

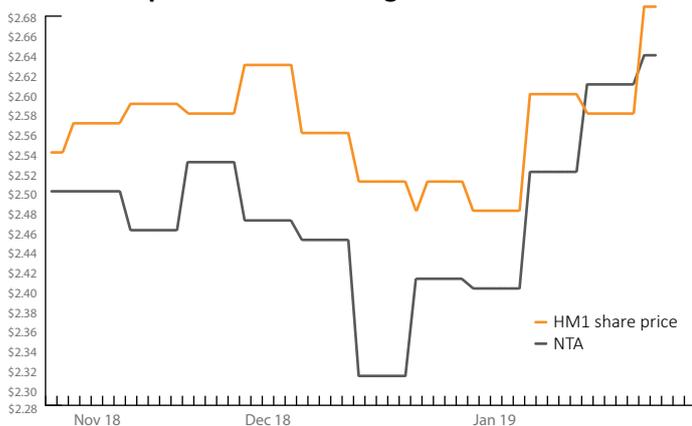
Investment objective

Provide a concentrated portfolio of long-only positions in 25-35 Australian and globally listed securities based on the highest conviction ideas from leading fund managers. The Company will forego any investment fees and instead donate to leading Australian medical research institutes.

Key details

| | |
|-----------------------------------|-------------|
| Pre-tax NTA ¹ | \$2.6424 |
| Post-current tax NTA ² | \$2.6453 |
| Post-tax NTA ³ | \$2.6000 |
| ASX code | HM1 |
| Share price | \$2.69 |
| Percent invested | 98% |
| Listing date | 14 Nov 2018 |

HM1 share price vs NTA backing



Performance

| | 1 month | 3 months | 1 year | Since Fund inception |
|--------------------------|---------|----------|--------|----------------------|
| Pre-tax NTA ¹ | 9.6% | 5.7% | - | 5.7% |
| MSCI World Index | 7.7% | -0.5% | - | -0.5% |

Source: Citco Fund Services. Fund inception 14 Nov 2018

Overview of January 2019

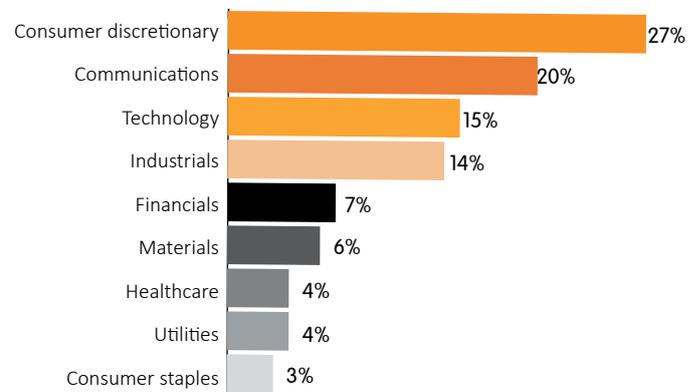
A solid result for investors in HM1 over the month of January, with the portfolio Net Tangible Asset value increasing by 9.6% from \$2.41 to \$2.64, compared to the MSCI World index which was up 7.7% for the month. Since the portfolio launched in early November, the NTA is up 5.7% and the share price is up 7.6%, while the MSCI World Index is basically unchanged.

Of the stocks selected from the Sohn Hearts & Minds Conference, which represents 40% of the portfolio, three-quarters have provided positive returns, with the top two both up over 28%. The bottom two are down 8% and 4%.

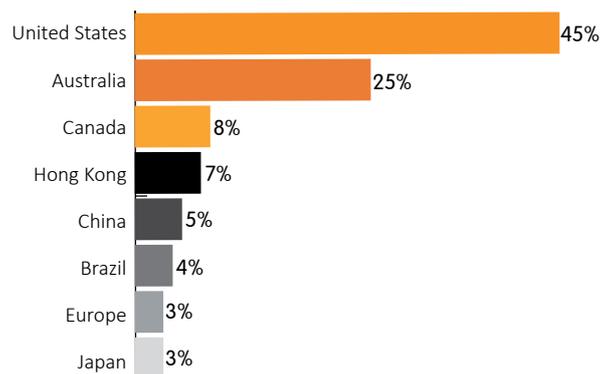
Similarly, the core portfolio performance is very pleasing, with 10 of the 15 stocks in positive territory, 5 of which are up over 10% at month end. Of the companies that reported in January, all have shown solid revenue and earnings growth, and the investment cases all remain intact. February will provide more company earnings updates for our companies both locally and abroad.

