FRAZIS

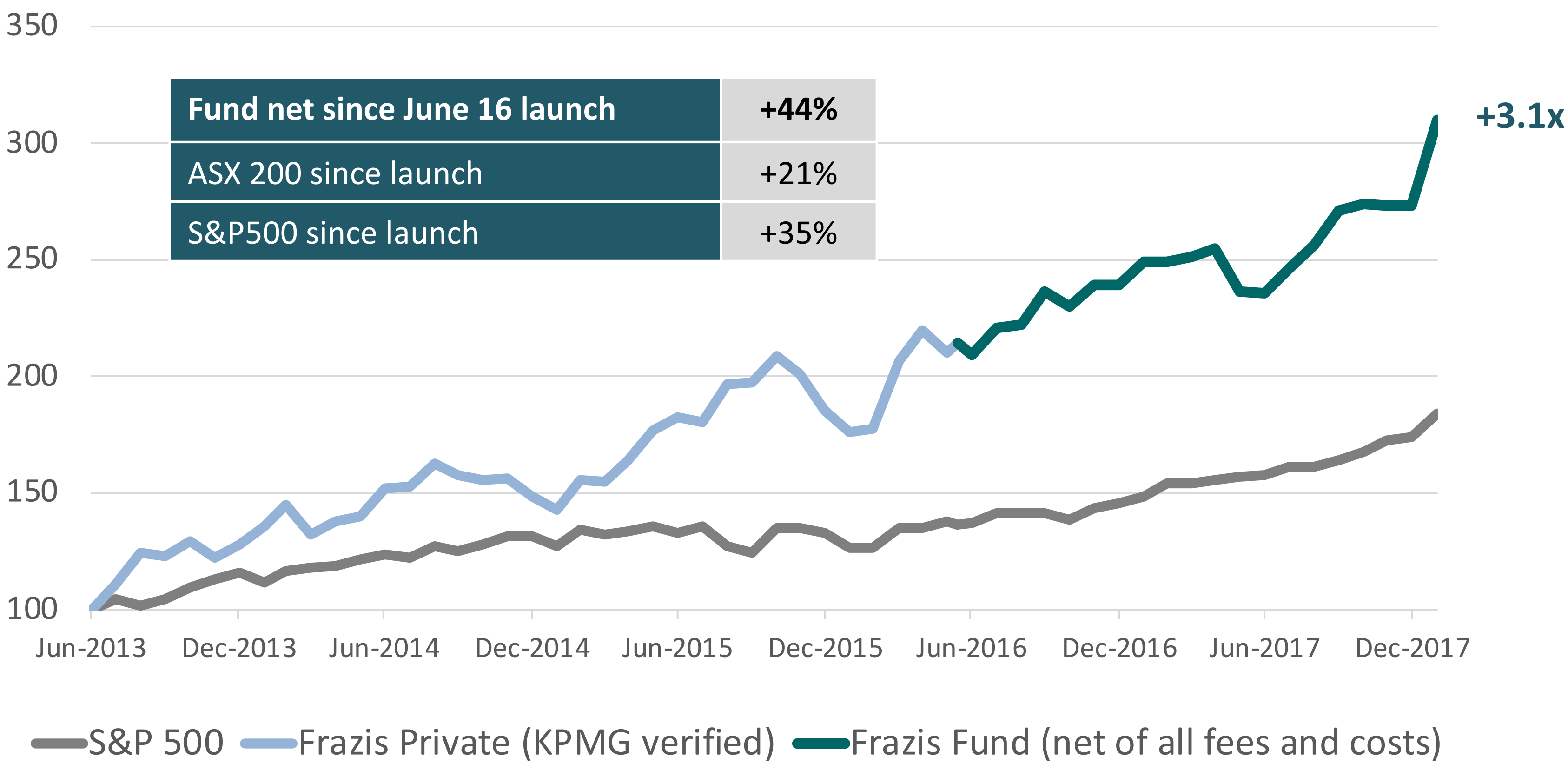
• CAPITAL PARTNERS •

A global, hedged, USD, equity investment fund

Performance

25% net IRR since June 16 launch (20 months)

Fund net since June 16 launch	+44%
ASX 200 since launch	+21%
S&P500 since launch	+35%



FRAZIS · CAPITAL PARTNERS ·

Note: includes provisional January 18 numbers

Why do we do what we do?

