

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 28 February 2015

Re: Monthly Update

	Castlereagh Equity	ASX All Ordinaries	Relative Performance	CE Net Asset Value
1 November 2013 to 27 February 2015*	9.1%	8.8%	0.3%	109.1cents
1 February 2015 to 27 February 2015*	2.9%	6.2%	-3.3%	109.1 cents

The XAO started at 5420 on 1 November 2013 and rocketed to 5898 on 27 February 2015. In percentage terms, this was a rise of 8.8% for the period. CE turned in a slightly better performance at 9.1% during the same period.

Taking things from the commencement since 1 February 2015, the XAO started at 5552 on 1 February 2015 and ended at 5898 on 27 February 2015. In percentage terms, the XAO increased by 6.2% for the month of February 2015. With cash holdings at 20%, CE inevitably fell behind with a gain of only 2.9% for the month.

To put things into perspective, the XAO gained over 9% for the first two months of the calendar year. These gains made up virtually all of the XAO's gains over the last 16 months.

As at 27 February 2015, CE's cash component is 20%. We made a few purchases during February, and also welcomed new investor partners.

February 2015 is also the month where most of our holdings publish their half yearly reports. It is pleasing to note that most of our businesses performed as expected or exceeded expectations. We also have a handful of businesses which turned in disappointing results. Collectively, the portfolio held its own against the benchmark, despite rocketing share prices in the top end of the market. Overall, good fortune has made up for my mistakes of judgment. Whilst we cannot guarantee that good fortunes will continue, we are committed to reduction of mistakes. We do this by constantly examining our investment thesis on various companies, and in particular, the areas where we have committed errors and to put in place steps to ensure that errors are minimised in the future.

We have had some influx of funds in February 2015. We have deployed some of the funds to purchase shares at attractive prices. CE's cash component is roughly 20%. After the reporting season, our portfolio of companies are now in a stronger position. As expected, most of them continues to generate healthy cashflows. Our trustworthy and capable managers of these businesses continue to deploy excess capital intelligently. Consequently, the intrinsic value of our portfolio of companies continue to increase. We estimate that the increase in intrinsic value of our holdings exceeds their share price increases, meaning that collectively for the portfolio, our margin of safety has actually increased.

If any investor partner wishes to contact me to discuss this memorandum or any other matters related to CE, please do not hesitate to do so. Contact details can be found on CE's website.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Director, Castlereagh Equity Pty Ltd

*28 February 2015 is a Saturday