

ASX ANNOUNCEMENT

26 February 2016

The Manager
ASX Market Announcements
Australian Securities Exchange
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Financial Year 2016 Half Year Results

The Board of Arowana Australasian Value Opportunities Fund Limited (ASX: AWQ) is pleased to release its Interim Financial Statements including Appendix 4D Disclosures for the half-year ended 31 December 2015, please see the attached.

Also attached is a Results Presentation and Market Update.

Arowana Australasian Value Opportunities Fund Limited



Tom Bloomfield
Company Secretary

AROWANA AUSTRALASIAN VALUE OPPORTUNITIES FUND LIMITED

ABN 27 602 250 644

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Arowana Australasian Value Opportunities Fund Limited

ACN 602 250 644

Interim Financial Statements Including Appendix 4D Disclosures For the half-year ended 31 December 2015



Arowana Australasian Value Opportunities Fund Limited

ACN 602 250 644

Interim Report for the period ending 31 December 2015

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Results for Announcement to the Market

Key Information	Change from previous corresponding period is not shown as there was no Revenue or Profit in the previous period and this is the first period for which half year reporting is required	Current Period A\$
Revenue from ordinary activities from continuing operations		2,265,599
Profit after tax from continuing operations attributable to members		1,295,199
Net profit for the half-year attributable to members		1,295,199

Dividends Paid and Proposed

Dividends (distributions)	Amount per security	Franked amount per security
Interim Dividend - 2015	Nil	Nil
Final Dividends - 2015	Nil	Nil
Interim Dividend – 2016	Nil	Nil

Dividend Reinvestment Plan

AWQ does not have a dividend reinvestment plan in operation.

Earnings per Share

Earnings per ordinary fully paid share	Information for the previous corresponding period is not shown as operations had not commenced at 31 December 2014 and this is the first period for which half year reporting is required	Current Period
<i>From continuing operations:</i>		
Basic EPS		2.69 cents
Diluted EPS		2.69 cents

Net Tangible Assets

NTA backing	31 December 2015	30 June 2015
Net tangible asset backing per ordinary security	102.3 cents	98.4 cents

Arowana Australasian Value Opportunities Fund Limited

ACN 602 250 644

Directors' Report and Financial Statements for the half-year ended 31 December 2015

DIRECTORS' REPORT

The Directors of Arowana Australasian Value Opportunities Fund Limited (the Company), present their report together with the financial statements of the Company for the half-year ended 31 December 2015 ("the reporting period").

Directors

The names of directors in office at any time during the half-year or since the end of the half-year are:

Kevin Chin (Chairman);

John Moore (Non-Executive director);

Victoria Guy (Non-Executive director);

Gary Hui (Director); and

Kien Khan (Kent) Kwan (Director).

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Review and results of operations

During the prior period, the Company commenced investment of funds in accordance with its governing documents.

The most appropriate measure of the Company's financial performance is Profit/(Loss) after income tax. Profit/(Loss) after income tax includes the profit after tax and after recognising both realised and unrealised gains/(losses) on the Company's investments.

The Company's profit before income tax for the half-year ended 31 December 2015 was \$1,850,284 (2014: \$39,484 loss). The profit after income tax for the half-year ended 31 December 2015 was \$1,295,199 (2014: \$39,484 loss).

Basic earnings per share after income tax was 2.69 cents for the reporting period.

For the reporting period ended 31 December 2015	
	\$
Profit before income tax expense	1,850,284
Income tax expense	555,085
Profit after income tax attributable to the owners of the Company	1,295,199
Weighted average number of shares	48,114,000

Reconciliation of net tangible assets used in calculation of net tangible assets per ordinary share for ASX reporting

As at 31 December 2015	\$
Net assets per financial statements	48,876,560
(Less)/Add net position of deferred tax asset/liabilities	326,811
Net tangible assets per financial statement	49,203,371
Expected costs to be incurred in realising proceeds of asset disposals (non-IFRS)	(53,012)
Provision for estimated tax on unrealised gains (non-IFRS)	(534,804)
Net tangible assets for ASX reporting	48,615,555
Number of ordinary shares on issue at reporting date	48,114,000

Net Tangible Assets Backing (NTA) per share	As at 31 December 2015	
	Chapter 19 NTA reporting \$/share	IFRS NTA Reporting \$/share
NTA per share, before providing for estimated tax associated with unrealised portfolio positions (\$/share)	1.0215	1.0226
NTA per share, after providing for estimated tax associated with unrealised portfolio positions (\$/share)	1.0104	1.0115

Dividends

No dividend was declared or paid during the reporting period.

Options

At the date of this report, the company has 48,114,000 unissued ordinary shares under options exercisable at \$1.00 each and which will expire on 30 June 2016.

Option holders do not have any rights to participate in any issues of shares or other interests of the company.

Significant changes in state of affairs

The Company is an Australian public company which was admitted to the official list of ASX Limited on 2 January 2015. There were no significant changes in the state of affairs during the reporting period.

Events occurring after the reporting period

No matters or circumstances have arisen since 31 December 2015 that have significantly affected, or may significantly affect:

- a) the Company's operations in future reporting periods; or
- b) the results of those operations in future reporting period; or
- c) the Company's state of affairs in future reporting periods.

Auditor's independence declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 7 for the half-year ended 31 December 2015.

Signed for, and on behalf of, the Board in accordance with a resolution of the Directors made pursuant to s. 306(3) of the *Corporations Act 2001*.



Kevin Chin
Chairman

Sydney, 23 February 2016

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
AROWANA AUSTRALASIAN VALUE OPPORTUNITIES FUND LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF Hacketts

PKF HACKETTS AUDIT



Shaun Lindemann
Partner

Brisbane, 23 February 2016

Arowana Australasian Value Opportunities Fund Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2015

Statement of Comprehensive Income

	Note	31 Dec 2015 \$	31 Dec 2014 \$
Revenue from ordinary activities			
Interest income		230,836	-
Dividend/Distribution income	3	130,355	-
Total revenue		361,191	-
Unrealised gains on financial assets held at fair value through profit or loss	4	1,835,692	-
Realised gains on financial assets held at fair value through profit or loss	4	68,715	-
Total income		2,265,598	-
Expenses			
Management fees		252,393	3,796
Directors' fees		46,125	7,500
Professional fees		29,006	-
Compliance and governance expenses		81,358	3,500
Other expenses		6,432	24,688
Total expenses		415,314	39,484
Profit/(loss) before income tax expenses/(benefit)		1,850,284	(39,484)
Income tax expense		555,085	-
Profit/(loss) after income tax for the period attributable to the owners of the Company		1,295,199	(39,484)
Other comprehensive income for the period attributable to the owners of the Company		-	-
Total other comprehensive income for the period attributable to the owners of the Company		-	-
Total comprehensive income for the reporting period		1,295,199	(39,484)
Earnings per share for profit after income tax attributable to the owners of the ordinary shares of the Company			
Basic (cents per share)		2.69	(0.08)
Diluted (cents per share)		2.69	(0.08)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Arowana Australasian Value Opportunities Fund Limited
Statement of Financial Position
as at 31 December 2015

Statement of Financial Position

	Note	31 Dec 2015 \$	30 June 2015 \$
Assets			
Current Assets			
Cash and cash equivalents		22,768,164	35,042,040
Receivables		69,133	85,424
Total current assets		22,837,297	35,127,464
Non-current assets			
Financial assets held at fair value through profit or loss	5	26,505,865	12,327,519
Deferred tax assets - net		-	228,274
Total non-current assets		26,505,865	12,555,793
Total assets		49,343,162	47,683,256
Liabilities			
Current liabilities			
Payables		139,791	101,895
Non-current liabilities			
Deferred tax liabilities - net		326,811	-
Total liabilities		466,602	101,895
Net assets		48,876,560	47,581,361
Equity			
Contributed equity		47,208,894	47,208,894
Retained profits		1,667,666	372,467
Total equity		48,876,560	47,581,361

The above statement of financial position should be read in conjunction with the accompanying notes.

