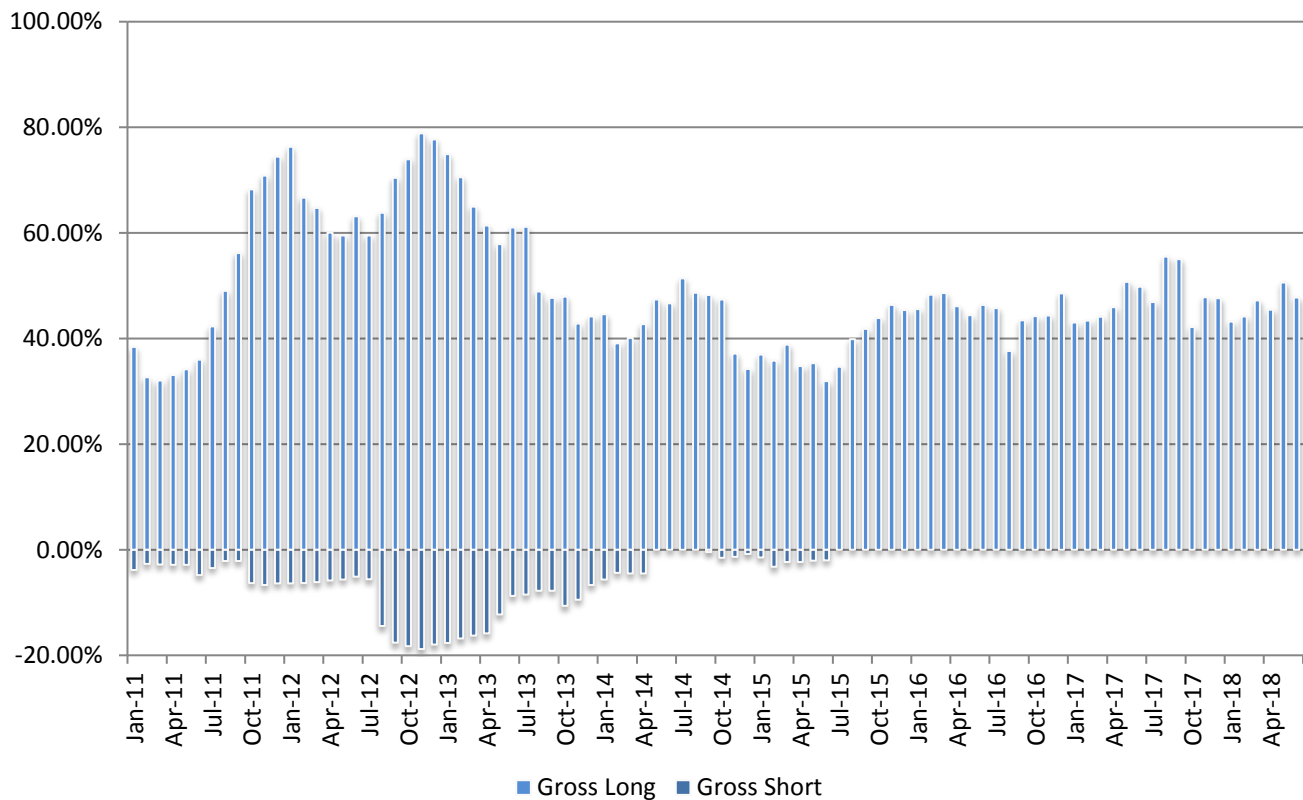
- The fund's daily unit price and distribution details can be downloaded via this [link](#).

	Long (%)	Short (%)	Currency (%)
Australia	0	0	61
United States*	23	0	18
UK/Europe*	23	0	18
Japan	3	0	3
Total	48	0	100
Derivatives (annual cost)	3		

