

Chesapeake Capital Limited (“Chesapeake” or the “Company”) is a Pooled Development Fund (“PDF”) that seeks to invest in a concentrated portfolio of generally listed companies, through the provision of new equity capital under the PDF framework so as to generate returns in excess of the S&P Small Ordinaries Accumulation Index. Chesapeake was recapitalised by new management in mid-2015. The PDF structure has attractive tax advantages for shareholders, which can materially enhance an investment strategy concentrated in micro-caps where with good judgement and deal flow returns can be excellent.

Performance As at 31 December 2017	Sept'17 Quarter	Dec'17 Quarter	FY '18 Unaudited	Since Inception
Chesapeake Capital Limited *	-0.0%	-6.1%	-6.1%	+45.7%
Small Ordinaries Accumulation Index	+4.4%	+13.7%	+18.7%	+45.3%
All Ordinaries Accumulation Index	+1.0%	+8.2%	+9.3%	+26.1%

* Initial investment capital available from late June 2015 was \$1.51m so returns have been calculated from that reference point.

Chesapeake’s investments gave up a little ground in what was a very positive quarter for the markets generally. Chesapeake is largely invested with 2 unlisted investments, accounting for 32% of net assets. Being unlisted these investments did not show any movement for the half. We hold very positive views on these investments but both are taking longer to list on the ASX than expected but this should be in 2018. The recent Babylon Pump and Power investment only began trading in January so almost 50% of the investment portfolio was/is static. Babylon traded up to +35% and along with other upwards movements Net Assets increased to circa \$3.4m by late January, being + 13% versus the flat trajectory for key benchmark indices in January to date. Liquidity is important to us.

New Investment



www.podiumminerals.com

Podium Minerals Limited (ASX code: POD) is a Western Australian platinum group metals resources development company that has just raised \$5.4m of new capital and is to list on the ASX with a market capitalisation of \$18m. Chesapeake is to become a shareholder as a consequence of its investment in AssetOwl, which has sold the Rum Jungle tenements to Podium, and is distributing the scrip proceeds in specie.

Existing Investments



www.assetowl.com

AssetOwl Limited (ASX code: AO1) AssetOwl is an innovative information technology and software development company which has developed an enterprise software Management Platform initially applicable to retailers with a growing number of applications to other industries such as property management. The Company produced a very positive Christmas Eve update but the share price has wallowed and requires both contract wins and profile lifting to fulfil its very significant potential. AssetOwl was the primary source of our negative December quarter performance, although the investment itself remains positive.



www.axsesstoday.com.au

Axsesstoday Limited (ASX code: AXL) Axsesstoday is a rapidly growing specialist provider of equipment finance for small to medium sized enterprises (“SME’s”). Established 5 years ago the Company is profitable and is growing nationally based on highly effective product, technology and marketing innovations. Broker research suggests much higher valuations with the share price up 21% in January (80+% since our initial investment).



www.droneshield.com

DroneShield Limited (ASX code: DRO) DroneShield brings together world class expertise in engineering physics, defence, intelligence and aerospace to design, manufacture and sell drone detection systems that use highly specialised and cost-effective technology to achieve levels of detection that are not possible with other methods or at a comparable cost. Chesapeake’s leverage to DroneShield’s sales prospects are now held through a modest options position.



www.grdfmarine.com.au

CleanSubSea Limited (unlisted) is a Western Australian based public unlisted company which owns all licenses and patents associated with a revolutionary new fully enclosed capture and containment hull cleaning technology called the “Envirocart”. The Envirocart is the only in-water hull cleaning technology on the global market that is capable of meeting the current water discharge quality guidelines and the new Australian Department of Agriculture, Fisheries and Forestry (“DAFF”) In-water Hull Cleaning guidelines.



Babylon Pump and Power Limited (ASX code: BPP) Babylon is executing a specialist pump and power development strategy. This is an excellent team, well known to and highly regarded by Chesapeake Directors. The company completed its \$4.5m new issue in December but ASX only listed it in January. Well capitalised with opportunity ahead of it Babylon is highly leveraged to the resources sector recovery.