Arowana Australasian Value Opportunities Fund Limited
Statement of Changes in Equity
For the half-year ended 31 December 2015

Statement of Changes in Equity

	Note	Contributed equity \$	Retained profits/ accumulated losses \$	Total equity \$
Balance at incorporation		-	-	-
Profit/(loss) after tax for the reporting period attributable to the owners of the Company		-	(39,484)	(39,484)
Other comprehensive income		-	-	-
Total comprehensive income for the reporting period attributable to the owners of the Company		-	(39,484)	(39,484)
Transactions with owners in their capacity as owners:				
Contributed equity (net of transaction costs and taxes)		-	-	-
Balance at 31 December 2014		-	(39,484)	(39,484)
Balance at 1 July 2015		47,208,894	372,467	47,581,361
Profit after tax for the reporting period attributable to the owners of the Company		-	1,295,199	1,295,199
Other comprehensive income		-	-	-
Total comprehensive income for the reporting period attributable to the owners of the Company		-	1,295,199	1,295,199
Transactions with owners in their capacity as owners:				
Contributed equity (net of transaction costs and taxes)		-	-	-
Balance at 31 December 2015		47,208,894	1,667,666	48,876,560

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Arowana Australasian Value Opportunities Fund Limited
Statement of Cash Flows
For the half-year ended 31 December 2015

Statement of Cash Flows

For the reporting period ended 31 December 2015	Note	31 Dec 2015 \$	31 Dec 2014 \$
Cash flows from operating activities			
Proceeds from sale of financial assets held at fair value through profit or loss		2,209,576	-
Payments for purchase of financial assets held at fair value through profit or loss		(14,480,853)	-
Interest received		278,465	-
Custody fees paid		(22,831)	-
Payment of other operating expenses		(420,828)	-
Net cash (outflow) from operating activities		(12,436,471)	-
Cash flows from investing activities			
Dividend received		162,595	-
Net cash inflow from investing activities		162,595	-
Cash flows from financing activities			
Proceeds from shares issued upon Initial Public Offering		-	-
Payment of capital raising costs		-	-
Net cash inflow from financing activities		-	-
Net increase in cash and cash equivalents		(12,273,876)	
Cash and cash equivalents at the beginning of the period		35,042,040	-
Cash and cash equivalents at the end of the period		22,768,164	-

The above statement of cash flows should be read in conjunction with the accompanying note.

1. General information

The financial statements cover Arowana Australasian Value Opportunities Fund Limited (the Company) as an individual entity. The Company is a company incorporated and domiciled in Australia. The address of the Company's registered office is Level 11, 153 Walker Street, North Sydney, NSW, 2060.

2. Summary of significant accounting policies

(a) Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Arowana Australasian Value Opportunities Fund Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2015, together with any public announcements made during the following half-year.

The interim financial statements were authorised for issue by the directors on 17 February 2016. The directors of the Company have the power to amend and reissue the financial statements.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for the impact of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant and effective for the current half-year.

The Group has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for the current half year. Adoption has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current half-year.

(c) Comparative information

Comparative figures for financial performance in these interim financial statements cover the period from the date of incorporation (9 October 2014) to 31 December 2014. The Company was admitted to the official list of ASX Limited and commenced operations on 2 January 2015.

3. Dividend/Distribution income

	31 Dec 2015	31 Dec 2014
	\$	\$
Dividends received	130,355	-

4. Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	31 Dec 2015	31 Dec 2014
	\$	\$
Unrealised gains on financial assets held at fair value through profit or loss	1,835,692	-
Realised gains on financial assets held at fair value through profit or loss	68,715	-
Total net gains on financial instruments held at fair value through profit or loss	1,904,407	-

5. Financial assets held at fair value through profit or loss

	31 Dec 2015	30 June 2015
	\$	\$
Designated at fair value through profit or loss		
Listed equities – at cost	24,253,041	11,910,387
Fair value adjustment	2,252,824	417,132
Total designated at fair value through profit or loss	26,505,865	12,327,519

6. Operating segment information

The Company operates only in the investment industry in Australia and has no reportable business or geographic segments.

7. Events occurring after the reporting period

No matters or circumstances have arisen since 31 December 2015 that have significantly affected, or may significantly affect:

- a. the Company's operations in future reporting periods; or
- b. the results of those operations in future reporting period; or
- c. the Company's state of affairs in future reporting periods.

8. Contingent assets and liabilities and commitments

There are no outstanding commitments, contingent assets and liabilities as at 31 December 2015.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Arowana Australasian Value Opportunities Fund Limited, the directors of the Company declare that:

1. The accompanying financial statements and notes set out on pages 8 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting* and the *Corporations Regulations 2001*;
 - (ii) Giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Kevin Chin
Chairman

Sydney, 23 February 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AROWANA AUSTRALASIAN VALUE OPPORTUNITIES FUND
LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Arowana Australasian Value Opportunities Fund Limited ("the Company"), which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Arowana Australasian Value Opportunities Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AROWANA AUSTRALASIAN VALUE OPPORTUNITIES FUND
LIMITED (continued)**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Arowana Australasian Value Opportunities Fund Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PKF Hacketts

PKF HACKETTS AUDIT



**Shaun Lindemann
Partner**

Brisbane, 23 February 2016

CORPORATE DIRECTORY

Directors	Kevin Chin (Chairman) Gary Hui Kien Khan (Kent) Kwan John Moore AO Victoria Guy
Company Secretary	Tom Bloomfield
Principal registered office in Australia	Level 11, 153 Walker Street North Sydney NSW 2060
Investment Manager	AAVOF Management Pty Ltd Level 11, 153 Walker Street North Sydney NSW 2060
Share Registry	Boardroom Pty Limited Level 12, 225 George Street Sydney, NSW 2000
Auditor	PKF Hacketts Audit Level 6, 10 Eagle Street Brisbane QLD 4000
Legal Adviser	Watson Mangioni Lawyers Pty Limited Level 13, 50 Carrington Street Sydney NSW 2000
Stock Exchange	Australian Securities Exchange AWQ – Ordinary Shares AWQO – Ordinary Options
Website	www.aavof.com



AROWANA AUSTRALASIAN VALUE OPPORTUNITIES FUND LIMITED (AAVOF)

**FINANCIAL YEAR 2016 HALF YEAR RESULTS PRESENTATION
AND MARKET UPDATE**

February 2016

DISCLAIMER

The information contained in this Presentation or subsequently provided to the recipient whether orally or in writing by, or on behalf of Arowana Australasian Value Opportunities Fund Limited (AAVOF) or any of its directors, officers, employees, agents, representatives and advisers (the Parties) is provided to the recipient on the terms and conditions set out in this notice.

The information contained in this Presentation has been furnished by the Parties and other sources deemed reliable but no assurance can be given by the Parties as to the accuracy or completeness of this information.

To the full extent permitted by law:

- (a) no representation or warranty (express or implied) is given; and
- (b) no responsibility or liability (including in negligence) is accepted,

by the Parties as to the truth, accuracy or completeness of any statement, opinion, forecast, information or other matter (whether express or implied) contained in this Presentation or as to any other matter concerning them.

