Zenith Investment Partners

Highly Recommended
Recommended
Approved
Not Rated
Redeem

Product Assessment

Future Generation Global Investment Company Limited

Report data as at 30 Apr 2017
Rating issued on 08 Jun 2017

VIEWPOINT & RATING

The Company, listed on the ASX in August 2015, is one of two charitably focused Listed Investment Companies (LIC) offered to market by founder Geoff Wilson. The Company adopts a multi-manager structure consisting of a range of actively managed International equity strategies. The underlying fund managers and service providers do not charge a fee for their services. Based on the Company's charitable aim and access to high quality fund managers, we believe the Company is an appealing option for socially conscious investors.

The Company is managed by an Investment Committee (IC) which comprises: Amanda Gillespie (Chairperson), Aman Ramrakha, Sean Webster, Chris Donohoe and Geoff Wilson. The IC is responsible for the sourcing and ongoing monitoring of fund managers. Formally, the IC meets on a quarterly basis to discuss changes to the portfolio. Zenith believes the IC is highly qualified to assess and select fund managers. In addition, we believe that the IC effectively leverages its extensive network in order to identify high quality managers.

Due to the limited resourcing within the Company, the manager universe is largely derived from the IC’s contact list garnered from their positions across the investment industry. The underlying universe consists of long-only, absolute return and market neutral managers. the Company prefers to invest in boutique asset managers, often with a strategy that displays a truly active approach. The Company may also invest in new managers but only those whose key staff have extensive experience and a strong performance track record.

Relative to its multi-manager peers, Zenith believes the Company’s manager selection process is less robust and structured. However, we believe this has not compromised the Company's ability to source high calibre managers, and the willingness of managers to participate.

The Company's portfolio construction process is the responsibility of the IC and ultimately the Board. In terms of strategic allocations, the IC aims to build a portfolio that is roughly equally weighted between long-only strategies and absolute return strategies.

Zenith believes the Company's portfolio construction approach to be less stringent than other multi-manager funds, who institute tighter bands or constraints to ensure adherence to a more clearly defined manager mix. That said, we believe the Company's approach is aligned with its investment philosophy given it is dedicated to charity and philanthropy.

COMPANY FACTS

- 1% of Net Tangible Assets (NTA) is donated to Australian charities focused on mental illness
- Access to high quality managers that are not typically available to retail investors
- Highly experienced Investment Committee

ABSOLUTE RISK (SECTOR)

VERY HIGH
HIGH
MODERATE
LOW
VERY LOW

RELATIVE RISK (FUND WITHIN SECTOR)

Geared
Active - Benchmark Unaware
Active - Benchmark Aware
Index - Enhanced/Fundamental
Index

INCOME DISTRIBUTIONS PER

MONTH | QUARTER | 6 MONTH | ANNUM

INVESTMENT TIMEFRAME

1-2 YRS | 3-4 YRS | 5-6 YRS | 7+ YRS

APIR Code
ASX:FGG

Bid / Ask Price: 7-Jun-17
$1.085 / $1.09

Asset / Sub-Asset Class
International Shares
Listed Investment Companies - LICs

Investment Style
Growth

Investment Objective
To provide long term capital growth, maximising total return with a combination of capital growth and income, thus allowing fully franked dividends to be paid.

Zenith Assigned Benchmark
MSCI World ex Aust $A

Net Returns (% p.a.)

	1 yr	6 mth	3 mth
LIC	-0.03	3.22	3.71
Benchmark	16.93	14.05	6.99

Fees (% p.a., Incl. GST)
Management Cost: N/A
Performance Fee: N/A

APPLICATIONS OF INVESTMENT

SECTOR CHARACTERISTICS

Listed Investment Companies (LIC)

In assessing the performance of the LIC sector, it is vital to understand how their structure affects the final performance figures as it is materially different to unlisted funds. As listed companies, the portfolio returns generated are exposed to additional volatility from share price movements and can trade at significant premiums or discounts to Net Tangible Assets (NTA).

