

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 30 April 2020

Re: Monthly Update

	CE	CE ex-fees	XAOA	CE ex fees vs XAOA	XAO	CE vs XAO	CE Net Asset Value
1/11/13 to 30/4/20	129%	109%	36%	73%	3.3%	125.7%	185 cents*
1/11/13 to 31/1/15	6.2%	6.2%	7.7%	-1.5%	2.4%	3.8%	106.2 cents
1/2/15 to 29/1/16	19.4%	16.4%	-4.7%	21.1%	-9.2%	28.6%	126.8 cents
1/2/16 to 31/1/17	19.7%	16.3%	17%	-0.7%	12.5%	7.2%	151.8 cents
1/2/17 to 31/1/18	9%	8.3%	13%	-4.7%	8.3%	0.7%	146 cents
1/2/18 to 31/1/19	0%	0%	0.6%	-0.6%	-3.4%	3.4%	139 cents
1/2/19 to 31/01/20	65%	51.7%	25%	26.7%	20.3%	44.7%	229 cents
1/2/20 to 30/4/20	-12%	-12%	-20%	8%	-21.4%	9.4%	185 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 calendar month February of each year. These payments "reset" the NAV as follows:
 - (a) 1.52 to 1.34 in Feb 2017,
 - (b) 1.46 to 1.39 in Feb 2018,
 - (c) 1.39 to 1.39 in Feb 2019.
 - (d) 2.29 to 2.10 in Feb 2020.

The XAO started at 5420 on 1 November 2013 and ended at 5598 on 30 April 2020. In percentage terms, the XAO gained 3.3% for the 78 months period since the start of the CE fund.

The XAOA started at 44054.2 on 1 November 2013 and ended at 59847 on 30 April 2020. In percentage terms, the XAOA gained 36% for the 78 months period since the start of the CE fund.

CE's performance over the same 78 months period is 129%.

For the month of April 2020, the XAO gained 9.5% and the XAOA gained 9.5%. CE gained 20% for the month.

The cash component of the CE fund is 21%.

A Month of Lockdown

Despite working mostly from home, it is pretty much business as usual for CE. I wish the same could be said for the business environment in which our portfolio companies operate within. Economic conditions remain challenging for almost every sector, with very little clarity as to any eventual probable outcomes. Nevertheless, at the present time, the best of human minds around the world are now collectively united and concentrated on dealing with COVID19. I am confident that the amount of resources expended at present in areas of health, science, medicine, engineering and production will yield a lot of benefits to humankind in the future. Even as I write, we are getting optimistic news on several fronts- promising vaccines in Oxford, England and Queensland, Australia, a drug treatment by Gilead undergoing human trials, novel testing kits and curve flattening in several countries. All of these developments are even more encouraging considering that most of the Western world only managed to get their act together in early to mid March, barely less than 2 months ago.

The human species is both tenacious and resilient. It is a question of when, not if, as to whether we will successfully deal with this virus. It is true that we will have to pay a price in the medium term in regards to economics. But we have good historical precedent to be confident that this will just be a brief blip in the inexorable march of human progress and wellbeing. In a nutshell, COVID19 presents very little concern to our conviction that shares remain the best investment asset class, as businesses continue to produce goods and services to satisfy the limitless wants and needs of humankind.

As for CE portfolio companies, some specific businesses are getting impacted by the lockdown. We have mentioned some of these in the previous memorandum eg KME, ICS, and SMP. There are some positive developments with two of our major holdings which have also positively affected their share prices, hence giving us a nice lift this month. We have also initiated a small position in a company operating in the regulatory environment technology sector. As for our quasi-cash positions, we continue to await their conclusion eg SLM.

In this climate of uncertainty, we prepare for the worst and let the upside take care of itself, which is pretty much what we do all the time anyway. So as I have said, it is business as usual at CE.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Director, Castlereagh Equity Pty Ltd