To the full extent permitted by law, no responsibility or liability (including in negligence) is accepted by the Parties:

- (a) for or in connection with any act or omission, directly or indirectly in reliance upon; and
- (b) for any cost, expense, loss or other liability, directly or indirectly, arising from, or in connection with, any omission from or defects in, or any failure to correct any information, in this Presentation or any other communication (oral or written) about or concerning them.

The delivery of this Presentation does not under any circumstances imply that the affairs or prospects of AAVOF or any information have been fully or correctly stated in this Presentation or have not changed since the date at which the information is expressed to be applicable. Except as required by law and the ASX listing rules, no responsibility or liability (including in negligence) is assumed by the Parties for updating any such information or to inform the recipient of any new information of which the Parties may become aware.

Notwithstanding the above, no condition, warranty or right is excluded if its exclusion would contravene the Competition and Consumer Act 2010 or any other applicable law or cause an exclusion to be void.

The provision of this Presentation is not and should not be considered as a recommendation in relation to an investment in AAVOF or that an investment in AAVOF is a suitable investment for the recipient.

References to 'normalised' information are to non-IFRS financial information.

Non-IFRS financial information has not been subject to audit or review.





STATUTORY FINANCIALS

AAVOF PERFORMANCE OVERVIEW

	At listing (5 January 2015)	At 30 June 2015	At 31 December 2015	% Change since listing
Share Price	A\$1.00	A\$0.99	A\$1.01	+1.0%
Market Capitalisation	A\$48.1m	A\$47.6m	A\$48.6m	+1.0%
NAV (pre & post tax), per share	A\$0.97 /A\$0.98	A\$0.98 /A\$0.98	A\$1.03 /A\$1.02	+6.2% / +4.1%



FY2016 HALF YEAR FINANCIAL COMMENTARY

- ◆ H1, FY2016 statutory NPAT result of **A\$1.3m**
- ◆ H1, FY2016 Statutory EBIT result of **A\$1.6m**
- ◆ Shares on issue remains at **48.1m**
- ◆ No dividend was declared or paid for the half year ended 31 December 2015
 - In line with the Prospectus, which stated that dividends are expected to be paid at the end of the Company's first full financial year (30 June 2016) and after that, semi-annually.



STATUTORY FINANCIAL PERFORMANCE

All figures in A\$ millions	1H 2016	1H 2015
Revenue and other income (continuing operations)	2.3	-
EBIT	1.6	-
NPAT	1.3	-

Numerical comparison to 1H 2015 statutory results is not meaningful as the company commenced operations on 2 January 2015 and only incurred pre-operational costs of A\$39,485 in the period to 31 December 2014





MARKET UPDATE AGENDA

Portfolio Performance and Overview

Key Holdings

Investment Approach

Market Perspective



PORTFOLIO PERFORMANCE AND OVERVIEW

AAVOF: LISTED INVESTMENT COMPANY

- ◆ Quoted on 5 Jan 2015
- ◆ Comprised of ordinary share and free option
 - Starting NAV (post tax) of A\$0.98
 - Starting NAV (pre tax) of A\$0.97
- ◆ Value investment focus based on fundamental company research
- ◆ Predominantly Australia / New Zealand mandate
- ◆ Absolute return mindset
- ◆ Largest stockholder cohort is Arowana board and management

AAVOF overview

Shares (Ticker)	AWQ
Share Price ¹	A\$0.99
NAV (pre / post tax) – 31 Dec 2015	A\$1.03 /A\$1.02
NAV (pre / post tax) – 31 Jan 2016	A\$1.03 /A\$1.02
Mkt cap (A\$m) ¹	A\$48m
Options (Ticker)	AWQO
Options Price ¹	A\$0.03
Options (Strike)	A\$0.98
Options (Expiry)	30 June 2016

1. Last close as at 23 February 2016



PERFORMANCE (TO 31 JANUARY 2016)

- ◆ Fund inception was 5 January 2015
- ◆ Hardest stage of a fund's life is initial implementation
- ◆ Assiduous investing in 2015 resulted in outperformance
- ◆ Fund **up 7.1%** (to 31 January 2016)
 - S&P/ ASX 200 Accum Index **down 3.1%**
 - S&P / ASX 200 Index **down 7.5%**
- ◆ However, it is still early days in the fund's life
- ◆ At 31 December 2015, 46% of the gross portfolio was in cash
 - Well positioned to take advantage of opportunities

Returns (Since Inception)	AAVOF ¹	S&P/ASX 200	S&P/ASX 200 Accum
Jan 2015	0.12%	3.28%	3.28%
Mar 2015	0.30%	8.88%	10.33%
Jun 2015	1.94%	0.89%	3.10%
Sep 2015	5.82%	(7.20%)	(3.68%)
Dec 2015	6.91%	(2.13%)	2.56%
Jan 2016	7.09%	(7.49%)	(3.06%)

1. Measured as cumulative gross returns on portfolio value for index comparability



PORTFOLIO GROSS PERFORMANCE

Monthly Returns	AAVOF ¹	S&P/ASX 200	S&P/ASX 200 Accum
Jan 2015	0.12 %	3.28 %	3.28 %
Feb 2015	0.02 %	6.09 %	6.89 %
Mar 2015	0.16 %	(0.63%)	(0.06%)
Apr 2015	0.72 %	(1.72%)	(1.70%)
May 2015	2.27 %	(0.22%)	0.40 %
Jun 2015	(1.34%)	(5.51%)	(5.30%)
Jul 2015	2.09 %	4.40 %	4.40 %
Aug 2015	(0.05%)	(8.64%)	(7.79%)
Sep 2015	1.74 %	(3.56%)	(2.96%)
Oct 2015	1.82%	4.34%	4.37%
Nov 2015	(0.04%)	(1.39%)	(0.68%)
Dec 2015	(0.74%)	2.50%	2.73%
Jan 2016	0.17%	(5.48%)	(3.48%)

1. Measured as monthly gross returns on portfolio value for index comparability



NET TANGIBLE ASSETS PER SHARE

NTA A\$/share	After Tax	Before Tax
Jan 2015	A\$0.98	A\$0.97
Feb 2015	A\$0.97	A\$0.97
Mar 2015	A\$0.97	A\$0.97
Apr 2015	A\$0.98	A\$0.98
May 2015	A\$1.00	A\$0.99
Jun 2015	A\$0.98	A\$0.98
Jul 2015	A\$1.00	A\$1.01
Aug 2015	A\$1.00	A\$1.01
Sep 2015	A\$1.00	A\$1.01
Oct 2015	A\$1.02	A\$1.04
Nov 2015	A\$1.02	A\$1.03
Dec 2015	A\$1.02	A\$1.03
Jan 2016	A\$1.02	A\$1.03

