

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 28 February 2019

Re: Monthly Update

	CE	CE ex-fees	XAOA	CE ex fees vs XAOA	XAO	CE vs XAO	CE Net Asset Value
1 November 2013 to 28 Feb 2019	63%	55.7%	44.9%	11.8%	15.3%	46.7%	139 cents*
1 November 2013 to 31 Jan 2015	6.2%	6.2%	7.7%	-1.5%	2.4%	3.8%	106.2 cents
1 February 2015 to 29 Jan 2016	19.4%	16.4%	-4.7%	21.1%	-9.2%	28.6%	126.8 cents
1 February 2016 to 31 Jan 2017	19.7%	16.3%	17%	-0.7%	12.5%	7.2%	151.8 cents
1 February 2017 to 31 Jan 2018	9%	8.3%	13%	-4.7%	8.3%	0.7%	146 cents
1 February 2018 to 28 Feb 2019	1%	1%	6%	-5%	5.3%	-4.3%	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 (XAO) and the All Ordinaries Total Return Index (XAOA) 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 (and subsequent rows) provides a summary of CE's performance for its reporting period (12 months period from 1 February to 31 January).
5. The last row of the table provides a summary of CE's performance for its current reporting period (period commencing 1 February 2019 to the date of this memorandum).
6. *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, from 1.46 to 1.39 in Feb 2018, and from 1.39 to 1.39 in Feb 2019.

The XAO started at 5420 on 1 November 2013 and ended at 6252 on 28 February 2019. In percentage terms, the XAO gained 15.3% for the 64 months period since the start of the CE fund.

The XAOA started at 44054.2 on 1 November 2013 and ended at 63843 on 28 February 2019. In percentage terms, the XAOA gained 44.9% for the 64 months period since the start of the CE fund.

CE's performance over the same 63 months period is 63%.

For the month of February 2019, the XAO gained 5.3% and the XAOA gained an even mightier 6%. The CE portfolio gained 1% for the month.

The cash component of the CE fund is just over 16%.

We have just about finished the substantial part of half yearly reporting season. On the main, CE's portfolio companies reported decent results with nothing much outstanding (apart from one major holding which I do not wish to discuss publicly at present as I intend to add even further should the company meet the performance milestones I am expecting). Solid performers included DTL, FID, UOS and FLT. Our smaller deep value plays such as SRS, SLM and CAA performed as expected and we await patiently our opportunity to conclude these with a tidy profit.

There remains a few disappointing performers which detracted from the performance of the rest of the portfolio, and some of these have turned out to be mistakes which will be liquidated with a loss in due course. I will report back on these mistakes once we have sold them.

We initiated a new starting position in a company which has recently gained traction in their business model transformation. The business is global and capital light in nature with ample cash generation to fund a long runway of growth ahead of it. We expect margins to continually expand as the expansion continues year on year. It is operated by an owner manager who holds substantial shares in the business.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Director, Castlereagh Equity Pty Ltd