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ELEVATIONCAPITAL.CO.NZ



## ANOTHER TAKEOVER

The Value Fund (as a serial pursuer of undervalued companies) has owned APN Outdoor (APO) twice.

As is often the case with companies trading at, what we consider to be, a discount to their intrinsic value others believe they are cheap too and try to acquire them or take them over, typically at a healthy premium to our cost basis.



This month we received a **takeover offer** for APN Outdoor (APO) from Paris-based JC Decaux - the world's largest outdoor advertiser and another Value Fund holding.

[READ](#)

The Value Fund's investment track record with APN Outdoor is detailed below  
(we/you have owned it TWICE):

### FIRST INVESTMENT PERIOD

24/8/16 to 13/2/17 for 0.5 Years Holding Period  
- as we divested into the oOH Media merger announcement

● ●

**+13.9%**                      **+51.8%**  
Absolute Return              Annualised Return

The proposed oOh Media merger was subsequently rejected by the ACCC in Australia and the Value Fund subsequently had the opportunity to reacquire APN Outdoor at lower prices.

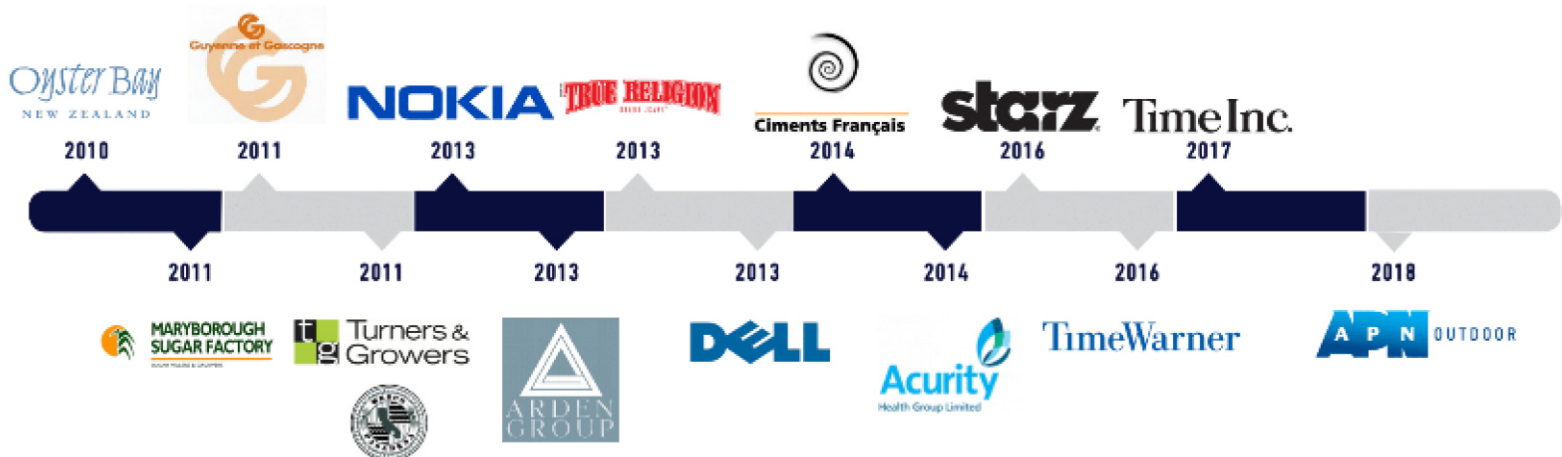
### SECOND INVESTMENT PERIOD

29/5/17 to 21/6/18 for 1.1 Years Holding Period  
We divested post the takeover offer from JC Decaux at a premium to the initial bid (on 30 June 2018).