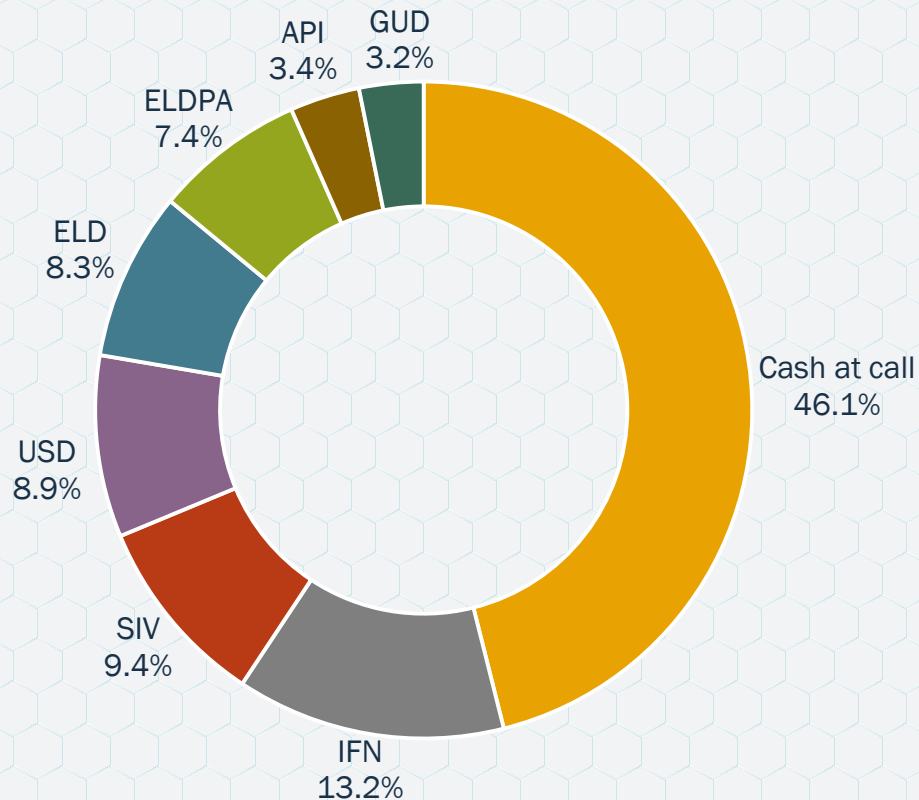




KEY HOLDINGS

PORTFOLIO COMPOSITION AT 31 JANUARY 2016

Portfolio at Market Value (A\$49,247,988)



Cash

46.2% of gross portfolio value

Investment Securities

53.8% of gross portfolio value

Investment Securities

Infigen Energy (IFN)	13.2%
Silver Chef Ltd (SIV)	9.4%
Betashares USD ETF (USD)	8.9%
Elders Ltd – Ordinary (ELD)	8.3%
Elders Ltd – Perpetual (ELDPA)	7.4%
Australian Pharmaceutical Industries Ltd (API)	3.4%
GUD Holdings Ltd (GUD)	3.2%



INFIGEN ENERGY (“INFIGEN”)

- ◆ Key portfolio addition for the period and the largest position of the fund
- ◆ Formerly Babcock & Brown Wind (BBW)
- ◆ Business struggled for years due largely to a challenged US subsidiary, which in late 2015 was sold
- ◆ Debt level is very large
 - No analyst coverage
 - Trading below replacement cost
 - Revenues now growing strongly, up 27% in 1H 2016
 - Cash flow capacity very strong
 - In our view, significant upside potential
 - Thesis details overleaf...

Infigen Energy overview

Ticker	IFN
Price ¹	A\$0.46
Mkt cap ¹	A\$351m
P/E (FY17F) ²	N/a
RoE (FY17F) ²	N/a
Yield (FY17F) ²	N/a
AAVOF position size ³	13.2%

1. Last close as at 23 February 2016

2. Based on available Bloomberg consensus forecasts

3. As at 31 January 2016



INFIGEN STARTED LISTED LIFE JUST OVER 10 YEARS AGO...

Infigen listed on the ASX on 28th October 2005

- ◆ World's only listed pure play wind farm owner at IPO
- ◆ Initial asset portfolio 672 Megawatts (MW) installed capacity
- ◆ Framework pipeline of ~750MW available for acquisition from Babcock & Brown (BNB.AU)
- ◆ At the date of research initiation, valuation for FY2006F EV/EBITDA was 24.0x and FY2007F was 14.4x¹
- ◆ Starting leverage was low at ~30% debt / enterprise value
- ◆ Spain, at IPO, was forecast to be the single largest adjusted revenue contributor²
- ◆ Over time the US assets came to be the largest part of the portfolio

The company was then known as Babcock & Brown Wind Partners (BBW.AU)

1. UBS initiation report dated 19 December 2005, valuation post management fees of 1.4% and not including Framework assets (equally not including the consideration for the framework assets)
2. Adj. revenue includes the contribution from equity accounted US assets as revenue



...INFIGEN – A LONG TIME IN THE WILDERNESS

- ◆ The credit crisis, underperforming assets and a complex U.S. tax equity structure contributed to a significant decline in market value
- ◆ In mid 2009, equity analysts valued Infigen's US assets at US\$0.9 - 1.2 billion
- ◆ The US assets were sold in late 2015 for ~US\$272m
 - A key positive despite the reduced proceeds
- ◆ Debt remains very high, at ~2x market capitalization ("market cap")

Infigen security price since IPO



Source: Bloomberg



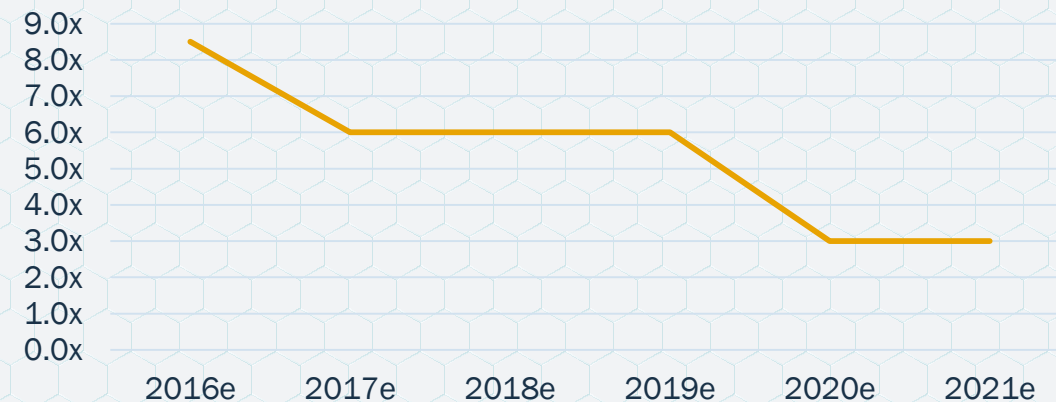
MANY INVESTORS DON'T LIKE HIGH LEVERAGE, BUT WHEN EARNINGS GROW STRONGLY, DEBT REDUCTION IS A SLINGSHOT ON YOUR EQUITY RETURN

- ◆ A firm's Enterprise Value (EV) is the sum of its market cap and net debt
- ◆ In the context of constant EV, if net debt falls fast, all else equal, market cap (and thus share price) must rise rapidly
 - If EV is actually rising, then the equity upside leverage is even stronger
- ◆ A challenge Infigen faces is that its expensive Global Facility has a rapidly declining net debt to EBITDA covenant
 - Our analysis indicates the risk of covenant trip is de minimis

Conceptual example of equity leverage to falling net debt

	Year 0	Year 1	Year 2	Year 3	Year 4
EV (A\$)	100	100	100	100	100
Net debt (A\$)	80	65	50	35	20
Market cap (A\$)	20	35	50	65	80
Shares (#)	20	20	20	20	20
Value per share (\$)	1.00	1.75	2.50	3.25	4.00

Infigen forced covenant step down (net debt/EBITDA)

