WENTWORTH WILLIAMSON

As you are aware, the objective of the Wentworth Williamson Fund (the Fund) is to generate superior returns to our competitors over the long term by acquiring a select portfolio of value-driven investments. We aim to protect our clients principal while growing capital well above the prevailing cash rate over the medium to long term.

A REMINDER - INVESTMENT APPROACH

The prices of shares tend to vary far more than the value of the underlying businesses. Some of the factors that contribute to this are:

- Economic sentiment
- General market sentiment towards equity investments generally or as a category
- Management changes
- Country-specific issues
- The market taking the view that the business model is broken (at least in the short term) or conversely over-optimistic expectations; and
- Lack of sell-side research due to size or free float in the shares of the company or conversely the "follow-the-pack" mentality often driven by mainstream, widely read analysis research

We aim to invest in companies that in our view fall below their underlying value (often as we have a contrary view to the market for the reasons mentioned) and sell when the price rises above our assessment of fair value.

The key aspect of our investment process is determining the underlying or intrinsic value of the businesses we evaluate. We therefore spend a great deal of time developing differentiated information that helps us determine the intrinsic value of a target company. This involves rigorous research and analysis of the industry and competitors, in order to construct a detailed picture of the dynamics of the market and investment being reviewed.

By not limiting ourselves to any market capitalisation size or sector and by allocating more time to research and investing (rather than trading) we believe this strategy gives us a structural competitive advantage to generate returns in excess of our benchmark.

The current composition of the portfolio is set out in the Appendix on page 6.

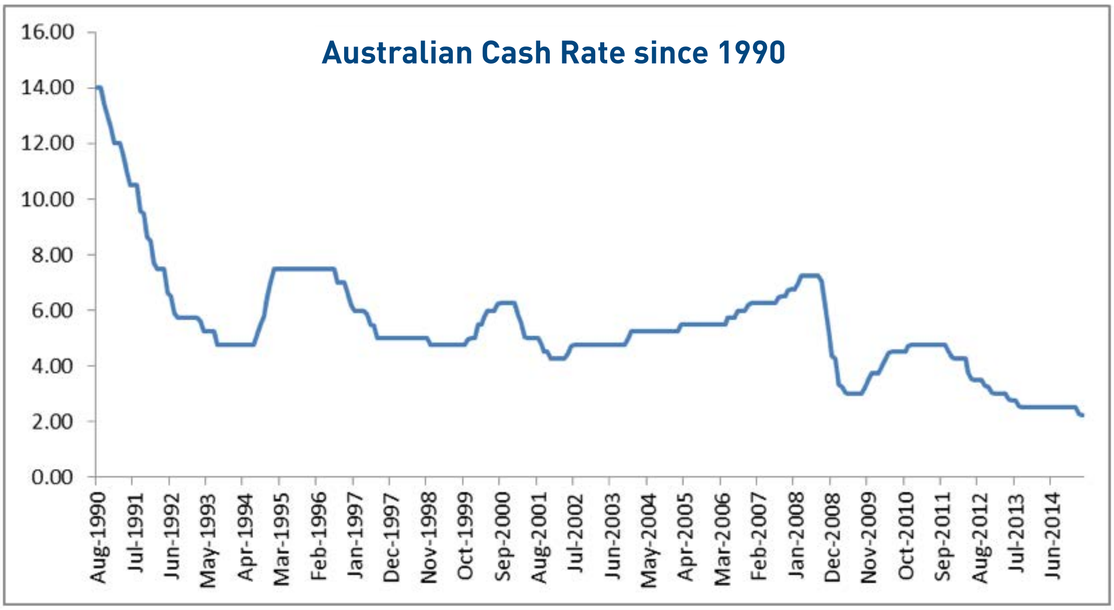
MARCH 2015 QUARTERLY REPORT

	Inception	12 Months to March
Wentworth Williamson Fund	14.5%	13.5%
Cash rate + 2.5% (Benchmark)	7.8%	5.1%

Returns are net of all fees, include income, assume reinvestment of distributions and exclude any spreads that might be payable on some transactions. Inception date is 30 September 2013.

The Fund increased 3.9% for the quarter and 13.5% for the 12 months to March 2015.

We have a preference for companies with low or no debt and on average the cash balance in the Fund has represented approximately a third of the Fund's net asset value since inception. It's disheartening to roll our term deposits at lower rates, we may not be at the very bottom of the easing cycle but we are most certainly at the low end relative to history. We can only imagine the dilemma for retirees who rely on an income stream from cash deposits to live. We fear many investors are currently being sucked into the trap of looking for income above cash deposit rates in leveraged popular 'blue chip' or so called 'safe' companies such as banks, utilities and some property trusts. Unfortunately the dividend yields of many of these companies may not be sustainable at higher interest rates in which case those investors could face the prospect of real capital losses in the future. Speculators borrowing money to arbitrage the gap between dividend yields and historical low interest rates could also be especially vulnerable, some people have short memories it seems as history looks like repeating itself.