To receive these monthly investment updates via email please [click here](#).

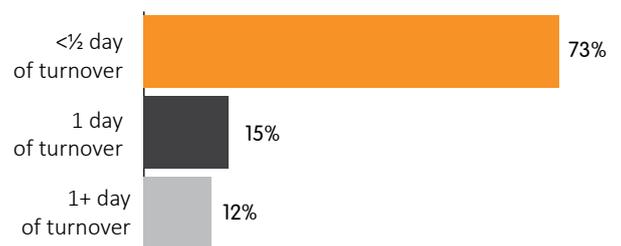
Sector allocation



Country allocation⁴



Portfolio liquidity⁵



¹Pre-tax NTA is calculated before the provision for tax on realised and unrealised gains and losses on the investment portfolio. ²Post-current tax NTA is calculated after the provision for tax on realised gains and losses on the investment portfolio. ³Post-tax NTA is calculated after the provision for tax on realised and unrealised gains and losses on the investment portfolio.

** All NTA figures are unaudited and prepared by Citco Fund Services. ⁴Country determined by location where primary business takes place. ⁵Based on 20 day average daily turnover.

⁶The performance figures quoted are historical, calculated using end of month prices. Performance can be volatile and future returns can vary from past returns.

All numbers as at 31 January 2019 unless otherwise stated.

Sohn Hearts and Minds Investment Leaders Conference

Manager recommendation in focus

Montaka Global Investments – Christopher Demasi

Montaka Global Investments (Montaka) is a global equities fund manager, founded in 2015 by Andrew Macken and Christopher Demasi, which seeks to deliver higher returns with lower risk than the market. Montaka’s long/short strategy invests in a high-conviction long portfolio of high-quality businesses that are materially undervalued and an independent short portfolio of businesses that are structurally challenged, misperceived and overvalued. A long-only version is also offered. Montaka’s founders and team members are the majority-owners of the business and invest substantially all their personal wealth alongside clients. Montaka has offices in Sydney and New York and manages over A\$500 million.

<https://montaka.com/>



Christopher Demasi
Portfolio Manager

Recommendation: Airbus SE (AIR FP)

Airbus is a leading global aerospace company generating almost €70 billion in annual revenue. Airbus Commercial is the crown jewel (75% of total revenues and 90% of profits). It is one of the world’s leading manufacturers of passenger aircraft, including the narrow-body A320, the wide-body A350, and the world’s largest passenger airliner, the A380. Airbus Helicopters is a global leader in civil and military rotorcraft, and Airbus Defence and Space is a leading supplier to militaries and the space industry.

What Christopher says about Airbus

- Airbus is a high-quality business, stemming from its market leading position in the highly attractive industry for passenger aircraft, demonstrated by return on equity above 30%.
- Airbus leads US-based Boeing in a global duopoly for passenger jets, with almost 60% of narrow-body orders (A320) and half of wide-body orders (A350). Airbus’ backlog of 7,000 orders stretches nine years, securing leadership for the foreseeable future.
- The market structure is virtually impervious to disruption. Initial capital outlays of tens of billions of dollars, decade-plus payback periods, and technological expertise and commercial relationships developed over decades are extremely high barriers for potential entrants.
- Airbus will benefit from structural growth tailwinds over the next 20 years, as the global middle-class population increases by two billion people, demand for air travel more than doubles, and airlines purchase over 37,000 planes to expand their fleets.
- Deliveries of Airbus’ key A320 and A350 aircrafts will ramp quickly and grow strongly, more next-gen and long-range variants will be sold for higher prices, and profit margins will ultimately double.
- At the current share price, we think the market is underappreciating this long run growth and profit opportunity. We estimate the stock is worth €150 per share today, or 50% upside, with little downside risk.

Company information

| | |
|-----------------------|---------------------------|
| Ticker code | AIR FP |
| Market capitalisation | €78.5 billion |
| Average daily volume | 1.589 million shares |
| 52-week range | €81.21- €110.06 |
| Bloomberg consensus | 25 Buys, 5 holds, 0 Sells |
| Average price target | €117.77 |

AIR FP: 5 year share price history