In addition, the impact of pre and post-tax returns needs to be considered because LICs distribute returns net of company tax, whilst benchmark index returns are quoted on a pre-tax basis. Accordingly, it is difficult to accurately compare shareholder returns to either benchmarks which do not account for tax or realised peer group LICs where the timing of company tax on realised gains differs.

As an indication however, a series of return data can be viewed on the basis of the returns generated by:

- Share price and dividends
- Change in pre-tax NTA value and dividends
- Returns generated internally by the investment portfolio

For comparison purposes, the use of the internal portfolio returns versus the benchmark gives the closest measure of the investment manager's skill in generating returns. However, these returns may not be able to be fully crystallised to shareholders given the potential for share price movements.

Caution should be used in the comparison of these figures as share price and pre-tax asset NTA are measures which take into account company tax paid on realised capital gains and unfranked income, whereas benchmark performance is a wholly untaxed measure.

At various times when assessed on a purely quantitative basis, a LIC can trade away from its NTA which may represent good buying or selling opportunities. While these instances may boost investment returns, there is no guarantee that the discount or premium will converge to NTA, therefore, gains can not be crystallised.

International Equities

International equities offer Australian investors the ability to access a broader opportunity set, with the potential to invest in sectors not represented or not well represented in the Australian market. Given international markets are not perfectly correlated with the Australian market, International equities also afford portfolio diversification benefits.

The sector incorporates both benchmark aware and benchmark unaware strategies that focus predominantly on larger capitalisation stocks. The sector is one of the most competitive fields in the investment landscape, based on the number of managers and strategies available to investors.

Zenith benchmarks all funds in this sector against the MSCI World Index ex-Australia (Unhedged), which corresponds with the benchmark employed by the majority of funds in this space. The index is market-capitalisation weighted, resulting in those companies with the largest market capitalisations receiving the heaviest weightings. The index consists of approximately 1,500 securities listed in 22 developed markets (Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States) with the United States currently representing approximately 60% of the index; Japan and the United Kingdom being the next largest constituents, with approximately 9% and 7% respectively. The index excludes emerging and frontier markets but many managers retain the mandate flexibility to invest in emerging markets.

The global share market, as represented by the MSCI World Index ex-Australia (Unhedged), is far more diverse, in terms of sector exposures, than the Australian market. Although the Financials sector represents the largest sector index weight, many sectors not well represented in the Australian market, such as Information Technology and Healthcare, are well represented in the global index, each with approximately a 15% and 12% weighting respectively. Despite the market capitalisation weighting methodology, the top 10 index stocks represent only approximately 11% of the weighting of the index, reflecting the larger universe and less top heavy nature of the universe.

PORTFOLIO APPLICATIONS

In general, compared to most other asset classes, equities offer investors the opportunity for higher capital growth over the longer term with some income. However, this higher growth is also often associated with higher volatility. Therefore, it is recommended that investors adopt a longer time frame when investing in equities.

International equities provide investors with a broad exposure to industries and countries. With such a broad universe, it is expected that managers can deliver superior returns to Australian equities and more conservative asset classes. However, the expectation of greater returns comes with increased volatility, especially when currency is factored in. Therefore, it is recommended that investors adopt a longer time frame when investing in international equities. It is also recommended that investments in international equities be blended with domestic equities and other non-correlated asset classes such as fixed income to diversify the impact of a downturn in the global economy.

Zenith believes the Company offers investors an exposure to a well-diversified and actively managed multi-manager global equity fund. The Company is largely unconstrained, with each underlying fund being selected based on its ability to outperform its benchmark.

The Company may also suit investors seeking a consistent income stream, with the Board committed to paying an increasing stream of fully franked dividends to shareholders.

From a portfolio perspective, the Company is potentially suitable as a core allocation to global equities. However, we believe it should be blended with other global equity funds. Given the Company's benchmark unaware approach, Zenith considers it a moderate to high risk proposition with a long-term investment horizon. With the Company’s charitable aim, it is also potentially attractive for socially conscious investors as well as charitable or philanthropic trusts.

