QUEST ASSET PARTNERS

# QUARTERLY REPORT – DECEMBER 2014

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## DECEMBER 2014

Mr John Citizen
123 ABC Street
Sydney NSW 2000

Account Name: Mr John Citizen

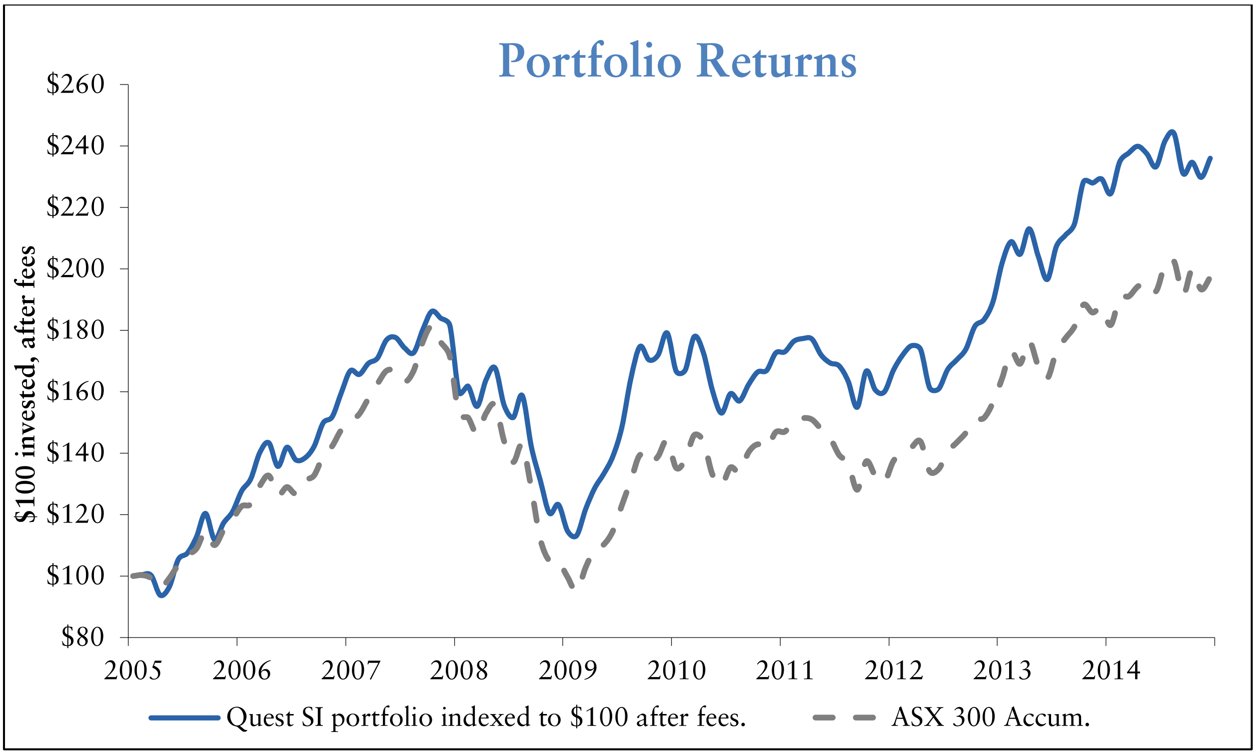
| PORTFOLIO MOVEMENT | |
|---|---|
| PREVIOUS MARKET VALUE 30 SEPTEMBER 2014 | |
| CONTRIBUTIONS DURING QUARTER | |
| PORTFOLIO MOVEMENT* | |
| **MARKET VALUE 31 DECEMBER 2014** | |

