

DECLARE YOUR ECONOMIC INDEPENDENCE



## I'm still finding profitable companies selling for less than the cash they have in the bank...

...despite the cheap money pumping up the stock markets.

I remember vividly as a kid in Australia the excitement that came with an Olympic Games. Growing up in the warm, north-eastern state of Queensland, there were plenty of great swimmers from my hometown.

### TIM'S RECOMMENDATIONS IN TWO MINUTES

**Mount Gibson Iron (MGX on ASX)**

Buy up to A\$0.305. Use up to 1/8th of your available 4th Pillar capital.

**Nam Tai Properties (NTP on NYSE)**

Sell half your NTP shares now at around US\$9.24 and take 108% profits. Keep holding the rest.

**Ausenco (AAX on ASX)**

Hold and await payment of the A\$0.40 per share takeover consideration in mid-September.

**Rural Funds Group (RFF on ASX)**

Take 96% profits and sell half your shares, around current levels of A\$1.665.

**Asia Pacific Data Centre Group (AJD on ASX)**

Take 63% profits and sell all your shares.

Hold/buy at up to A\$0.83 with 1/8th of your available 4th Pillar capital.

Hold/buy at up to S\$1.63 with 1/8th of your available 4th Pillar capital.

Hold.

Hold/buy up to a\$1.33. Use up to 1/6th your available 4th Pillar capital.

Hold.

Hold and vote in favor of all 4 resolutions at the upcoming general meeting of shareholders. If you don't own it, buy if the stock slips back to A\$0.06 or below.

One won a gold medal at Seoul 1988 in the men's 200m freestyle, as well as a silver in the 400m. Another, who I attended school with, broke the world record for 1500m freestyle, and went on to win silver at Barcelona 2002.

I always had an interest in following their progress on the world stage. But these days, try as I might, I can't get excited about the Olympics.

With the recent staging of the Olympic Games in Rio de Janeiro, a lot of column inches were devoted to the issue of drugs in sport. No one knows for certain who's on what performance enhancing drugs or not. But, it's clear from the number of athletes that get busted that their use is very widespread.

Sadly, the Olympic Games are no longer a clean, fair contest. So, they don't really interest me.

I feel exactly the same way about the financial markets. Zero interest rates, quantitative easing, and outright purchases of stocks and bonds by central banks are no different to the scourge of banned stimulants, steroids, and human growth hormone in Olympic sport.

Even lousy businesses with bad prospects and poor returns on capital can survive when pumped up on cheap money.

It's not healthy for capitalism.

This idea that interest rates must be lowered and kept low, so that recessions and business failures can be avoided at all costs is absurd. It's both natural, and healthy for some businesses to fall by the wayside. And, recessions are vital to keep an economy healthy, by clearing out prior excesses.

In the bond market, the advent of negative yields is quite simply ridiculous. The only reason to buy a bond on a negative yield is because you think you'll lose even more by holding the money in the bank.

The skill in picking good credit risks in the bond market, or good businesses that will earn back their cost of capital plus a healthy margin for the investor as profit on top, in the stock market, has gone out the window. Instead, it's been replaced by a game where you can pretty much just put money into any passive index-tracking fund, and wait for the market-enhancing drugs of zero interest rates, and QE to make every investment a champion.

I don't know about you, but I yearn for a return to fair competition, when real skill matters. And, I refuse to play by the new rules.

I stick to my old methods. I try to pick investments that are obviously cheap, which I think will eventually do well for you regardless of what goes on in the broader market.

Yes; you could probably have made more money in recent years simply by buying the long-dated bonds of deeply indebted governments, or an index fund of absurdly overvalued large-cap stocks.

But, just like the harmful long-term side effects of some performance enhancing drugs in sport, I don't believe the risks to your financial health are worth it. Eventually the central banks will be caught out, and the markets will fall hard.

So again this month, I bring you a simple, deep-value stock recommendation that doesn't rely on cheap money or other market-boosting factors for performance.

This company has...

