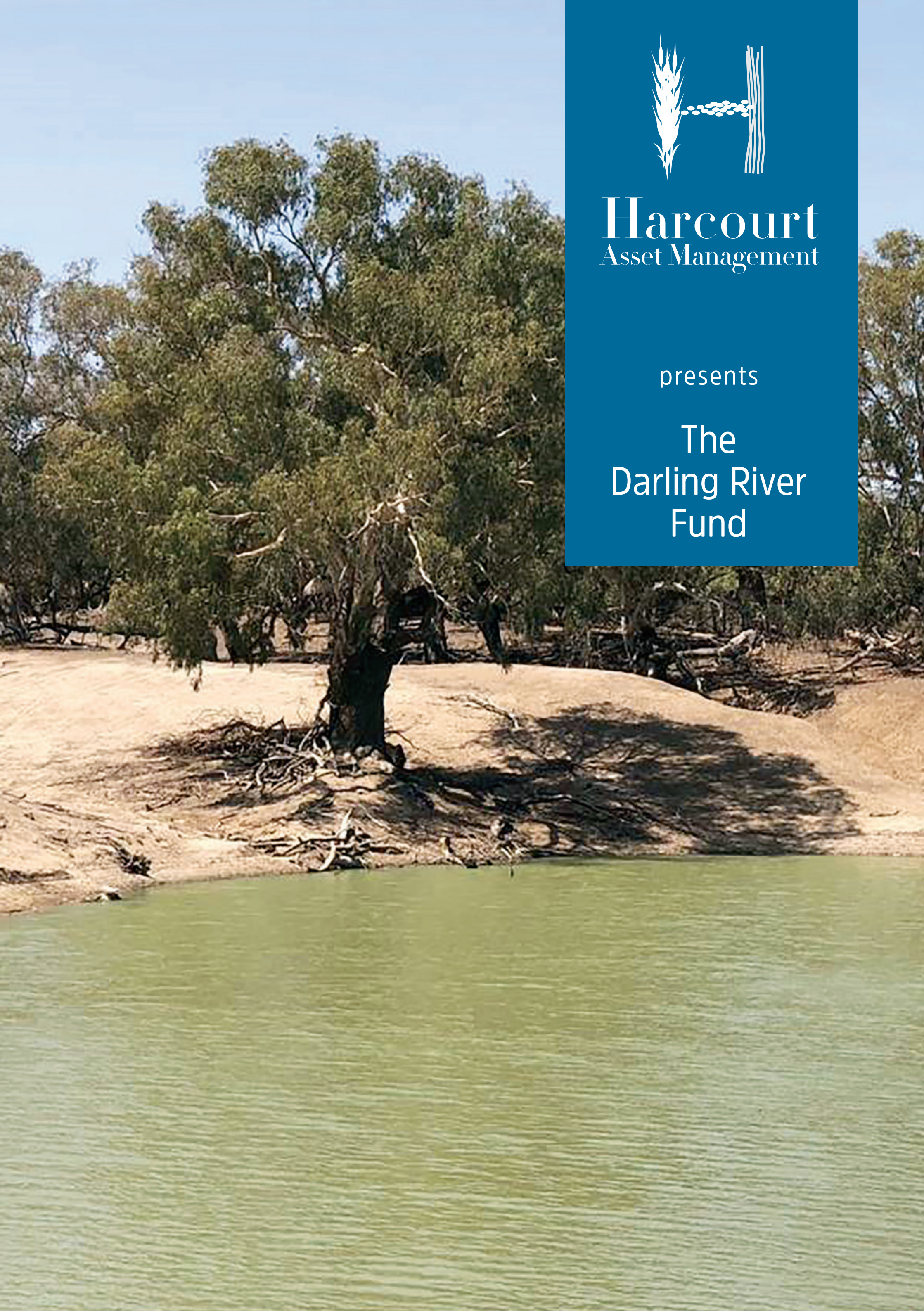


Harcourt
Asset Management

presents

The Darling River Fund

Aims & Objectives

The aim of the fund is to provide investors with exposure to predominately listed small cap and agri stocks on the Australian stock market.

The fund is open to wholesale, sophisticated and professional investors.

The manager would envisage that the fund would be majority small caps with some agri and some market opportunities stocks. The manager reserves the right to vary the make up of the portfolio.
The objective of the fund is to grow to $120m.
The manager, at his discretion, may look to develop a second fund, if there is demand.
The fee structure will be 1.25% of assets under management, plus 20% of the outperformance above the small ords index annualised.
A high water mark will apply.

WHY SMALL CAPS AND AGRI?
Small caps are a great sector for finding new and exciting companies that are expanding and have above average growth profiles, providing solid returns and outperformance.
In many cases small caps are run by entrepreneurial leaders who are very happy to tell their company story and are accessible to fund managers.
Small caps are generally under researched and are often mispriced providing the opportunity to add value.

