

02/10/2020

The fund's gross long investment exposure increased from 75% to 82% during the quarter ending Sept 30th 2020. We increased the fund's investments in the electric utility sector from two investments and 8% of the fund's capital at the start of the quarter to four investments and 14% currently of the fund's capital.

Key additions included:

- Increasing the investment in Portland General Electric Company by an additional 2.5% at US\$36.05. During the quarter, Portland General's share price was negatively impacted by the announcement of unexpected trading losses and more recently it has been further impacted due to association with current US west coast wildfires; and
- Investing 2% of the fund's capital in each of PG&E Corporation at US\$9.05 and Edison International at US\$51.52. Both businesses are being discounted due to wildfire association, with PG&E further discounted as a result of its recent bankruptcy process. Observing this process and the changes that have come into effect over the past 12 months, we have become more constructive on how wildfire liabilities are being administered in California. Historically, we have considered the Californian electric utilities as being un-investible because of wildfire risk and the liability treatment in California. We view the steps taken by the State of California through PG&E's process as demonstrating, at a minimum, a constructive intent by the State to enable the electric utilities to put in place workable business models that are sustainable over the longer term.

We are attracted to investments in the electric utility sector where we perceive that the operators are genuinely focussed on decarbonisation and where there are movements towards more performance-based regulation. We have been interested in this investment idea for a couple of years. This interest has been progressively reflected in the fund over the past year as we have identified what we consider to be suitable investments.

During the quarter we sold the balance of the fund's investment in Linde plc. We invested 3% of the fund's capital into Linde in March 2020. We sold the investment due to the initial investment being smaller than our target and the recent appreciation in the share price. The Linde investment contributed 0.9% to the fund's returns.

Earlier this week, we spent approximately 0.40% of the fund's capital buying significantly out of the money short term put options against a couple of large cap ASX listed companies. These option contracts are only likely to provide some support to the fund if there is a significant (20%+) short term correction in markets. At the strike prices, the options cover approximately 30% of the fund's capital. We were prompted to buy this protection by the recent increase in the fund's invested position and the general appreciation in markets more broadly.

Please do not hesitate to contact us if you would like to discuss our activities in detail.

Miles, Nigel and Toby.

Returns (to 30/09/2020)	Fund
Since inception* (annualised)	6.9%
Since inception* (cumulative)	100.6%
Rolling 5 year (annualised)	1.2%
Rolling 3 year (annualised)	-1.2%
Rolling 1 year	-8.0%
Standard deviation	9.4%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
July		1.14%	-1.95%	-3.06%	2.03%	1.98%	0.45%	-1.62%	-1.57%	4.99%	-0.35%	-0.86%
Aug		-0.33%	-0.32%	0.45%	1.42%	-0.39%	-1.39%	-0.18%	1.21%	1.50%	-1.64%	2.97%
Sept		0.60%	-2.18%	1.89%	0.52%	4.18%	-1.19%	1.34%	3.04%	-4.26%	1.23%	-0.66%
Oct		2.12%	0.83%	1.30%	1.43%	2.53%	0.27%	-0.21%	0.56%	-1.60%	0.51%	
Nov		0.47%	-1.22%	-2.46%	3.97%	11.10%	0.60%	4.50%	2.73%	-0.54%	1.36%	
Dec		-0.24%	0.27%	6.93%	1.13%	3.00%	-3.07%	2.46%	0.06%	-3.05%	-0.02%	
Jan		0.31%	0.84%	9.92%	-0.54%	0.97%	-1.77%	-5.16%	1.32%	2.20%	1.93%	
Feb		1.78%	0.02%	2.69%	-0.81%	1.57%	1.77%	-0.59%	-1.66%	3.91%	-7.52%	
Mar		1.06%	5.59%	-0.44%	-1.45%	-0.04%	-0.84%	1.21%	-0.52%	0.53%	-9.67%	
Apr	*0.04%	-1.94%	1.62%	4.45%	0.08%	0.32%	1.72%	1.34%	1.27%	2.11%	0.43%	
May	-0.78%	1.01%	-0.37%	8.63%	1.29%	0.47%	4.12%	1.84%	-0.23%	-3.64%	4.11%	
Jun	-0.76%	-0.70%	-2.58%	1.68%	0.02%	-2.61%	-0.79%	0.37%	-1.21%	1.56%	0.05%	
Fin Yr	-1.49%	5.33%	0.29%	36.06%	9.33%	24.95%	-0.31%	5.10%	4.97%	3.28%	-9.97%	
Cal Yr		-3.10%	10.12%	43.95%	22.40%	-3.70%	10.76%	4.89%	-4.23%	7.82%		