**A\$400 million in net cash, a profitable business, and a current market value of just A\$322 million**

**Mount Gibson Iron (MGX on the Australian Securities Exchange)** offers exactly the sort of investment attributes we're seeking at *The 4th Pillar*.

You can buy shares in the company right now at a hefty discount to its net cash in the bank and make an easy 24% as the shares merely return to cash backing. And with an outstanding insurance claim likely to be settled in the company's favour soon as well, we have a clear catalyst for the stock to climb even higher, possibly in the near-term.

In addition, the company is actually making money, not burning through it. It banked A\$6 million in positive net cash flow for the three-month period ended June 30th. Indications are it will make even more in the coming two quarters.

The company's business is to dig iron ore out of the ground in Western Australia, process

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it, truck it to port, where it's then loaded on ships bound for China's steel furnaces.

Clearly, the demand for iron ore in China and the iron ore price are therefore the primary determinants of the company's future business prospects.

On this, I don't have a strong view right now. And, it's not the reason we're interested in buying the shares. The discount to cash backing is the primary driver of my investment thesis.

For now, the iron ore price has recovered well, and is at levels that allow MGX to make a healthy profit on the ore it mines. The company reported an average all-in cost of A\$46 per ton of production last financial year, versus an average selling price of A\$48.40 per ton.

Management continues to implement cost reductions. So, it can weather a modest downturn in iron ore prices were that to eventuate, and still remain profitable at a cash flow level.

In the coming quarters, MGX will wind down mining operations at its current Extension Hill Mine, and it is in the process of bringing a new mine, Iron Hill, which lies just 2 miles south of Extension Hill, into production.

Final environmental approvals from the Commonwealth Government (Federal government) are still pending, but the Western Australian Government's Environmental Protection Authority has already given its conditional blessing for the new mine, which is very important.

Commonwealth approval should be a formality. They don't want to pick a fight with Western Australia, which is a large net contributor to Canberra's tax revenues.

MGX also has its former flagship iron ore mine, at Koolan Island in the north of Western Australia on "care and maintenance." This was the mine that in 2014 suffered a catastrophic sea wall failure, so that the pit was flooded by the ocean. Negligence on behalf of the contractors that built the sea wall has been acknowledged, and MGX received an A\$86 million insurance pay-out for property damages as a result.

That's partly why the company has such an impressive cash war chest at present. But it could be about to get even bigger.

What's not yet known is how much, or when, the second part of its insurance claim, for "business interruption," also as a result of the sea wall failure, will be paid out.

There are some in the market who believe it could amount to even more than the A\$86 million in property damages already received.

I'm not sure about that. But, whatever the amount ends up being, I think that when it is announced to the market, there's a good chance we'll get a pop in MGX shares.

Why, you might ask, is this stock trading at such a discount to cash? Is there something wrong with it?

No. I see this sort of thing regularly. And I've been able to build an entire investment strategy around it.

MGX is not a long-term investment. So, I guess most "investors," in the true sense of the word, ignore it.

But, most traders apparently don't have the patience to tie up capital waiting for an undefined catalyst of uncertain timing to materialize and crystalize the value that exists in this stock.

Our competitive advantage is that we are happy to do so, especially when we can buy shares such as MGX and get a seat at the table for less than the cash the company has in the bank.

There are more potential catalysts here than the second insurance pay out. In addition to finishing up operations at Extension Hill, and getting Iron Hill into production, the company is examining the possibility of restarting operations at Koolan Island, assuming the sea wall can be safely rebuilt, and the mine can be de-watered..

Work the company has done shows that there is even the possibility of re-starting operations in such a way that much less "waste" (soil that doesn't contain valuable minerals) will need to be dug out in order to get at the ore. The technical term for this is that the mine would be restarted with a much lower "stripping ratio." However, at this stage it is all uncertain.

So, the company is also examining alternative mining investment projects, outside of iron

ore, and considering putting its cash to work that way.

If they don't find something that the board feels is worth pursuing in the next couple of quarters, my expectation is that there will be a clamour from shareholders for some sort of special dividend or capital return.