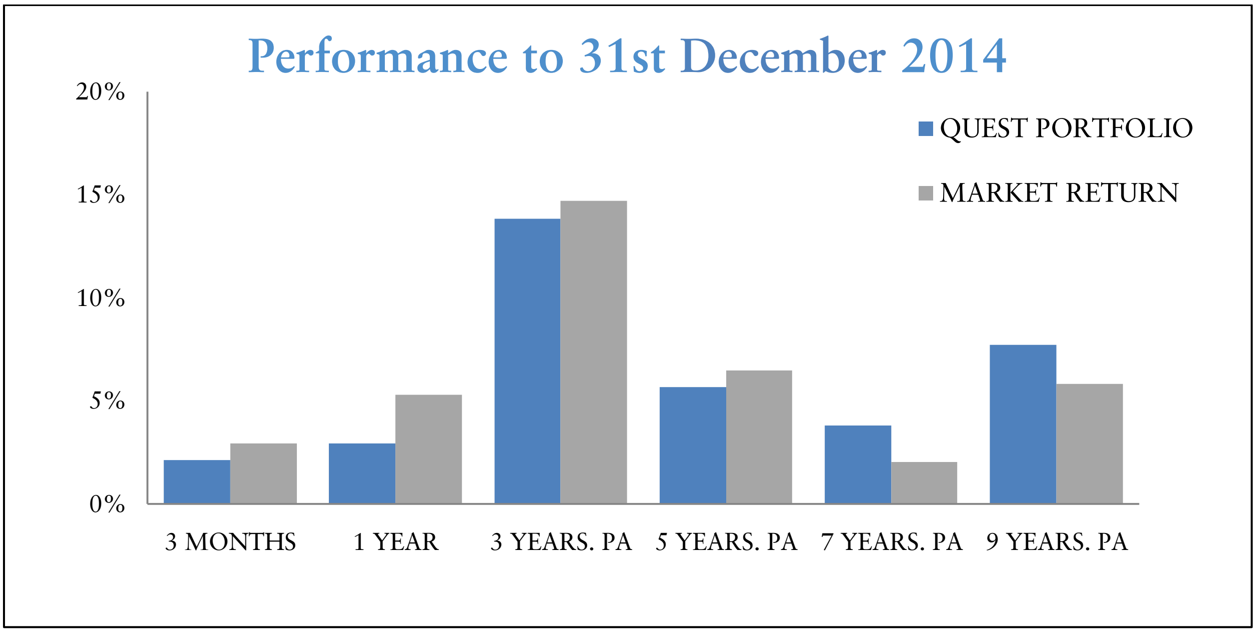
| | |
|---|---|
| YOUR PORTFOLIO PERFORMANCE FOR THE QUARTER* | 2.13% |
| MARKET RETURN (S&P / ASX 300 ACCUMULATION INDEX) | 2.94% |

| | |
|---|---|
| YOUR PORTFOLIO PERFORMANCE FOR THE 12 MONTHS* | 3.16% |
| MARKET RETURN (S&P / ASX 300 ACCUMULATION INDEX) | 5.30% |

* Includes fees for the period.

## QUEST PORTFOLIO RETURNS*




* The portfolio returns shown above are for an actual client portfolio. They demonstrate the returns achieved if invested in the Quest portfolio since inception (February 2005). Individual returns will differ for investors that made an initial investment after this inception date or where additional investments, redemptions or any SPP investments have been made. Quest returns are net of fees. Past performance is not a reliable indicator of future performance

# MARKET REPORT

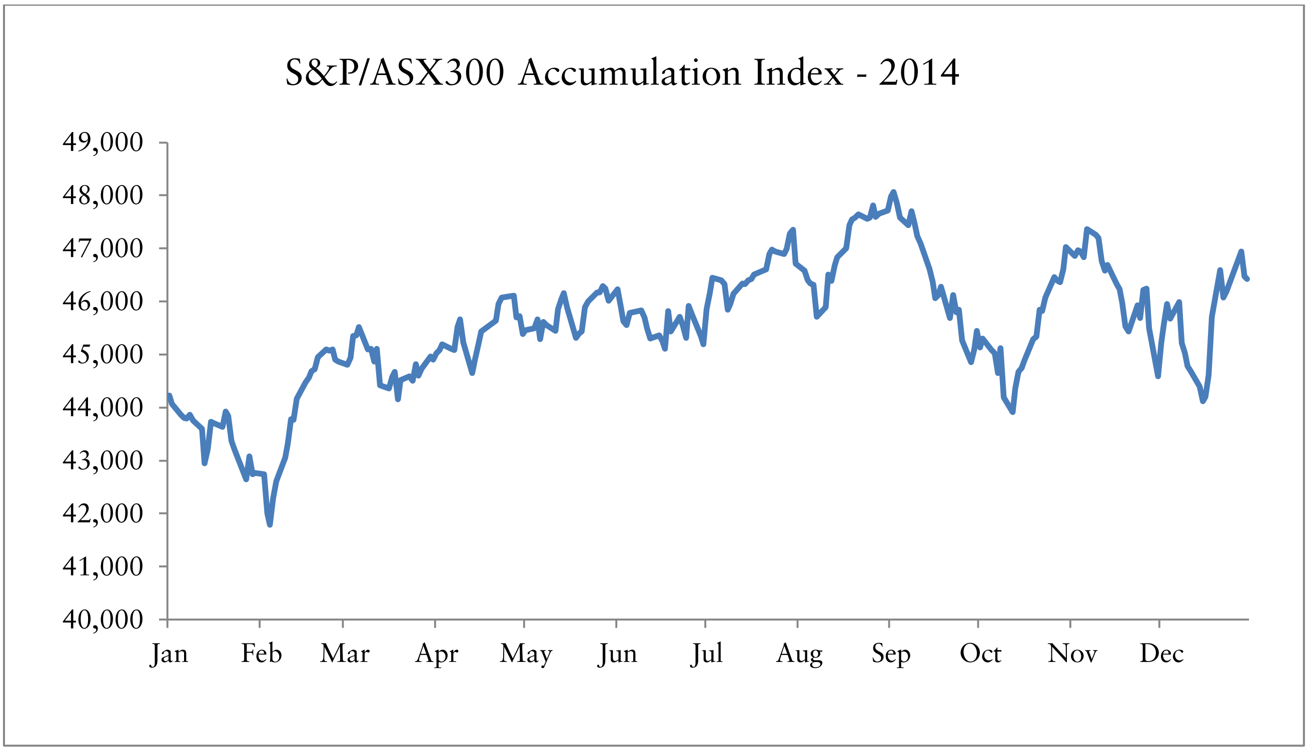
**VOLATILITY RETURNED TO MARKETS IN THE DECEMBER QUARTER WITH A STRONG RALLY IN OCTOBER, A SLUMP IN NOVEMBER AND A LATE RALLY INTO CHRISTMAS. THE MARKET CLOSED THE 2014 YEAR POSTING A 5.3% RETURN, INCLUDING DIVIDENDS.**

