COLLINS ST

VALUE FUND

June 2022
Quarterly Report

Performance (to 30 June 2022)*

Period	Return
June Quarter 2022	-11.09%
12 months	0.30%
2 years (annualised)	28.59%
3 years (annualised)	21.06%
5 years (annualised)	15.44%
Annualised Return (since inception)	16.13%

*Net returns.

Collins St Value Fund Annualised return **16.13% p.a**	ASX/S&P200 Accumulation Index **8.62% p.a**
Collins St Value Fund Value Add **7.51% p.a**	Inception Date **February 2016**

For the 12 months to 30 June Collins St Value Fund generated a return of 0.3% after fees. This was an outperformance over the ASX200 Accumulation index of 6.77%

If you have any questions about this report or any investing related matter please don't hesitate to be in touch with our team. Rob Hay is available at rhay@csvf.com.au. Our office number is 03 9602 1230.

Just as Australians were getting comfortable with a new Covid normal and a new government, inflation and higher interest rates have made themselves the centre of attention.

While it's not in the slightest bit surprising to us that the inflation genie has escaped from its bottle, it is interesting to us to see the markets reaction - both to the risk of inflation, the cost of increasing interest rates, and the outlook for equity (and property) markets.

"ITS NEVER AS BAD AS IT MIGHT FIRST SEEM"

ASX 12 month returns

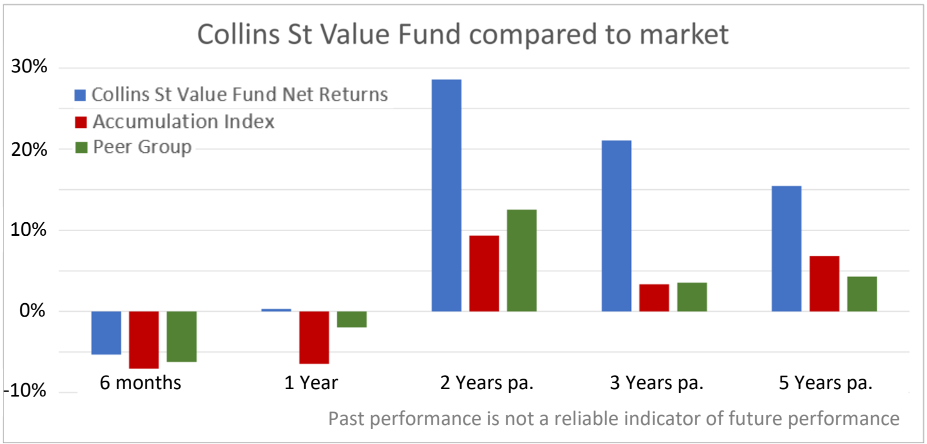
Markets are certainly lower than they were 12 months ago, but the Armageddon that the media would have you believe is in process simply hasn't occurred.

We've seen fluctuations in interest rates before, we've seen consumer sentiment up and down in the past,

Comparative Returns*

	Collins St Value Fund returns	Peer Group (Value Funds)	ASX200 Accum Index
Q2 2022	-11.1%	-9.6%	-11.9%
1 Year	**0.3%**	-2.0%	-6.5%
2 Years p.a	**28.6%**	**12.6%**	**9.3%**
3 years p.a.	**25.0%**	**3.6%**	**3.3%**
5 years p.a.	**17.9%**	**6.5%**	**8.6%**

* net returns



Unit Price:

Main Class	Distribution
$2.1246	20.34c

Holdings*

Beach Energy
Boom Logistics
Humm Group
Link Administration
Litigation Capital Management
MMA Offshore
National Tyre & Wheel
Retail Food Group
RPM Automotive Group

* In the interests of investors, the Fund does not disclose all its positions.

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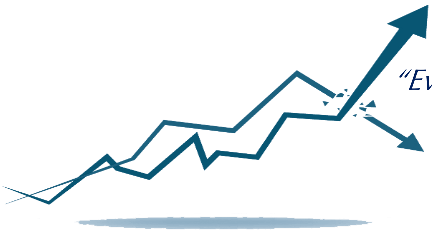
and over the years we've seen corrections time and time again. None of this is new and all of this will happen again.