Despite the relative merit of a strategy, investors should give consideration to the method of access. While the unlisted fund structure may be less convenient for some investors, accessing a strategy via a LIC will mean that the effectiveness of the strategy may be significantly diminished due to the Company's own trading movements. That is, investors may not be able to benefit from the portfolio's performance, as the performance of the Company is driven by market sentiment.

One of the benefits of the LIC structure is that the Company, unlike in an unlisted managed fund, does not have to sell holdings to fund redemptions. Zenith believes this feature is a key competitive advantage for the Company given its bias toward less liquid fund managers (monthly liquidity). That is, the Company will not have to sell positions at inopportune times to meet redemption requests.

RISKS OF THE INVESTMENT

SECTOR RISKS

Funds within the “International Equities/Listed Investment Company” sector are exposed to the following broad risks:

MARKET & ECONOMIC RISK: Global equity markets present a risk in protracted downturns or bear markets. Changes to economic, social, technological or geopolitical circumstances of a region may lead to different risk return profiles as compared to historically. It may possibly change the equity risk premium profile of the region's equities asset class, impacting on returns. This risk can be mitigated by adhering to the LIC's prescribed investment timeframe.

CURRENCY RISK: Changes to currency values may alter an international equity investment’s return if the denominated currency appreciates or depreciates by a material amount. This risk is greatly reduced by the Manager’s ability to hedge currencies.

REGULATORY RISK: A change in the geopolitical circumstance of a global region may adversely impact on both the value of the underlying securities and the currency of denomination. In extreme cases, it may lead to exchange controls which limit the ability of foreign investors to repatriate funds to the home country.

LIQUIDITY AND CAPACITY RISK: In some cases, global equities may present low liquidity in particular regions. Emerging markets and small cap stocks may display low liquidity due to low volume and fewer market participants than the major bourses.

PREMIUM/DISCOUNT TO NET TANGIBLE ASSETS (NTA): Investors need to be aware that as a LIC, the Company's shares will have their own trading patterns and may trade away from their Net Tangible Assets (NTA) which at times may impact the effectiveness of the Company's investment process and/or expected risk-return profile.

FUND RISKS

Zenith has identified the following key risks associated with the Company; this is not intended to highlight all possible risks:

REMUNERATION RISK: As all parties involved in the Company, with the exception of Louise Walsh (Chief Executive Officer), work on a pro bono basis (including Wilson Asset Management, advisers and underlying fund managers), Zenith considers the lack of remuneration as a risk that may potentially cause parties to cease involvement due to lack of monetary incentives. This is partly mitigated by the Company limiting capital allocations to each manager at approximately 10% of net assets, with the aim of reducing the impact on managers' profit margins.

SHORT SELLING RISK: Underlying funds that the Company invests in engaged in short selling. Short selling involves borrowing and selling securities the funds do not own. The action of stock borrow creates an obligation to redeliver the securities borrowed (or their equivalent) on an agreed date, or if circumstances change on demand from the stock lender. Short sale positions create an unlimited risk for the portfolio, if the stock price of the security rises and the underlying fund is unable to buy the securities back in the market place. The act of buying securities in a rising market can add to the positive price momentum and add to the losses in the underlying funds and in turn, the Company.

DERIVATIVES RISK: Underlying funds can use various derivatives including options and futures and these investment securities can be volatile, speculative, illiquid and leveraged.

RELATED PARTY RISK: Zenith notes that there are a number of related parties with regards to the underlying fund managers and the members of the IC and the Board. Although we believe that all activities and decisions are made with the best interest of all the Company's stakeholders, we nonetheless would prefer fully independent parties in all investment functions. In addition, we note that these parties do not receive any monetary benefit for their services, which further alleviates our concerns on this matter.

