

**Bailador Technology  
Investments Limited (BTI)**

**Listed Managed Investments**

**March 2018 Quarterly Review**

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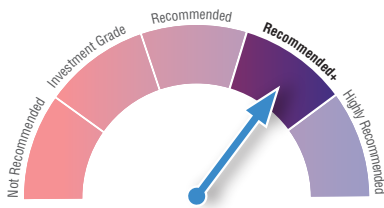
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## Rating



## LMI Type

Listed investment company

## Investment Area

Private equity

## Investment Assets

Private companies

## Investment Sectors

Information Technology

## Key Investment Information

Price (\$) as at 8 June 2018	0.77
Market cap (\$M)	92.6
Shares on issue (M)	120.2
Options on issue (M)	0.0
Shares traded (\$M p.a)	10.5
12-month L/H (\$)	0.76/0.98
Listing date	November 2014
Fees:	
Management Fee (%)	1.75
Performance incentives (%)	17.5*

\*Performance fee is subject to a 8% compound annual increase in the NAV of the company.

## Premium/Discount to Pre-tax NTA

As at 31 March 2018	-21.0%
Average since listing	-15.5%

## Dividend Yield

	%
FY15	na
FY16	na
FY17	na

## Largest Shareholders

	%
Washington H Soul Pattinson	19.1
David Kirk via Kirk Family Holdings	7.7

As at 31 March 2018

## COMPANY OVERVIEW

Bailador Technology Investments Limited (ASX: BTI) is a listed investment company providing exposure to a portfolio of unlisted internet related businesses founded in Australia and New Zealand. It invests in companies in the expansion stage, with a demonstrated revenue and customer base. Bailador Investment Management Pty Ltd is the Investment Manager.

## INVESTMENT OBJECTIVE

BTI aims to provide investors with exposure to a portfolio of private information technology companies with recurring revenue, strong business model and are seeking expansion capital.

## STYLE AND PROCESS

The Investment Manager sources investment prospects through its many formal and informal networks. The Manager particularly favours businesses that have either a subscription or marketplace revenue models. The Manager has some key investment criteria that an investment opportunity will typically meet: 1) Proven technology; 2) Proven management; 3) Proven business model; 4) Repeating revenue; 5) Globally competitive technology; 6) Highly profitable unit economics; 7) Large global addressable market; 8) Rapid growth potential; and 9) Potential to generate a sufficient return on investment.

## PORTFOLIO CHARACTERISTICS

The portfolio currently has 10 investments. The largest holding is in SiteMinder, which makes up 31.4% of the portfolio. The heavy weighting is on the back of a significant increase in the value of the investment with the investment accounting for only 15.7% of the capital invested. Seven of the ten investments have been revalued upwards, primarily as a result of third party transactions, two remain at the same value as the investment value and one investment has been written down. There were no revaluations during the March quarter. We expect a number of revaluations to occur in the next six months.

## INDEPENDENT INVESTMENT RESEARCH COMMENTS

BTI offers investors a unique opportunity to gain exposure to direct investment in a portfolio of private technology companies with ASX liquidity. The Investment Manager comprises a team of six professionals with technology, business and investing experience led by two highly experienced individuals in the technology and investment industry. The capital structure of investments seeks to provide downside protection in addition to contractual rights negotiated with businesses. Over the 12 months to 31 March 2018, the pre-tax NTA has declined significantly, primarily as a result of the write down in its investment in iPRO during the period. The partial write down in Viostream has also contributed to the decline. Since listing in November 2014, the pre-tax NTA has increased 2.5%p.a to 31 March 2018. The current portfolio has significantly increased in value, with the portfolio value 41.4% above the investment value. The investor return has been negative since listing, with the share price declining 2.5%p.a to March-end. This is largely a result of the share price being highly disconnected to the pre-tax NTA with the company trading at a 21% discount to pre-tax NTA at March-end. We view the company to be undervalued at present with the share price factoring in the potential for further write-downs. While the investment in Viostream may incur a further write down, we believe there is the potential for further upside revaluations in the other investments. As such, the current price presents a potentially good entry point. However, we do not expect the discount to narrow until the company starts to realise some of its investments. Straker is expected to complete an IPO in 4Q'CY18. Private equity style investing is a long-term proposition and returns can be lumpy, but it provides a degree of portfolio diversification.

