

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 2016	Dec' 16 Quarter	Mar' 17 Quarter	FY '17 YTD	Since Inception
Chesapeake Capital Limited – Investment Capital Available*	6.1%	19.6%	28.7%	70.8%
Small Ordinaries Accumulation Index	(2.4%)	1.5%	7.3%	22.8%
All Ordinaries Accumulation Index	4.4%	4.5%	14.9%	17.2%

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

Chesapeake enjoyed its best quarter since its recapitalisation in June 2015 with a 19.6% gain comfortably eclipsing that of the benchmark Small Ordinaries Accumulation Index. Since inception the unaudited weighted average return on available investment capital is 70.8%. Using the 25¢ per share subscription price, ie before recapitalisation costs, that return becomes 22.8% in line with that of the benchmark index. In itself this is a satisfying milestone validating the recapitalisation initiative and associated restructuring costs so as to open up the opportunity to access the inherent utility of the PDF structure.

During the quarter AssetOwl’s shares traded to a high of 30¢ (24¢ as at 31 March 2017) following its listing, providing some insight as to prospects as clients begin to be signed across 2017. Additionally, the investment in Axesstoday went from strength to strength with the company exceeding expectations and raising additional capital at a price significantly higher than our entry price in the IPO in late 2016. Excellent progress has been made by GRD-Franmarine and we are very enthusiastic about the company’s prospects.

Cash reserves were increased across the quarter so as to position Chesapeake to be able to make additional investments. Micro cap’s tend to have windows of liquidity, which we are mindful of. We are flexible in our search for opportunities, not focussing on a particular industry or market cap, seeking a compliant entry under the PDF framework to back capable teams with existing or imminent cash flows that might create value for shareholders.

New Investment



www.immedical.com.au

IM Medical Limited (ASX code: IMI to be renamed Babylon Pump and Power Limited) Chesapeake has sub-underwritten a \$0.5m rights issue by IM Medical which proposes to acquire newly established Babylon, which is executing a specialist pump and power development strategy. This is an excellent team, well known to and highly regarded by Chesapeake Directors.

Existing Investments



www.axesstoday.com.au

Axesstoday Limited (ASX code: AXL) Axesstoday is a rapidly growing specialist provider of equipment finance for small to medium sized enterprises (“SME’s”). Established 4 years ago the Company is profitable and is growing nationally based on highly effective product, technology and marketing innovations.



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 Management Platform is a powerful tool designed specifically for retailers to visualise, question, analyse and interpret data within the four walls of each property and collectively across all properties within a network.



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.



GRD-Franmarine Holdings 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. Chesapeake understands the company expects to list on the ASX in the September Quarter.



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.



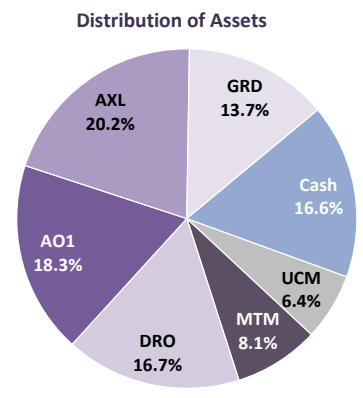
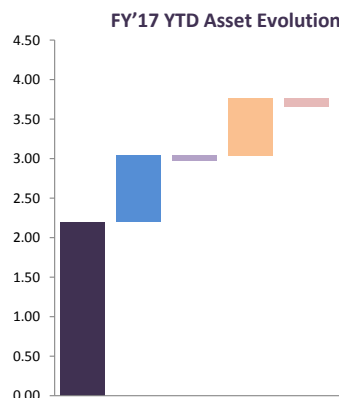
Uscom Limited (ASX code: UCM) is a medical device company providing premium, non-invasive technologies to clinicians with proprietary high-quality cardiac, blood pressure and pulmonary monitoring devices targeting global markets. Uscom has been delivering positive developments with increasing international sales. The company has been releasing good news as it makes progress on executing its business plan.

Corporate Snapshot

This snapshot reflects Chesapeake’s evolution since 1 July 2016 and the make-up of its asset base as at 31 March 2017. The unaudited NTA is \$3.66m (30.7¢ per share). Cash stands at circa \$0.65m. Using subscribed capital ie 25.0¢ per share as the starting point, performance fees in accordance with disclosures might begin to accrue.

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

As At 31 March 2017	\$'m
1 Jul 16 Opening Net Assets	2.20
New Capital	0.74
Operating Costs YTD	-0.07
Investment Gains YTD	0.90
Provision for Taxation YTD	-0.11
Provision for Outperformance	0.00
Net Tangible Assets	3.66
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
Net Tangible Assets (\$'m)	1.51*	1.55	1.78	1.97	2.20	2.16	3.06**	3.66
NTA per Share (c)	17.0	17.4	18.1	22.1	24.6	24.2	25.7	30.7
Change in NTA per Share (%)	N/A	2.3	4.0	22.1	11.3	-1.6	6.1	19.5
S&P/ASX Small Ords Accumulation Index	5,352	5,143	5,725	5,784	6,122	6,642	6,479	6,574
S&P/ASX All Ordinaries Accumulation Index	47,575	44,820	47,788	46,664	48,530	51,100	53,353	55,757

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

This document is issued by Chesapeake Capital Limited (ABN 80 106 213 772) in relation to its activities. The information provided in this document is general information only and does not constitute financial advice or a forecast. The content of this document does not constitute tax or legal advice or an offer of solicitation to subscribe for shares in Chesapeake Capital Limited. The information in this report has been prepared without taking into account your objectives, financial situation or needs. Chesapeake Capital Limited, the Directors, their affiliates and associates accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. All investments carry risks. There can be no assurance that Chesapeake Capital Limited will achieve its targeted rate of return and no guarantee against loss resulting from an investment in Chesapeake Capital Limited or the repayment of capital or income invested in Chesapeake Capital Limited. Past investment performance is not indicative of future performance. Before acting on any information contained in this document, recipients should consider the appropriateness of the information provided and should consider consulting a qualified financial adviser.