

FUND FACT SHEET

The **Newgate Absolute Return Fund** takes long and short positions in equity securities. We are a research and evidence based fund manager seeking to generate our investors absolute returns through the identification of incorrectly priced agents of change in companies and industries.

QUARTERLY PERFORMANCE - FINANCIAL YEAR 2018

	SEPTEMBER QTR	DECEMBER QTR	MARCH QTR	JUNE QTR	Total FY Return
2018FY	7.2%	13.1%	7.4%	8.3%	41.0%

INVESTMENT OBJECTIVE

To generate returns of between 12 - 15% per annum over three to five year periods with target portfolio volatility of less than 15%

INVESTMENT PHILOSOPHY

We believe that the listed securities market regularly misprices a company or industry prospects. Our experience is this is primarily caused when the market incorrectly assesses or ignores fundamental change that is impacting a company's economics.

In our experience, the reason that change is not fully appreciated is a function of the numerous behavioural biases and errors in subjective decision making that market participants experience.

Our investment process comprises five components:

Idea Generation:

Focusing on change - where anomalies between reality and perception are most likely to occur

Statement of hypotheses:

Generating a number of probable competing future scenarios

Idea Testing:

Undertaking multi faceted research process - integrating industrial economics with company analysis

Assessing market expectations:

Do we have genuine insight? We determine whether our view is already factored into security prices

Portfolio Construction:

Position sizes based on the level of insight and conviction, balanced with appropriate diversification

FUND PERFORMANCE AS AT 30 JUNE 2018

TIME PERIOD	RETURN
3 month return	8.3%
12 month return	41.0%
2 year return	n/a
Since Inception (total)	47.3%
Since Inception (annualised)	22.6% p.a
Observed Volatility	11.6%

FUND TERMS

Liquidity and Pricing:	Monthly
Number of Positions:	0-50 (comprising both long and short)
Fees:	1.35% base fee with 20% performance fee above RBA Cash Rate + 2%
Maximum position:	Long 15% of portfolio value, short 10% of portfolio value
Target Sharpe Ratio:	>1.0
Maximum Gross Exposure:	300%
Maximum Market Exposure:	150%
Typical Market Exposure:	50-150%
Minimum initial investment	\$500,000 or as agreed
Minimum additional investment or redemption	\$50,000



FUND PROFILE

Fund Inception	7 August 2016
Trustee:	Newgate Capital Partners, AFSL 478 338
Fund Manager:	Tim Hannon
Prime Broker:	Macquarie Bank
Administrator & Custodian:	Mainstream Fund Services
Auditors and Tax	PricewaterhouseCoopers
Legal:	DLA Piper, CNM Legal
Regulator:	ASIC

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The individual fund performance figures are based on an investment in the Fund's August 2016 units, the date of the Funds' inception. The performance numbers are based on the net asset value of the Fund and are calculated net of management fees, brokerage commissions, administrative expenses, and accrued performance allocation, if any, and include the reinvestment of all dividends, interest, new issue income or loss, and capital gains.

The Firm and the Fund have a limited operating history. This report is not an offer to buy or sell any security. Offering by private Information Memorandum only.

Investing in hedge funds such as the Newgate Absolute Return Fund is risky and investors are exposed to capital loss. Investors should review the Information Memorandum for the Fund, which contains a complete description of the investment program and its risks, in its entirety before investing.

The Fund invests in listed securities, which can be volatile and subject to market factors beyond the control of the manager.

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Volatility is calculated by using the annualised standard deviation of monthly returns since inception of Newgate Absolute Return Fund. Standard deviation measures the distribution of returns around the mean return. Low standard deviations reflect low variation in monthly results; higher variability is usually interpreted as higher risk. Standard deviations are based on monthly results, and then annualised.

The Sharpe Ratio is the ratio of "excess return" to volatility. Excess return is defined as the annualised rate of return less the risk-free rate, using monthly returns since inception. The volatility measure is the annualised standard deviation of monthly excess returns since inception.

Any investment in the Funds is speculative and involves substantial risk, including the risk of losing all or substantially all such investment. No representation is made that the Funds will or are likely to achieve their objective, that any investor will or is likely to achieve results comparable to the estimated performance shown, will make any profit at all or will be able to avoid incurring substantial losses.

Past performance is not necessarily indicative of future results. Comparisons of the performance of actively managed accounts such as the Funds with passive securities indices involved material inherent limitations.

Performance estimates are presented only as of the date referenced above and may have changed materially since such date.

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