QUALITATIVE DUE DILIGENCE

ORGANISATION

Future Generation Global Investment Company Limited (ASX:FGG) is one of two charitably focused Listed Investment Companies (LIC) offered to market by founder Geoff Wilson. The Company was listed on the ASX on 10 September 2015 and offers investors the opportunity to gain access to prominent global fund managers.

The Company, the underlying fund managers and service providers do not charge any fees for managing investments and services. The Company aims to donate 1% of Net Asset Value per year to Australian charities focused on mental illness.

Since inception, the Company has donated approximately $3 million to Australian charities.

In April 2017, Louise Walsh was appointed Chief Executive Officer of the Company. Walsh is the Company's only staff member.

The Board of Directors of the Company comprises the following individuals:

- Belinda Hutchinson (Chairperson)
- Geoff Wilson
- Frank Casarotti
- Susan Cato
- Sarah Morgan
- Karen Penrose

Zenith is currently comfortable with the composition of the Board which is technically independent. Given the high importance of shareholder engagement when operating LICs, Zenith believes the Board will need to ensure this is managed appropriately.

As at 30 April 2017, the Company had $321.5 million in funds under management.

INVESTMENT PERSONNEL

Name	Title	Tenure
Amanda Gillespie	Investment Committee Member	1 Yr(s)
Aman Ramrakha	Investment Committee Member	1 Yr(s)
Sean Webster	Investment Committee Member	1 Yr(s)
Chris Donohoe	Investment Committee Member	1 Yr(s)
Geoff Wilson	Investment Committee Member	1 Yr(s)

The Company is managed by an Investment Committee (IC) which comprises: Amanda Gillespie (Chairperson), Aman Ramrakha, Sean Webster, Chris Donohoe and Geoff Wilson. The IC is responsible for the sourcing and ongoing monitoring of fund managers. Formally, the IC meets on a quarterly basis to discuss the portfolio and potential changes.

Zenith notes that members of the IC are not solely dedicated to managing the Company. Given the number of strategies available, Zenith believes the Company would benefit from additional resources.

Personnel involved with the Company do not receive any financial benefit, with the exception of Louise Walsh. Zenith believes this allows for the greatest possible proportion of management fees to be donated to charity, which is in line with the Company 's philanthropic objectives.

Zenith believes the IC is highly qualified to assess and select fund managers. In addition, we believe that the IC effectively leverages its extensive network in order to identify high quality managers.

INVESTMENT OBJECTIVE AND PHILOSOPHY

The Company's investment objective is to deliver investors a stream of fully franked dividends, provide capital growth and preserve capital. The Company aims to outperform the MSCI World Index ($A). Zenith would prefer to see the delineation of a specific outperformance target, as opposed to a descriptive, qualitative objective.

To achieve the Company's investment objective, the IC selects from a range of actively managed International equities portfolios, with a preference for boutique fund managers.

The Company's philosophy is based on a philanthropic aim to benefit investors and the non-profit sector. Given that all managers will not charge management and performance fees, the Company is fee-ambivalent, which allows for the selection of truly active managers that display genuine ability to outperform over the medium to long-term. As a charitable LIC, the Company is not influenced by career or business risk, which Zenith believes is conducive to meeting its investment objectives. Furthermore, the Company aims to donate 1% of net asset value per year to charity, thus Zenith believes there is a clear philosophical alignment.

SECURITY SELECTION

Due to the limited resourcing within the Company, the manager universe is largely derived from the IC's contact list garnered from their position within the investment industry. The underlying universe consist of long-only, absolute return and market neutral managers.

The Company prefers to invest in boutique asset managers, often with a strategy that displays a truly active approach. The Company may also invest in new managers but only those whose key staff have extensive experience and a strong performance track record.

From a qualitative perspective, the manager selection process is based on an assessment of the underlying manager's investment process, investment team strength, performance history through various market cycles and an assessment of the manager's likely performance on a forward basis. Other issues considered important in the selection of underlying managers include fund capacity constraints, organisational stability and liquidity within the fund. The structure of the underlying fund is also important, including its income distribution profile, as wholesale investor redemptions could potentially impact on after tax returns.

