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Equity Trustees Limited  
ACN 004 031 298  
AFSL 240975



REGAL  
FUNDS MANAGEMENT



Regal Investment Fund (ASX.RF1)

ARSN 632 283 384

July 2020

# Disclaimer



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## Regal Funds Management



Regal has a heritage built on long / short investing, pioneering the development of the hedge fund & alternatives industry in Australia since 2004

### PERFORMANCE

- Top quartile long term returns over 16 years<sup>1</sup>
- Performance driven investment culture with leading sector specialists and Portfolio Managers

### SCALE

- Managing over A\$1.7bn, delivering scale whilst remaining nimble
- 22 investment professionals across offices in Singapore and Sydney

### ALIGNMENT

- 100% privately owned by founders and staff
- >35% of funds under management founder and staff capital
- Capacity limits across all strategies to preserve performance

### FOCUS

- A dedicated and specialised alternatives manager
- Institutional grade infrastructure and operating model

(1) Source: Mercer Survey as at June 2020, performance of the Atlantic Absolute Return Fund over a 10 year period benchmarked against peers  
Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance of the Fund's performance

## Speakers



**Brendan O'Connor**

Chief Executive Officer



**Phil King**

Chief Investment Officer



**Dr Craig Collie**

Portfolio Manager



**Ben McCallum**

Portfolio Manager



**Deepan  
Pavendranathan**

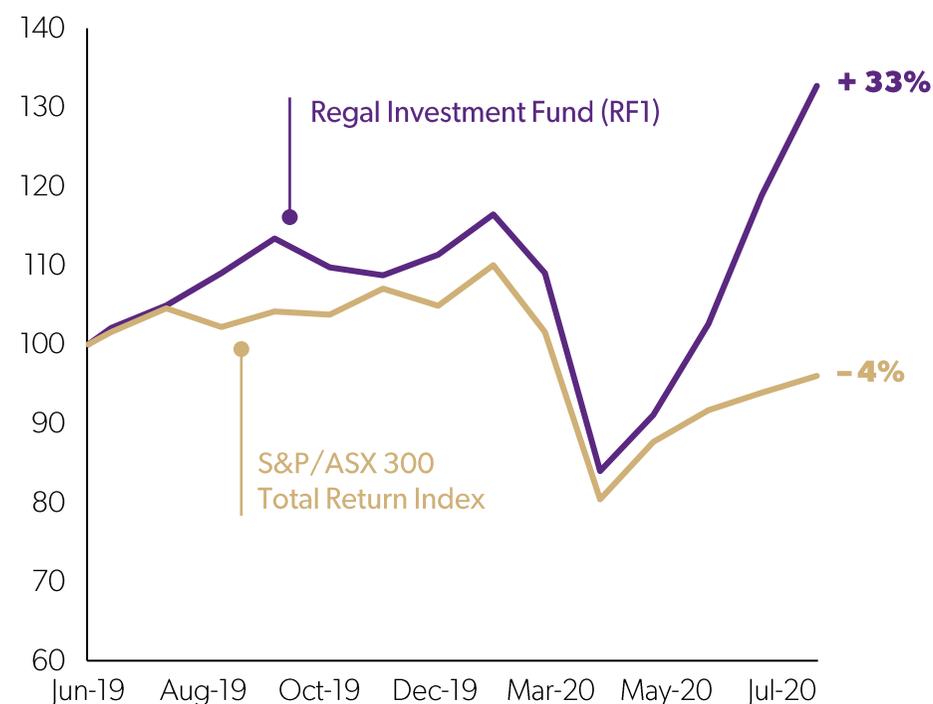
Head of Events & Trading



## RF1 Investment Performance



### Performance since listing – Net Asset Value



Fund performance	2019 <sup>3</sup>	2020 YTD <sup>4</sup>	Since Inception <sup>5</sup>
<b>Regal Investment Fund<sup>1</sup></b>	<b>+11%</b>	<b>+19%</b>	<b>+33%</b>
S&P/ASX 300 Total Return Index	+5%	-9%	-4%

