

Quarterly Report – Period Ending 30 June 2014

PERFORMANCE

Performance	Q2 2014	FYTD**	CYTD***	2 Years Annualised	3 Years Annualised	5 Years Annualised	Since Inception Cumulative
Value Fund NZ\$ (Net)	3.22%	3.22%	2.05%	13.87%	6.65%	6.85%	41.66%
Value Fund US\$* (Net)	4.15%	4.15%	8.56%	18.84%	8.66%	13.56%	117.87%



















* USD performance numbers are calculated using spot FX rates (at month end) and are provided for informational purposes only. The Fund does not have a USD unit price at this time.

** Financial year to date (FYTD) for year beginning - 1 April 2014

*** Calendar year to date (CYTD) for year beginning - 1 January 2014

All performance returns detailed above are calculated using exit price to exit price, net of taxes and ongoing fees, but excluding entry costs and any individual taxes. The returns include reinvestment of all distributions (if any). The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate, so that an investor's units in the Fund, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

TOP TEN HOLDINGS

Company	Domicile	% of Portfolio	Company	Domicile	% of Portfolio
 Chesapeake		3.90%	 Arcos Dorados		3.13%
 MOLSON Coors		3.79%	VEALLS		3.08%
 Nestlé		3.24%	 Heineken		2.74%
 J. & F. CALDIE & SPAINS		3.17%	vivendi		2.68%
 Mondelēz International		3.15%	 PennWest Exploration		2.64%

COMMENTARY

Market Review – Q2 2014

Equity indices advanced in most developed markets during Q2, 2014. The S&P500 gained ~4.70% and the NASDAQ advanced ~6.45% after the volatility of Q1. The FTSE rose modestly, with a gain of ~2.27%, while the NZX50 and the Australian ASX All Ordinaries Indices were more subdued with a gain of 0.37% and a decline of -0.53% respectively. The New Zealand dollar reached a near all-time high during June at US\$ 0.8770, up 0.9% for the quarter.

The macroeconomic backdrop has largely remained in line with expectations. A decline of -2.90% for US GDP during Q1 surprised many when it was announced, however the market has shrugged off concerns, attributing the strong decline to an unseasonably cold winter. This seems to have been justified, with a subsequent revision upwards to -2.10% and a Q2 announcement of +4.00% US GDP growth.



In Europe, concerns over debt have re-emerged, this time in the form of private debt rather than public. Specifically, Banco Espirito Santo, a Portuguese bank which has significant losses in its loan book, has been causing concern among investors. Thus far these worries appear to have been contained to Portugal, with other European markets remaining steady. Despite setbacks in individual countries and markets, we see a glimmer of light at the end of the tunnel for the European economy as a whole, noting increases in consumer sentiment in some countries for the first time since 2011 (admittedly increasing from a low base).

We remain optimistic in the long-term outlook towards emerging markets. The removal of “Quantitative Easing” in the United States and the prospect of interest rate rises in the developed world appear to have been priced in at current levels. We are well aware of concerns in some key emerging markets, including Argentina’s debt default which has impacted market sentiments recently.

Broadly, we have seen market acceptance of the tapering of Quantitative Easing, an issue which many investors expressed concern over. Market conditions are generally buoyant despite increasing geopolitical tensions, with a strong increase in M&A activity, an increase in IPO’s, increasing equity valuations and decreasing bond yields. Given the widely bullish sentiments, we are more circumspect and cautious on expanding multiples which is reflected in our large cash balance, positioning us well to react to more volatile market conditions should they eventuate.

NZ Dollar

Relative to the US Dollar, the NZ Dollar reached a near all-time high during Q2. We view this as unsustainable and believe it represents a continuing opportunity to invest NZ Dollars offshore at attractive long-term currency rates. Since the beginning of July, the market has begun to react to news including Graeme Wheeler (RBNZ Governor), calling a halt to interest rate rises going forward in the near term, steeply declining dairy prices and improving data on the US economy. Accordingly, the NZ Dollar has depreciated to below USD 0.8500 at the time of writing.