Relative to its multi-manager peers, Zenith believes the Company's manager selection process is less robust and structured. However, we believe this has not compromised the Company's ability to source high calibre managers, and the willingness of managers to participate.

PORTFOLIO CONSTRUCTION

The Company's portfolio construction process is the responsibility of the IC and ultimately the Board. In terms of strategic allocations, the IC aims to build a portfolio that is roughly equally weighted between long-only strategies and absolute return strategies. In addition, the IC will also seek to broadly match the MSCI World Index country exposures.

As at 30 April 2017, external manager exposure is gained through investments in:

- Magellan Asset Managment
- Ironbridge Capital Management
- Cooper Investors
- Anitpodes Partners
- VGI Partners
- Marsico Capital Management
- Nikko Asset Management Australia
- Manikay Partners
- Ellerston Capital
- Morphic Asset Managment
- Neuberger Berman Australia
- Paradice Investment Management
- Avenir Capital

The Company's portfolio positions will be weighted according to the IC's convictions of the prevailing investment environment. Therefore, the IC does not place great importance on blending manager investment styles or correlation of manager returns, but rather on searching for managers that display the ability to generate strong returns over the longer-term.

Investors should note that due to a range of factors, including: performance generated by underlying managers; the prevailing investment environment; and fund cash flows, weights may deviate materially from strategic allocations. Portfolio positions will generally be rebalanced should the underlying fund manager underperform for a prolonged period of time or display other operational or organisational issues.

For a manager to be introduced or removed from the Company, unanimous agreement is need by the IC who then in turn present its recommendations to the Board for final approval.

Zenith notes that there are a number of related parties with regards to the underlying fund managers and the members of the IC and the Board. Although we believe that all activities and decisions are made with the best interest of all the Company's stakeholders, we nonetheless would prefer fully independent parties in all investment functions. In addition, we note that these parties do not receive any monetary benefit for their services, which further alleviates our concerns on this matter.

Zenith believes the Company's portfolio construction approach to be less stringent than other multi-manager funds, who institute tighter bands or constraints to ensure adherence to a more clearly defined manager mix. That said, we believe the Company's approach is aligned with its investment philosophy given it is dedicated to charity and philanthropy.

RISK MANAGEMENT

Investment risk is considered during the identification and selection of the underlying investment managers. While the IC is willing to accept some investment personnel risk in the belief that highly experienced, well credentialed boutique managers have greater potential to outperform, strong consideration and assessment is made of their risk management and downside protection processes.

In addition, the use of multiple investment managers also mitigates investment risk by diversifying the sources of return and reducing the reliance on any one manager to generate excess returns. Allocations to the underlying managers are also actively managed and capped at 10% to ensure no single manager dominates the portfolio.

The Company invests directly into each underlying manager's unit trust, which, in Zenith's opinion, allows for greater transparency of investments and returns.

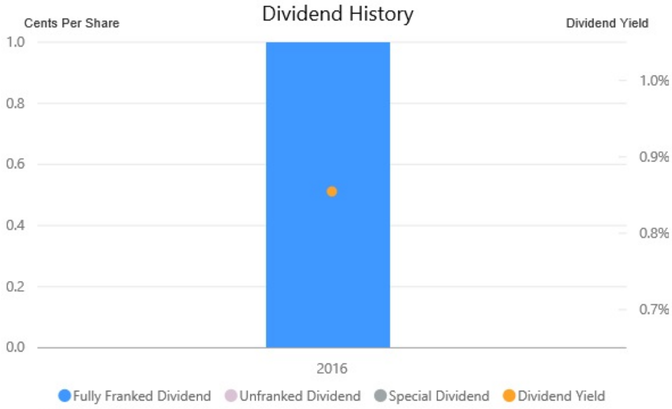
The Company will not hedge currency exposures.

While Zenith considers the Company’s risk management process and monitoring to be below that of rated peers, we are cognisant of the limitations imposed by the Company's charitable structure.