Any news of the expected "business interruption" insurance pay out may also be accompanied by news of a capital return. So, that's yet another potential catalyst for the shares to appreciate to their A\$0.365. per share net cash backing, and beyond, from the current level of just A\$0.295.

For all these reasons, I'm recommending you BUY shares in MGX immediately. It's a great, low-risk, special situation of exactly the kind we are seeking with our 4th Pillar investments.

Purchasing shares in a cash flow positive business with \$400 million in the bank and a market value of A\$322 million strikes me as not really being risky at all. It's certainly a world removed from buying a stock or bond index fund and hoping for central banks to supply more performance-enhancing stimulus.

**RECOMMENDATION:** BUY shares in MGX on the Australian Securities Exchange up to a limit of A\$0.305. Use 1/8th of your 4th Pillar portfolio.

**DISCLOSURE:** Tim Staermose owns or controls 675,000 shares in MGX purchased at an average price of A\$0.304.

**NOTE:** This information was first published in September 2016. Please make sure to read the update from January 2017 on the next page.

## January 2017 MGX Update:

You're up as much as 28% on MGX as the stock closes in on its cash backing

Shares in MGX, which were trading at a large discount to its cash backing following its receipt of an earlier insurance pay out, have been rallying. They touched a recent high of A\$0.39, which is not far off my estimate of the company's net cash backing.

But, they have since dipped slightly again, to A\$0.38. And, the company is still expecting a second insurance pay-out for business interruption damages, following the structural failure, some years ago, of its Koolan Island mine.

Meanwhile it has signed a third off-take agreement with another Chinese buyer for up to 25% of the annual production from its new Iron Hill mine.

Iron ore prices have been doing surprisingly well lately, too, as the Chinese government continues to prop up the economy and construction steel demand in China remains strong.

So, all in all MGX is firing on all cylinders at present, and you have 28% gains on your shares – with more to come.

**RECOMMENDATION: HOLD.** Do not purchase shares if you don't own any already.

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## Time to take up to 108% profits on NTP, another highly successful “discount to cash backing” recommendation

Back in December 2014 I recommended you buy shares in **Nam Tai Properties (NTP on the New York Stock Exchange)** for less than the shares' then cash backing. The company had ceased to operate as an electronics manufacturer in China but had held onto its former factory sites in the southern boomtown of Shenzhen, as well as a factory site in Wuxi.

NTP's plan, which it has been steadily executing on ever since, was to develop these factory sites into much more valuable, mixed-use commercial properties featuring office space and retail precincts.

Being very cautious about the prospects for the Chinese property market at the time, even though NTP's properties were essentially being valued at less than zero by the stock market, I made a trek over to Shenzhen to put boots on the ground and investigate with my own eyes what the company's properties were like.

I found them as described, in areas that were transitioning from industrial uses to mixed usages, with good transport connections via the rapidly expanding Shenzhen mass transit railway system (subway) and close proximity to several major ring roads leading to both downtown Shenzhen and the Shenzhen-Bao'an Airport.

With no prior experience in property development, NTP management's decision to engage outside real estate consultants for its development plans also seemed sensible to me. And with the land held on the books at historical cost from the early 1990's when Shenzhen was still a small town and not a booming metropolis, it was clear that NTP shares were extremely cheap.

Fast forward just over a year and a half and, and the recent sale of a commercial property near NTP's properties for a record-setting price approaching US\$1,380 per square foot, has finally woken the market up to the value buried in NTP.

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In the past week, NTP's shares have spiked up strongly from about \$5.50, to \$9.24 as I write. The latest jump in the shares came on news the company has signed a letter of intent with China Construction Bank, one of China's largest, for \$750 million worth of funding for NTP's property developments in Shenzhen.

You are now sitting on **gains of as much as 108%**, including the dividends banked over the years. It's time to cash part of them in.

NTP's management has just launched their third buy-back of shares in the time we've held the stock. They will be buying back US\$50 million worth of shares on market beginning September 3rd, at prevailing market prices, over the ensuing 4 weeks.

This is a clear vote of confidence by management in the company's future, and signals to the market that they believe the shares are cheap, even at these higher levels in Shenzhen.