We discover the trends changing our world

We invest in the best companies expressing those trends, at the cheapest prices

We only invest when expected returns exceed 25% per year

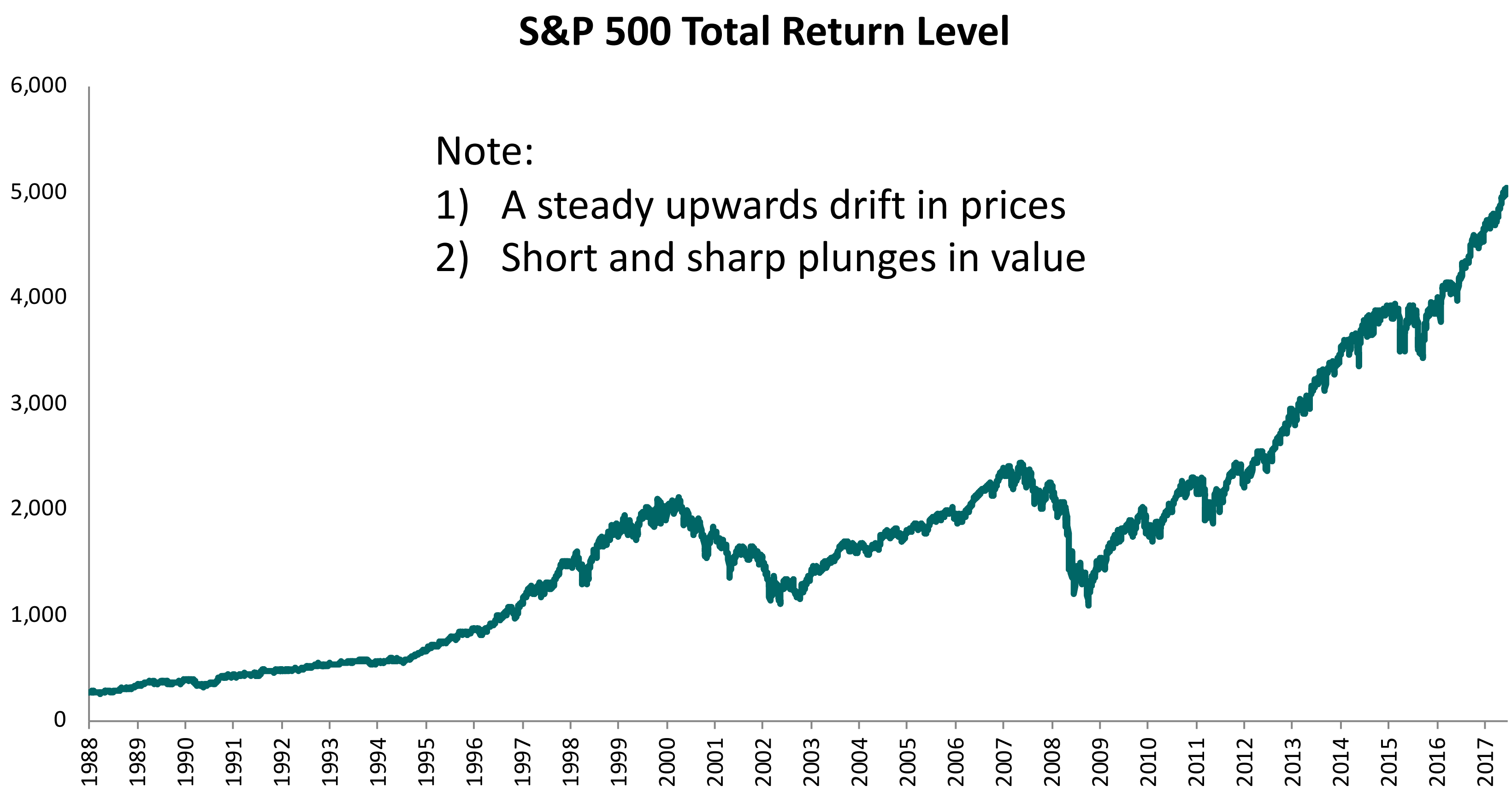
We buy in times of need – at low prices - and sell in times of abundance – at high prices

We often enter when insiders and experts are selling

We hedge, buying insurance when times are good, for cash when times are tough

Our mission is to build the best fifty year track record in the business

There are two defining features of markets



Our portfolio captures both of these dynamics

1. **We stay 100% invested across 25-40 stocks, with short equity positions of 10%-30%**

2. **We also hedge extensively, constructing asymmetric pay-offs to outperform in both bull and bear markets**

3. **Our hedges provide cash to invest at the best possible times**

4. **Our two strategies together outperform either one alone**

What are we investing in?

1. Global brands
2. Gene editing and immunotherapy
3. Healthcare
4. Premium land at ~20% yields
5. The rise of discretionary spending in China
6. Artificial intelligence and data
7. Growth and increasing concentration of financial capital
8. Recoveries in Brazil and Europe

