



Peters MacGregor Capital Management
Company Profile

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Executive Summary

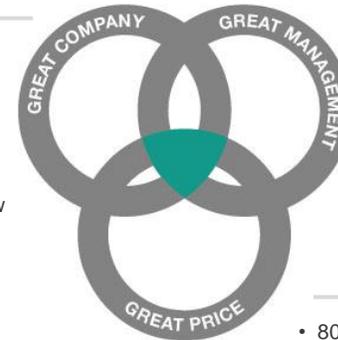
Founded in 1999, Peters MacGregor is a value-focused investment manager based in Sydney, Australia. We currently manage \$200 million on behalf of our clients.

Our clients range from Family offices and High Net Worth investors through to self-managed super funds and financial advisers.

We proudly set ourselves apart, through our disciplined investment philosophy and in-depth analytical methods. Some call us contrarian; we certainly spend our time seeking out of favour companies. We believe you need a patient and methodical approach when you're building long-term capital appreciation.

We employ a value based investment style. We use a bottom-up stock picking approach with a strong focus on valuation based stock selection methodology. We seek to identify and capitalise on investment opportunities through stringent security level analysis in order to identify great companies, with great management that are trading at great prices.

- Understandable
- Strong balance sheet
- Good economics:
 - High ROIC
 - Free cash flow that will grow
 - Pricing power
 - Bright prospects
- Competitive analysis



- Capable management
- Rational capital allocators
- Appropriate incentives
- Shareholders orientated
- Share ownership

- 80% or less of economic value
- Competitor analysis
- Multiple comparisons
- Present value of future free cash flow

Very few companies exhibit all three attributes at the same time → patient approach

Investment Team

The Peters MacGregor Capital Management team has extensive knowledge about business, industry and global markets.

Our people have worked all over the globe, gleaning insights and experiences along the way – from which you stand to benefit.



Wayne Peters

Chief Investment Officer

MBA, Ffin

Joined 1999, in industry since 1990

Wayne founded Peters MacGregor Capital Management in 1999 and has over 30 years' experience in retailing and investment markets. He commenced his undergraduate studies at James Cook University, completed his Master of Business Administration at Bond University and has studied company valuation at Harvard.



Michael Haddad

Senior Portfolio Manager

B.MS (First Class Hons), Grad Dip Acc Fin, CFA

Joined 2002, in industry since 2000

Michael joined Peters MacGregor in 2002 and has over 15 years' experience as an Investment Analyst. He graduated with First Class Honours from the University of Waikato, New Zealand – having attained a Bachelor of Management Studies and a Graduate Diploma in Accounting and Finance. Michael is a CFA Charterholder.

Investment Team



Nathan Bell

Head of Research

CFA, BEcon, Grad Dip Fin

Joined 2015, in industry since 2001

Nathan has over 20 years' investment experience. Before joining Peters MacGregor, he worked for nine years at Intelligent Investor including four years as Research Director.

Nathan contributes regularly to the financial press and appears on Sky Business, CNBC and the ABC. He graduated from Flinders University with a Bachelor of Economics and subsequently completed a Graduate Diploma of Applied Investment and Management. Nathan is a CFA Charterholder.



Trevor Scott

Investment Analyst

CFA, B.BA

Joined 2007, in industry since 2007

Trevor joined Peters MacGregor Capital Management in 2007. He graduated from Bishop's University in Quebec, Canada, having attained a Bachelor of Business Administration with a Concentration in Finance and a Minor in Economics. Trevor is a CFA Charterholder.



Michael Donohue

Investment Analyst

BCom/BEc

Joined 2015, in industry since 2015

Michael holds two degrees from the University of New South Wales in Commerce and Economics. Prior to joining Peters MacGregor, he worked as an Equity Analyst at Investing for Charity.

Our Investment Beliefs

Value investing

Value investing at Peters MacGregor means owning a high conviction portfolio of high quality, competitively entrenched businesses that are undervalued because they are not well understood or suffering from temporary operational issues. Over-diversifying often increases an analyst's job security but it produces mediocre returns. In the book *Investment Analysis and Portfolio Management*, the author's found that 'about 90% of the maximum benefit of diversification was derived from a portfolio of just 12 to 18 stocks.'