Mareterram Limited (ASX code: MTM) operates in the agribusiness sector through two business divisions. The business divisions are Commercial Fishing Division and Food Service Division is an importing and trading business which buys product from overseas producers and local manufacturers and sells to customers who are wholesalers, distributors, retailers or end-users in the food service channel. The Food Services Division offers a range of imported seafood products including prawns, fish fillets, lobsters, scallops and a range of value added seafood products.



Musgrave Minerals Limited (ASX code: MGV) Musgrave is a gold and base metal exploration and development company with three projects located in Australia. Musgrave reported an upgraded Mineral Resource (JORC 2012) for its Break of Day/Lena deposits which form part of the Cue Gold Project. With numerous gold plants in close proximity to the Cue Project there is the potential for the rapid development into gold production. The share price performance has improved and is up further across January.



SPEQS Pty Ltd (unlisted) SPEQS is seeking to become a major force in the retailing of eyewear through online channels. In an industry sector ripe for disruptions SPEQS has ready to use proprietary mobile phone app technology, channel partner agreements supported by private health funds, international technology rights for facial imaging and eye wear and a motivated and experienced management team. The company was recently raising \$5m through Argonaut at a 14% premium to its last raising and at a recent presentation advised us that it is preparing to IPO in 2018.

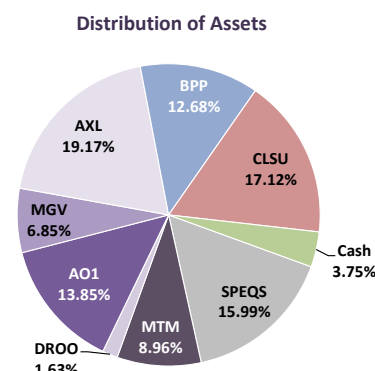
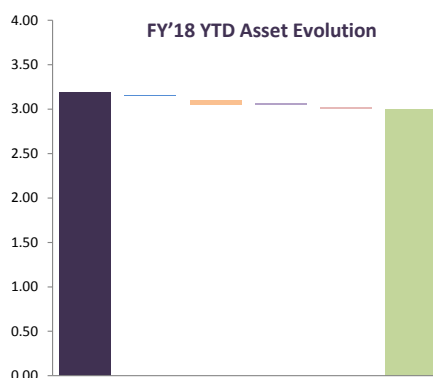
Corporate Snapshot

This snapshot reflects Chesapeake's evolution since 1 July 2017 and the make-up of its asset base as at 30 September 2017. The unaudited NTA was \$2.99m (25.1¢ per share) with cash of circa \$0.01m. Using subscribed capital ie 25.0¢ per share as the starting point, performance fees in accordance with disclosures might begin to accrue.

Directors	Role
James Cullen	Executive Chairman
Aaron Constantine	Non Executive Director
Ian MacIver	Non Executive Director
Bernard Romanin	Non Executive Director

As At 31 December 2017	\$'m
1 Jul 17 Opening Net Assets	3.19
New Capital	0.0
Investment Gains	-0.17
Operating Costs	-0.03
Provision for Taxation YTD	0.0
Net Tangible Assets	2.99

Shares on Issue:	11.92m
June 2018 Options ex @ 25¢ on Issue:	9.52m
Number of Shareholders:	519



	30 Jun '15	30 Sept '15	31 Dec '15	31 Mar '16	30 Jun '16	30 Sept '16	31 Dec '16	31 Mar '17	30 Jun '17	30 Sept '17	31 Dec '17
Net Tangible Assets (\$'m)	1.51*	1.55	1.78	1.97	2.20	2.16	3.06**	3.66	3.19	3.17	2.99
NTA per Share (¢)	17.0	17.4	18.1	22.1	24.6	24.2	25.7	30.7	26.8	26.6	25.1
Change in NTA per Share (%)	N/A	2.3	4.0	22.1	11.3	-1.6	6.1	19.6	-13.1	-0.6	-6.1
S&P/ASX Small Ords Accumulation Index (XSOAI)	5,352	5,143	5,725	5,784	6,122	6,642	6,479	6,574	6,552	6,841	7,776
S&P/ASX All Ordinaries Accumulation Index (XAOAI)	47,575	44,820	47,788	46,664	48,530	51,100	53,353	55,757	54,897	55,460	60,007

* Initial investment capital available ** Includes \$0.75m of new capital in late December 2016

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