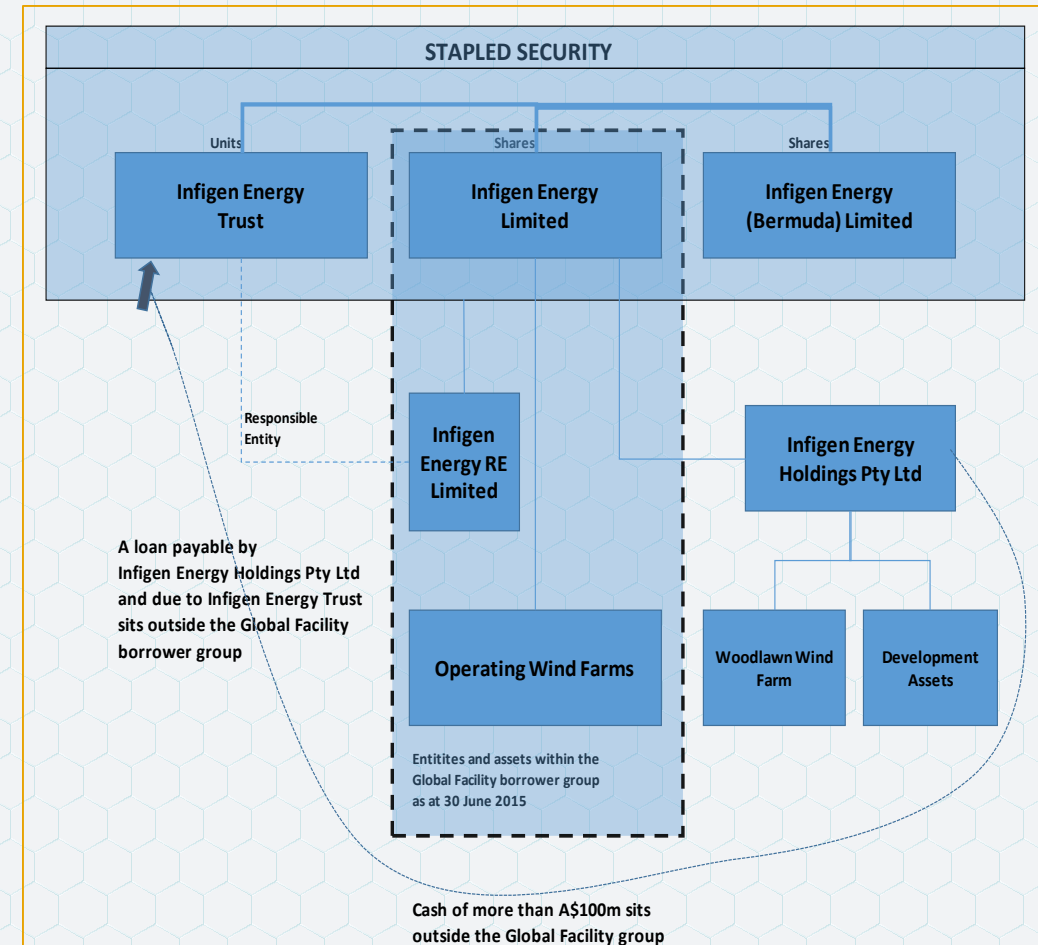


Source: Infigen Energy and AAVOF



QUIRKS OF INFIGEN'S CREDIT PACKAGE VASTLY REDUCE THE RISK OF COVENANT TRIP AND EQUITY VALUE COMPRESSION

- ◆ Infigen's Global Facility borrower group entities are subject to rapid covenant step down and full cash sweep
- ◆ Infigen has over A\$100m sitting outside the Global Facility group in Excluded entities
- ◆ Contributions from Excluded entities to the Global Facility group count as EBITDA (and cause net debt to fall) under the covenant terms
- ◆ Thus Infigen has an ability to mitigate prior to covenant testing date and/or self cure post covenant testing date
- ◆ Covenant trip risk becomes de minimis



Source: Infigen Energy and AAVOF

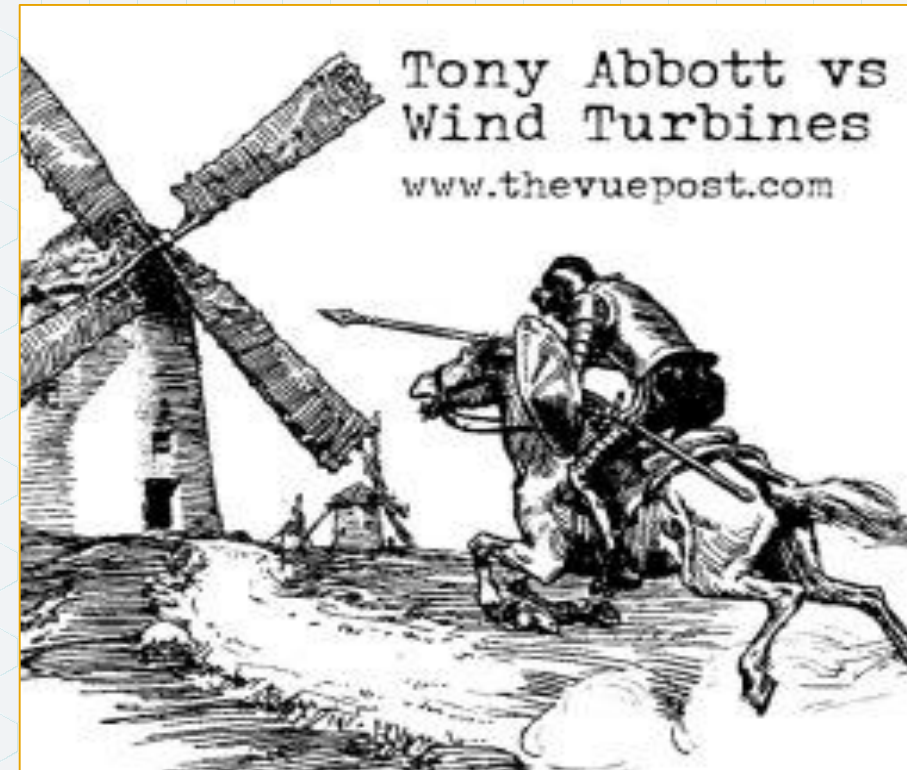


IN 2014 A HOSTILE POLICY ENVIRONMENT RESULTED IN THE PRICE OF GREEN CREDITS (LARGE GENERATOR CERTIFICATES) FALLING RAPIDLY...

Australia's then Prime Minister Tony Abbott during 2014 and 2015:

- ◆ Banned the federal renewable energy bank, the CEFC¹, from financing new wind projects
- ◆ Banned the CEFC investing in small scale solar
- ◆ Cut Australia's renewable energy target
- ◆ Entered the scientific debate on climate change by calling global warming “crap”
- ◆ Called wind turbines “ugly” (implicitly preferring the aesthetic appeal of open cut coal mines which are among the largest sources of Australia's carbon emissions)