Dividend Policy

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. Dividends will be made with consideration to cash flow, cash holdings and available franking credits.

The Company paid its maiden (1 cent fully franked) dividend in December 2016.



Data calculated on calendar years. Source: Zenith

INVESTMENT FEES

The Company does not charge a management cost or performance fees, however, an annual donation of 1% of Net Asset Value is donated to Australian charities focused on mental illness.

In the majority of cases, if an investment was made in the underlying manager via any other vehicle, an investor would incur a management cost and a performance fee which would generally be significantly higher than the annual donation of the Company. Given the excess return potential of the underlying managers, the performance fee can often be significant. As the underlying managers and service provides do not charge any fees for their services, Zenith believes investors in the Company are well placed to benefit from the strong expected performance of the high quality manager line-up.

As at 30 April 2017, the charities the Company donates to are:

- beyondblue
- Black Dog Institute
- Brain and Mind Research Institute
- Butterfly Foundation
- headspace
- Orygen
- ReachOut Australia
- SANE Australia

Zenith views the charitable initiative embedded within the fee structure as a positive, with the aim of engaging the community in a positive manner.

PERFORMANCE ANALYSIS

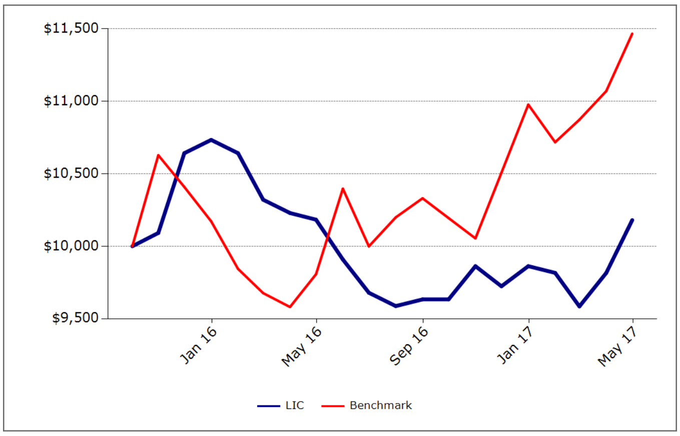
Report data: 30 Apr 2017, product inception: Oct 2015

Monthly Performance History (%, net of fees)

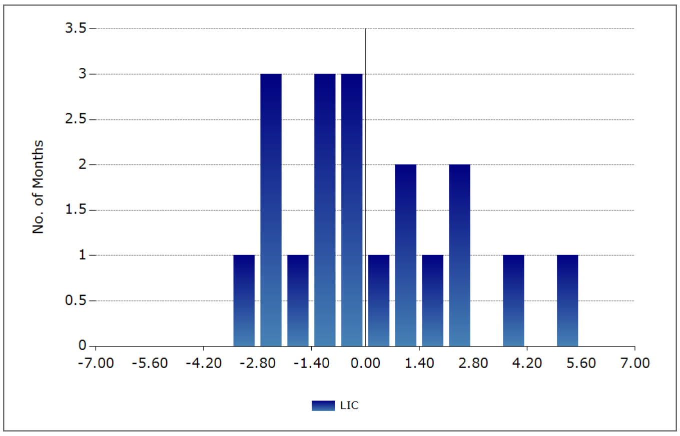
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	LIC YTD	BENCHMARK YTD
2017	-0.47	-2.36	2.42	3.71									3.22	4.46
2016	-0.85	-3.02	-0.89	-0.45	-2.70	-2.31	-0.95	0.48	0.00	2.38	-1.41	1.43	-8.12	7.92
2015										0.92	5.45	0.86	7.34	1.72