We feel no comfort from owning more marginal investments at the expense of our best ideas. Rather, we seek protection from analytical errors, randomness and bad luck in the quality of the businesses we own and their undeserved low valuations. We're less interested in accounting profits than a business's free cashflow, which we discount by 10%. We only invest if the share price is at least 20% below our assessed value range. Maintaining these hurdles thus helps to avoid overpaying and taking unnecessary risks, as we allow the businesses we own compound their value at attractive rates of return while waiting for their share prices to reflect their intrinsic value.

High conviction portfolio approach

In increasingly competitive investment markets owning a high conviction portfolio is still one of the best and safest ways to outperform the market. A research report from Lazard¹ analysing the period between 1999 and 2009 showed that a high conviction portfolio performed better, yet once a fund manager owned more than 30 names the variance of returns was virtually the same as the index.

We only invest in a limited number of businesses that we understand and that match our investment criteria, knowing that markets are cyclical and great opportunities are rare. As our confidence in a business grows and the valuation becomes more attractive, our position sizes increase. This is however never to a point where the portfolio is put at too much risk, reflecting confidence in our approach but avoiding hubris.

Long-term

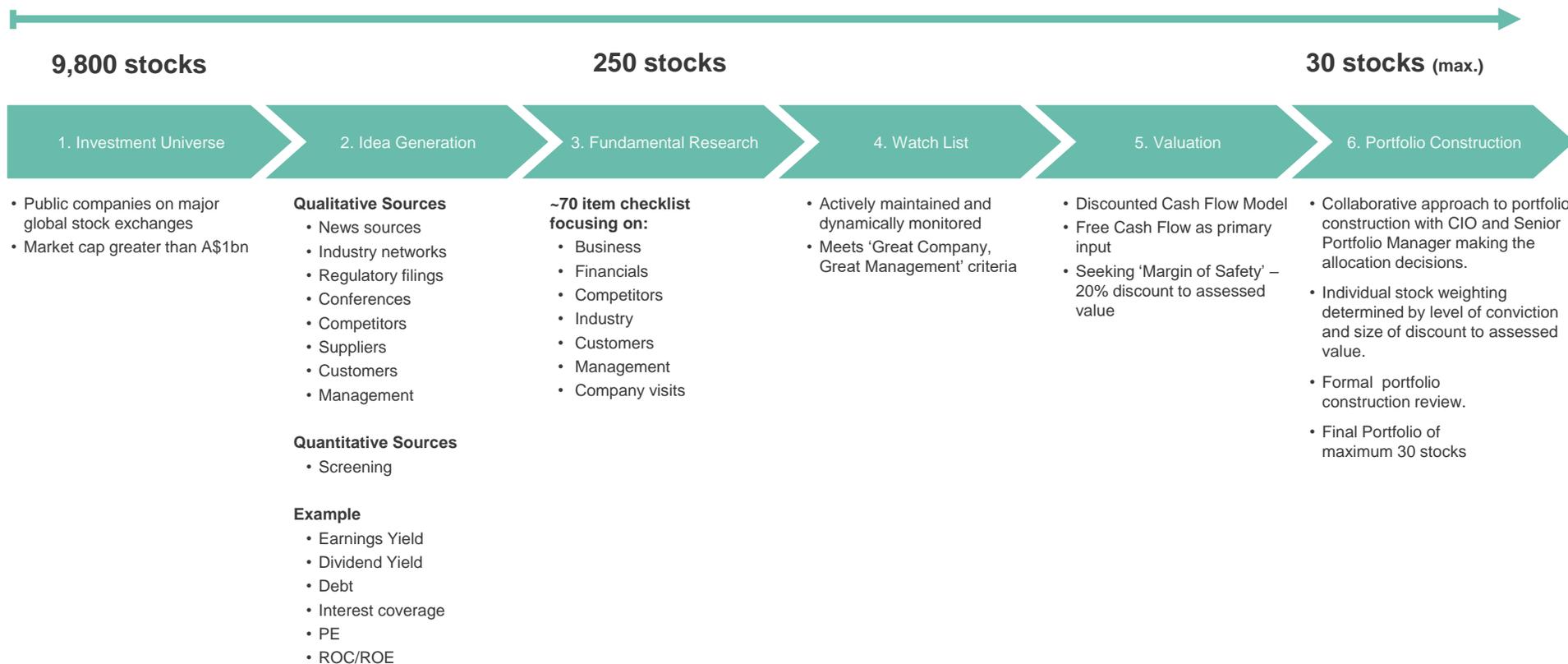
History shows that large amounts of wealth are created over the long-term by owning stable businesses that are well managed and bought at an attractive valuation. Opportunities will always come eventually as we believe markets are not always efficient and investors and speculators alike are not always rational. Many investors are forced to liquidate when their securities are at their most attractive. The key is having a disciplined and methodical research process to identify great companies and thinking long term to avoid simply assuming the future will mimic the recent past.

