

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 31 March 2015

Re: Monthly Update

	Castlereagh Equity	ASX All Ordinaries	Relative Performance	CE Net Asset Value
1 November 2013 to 31 March 2015	9.1%	8.1%	1%	109.1cents
1 February 2015 to 31 March 2015	5.4%	5.5%	-0.1%	109.1 cents

The XAO started at 5420 on 1 November 2013 and ended at to 5861 on 31 March 2015. In percentage terms, this was a rise of 8.1% for the period. CE turned in a slightly better performance at 9.1% during the same period.

Taking things from the commencement of 1 February 2015, the XAO started at 5552 on 1 February 2015 and ended at 5861 on 31 March 2015. In percentage terms, the XAO increased by 5.5% for this two months period. CE fell slightly behind with an increase of 5.4% for the same period.

As at 31 March 2015, CE's cash component is 10%. We made a few purchases during March 2015 and collected some dividends. The composition of the share portfolio remains significantly unchanged and we continue to monitor the performance of our outstanding managers.

I reiterate that the objective of the fund is to purchase, at a fair price, parts of outstanding businesses operated by honest and capable management. To date, we have managed to acquire part ownership of one outstanding business which has been operating as a public listed company for nearly 18 years. Barring any unforeseen circumstances, we expect to hold the shares in this business for many years, even decades, to come. During March 2015, the shares of three other outstanding businesses traded down to just above a reasonable price, and rest assured that we are watching them closely in case they start selling at a fair or attractive price.

In the meantime, we have allocated cash to the purchase of a diversified basket of shares in businesses which are trading at a cheap price. These businesses are not necessarily outstanding businesses, however, the price at which we have purchased them gives us a large margin of safety in case things go wrong, and a reasonable upside. As discussed in previous memorandums, we are of the opinion that a diversified basket of cheap shares with low risks provides us with better risk-adjusted returns compared to cash. Therefore, we are in effect parking our cash in these securities for a better return whilst we wait for good prices on outstanding businesses to eventuate.

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