Source: rba.gov.au

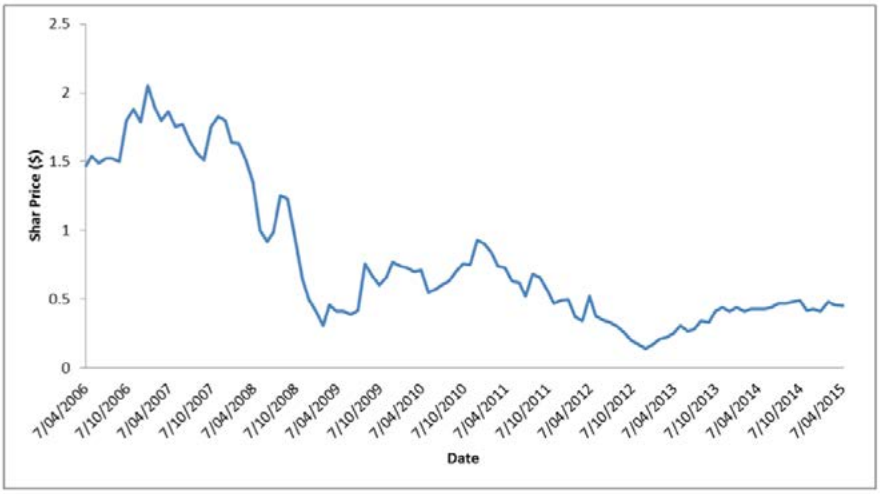
Each quarterly newsletter it is our tradition to report on our investment thesis of at least one of our investments. This quarter we highlight PMP Limited.

PMP LIMITED (PMP)

In 1991 heavily indebted News Limited bundled its magazine operations with its printing operations and spun off a new company, Pacific Magazines and Printing, to help reduce its then debt burden.

Pacific Magazines and Printing (PMP Limited) was at one time a sizeable business, today it's a small listed company that is largely marginalised by the investment community. However, after a number of years of painful restructuring, and notwithstanding the huge continuing growth of digital media, we think investors will start to take notice of PMP again.

PMP is the largest, vertically integrated 'print and distribution' business in Australia & New Zealand. The Group prints catalogues for retailers, magazines for publishers and soft back books (Griffin Press). In addition, PMP owns a catalogue and magazine distribution businesses.

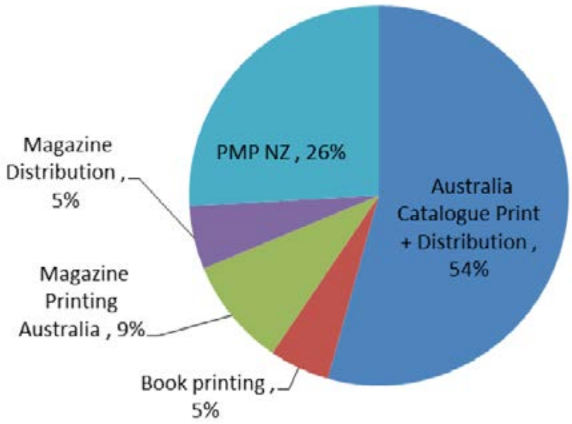


Source: FactSet

PMP has been a casualty of technological change and consequently the company's share price has been one of the worst performers on the Australian stock exchange in the past decade. In early 2008 the share price was greater than $1.50 (already half the price it was in the late 1990's); today it's trading at ~45cps.

The reason why we believe the investment community will start to take notice of PMP is because fundamentally the company has finally reached a cross road in its lifecycle and divisions capable of posting modest growth over the long term now far outweigh those parts of the business in structural decline in terms of contribution to profits.