Strategy performance within RF1 <sup>2</sup>	2019 <sup>3</sup>	2020 YTD <sup>4</sup>	Since Inception <sup>5</sup>
Market Neutral Strategy	+6%	-0%	+5%
Aus. Long Short Equity Strategy	+6%	+8%	+15%
Aus. Small Companies Strategy	+22%	-5%	+17%
Emerging Companies Strategy	+32%	+58%	+108%
Global Alpha Strategy	+34%	+48%	+97%

Source: Regal, Bloomberg as at 24 July 2020

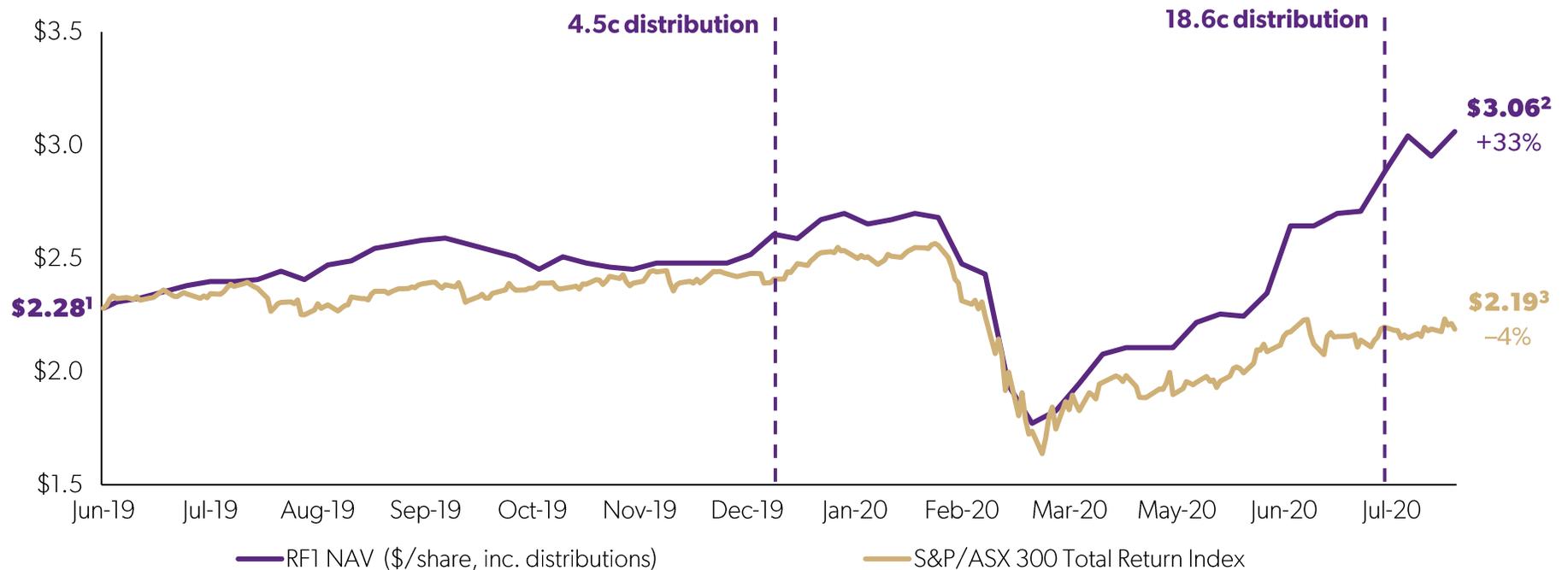
Note: (1) net of all fees; (2) gross of fees; (3) from 17 June listing date to 31 December 2019; (4) calendar year to 24 July 2020; (5) from 17 June listing date to 24 July 2020.

Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance of the Fund's performance

## RFI NAV Since Inception



Regal Investment Fund – net asset value



Source: Regal, Bloomberg as at 24 July 2020

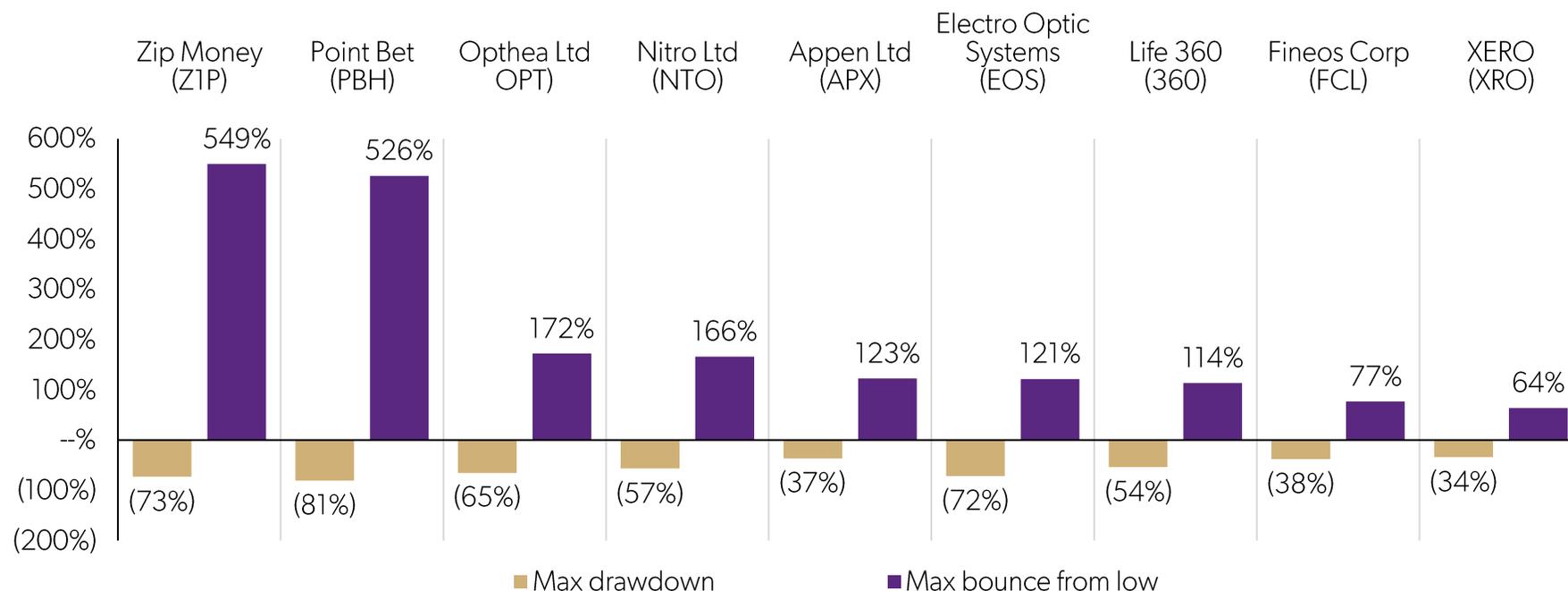
Note: (1) adjusted to reflect lower capital base due to distributions since inception; (2) net of all fees; (3) gross of fees.