Investment Portfolio – February 2018

AEGEAN

afterpay

Alibaba Group

avexis

Berkeley Group

bluebirdbio

COOPER ENERGY

FIAT

HCA Hospital Corporation of America™

KKR

NetEase Games

PERSIMMON Together we make a home

Santander

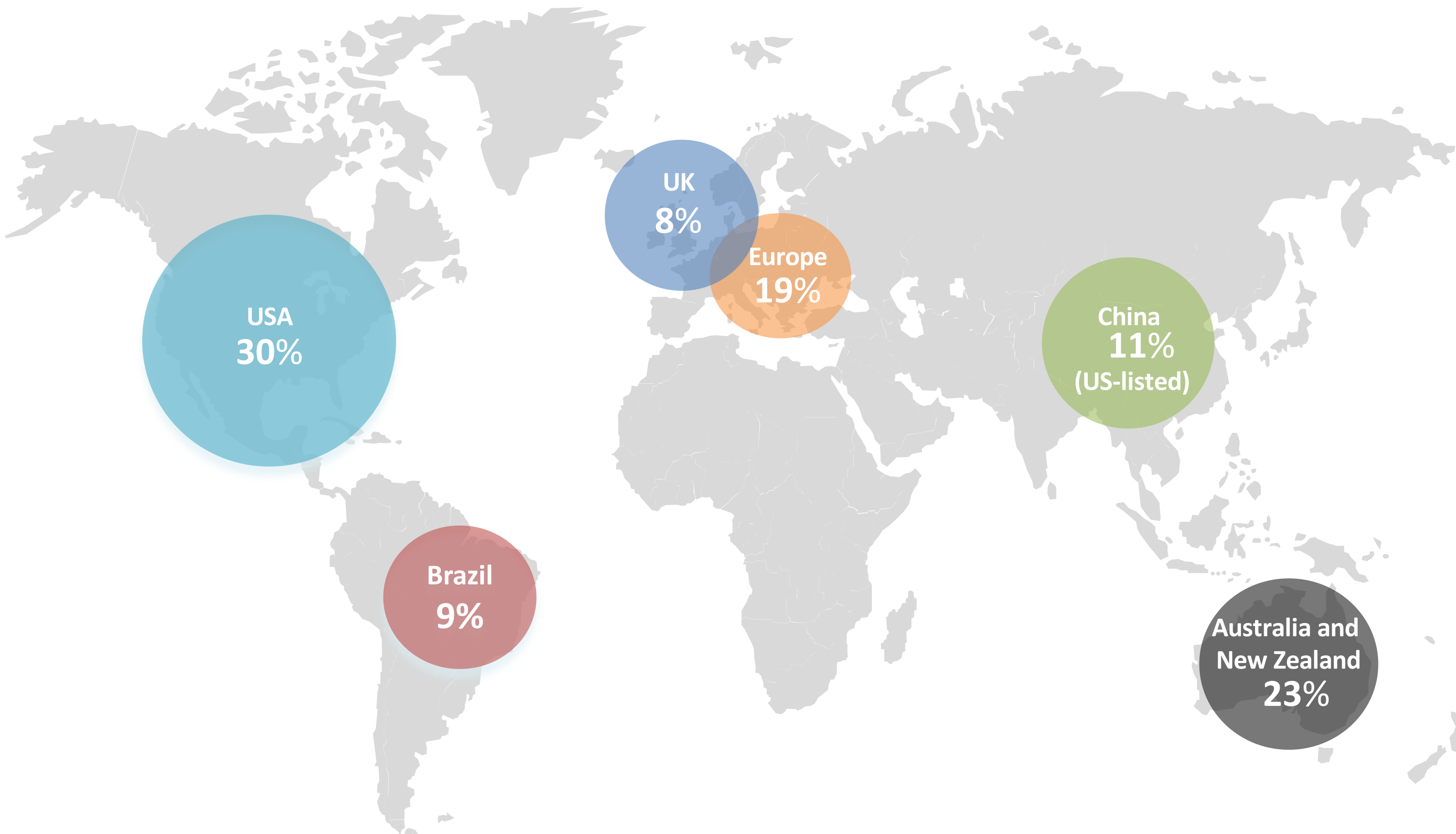
SAMSUNG

Telstra

VOLKSWAGEN AKTIENGESELLSCHAFT

xero

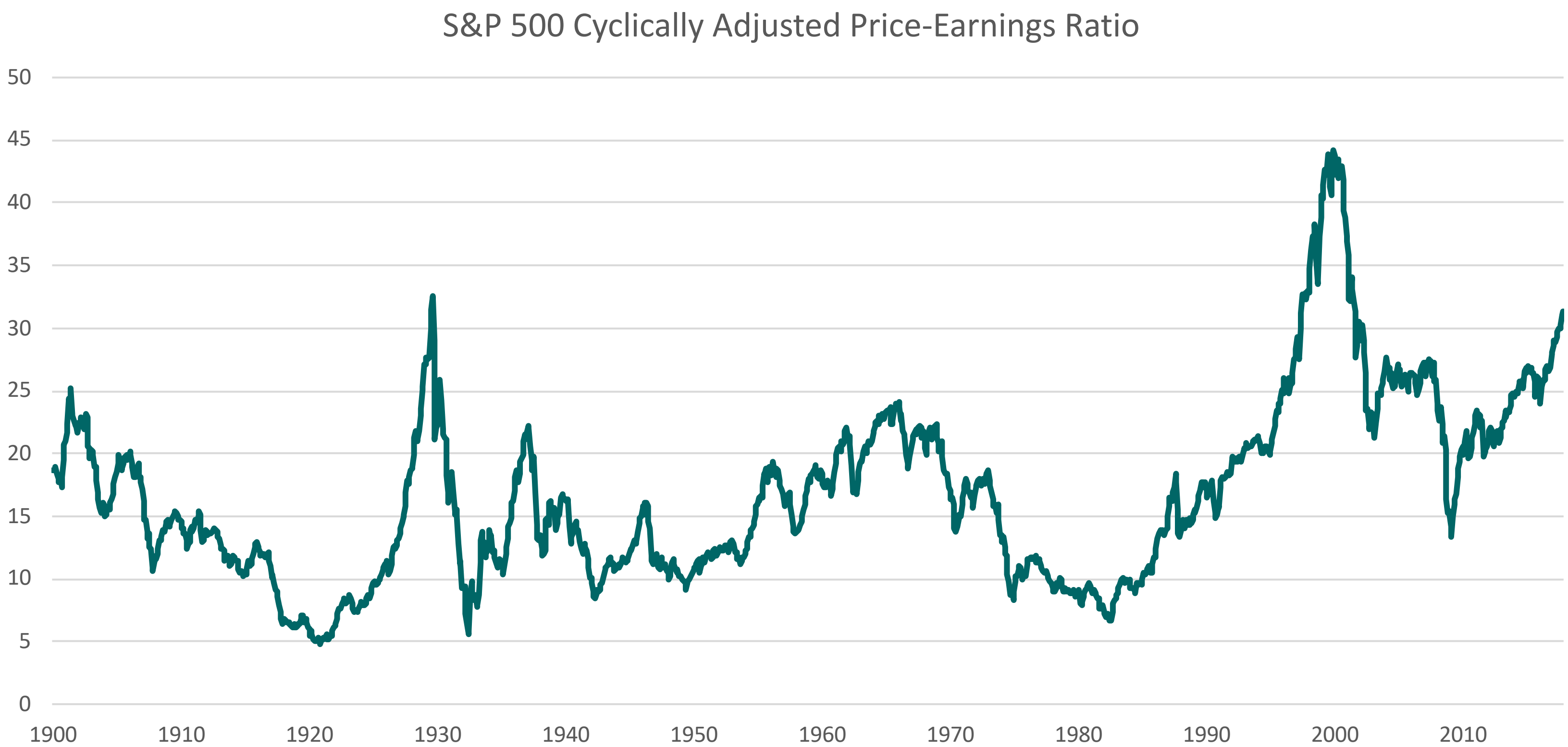
Our mandate is global



Note: as of January 2017

We are currently extensively hedged. Why?

We are late cycle



Our hedging keeps us fully invested in our best ideas

How are we hedging?

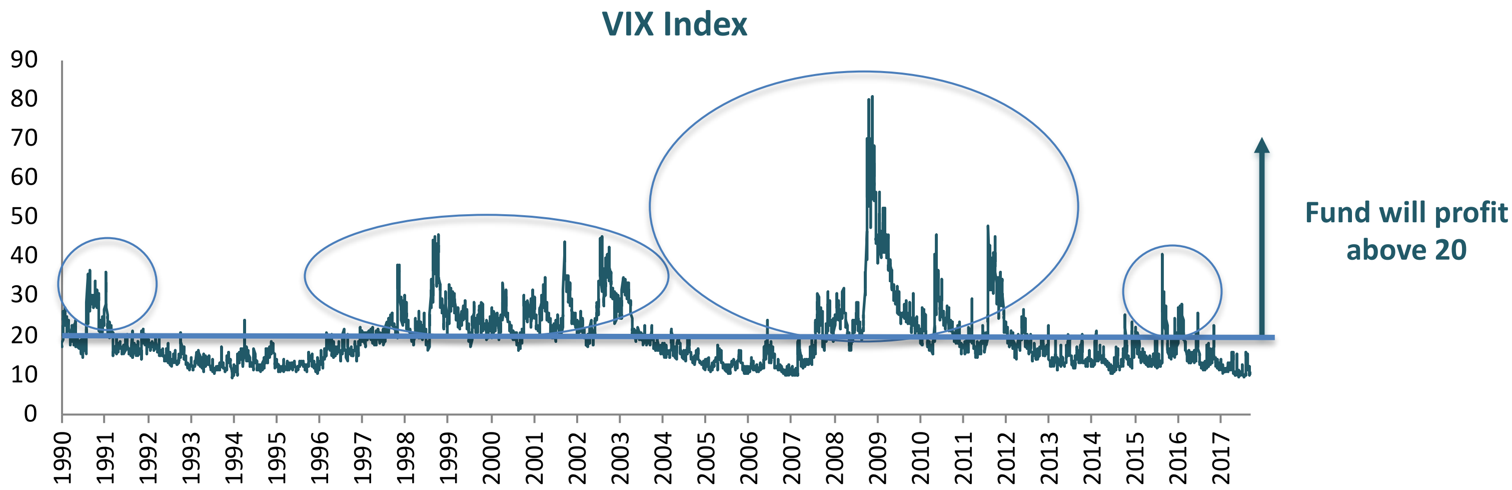
We hedge using the VIX and, occasionally, the S&P500.