### Investment Limitations

1) Initial Investment cannot exceed 40% of the portfolio.

2) Up to 15% of the portfolio can be listed in publicly listed technology companies and IPO's, excluding any existing investments that have exited via IPO and in which the company has retained an interest.

3) Cannot invest in start-up businesses.

4) Cannot invest in biotechnology companies.

5) The Manager can make follow-up investments in subsequent fund raising rounds of businesses in the portfolio when the investment is deemed to be value creating for shareholders.

6) Can invest in a range of securities including but not limited to, convertible preference shares, convertible notes, preference share, ordinary equity, warrants and debt-like instruments.

### Board of Directors

David Kirk Executive Chairman

Paul Wilson Executive Director

Andrew Bullock Independent Director

Sankar Narayan Independent Director

Heith Mackay-Cruise Independent Director

## PERFORMANCE ANALYTICS

Performance	Mar Quarter	1 year	3 year p.a	5 year p.a
Pre-tax NTA + Dividends (%)	-0.9	-7.8	-0.6	na
Share Price + Dividends (%)	-6.1	-14.2	-1.0	na

## OTHER DATA

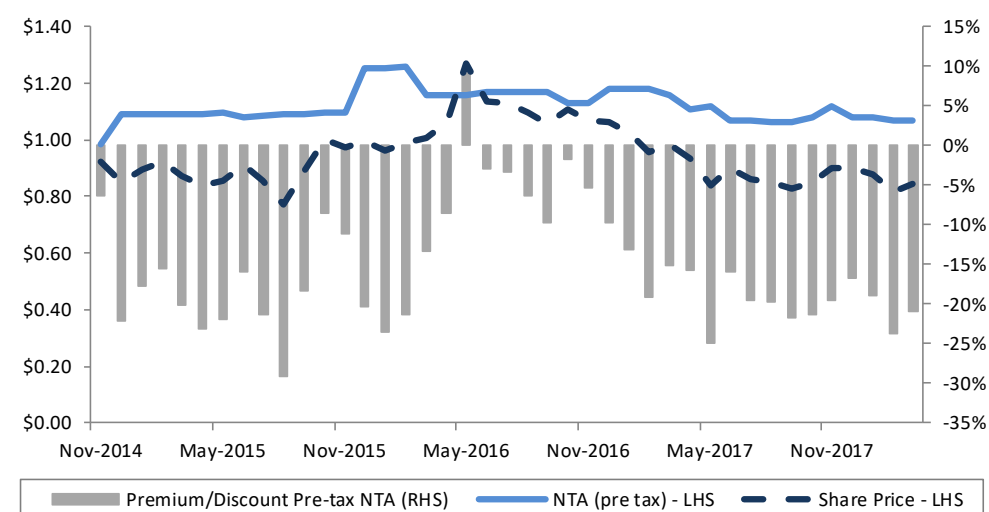
- ◆ **Dividend policy** – Dividends will be paid where possible following the realisation of investments.
- ◆ **Capital management policy** – na
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – No

## BTI's Portfolio Weighting

Company	Value Invested (\$m)	Current Value (\$m)	Portfolio Weighting (%)
SiteMinder	13.8	40.5	31.4%
Viostream	26.4	18.8	14.6%
Standard Media Index Pty Ltd (SMI)	7.4	7.4	5.7%
Straker Translations Limited	7.5	11.2	8.7%
Stackla	11.2	12.6	9.8%
Rezdy	3.6	4.5	3.5%
Lendi	5.5	9.5	7.4%
DocsCorp	5.0	7.5	5.8%
Instaclustr	4.5	9.3	7.2%
Brosa	3.0	3.0	2.3%
<b>Total Value of Investments</b>	<b>87.9</b>	<b>124.3</b>	<b>na</b>
Cash & Other	na	4.5	3.5%

Source all figures: BTI/Independent Investment Research/IRESS.  
All data as at 31 March 2018 unless otherwise specified.