Volatility returned to the markets in September and continued into the December quarter. After shedding more than 5% in September, the market staged a bank driven rally in October before the fallout from weaker commodity prices saw investors take a more bearish view on the Australian economy. Late December saw a remarkable "Santa rally" on thin volumes that popped the market up 5.3% from the month's lows.

Despite the Santa rally, the short term outlook looks a bit tougher post this quarter. The banking sector, more than 30% of our market, has enjoyed tight cost control and diminishing provisions against loans since 2009 resulting in solid earnings growth. The recent Financial System Inquiry, together with a softer economic cycle, suggests the banks will find it harder to grow from here.

Commodity price weakness in iron ore and coal has now been joined by a slump in oil prices, just in time for the completion of the three LNG plants in Gladstone Queensland during 2015. Economic activity is slowing as the resource boom fades, employers are cutting costs, tax revenue is down and the budget is looking stretched. These factors have contributed to a volatile quarter.

The chart below plots the market path over the course of 2014. The general direction has been up despite the gyrations late in the year, with the S&P/ASX 300 Accumulation Index appreciating 5.3% over 2014. This compares with index returns of 19.7% in each of 2013 and 2012.



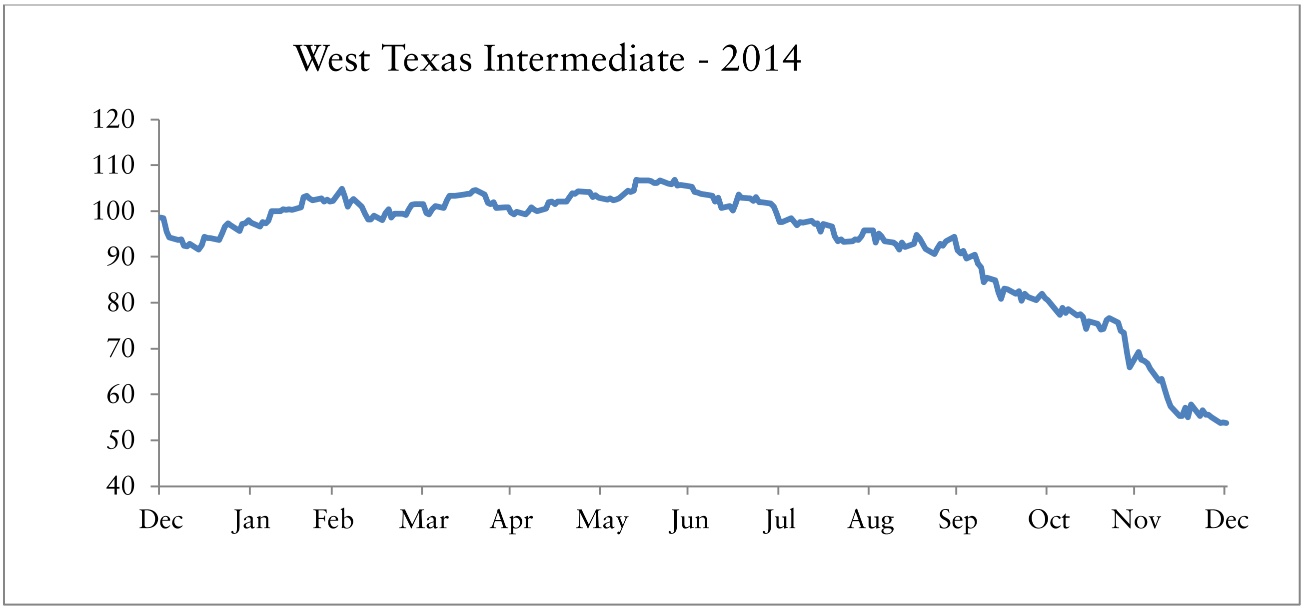

*Source: IRESS*

Investor enthusiasm for new floats (IPOs) continued with the ASX reporting 40 new floats in the December quarter. While the Medibank float stole the headlines with an impressive marketing campaign, a number of new offerings struggled to gain traction with professional investors. After initial soundings, offer prices were actually lowered to pull in the buyers for Aconex (listing price lowered by 13.6%), Godfreys Group (price lowered by 5.1%), Surfstitch (28%), Australian Careers Network (41%) and the intriguingly named Ooh Media (12%). The institutional market has become more selective with new listings over the last three months. The lowering of the price of an IPO offer is historically a bad sign and proved to be again. Only Godfreys and Ooh Media of this group have traded above the issue price.