We use the VIX for its **asymmetry**. In a crisis we expect to make far more than we risk.

As of 31 Jan 2018, we were net 20% short, with VIX calls on ~25% of our portfolio, at the money.

If the VIX moves to 40 at expiry we would expect to realize >20% profits on the trade, **which we would then reinvest at the bottom of the market.**

In a Lehman-type scenario we would expect to generate **multiple times** this.



We outperform our component stocks

FRAZIS
• CAPITAL PARTNERS •

Note: The VIX is calculated from a range of option prices on the S&P500. A lower zero bound of the VIX exists as option prices can't be negative. A VIX at 0 implies free optionality. The upper limit is technically unbounded, but in practice, an option will never trade above the value of the underlying. Given options have set expiries, will almost always trade at a significant discount.

What is our investment process?

1. We discover the most engaging themes changing our world.

2. We then find the leading companies expressing those themes.

3. We use metrics that connect the fundamental performance to the share price. For example EV/EBITDA, EV/EBIT, PB, PE etc. All can be used to calculate returns directly. For example:

Change in PE x Change in earnings + Dividend yield + Buyback/issuance adjustment = Total Return

4. We only invest when the expected return annualizes to over 25%.

5. We regularly screen the global equity universe for interesting companies, but most our best opportunities have come from thinking hard about where the world is going.

We calculate expected returns rather than static valuations

How do we manage currency?

The Fund selects investments from the full set of global opportunities.

We take advantage of rebalancing effects in FX.

We keep currency exposures within well-defined ranges

14 November 2017	FX Exposure
USD	48%
AUD	32%
EUR	10%
GBP	10%

We measure our performance in USD

Risk management drives returns

We use **simple rules** to manage risk:

1. Our investment exposure is limited to 100% at initiation

2. We are almost always long volatility.

3. As markets decline, we incrementally realise profits from our hedges and reinvest them in our best ideas.

4. **We don't sell insurance.** We take no uncapped risk.

5. When possible, we buy multiple companies to express a theme.
    - For example, after Brexit we purchased three land bank developers, not just our favorite.
    - Similarly, to express our gene editing and immunotherapy theme, we have invested in five companies, rather than simply our favorite.

We always own portfolio protection

Who are we?

Michael Frazis – Portfolio Manager

Prior to founding the firm, Michael spent five years in private equity in London, after completing internships in Goldman Sachs Special Situations Group and the Boston Consulting Group. Michael read Chemistry at Oxford University, Magdalen College and has a Masters of Finance from the London School of Economics. At Oxford, Michael's research focused on the scale-up of enzyme-catalyzed fuel cells in the same laboratory that pioneered lithium batteries. Michael came first in Australia in the 2006 Chemistry Olympiad.

Samuel Waller – Advisor

Before joining the firm, Sam was head of AUD/NZD rates derivative sales at Citigroup, where he specialised in global macro and relative value arbitrage opportunities. Prior to Citi Sam worked for RBC Capital Markets as head of $ Bloc rates derivative sales in Asia. Sam begun his career at Westpac in their Corporate Solutions Group. Sam holds a Bachelor of Economics from the University of Sydney and a Graduate Diploma of Applied Finance (Masters Program) from Macquarie University.

Peter Stevens– Analyst

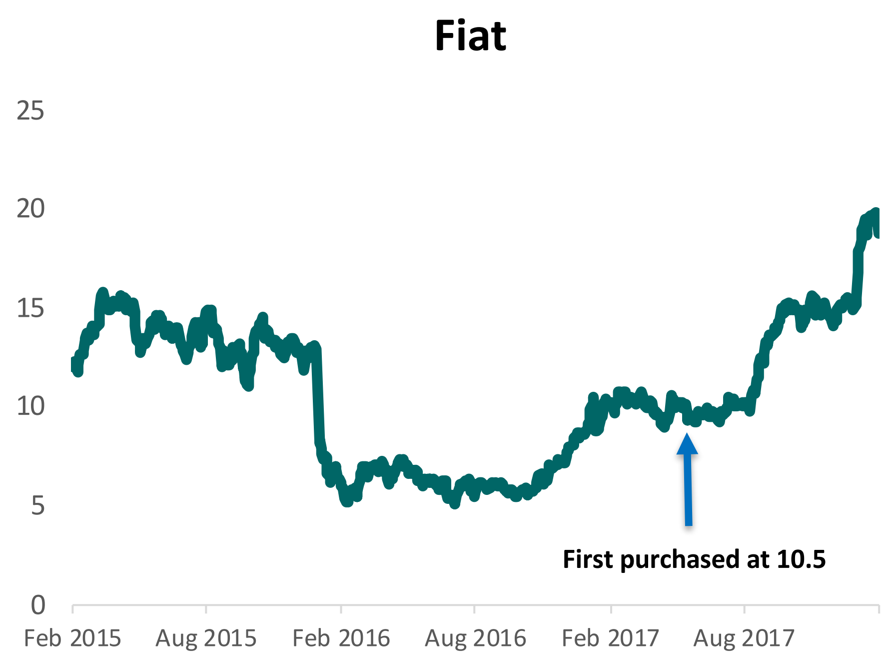
Peter has completed internships in stockbroking (JB Were), M&A advisory (Brenowen Cross Capital), wealth management (Yellow Brick Road), and shipping (AM Nomikos). Peter is qualifying as a civil engineer at UNSW, while studying commerce. He is a fervent student of the traditional Graham and Dodd school of value investing.

