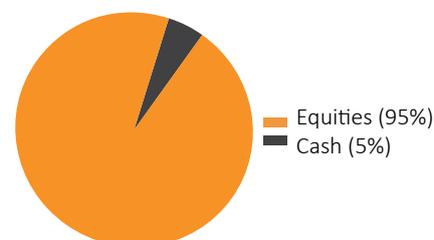


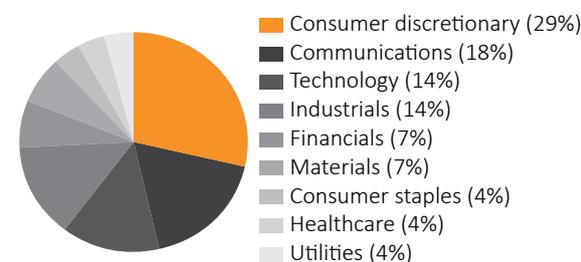
Investment objective

Provide a concentrated portfolio of long-only positions in approximately 25 securities based on the highest conviction ideas from leading fund managers. The Company will also forego any investment fees and instead donate a donation amount to leading Australian medical research institutes.

Cash / equities



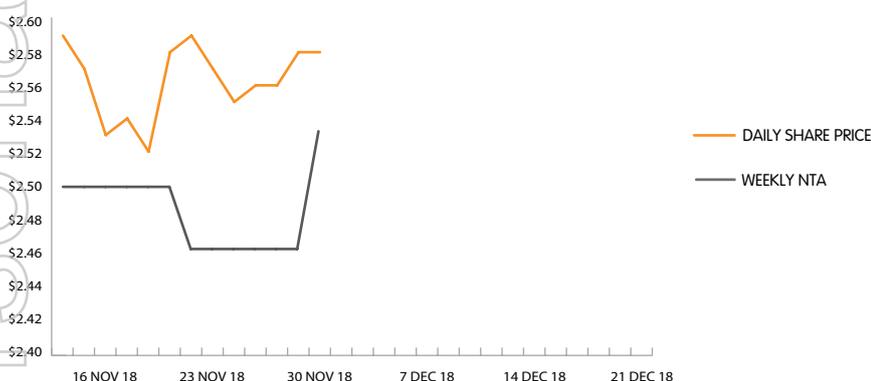
Sector allocation



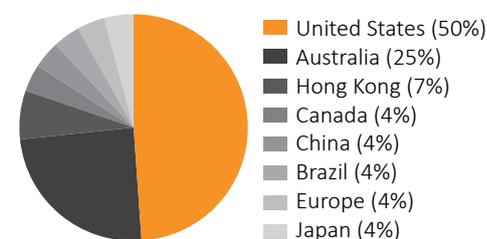
Key details

Pre-tax NTA ¹	\$2.5318
Post-current tax NTA ²	\$2.5323
Post-tax NTA ³	\$2.5223
ASX code	HM1
Share price	\$2.58
Listing date	14 Nov 2018

HM1 daily share price vs weekly NTA backing per share



Country allocation⁴

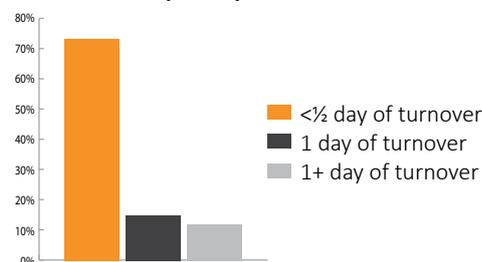


Performance

	1 month (%)	3 months (%)	1 year (%)	Since inception (%)
Pre-tax NTA ¹	1.27	-	-	1.27
Post-current tax NTA ²	1.27	-	-	1.27
Post-tax NTA ³	1.27	-	-	1.27