1. Clean Energy Finance Corporation
2. From the novel “Don Quixote”; Miguel de Cervantes, 1605



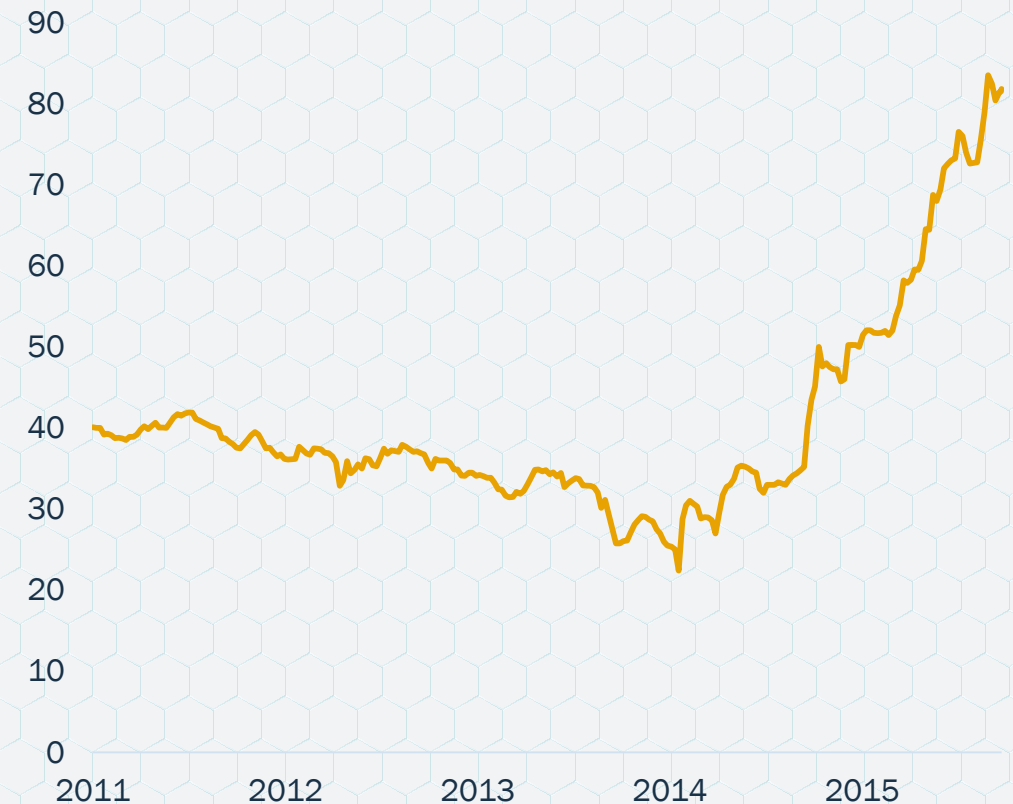
“Just then they came in sight of thirty or forty windmills that rise from that plain. And no sooner did Don Quixote see them that he said to his squire, “Fortune is guiding our affairs better than we ourselves could have wished. Do you see over yonder, friend Sancho, thirty or forty hulking giants? I intend to do battle with them and slay them”²



...YET WITH POLICY CERTAINTY RESTORED, MARKET FORCES ARE DRIVING UP LGC PRICES STRONGLY

- ◆ Policy uncertainty drove LGC prices below A\$30/MWh in 2014
- ◆ This resulted in delays in obtaining financing for new renewable projects, which can easily take 2+ years to develop and build
- ◆ Post reaffirmation of the RET¹ LGC prices are again subject to market forces
- ◆ LGCs are a MAJOR source of revenue for Infigen, with the LGC price often being higher than the wholesale power price
- ◆ We envisage an acute shortage of LGCs for at least several years
- ◆ Should result in strong earnings which in turn will drive deleveraging...and thus strong growth in the security price

LGC price (A\$ per MWh)



Source: Bloomberg

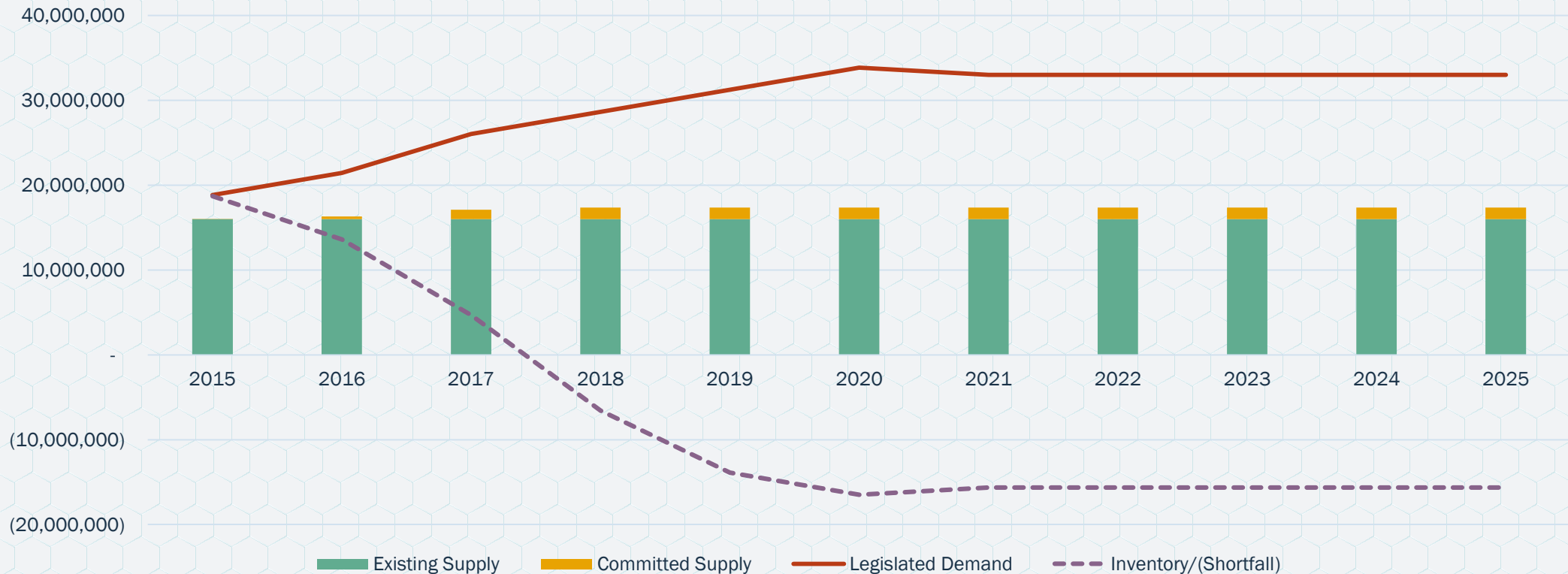
1. Renewable Energy Target, for Large scale generation of 33,000 GWh by 2020



AS A RESULT OF POLICY UNCERTAINTY, PLANNING FOR NEW CAPACITY STALLED...