Case Studies

Brands: Fiat (and Jeep, Alfa Romeo & Maserati)

Theme: Fiat was trading at one tenth the value of the market, with a suite of valuable brands and a highly favorable product mix.

- After significant fundamental improvement, Fiat's forward EV/EBITDA **dropped from over 3x to 1.2x.**
- CEO Marchionne has been actively looking for shareholder-friendly ways to sell or break up Fiat.
- Jeep alone may be be worth more than the current enterprise value. Maserati and Alfa Romeo may soon be spun out as a luxury brand, and the parts manufacturer Magneti Marelli could also be spun off.
- We purchased at an equity valuation of ~14 billion euros when Fiat was **making more than 10 billion euros** of operating cash flow every year.
- Ferrari was spun out in Jan 16 and promptly became more valuable than original Fiat itself, showing the break-up value on offer.

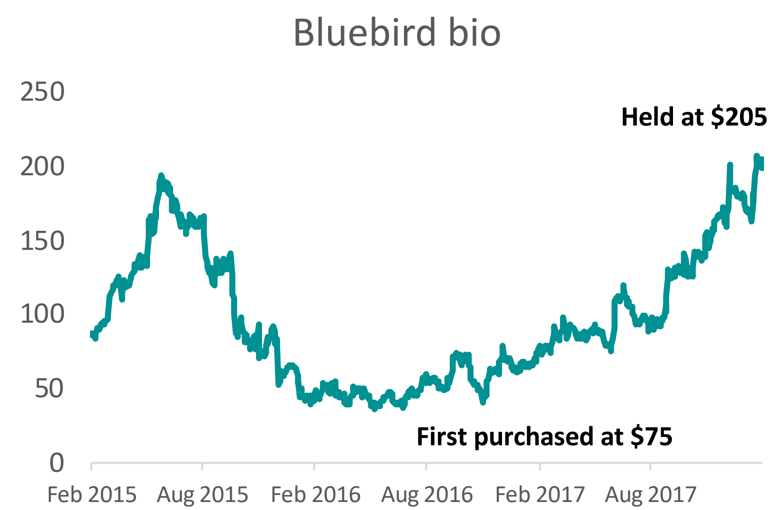


Gene editing and immunotherapy

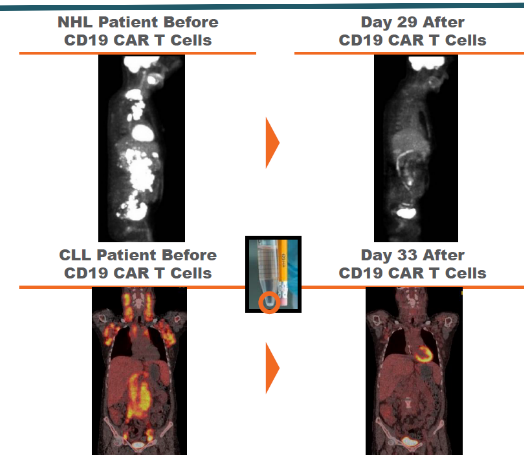
Biotech is fraught with risks. **But we are not in the business of gambling on trial outcomes.**

However, there are three reasons why we believe immunotherapy offered an excellent investment opportunity.

1. **Early trials are more significant**
   Most drugs are small molecules, and by their very nature, hit multiple receptors in the body. This causes side effects that are only apparent in large scale trials, leading to high rates of failure. Genetic therapy is highly targeted, so we believe a Phase 1 cure is far more likely to make it to market.
2. **Sustainable competitive advantage**
   Unlike drugs, which can be easily copied by generic manufacturers, these treatments are highly complex, requiring complex supply chains and expertise. Specialist companies are prime acquisition targets for large pharmaceutical companies.
3. **Treatments are cures, extremely valuable, and priced accordingly**
   Some may be priced at $500k. This is still a commercial benefit to insurance companies, who save on decades of medical care, and the patient receives decades of productive life.



Juno's treatment for two cancers



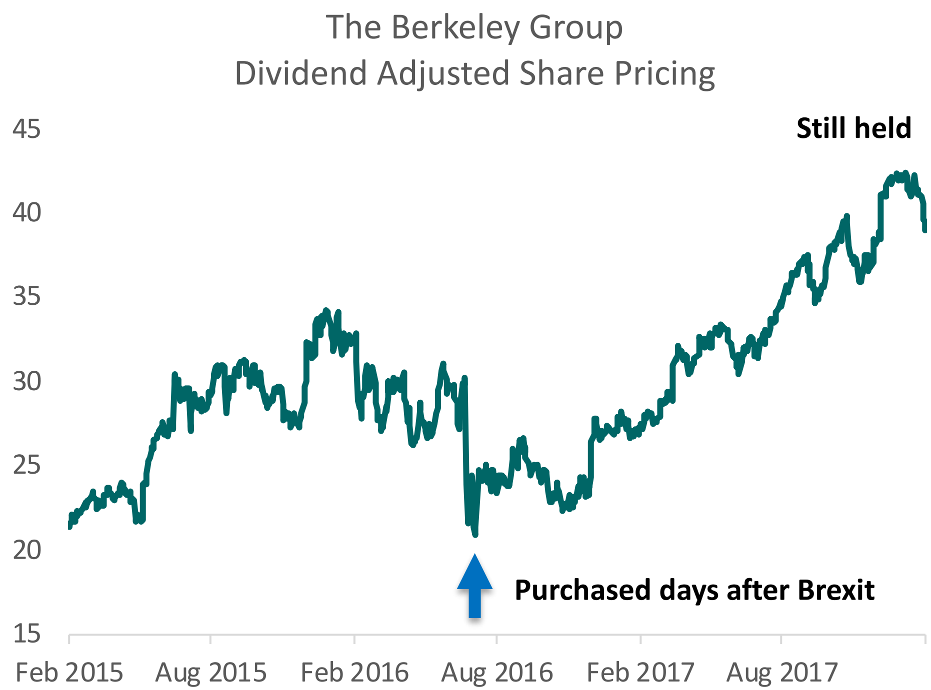
British developers purchased after Brexit

We purchased these in the panic after Brexit.

