

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 28 February 2018

Re: Monthly Update

	Castlereagh Equity	ASX All Ordinaries	Relative Performance	CE Net Asset Value
1 November 2013 to 28 Feb 2018	64%	12.9%	51.1%	139 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
1 February 2017 to 31 Jan 2018	9%	8.3%	0.7%	146 cents
1 Feb 2018 To 28 Feb 2018	0%	-0.5%	0.5%	139 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 reporting period (12 months period from 1 February 2016 to 31 January 2017).
6. The fifth row of the table provides a summary of CE's performance for its fourth and current reporting period (period commencing 1 February 2017 to the date of this memorandum).
7. *CE NAV is after payment of dividend and director fees in Feb 2017 and Feb 2018. These payments "reset" the NAV from 1.52 to 1.34 in Feb 2017 and from 1.46 to 1.39 in Feb 2018.

The XAO started at 5420 on 1 November 2013 and ended at 6117 on 28 February 2018. In percentage terms, the XAO gained 12.9% for the 51 months period since the start of the CE fund. CE's performance over the same 51 months period is 64%.

For the month of February 2018, the XAO was down 0.5%. The CE portfolio was flat for the month.

The cash component of the CE fund is just under 36%.

Dividends, Directors Fees and reset NAV

CE ended with a NAV of \$1.46 on 31 January 2018.

After payments of dividends and director fees (all such payments being reinvested back into CE shares), as at 1 February 2018, CE's NAV is \$1.39 per share.

The Journey So Far

CE commences its fourth operational and reporting period this month. Once again, we welcomed several new investor partners. More importantly, we are also honoured with continuing trust and confidence from our existing members, with only one small redemption (less than 1% of portfolio) this month. Directors also continue to reinvest their full remuneration in CE and also contributed further funds during this intake.

Once again, I am extremely honoured to have such strong support from CE investor partners. A patient investor partner base will provide us with a critical edge in our quest to outperform the market over the next coming decades.

Last year at this same time, I said that the majority of market participants fail to account/discount for risks when capital is allocated. How else could you explain the debacles of Slater & Gordon (SGH), Quintis (QIN), GetSwift (GSW), Big Un (BIG) and Dominos (DMP)? As usual, we sat forlornly on the sidelines as market participants gloated about the "wealth" they are making in frothy stocks. In times like these, it pays for us to remember Li Lu's advice: that we should earn what we deserve. Indeed, over a long period of investing, luck will even itself out, and every market participant will get what they deserved.

I mentioned last year that market valuations are starting to get stretched. The stretching continued for the last 12 months, and at present, shows no sign of abating. We are currently sitting on very high levels of cash. My investment strategy does not mandate any predetermined levels of cash, hence CE's level of cash is purely a consequence of how many good actionable ideas I have been able to generate. Needless to say, as prices continue to climb, opportunities will start to dwindle.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Director, Castlereagh Equity Pty Ltd