

COLLINS ST

— VALUE FUND —



MARCH 2017
QUARTERLY REPORT

SUCCESSFUL STOCK MARKET INVESTING AT ITS MOST BASIC LEVEL REQUIRES PATIENCE AND FORESIGHT.

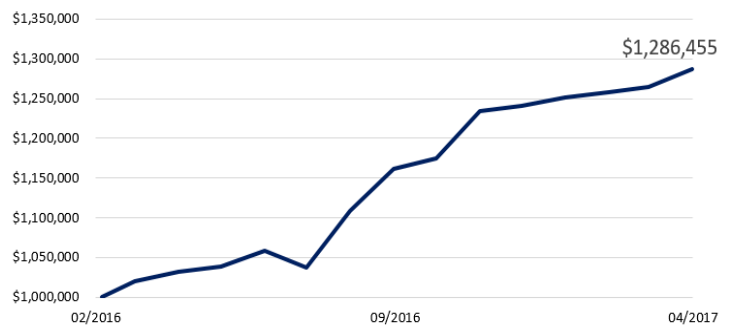
YOU CAN'T PREDICT EVERY ROLL OF THE DICE, THE TRICK IS TO PLAY WITH A WEIGHTED DIE WHEREVER POSSIBLE.

Performance after Fees (to 31st March 2017)

3 months	↑	2.80%
6 months	↑	9.52%
9 months	↑	24.00%
12 months	↑	24.69%
Annualised Return	↑	24.49%
Since Inception	↑	28.65%

Performance is after fees and assumes re-investment of distributions. Inception 05-02-16

Total Return from \$1m invested in the Fund



The above chart is representative of investing \$1million at inception. It is calculated after fees & assumes reinvestment of all distributions. Past performance is not a reliable indicator of future performance

Our only fee is performance based. We only benefit when we succeed in growing our investors' wealth sustainably and over the long term.

INTERESTED IN MAKING AN INVESTMENT OR TOPPING UP?

03 9602 1230 admin@csvf.com.au

To make an investment in the Fund, please contact our office

www.csvf.com.au

Commentary & Performance

Since inception, our Fund has delivered a total return of 28.65% (after fees). On an annualised basis this puts us at 24.49% per annum. For the current financial year, our return is 24%. These are highly attractive returns in anyones book.

Nevertheless, investing is about looking forward. Whilst we are very pleased with our results thus far, we are aware that generating such outperformance on an ongoing basis is not something that we can come to expect. Inevitably, there will be periods where we generate negative returns or even underperformance.

Cognisant of the risks to the market and our portfolio we will continue to do everything in our power to ensure that our investors continue to see positive, unleveraged results. And, while past performance may suggest that our goals are as lofty as the 24% p.a that we've achieved thus far, our actual goals are more realistic. Our mandate continues to be one of caution and measured risk aversion. We continue to remain more concerned about the sustainability of our process rather than a monthly return, and our target remains that we generate a better than market return, over the long term.

In pursuing our goals we remain steadfast to our opportunistic, concentrated 'deep value' investing philosophy - buying assets for less than their intrinsic value just makes sense to us. In that light, investors are unlikely to find dairy producers selling to China, or the latest and greatest marijuana company in our portfolio of holdings.

Within this quarterly, we share an Uber experience we had on the way from the airport this month. As always, we would be interested to hear your thoughts on the topic.

From our Fund perspective, we are pleased to share that we continue to see rapid growth of inflows. We want to take this opportunity to thank everyone who has shown an interest in us, and particularly so to our investors.

Fund Unit Price (at 31st March 2017)

Buy Price	\$ 1.2687
Unit Price	\$ 1.2624
Sell Price	\$ 1.2560

Buy Price and Sell Price are subject to a 0.5% spread
 *Unaudited unit price, calculated by White Outsourcing

Underlying Yield (at 31st March 2017)*

Net	7.87% p.a.
Gross	5.75% p.a.

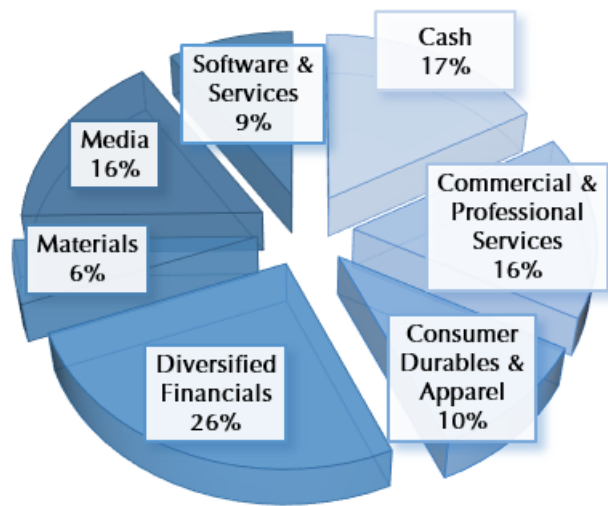
* Underlying Net Yield (excluding franking credits) or Gross Yield (incl franking credits) is based on current year's consensus of the distributions paid to the Fund by its underlying equities held (excl Cash). Actual Distributions paid by the Fund to investors will vary due to the Funds profit and loss within a given period being a Unit Trust structure.