● ●

**+42.5%**                      **+ 40.7%**  
Absolute Return              Annualised Return

Detailed below is the Value Fund's updated Historical Takeover Timeline as at 30 June 2018 (all of the companies detailed below were undervalued companies we/you have owned that were acquired via a takeover):





We have utilised some of the proceeds from our APN Outdoor investment to reacquire a position in

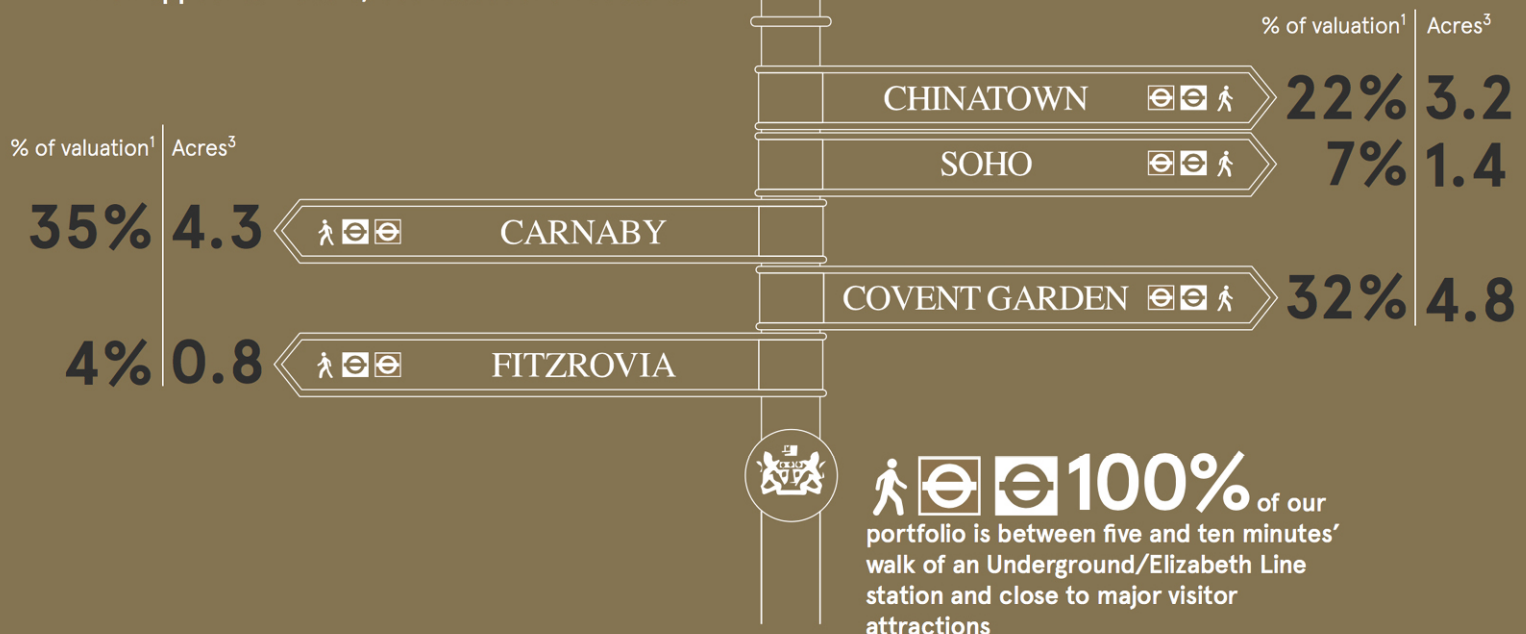
## SHAFTESBURY PLC.

Shaftesbury is a Real Estate Investment Trust, which invests exclusively in the heart of London's West End. Its objective is to deliver long-term growth in rental income, capital values and shareholder returns (including dividends).

