

## Description and Investment Strategy

The Value Fund is a PIE (Portfolio Investment Entity) which 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 Value Fund is to primarily invest in equity securities (listed and unlisted) trading at a discount in relation to their net asset value, with low debt levels, and which have a history of paying dividends and/or returning capital to shareholders. Elevation Capital implements this approach by initially screening for securities based on the following basis:



Elevation Capital will then conduct a qualitative overlay to:

- Identify potential hidden assets on the balance sheet [e.g. real estate or investment assets at historic cost];
- Review / assess debt profile and contingent liabilities;
- Review industry consolidation history / data;
- Discount intangibles / goodwill where appropriate;
- Attempt to avoid poor management, whose interests are not aligned with shareholders.

These steps also with additional research allow Elevation Capital to arrive at what it expects to be a conservative appraisal of the underlying intrinsic value.

Elevation Capital's bottom-up, proprietary research may lead the Fund to investment opportunities in medium and smaller capitalisation companies in out-of-favour or overlooked industries / sectors. The Fund invests long only and is indifferent to index compositions. Given our strict value discipline the Fund may hold a portion of assets in cash during periods when attractive investments cannot be found.

The Fund has the ability to hedge foreign currency exposures at Elevation Capital's discretion.

*Please see separate Risk Disclosure Statement on page 4 for further important information.*

## Current Unit Price / Key Information

CURRENT UNIT PRICE	NZ\$ 1.2861
Application Price*	NZ\$ 1.2938
Redemption Price	NZ\$ 1.2861
Distribution	2.5cpu (Paid 31/3/2013)
Yield**	1.93%
Number of Holdings	44
Number of Countries	12
FX Hedges	Nil
Fund Size	NZ\$ 11.47 mln
Total Firm FUM (as at 9 August 2013)	NZ\$ 176 mln
Units on Issue	8,919,453 units
Unlisted Investments	1.95% [NZ/US]
Inception Date	09 December 2008
Unit Pricing	Monthly
Investment Horizon	5 years+
Performance Fee Benchmark	MSCI World Value [NZD]+2%
Management Fee	1.25%***
Performance Fee	20% of gains above performance fee benchmark
Performance Fee High-Water Mark****	NZ\$ 1.6962
Portfolio Investment Entity (PIE)	Yes

\*Buy Spread of 0.6% is paid to the Fund.  
 \*\*Yield based on Application Price.  
 \*\*\*See Management Fee Scale table on page 4  
 \*\*\*\*The high-water mark unit price is the unit price that Elevation Capital Management Limited is required to exceed before receiving a performance fee. The high-water mark is currently well above the performance fee benchmark because prior to the fund merger with the former Elevation Capital Multi Strategy Fund (which occurred 30 September 2011), the Elevation Capital Value Fund had a performance fee of NZ CPI + 5% per annum. At the time of the fund merger the Manager sought Unitholder approval to change the performance fee benchmark to an equity market benchmark (MSCI World Value Index + 2% per annum) but the Manager did not request a reset of the previous high-water mark.

All Fees charged by Elevation Capital Management Limited, the Trustee and the Fund Administrator are detailed in the Investment Statement, Prospectus and Establishment Deed. All of which are available at [www.elevationcapital.co.nz](http://www.elevationcapital.co.nz) or on request free of charge from the Manager.

## Fund Returns

	Elevation Capital Value Fund [NET]	Performance Fee Benchmark – MSCI World Value (NZD) Index* + 2%
July 2013	+1.63%	+1.95%
Quarter	+1.63%	+1.95%
Financial YTD	+8.69%	+11.71%
2013	+18.23%	+18.56%
Last 12 months	+23.16%	+26.24%
Since Inception	+32.60%	+17.48%

\* Bloomberg Code: MXWO000V:IND (NZD)  
 Performance returns are calculated using exit price to exit price, net of taxes and ongoing fees, but excluding entry costs and any individual taxes. 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.