Fund Holdings* (at 31st March 2017)

BPS TECHNOLOGY
CALTEX AUSTRALIA LTD
CLARIUS GROUP LIMITED
COLLECTION HOUSE LTD
DELTA SBD LIMITED
FLEXIGROUP LIMITED
IVE GROUP LIMITED
LITIGATION CAPITAL
MONEY3 CORP
NZME LIMITED
PIONEER CREDIT LIMITED
PRIME TELEVISION LTD
SHRIRO HOLDINGS
SPOTLESS GROUP

* In the interests of investors, the Fund does not disclose shares it is in the process of purchasing, selling or considers a 'special situation' and as such this is not a complete comprehensive list

Fund Weighting (at 31st March 2017)



Portfolio Weighting (at 31st March 2017)

No direct leverage in the Fund

ASX securities	83%
Cash	17%

Uber drivers and million dollar real-estate



Upon returning from a business trip last week Michael and I caught an Uber. Being value investors we have a keen appreciation for value in all aspects of our life and are early adopters, and frequent users of the service.

The only downside of riding with Uber is that we no longer receive investment advice from cab drivers. Luckily for us, in this instance our Uber driver had some opinions.

During our drive down the Monash freeway we noticed our drivers distinct 'middle America' accent and took the opportunity to discuss the US housing crash of 2009. Our intent was to further educate ourselves on the challenges of recognising property bubbles (a hot topic of late), and thought that there would be no one better able to recognise the signs than someone who lived the situation just a few years ago.

Our driver (let's call him Bob) explained that in hindsight the signs of the US property bubble were clear to see. Easy access to finance, LVR's of 95% to 105%, a general excitement that saw every layman (he specifically mentioned his barber)

praising the wisdom of property investment, and every other TV show displaying house renovators and property flippers making sensational returns.

Bob went on to explain that the pain of the recession following the market crash was very real, with his family home giving up all the valuation gains it had seen in 20 years, and jobs being lost left, right and centre. In fact, Bob had made his way to Australia specifically to escape his situation in Texas, and to pave a new path to financial freedom in Australia.

Having heard Bobs sound explanation and sobering story, we were somewhat shocked to hear the next piece of his story. It turns out that Bob has been taking double shifts of late to help him fund the 5% deposit needed for an almost \$1 million home in suburban Melbourne. Somewhat taken aback by the news Michael politely asked “aren’t you nervous about the inflated price of property here?”. Frighteningly, his answer was one that was all too familiar; “There is so much demand for property here, prices simply can’t fall if you buy in good neighbourhoods”.

When Uber drivers are talking about the merits of property investment, when LVR’s are at 95%, when interest rates are at all time lows, and when your average buyer is happy to purchase a house at all time high prices (with a smile and the confidence of someone who knows they can’t lose), when the hysteria is so overwhelming that even Bob, our Uber driver, who had experienced a boom and bust cycle before can’t recognise the similarities, it’s time to seriously think about what might happen if this house of cards tips over.

There are too many factors influencing the stock market at any one time to count. Many are positive influences, while just as many lurk just below the surface waiting to cause havoc.

We’ve been fascinated and frightened by the neck-breaking speed of property returns in recent years. We’ve been confident (and wrong) that a property correction is due at any moment, but we

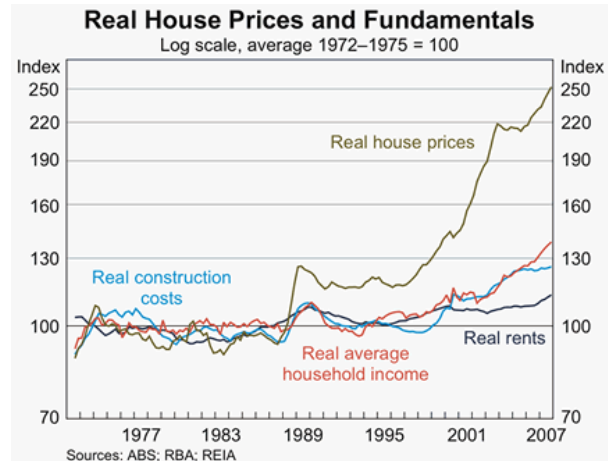
appreciate that we can’t know with certainty if or when the property market will fall.