We should note here that despite Surfstitch failing to trade above its $1.00 IPO price, Quest investors have made an excellent return on the pre-IPO entry price of $0.67 (paid in August this year) with the stock closing the month at $0.95.

The Medibank float saw our best bankers (and marketers) extract an impressive $5.7 billion for Australia's largest health insurer. The retail offer was done at the top of the book build range at $2.00 per share. In a coup for promoters, institutions actually paid $2.15 in a process that was designed to maximise price for the government by creating price tension amongst institutions (who don't vote) while providing a free kick to retail investors (who do!).

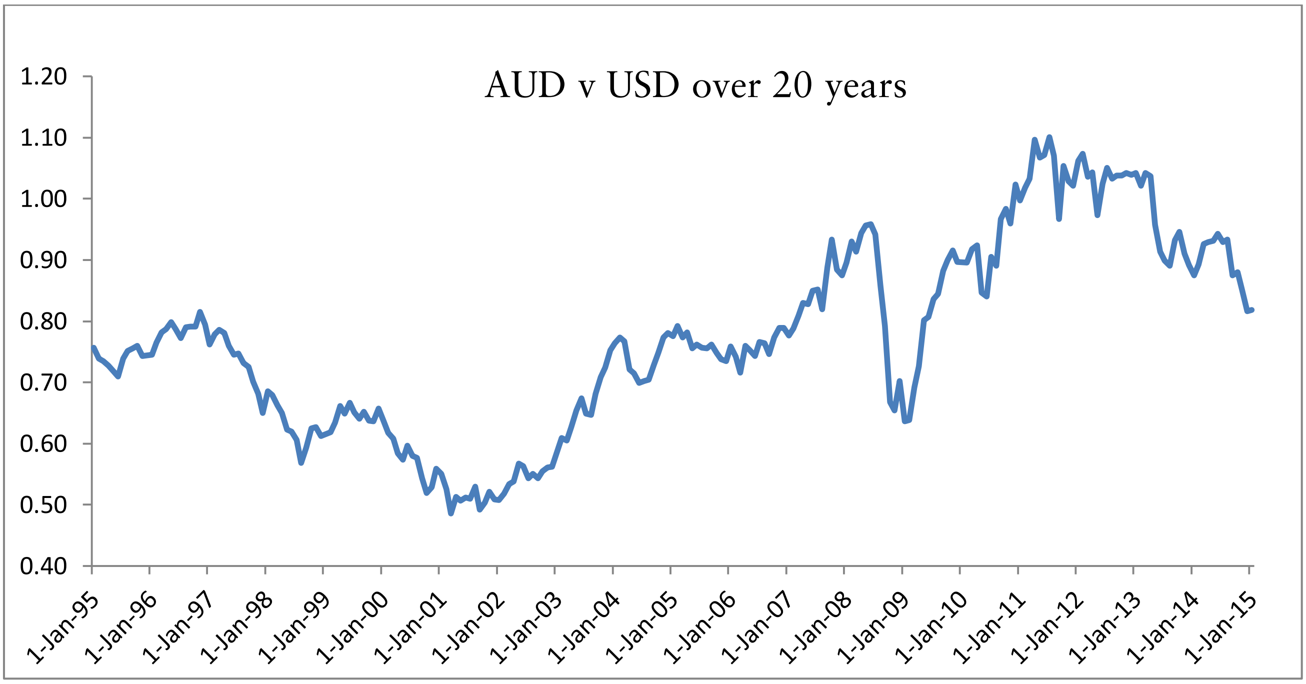
The most interesting event of the quarter was the tumble in oil prices that resulted in spectacular falls in associated oil stocks. In mid-December, Santos had fallen 48%, Woodside fell 16%, Origin Energy 30% and Oil Search 20% before all stocks stabilised and found some buying support. Falls of this magnitude suggest that the oil price, which has halved since June, is destined to be less than $60 for the short to medium term due to a supply glut. As the US dollar rises, the oil price, like most commodities in the last year, will fall. While the peak of pessimism may have passed we are cognisant of the knock on effects of this correction. Interestingly, a fall in fuel costs of this magnitude is a tremendous boost to growth in the US economy and represents a form of economic stimulus that will boost US equities in 2015. It is also bad news for emerging markets particularly Russia being an oil exporter. It is also grim news for oil dependent exporters such as Venezuela, Mexico and Brazil.




*Source: IRESS*

Multinational investors have now joined with property investors in looking for assets in Australia. Leighton Holdings sold the John Holland business to China Communications Construction Company for $1.15 billion in December. Madrid based Ferrovial (which means railroad in Spanish) surprisingly bid conditionally for Transfield in November at $2.00 per share but in December ceased discussions after the proposal was rejected by the Transfield Board. Ferrovial is a specialist in civil and maintenance engineering, toll roads and airports. Between 2002 and 2007, Ferrovial was a major shareholder in Sydney Airport before selling their stake to Macquarie. The Transfield deal is off but the Spanish multinational, formed back in 1952, is an expansionary investor. Ferrovial is very familiar with Australia and we expect to see them back again in some form in 2015.