UK land has excellent supply/demand fundamentals, mostly as land release is highly restricted in the UK.

Furthermore factors that increase their major costs (land and wage inflation) are likely to be greatly supportive of asset values.

- At purchase, Berkeley had net cash on its balance sheet (over £500m now) and was real estate-backed by some of the most valuable land in the world, in London and South East England.
- The firm traded on a base return on enterprise value of over 20%.

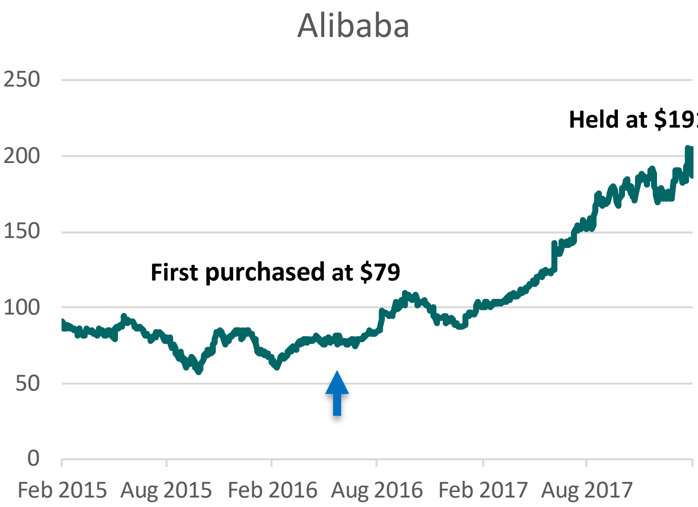


Rise of the Chinese consumer: Alibaba

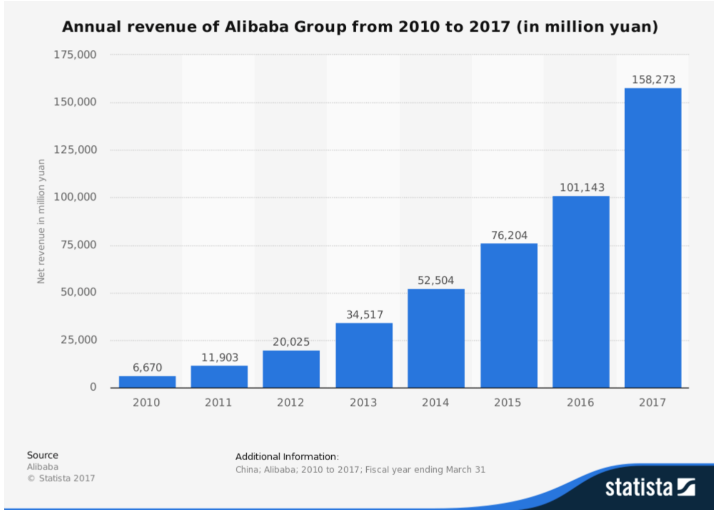
Theme
Chinese retail is growing at over 10% per annum.

Online retail is growing even faster, at **well over 30% per annum.**

- Chinese leadership is racing towards 18 trillion economy by 2021.
- This is about **growing wealth**, not GDP.
- China is already larger than the US on purchasing power parity. Reported growth figures are **now off a very large base** indeed.

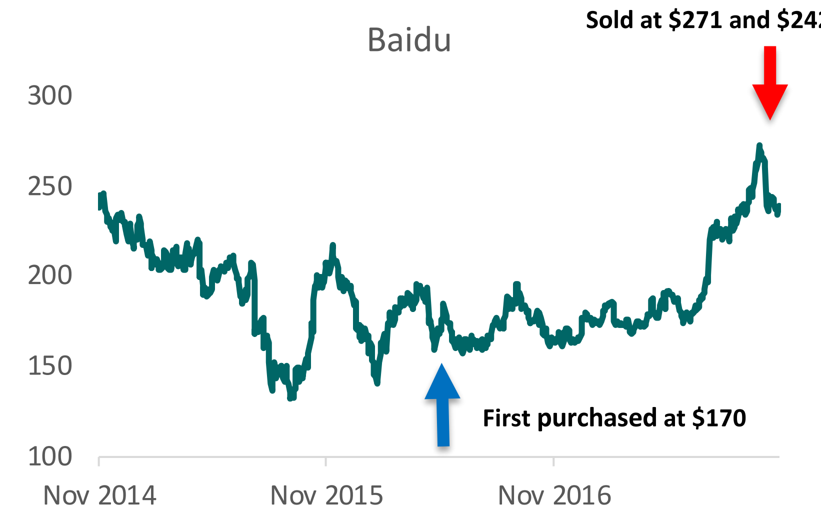


Alibaba
- **Alibaba is growing its top line at a rate of 61% (3Q17).**
- Alibaba was one of the Fund's first positions.
- We bought the stock **below the valuation of the market.**
- Alibaba is **NOT** the Amazon of China, generating most of its revenue from advertising, with a rapidly growing financial services division.
- The firm is highly profitable, with net income margins of ~35%.

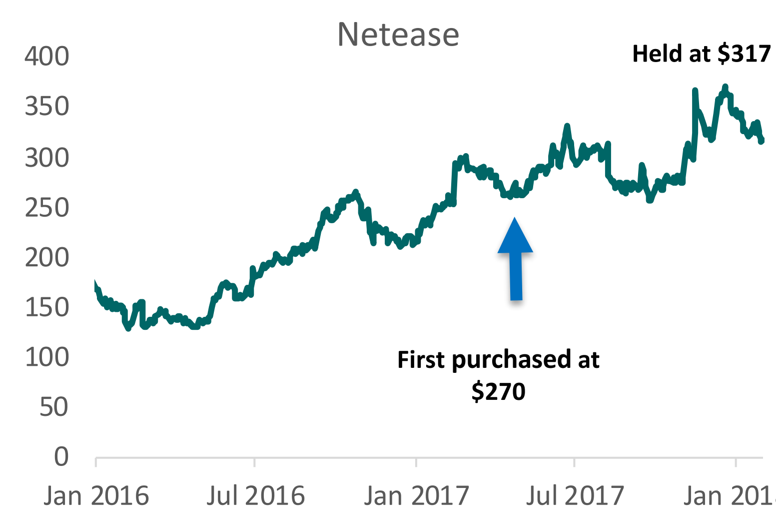


Rise of the Chinese consumer: Baidu and Netease

- We purchased **Baidu** at a forward EV EBITDA multiple of 16x.
- The firm was reeling after a medical advertising scandal and was trading at 1/10th the market cap of Google.
- However, we sold out after valuation expanded to nearly 25x and it become **increasingly likely that Alibaba and Tencent would capture the growing market for advertising spend.**
- **Baidu** is **NOT** the google of China (though we sold out when it was trading at 1/7th of the value).



