

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 31 October 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 Oct 2019	114%	101%	61.2%	39.8%	25%	89%	189 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 Oct 2019	36%	30%	18%	12%	14%	22%	189 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 6773 on 31 October 2019. In percentage terms, the XAO gained 25% for the 72 months period since the start of the CE fund.

The XAOA started at 44054.2 on 1 November 2013 and ended at 71018 on 331 October 2019. In percentage terms, the XAOA gained 61.2% for the 72 months period since the start of the CE fund.

CE’s performance over the same 72 months period is 114%.

For the month of October 2019, the XAO decreased slightly by 0.3% and the XAOA decreased slightly by 0.3%. CE gained 2.7% for the month.

The cash component of the CE fund is 22.5%.

Nothing of much significance happened to the businesses in the CE portfolio in October. By and large, valuations in quality companies continue to be elevated. We managed to purchase more shares in two companies whilst selling shares in DTL whose share price has appreciated considerably in comparison to its growth prospects. Overall, we were net sellers in October which partly accounted for the increase in our cash holdings.

In the next month or two, our portfolio companies will be holding their AGMs and trading updates are expected. Further, one of our quasi-cash position is expected to reach closure in November. I will provide more details when these events play themselves out.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Director, Castlereagh Equity Pty Ltd