## Top Ten Holdings

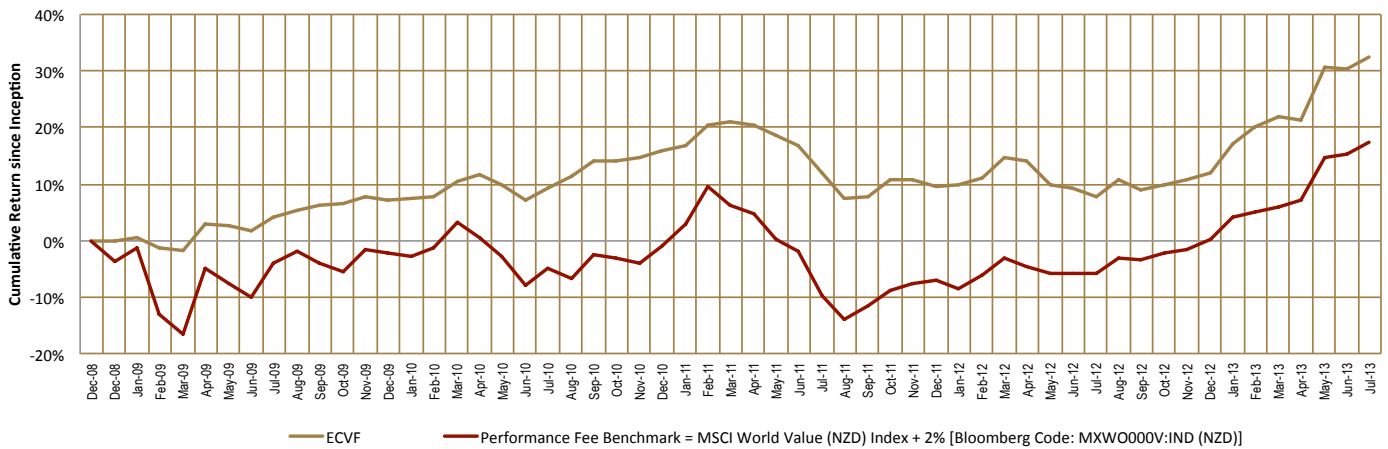
Company	Domicile	Position Size	Company	Domicile	Position Size
		3.43%			3.26%
		3.33%			3.17%
		3.32%			3.07%
		3.29%			2.92%
		3.27%			2.91%



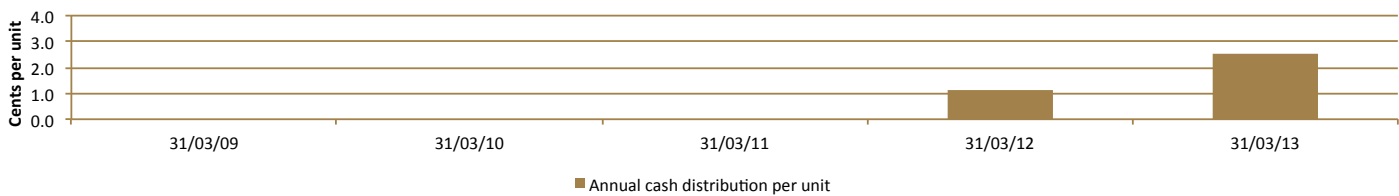
For more information, scan the image with a QR Reader to visit our website: [www.elevationcapital.co.nz](http://www.elevationcapital.co.nz)



### Fund Performance Since Inception



### Fund Distribution History



### Additional Fund Information

Fund Domicile	New Zealand
Investable Asset Classes	Global Equities & Cash
FX Hedging Instruments	Options and Forward Contracts
Leverage	Nil
Short Selling	Nil
Max Position Size	5.00%
Trustee	NZGT – The New Zealand Guardian Trust Company Limited
Auditors / Tax	KPMG
Fund Administrators	MMC Limited
Custodian	Public Trust
Entry Cost	0.60% (“buy spread” to cover the Fund’s transaction costs)
Exit Cost	Nil
Trustee Fee*	0.10% pa of the Gross Asset Value of the Fund (min. fees apply)
Fund Administration Fee*	0.17% pa of the Gross Asset Value of the Fund (min. fees apply)
Custodial Fee*	0.025% pa up to NZ\$100mln of FUM (min. fees and sub-custodian fees apply)
Distribution Policy	Annually – March (at Manager’s discretion)
Minimum Initial Investment	NZ\$ 5,000
Minimum Regular Contribution	NZ\$ 100
Regular Contribution Plan	Monthly/Quarterly/Annually
Redemption	Monthly (with 30 days’ notice in writing)
Registered Financial Service Provider	Yes – Elevation Capital Management Limited (“the Manager”)
FSP Number	FSP9601
Dispute Resolution Scheme	Insurance & Ombudsman Scheme (ISO).

\* GST will be charged at 15% on 10% of the Management Fee, 10% of the Performance Fee, 75% of the Trustee Fee, and 100% of the Fund Administration and Custodial Fees.



