

PERPETUAL PURE MICROCAP FUND - CLASS A

July 2017



Our fund only invests in profitable, well capitalised and well managed businesses. By conducting our own in depth, bottom up analysis we seek the best opportunities for our investors. Many of these companies often have little or no research published on them which leads to them being overlooked and/or mispriced. As investors, we look to capitalise on these market inefficiencies. It is worth noting that our fund will not speculate in unprofitable businesses.

PERFORMANCE SUMMARY (AFTER FEES) AS AT 30 JUNE 2017

	1 MTH %	3 MTHS %	6 MTHS %	1 YR %	2 YR %	3 YR %	SINCE INCEPTION % PA*
Perpetual Pure Microcap Fund - Class A	3.6%	5.1%	6.3%	15.5%	29.2%	27.9%	30.1%
S&P/ASX Small Ordinaries Accumulation Index	2.0%	-0.3%	1.1%	7.0%	10.6%	7.1%	5.2%

*Inception date: 2 September 2013

Redhill Education provides specialist higher education to domestic and international students at campuses in Sydney and Melbourne.

Redhill's Greenwich English College is a core revenue generator, offering high quality language courses to International Students, the majority of whom are recruited via their student recruitment agency, GoStudy. Redhill also offers a number of Diplomas and Bachelor Degrees in Digital Technologies, Creative Design and Management. The long term strategy is to continue to grow the number of accredited higher education courses as these allow domestic students' access to VET Student Loans.

Regulatory uncertainty has weighed on the stock in the short term as the Government assesses VET FEE-HELP Schemes. This has resulted in many unsavoury operators exiting the industry. Redhill has been approved as a course provider for the next 5 years, receiving the maximum available funding under new VSL Legislation.

Redhill has been consistently growing the top line but increased investment in new campuses and courses has weighed on margins. Investing for growth has meant we have not seen returns for the last 12 months but Management have delivered on their word and last month provided provisional guidance for significant EBITDA growth. We expect these strong returns to continue as the company grows both organically and via opportunistic acquisition.

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MORE INFORMATION

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