●	●	●	●	●	●
<b>14.5 ACRES</b> Plus 1.9 acres owned in joint venture	<b>1.8M SQ.FT.</b> Commercial and residential space and 0.3m sq.ft. in joint venture	<b>600 BUILDINGS</b> Clustered in iconic areas with high footfall	<b>£3.64 BN</b> Portfolio valuation	<b>£114.1 M</b> Annualised current income	<b>£144.5 M</b> Estimated rental income

## Iconic destinations

which appeal to visitors, businesses and residents



*We first invested in Shaftesbury in January 2009 and exited the position in November 2011 delivering an Annualised Return of +33.5% over a 2.8 year holding period.*

VISIT THEIR WEBSITE

# ELEVATION CAPITAL VALUE FUND MONTHLY UPDATE



## ELEVATION CAPITAL® VALUE FUND

The Value Fund is a Portfolio Investment Entity (PIE) that seeks to provide investors with long-term capital growth and income by directly investing in equities on a global basis, while at the same time adhering to a "Margin of Safety" investment philosophy. The strategy of the Fund is to mainly invest in shares (equity securities – including Preferred's and Convertibles) of entities trading at a discount in relation to the entities' net asset value/intrinsic value<sup>\*\*</sup>, with low debt levels<sup>\*\*\*</sup>, and which have a history of paying dividends and/or returning capital to shareholders.

\* A Preferred stock/share is a class of ownership in a corporation/company that has a higher claim on its assets and earnings than common stock/equity. Preferred shares generally have a dividend that must be paid out before dividends to common shareholders, and the shares usually do not carry voting rights. Preferred stock combines features of debt, in that it typically pays fixed dividends, and equity, in that it has the potential to appreciate in price.

Convertibles are securities, usually bonds or preferred shares, that can be converted into common stock / shares or equity. Convertibles are most often associated with convertible bonds, which allow bond-holders to convert their creditor position to that of an equity holder at an agreed-upon price. Other convertible securities can include notes and preferred shares.

\*\* Net Asset Value / Intrinsic Value – is also referred to as "Private Market Value". Collectively we define them as the value an informed buyer would pay to purchase assets with similar characteristics. We measure Net Asset Value/Intrinsic Value or Private Market Value by scrutinising on and off balance sheet assets, liabilities, and free cash flow. We also examine valuations and transactions in the public domain to formulate our view of possible future value.

\*\*\* Low Debt Levels – can be assessed relative to tangible and/or intangible assets, free cash flow, the industry in which an entity operates, or relative to peers within an industry.