Benchmark: MSCI World ex Aust $A

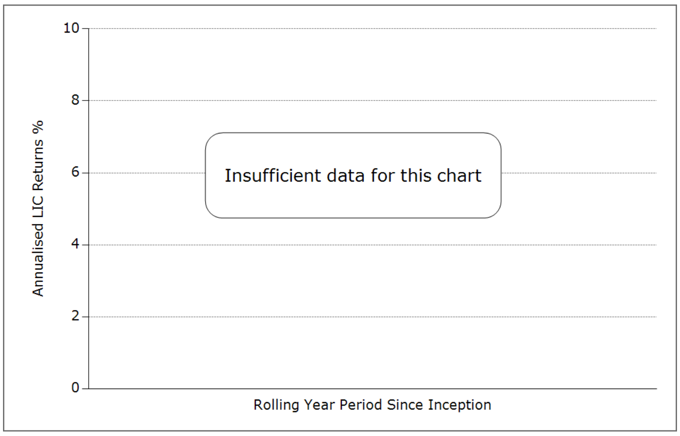
Growth of $10,000



Monthly Histogram



Minimum and Maximum Returns (% p.a.)



ABSOLUTE PERFORMANCE ANALYSIS

Return	Incpt.	1 yr	6 mth	3 mth
LIC (% p.a.)	1.14	-0.03	3.22	3.71
Benchmark (% p.a.)	9.03	16.93	14.05	6.99
Median (% p.a.)	1.14	4.66	5.05	2.50
Ranking within Sector	**Incpt.**	**1 yr**	**6 mth**	**3 mth**
Fund Ranking	10 / 19	16 / 19	13 / 20	10 / 21
Quartile	2nd	4th	3rd	2nd
Standard Deviation	**Incpt.**	**1 yr**	**6 mth**	**3 mth**
LIC (% p.a.)	7.57	6.99	7.43	9.04
Benchmark (% p.a.)	10.72	10.11	8.24	3.22
Median (% p.a.)	13.24	12.28	10.56	5.72
Downside Deviation	**Incpt.**	**1 yr**	**6 mth**	**3 mth**
LIC (% p.a.)	3.52	3.56	3.09	3.85
Benchmark (% p.a.)	4.23	4.16	3.05	0.00
Median (% p.a.)	8.17	6.94	3.74	1.62
Risk/Return	**Incpt.**	**1 yr**	**6 mth**	**3 mth**
Sharpe Ratio - LIC	-0.12	-0.27	0.32	0.36
Sortino Ratio - LIC	-0.25	-0.54	0.76	0.85

Readers should note that unless otherwise indicated, all performance, consistency and risk/return data is referenced to the Zenith assigned benchmark (as represented by Benchmark 1 in the above table) with the LIC returns representing those attributable to shareholders (i.e. share price + dividends). For comparison purposes, Zenith has also included the net returns of the investment portfolio (as represented by Benchmark 2 in the above table) as Zenith believes this is the best measure of the investment manager's skill. However, investors should note that whilst we expect the portfolio returns to be a key driver of the share price over the longer-term, due to the LIC structure, these returns may not be able to be fully realised by shareholders at various points in time.

All commentary below is as at 30 April 2017.

The Company's investment objective is to deliver a growing dividend income stream and preserve capital over the short and long-term. The Company utilises the MSCI World (ex-Australia) Index (unhedged) as a performance benchmark.

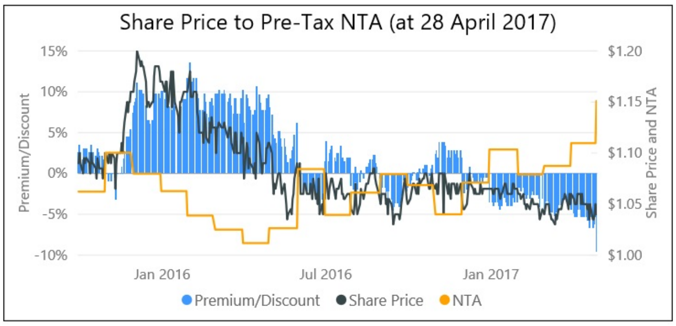
The Company has yet to gain a sufficient track record for

Zenith to determine its success in achieving these aims.

Share Price vs. NTA

The Company was trading at 9.6% discount to NTA as at 30 April 2017.

