Ranger Fund

Fund Strategy
The Ranger Fund is a high conviction portfolio of New Zealand and Australian listed companies. The Fund’s objective is to provide equity-like returns over the long run while minimising exposure to extreme sharemarket fluctuations. During periods of market stress, the Fund will seek to preserve capital by holding significant amounts of cash and bonds, shorting individual shares, selling index futures contracts and/or buying index put options. The Fund will not be levered or net short.

Performance to 31 May 2014 (net of fees)

<table>
<thead>
<tr>
<th>Fund / Category</th>
<th>Past Month</th>
<th>Past Quarter</th>
<th>Since Inception*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranger Fund</td>
<td>-0.75%</td>
<td>1.53%</td>
<td>2.05%</td>
</tr>
<tr>
<td>NZ Official Cash Rate plus 5%</td>
<td>0.66%</td>
<td>1.91%</td>
<td>2.64%</td>
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<tr>
<td>Over/Under Performance</td>
<td>-1.41%</td>
<td>-0.38%</td>
<td>-0.59%</td>
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</tbody>
</table>

*Fund inception 24th January 2014

Performance Commentary
During the month of May the Ranger Fund benefited from positive performance by Paperlinkx, Swick Mining Services, Wellcom and Tower. However, the performance of the Fund was hindered by positions in Boom Logistics, Trade Me, Genesis Energy and Emeco Holdings. The exposure to Paperlinkx is now being taken through ordinary shares and preference shares.

Equity Holdings by Category

- Deep Value: 17%
- Moat: 30%
- Mid Cap Grower: 31%
- Value: 22%

Holdings by Country

- New Zealand Equities: 27%
- Australian Equities: 38%
- Cash: 35%

Holdings

- Wellcom Group: AUD 7.5%
- Genesis Energy: NZD 7.5%
- Boom Logistics: AUD 5.2%
- Swick Mining Services: AUD 5.0%
- Contact Energy: NZD 5.0%
- Corporate Travel Management: AUD 5.0%
- Trade Me: NZD 4.6%
- Emeco Holdings: AUD 4.6%
- Paperlinkx: AUD 4.1%
- Paperlinkx SPS Trust: AUD 2.8%
- A2 Milk Company: NZD 2.6%
- Sky Network Television: NZD 2.5%
- Guinness Peat Group: NZD 2.5%
- Australian Vintage: AUD 2.5%
- Tower: NZD 2.1%
- Cash & Short Term Notes: 35.3%

Portfolio Characteristics

- Dividend Yield: 3.7%
- Price/Earnings ratio: 24.9x
- Price/Free Cash Flow ratio: 23.6x
- Price/Book Value ratio: 0.97
- Return on Equity: 1.9%
- Earnings Growth: 16.8%
- Gearing: 38.5%

Fees
1.05% capped management fee plus a performance fee equal to 15% of any returns above the performance hurdle. The performance hurdle is the New Zealand Official cash rate plus 5%. A perpetual High Water Mark applies to the performance hurdle. No entry or exit fees are currently charged.