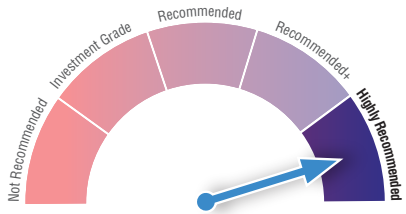
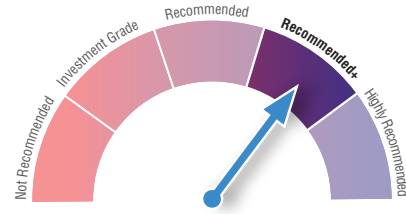
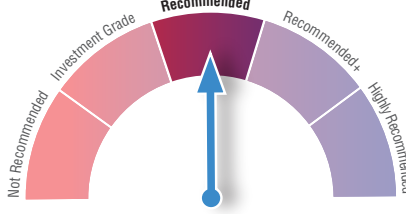
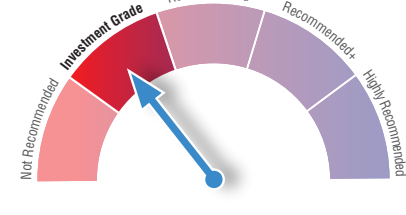
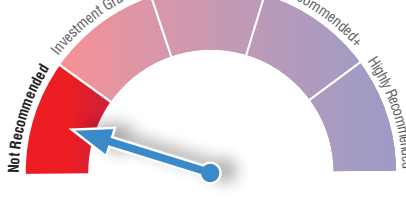
## NTA & Share Price Performance



## APPENDIX A – RATINGS PROCESS

### Independent Investment Research Pty Ltd “IIR” rating system

IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

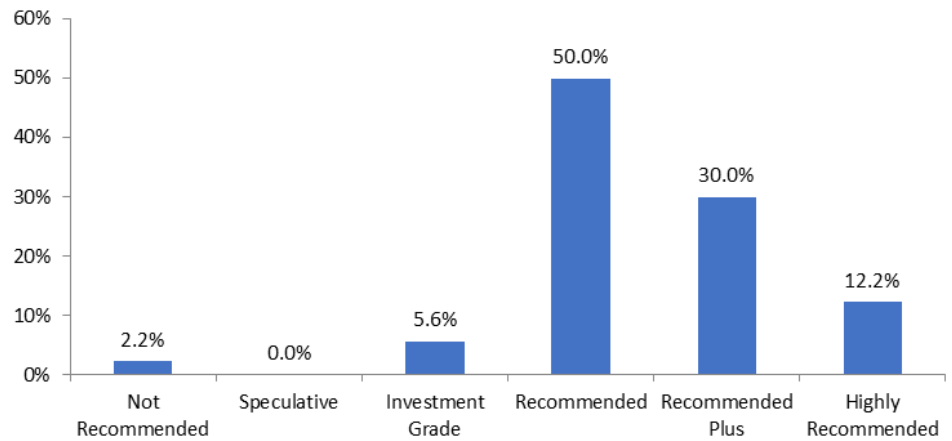
LMI Ratings	SCORE
<p><b>Highly Recommended</b></p> 	<p><b>83 and above</b></p> <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>
<p><b>Recommended +</b></p> 	<p><b>79–83</b></p> <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>
<p><b>Recommended</b></p> 	<p><b>70–79</b></p> <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>
<p><b>Investment Grade</b></p> 	<p><b>60–70</b></p> <p>This rating indicates that IIR believes this is an average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an average risk/return trade-off and should be able to consistently generate average risk adjusted returns in line with stated investment objectives.</p>
<p><b>Not Recommended</b></p> 	<p><b>&lt;60</b></p> <p>This rating indicates that IIR believes that despite the product’s merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely.</p>

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## APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

**Spread of Managed Investment Ratings**



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