We do not invest in a company unless we are prepared to own it for 10 years, which produces a different set of analytical questions to address compared to only looking a year ahead. Holding investments for the long term also helps your returns compound at higher rates of return by minimising frictional costs, such as capital gains taxes and brokerage costs.

Evidence of the success of our investment philosophy is exemplified in our outperformance of the MSCI ACWI IMI Net Return (AUD) since the inception of the Fund (see Appendix, Exhibit 1. Investment Growth).

¹ *Less Is More: A Case for Concentrated Portfolios* published 12 February 2016

Our Investment Process



We welcome the opportunity to explain our investment process to you in more detail.

Our Offering

Peters MacGregor Global Fund

The Peters MacGregor Global Fund is a registered managed investment scheme structured as an unlisted open-ended unit trust.

Investment Objective

The investment objective of the Fund is to outperform the MSCI ACWI IMI NR AUD Index over the long term (five years plus) net of fees, while reducing the risk of permanent capital loss.



Fund Facts

Inception	10 September 2004
Fund size	\$157m as at 30 April 2017
Benchmark	MSCI ACWI IMI NR AUD
Number of stocks	15-30 stocks
Stock limit	2-15% (absolute)
Management fee	1.35% p.a. (management costs)
Investment style	Value, bottom-up approach
Asset allocation	70-100% global securities and 0-30% cash

Top Portfolio Holdings as at 30 April 2017

Company	Sectors
Amerco	Transportation
Berkshire Hathaway	Multi-sector Holdings
Fairfax Financial	Multi-line Insurance
JD.com	Internet Retail
Liberty Broadband	Cable
Liberty Global	Cable
Liberty LiLAC	Cable
Liberty SiriusXM	Satellite Radio
NVR	Homebuilding
Wells Fargo	Diversified Banks

Benefits of Investing with Peters MacGregor

Focus

Our firm has a sole focus that being helping clients preserve and grow their hard-won savings over the long-term through owning a diverse portfolio of quality companies via the global stock market. This focus is reflected in our investment approach which allows for detailed analysis of every single company, ensuring that growth potential and risk parameters have all been captured.

Independence

Our firm is 100% employee-owned so we can focus exclusively on activities that we believe will generate value for our clients and this also means we are not burdened by the politics of larger organisations or the alternative agendas of external shareholders whose objectives may conflict with our clients' best interests.

Bespoke and proven investment approach

Our approach allows us to uncover many opportunities overlooked by other investors. We thoroughly analyse companies, markets and economies, searching for only the very best prospects that have a demonstrable competitive advantage. Only a few companies are eventually selected by us through our investment process.

Alignment

You are investing alongside the principals of the firm. Our investment team's personal wealth is pooled with that of our investors thus guaranteeing an alignment of interests.

Service commitment

We believe in providing every client and investor a high standard of service. Our commitment is to deliver high quality, efficient, timely and responsive service. The relationship with each one of our clients is our most highly valued commodity and is built on strong established principals of trust and mutual understanding.

At Peters MacGregor we also believe in open and transparent communication. We keep our clients informed regularly through monthly and quarterly reports as well as live webinars involving the investment team. On top of this, we also provide 'News & Insights' reports located on our website.

