



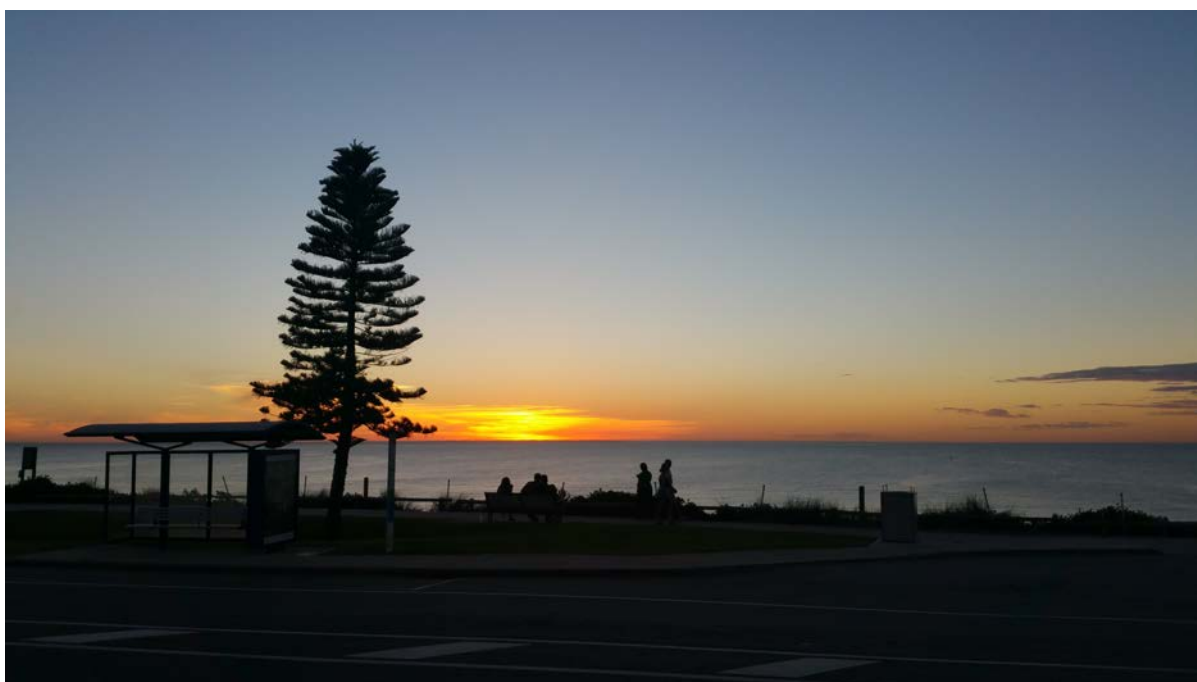
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Dear Investor,

Last month, I attended an investment conference in Western Australia. While natural beauty was in abundance, it was not a target rich environment for a value hunting investor. I saw over 50 companies many of which are mining companies enjoying pretty high commodity prices and forecasting electronic car adoption to under pin commodity prices for the foreseeable future. The commodity cycle is well past the bottom and the uncertainty is too high for me to consider at this stage. I did however visit a couple of industrial companies that may find their way into our portfolio at the right price(s) and one very interesting totally bombed out sector that we are devoting our time to now to better understand. This is no small feat as our curiosity keeps leading us to ask more and more questions. Let's hope this leads to a compelling risk/reward decision but we are not there yet.

A typical WA coastal sunset



Our performance last month was impacted by a general evaporation of liquidity in small caps. Some of our stocks pulled back on very low turnover, but thankfully, no bad news from any of them. The post result hangover appeared to impact a few of them but the fundamentals remain in tact. Cash is sitting at about 8.5% of portfolio.

"Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves." Peter Lynch

SHRIRO

We have owned a position in SHM for some time now and we are well ahead. Last month, we had the opportunity to buy more stock at a material discount to the market price. **The stock was trading above \$1.50 when the largest shareholder decided to reduce its position at \$1.35.** We felt that the current year p/e around 9x and yield of 8% fully franked is too cheap so bought more.

As you may know, SHM has a global growth strategy that the market is not valuing at this point. In partnership with Heston Blumenthal, the company has developed a beautiful, high-end barbecue range. They are targeting Australia, Europe and USA and we look forward to more news about the upcoming northern hemisphere summer, in coming months.

We remain of the view that the risk/reward is attractive at this price and would expect it to move higher again when the sell down has been digested.

Click here for more about this exciting product.

<https://www.everdurebyheston.com.au>

Please don't hesitate to contact us to discuss any potential investment in the fund.

Performance of founder's units to 31 Mar 2018:

Period	*Fund	ASX 300 Accumulation	Outperformance
1 Month %	-1.33%	-3.73%	2.40%
3 Months %	-3.54%	-3.78%	0.24%
6 Months %	1.84%	3.67%	-1.84%
1 Year %	2.70%	2.86%	-0.16%
Since inception (Nov 2014) p/a *	6.33%	6.50%	-0.17%

Fund Size \$13m *Assumes reinvestment of distributions.

Good investing,
Nigel Littlewood
9th Apr 2018

Note: Harness Asset Management Small Companies Value Fund (the Fund) own shares in the stocks mentioned above as at 28 Feb 2017. The above is in no way intended as financial advice, nor any recommendation by the manager of the fund.

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