

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 30 September 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 30 Sept 2019	109%	97%	61.8%	35.2%	25.5%	83.5%	184 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 30 Sept 2019	32%	27%	18.4%	8.6%	14.5%	17.5%	184 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 6800 on 30 September 2019. In percentage terms, the XAO gained 25.5% for the 71 months period since the start of the CE fund.

The XAOA started at 44054.2 on 1 November 2013 and ended at 71282 on 30 September 2019. In percentage terms, the XAOA gained 61.8% for the 71 months period since the start of the CE fund.

CE’s performance over the same 71 months period is 109%.

For the month of September 2019, the XAO gained 1.6% and the XAOA gained 2.1%. CE gained 6.4% for the month.

The cash component of the CE fund is 20%.

Mr Market can be a huge hubris destroyer. In my last memorandum, I mentioned both FLT and CYB. This month, we have bad news on both. CYB was promptly smashed by the market after disclosing larger than expected provisions for PPI claims. Hot on the heels of that wonderful news, Thomas Cook announced their bankruptcy, putting a ripple throughout the industry.

Fortunately enough, the names that I did not mention put in a good month, so we still ended up with a satisfactory result. One of our quasi-cash positions have nearly obtained closure, and I will report on that in due course. Other than that, it is more or less business as usual for CE despite the scary headlines in the media.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Director, Castlereagh Equity Pty Ltd