However, there are still numerous risks to the company's property development plans. And, it's a long-term project. We bought shares in NTP because it was selling for under cash backing and also had valuable real estate on its balance sheet that the market was totally ignoring.

Now the market is pricing some of that value in. The company currently has US\$199.7 million in cash. After the two earlier share buybacks, there are 36.7 million shares outstanding, and with a price of US\$8.69 per share, it is thus capitalized at US\$319 million.

That implies the company's real estate and other non-cash assets are being valued at about US\$119 million.

A recent valuation by international property consultants Jones Lang LaSalle has put the value of NTP's raw land in Shenzhen alone at about US\$428 million. And that's at a price that's still less than HALF the recent record-setting transaction I mentioned took place nearby (just over 1 mile away).

So, NTP's stock is arguably still far too cheap. However, after a sharp move higher like the recent one, I think it's prudent to lock in some profits.

**RECOMMENDATION: SELL half your NTP shares now at around US\$8.69 and take 108% profits. Keep holding the rest. This rally may not be over yet.**

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**DISCLOSURE:** Tim Staermose owns or controls 10,000 NTP shares purchased for an average of US\$4.51.

## Reminder to take up to 96% profits on [REDACTED], and 63% profits on [REDACTED], if you haven't already done so

Last month I told you to take profits on HALF your total position in [REDACTED] and on your entire holding in [REDACTED].

If you bought and sold these securities at my suggested price limits, you should have been able to bank as much as 96.8% profits on [REDACTED], and up to 63.1% profits on [REDACTED], including the dividends paid out over the years.

Well done!

Both companies are in the specialty REIT sector. That is, they own and rent out highly specialized real estate. In the case of [REDACTED] it's farmland (and the associated infrastructure), and in the case of [REDACTED], it's custom-built, electronic data storage facilities.

With the steady erosion of interest rates to near-zero levels all around the world, including Australia in recent times, real estate such as this which provides even modest yields has been in greater and greater demand. So, the prices for these companies' securities were duly bid up to levels where I feel the risk/reward ratio is no longer favourable enough for us to remain fully invested.

[REDACTED] trades at around 2x book value now, and [REDACTED] at about 1.65x book value. It was these relatively expensive valuations that motivated me to take profits, NOT a deterioration in the companies' business prospects.

For that reason, you may have chosen not to sell. I think that's a mistake.

In order to make money in the stock market with as little risk as possible, you have to pick the right time to buy, AND the right time to sell.

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It's time to take profits, move on, and redeploy the capital from these stocks elsewhere, in investments that I think offer a better current risk reward ratio.

As well as [REDACTED], this month's new recommendation, there are several 4th Pillar recommendations still in the "BUY" zone. Full instructions for what to BUY, SELL and HOLD this month are on the front page, as always.

## BUY [REDACTED] at a 29% discount to cash backing if you haven't already

[REDACTED] is the Australian oil and gas exploration company that sold its gas discoveries in [REDACTED] at the top of the boom a few years, ago, pocketed the cash and is now finding oil in Brazil, and looking for more oil and gas off the coast of Western Australia.

[REDACTED] has already had several discoveries off the coast of Brazil, and more drilling there is imminent. For reasons that defy rational analysis, however, [REDACTED] shares have been hammered down to levels considerably below their cash backing.

The company reported A\$ [REDACTED] per share in net cash backing at the end of June. The current share price is A\$ [REDACTED].

Yes, it is true that the [REDACTED] board and executive team pay themselves rather handsomely. And it's also true they have large spending commitments to meet on their Brazilian exploration acreage over the years to come.

But, they also have a highly successful track record, and at a discount to the company's net cash in the bank, I very much like the odds of backing them to get something else right in the coming months and years.

Right now, the stock is essentially priced for total failure. I think the market has got this wrong.

Maybe investors are worried about another collapse in oil and gas prices. I don't know. But one thing I do know is that no matter what oil prices are doing, when an exploration

company drills into a significant oil discovery, the share price always goes up, regardless of what's going on with oil prices.

