

Fund Update

We have taken a cautious investment approach since the closing of the initial offer in October 2016. Leading up to the US Federal election the market experienced significant volatility and resulted in us taking trading positions in some of the larger mid-tier resource stocks. Post the Trump victory the markets have continued to rally strongly across all sectors and commodity prices have bounced off their multi decade lows based on a belief that Trump will implement a number of growth strategies. We believe that that in general terms, investors remain underweight resources and the short to medium term represents further opportunities for the Fund.

We have spent a significant amount of time over the last few months meeting and reviewing potential investment opportunities focusing on our key criteria:

- Quality management
- Substantial personal equity
- Compelling macro theme
- Tier 1 project economics

Investment Themes

In line with the themes mentioned below we have taken some strategic positions in both pre development and producing companies across a broad range of commodities.

We are maintaining a quality bias within our mining exposure. We favour base metals over bulk commodities, with a particular emphasis on zinc, copper & nickel. We also continue to add to our \$A gold producers given their substantial pullback over recent months. Despite recent weakness in the physical gold price the general view is that the majority of what has been proposed during the Trump campaign will be positive for the gold price.

Additionally we believe the decision by OPEC to cut production is a significant positive for the global economy with similarities to the early 2000's when, despite warnings by economists that higher oil prices would slow growth, the global economy surged ahead even as oil prices touched \$100/bbl. At the time there was a high correlation between oil prices and excess savings which created greater liquidity and credit availability, which in turn drove asset values (including homes and financial assets) which directly impact a consumers assessment of their personal financial situation.

Theme 1: US Market Growth Recovery

- The US economy continues to lead the world in terms of the pace of its economic recovery, outperforming both Europe and Asian economies.

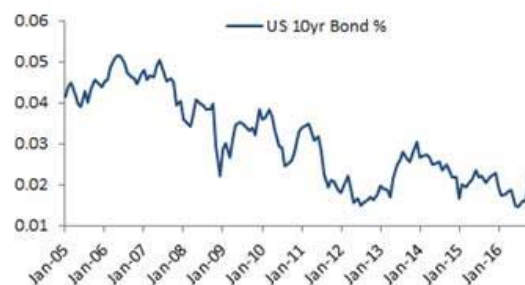
- The pro-growth and America-first protectionist policies of Trump will see this trend continue.



Theme 2: Rising US Interest Rates

- The large scale stimulus plan from the Trump administration will be funded by further US government debt borrowings.

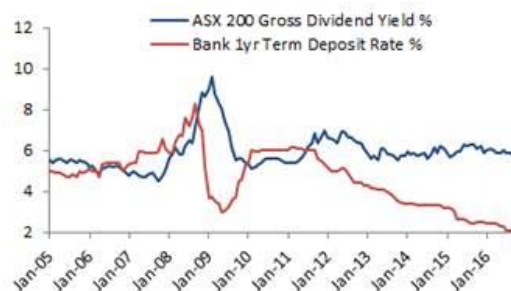
- This will see an increase in supply of US government bonds and will cause bond rates to rally higher.



Theme 3: Australian Low Interest Rates

- Whilst growth might re-surge in the US, our economic recovery still remains anaemic, thus the RBA will maintain its low interest rate policy stance.

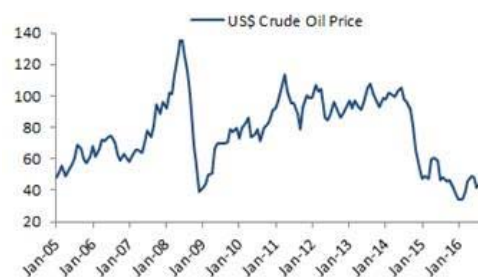
- With our RBA cash rate expected to stay low for the foreseeable future, the demand for dividend yield from ASX companies will remain.



Theme 4: Oil Market Rebalance

- Following a 2 year bear market in oil prices OPEC members have finally agreed on a production output cut.

- This cut will reduce OPEC output by +1m bbl per day and will reposition the market from over-supplied to balanced. This move will see the oil price recover to the US\$50-60 bbl price range.



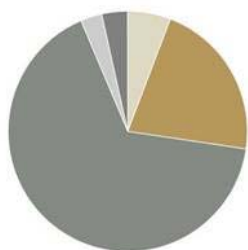
Portfolio Positioning

Thus far we have <20% of available funds have been invested.

NTA as at 30 November 2016: the funds NTA was \$0.2035

The portfolio mix as at 30 November 2016 was:

- Energy 21%
- Financials 2%
- Industrials 5%
- Materials 66%
- Real Estate 3%



Industrials - \$248,000.00 Energy - \$919,667.00 Materials - \$2,829,722.00 Financials - \$123,500.00 Real Estate - \$149,100.00

Finally we would just like to take the opportunity to wish you all a safe festive season and prosperous 2017.

We welcome any inquiry you may have regarding the Fund and in this regard please do not hesitate to contact us.

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