Peters MacGregor Distribution & Client Service Team



Alex Haynes

Head of Distribution
BBus, Grad Dip FP

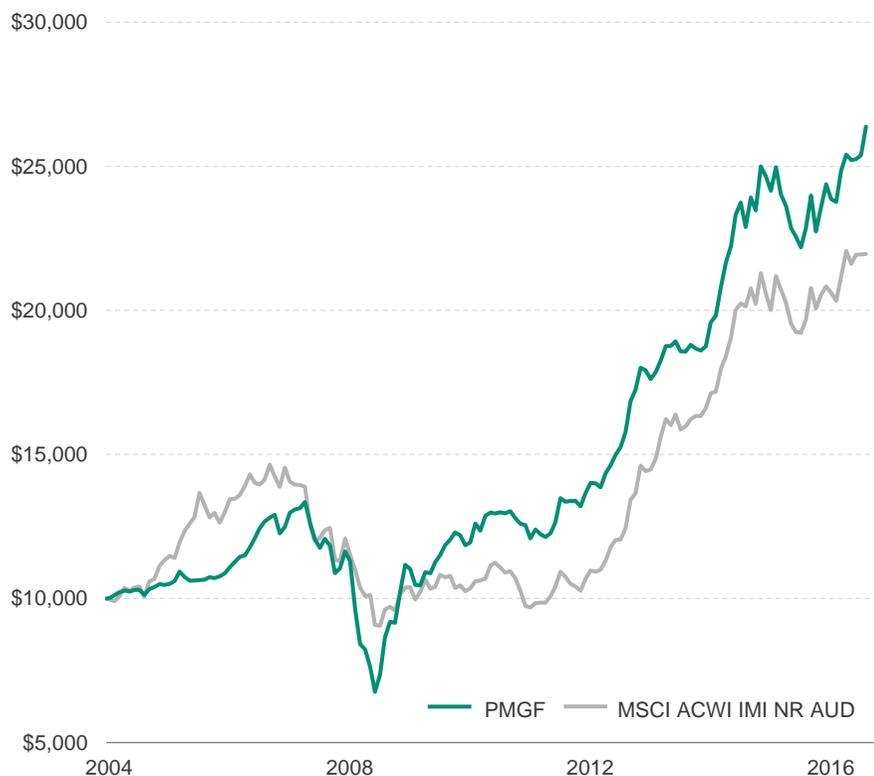


Matthew Tee

Marketing & Business
Development Executive
BBus&Com

Appendix

Exhibit 1. Investment Growth



Peters MacGregor Global Fund (PMGF) versus MSCI ACWI IMI NR AUD (MSCI)

Time period: 10 September 2004 to 30 April 2017
Source: Peters MacGregor Capital Management, MSCI

Exhibit 2. Key Metrics

	1 year	3 years	5 years	Inception
Standard Deviation	10.69	10.53	9.37	13.14
Sharpe Ratio	1.30	0.99	1.30	0.30
Tracking Error	4.96	4.36	4.75	10.27
Information Ratio	-0.30	-0.29	-0.65	0.14

As at 30 April 2017
Source: Morningstar Direct

Exhibit 3. Objectives Achieved

	1 year	3 years	5 years
High risk-adjusted returns (9%)	Yes	Yes	Yes
Reduced risk of capital loss	Yes, beta less than Index	Yes, beta less than Index	Yes, beta less than Index

As can be observed above, the objective of high risk-adjusted returns has been achieved over the last three rolling periods.

As at 31 March 2017
Source: Zenith Investment Partners

Appendix

Exhibit 4. Results

	6 months	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)	Inception (p.a.)
Peters MacGregor Global Fund (%)	11.00	15.40	12.41	14.58	12.11	7.60	7.97
Benchmark ¹ (%)	14.01	17.76	13.21	16.60	11.62	5.08	6.87
Excess (%)	-3.01	-2.36	-0.80	-2.02	0.49	2.52	1.10

¹ MSCI ACWI IMI NR AUD

As at 30 April 2017

Source: FundBPO, Peters MacGregor Capital Management

Exhibit 5. Key Risks

Risk	Commentary	Risk mitigant
Stock concentration risk	The manager believes in an unconstrained, bottom-up, high conviction approach. This has meant a higher concentration in terms of stock, regions and sectors relative to the benchmark.	Apart from the manager's stringent criteria and 70+ research checklist, the Senior Portfolio Manager must agree with the Chief Investment Officer for new positions proposed between 5-10% at cost, and for existing positions between 6-15% at market value.
Currency risk	The manager invests in assets that are denominated in non-Australian dollars. A rise in the Australian dollar would negatively impact the market value of assets and vice versa from an Australian investor's perspective.	The manager will typically be unhedged. However, the manager has the option to partially or fully hedge currency risk where it deems it appropriate.

Key risks and risk mitigants identified within recent Lonsec and Zenith research rating reports

Source: Lonsec Research, Zenith Investment Partners