

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 31 August 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 31/8/20	154%	133.6%	52.9%	80.7%	15.2%	138.8%	210 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 31/8/20	0%	0%	-10.4%	10.4%	-12.5%	12.5%	210 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 6245 on 31 August 2020. In percentage terms, the XAO gained 15.2% for the 82 months period since the start of the CE fund.

The XAOA started at 44054.2 on 1 November 2013 and ended at 67348 on 31 August 2020. In percentage terms, the XAOA gained 52.9% for the 82 months period since the start of the CE fund.

CE's performance over the same 82 months period is 154%.

For the month of August 2020, the XAO gained 3.1% and the XAOA gained 3.7%. CE gained 5% for the month.

The cash component of the CE fund is just over 18%.

Reporting Season, COVID disruption continues

Once again, it was a rather uneventful reporting season as far as the CE portfolio is concerned. Despite the continuing disruption due to COVID, our portfolio of businesses performed better than expected. The outlook in general is unclear and the management of our businesses are generally conservative and cautious in nature. The next update will be sometime in October and November when annual general meetings are conducted.

In the meantime, my search for opportunities continue unabated. As per Li Lu's guidance, we strive to do accurate and complete work, with the aim of generating tremendous insights on particular situations. Such deep and unique insights provide us with the necessary conviction to bet big when the odds are in our favour.

I have said this many times- I am extremely fortunate and privileged to have the support of CE's group of investor partners. You have provided me with kind words and messages of encouragement during difficult periods, which is much appreciated in a vocation which can get lonely and isolated at times. Some of you have shown courage and conviction by making further contributions of capital during the last few months. The stable and supportive shareholder base of CE is a very important competitive advantage in our quest to gain market beating returns. This is a long journey, and we have barely started, but I certainly intend to reach the finishing line with all of you by my side.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Director, Castlereagh Equity Pty Ltd