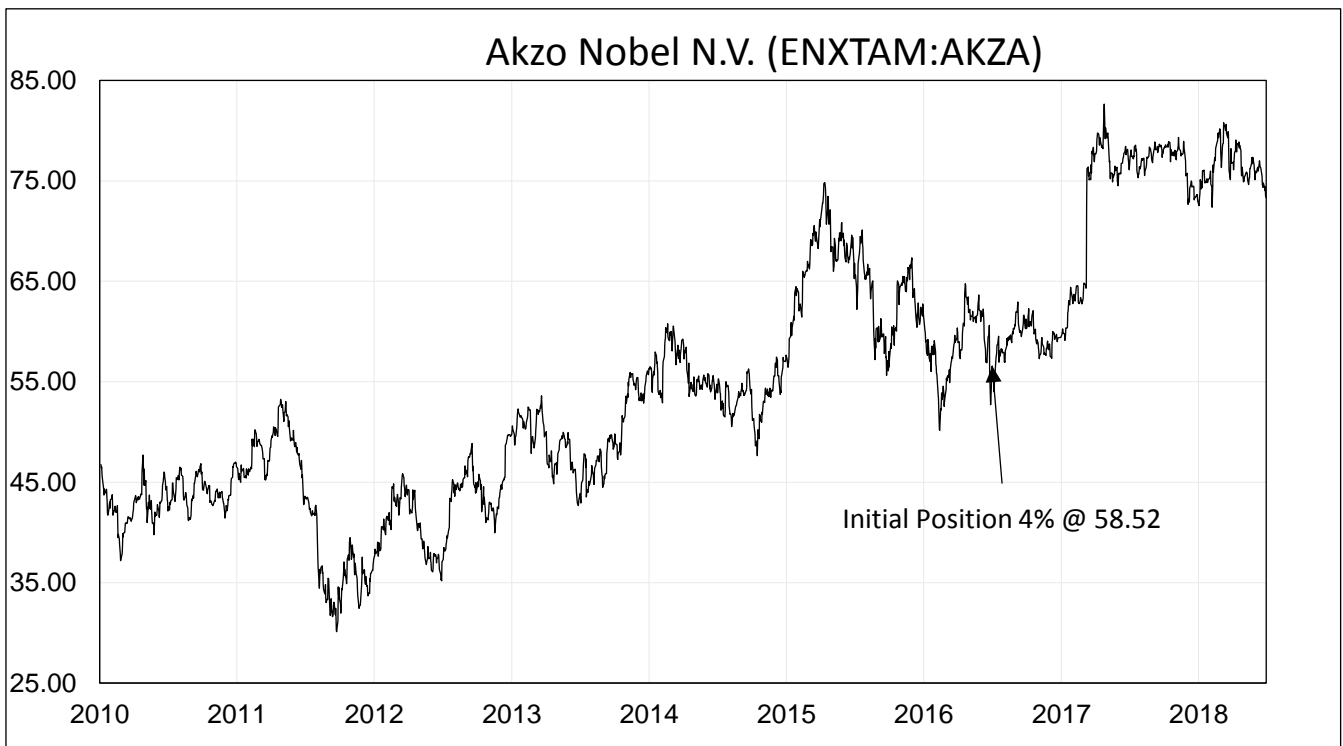
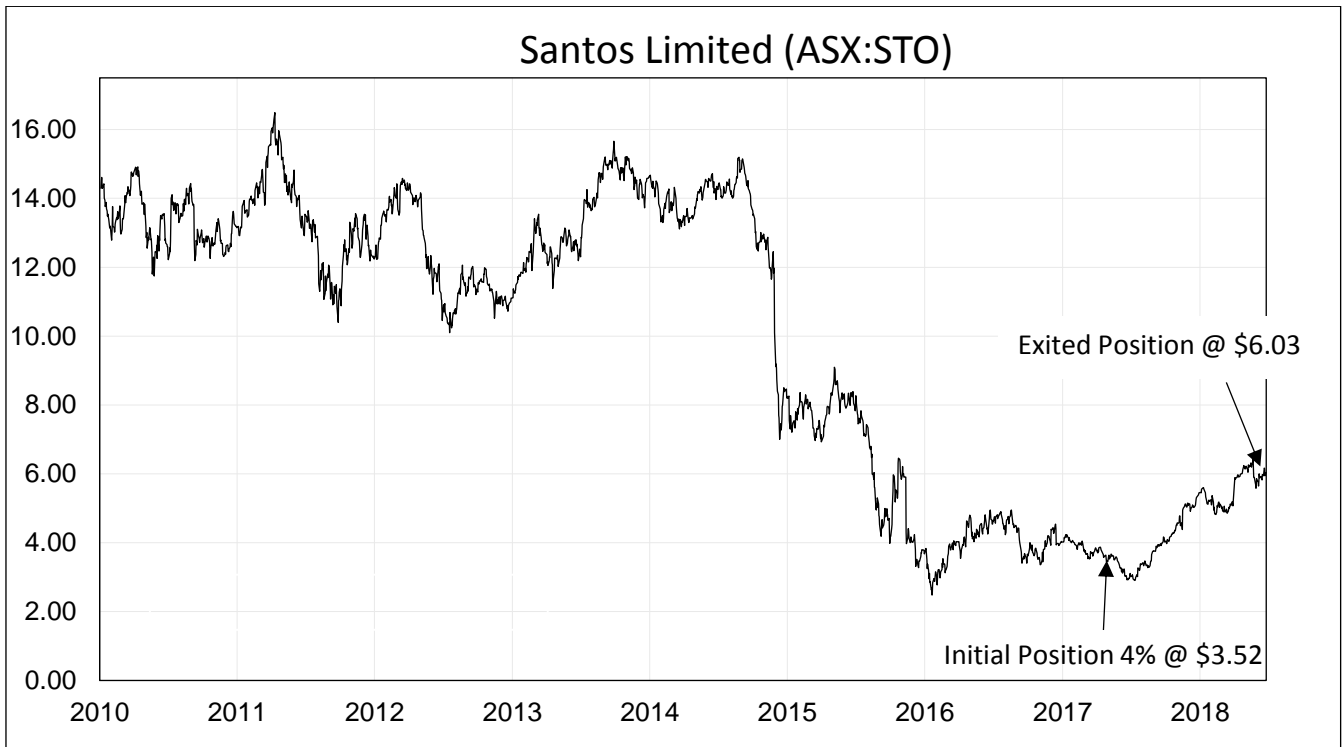
Notes: Data as at 30th June 2018. * Euro & USD approximate only.