## Portfolio Holdings

Asset	Domicile*	% of Portfolio	# of Shares
Heineken Holdings NV	Netherlands	3.43	5,000
Nestlé SA - Reg	Switzerland	3.33	4,500
Chesapeake Energy Corp	US	3.32	13,000
Molson Coors Brewing Co - B	Canada	3.29	6,000
Vivendi	France	3.27	14,000
Staples Inc	US	3.26	17,500
Encana Corp	Canada	3.17	16,500
Kirkcaldie and Stains Ltd	NZ	3.07	175,000
Total SA	France	2.92	5,000
Kirin Holdings Co Ltd	Japan	2.91	18,000
Cisco Systems Inc	US	2.80	10,000
Leucadia National Corp	US	2.79	9,500
Vealls Limited - Capital Share	Australia	2.78	39,000
Canadian Natural Resources	US	2.72	8,000
Ciments Francais	France	2.65	4,000
Smith & Nephew Plc	UK	2.44	18,750
BP Plc - ADR	UK	2.27	5,000
Penn West Energy	Canada	2.26	17,500
Mondelēz International	US	2.05	6,000
Western Union Co	US	1.92	9,750
Imperial Tobacco Group Plc	UK	1.83	5,000
Monster Worldwide Inc	US	1.72	27,500
Novartis AG	Switzerland	1.57	2,000

Asset	Domicile*	% of Portfolio	# of Shares
Japan Tobacco Inc	Japan	1.53	4,000
Nokia Corp - ADR	Finland	1.51	35,000
CBOE Holdings Inc	US	1.37	2,500
Petroleo Brasileiro SA - ADR	Brazil	1.34	9,000
Metlife Inc	US	1.33	2,500
Tiffany & Co	US	1.31	1,500
Skyline Enterprises	NZ	1.21	15,000
GAM Holding AG	Switzerland	1.17	6,750
Arden Group Inc - Class A	US	1.07	750
Tesco Plc	UK	1.07	17,500
Anglo American Plc	UK	1.05	4,500
Hess Corp	US	1.02	1,250
Scholastic Corp	US	1.00	3,000
Laurent-Perrier Group	France	0.97	1,000
OPAP SA	Greece	0.96	10,000
LAACO Ltd-Units of Ltd Partners	US	0.74	60
Starz	US	0.62	2,500
Veritas Investments Ltd	NZ	0.60	50,000
Marlin Global Ltd	NZ	0.31	50,000
Christian Dior	France	0.19	100
Sietel Ltd	AU	0.01	250
Cash		17.88	

Total Number of Securities: 44  
\*Domicile = Primary Listing.

## Portfolio Characteristics

Portfolio Turnover <sup>1</sup>	34.57%	Price-to-Book <sup>2</sup>	1.37x	Gross Dividend Yield <sup>2</sup>	3.12%
Median Market Cap. <sup>2</sup>	NZ\$ 14.198bln	Average Cash Balance <sup>3</sup>	31.52%	Total Debt-to-Equity <sup>2</sup>	0.62x
Weighted Market Cap. <sup>2</sup>	NZ\$ 17.064bln	Top 15 Holdings	46%	Active Share <sup>4</sup>	94%

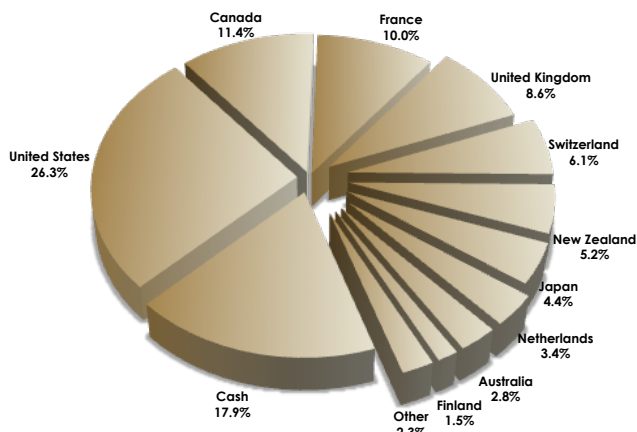
<sup>1</sup> Based on trading activity for the period 1 August 2012 – 31 July 2013

<sup>2</sup> Source: Thomson Portfolio Analytics; based on listed equities only – excludes all unlisted equity investments held by the fund.

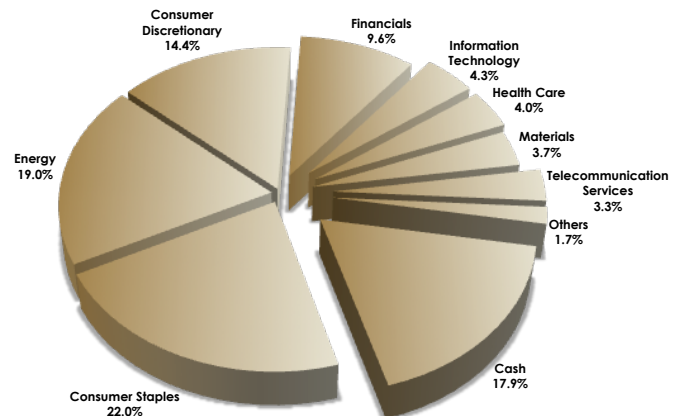
<sup>3</sup> Since Inception of the Fund – 9 December 2008 (based on month-end values).