The Santa rally from 17th December to year end is worthy of comment. There are many views as to why these rallies occur; in this case a weak market suddenly exploded with enthusiasm with virtually every sector gaining and the index adding over 5% in only 4 days. Our theory is that retail investors remain active while professional investors tend to close their books or go away from mid-December. This results in lower selling volumes. Hedge funds and short term traders like to balance the books at year end as well and, given that the market had been weak for 6 weeks, many shorts were covered in a hurry as the rally unfolded. Rallies like this can be short lived and we expect some selling in early January as investors return to the bourse.




*Source: IRESS*

# PORTFOLIO ACTIVITY

## PORTFOLIO ACTIVITY WAS DOMINATED BY NEW LISTINGS AND ADDITIONS TO EXISTING HOLDINGS.

The Quest portfolio participated in five new listings in the December quarter: Medibank Private, IPH Limited (formerly Spruson & Ferguson), Regis Healthcare, Lovisa and Surfstitch Group. While Medibank received all the publicity, the big bang stock was IPH Limited, the holding company for Queensland Based Intellectual Property firm Spruson & Ferguson. The IPH debut was so spectacular that we held the stock for only three days. At an entry price of $2.15, we sold at $3.25 having more than fulfilled our price expectations.

The IPH listing was also a lesson in old school fundamental broking. In the good old days, successful floats were generally good privately owned businesses looking for the next phase of growth. The usual plan was to bring the float on at a reasonable price and let wealth build accumulate over time. All credit to Morgans CIMB, a Brisbane based broker who did just that. Morgans will spend the balance of the year dealing with clients who have had a positive experience and a satisfied vendor. Regrettably, many floats are now vended by Private Equity sellers looking to move onto the next deal with pricing pitched at a level where little is left for the next investor.

The Medibank offer proved to be one of the most sought after IPOs in recent history. With total demand overwhelming, the price was set at the top of expectations. Quest offered tiered bids into the book build, with our interest petering out at $2.15, which proved to be the final price. Despite the attraction of Medibank benefiting from rising healthcare costs, we think the market risks getting carried away with this stock. It only rates a “C” grade in our Q Stocks assessment. The company has its work cut out to reverse its ongoing loss of market share, with cost cutting being its main lever to influence profitability. We were far more interested in the stock at levels closer to $2.00 but could justify adding to the holding at around the IPO price. With the stock now trading towards $2.30, the market is now paying a full price. With affordability a growing issue, we question whether insurers can sustain their current high returns on equity (Medibank earns 18%). Online comparison sites such as iSelect appear better placed to benefit from this pressure in the years ahead.

Regis Healthcare floated in October. Regis is a residential aged provider and its IPO follows hot on the heels of the big bang float of Japara Healthcare in April this year. Quest participated in the Japara float which launched at $2.00 and traded to $2.70 in double quick time. This debut opened the window for other aged care businesses to rush to market. We decided to take profits in Japara as our price target was met. With recent government reforms in the sector, operators are looking to capitalise on a more open and market-driven marketplace. It is a complicated space demanding careful consideration as business models evolve. On our assessment, Regis is a better than average business in the sector, having higher quality properties and better exposure to a wealthier clientele. Investing in aged care ultimately comes down to the ability to allocate capital well and Regis management has a good track record in this regard. We rate aged care providers between high “C” and low “B” in our Q Stocks rankings, with the heavy reliance on government funding being a clear negative. Regis was priced at $3.65 and has traded as high as $4.30.

The aged care space continues to attract more floats, with Estia Health being the most recent debut. Estia was rushed to market by its private equity owners and fell 15% on the first day, proving that the market will discriminate between aged care providers. Two more floats are likely in coming months. We continue to monitor our Regis holding given the current elevated share price.

We took a position in the IPO of Lovisa, which first traded just prior to Christmas. Lovisa is a fast fashion jewellery retailer that targets 25 to 45 year olds. Lovisa has built a presence in Australia without significant marketing spend and has established stores in key international markets. The small store (i.e. low capex) format makes payback on new stores attractive and it has store roll out opportunities offshore. There are 220 stores in 8 countries with an average spend of $20 for 2.2 items.

Lovisa owns its brand, has high margins through vertical integration and is delivering good sales growth, currently at 14% on a like-for-like basis. The IPO was thoughtfully priced at $2.00, a forward PE of 12.8 times.

We rate Lovisa a "B" grade in our rankings and our target price is a healthy premium to the IPO price. Early trading is encouraging with the stock trading around $2.30.

Surfstitch listed in mid-December. As noted earlier our pre-IPO investment was made back in August at an entry price of $0.67. The stock traded at the end of the quarter at $0.95. See below for further commentary on Surfstitch as a stock to watch in 2015.