Cumulative capacity of 5 to 6 Glgawatts is needed to meet the supply shortfall

LGCs: Demand & Supply (MWh equivalent units) – based on current committed supply

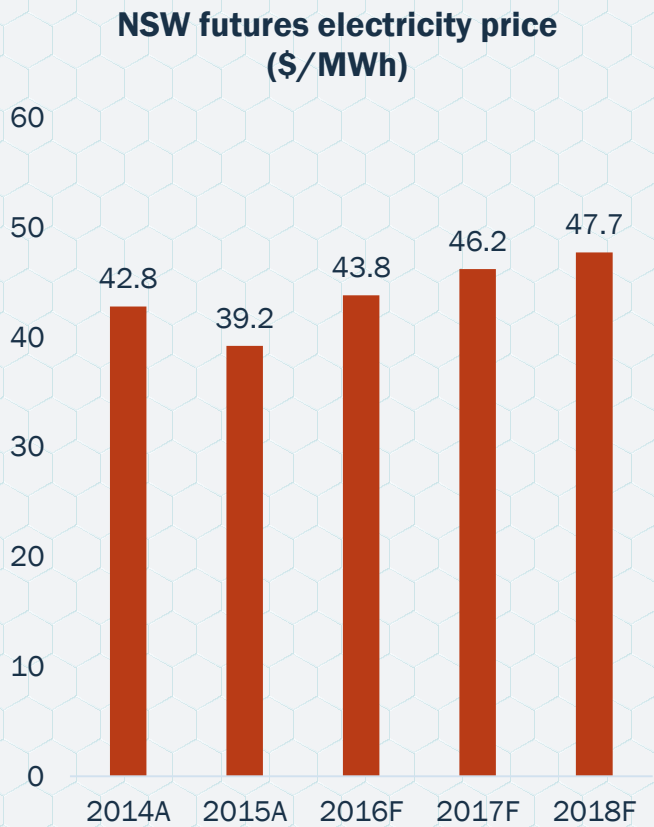
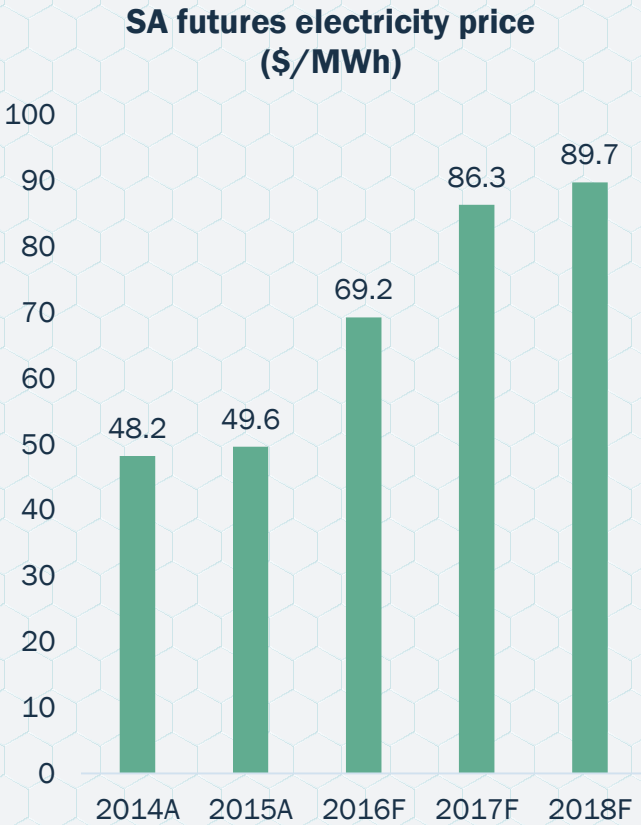
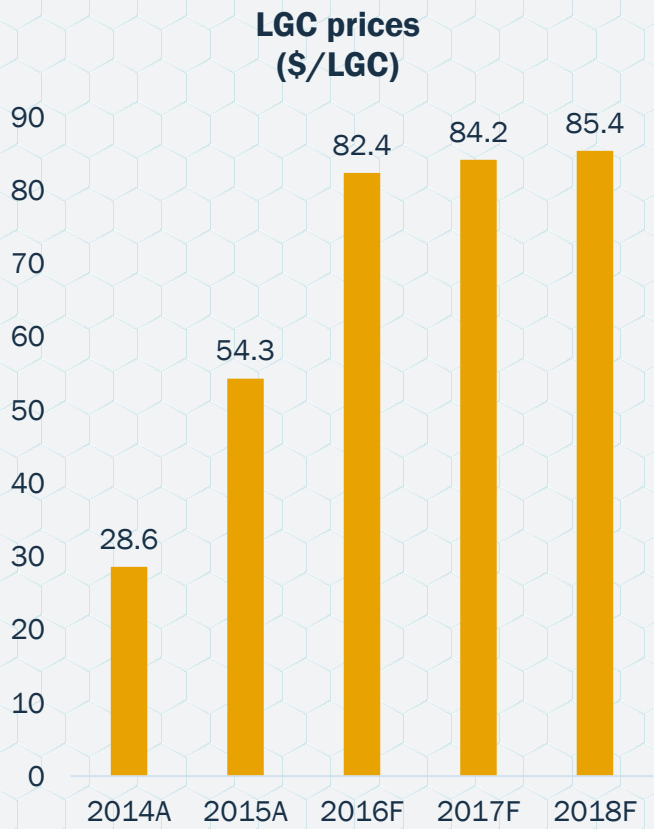


Source: Clean Energy Regulator, AEMO & Arowana analysis, which assumes 35% capacity factor on new supply



...WITH RESULTING PRICE INCREASES BENEFITTING INFIGEN

Substantially Improved outlook will benefit Infigen's merchant assets



Source: Infigen



THE CLEAR TREND LOCALLY AND INTERNATIONALLY IS FOR RET'S TO INCREASE OVER TIME

In 2015, Australia was one of the very few jurisdictions to reduce rather than increase their Renewable Energy Target. The overwhelming and inexorable trend is for RET scheme increases:

- ♦ **September 2015:** California increased their 2030 renewable energy target from 33% to 50%
- ♦ **May 2015:** QLD commit to a 50% renewable energy target by 2030
- ♦ **August 2015:** ACT commit to a 100% renewable energy target by 2025 – previous target was 90% by 2020
- ♦ **2014:** SA commit to a 50% target by 2025 up from 33% by 2020 set in 2009
- ♦ **2015:** Australian Labour Party announced its renewable energy policy is for a 50% target by 2030

Renewable energy will inexorably increase over time as a proportion of overall energy mix - driven by climate change and wide public support

IN THE MEDIUM TERM THIS IS BULLISH FOR LGC PRICES AND THUS BULLISH FOR INFIGEN



ULTIMATELY WE BUY A SECURITY FOR WHAT WE THINK IT WILL BECOME, NOT WHAT IT IS TODAY

Before	Potential to become...
<ul style="list-style-type: none">◆ Highly leveraged, no distributions paid to equity as all cash is swept to repay debt	<ul style="list-style-type: none">◆ Sustainable leverage◆ Cash flow supports high distribution yield
<ul style="list-style-type: none">◆ No equity coverage; all former brokers dropped coverage in the depths of Infigen's challenges◆ "Ugly" wind farm owner and developer	<ul style="list-style-type: none">◆ Infigen begins to receive equity research coverage again?◆ Only pure play green energy exposure on ASX of scale◆ Potential for Infigen to become a "market darling"
<ul style="list-style-type: none">◆ RET/LGC scheme at risk under former government	<ul style="list-style-type: none">◆ RET reaffirmed with earliest review 2020 (scheme life to 2030)◆ ALP policy is for lift in RET target from 23% of electricity from renewables to 50%◆ Value in Infigen's development book starts to be recognised by the market



SILVER CHEF



- ◆ High growth specialty finance business
- ◆ Unique business model and customer value proposition
- ◆ Strong recent financial results
- ◆ Foreign operations (New Zealand and Canada) growing strongly and profitably
- ◆ Further logical international expansion, which would result in a very large total addressable market
- ◆ Growth potential not reflected in valuation
- ◆ One of the best finance businesses we have seen in any market
- ◆ “Compounder”

Silver Chef overview

Ticker	SIV
Price ¹	A\$9.33
Mkt cap ¹	A\$297m
P/E (FY17F) ²	12.4x
RoE (FY17F) ²	23.9%
Yield (FY17F) ²	5.0%
AAVOF position size ³	9.4%

1. Last close as at 23 February 2016

2. Based on available Bloomberg consensus forecasts

3. As at 31 January 2016



BETASHARES US DOLLAR ETF (USD)

