

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 31 January 2017

Re: Monthly Update

	Castlereagh Equity	ASX All Ordinaries	Relative Performance	CE Net Asset Value
1 November 2013 to 31 January 2017	51.8%	4.7%	47.1%	151.8 cents
1 November 2013 to 31 January 2015	6.2%	2.4%	3.8%	106.2 cents
1 February 2015 to 29 January 2016	19.4%	-9.2%	28.6%	126.8 cents
1 February 2016 to 31 January 2017	19.7%	12.5%	7.2%	151.8 cents

To aid in understanding the tables above:

1. CE commenced on 1 November 2013 with shares issued at \$1 per share, backed by \$1 of cash per share.
2. The first row of the table above provides a summary of CE's performance since its commencement on 1 November 2013 until the date of this memorandum. It also compares CE's performance with the benchmark All Ordinaries index over the same period.
3. The second row of the table provides a summary of CE's performance for its first reporting period (15 months period from 1 November 2013 to 31 January 2015).
4. The third row of the table provides a summary of CE's performance for its second reporting period (12 months period from 1 February 2015 to 29 January 2016).
5. The fourth row of the table provides a summary of CE's performance for its third and current reporting period (period commencing 1 February 2016 to the date of this memorandum).

The XAO started at 5420 on 1 November 2013 and ended at 5675 on 31 January 2017. In percentage terms, the XAO gained 4.7% for the 39 months period since the start of the CE fund. CE's performance over the same 39 months period is 51.8%.

For the month of January 2017, the XAO dropped slightly by 0.7%. The CE portfolio gained roughly 1.1% for the month.

The cash component of the CE fund is just below 10%.

Since inception on 1 November 2013, the net returns to investor partners after director fees will be approximately 45%. We will be able to provide a more accurate figure in our next memorandum.

Dividends, Directors Fees and Contributions

As at the date of this memorandum, the total value of franking and tax credits in CE amounts to approximately 3.8 cents per share. As per our IM principles, we will be declaring a fully franked dividend to an extent sufficient to “stream” all of these franking and tax credits back to investor partners. The dividend will be automatically reinvested at the prevailing NAV on 1 February 2017.

We will also be calculating directors fees payable and intend to pay these fees on 31 January 2017.

February month is also the period where CE is open to receive contributions from both new investor partners and existing investor partners. Once again, we expect a modest intake of funds this February, which will place us well to take advantage of opportunities during the upcoming reporting and tax loss selling periods.

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.

Thank you for your trust and confidence in us.

Regards
Peter Phan
Director, Castlereagh Equity Pty Ltd