A number of existing stock holdings were increased during late October and November when the market was weaker. Additions were made to Henderson, Galileo Japan Trust, Vista Group, Villa World and Oil Search. Our bank holdings were rationalised by increasing the size of positions in ANZ, Westpac and CBA.

Scentre Group (previously Westfield Retail Trust) was added to the portfolio during the quarter. Scentre Group owns and operates Westfield shopping centres in Australia and owns 51% of five centres in New Zealand. Scentre is the premium name in centre management in Australia with the best quality portfolio and a long history in the business. The stock yields 5.8% per annum and raises our portfolio yield. Westfield traditionally adds value by developing portfolio assets with the current development budget being $4.9 billion. Current developments include Miranda in Sydney and Mt Gravatt in Brisbane. We also expect a further sell down in the ownership of some assets in Australia while management rights are maintained. Scentre is rated at the high end of "B" in our Q Stocks filter. This stock is well positioned in the event that domestic interest rates fall in 2015. The price target at current interest rate assumptions is $3.70.

Goodman Group and Suncorp Group were sold having reached our price targets in both cases. We also sold our holdings in Doray Minerals and Vocation Group during the quarter.

Our investment in education provider Vocation performed badly in the quarter and erased a lot of our performance in other areas. It is inevitable with the number of decisions that we make each year that we will make mistakes. Vocation was a costly experience and limited our outperformance during the quarter.

Goodman was purchased at $4.45 in 2013 and sold at levels above $5.50 with a number of dividends along the way. The stock has respectable growth at 6% per annum from an international portfolio and a reliable yield and seems to be ticking the boxes for property based investors. The risk profile is however fully priced, in our view, at the current level.

Suncorp has been a good stock for us having owned it twice in the last few years. We have sold at around $14.50. Only weeks after our exit a flash Brisbane storm sent the stock down to lower levels. We like Suncorp as a business but see the insurance cycle turning unfavourably from here after years of good fortune. Premium price rises have come very easily and we think pricing power is abating. We were surprised by the very bullish outlook statements at the AGM and think the February result may be a little disappointing for the bulls.

# OUTLOOK

**TUMBLING OIL PRICES, CONTINUING WEAKNESS IN EUROPE AND A SLOWER CHINESE ECONOMY ARE THE CHALLENGES FACING GLOBAL MARKETS. THIS CONTRASTS WITH THE STEADY IMPROVEMENT IN THE USA. STOCK PICKING WILL BE CRITICAL IN 2015 AS THE AUSTRALIAN ECONOMY SLOWS.**

Whilst volatility has returned to the market, the key variables for the coming year are unchanged. It is now more apparent given the collapse of commodity prices that Australia is in for a period of subdued growth. Companies that can demonstrate growth have already become rare and more expensive.

It is still the case that interest rates in the US are very low and pundits continue to speculate as to when rates will rise again. In December the Federal Reserve reassured markets that supportive low rates will be maintained….at least for now. So the inflection point in rates remains the critical global variable in 2015 once again. It is also still the case that the world's largest economy, the USA, is clearly gaining momentum suggesting the Dow Jones and S&P 500 could again have a good year. The Australian market will be torn between trying to reflect the advances of the US market and justifying the higher earnings multiples that will are required to keep up with the US market. Unfortunately, the opportunities in Australian equities do seem underwhelming to an offshore investor at the moment. The level of the Australian dollar will be a critical factor here.

While interest rates remain low there is less concern about global debt. At some time a tipping point will arrive and the cost of all this debt starts to rise. To put this in perspective: the US Government is only paying around 20% more in interest than in the year 2000 while its level of debt has quadrupled since that time!

While the prospects for US markets look good, the collapse in the oil price and continuing high levels of global debt may continue to feed volatility in the year ahead. The deterioration in Russian financial markets and the flight of cash from emerging economies could result in a rampantly strong US dollar; much stronger than expected. This has the potential to seriously destabilise these emerging markets.

Of course the other consequence is that the Australian dollar continues to weaken, towards 70 cents. The Australian dollar is already 15% lower than the July peak. We have maintained a strong exposure to companies with a level of offshore earnings for some years now. This will continue into 2015. Approximately 30% of the portfolio is in this category with names including BlueScope Steel, CSL, Covermore, Galileo Trust, Henderson, Lend Lease, Magellan, Oil Search, Ramsay Healthcare and Vista Group. BHP and RIO are also beneficiaries of a weaker Aussie dollar. They make up another 7% of the portfolio however their fortunes are driven more by commodity prices.

Europe remains a difficult question. As discussed in prior quarterly reports, growth continues to disappoint and fears of deflation worsen. The fall in the oil price, whilst positive for purchasing power, will exacerbate this deflation and further press the need for ECB to act. In response, the ECB has committed to substantially increase its balance sheet and have alluded to include the purchase of Euro area sovereign bonds. The market places great weight on this last point as it equates to quantitative easing which has proven so successful in both the US and Japan. With bond yields already at extraordinarily low levels it is a fair question to ask whether this action would actually make any difference to interest rates or indeed inflationary expectations.