So, what we have with [REDACTED] is a very cheap way to make a calculated speculation that management's excellent track record of hiring the right people and looking for oil and gas in the right places continues getting results, and the shares re-rate to reflect reality.

I can't tell you when that will happen. But I am supremely confident it will.

I've previously recommended you buy [REDACTED] shares in two tranches, for A\$ [REDACTED] and \$ [REDACTED]. Your average entry price is thus exactly the same as the current price of A\$ [REDACTED] as I write.

The stock remains a BUY for anyone new, or anyone who didn't already purchase.

**RECOMMENDATION:** HOLD/BUY shares in [REDACTED] around the current price of A\$ [REDACTED] if you don't already have a position. Use up to 1/6th of your 4th Pillar capital.

**DISCLOSURE:** Tim Staermose owns or controls 169,323 shares in [REDACTED] purchased at an average price of A\$ [REDACTED].

Your [REDACTED] shares up 8.5% in just 3 months,  
as meeting to approve a  
capital return approaches

[REDACTED] is the Australian coal seam gas exploration company whose business plans were thwarted by environmentalists. The government of New South Wales paid the company compensation in return for the surrender of its exploration licenses.

As a result, the company's only assets were cash and certain fixed income investments, totalling a combined A\$ [REDACTED] per share when I recommended you buy shares at around A\$ [REDACTED] back in June.

Since then, the company has used part of its cash pile to help bankroll US oil explorer [REDACTED]'s drilling in Louisiana via a convertible note issued to [REDACTED] on terms that

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are very favourable to [REDACTED].

[REDACTED] has been having some exploration success and recently signed an agreement to acquire a production platform. It will be producing oil and generating cash flow before year end.

With the company expected to generate healthy positive cash flow from its existing investments, as well as the recent investment in [REDACTED], [REDACTED]'s board has asked shareholders to consider a capital return of A\$ [REDACTED] per share, as well as a further buy-back of up to 10% of the company's shares.

Both are value-enhancing moves in my opinion, and I suggest you vote IN FAVOUR of all related resolutions at the upcoming General Meeting of shareholders to be held on [REDACTED]. If you haven't received proxy forms for this meeting in the mail already, ask your broker.

The market would appear to agree with me that the proposed moves will be value-enhancing, and [REDACTED] shares have gained ground over the past month. They were recently at A\$ [REDACTED].

If you followed my recommendation to buy at around A\$ [REDACTED] back in June, or even lower, as the shares subsequently traded down to A\$ [REDACTED], you will be sitting on gains of at least 8.5%. I think there are more gains to come.

**RECOMMENDATION:** HOLD and vote IN FAVOR of all 4 resolutions at the upcoming General Meeting of shareholders. And if you don't own it, BUY if the stock slips back to A\$ [REDACTED] or below.

**DISCLOSURE:** Tim Staermose owns or controls 2,782,413 shares of [REDACTED] purchased for an average of A\$ [REDACTED] per share.

[REDACTED] takeover approved by  
shareholders, handing you up to 6.7%  
profits in just 2 months

\_\_\_\_\_ was once a high-flying mining engineering firm. As the mining boom turned to bust, however, the company fell on hard times, and the shares lost over 90% of their value.

An investment by US private equity firm [REDACTED] steadied the company's finances, and recently the US firm moved to take full control, via a 40c per share all-cash takeover.

On August 25th [REDACTED] shareholders not aligned with the bidding consortium duly approved the takeover at the Scheme Meeting.

As a result you will be receiving A\$ [REDACTED] for each share you hold within the next 28 days. That represents a profit of 6.7%, or nearly 40% annualized since the stock traded at my recommended BUY limit of A\$ [REDACTED] on July 14th.

Another great result! Well done.

**RECOMMENDATION:** HOLD and await payment of the A\$ [REDACTED] per share takeover consideration in mid-September.

**DISCLOSURE:** Tim Staermose owns or controls 781,400 shares of [REDACTED] purchased for an average of A\$ [REDACTED] per share.

still in the BUY zone at A\$0.825  
for the A\$ takeover

Last month, I recommended you buy shares in real estate data and software services provider, [REDACTED] up to a limit of A\$ [REDACTED]

The stock has since traded in good volume at this level and been as low as A\$ [REDACTED]. So, you should definitely have been able to get set.

