

HARRINGTON PARTNERS

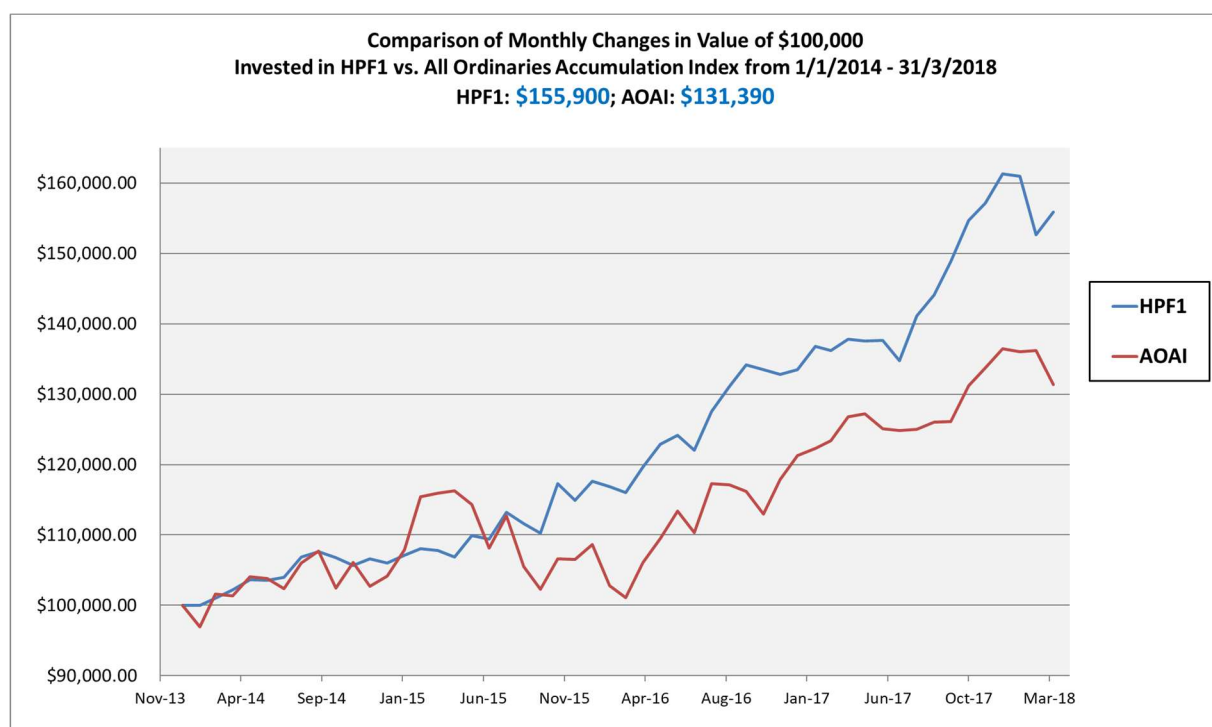
Investment Management

Harrington Partners Fund 1 (HPF1) – 31 March 2018

Harrington Partners primary goal is to protect investors capital and outperform the Australian All Ordinaries Accumulation Index (AOAI) by 3-5% annually as measured over rolling 5-year periods. The Fund managers have the majority of their investable assets in the Fund, this creates a very strong alignment of interests between the managers and investors with a concentration on achieving the highest possible risk adjusted returns.

	HPF1 Net Return*	AOAI Return [#]	Relative Performance
6 Months to 30/06/2014	3.71%	2.36%	1.35%
30/06/2015	5.51%	5.67%	-0.16%
30/06/2016	11.50%	2.01%	9.49%
30/06/2017	10.48%	13.12%	-2.64%
9 Months to 31/03/2018	15.66%	5.27%	10.39%
Annualised Performance	11.74%	7.06%	4.68%
Cumulative Performance	55.90%	31.39%	24.51%

#Data source for AOAI Returns: S & P Dow Jones Indices LLC. *Net Return to investors which is less fees and charges but includes reinvested distributions. Past returns are not a good indication of future returns.