Fund Review – Q2 2014

The Elevation Capital Value Fund performed positively in the quarter (+3.22%) given our conservative cash position. Our cash balance which totaled 24.86% at the end of the quarter, was broken down as follows: USD 14.64%, Euro 4.79%, GBP 3.36%, CHF 1.30% & NZD 0.64%.

Below we have detailed the five largest contributors/detractors from Fund performance during Q2 2014:

Contributors Q2 2014		Detractors Q2 2014	
Molson Coors Brewing Co	Canada	Vivendi SA	France
Chesapeake Energy Corp	US	POST Holdings Inc	US
Penn West Petroleum Ltd	Canada	Leucadia National Corp	US
Arcos Dorados Holdings Inc.	Argentina	Kirkcaldie & Stains Ltd	NZ
Total SA	France	Monster Worldwide, Inc	US

During Q2 2014 we undertook the following portfolio movements:

Reduced	Increased	Exited	New
Chesapeake Energy Corp	Arcos Dorados Holdings Inc. Guinness Anchor Bhd Kirkcaldie and Stains Ltd Monster Worldwide Inc Paris Orleans Staples Inc.	Ciments Francais Genesis Energy Ltd (IPO) Gentrack (IPO)	Acurity Health Group Ltd Coca-Cola Amatil Ltd Undisclosed



All of the positions we exited during the quarter were profitable. Detailed below is a brief overview of the results:

Company Name	Holding Period	Annualised Returns ¹
Ciments Francais	3.5yrs	+20%

Ciments Francais

We initiated a position in Ciments Francais on 7 December 2010. With an annual production capacity of approximately 51 million tonnes of cement, Ciments Francais, the international branch of Italcementi Group – was the fifth largest cement producer in the world.

Our original investment thesis was that Italcementi Group, which owned 84% of Ciments Francais would eventually buyout the minority shareholders to simplify its organisational structure. On 6 March 2014, the Board of Italcementi approved the launch of a voluntary public tender offer on all the minority shares not already owned in Ciments Francais. We exited our position in March 2014 after the Board of Italcementi approved the launch of a voluntary public tender offer for all the minority shares not already owned in Ciments Francais with a final price of €79.50 per share. This delivered the Fund a +20% annualised return (including dividends) a more than satisfactory result over a holding period of 3.5 years.

New Company Update – Coca-Cola Amatil Ltd

We recently initiated a position in Coca-Cola Amatil on 22 April 2014. Prior to initiating our position, on 11 April 2014, the newly appointed Group Managing Director, Ms Alison Watkins provided a pessimistic trading update to the market and announced the commencement of strategic review. The stock was down ~20% in the subsequent two days and we naturally became interested, as we are primarily in the business of acquiring fractional interests in companies when sentiments are negative both at a macro and micro level.

Current market pricing of Coca-Cola Amatil provides an opportunity to acquire a great franchise at an attractive discount to our assessed intrinsic value. The company has one of the best retail brands in the world, with diversified and strong product offerings in all commercial beverage categories (sparkling, tea, juice, milk, isotonic, energy, water). Additionally, the 5% forecast gross dividend yield is one of the highest among all Coca-Cola bottlers globally, which rewards patient investors who get “paid to wait” for a medium-term turnaround which in our view is imminently achievable.

New Company Update – Undisclosed - Consumer Products Company

During the quarter we uncovered a new investment idea that we are still in the process of acquiring for the Fund. It is a consumer products company with a relatively small market capitalisation, which has some truly iconic brands within its portfolio. It is in our investors’ best interests that we do not disclose this position publicly at this time as the price has moved above our target acquisition price and we have only acquired a ~1.65% position in the Company to date. We envisage this being a ~2.50% - ~3.00% position in the portfolio - if pricing permits.