With the A\$ [REDACTED] takeover offer from a consortium led by management, and backed by Australian and Singaporean investors progressing on schedule, and A\$ [REDACTED] almost certain to come your way by the end of October, [REDACTED] remains in the "BUY zone."

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Even if you pay A\$ [REDACTED], you will pocket an annualized return of 15% which is right on my hurdle rate for standard risk 4th Pillar arbitrage trades, of which this is a perfect example.

**RECOMMENDATION:** HOLD/BUY shares in [REDACTED] up to a limit of A\$ [REDACTED]. Invest as much as 1/8th of your 4th Pillar portfolio.

**DISCLOSURE:** Tim Staermose owns or controls 428,437 [REDACTED] shares purchased for an average of A\$ [REDACTED].

## The folly of cheap money, and a modern day Angkor Wat

I thought I'd close with one final anecdote about the long-term consequences of near-zero interest rates, and the resulting mal-investment they can cause.

I recently spent nearly two weeks back in Queensland, near where I grew up, where my mother still lives.

Twenty minutes from her house are two magnificent championship golf courses. They form part of a giant integrated resort project built by the Iwasaki Sangyo company of Japan, beginning in the late 1970s, when Japan's bubble-economy ruled the world, much like China does now.

Some 300 miles north of there, near Proserpine, lies another such project, Laguna Quays, also built in the 1980s, by Japanese trucking conglomerate Kumagai Gumi.

What both developments have in common is that they were never really viable. The cheap money the Japanese were able to use to fund them artificially lowered their cost of capital to levels where the marginal returns that such grandiose projects could expect in sparsely populated regional Queensland appeared to stack up.

Initially, they were both sparkling, world-class developments. And I have fond memories of playing golf at both venues, on all three championship courses, as a teenager.

At Iwasaki, I once shot a round of 2-over par 74 from the back tees, playing with my recently deceased grandfather. And, at Laguna Quays, I once went around two under

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par for the back nine, playing with my father, with my mother driving me around in the cart.

Alas, like my golf, the heyday of these resort developments fuelled by cheap money is long gone. Today, the once grand and luxurious country club lodge at Laguna Quays looks like this:



For more on this modern day Angkor Wat, you can [check out this video](#).

At Iwasaki, it's not quite so dire. But during my recent visit, I heard that one of the two championship golf courses is about to be closed, and the whole resort is to be shut and renovated.

The losses Iwasaki Sangyo has suffered over the last 30 years run to the hundreds of millions of dollars. And that does not include all the capital they sank into the project over the years, which must surely amount to hundreds of millions, or even billions more, that they will never recover.

While these projects were clearly never really viable, they were magnificent, and their facilities provided many years of enjoyment to many people. Interestingly, it took much, much longer than anyone expected for things to deteriorate so badly that the resorts and golf courses had to be shut.

I have to conclude that the availability of cheap money does produce tangible, real

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world results. It even conjures up the veneer of great prosperity – often for much longer than we can ever imagine.

But beneath the surface, all is not well. Investments that don't stack up at 10% interest rates might give off the illusion of stacking up at 3% interest rates. But they are fragile, and vulnerable. Eventually the chickens come home to roost.

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## 4th Pillar Model Portfolio as of 30 August 2016