	Australia		US		UK/Europe		Japan		Total	
	%	no/.	%	no/.	%	no/.	%	no/.	%	no/.
Tenet - Infrastructure related			11	2					11	2
Undisclosed			5	1						
Undisclosed			6	1						
Tenet - Paint / Coatings					8	2			8	2
Akzo Nobel					2	1				
Tikkurila					6	1				
Tenet - Oil Related			6	1					6	1
Schlumberger			6	1						
Dover Downs Gaming			6	1					6	1
Topps Tiles					4	1			4	1
Eurokai					8	1			8	1
Asics Corp							3	1	3	1
Undisclosed					2	1			2	1
Gross long			23	4	23	5	3	1	48	10
Gross short										
Gross invested position			23	4	23	5	3	1	48	10
Derivatives (annual cost)									3	3
Notes: Totals may not add due to rounding. Data as at 30 th June 2018.										

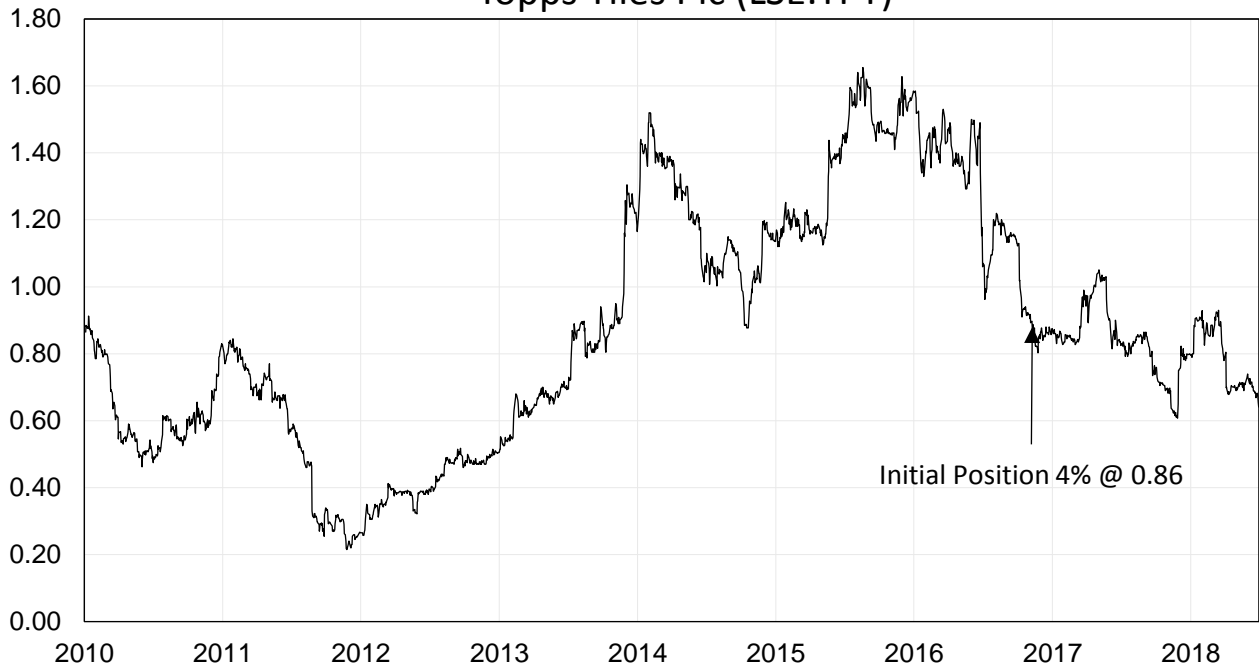
Fund Investment position 2011 - 2018



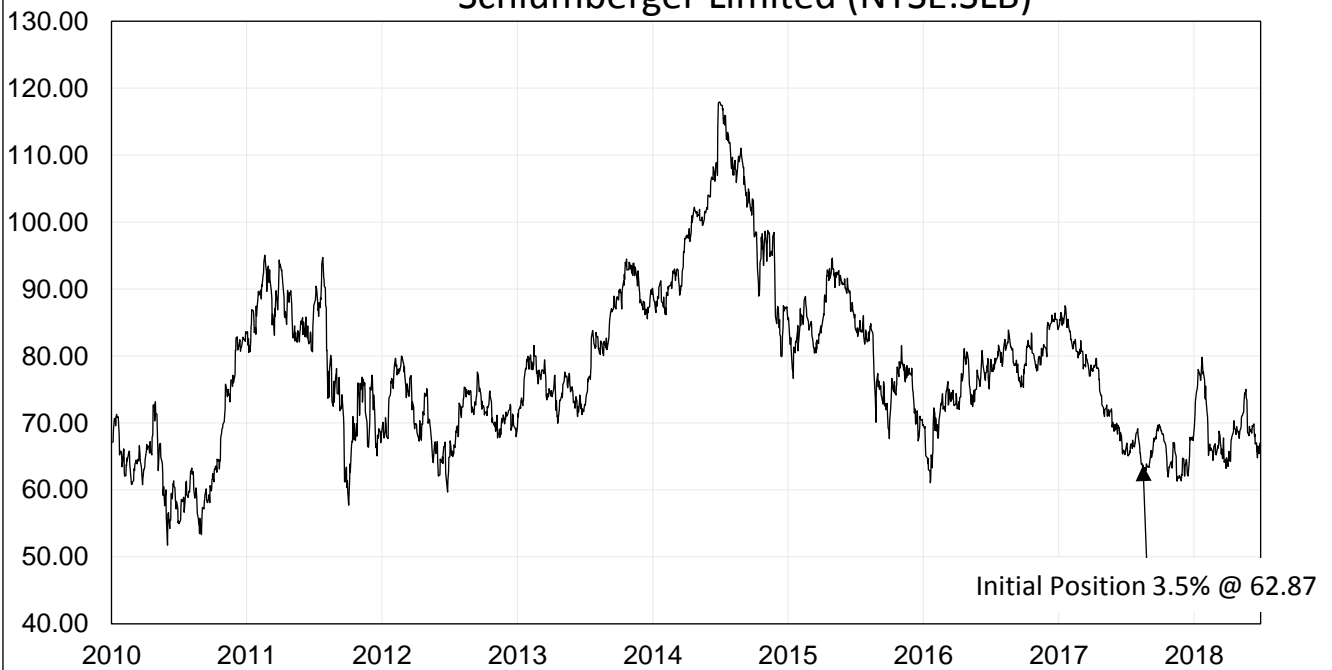
Appendix: Charts

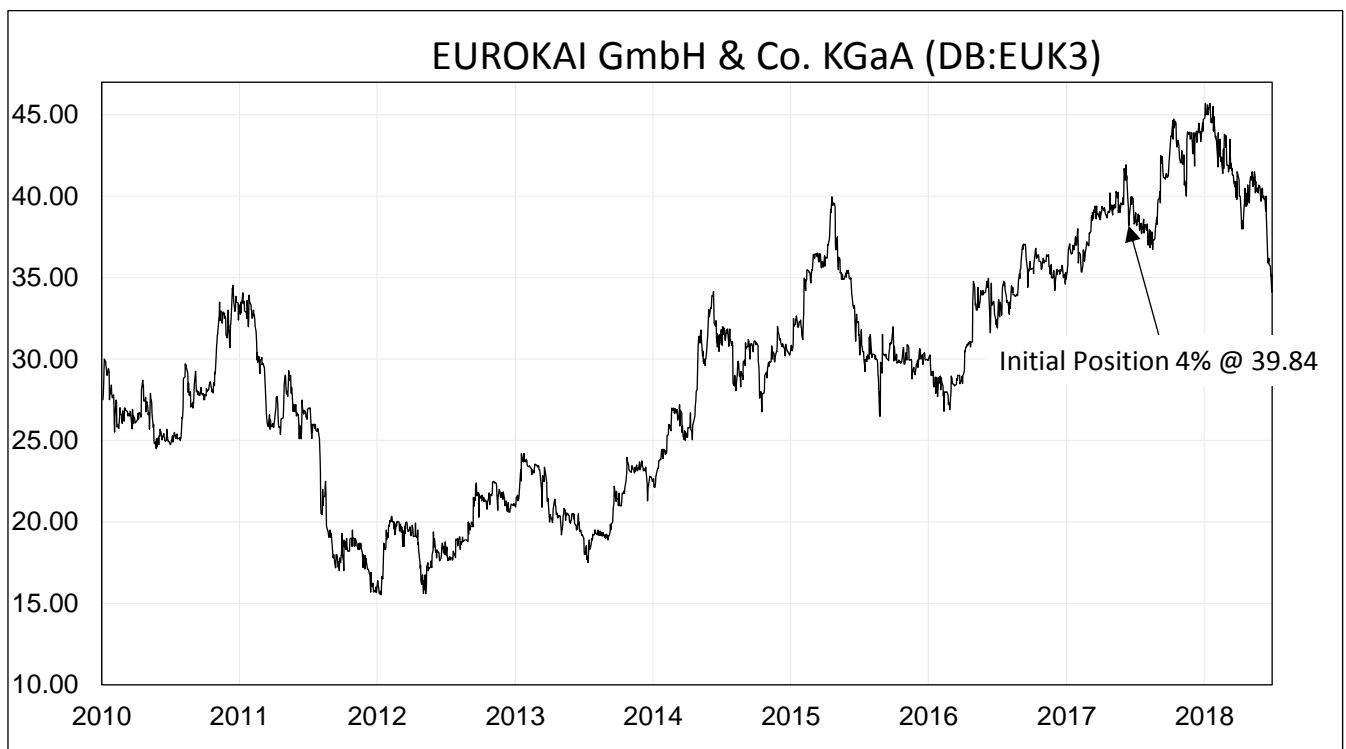
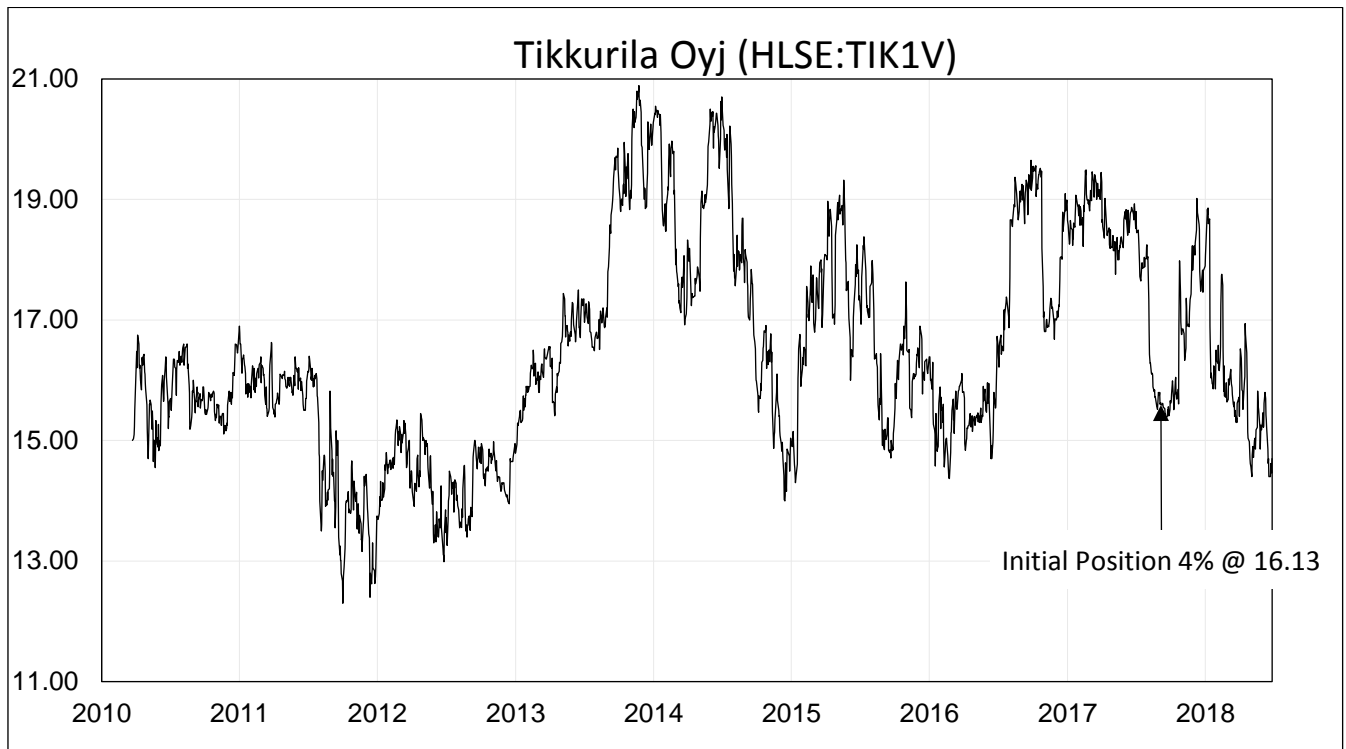