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

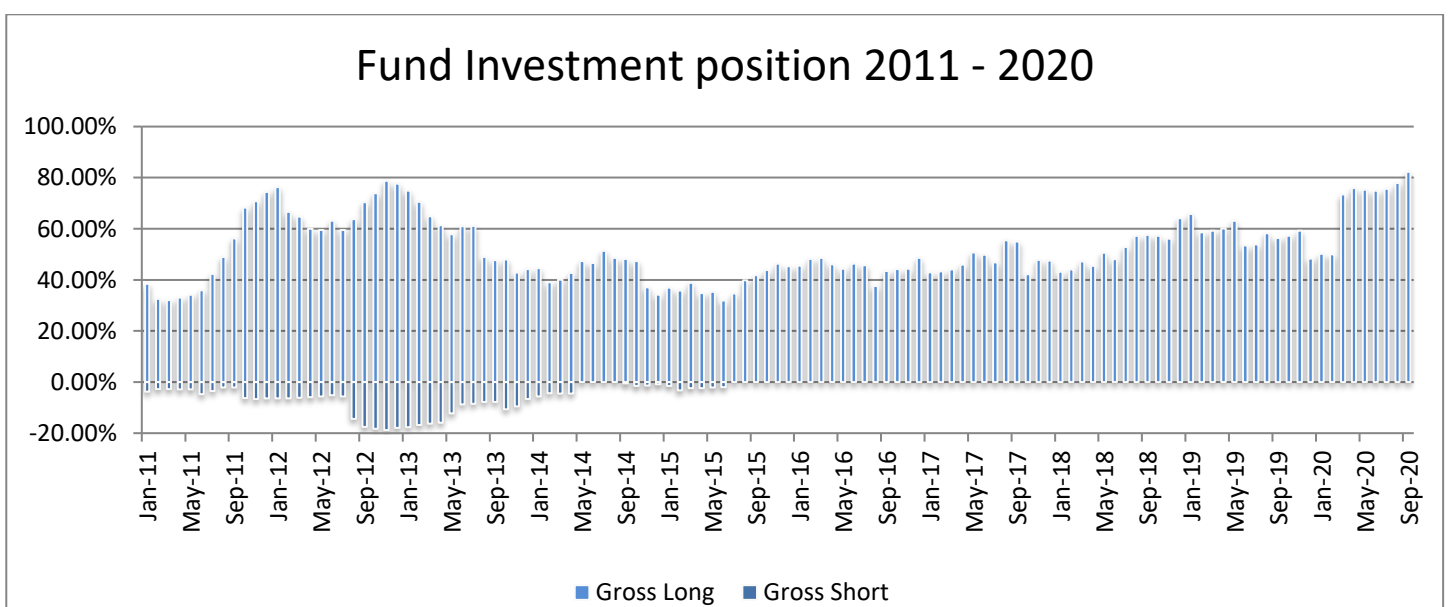
- The fund's daily unit price and distribution details can be downloaded via this [link](#).

	Long (%)	Short (%)	Currency (%)
Australia	5	0	31
United States/Canada*	30	0	30
UK/Europe*	40	0	32
Japan	3	0	3
New Zealand	4	0	4
Total	82	0	100
Derivatives (annual cost)	3		

Notes: Data as at 30th September 2020. * UK/Euro & USD/CAD approximate only.

	Australia / NZ		USA / Canada		UK/Europe		Japan		Total	
	%	no/.	%	no/.	%	no/.	%	no/.	%	no/.
Tenet - Parcel Infrastructure			11	1					11	1
Fedex Corp			11	1						
Tenet - Paint / Coatings					10	2			10	2
Tikkurila					6	1				
STO SE					4	1				
Tenet - Oil Related			3	1					3	1
Schlumberger			3	1						
Tenet - Global Trade Related					3	1			3	1
Cargotec Oyj					3	1				
Tenet - European Container Terminals					10	1			10	1
Eurokai					10	1				
Tenet - Airports					6	2			6	2
Aena SME					3	1				
Flughafen Zurich AG					3	1				
Tenet - Electric Utilities			10	3	4	1			14	4
National Grid					4	1				
Portland General Electric Co			6	1						
PG&E Corporation			2	1						
Edison International			2	1						
Topps Tiles					3	1			3	1
Asics Corp							3	1	3	1
Kinder Morgan Inc			5	1					5	1
Ponsse OYJ					4	1			4	1
Tower Limited	4	1							4	1
Qube Holdings Ltd	5	1							5	1
Gross long	9	2	30	6	40	9	3	1	82	18
Gross short										
Gross invested position	9	2	30	6	40	9	3	1	82	18
Derivatives (annual cost)									3	3

Notes: Totals may not add due to rounding. Data as at 30th September 2020



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