"History may not repeat, but it rhymes"

We expressed our concerns about the prospect of inflation almost two years ago (specifically calling it out in our September 2021 Quarterly report). At the time we acknowledged that we couldn't be sure how central banks would react and whether or not there would be an inflation contagion, but we did suggest how investors could protect themselves against the prospect of inflation risk. This while the Reserve Bank of Australia continued assuring Australians that inflation was under control and that interest rates wouldn't be moved until at least 2024.

We continue to be pleased with the progress and shape of our portfolio. We continue to make efforts to protect our positions by focusing on good quality businesses that have pricing power and real assets. Where those can't be identified we have been happily investing in special situations, both takeover arbitrage and convertible notes.

In this report we consider corrections and recoveries over the years, and provide our thoughts on what to look out for in turbulent markets. We hope that you enjoy this report, and if you have any questions or comments please feel free to reach out to our office at rhay@csvf.com.au or (03) 9602 1230



"Every past market crash looks like an opportunity, but every future market crash looks like a risk"

Morgan Housel *- Author, The Psychology of Money.*

Corrections & Recoveries:
Volatility is the price you pay for performance

Over the last couple of months our team have had the distinct pleasure of getting on the road again and visiting clients. It's always a joy to meet, eat and chat with our investors, but more than anything, it gives us the opportunity to get outside of our four walls and get a sense of what sophisticated investors are thinking (and worrying) about.

We are fortunate that the investors we tend to attract are less concerned by daily, monthly or even quarterly movements than they are about long term outcomes. Even still, it was apparent that the recent volatility and turbulence within markets was a topic of conversation around the tables. A common question we heard on a couple of occasions was: "Where do we see the markets headed, and are we experiencing a bear market?

History of Market Corrections, Crashes, and Recoveries

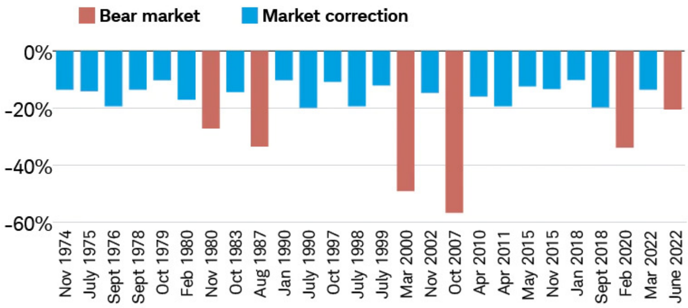
Though definitions may vary, generally speaking a correction is defined as a market that has fallen 10%. There have been 26 corrections since 1974 with an average period between corrections being approximately 18 months.

The term correction is appropriate language as it suggests that prior to the fall, markets had become unsustainably optimistic and a 'correction' to market prices was required to realign price with value.

Bear markets (or crashes) are typically defined as a period during which markets fall at least 20% from their previous highs.

Since 1974, just 6 corrections have become bear markets.

S&P500 corrections since 1974



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc

Driven by a diverse set of factors, each bear market was triggered by unique factors including a global oil shock (1980), runaway markets and leverage (1987), the dotcom crash (2000), the US property market collapse and GFC (2007), the impact of a global pandemic (2020), and most recently fears of increasing inflation and interest rates in 2022.

While each bear market was driven by a distinct driver, all shared one common theme - an unholy marriage of speculation and leverage.

There are no clear signs to indicate when a downturn might turn into a correction or a bear market, but there are certainly general indicators.

Factors such as debt levels tend to predict trouble, as do overly high expectations matched by multiple expansion for assets. In the most recent bear market, many stocks had altogether 'evolved' beyond concerns of price to earnings or price to book multiples, and instead marketed their potential value on the basis of price to sales, or price to addressable markets.

Still, expensive markets can become more expensive, and it's always difficult to identify which straw will break the camel's back. Though it is less difficult to identify a tired and weary camel.

But corrections are only one side of the equation. Even if an investor were able to predict the exact point at which markets were overly expensive and about to turn down, they would also need to accurately predict when markets were about to turn.

You see, while market downturns feel very uncomfortable for the average investor, its precisely during that period of peek discomfort that much of the recovery returns are achieved. For instance, early 2020 saw Australian markets down some 40% from peak to trough, yet when all was said and done some significant returns were achieved during calendar year 2020 - our fund generated some 33% for investors over the year.

In fact, since 1974, had an investor exited during a market correction and remained out of equities for the first 12 months of the recovery, a time during which it no doubt felt risky to remain invested in equities, they would have forgone on average almost 52% pa.