### KEY INFORMATION AS AT 30 JUNE 2018

UNIT PRICE  
**NZ\$1.6310**

### TOP 5 POSITIONS

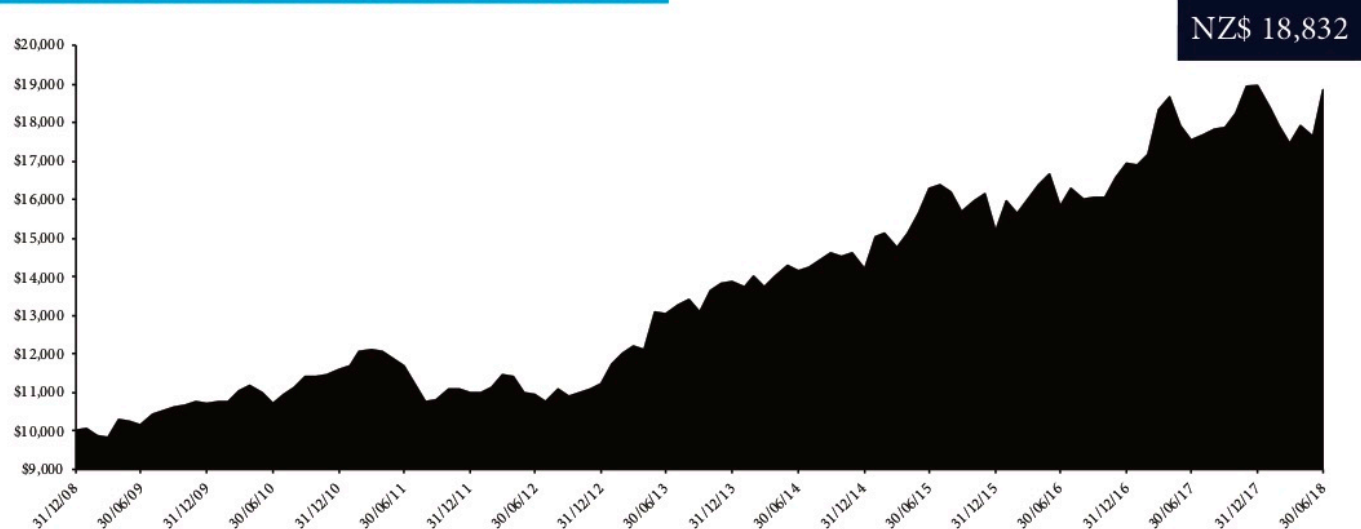


### FUND RISK INDICATOR



\* The historical returns data used to calculate the level of risk may not constitute a reliable indicator of the future risk profile of the Fund. The risk category associated with this fund is not guaranteed and can change over time. No benchmark data has been used in this calculation.

### VALUE OF NZ\$ 10,000 INVESTED (INCLUDING DISTRIBUTIONS)



### HISTORICAL PERFORMANCE & AVERAGE CASH BALANCE

Net Performance*	1 Month	FYTD <sup>†</sup>	CYTD <sup>‡</sup>	1 Year Last 12 Months	3 Years Annualised	5 Years Annualised	10 Years Annualised	Since Inception Annualised
Value Fund Net <sup>†</sup> NZ\$	6.71%	7.84%	-0.63%	7.43%	5.00%	7.61%	n/a	6.85%
Value Fund Net <sup>†</sup> USD <sup>††</sup>	2.97%	1.22%	-5.40%	-0.67%	5.04%	4.82%	n/a	8.80%
Value Fund Net <sup>†</sup> AUD <sup>††</sup>	5.45%	5.08%	0.15%	3.12%	6.43%	9.41%	n/a	8.05%
Value Fund Net <sup>†</sup> GBP <sup>††</sup>	3.78%	7.55%	-3.07%	-2.27%	11.35%	7.77%	n/a	10.63%
Average Cash Balance <sup>***</sup>	-	26.39%	23.24%	22.28%	20.67%	21.80%	n/a	26.57%
NZ Domiciled Investor Returns based on Prescribed Investor Rate (PIR):								
0% PIR Return	6.73%	7.99%	-0.42%	7.80%	5.31%	7.93%	n/a	7.26%
10.5% PIR Return	6.68%	7.88%	-0.55%	7.49%	5.13%	7.69%	n/a	6.97%
17.5% PIR Return	6.65%	7.82%	-0.64%	7.29%	5.02%	7.52%	n/a	6.82%
28%**** PIR Return	6.60%	7.72%	-0.75%	7.01%	4.85%	7.27%	n/a	6.56%

<sup>†</sup> Net of fees, expenses and taxes (accrued in the Fund).

<sup>††</sup> USD/AUD/GBP performance numbers are calculated using spot FX rates (at month end) and are provided for informational purposes only. The Fund does not have USD/AUD/GBP unit price sat this time. (FX Rate Source: MMC Limited - Fund Administrator)

<sup>\*\*\*</sup> The average cash balance calculation is based on month end data from the Fund Administrator (MMC Limited) reports.

<sup>†††</sup> 28% is effective from 30 September 2010. Prior to that 30% from 31 March 2008.

<sup>††††</sup> Financial year to date (FYTD) for year beginning - 1 April 2018.

<sup>‡‡‡‡</sup> Calendar year to date (CYTD) for year beginning - 1 January 2018.

All performance returns detailed above are calculated using exit price to exit price, net of taxes and ongoing fees, but excluding entry costs (if any) and any individual taxes. The returns include reinvestment of all distributions. The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate, so that an investor's units in the Fund, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

[CLICK TO VIEW FULL MONTHLY UPDATE](#)

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**IN THE SHORT RUN, THE MARKET IS A VOTING MACHINE,  
BUT IN THE LONG RUN, IT IS A WEIGHING MACHINE.**

BENJAMIN GRAHAM

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