Our view is that every prudent investor must be aware of all the risks faced by their investments, and should make the appropriate plans to react should any of those risks become reality.

At Collins St Value Fund, we recognise that all too often the market is influenced by emotion and hearsay. Fleeing to cash at the first thought of risk is almost always a poor decision. Doing so would have seen our investors miss out on the 25% return we delivered in 2016.

Our plan is to closely monitor all those macro themes that we have identified as a risk to our portfolio, plan a response for each circumstance, and be ready to act when the signs begin to present themselves.

In investing and in life, we think it’s better to be wrong and ready than right but unprepared.



What to expect from us and your Investment in the Fund?

With each quarterly update we plan to remind our investors of how we run the Fund and what our expectations are for it. Although somewhat repetitive, we believe in open communication, and want to ensure that all investors are fully informed and are never surprised by our direction. Reading this commentary each quarter should help answer any queries about our process or performance for a period.

- Our aim is to create strong investment returns irrespective of the market over the medium to long term.
- We seek to achieve gains by investing in a concentrated portfolio of Australian listed securities. We focus on identifying deep value investment opportunities all the time, constantly identifying sustainable businesses trading at a discount to our assessment of intrinsic value.
- As opportunistic investors, we are very patient. In the absence of finding a wonderful investment for our capital, we have no hesitation holding a significant amount of cash or investing in short term special situations.
- Our mandate is to generate index unaware, absolute returns. We would much rather miss a 'suspect' opportunity, than purchase a company we are unsure of.
- As the Fund will have a concentrated portfolio of shares, we expect short term volatility to have no meaningful effect to our long term

returns. That is, we are focusing on the destination, not the journey.

- As contrarian value investors with a medium to long term view, we rarely invest for the short term. Attempting to pick short term market movements only acts as a distraction to our long term aim of strong investment returns.
- After conducting adequate research, we prefer shares that we have not fully invested in to fall in the short term. That is, once we are happy to buy a company we would much rather pay a discounted price for that asset even if it means our initial purchases are under water.
- To achieve our goal of long term outperformance, the cost is often short term volatility. We have implemented procedures to try and reduce this volatility, but we aware that it will remain "the cost of doing business".
- We will be sending out quarterly reports to you that will include the Fund's official unit price. We ask that you consider those reports in context. Returns in a single quarter (good or not) are not necessarily indicative of what the Fund will generate over the longer term.
- With our money invested alongside and on equal footing as yours, you can rest assured that we are motivated by the same outcome as you – an increasing unit price. Additionally, our fee structure further ensures that our interests are closely aligned.

Wishing everyone and their families a happy, healthy, and prosperous 2017.

Yours sincerely,



Vasilios Piperoglou
Investment Manager of the
Collins St Value Fund



Michael Goldberg
Investment Manager of the
Collins St Value Fund

KEY FEATURES

Fund Name:	Collins St Value Fund ABN 72 216 927 242
Trustee:	Collins St Asset Management Pty Ltd ACN 601 897 974 AFSL 468935
Custodian:	White Outsourcing (Sub-custodian is JP Morgan)
Registry/Unit Pricing:	White Outsourcing
Auditors:	Pitcher Partners
Fund Inception Date:	5th Feb 2016
Investment Objective:	The Fund will seek to create strong investment returns over the medium to longer term, with capital preservation a priority.
Investment Strategy:	The Fund invests in a concentrated portfolio of Australian listed securities. It focuses on identifying deep value investment opportunities. This is achieved by identifying sustainable businesses trading at a discount to our assessment of intrinsic value.
Benchmark:	Index Unaware
Asset Class:	Long only ASX listed securities & Cash (no derivatives).
Leverage:	None
Minimum Subscription:	\$500,000 and only open to investors considered "wholesale investors" under Section s761G of the Corporations Act.
Investment Term:	There is no fixed investment term. Investors may apply to acquire Units in the Fund at any time the Fund is open for investment. Investors may redeem Units subject to the applicable liquidity and redemption policy.
Distribution Frequency:	Bi-Annually
Entry Fee:	Nil
Buy/Sell Spread:	0.50%
Applications/redemptions:	Monthly
Management Fee:	Nil
Performance Fee above Hurdle Rate:	25% (Hurdle rate is the 10 year Aus Gov't Bond Rate)

For more information about the Fund please obtain a copy of the Information Memorandum which is available upon request.

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