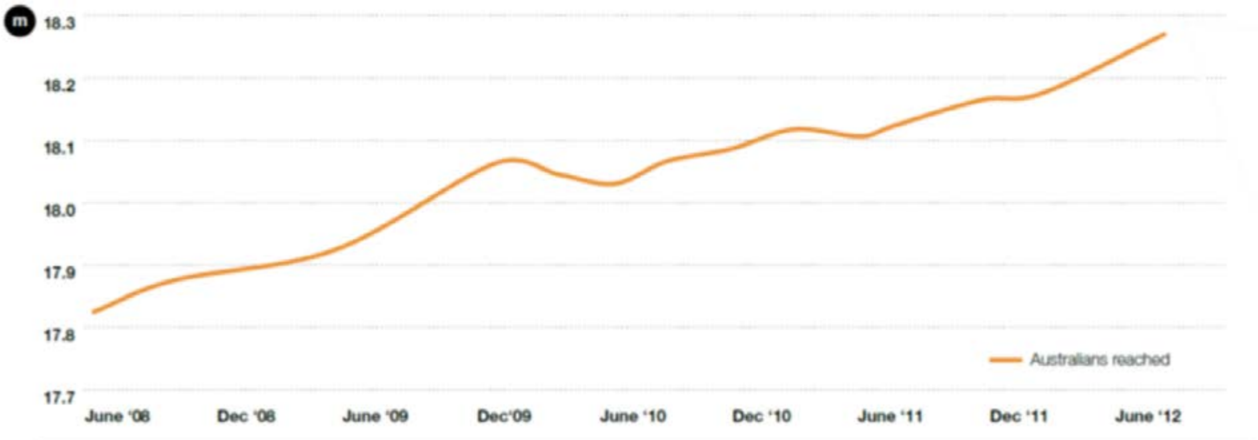
PMP FY15F % of EBITDA Estimate



Source: Wentworth Williamson estimates

The PMP catalogue business is not exactly new. However, profitability from the structurally challenged magazine and directory business has collapsed to such an extent the integrated catalogue printing and distribution division in Australian and New Zealand now dominates profitability. Not only is the integrated catalogue business higher margin and less capital intensive than magazine printing, we believe, based on independent research and long term industry trends, that the future for the industry remains positive. Over the short term volumes will be impacted from underlying retail conditions from one year to the next as part of an integrated campaign with digital mediums.

Catalogue Audience Reach



Source: Australian Address Reference File 2012, ABS Census 2011 and ABS Australian Demographic Statistics 2013.

According to the Australian Catalogue Association (ACA) catalogues reach over 19m Australians every week, this compares to free-to-air television (~ 14m), Pay TV (~8m), magazines (~14m), commercial radio (~10m) and newspapers (~16m). Furthermore, according to the ACA approximately 50% of Australians over 14yrs find catalogues the media most useful for providing information when purchasing or selecting groceries, by far the highest percentage penetration rate compared to other advertising media. Other retail items that scale well in catalogues include small electrical appliances, toys, cosmetics & toiletries, clothing & fashion, alcoholic beverages and children's wear.

A Sydney University study of in-store radio vs catalogue advertising revealed that significant increases in sales volumes can be achieved through advertising weekly specials in a catalogue. Furthermore, according to Brand Science, an integrated campaign delivers even higher return on investment when adding other channels to catalogue campaigns.

TV campaigns are almost 40% more effective when combined with catalogues and this figure rises to over 60% for integrated online campaigns. Furthermore, new 'bridging technologies' such as QR codes (Quick Response Code) and Augmented Reality (IKEA use it to give a virtual preview of furniture in a room) have added another dimension to the integrated campaign, making it simple for consumers to be taken to and from print to digital. In a World where consumers are starting to suffer from a level of digital advertising fatigue, we are confident catalogues will remain a relevant part of an integrated advertising campaign.

PMP is the only integrated catalogue printer and distributor in Australia. In high volume print work, (heatset printing) PMP is the market leader with approximately 35% market share and it shares a duopoly in catalogue distribution. Further upside may be in the form of consolidation in the Australian heatset printing category, it is long overdue and likely to take place over the medium term in our opinion.

Other divisions capable of posting growth include the New Zealand operations which have a completely different business profile and market structure to PMP's position in Australia. In heatset printing, PMP totally dominates the New Zealand market with an estimated 65% market share. In addition, and surprisingly for us, PMP owns a book printing business which is currently posting strong growth.

After many years of earnings declines and one off restructuring charges, we think PMP is finally reaching a point of stability where we feel comfortable forecasting ~$30m of free cash flow generation per annum. PMP is expected to be debt free by June 2016, with a market capitalisation of only ~$150m you will be hard pressed to find better value anywhere else on the ASX (5x free cash flow multiple).

Over the medium term we expect the company to either redeploy surplus capital in a value enhancing industry consolidation transaction in the Australian heatset printing market or return this capital back to shareholders in the form of dividends and share buybacks. Both outcomes should be well received by investors.

LOOKING FORWARD

Despite detailed investigations and contingency plans, the future is constantly full of surprises and some investments don't turn out quite the way we planned. However, to mitigate the risks we have a portfolio of entities with realistic growth expectations and with balance sheets carrying relatively low debt levels. Overall this strategy has served us well in the past and we intend to stick to our investment principles in all market conditions. Furthermore, if Geoff and I are unhappy with company operational and financial risks as well as the stock prices on offer, we are more than happy to remain patient and sit in cash, even though cash is showing decade low returns.

Thank you for your confidence in joining us on this journey as co-investors in the Fund, we are always available should you wish to discuss the portfolio specifically or our views on the market generally.

Yours faithfully,

James Williamson

Fund Manager

APPENDIX

The Fund's Portfolio (unaudited)

As at 31 March 2015

Industry Sector	% of Fund
Commercial Services	8.5%
Real Estate Investment Trusts	8.0%
Commercial Services	7.4%
Food & Staple Retailing	7.0%
Beverages	6.9%
Real Estate Services	6.5%
Materials	6.3%
Industrial Services	6.1%
Consumer Discretionary	5.8%
Other investments	11.5%
Total Equity Exposure	**74.0%**
Net Cash	26.0%
Total	**100%**

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