Ranger Fund

Performance Commentary
The Ranger Fund delivered a very modest positive return in August, up 0.1%. However, we are reasonably satisfied with this outcome given the backdrop of nascent market panic, S&P/NZX50 -4.5% and the S&P/ASX200 -8.8%.
All eleven companies held by the Fund reported during the month. In our humble opinion none of them delivered up any negative surprises but that didn’t stop the market taking to a couple of them. Boom Logistics and Vista Group were bang in line but were sold off 12% and 10% respectively in August.
On the plus side Wellcom Group, our largest position, reported a 14% increase in profit and guided to at least double digit growth continuing into 2016. This company has become a truly global provider of content creation and production that is adapting superbly to a world of greater digital content. Its already healthy growth prospects may be nearing an inflection point as it is now pitching for large global accounts such as Castrol and L’Oreal. The stock traded up 22% for the month. The other stand out result came from Paperlink which reported that, having exited Europe and North America, its Australasian business made a steady $15m of EBIT in 2015 and they expected growth going forward. The business is also going to be renamed Spicers Limited, the preference shares were up 79% for the month.

Performance to 31 August 2015 (net of fees)

<table>
<thead>
<tr>
<th></th>
<th>Past Month</th>
<th>Past Quarter</th>
<th>Past Year</th>
<th>Since Inception (p.a.)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranger Fund</td>
<td>0.65%</td>
<td>5.39%</td>
<td>1.37%</td>
<td>5.83%</td>
</tr>
<tr>
<td>NZ Official Cash Rate plus 5%</td>
<td>-0.66%</td>
<td>2.00%</td>
<td>8.42%</td>
<td>7.92%</td>
</tr>
<tr>
<td>Over/Under Performance</td>
<td>-3.60%</td>
<td>+3.39%</td>
<td>-6.45%</td>
<td>-2.09%</td>
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</tbody>
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*Fund inception 24th January 2014

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 share market 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 never be leveraged or net short.

Equity Holdings by Category

- Deep Value: 26%
- Mid Cap Grower: 48%
- Value: 26%
- Moat: 0%

Holdings by Country

- New Zealand Equities: 7%
- Australian Equities: 44%
- Cash: 49%

Largest Holdings

- Wellcom Group: AUD 9.3%
- Boom Logistics: AUD 7.0%
- Swick Mining Services: AUD 6.7%
- MacMahon Holdings: AUD 6.6%
- Vista Group International: NZD -0.2%
- Corporate Travel Management: AUD 4.9%
- Australian Vintage: AUD -1.0%
- Touchcorp: AUD 3.0%
- Paperlink SPS Trust: AUD 1.6%
- A2 Milk Company: NZD 0.9%
- Slater & Gordon: AUD 0.9%
- Cash & Short Term Notes: 48.9%

Portfolio Characteristics

- Dividend Yield: 22%
- Price/Earnings ratio: 26.6x
- Price/Free Cash Flow ratio: 16.9x
- Price/Book Value ratio: 2.7x
- Return on Equity: 8.4%
- Earnings Growth: 34.1%
- GOING: 6.2%

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.

Level 4, General Buildings, 29-33 Shorthand St
PO Box 105889, Auckland 1143, New Zealand
P: +64 9 301 0060
E: info@castlepointfunds.com
W: castlepointfunds.com