- ◆ Why does a stock picking LIC own an ETF?
 - Wealth is relative; protecting AUD capital only is somewhat myopic
 - Don't believe Emerging Markets and AUDUSD depreciation is over yet – look at Asian FX and Reserve flows
- ◆ We are long only; no derivative mandate. Constrained mandate limits ability to effectively protect our capital and profit from downside
- ◆ Physical rather than synthetic backing; good custodian and manager

Betashares USD overview

Ticker	USD
Price ¹	A\$13.51
Mkt cap ¹	A\$473m
P/E (FY17F) ²	n/a
RoE (FY17F) ²	n/a
Yield (FY17F) ²	n/a
AAVOF position size ³	8.9%

1. Last close as at 23 February 2016

2. Based on available Bloomberg consensus forecasts

3. As at 31 January 2016



ELDERS SHARES (“COMMON”)



- ◆ Cyclical and structural recovery story
- ◆ Ongoing structural earnings growth from the Company's 8 point recovery plan
- ◆ Ongoing cyclical growth from key markets
- ◆ Very strong cashflow which we think can support a healthy dividend

Elders overview

Ticker	ELD
Price ¹	A\$4.23
Mkt cap ¹	A\$354m
P/E (FY17F) ²	8.9x
RoE (FY17F) ²	25.8%
Yield (FY17F) ²	0.0%
AAVOF position size ³	8.3%

1. Last close as at 23 February 2016

2. Based on available Bloomberg consensus forecasts

3. As at 31 January 2016



ELDERS PERPETUAL PREFERRED SHARES (“HYBRID”)



- ◆ Busted hybrid security, given Elders stopped paying distributions years ago as Elders’ debt ballooned due to losses of ~A\$1bn from a flawed expansion strategy
- ◆ Elders now have zero term debt
- ◆ Elders are now profitable and strongly cashflow generative
- ◆ So much so that Elders bought back 25% of the Hybrid in late 2015 at A\$80/share
- ◆ Begg the question, if the company is sufficiently solvent to buy back the instrument, why can’t they pay distributions on it?
- ◆ Begg the question, when will Elders pay long suffering shareholders a dividend?

Elders overview

Ticker	ELDPA
Price ¹	A\$75.00
Mkt cap ¹	A\$84m
P/E (FY17F) ²	8.8x
RoE (FY17F) ²	25.8%
Yield (FY17F) ²	0.0%
AAVOF position size ³	7.4%

1. Last close as at 23 February 2016

2. Based on available Bloomberg consensus forecasts

3. As at 31 January 2016



AUSTRALIAN PHARMACEUTICAL INDUSTRIES (API)



- ◆ API historically a pharmaceutical wholesaler
- ◆ API is now more a Franchisor for the Priceline retail network
- ◆ Priceline continues to gain market share
- ◆ Ongoing store roll outs driving earnings growth
- ◆ Very strong balance sheet indicates flexibility around capital management and / or growth initiatives

Australian Pharmaceutical Industries overview

Ticker	API
Price ¹	A\$1.99
Mkt cap ¹	A\$973m
P/E (FY17F) ²	18.3x
RoE (FY17F) ²	10.2%
Yield (FY17F) ²	3.1%
AAVOF position size ³	3.4%

1. Last close as at 23 February 2016

2. Based on available Bloomberg consensus forecasts

3. As at 31 January 2016



GUD HOLDINGS LIMITED (GUD)



- ◆ Mix shift story, whereby an increasing proportion of earnings comes from the core auto parts aftermarket business
- ◆ This core is doing well
- ◆ However the “rump” businesses are not doing so well
- ◆ Position is down 13% after dividends
- ◆ We continue to study the sector, in order to determine optimum position sizing

GUD Holdings Limited overview

Ticker	GUD
Price ¹	\$6.62
Mkt cap ¹	A\$565m
P/E (FY17F) ²	10.5x
RoE (FY17F) ²	16.5%
Yield (FY17F) ²	7.6%
AAVOF position size ³	3.2%

1. Last close as at 23 February 2016

2. Based on available Bloomberg consensus forecasts

3. As at 31 January 2016



POSITION EXITS

- ◆ When the facts change the view must as well
 - Incrementalism is an investors enemy
- ◆ Only position exited to date is Ardent Leisure Group
 - Narrative shift on key metrics and close scrutiny of key end market alerted us to risk
 - Exit done with a modest profit earned
 - Security price is now ~20% below our entry level





INVESTMENT APPROACH

OVERVIEW OF AAVOF INVESTMENT APPROACH

Value Based

- ♦ Value does not just mean low P/E; more to it than this
- ♦ Value only definable in retrospect (did you make money?)

Deep Fundamentals

- ♦ Only way to understand a company is to understand its industry
- ♦ History matters; international analogues matter

Data Driven

- ♦ No views or statements without reference to data
- ♦ Anecdotal observation is interesting but no basis for extrapolation

Concentrated

- ♦ Portfolio concentrated; best ideas offering best asymmetry
- ♦ Should translate into greater strike rate over time
- ♦ Should translate into performance if we stick with the process

Proprietary

- ♦ Hard to make money if you only read other people's research
- ♦ Work from first principles; good primary research is inherently creative

Absolute Return Focus

- ♦ Purpose of investment is to compound wealth
- ♦ Mathematically derive upside / downside; there's a big difference between a "good company" and a good stock
- ♦ Will not deploy cash unless proposition is compelling



OVERVIEW OF AAVOF INVESTMENT PROCESS

Typically internally generated ideas

- ◆ Typically from screening
- ◆ Many are novel and contrarian

We follow macroeconomics, but we are not macro investors

- ◆ Use macro to identify the sandpits we want to play in...and avoid the quicksand
- ◆ Helps to understand tailwind and headwind factors, which tend to persist longer than market participants expect

Core focus is on finding stocks with highly idiosyncratic drivers of earnings upside

- ◆ Put simply, we don't want to rely solely on the tailwind of a good economy for our upside
- ◆ Challenge is to find companies with earnings and / or equity value inflexion points

Emphasis placed on framing of a logical thesis which is data driven

- ◆ Most investment errors driven by logic framing, not data sufficiency
- ◆ Process is iterative, we live in a world of imperfect information; so when the data changes the view can change too; we are not wedded to anything we own

Emphasis on maths of upside / downside risks

- ◆ Expected return decomposition and key drivers
- ◆ Identify stocks with asymmetric upside versus downside risk





MARKET PERSPECTIVE

MARKET PERSPECTIVE

As a preface we do not use our market perspective for stock selection; rather as a risk overlay

- ◆ Market timing is inherently difficult
- ◆ Our view is that we are in the throes of a huge monetary inflection where the US is no longer artificially inflating a segment of the asset class spectrum via QE
- ◆ Credit markets across key segments are in stress (emerging markets, oil, leveraged finance);
 - As an equity investor it pays to watch what is happening in the credit world
- ◆ The narrative on China has clearly been changing for some time: from self sustaining growth to a spluttering economy
 - China's banking system is highly leveraged and thinly capitalised
 - Our key fear (and expectation) is that should current FX reserve outflows continue, it will trigger an acceleration (reflexivity works in reverse too)
 - We ponder the potential transmission impacts should this occur given China is Australia's largest export destination
- ◆ In this environment the benchmark for deploying capital goes up because the risk of unexpected impact from negative beta increases
 - Accordingly we will most likely continue to run elevated levels of cash
- ◆ All market corrections produce opportunities; the bigger the bear market the bigger the ultimate opportunity
 - You just need to have cash when the turn finally comes, because sooner or later, the game is always on again