With the exception of extreme times, picking market direction is incredibly difficult. Even in extreme periods, it is one thing to recognise the potential opportunity, but another all together to have the courage to capitalise on it.

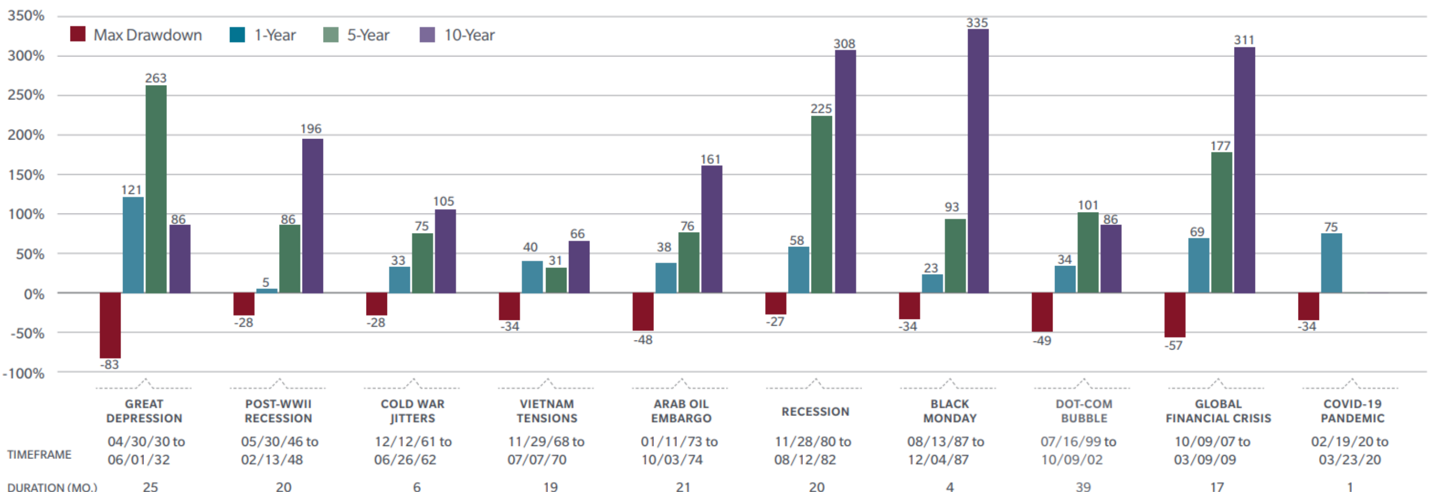
Our Take:

Our preference is to broadly ignore the markets in general. That's not to say that we aren't aware of when things begin to look heated, but more to say that we are less concerned about what the broader market is doing, and far more so concerned about how our concentrated portfolio of businesses are performing.

By buying businesses rather than markets, we don't need to predict what the herd might do. We are not concerned by the psychology of the markets, the multiples at which they might trade, or what current fad or thematic is driving popular investment dynamics.

Instead, we simply concern ourselves with the wellbeing of the businesses we own. Are they profitable, do they have pricing power, are their goods and services in demand?

S&P 500 Index cumulative returns for 1-, 5- and 10-years periods following end of bear market



Source: FactSet. Daily data from 3 January 1928 through 31 March 2020

Beyond that, not much else matters.

When markets fall it's common for all shares to fall in sympathy. That's been our experience during the GFC and the COVID crash. The questions that we are concerned with relate to how our businesses will perform once the dust settles, and to ensure that we are paying an attractive price in the first instance such that our downside risk is limited.

Our approach isn't complicated; we simply seek to assess the shares we own on the basis of the business that underlies those shares, and we seek to purchase those businesses at a significant discount to our assessment of their underlying value (based on earnings and or assets). This approach may seem boring, and especially so in the face of markets that are excited and expensive, but it's an approach that has worked for us for the last 15 years, and we expect it will continue to do so for the next 50.

As always, if you have any questions, please don't hesitate to reach out to our team at rhay@csvf.com.au or via (03) 9602 1230

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

With each quarterly update we like to remind our investors of how we run the Fund and what our expectations are from it. We believe communication is the key to building a long term working relationship, and want to ensure that our investors are fully informed about our strategy and the Fund's direction.

Reviewing the following should help answer most queries about our process and performance. However, feel free to be in touch if you have any additional questions.