- **Netease** is growing revenue at over 50% per annum.
- The firm owns exclusive rights to Blizzard and Minecraft, as well as developing in house games.
- We purchased **Netease** at a forward EV EBITDA of 10x.
- **Netease** also has a rapidly growing e-commerce division (including the Kaolo brand) that is **growing at 80% per annum.**
- **This is our favored pick** in the sector, as we expect both fundamental *and* multiple growth.



Artificial intelligence and data: Appen

Theme: The market for artificial intelligence and data is growing at around 70%, and will increase from US$2.4 billion in 2017 to US$60 billion by 2025.[1]

While searching for a suitable investment in the sector, we came across Appen, which offers annotated datasets to train artificial intelligence/machine learning systems to improve search and voice recognition.

We purchased at a 2 year forward valuation of 10x, though we considered it highly likely that Appen would exceed the implied earnings forecasts.

We exited after the stock rallied over 70% in a few months, judging that much of the firm's mid-term success is priced in.

We are firm believers in the company (if not, currently, the price) and if confidence is shaken we are prepared to re-enter the position.

1: Statista estimates, accessed 20 November 2017 https://www.statista.com/statistics/607716/worldwide-artificial-intelligence-market-revenues/

Artificial intelligence and data: Xero and Afterpay

Accounting is moving from the PC to the cloud. This has barely begun.

Xero offers cloud accounting software and is growing at ~40% per year. Xero is the market leader outside of the United States.

Xero's SAAS revenue is very sticky – **who wants to change their accounting software?**

Xero offers a platform for advisors who can access their clients information and offer accounting, tax and strategic services. They provide an AWS-hosted backend for developers to build apps.

There are extraordinary opportunities in fintech.

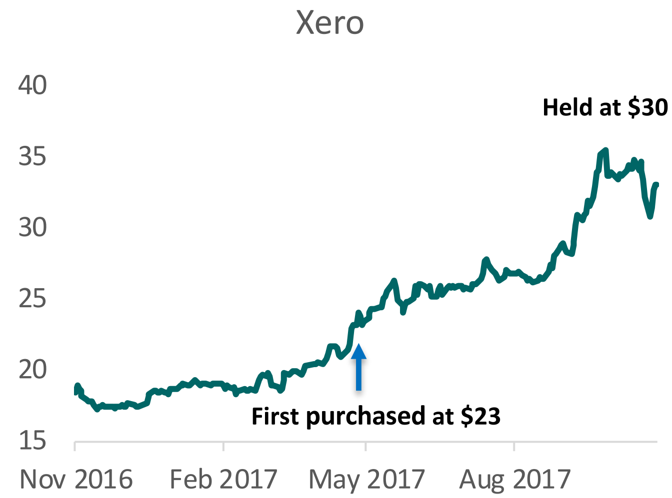
Afterpay has a current revenue run rate of $80 million at a ~20% margin. The firm has over 1.2 million customers, many of whom are in highly desirable millennial demographics.

The value proposition is clear: the customer get 30 days free credit, ~merchants get dramatically increased sales, and **Afterpay** gets ~4% fee from the merchant.

In addition to the circa 200k new accounts each month, we think there are *multiplicative* axes of growth:

1. International expansion
2. Travel services
3. In-store purchases
4. Expansion into financial services for millennials, like savings and superannuation

No doubt, there will also be considerable and growing value in the data of both of these companies



Growth and increasing concentration of financial capital: KKR

Financial assets are growing exponentially.

With regulation and scrutiny increasing every year, the vast majority of capital is flowing to established managers with a proven ability to attract talent and create value, such as KKR.

- At purchase **KKR's** market cap was approximately US$16 billion.
- However, this included about $12 billion of net cash and investments.
- **KKR's** business generating management and performance fees was **valued at only $4 billion** – and the firm generated over **$2 billion** of after tax profits over the previous year alone.
- With a stellar reputation, the firm is a major beneficiary of the world's exponentially growing assets, and the asset-management trend towards quality.
- 75% of **KKR's** assets are locked up for eight years or more at initiation, giving excellent stability in short term crises.
- Any downturn that would rock **KKR's** > $140 billion portfolio would likely involve significant profits in our hedging program.

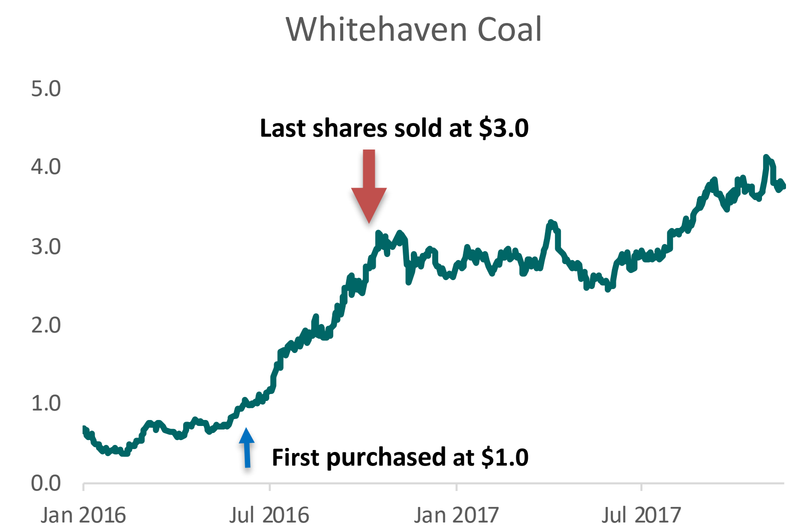
Long/short energy case study: Whitehaven Coal and US Oil ETF

Whitehaven

- There are two things we look for in a commodity play:
    1. Rapid production expansion
    2. A convincing bull case in the underlying commodity
- We are long term bears on the price of energy, and coal in particular, as incremental solar installation every year reduces demand. In many places solar is now the cheapest form of electricity.
- We watched the coal price fall for years, until eventually we saw a supply response.
- We noticed that production in the US dropped 25%, with similar drops occurring elsewhere.
- This was our signal to enter at a forward EV EBITDA of 5x.
- After a 4x rally, the forward EV EBITDA is still 5x….