Source: Citco Fund Services

Portfolio liquidity⁵



Overview of November 2018

During the month of November the Company has deployed over 95% of the funds in the portfolio. The pre-tax NTA has increased from \$2.50 to \$2.5335 in what has been a very volatile period in global markets. The Sohn Hearts and Minds Investment Leaders Conference took place during the month and we are excited about the stocks the portfolio has invested in as a result. Each month we will feature one manager, their recommendation and a brief summary of the thesis behind it. The Portfolio is diverse across both region (8) and sector (9), with no holding representing more than 5% of the invested capital. As described in the Prospectus, currency exposure of the portfolio is unhedged. Due to the strengthening of the AUD last month (particularly against the USD), the Fund experienced a negative currency impact during November of approximately 0.8%.

To receive these monthly investment updates via email please [click here](#).

¹Pre-tax NTA is calculated before the provision for tax on realised and unrealised gains and losses on the investment portfolio. ²Post-current tax NTA is calculated after the provision for tax on realised gains and losses on the investment portfolio. ³Post-tax NTA is calculated after the provision for tax on realised and unrealised gains and losses on the investment portfolio.

** All NTA figures are unaudited and prepared by Citco Fund Services. ⁴Country determined by location where primary business takes place. ⁵Based on 20 day average daily turnover.

⁶The performance figures quoted are historical, calculated using end of month prices. Performance can be volatile and future returns can vary from past returns.

All numbers as at 30 November 2018 unless otherwise stated.

Sohn Hearts and Minds Investment Leaders Conference

Manager recommendation in focus

Airlie Funds Management – Emma Goodsell

Airlie is a specialist Australian equities fund manager which brings together some of Australia’s most experienced industry participants. Airlie has an active, value-based investment style that aims to deliver attractive long-term capital growth and regular income to its investors. Founded in 2012 by John Sevier and David Cooper, and headquartered in Sydney, Airlie manages a range of Australian equities strategies, primarily for institutional and high net wealth clients. Magellan Asset Management (‘Magellan’) purchased Airlie in early 2018, providing retail investors exclusive access to Airlie’s investment expertise for the first time, through the Airlie Australian Share Fund. www.airlieaustraliansharefund.com.au



Emma Goodsell
Portfolio Manager
Airlie Funds Management

Recommendation: Reece Limited (REH.AX)

Reece Limited was founded in 1920, and operates as a plumbing, building and hardware merchant throughout Australia. The Company offers a variety of bathroom, kitchen and laundry products through its national stores and showrooms. Reece’s products are utilised by plumbers, consumers, architects, builders and interior designers.

52-week range: A\$9.11- A\$12.95 | Bloomberg consensus: 2 Buys, 0 Holds, 0 Sells | Average price target: A\$13.18

What Emma says about Reece Limited

- The plumbing wholesale business of Reece is best compared with Tradelink. In 1998, Tradelink had double the sales and profit of Reece, which was a much smaller business. Investment over the past 20 years and a focused management team has seen Reece come to dominate the sector, with sales increasing 6-fold and profit up 18x over the period 1998-2017, while Tradelink sales have remained fairly flat over the same period.
- Reece has enjoyed a consistently high return on funds employed (>15%) over many housing / business cycles, while still investing heavily in the business. There are 350 stores and per-store profitability has steadily increased. Reece has 140 software developers, which powers a very sophisticated supply chain, technology and customer service offering.
- Reece recently bought the 3rd biggest plumbing business in the US (Morsco). While Ferguson is the clear #1 across the US, its market share is weaker in the south, where Morsco is present. Emma firmly believes there is significant scope for inorganic and organic growth there. Even though Texas alone has a population greater than Australia, there are just 50 Morsco stores in Texas, compared to 350 Reece stores in Australia.

- Emma believes there is \$3 of upside in Reece from current levels, coming from its US store rollout, improving US margins, and a slow but steady profit growth in its core Australian business.

Company information

ASX Code	REH
Market Capitalisation	5.715Bn
Volume	371,309

REH: 5 year share price history