Further complicating the Euro scene is the political landscape which sees minority parties gain increasing support from frustrated and disaffected voters. The best example of this is Greece, where a general election has been brought forward and the anti-austerity Syriza is feared to gain significant power. Syriza are threatening to default on Greece's substantial sovereign debt, if elected. In response, Germany remarked that this could lead to Greece leaving the EU – the so-called "Grexit". This is serious and is a sign of the tensions that remain in Europe.

It is interesting to look at how the market forecasters fared during 2014. The average US strategist expected a modest return from the US market; it delivered 15% including dividends. The US dollar index delivered 11%, the highest return since 2005; not many had factored that into their forecasts. However it was global interest rates that confounded the most; US 10 year

Treasury yields closed the year at 2.2% compared to the average forecast of 3.3%. This fall in yields fuelled the ongoing expansion in price earnings multiples and hence market returns.

So when we look at the prospect of 2015 we are conscious of the risks of being too pessimistic.

Given Australia's unfavourable position in the shadow of a Chinese slow down, the engine that has driven our economy for over a decade, you could reasonably expect Australian equities to return less than 10% in 2015. This is below the average market return over the last 20 years. However, we do not rule out a surprise on the upside as we are pulled along by the US market and a lower Australian dollar.

In any event, it suggests that 2015 will be a year where stock picking and an adherence to the disciplines of selling will be important. Growth will be both rare and more expensive than usual, a phenomenon already on display in the healthcare sector. The lack of growth suggests that defensive equities that provide reliable yield will continue to be favoured. Bank stocks may deliver a good yield but capital growth is less likely in 2015. It is hard to see resource stocks being anything other than opportunistic trading positions rather than core holdings. Our cash levels may pop up to higher than average levels this year and our stock numbers could be lower than average in the year ahead.

# INTERESTING STOCKS

## LOOKING TO 2015, WE HIGHLIGHT A FEW LESSER KNOWN STOCKS IN OUR PORTFOLIO WORTH WATCHING IN 2015

### VISTA GROUP (VGI)

Vista Group was purchased via IPO in August 2014 at $2.19. The primary listing is in New Zealand with an Australian listing as well. Interestingly, Australasia leads the world in cinema ticketing and loyalty systems with Vista being the world's largest supplier of cinema ticketing software with a global share of more than 37%.

Our channel checking confirmed a premium position in both mature exhibition markets in the US and Australia and also leading positions in emerging markets like Mexico, Argentina and China. Vista has grown its global position with a strong focus on product development and is currently investing significantly in the use of sales data to help clients improve movie marketing. This play on so called "big data" is potentially very valuable. Given the huge amounts spent by movie studios on the marketing of big budget movies, any tools that can give more bang for this spend is likely to be highly sought.

In December 2014, Vista rolled out software to 230 sites in China in only five weeks for cinema chain Dadi Digital Cinema, a remarkable achievement. Our Q Stocks rating is "A" on Vista and despite popping from the float price of $2.19 to current $3.28, we can see ourselves being a shareholder for a journey over a few more years from here.

### SURFSTITCH (SRF)

Surfstitch is an online action sports retailer that listed in mid-December. Quest invested in the stock as an unlisted security back in August when Surfstitch raised funds from a select group of investors to buy Billabong's 51% share of the business. The raising also allowed the acquisition of 100% of US online retailer Swell from Billabong. The recent acquisition of Surfdome has expanded the footprint further into Europe.

Surfstitch started in 2007 in a garage in Mona Vale on Sydney's northern beaches. The company had revenue of $153m in 2014 and projects sales of $199m in 2015 including acquisitions. The online model provides over 700 brands covering 30,000 products in 125 countries. The competitive advantage is the range of brands, strong levels of organic (i.e. non-paid) traffic, global sourcing ability and authenticity in the eyes of consumers and brands. Customer acquisition is relatively cheap and lifetime value is high due to strong repeat business. Approximately 55% of orders are in clothing with the balance being footwear, kids gear, surf and other accessories.

While historic sales have risen at 40% or more, this stock is still in the early stages of fast growth and is subject to changing tastes, competition and the risks from a high growth global strategy. A break even result is forecast in 2015.

It is difficult to buy an online retailer in the Australian market; Surfstitch has delivered that opportunity. Surfstitch was constrained under Billabong ownership and is now free to pursue the expansionary vision of the original founders. We believe Surfstitch will continue to take market share from bricks and mortar retailers due to its superior range and ease of access for buyers. Surfstitch's scale and strong growth has made it an important sales channel for brands. This has enabled Surfstitch to negotiate favourable supplier terms to minimise working capital requirements and improve margins. The global nature of the business means it is not constrained by the subdued Australian retail market and is protected from a weaker Australian dollar through offshore sales.

Quest paid 67 cents per share in August, the listing took place in mid-December and the stock closed 2014 at $0.95. Surfstitch is a "B" on our Q Stocks filter.

### GALILEO JAPAN TRUST (GJT)

The Galileo Japan Trust restructured in October 2013 in a deal that lowered debt, reduced the cost of remaining debt, extended loan terms and reinstated distributions to shareholders. The portfolio consists of 13 properties in Tokyo.