¹ In the holding’s local currency including dividends



In Closing

On 28 July 2014, Connor Healthcare Limited announced its intention to make a full takeover offer to acquire all of the fully paid ordinary shares in NZX listed - Acurity Health Group (ACY) Limited that it does not already hold. Connor Healthcare is made up of a tripartite of Acurity's major shareholders. We acquired our position in Acurity Healthcare at an average cost of NZ\$ 5.16 per share (including dividends received) during the quarter and the bid has arrived at NZ\$ 6.50 per share. One should ordinarily be happy when this happens, but we believe this may in fact be a "takeunder" and are awaiting the independent appraisal with much anticipation before we formulate our next move/s (if any).

The July monthly report is also attached with this quarterly report. The Fund returned +0.60% (in NZD terms) in July assisted by the positive newsflow with regard to Acurity. However, it is August where we have begun to see some interesting developments. At the beginning of August the Fund received new inflows which increased the Fund size by ~20% to +NZ\$ 15mln, we expect continued inflows into year-end (subject to market conditions). These inflows have boosted our cash balance to ~36% as the markets staged a sharp sell-off. This has afforded us the opportunity to add to several positions and begin the acquisition of a new position, which has been negatively affected by amongst other things, having operations in Russia. *(Please do not fear we are not buying Russian companies, this is a truly global brand listed in Germany.)*

One position we have added in recent days and which is now a top 10 position, is the luxury goods company - Tod's (first acquired by the Fund on 3 February 2014). We will provide more in-depth details on this company in our next quarterly report but in the interim, if travelling overseas please visit a Tod's store and assist in underpinning our +3% dividend yield!

Thank you once again for your continued support and interest in the Fund, it is not lost on us you have a choice of investment managers.

Respectfully submitted,

Christopher Swasbrook
Managing Director
Elevation Capital Management Limited



FUND PORTFOLIO HOLDINGS

Asset	Domicile*	% of Portfolio	# of Shares	Year First Purchased	Asset	Domicile*	% of Portfolio	# of Shares	Year First Purchased
Chesapeake Energy Corp	US	3.90	13,500	2012	Staples Inc	US	2.01	20,000	2011
Molson Coors Brewing Co - B	Canada	3.79	5,500	2011	Guinness Anchor Bhd	Malaysia	1.81	47,500	2013
Nestlé SA - Reg	Switzerland	3.24	4,500	2011	Petroleo Brasileiro SA - ADR	Brazil	1.74	13,000	2011
Kirkcaldie and Stains Ltd	NZ	3.17	190,000	2008	Novartis AG	Switzerland	1.68	2,000	2012
Mondeléz International	US	3.15	9,000	2012	Coca-Cola Amatil Ltd	Australia	1.66	20,000	2014
Arcos Dorados Holdings Inc-ADR	US	3.13	30,000	2014	Post Holdings Inc	US	1.66	3,500	2013
Vealls Limited - Capital Share	Australia	3.08	39,895	2008	Remy Cointreau	France	1.60	1,875	2014
Heineken Holdings NV	Netherlands	2.74	4,500	2010	Tiffany & Co	US	1.40	1,500	2012
Total SA	France	2.68	4,000	2011	Skyline Enterprises	NZ	1.37	15,000	2009
Penn West Energy	Canada	2.64	30,000	2009	Anglo American Plc	UK	1.36	6,000	2011
BP Plc - ADR	UK	2.45	5,000	2010	Japan Tobacco Inc	Japan	1.35	4,000	2011
Kirin Holdings Co Ltd	Japan	2.41	18,000	2010	Tod's Spa	Italy	1.18	1,000	2014
Leucadia National Corp	US	2.31	9,500	2011	Advanced Info Service PCL	Thailand	1.10	17,500	2014
Imperial Tobacco Group Plc	UK	2.30	5,500	2011	LAACO Ltd-Units of Ltd Partners	US	0.65	60	2009
Vivendi	France	2.27	10,000	2011	Laurent-Perrier Group	France	0.46	500	2011
Scholastic Corp	US	2.22	7,000	2013	Paris Orleans	France	0.38	1,750	2014
Encana Corp	Canada	2.14	10,000	2011	Gale Force Petroleum Inc	Canada	0.14	300,000	2013
Acurity Health Group Ltd	NZ	2.14	50,000	2014	Undisclosed	n/a	1.70	n/a	n/a
Monster Worldwide Inc	US	2.13	35,000	2012	Cash		24.86		

Total Number of Securities = 38, Total Number of Countries = 14

RISK DISCLOSURE STATEMENT

Elevation Capital Management Limited is a Registered Financial Service Provider in New Zealand in accordance with the Financial Service Providers (Registration and Disputes Resolution) Act 2008 -- FSP # 9601.