Topps Tiles Plc (LSE:TPT)



Schlumberger Limited (NYSE:SLB)

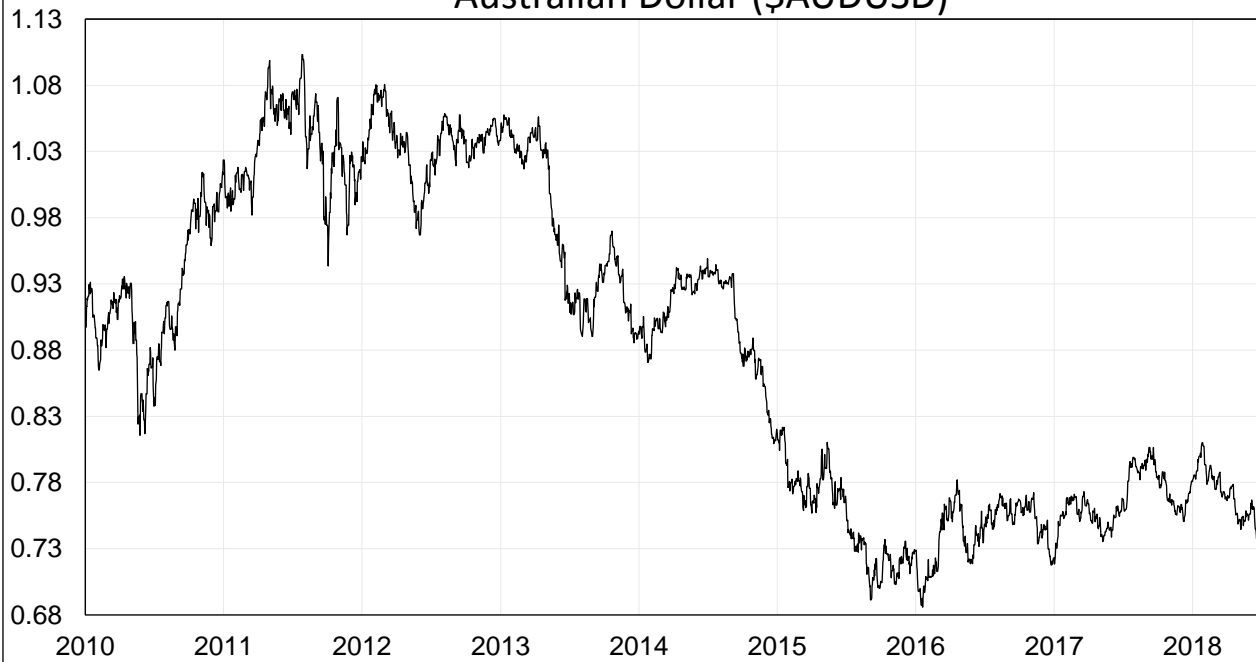




Asics Corporation (TSE:7936)



Australian Dollar (\$AUDUSD)



Japanese Yen (\$JPYUSD)



Crude Oil (NYMEX:^CL)



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