It should be noted that the Company currently has 272 million unexercised options on issue which if exercised may have a temporarily dilutionary effect (current shares on issue is 277 million as at 30 April 2017).



WARNING: Zenith ratings applied to LICs do not explicitly take into account share prices vs. NTA and do not represent a buy/sell recommendation based on a LICs valuation. Potential investors should make their own determination of the appropriateness of prevailing premiums or discounts to NTA when acquiring or disposing of a LIC.

RELATIVE PERFORMANCE ANALYSIS

Alpha Statistics	Incpt.	1 yr	6 mth	3 mth
Excess Return (% p.a.)	-7.90	-16.96	-10.83	-3.28
% Monthly Excess (All Mkts)	52.63	50.00	50.00	66.67
% Monthly Excess (Up Mkts)	20.00	25.00	40.00	66.67
% Monthly Excess (Down Mkts)	88.89	100.00	100.00	
Beta Statistics	**Incpt.**	**1 yr**	**6 mth**	**3 mth**
Beta	0.01	0.03	0.23	2.18
R-Squared	0.00	0.00	0.07	0.60
Tracking Error (% p.a.)	13.02	12.03	9.54	6.85
Correlation	0.02	0.04	0.26	0.78
Risk/Return	**Incpt.**	**1 yr**	**6 mth**	**3 mth**
Information Ratio	-0.61	-1.41	-1.13	-0.48

All commentary below is at 30 April 2017.

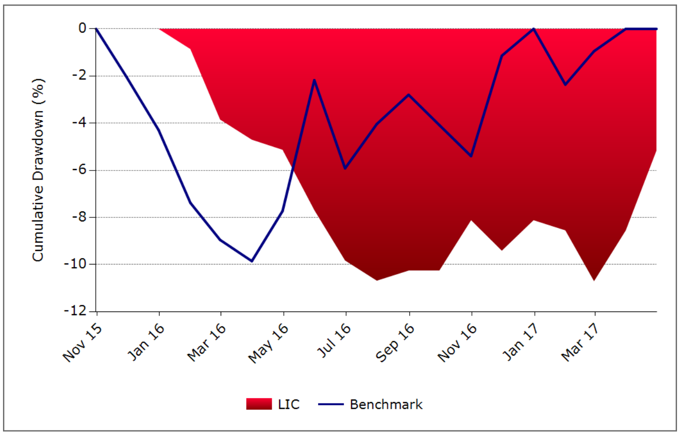
The Company has yet to gain a sufficient track record for Zenith to draw any conclusions from this data.

DRAWDOWN ANALYSIS

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.

Drawdown Analysis	LIC	Benchmark
Max Drawdown (%)	-10.71	-9.86
Months in Max Drawdown	14	5
Months to Recover	-	9

Worst Drawdowns	LIC	Benchmark
1	-10.71	-9.86
2		-2.36
3		
4		
5		



All commentary below is at 30 April 2017.

Consistent with the Company's capital preservation focus, drawdowns have been smaller than that of the benchmark. Zenith expects stronger drawdown protection during periods of significant market corrections.

Despite the relative merit of a strategy, investors should give consideration to the method of access. While the unlisted fund structure may be less convenient for some investors, accessing a strategy via a LIC will mean that the effectiveness of the strategy may be significantly diminished due to the Company's own trading movements. That is, investors may not be able to benefit from the portfolio's performance, as the performance of the Company is driven by market sentiment.

REPORT CERTIFICATION

Date of issue: 8 Jun 2017

Role	Analyst	Title
Author	Quan Nguyen	Senior Investment Analyst

Sector Lead	Justin Tay	Senior Investment Analyst
Authoriser	Bronwen Moncrieff	Head of Research

RATING HISTORY

As At	Rating
8 Jun 2017	Recommended
6 Jun 2016	Approved
24 Mar 2016	Not Rated - Screened Out
Last 5 years only displayed. Longer histories available on request.	

DISCLAIMER AND DISCLOSURE

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