Elevation Capital Management Limited does not provide personalised investment advisory services to the public. Nothing herein should be construed as a general advertisement of investment advisory services or a solicitation of prospective clients for investment advisory services.

The information herein is intended solely to provide certain background information about the Elevation Capital Value Fund. The discussions above represent our views at the time of this commentary and are subject to change without notice. One of our responsibilities is to communicate in an open and direct manner. Insofar as some of our opinions and comments in our reports and commentaries are based on current expectations, they are considered "forward looking statements," which may or may not be accurate over the long term. While we believe we have a reasonable basis for our comments and we have confidence in our opinions, actual results may differ materially from those we anticipate. You can identify forward-looking statements by words such as "believe," "expect," "may," "anticipate," and other similar expressions. We cannot, however, assure future results and disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events, or otherwise. The above views may not be relied upon as investment advice or as an indication of trading intent on behalf of any Elevation Capital Fund or Portfolio. Security examples featured are samples for presentation purposes and are intended to illustrate our investment philosophy and its application. It should not be assumed that most recommendations made in future will be profitable or will equal the performance of the securities.

The information contained in this report has been prepared solely for informational purposes. It is not an offer to buy or sell or a solicitation of an offer to buy or sell units in the Elevation Capital Value Fund, a recommendation of any security or to participate in any trading strategy. If any offer of units in the Elevation Capital Value Fund is made, it shall be pursuant to a definitive Investment Statement and Prospectus prepared by or on behalf of the Elevation Capital Value Fund. Any decision to invest in the Elevation Capital Value Fund should be made only after reviewing the definitive Investment Statement and Prospectus (available at www.elevationcapital.co.nz or by contacting Elevation Capital Management Limited, PO Box 911145, Victoria Street West, Auckland 1142, New Zealand), conducting such investigations as the investor deems necessary and consulting the investor's own investment, legal and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the Elevation Capital Value Fund.

All performance data, portfolio composition data and risk targets contained in this report are subject to revision by Elevation Capital Management Limited and are provided solely as a guide to current expectations. There can be no assurance that the Elevation Capital Value Fund will achieve any targets or that there will be any return on or of capital. International investments involve special risks, including currency fluctuations, lower liquidity, different accounting methods, economic and political systems. These risks are typically greater in emerging markets. Adverse political and economic developments or rapid changes in the value of foreign currency add to the risk and volatility of emerging markets. Differences in tax and accounting standards, difficulties in obtaining information about foreign companies, restrictions on receiving investment proceeds from a foreign country, confiscatory foreign tax laws and potential difficulties in enforcing contractual obligations, can all add to the risk and volatility of foreign investments. The Elevation Capital Value Fund may invest a significant portion of its assets in the stocks of small and medium-sized companies, which tend to be more volatile and less liquid than those of large companies, may have underperformed the stocks of larger companies during some periods and tend to have a shorter history of operations than larger companies. Potential investment risks are discussed in more detail in the Investment Statement and Prospectus for the Fund/s. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. This data represents past performance and investors should understand that investment returns and principal values fluctuate, so that when you redeem your investment it may be worth more or less than its original cost. Current performance data may be obtained by visiting www.elevationcapital.co.nz or calling +64 9 307 6741.

Elevation Capital Management Limited, its directors, employees and agents believe that the information herein is correct at the time of compilation; however they do not warrant the accuracy of the information. Save for any statutory liability which cannot be excluded, Elevation Capital Management Limited further disclaims all responsibility or liability for any loss or damage which may be suffered by any person relying on any information or any opinions, conclusions or recommendations contained herein whether that loss or damage is caused by any fault or negligence on the part of Elevation Capital Management Limited, or otherwise.