

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 31 May 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 31 May 2019	85%	77%	52%	25%	19.8%	65.2%	160 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 31 Jan 2019	0%	0%	0.6%	-0.6%	-3.4%	3.4%	139 cents
1 February 2019 to 31 May 2019	15%	14%	11.3%	2.7%	9.3%	5.7%	160 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 6492 on 31 May 2019. In percentage terms, the XAO gained 19.8% for the 67 months period since the start of the CE fund.

The XAOA started at 44054.2 on 1 November 2013 and ended at 67027 on 31 May 2019. In percentage terms, the XAOA gained 52% for the 67 months period since the start of the CE fund.

CE’s performance over the same 67 months period is 85%.

For the month of May 2019, the XAO gained 1.1% and the XAOA gained 1.7%. The CE portfolio dropped 3.6% for the month.

The cash component of the CE fund is 18%.

For the month of May, we saw some modest price recovery with our beaten down holdings, which offset the price decline from our major holding. The general market was once again highly volatile, being bullish at the start to the mid of the month in the wake of the election results and expectations of interest rates cut, and then got spooked by US China tariff tensions and Brexit. Apart from the non-tech industrial sector which continues to be sold down to historic low multiples, there are not many tax loss selling opportunities for us this month. We still have the month of June to go, however, given current state of the market, I am not optimistic on finding any compelling opportunities to which I can allocate significant capital.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Director, Castlereagh Equity Pty Ltd