Agri companies can be a little more complex, with the added variability of commodity prices and the AUD.
This is where an intimate knowledge of rural Australia is a major competitive advantage and not just hitting the pavement in the big cities is enough.
It is important to get out and visit the farms, processing facilities and production lines in regional Australia. This way you get a true feel for a company from the bottom up. The staff and line managers are a great source of true information.
Agri plays on the global theme of Australia being the food bowl of South East Asia.

Stock Selection.

The only important strategy!

Stock Selection, whether for long term investing or trading, is critical to success.

Identify Stock

Through the usual channels, identify a potentially good stock

Preliminary research.
Who runs it? Who are the Directors?
Corporate history? Profits?
Trading patterns? Broker coverage?

Meet management and find out who they are.
- How honest are they?
- Their history

Conduct a site visit.
Run the numbers

Determine what percentage of the fund you want in this stock

Refer to PME & CLV at the back as classic examples of this strategy

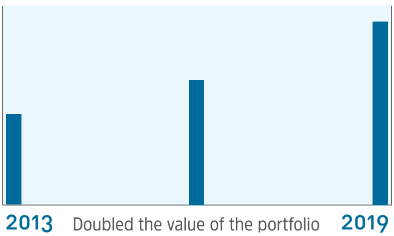
The Manager

Graham Harcourt

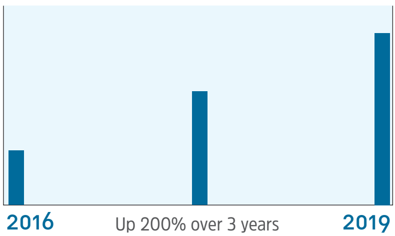
Graham has over 20 years experience in stock broking and funds management, having worked as a retail and institutional broker and a professional investor with a focus on small cap stocks.
He has also managed a portfolio for a professional investor for the past 6 years.
Prior to Graham's financial markets experience he managed the family's rural property on the Darling River for 12 years.
This makes him uniquely qualified and experienced in small cap and agri stocks.

HISTORIC PERFORMANCE

Graham has a track record of above market returns over a long period of time.
He has outperformed the market with his cornerstone investor over the past 7 years.
On an average of the money invested over that period the manager has doubled the value of the portfolio, when you include dividends.
In Graham's own SMSF, he has achieved a 200% return over the past 3 years.



Doubled the value of the portfolio in 6 years (avg. 16.7% pa)



Up 200% over 3 years

RISK

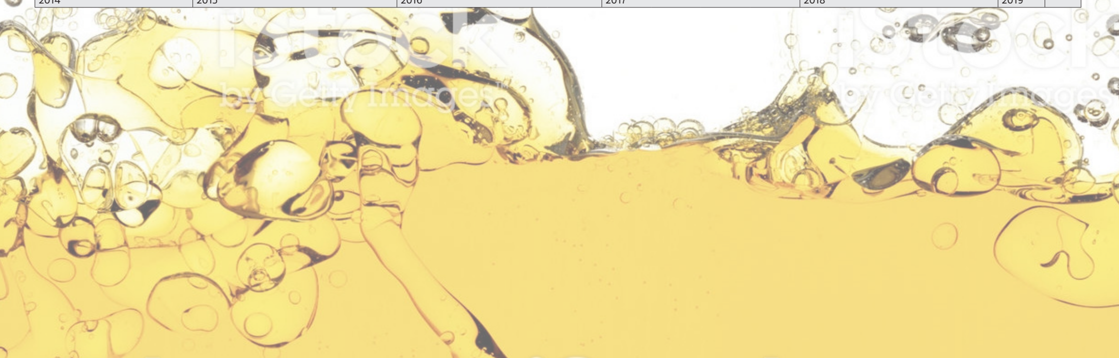
Graham has a strong focus on keeping risk in check especially in small caps and agri. It is very important to watch for changes to the original premise for buying a stock.
If a stock moves by more than 10% negative then a complete reassessment needs to be taken, with the possible sale of the holding.
Also constant monitoring of management is essential with small caps.

CLV, Clover Corp Ltd. Current price $2.30

We started to get to know CLV management in 2016 when the infant formula stocks started to run. (A2M, BAL etc.)

After meeting the CEO 2-3 times we had a strong understanding of his strategy for moving the company forward.

We started buying some stock at around 50 cents, comfortable that the CEO was on the right track.



STOCK EXAMPLE

pro medicus
OUR SUPPORT. YOUR SUCCESS.

Promedicus Ltd (PME) Current price $28.00

We started coverage of PME after meeting management back in 2014, when the shares were 89 cents.

In subsequent meetings we became more comfortable with the CEO and where he was taking the business.

With continued contract wins in the US we saw the company prosper to now trade over $16.00 with a very high PE.

We have been selling over the past year.

Contacts

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ADMINISTRATOR
To be Advised

REGISTRAR
To be advised

Harcourt
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