Quest participated in the recapitalisation which was handled by Macquarie Bank. The deal offered a hefty discount to net tangible assets and was priced at $1.50 for an NTA of $2.15, a large 43% discount. At the time, very few property trusts were still trading at a discount to NTA after a run in property trusts that commenced mid-2011.

The recapitalisation of Galileo was, in our view, an opportunistic buy that secured an 8.6% tax deferred yield, delivered an offshore source of cash flow (yen) and delivered an experienced management team. We expect the discount to NTA to narrow over time while we receive an above average tax effective yield. The yen exposure and the mid-range quality of the assets, all in Tokyo, are risks which we have considered. In 2014, 2 properties were sold at above stated NTA which is encouraging.

Quest is a substantial shareholder in Galileo with a disclosed holding of 8.7% of the company across our portfolios. The Q Stocks rank is "C" while our price target is $1.90. In the meantime the yield delivers an above average return. The global thirst for property assets suggests that this business could be of interest to predators given the ongoing discount to net tangible assets.

## VIRALYTICS (VLA)

Purchased in March 2014, Viralytics is the only biotechnology company in our portfolio. The company is developing an oncolytic virus technology for cancer treatment. The main product, Cavatak, is a proprietary formulation of coxsackievirus which is part of the common cold family. This virus is of interest because of its propensity to bind to certain cancer cells which can then result in the body's own immune system attacking those cancer cells. This is a potentially elegant cancer treatment as it is safe and targeted, this is in stark contrast to the more traditional chemotherapy choices and some of the newer monoclonal antibody therapies.

Phase 2 trials in melanoma were successful this year, a Phase 1/2 trial in solid tumour cancers has commenced and good pre-clinical results suggest Cavatak may have additional potential when combined with other therapies. At present, much of the action in new cancer treatments is in the development of monoclonal antibodies (and other so called "checkpoint inhibitors"). Some of these therapies are becoming the new blockbusters in the pharmaceutical world. Unfortunately many of these treatments come with some nasty side effects (including death!) and big pharma companies are looking to identify other therapies that might be used in combination to provide an edge over their competitors. Cavatak may well prove to be one such therapy.

The objective is to advance trials and develop relationships with big pharma companies. Options include partnering, licencing or sale.

We took a placement at 28c per share along with mainly US and UK institutions in order to fund key global trials. The interest of Australian fund managers was minimal in this raising; this sector is for longer term investors and local biotechs have been generally unrewarding for local investors.

Our interest is in the valuation; there is minimal value attributed to this company. Market capitalisation is only $52 million while $23m is held in cash. Global transactions in the biotech sector can attract very high premiums with the recent cancer drug deal between Pfizer and German Merck involving a payment of US$850m plus further sales success fees. In 2011, Amgen paid US$425m upfront plus milestone payments for the acquisition of Biovex which was at a similar stage of development to Viralytics.

Viralytics is an example of mispriced risk in our view. Our Q Stock rating is of course only a "C" while our valuation range suggests ongoing success in trials could deliver a very significant gain.

## HOUSEHOLD NAMES THAT THE QUEST PORTFOLIO AVOIDED IN 2014.

There are two household names we successfully avoided in 2014: Woolworths and Coca-Cola Amatil. Each has significantly underperformed the market over the last twelve months, falling 12% and 25% respectively since the end of 2013. These stocks were strong performers in the post GFC period but have fallen out of favour.

In our view, Woolworths and Coca-Cola Amatil have driven their margins to unsustainable levels. We believe the trend in margin is now down. Woolworths has one of the highest supermarket margins globally. Approximately 8c in every dollar spent is earned as profit whereas the average global supermarket can earn only 3-4 cents. In addition, Woolworths have invested in the new Masters chain of stores which is so far proving to be a flawed strategy. The expansion has been rapid and the results disappointing. The total investment in Masters is approaching $3 billion including losses to date.

Similarly, Coca-Cola has driven margins higher over the years by reducing pack size but maintaining or escalating price. The reduction in pack size reduced the concentrate use in manufacture thus lowering cost while maintaining the revenue. Consumers are also questioning the consumption of sugary drinks for dietary reasons.

Over the last decade Coke has lifted return on equity from 10% to 20% giving the new management team a huge challenge in maintaining profitability.

In each case, customers eventually resist the price trend and shift buying habits elsewhere.

These underlying dynamics has made it hard for us to justify an investment in either stock as our valuation models forecast earnings over the longer term. We have anticipated this margin pressure for both stocks for some time and now it is a reality.

## SUMMARY

While our portfolio includes some household names such as Commonwealth Bank and Wesfarmers, we believe value will be added in the non-mainstream investments that are harder to find. We have summarised a number of these in this report. At Quest we endeavour to find these stocks on behalf of our clients, establish a target price given the risks of each situation and sell when targets are met.

## FEES

There is no performance fee payable this quarter as high water marks were not exceeded.