<sup>4</sup> It is the proportion of security holdings in the Fund's composition that was different from the composition found in iShares MSCI EAFE Value Index ETF (as a proxy for the benchmark index).

## Portfolio – Geographic Exposure



## Portfolio – Industry Exposure





## Morningstar Rating™

### Overall\*



### 3 Year\*



\*As at 30 June 2013

#### Morningstar Rating™ Definition

The Morningstar Rating is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision.

#### Morningstar Disclaimer

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## Total Expense Ratio

Year Ending 31 March	2013*	2012	2011	2010	2009**
TER % (Performance Fees included)	1.97%	1.89%	2.55%	2.40%	1.07%
TER % (Performance Fees not included)	1.97%	1.89%	2.25%	2.01%	1.07%
Average Funds Under Management	NZ\$ 14,583,474	NZ\$ 11,818,561	NZ\$ 3,361,43	NZ\$ 926,313	NZ\$ 514,992

#### Total Expense Ratio Definition\*\*\*:

Total Expense Ratio (TER) expresses the expense ratio for a sub-fund or a type of share against the average NAV (of the sub-fund or unit respectively) over a given period in the past. The TER should reflect the past record, and should not be an estimate for the present or future. In other words, the TER is the annual percentage reduction in investor returns that would result from operating costs if markets were to remain flat and the fund's portfolio were to be held and not traded during a period.

#### Formula:

TER = (Total Expense / Average NAV) \* 100

#### Total Expenses:

The total expenses include any legitimate expenses\*\*\*\* such as Management fees, depository bank fee, administrative costs, audit fees, publication expenses Sundry expenses, taxes and duties, custody fees, marketing fees, legal advisers' fees Registration fees and duties, performance fees\*\*\*\*\*

\*2013 based on unaudited figures as at the date of this month-end summary.

\*\*4-Month Period – TER has been annualised

\*\*\*Source: Morningstar

\*\*\*\*Legitimate expenses should include any of the funds, or any invested sub-funds. The most common method to include the sub-funds expense would be to pro-rata its own TER into the overall funds TER.

\*\*\*\*\*The ISI standard does not include performance fees. However if there is a performance fee in the fund two TERs should be shown (as above). One including performance fees and one excluding performance fees.

## Management Fee Scale

NAV of the Fund (NZ\$)	<\$25m	\$25m-\$30m	\$30m-\$35m	\$35m-\$40m	\$40m-\$45m	\$45m-\$50m	>\$50m
Management Fee (% pa of the NAV of the Fund)	1.25%	1.20%	1.15%	1.10%	1.05%	1.00%	0.95%

## Risk Disclosure Statement

Elevation Capital Management Limited is a Registered Financial Service Provider in New Zealand in accordance with the Financial Service Providers (Registration and Disputes Resolution) Act 2008 – FSP # 9601.

Elevation Capital Management Limited does not provide personalised investment advisory services to the public. Nothing herein should be construed as a general advertisement of investment advisory services or a solicitation of prospective clients for investment advisory services. The information herein is intended solely to provide certain background information about the Elevation Capital Value Fund.

The information contained in this report has been prepared solely for informational purposes. It is not an offer to buy or sell or a solicitation of an offer to buy or sell units in the Elevation Capital Value Fund, a recommendation of any security or to participate in any trading strategy. If any offer of units in the Elevation Capital Value Fund is made, it shall be pursuant to a definitive Investment Statement and Prospectus prepared by or on behalf of the Elevation Capital Value Fund. Any decision to invest in the Elevation Capital Value Fund should be made only after reviewing the definitive Investment Statement and Prospectus (available free of charge at [www.elevationcapital.co.nz](http://www.elevationcapital.co.nz) or by contacting Elevation Capital Management Limited, PO Box 911145, Victoria Street West, Auckland 1142, New Zealand), conducting such investigations as the investor deems necessary and consulting the investor's own investment, legal and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the Elevation Capital Value Fund.

International investments involve special risks, including currency fluctuations, lower liquidity, different accounting methods, economic and political systems. These risks are typically greater in emerging markets. The Elevation Capital Value Fund may invest a significant portion of its assets in the stocks of small and medium-sized companies, which tend to be more volatile and less liquid than those of large companies, may have underperformed the stocks of larger companies during some periods and tend to have a shorter history of operations than larger companies. Potential investment risks are discussed in the Investment Statement and Prospectus. These documents are both available free of charge on request or can be accessed at [www.elevationcapital.co.nz](http://www.elevationcapital.co.nz)

All performance / fee data, portfolio composition data and risk targets contained in this report are subject to revision by Elevation Capital Management Limited and are provided solely as a guide to current expectations. There can be no assurance that the Elevation Capital Value Fund will achieve any targets or that there will be any return on or of capital.

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