COMPANY	TICKER	DATE PURCHASED	ENTRY PRICE	CURRENT PRICE	DIVIDENDS	% GAIN/LOSS	WEIGHTING	NOTIONAL AS\$100,000 PORTFOLIO	IN USD	TRADING INSTRUCTIONS
<b>Deep value</b>										
██████████	████	Jun 2013	\$0.780	\$1.040	\$0.348	77.9%	10.9%	\$18,856.22	\$14,823.72	HOLD
Nam Tai Properties (US\$)	NTP	Dec 2014	\$4.510	\$9.240	\$0.140	108.0%	13.3%	\$22,889.40	\$17,331.86	SELL half around US\$9.24
██████████	████	Mar 2016	\$0.072	\$0.100	\$-	38.9%	10.1%	\$17,361.11	\$13,145.83	HOLD
██████████	████	Apr 2016	\$1.220	\$1.335	\$-	9.4%	5.3%	\$9,118.85	\$6,904.80	BUY around ██████
██████████	████	May 2016	\$1.440	\$1.335	\$-	-7.3%	4.5%	\$7,725.69	\$5,849.90	"
██████████	████	Jun 2016	\$0.059	\$0.063	\$-	6.8%	7.7%	\$13,347.46	\$10,106.69	BUY at ██████ or under
<b>Dividend income</b>										
██████████	████	Jul 2014	\$0.925	\$1.630	\$0.175	95.2%	7.1%	\$12,197.30	\$9,235.79	HOLD
██████████	████	Mar 2016	\$1.660	\$1.560	\$-	-6.0%	6.5%	\$11,173.69	\$11,746.99	HOLD
<b>Trading / Arbitrage</b>										
██████████	████	Jul 2015	\$0.100	\$0.031	\$-	-69.0%	1.1%	\$1,937.50	\$1,467.08	HOLD
Ausenco	AAX	Jul 2016	\$0.375	\$0.400	\$-	6.7%	7.7%	\$13,333.33	\$10,096.00	AWAIT takeover proceeds
██████████	████	Aug 2016	\$0.825	\$0.825	\$-	0.0%	7.2%	\$12,500.00	\$9,465.00	BUY ██████
██████████	████	Aug 2016	\$1.630	\$1.645	\$-	0.9%	7.3%	\$12,562.34	\$9,512.20	BUY ██████
Cash*							11.4%	\$19,498.64	\$14,764.37	
<b>Total*</b>						71.2%	100.0%	\$172,501.54	\$134,450.22	

\*Including profits/losses to date

AUD/USD Exchange rate \$0.757

## Recently Closed Out Positions

COMPANY	TICKER	DATE SOLD	LIMIT PRICE	SELLING PRICE	DIVIDENDS	% GAIN/LOSS	WEIGHTING	PROFIT/LOSS	IN USD
██████████	████	Aug 2016	\$0.925	\$1.645	\$0.175	96.8%	6.3%	\$6,048.65	\$4,615.12
Asia Pacific Data Centre Group	AJD	Aug 2016	\$1.090	\$1.615	\$0.163	63.1%	12.5%	\$7,893.35	\$6,022.63
UXC Limited	UXC	Feb 2016	\$1.215	\$1.220	\$0.020	2.1%	8.3%	\$195.82	\$139.03
Australian Dollar short sale (US\$)***	FXA	Feb 2016	\$89.30	\$70.57	\$2.778	17.9%	25.0%	\$22,626.95	\$15,952.00
DMX Corporation**	DMX	Feb 2016	\$2.456	\$0.700	\$1.800	1.8%	1.3%	\$1,900.50	\$1,349.36
Coffey International	COF	Jan 2016	\$0.410	\$0.425	\$-	3.7%	12.5%	\$457.32	\$324.70
New Zealand Oil & Gas****	NZO	Oct 2015	\$0.869	\$0.370	\$0.217	-32.5%	8.5%	-\$2,704.26	-\$1,968.70
Strike Resources	SRK	Sep 2015	\$0.050	\$0.055	\$-	10.0%	6.8%	\$752.98	\$548.17
Coalspur	CPL	Jun 2015	\$0.021	\$0.023	\$-	9.5%	12.5%	\$1,190.48	\$909.52
Indophil Resources	IRN	Jan 2015	\$0.280	\$0.300	\$-	7.1%	12.5%	\$892.86	\$682.15

\*\*\*\*Adjusted for cancellation of 1 in 5 shares in return for NZ\$0.75 capital return

\*\*\*Assuming 30% margin requirement on short sale of 1,000 shares

\*\*Entry price adjusted for A\$35 capital return paid 29 Feb 2012, and A\$18 capital return paid on 9 April 2012 and 100-1 share consolidation

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