US Oil

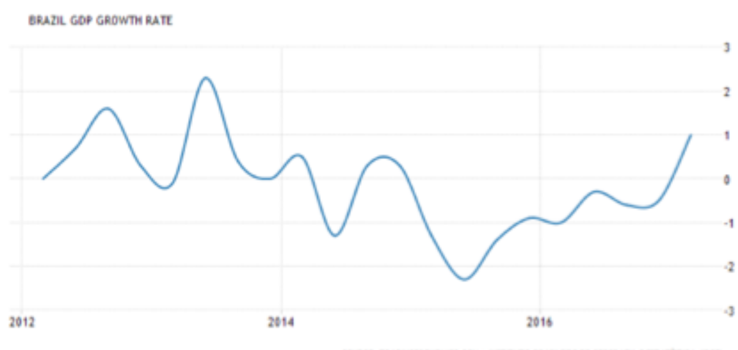
- See our February 2017 investor letter for reasons why we are so bearish on oil. It's no electric vehicles, as much as domestic supply in the US and chronic overinvestment.
- This trade profits from the term structure in WTI futures.
- OPEC talked up the market, but we judged they would be ineffective, given many of the states involved were basically at war with one another and all needed the cash.
- In November 2017, we re-entered the position in small size, and realised another profit.



Recovery in Brazil

Brazil

- When commodities collapsed in 2013, Brazil's economy went down with it.
- Unlike Australia, which invested heavily in infrastructure on the East Coast, Brazil faced astronomical inflation, at over 10%.
- Interest rates were lifted to 14%, which sent the economy into a double dip.
- Now inflation has fallen to 3%, and rates are likely to follow.
- Employment is recovering, and so is GDP.
- The market is trading on a CAPE of 10 - **lower than where the US bottomed in 2009** – and corporate profits are likely to follow the same path as the US.
- **We have seen this story before.**
- We first expressed the trade in liquid ETFs at the start of the fund. However, we re-entered and substantially increased the position in mid 2017. See our July 2017 investor letter for more detail.



Operational detail

Key Terms

Management Fee	1.5% per year
Performance Fee	20% of net profits
Minimum investment (fund is USD-denominated but takes investment in AUD or USD)	A$500,000
Withdrawals/Redemptions	Quarterly, 4 weeks notice
Reporting Frequency	Monthly
High Water Mark?	Yes
Redemption Fee	0.25% paid to the Fund (not Manager). This ensures redemptions do not disadvantage remaining investors.

Full terms are outlined in our Private Placement Memorandum

Reporting

Monthly Statement	Generated by our third party administrator Apex shortly after the close of the month, clearly stating Net Asset Value and return.
Monthly Investor Letter	Additional commentary, FX exposures, theme exposures, and so on.
Online portal	Apex247 allows an investor to login and see the value of their investment at any time: https://www.apexfunds247.com
Fund holdings	Investors may request the Fund’s equity investments.

Past investment letters available at www.fraziscapitalpartners.com

Appointed Service Providers

Function	Firm	Notes
Prime Broker	Interactive Brokers	Interactive Brokers is a full-service broker listed on the New York Stock Exchange. Founded by computer scientists, the company has a market capitalization of over US$20 billion.
Administrator	Apex Fund Services	Apex acts as middle and back office for the fund, including • Liaison with investors, investor letters, holding certificates • Net Asset Value calculation, reconciliation, reporting and verification • Preparation of accounts.
Auditor	Deloitte, Cayman	Annual audit
Cayman Legal Advisor	Ogier	Fund documents and registered office.
AFSL authorisation for the Australian investment advisor	Lanterne Strategic Investors	Frazis Capital Partners Pty Ltd (ACN 607 648 026) is a corporate authorised representative of Lanterne Strategic Investors Pty Ltd (ABN 49 098 472 587, AFSL No. 238198).

Contact Details

How to invest

1. Read Private Placement Memorandum
2. Complete subscription and KYC/FATCL/AML forms
3. On confirmation of receipt, transfer funds to designated bank account

Subscription forms and further information:

Michael Frazis
michael@fraziscapitalpartners.com
+ 61447559606
www.fraziscapitalpartners.com

Regulatory information

ABN: 24 609 648 026

Frazis Capital Partners Australia Pty Ltd is a Corporate Authorised Representative (AFS Representative Number 001240825) of Lanterne Strategic Investors Pty Ltd of AFSL license number 238198.

Monthly letters available at www.fraziscapitalpartners.com

Disclaimer

This document is for information purposes only and does not constitute or form part of, and should not be construed as, an offer, invitation or inducement to purchase or subscribe for any units in the Fund nor shall it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. It also does not constitute a recommendation regarding any units. Any decision to invest in the Fund must be made based on the disclosures, terms and conditions set out in the relevant offering documents and subscription application, all of which must be read in their entirety. The units have not and will not be registered for sale, and there will be no public offering of the units. No offer to sell (or solicitation of an offer to buy) will be made in any jurisdiction in which such offer or solicitation would be unlawful. The information in this document has been obtained from sources believed to be reliable but no representation or warranty, express or implied, is given hereby as to the fairness, accuracy or completeness of the information or opinions contained herein. This presentation reflects the information available as of the date this presentation was prepared and is subject to change without notice to the recipient. Past performance may not necessarily be repeated and is no guarantee or projection of future results. This presentation is intended solely for the information of the person to whom it has been delivered. It is not an advertisement and is not intended for public use or distribution. No part of this presentation may be reproduced or distributed in any manner without prior written permission of Frazis Capital Partners Pty Ltd.