After having a very strong first 6 months of FY18 the Fund had a pullback of approximately 4% over the third quarter (FY18), this corresponded with a fall in the broader market of approx. 5%. Although it is disappointing to lose some of the momentum we had coming into the second half, and see the value of the Fund reduce, we will repeat what we stated at the half year that *“We are not concerned with short term price fluctuations and as always would welcome any pull back in the broader market that would give us the opportunity to potentially add new positions or increase the size of our current*

positions at lower prices.” Despite this, there was little trading activity in the Fund during the quarter, but we remain poised and ready.

Equity market volatility has increased substantially since the end of 2017 and it appears to us that there is a groundswell of changing perceptions moving through investment markets. Change brings opportunity and we believe HPF1 is very well positioned to take advantage of any significant adjustments that may occur over the coming years.

The Fund is not immune to this volatility and the concentrated nature of the portfolio means changes in value may in fact be sharper than the broader market. We do not view this volatility as a measure of risk, rather our primary determinant of risk is the probability of permanent capital loss.

The top 10 holdings at March 31, 2018 were:

Rank	Holding	Total Portfolio Weighting	Total Equity Weighting
1	Boom Logistics (ASX:BOL)	12.33%	18.14%
2	Undisclosed	9.91%	14.58%
3	Macmahon Holdings (ASX:MAH)	8.19%	12.06%
4	Undisclosed	6.60%	9.71%
5	Undisclosed	4.88%	7.18%
6	Fleetwood Corporation (ASX:FWD)	4.41%	6.49%
7	Undisclosed	4.02%	5.91%
8	FSA Group (ASX:FSA)	2.54%	3.74%
9	United Overseas Australia (ASX:UOS)	2.10%	3.10%
10	Undisclosed	1.76%	2.58%

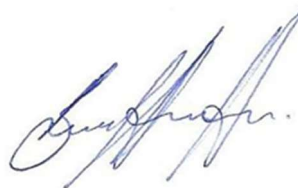
The top ten holdings made up 57% of the total portfolio and cash allocation has increased slightly over the period from 29% to 32%.

We are privileged that you have chosen to partner with us on this journey. As always, we welcome any feedback and if you have any questions, comments or investment ideas please do not hesitate to contact us.

Yours Sincerely,



Cameron Harrington
Executive Director
Harrington Partners Pty Ltd
Email: cameron@harringtonpartners.net.au



Brendan Harrington
Executive Director
Harrington Partners Pty Ltd
Email: brendan@harringtonpartners.net.au

DISCLOSURES:

Past performance is not indicative of future returns. The information contained in this document is of a general nature only and does not take into account your particular objectives, financial situation or needs. Accordingly, the information should not be used, relied upon or treated as a substitute for specific financial advice. These letters/updates are not an invitation to subscribe to Harrington Partners Fund 1 and should not be taken as such. Whilst all care has been taken in the preparation of this material, no warranty is given in respect of the information provided.

The opinions and estimates offered constitute our judgment and are subject to change without notice. Under no circumstances does the information contained within represent a recommendation to buy, hold or sell any security, and it should not be assumed that the securities transactions or holdings discussed were or will prove to be profitable. There are risks associated with purchasing and selling securities, including the risk that you could lose money. Harrington Partners Pty Ltd and Harrington Partners Fund 1 Pty Ltd nor its employees or agents shall be liable on any ground whatsoever with respect to decisions or actions taken as a result of you acting upon such information.

The All Ordinaries Accumulation Index represents an unmanaged, broad-based basket of stocks. Index returns assume that dividends are reinvested and do not include the effect of management fees or expenses. You cannot invest directly in an index.

No part of this material may be copied, photocopied, or duplicated in any form, by any means, or redistributed without Harrington Partners' prior written consent.