- 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, constantly identifying sustainable businesses trading at a discount to our assessment of intrinsic value.
- As opportunistic investors, we are 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. We expect that volatility to have no meaningful effect on our long term returns. 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 from our long term aim of strong investment returns.
- After conducting adequate research, we prefer shares in which we are 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 purchase price was slightly higher.
- To achieve the goal of long term outperformance, the cost is often short term volatility. We have implemented procedures to try an reduce volatility, but are aware that it will remain "the cost of doing business".
- We will send out quarterly reports to you that will include the Fund's official unit price. We ask that you consider these reports in context. Returns in a single quarter (good or bad) 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.

Although official reports are distributed once a quarter, we are always happy to take investor calls at any time.

Yours Faithfully,

Michael Goldberg
Managing Director
Collins St Asset Management

Vasilios Piperoglou
Chief Investment Officer
Collins St Asset Management

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:	Sandhurst Trustees Limited
Registry/Unit Pricing:	Apex Fund Services Pty Ltd
Auditors:	Pitcher Partners
Fund Inception Date:	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 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 company securities & Cash (no derivatives).
Leverage:	None
Minimum Subscription:	$250,000 (unless otherwise agreed) 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:	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)
High Water Mark	Yes
Platform Availability	IDPS (sophisticated investors only) platform of: Netwealth, Hub24, Mason Stevens and Power Wrap

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

KEY DATA

Recent Returns	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Collins St Value Fund	1.67%	1.32%	3.39%	0.36%	-3.66%	-8.04%
ASX 200 Total Return	-6.35%	2.14%	6.88%	-0.85%	-2.60%	-8.77%
Annual Returns and Analytics	**12 months**	**24 months**	**36 months**	**48 months**	**60 months**	**Since Inception**
Fund Annual Return per annum	0.29%	28.56%	21.05%	18.79%	15.44%	16.09%
Index Annual Return per annum	-6.47%	9.33%	3.34%	5.33%	6.83%	8.60%
Monthly Returns and Analytics	**12 months**	**24 months**	**36 months**	**48 months**	**60 months**	**Since Inception**
Fund Average monthly return	0.02%	2.12%	1.60%	1.45%	1.20%	1.38%
Index Average monthly return	-0.56%	0.75%	0.27%	0.43%	0.55%	0.78%
Fund % of Positive Months	67%	83%	78%	75%	73%	77%
Index % of Positive Months	42%	67%	64%	65%	65%	65%
Fund Average +ve Return	2.49%	3.58%	4.32%	4.29%	3.83%	3.43%
Index Average +ve Return	3.08%	2.77%	3.18%	3.04%	2.85%	2.86%
Fund Best Month	6.87%	10.77%	12.87%	12.87%	12.87%	12.87%
Index Best Month	6.89%	10.21%	10.21%	10.21%	10.21%	10.21%
Fund Average -ve Return	-4.65%	-4.65%	-7.02%	-6.34%	-5.43%	-5.33%
Index Average -ve Return	-3.01%	-3.09%	-4.46%	-3.98%	-3.42%	-3.08%
Performance in Positive Markets	**12 months**	**24 months**	**36 months**	**48 months**	**60 months**	**Since Inception**
Number of months market was positive	5	16	23	31	39	50
Fund % positive months, when market positive	80%	94%	91%	87%	79%	84%
Cumulative Fund return in positive market	7.93%	73.24%	158.89%	197.94%	178.21%	243.50%
Cumulative Index return in positive market	16.25%	54.22%	104.18%	151.37%	196.62%	306.37%
Up Capture Ratio	48.77%	135.08%	152.51%	130.77%	90.64%	79.48%
Performance in Negative Markets	**12 months**	**24 months**	**36 months**	**48 months**	**60 months**	**Since Inception**
Number of months market was negative	7	8	13	17	21	27
Fund % positive months, when market negative	57%	63%	54%	53%	62%	63%
Cumulative Fund return in negative market	-7.07%	-4.60%	-31.49%	-33.16%	-26.31%	-24.18%
Cumulative Index return in negative market	-19.54%	-22.49%	-45.95%	-51.03%	-53.10%	-58.23%
Down Capture Ratio	36.18%	20.45%	68.52%	64.98%	49.54%	41.52%

Data sourced from Australian Fund Monitors. https://www.fundmonitors.com

As at 30 June 2022