

NGE CAPITAL LIMITED SUMMARY

ASX ticker	NGE
Share price (31-Dec-18)	\$0.580
Shares outstanding	37,194,774
Market cap	\$21.6m
NTA per share before tax	\$0.765
NTA per share after tax	\$0.819
NTA before tax	\$28.5m
NTA after tax	\$30.5m

OVERVIEW

NGE Capital Limited is an internally managed Listed Investment Company which allows investors to gain exposure to a concentrated, high conviction, actively managed portfolio of financial assets. NGE primarily focuses on listed ASX and international equities, with the aim of generating strong risk-adjusted returns over the medium to long term.

INVESTMENT STRATEGY

NGE has a flexible investment mandate and invests according to a defined set of investment principles, summarised as follows:

- Only invest in a compelling opportunity, otherwise hold cash;
- Invest based on fundamental analysis;
- Target investments that can generate strong returns with an adequate margin of safety; and
- Aim to hold a concentrated portfolio of high conviction investments.

BOARD & MANAGEMENT

David Lamm	Executive Chairman & Chief Investment Officer
Adam Saunders	Executive Director & Portfolio Manager
Ilan Rimer	Non-Executive Director
Les Smith	Company Secretary & Chief Financial Officer

CONTACT DETAILS

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NET TANGIBLE ASSETS (NTA) PER SHARE

	31 Dec 2018	30 Nov 2018
NTA per share before tax	\$0.765	\$0.752
Expected tax liability on realised and unrealised income and gains	(\$0.037)	(\$0.034)
Previously unrecognised tax losses now brought to account to reduce tax expense	\$0.037	\$0.034
Previously unrecognised tax losses now brought to account as a Deferred Tax Asset	\$0.054	\$0.000
NTA per share after tax	\$0.819	\$0.752

NTA PER SHARE PERFORMANCE SUMMARY

	1 month	Year-to-date	Last 12 months	Since inception ⁽¹⁾ (p.a.)	(cum.)
	1.7%	21.4%	21.4%	21.5%	50.0%

Note: Returns are before tax and net of all operating expenses. As an internally managed LIC NGE does not incur external management and performance fees.

(1) From 30 November 2016, the date on which NGE became a LIC.

TOP HOLDINGS (% OF NTA)

Company	Ticker	%
Powerwrap	Unlisted	21.0%
United Company RUSAL	HKE:0486	19.2%
Yellow Cake plc	LSE:YCA	15.4%
Eureka Group	ASX:EGH	8.7%
Horizon Oil	ASX:HZN	7.4%
Base Resources	ASX:BSE	6.1%
Warrior Met Coal	NYS:HCC	5.6%

PORTFOLIO COMPOSITION

	31 Dec 2018
Listed equities	69%
Unlisted equities	22%
Convertible notes	3%
Cash less other net assets	6%
Total	100%

UNRECOGNISED TAX LOSSES

After providing for the expected tax liability on year-to-date realised and unrealised income and gains NGE has approximately \$22m of realised tax losses that are not currently carried on the Company's balance sheet as a deferred tax asset. The Board resolved to recognise a deferred tax asset of \$2m on the balance sheet as at 31 December, thereby reducing the value of realised but unrecognised tax losses to \$14m. In addition, NGE also has approximately \$22m of capital losses available as at 31 December 2018.

The Company has received tax advice that these losses should be available to be offset against future tax liabilities, which in the aggregate equates to a potential future tax benefit of approximately \$12m or \$0.33 per share, so long as NGE continues to satisfy the continuity of ownership test as set out in Divisions 165 and 166 of the *Income Tax Assessment Act 1997* (Cth).

MONTHLY COMMENTARY

NGE's portfolio produced a return of 1.7% for the month of December and 21.4% for the financial year ended 31 December 2018. These returns do not include the recognition of \$2m in deferred tax assets.

On 19 December the US Department of Treasury's Office of Foreign Assets Control (OFAC) announced that it would remove the sanctions imposed on **United Company RUSAL Plc (HKE:0486)** in 30 days, after the company agreed to undergo significant restructuring and governance changes that sever Oleg Deripaska's control and significantly reduce his ownership stake. The sanctions will be lifted unless the US Congress decides to pass a resolution of disapproval prior to the 30 day review period.