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## High Conviction Picks Bounce Back

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Share price performance for select RFI high conviction stocks in 2020



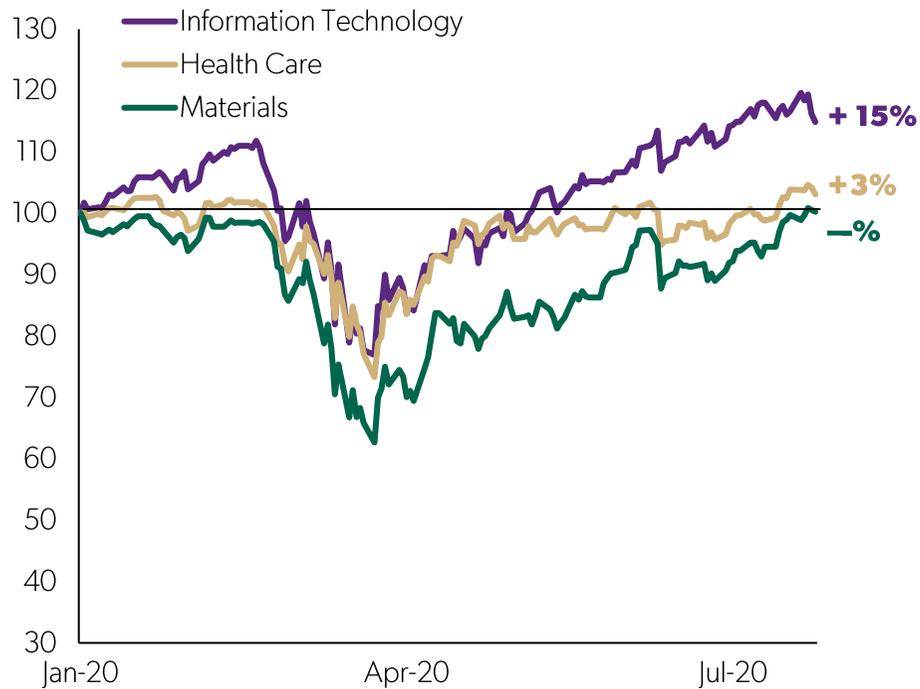
Source: Regal, Bloomberg as at 24 July 2020

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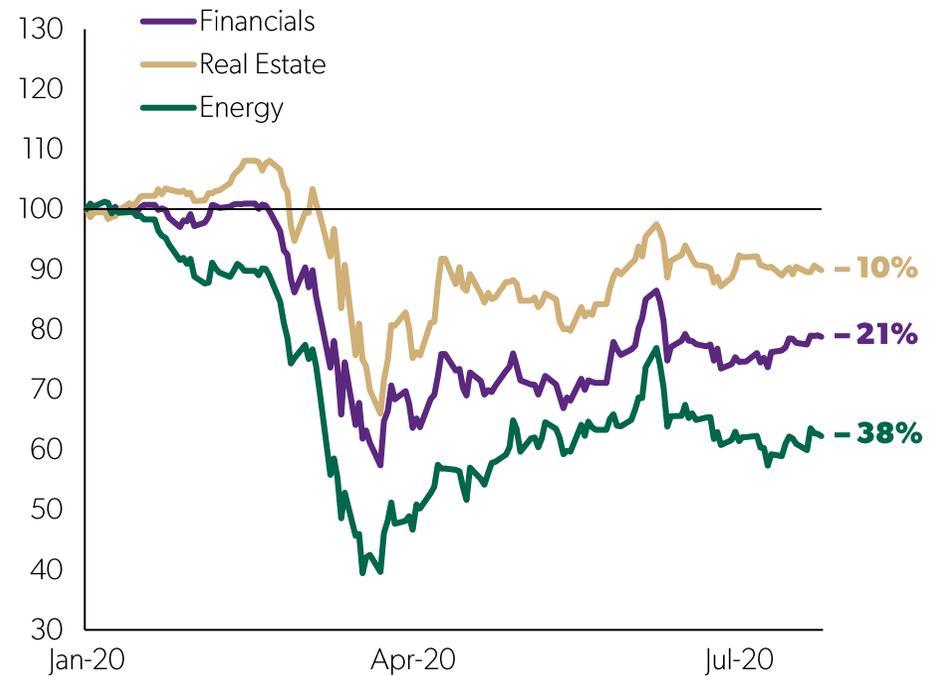
## Sector Positioning Underpins Outperformance

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### Sector overweights



### Sector underweights

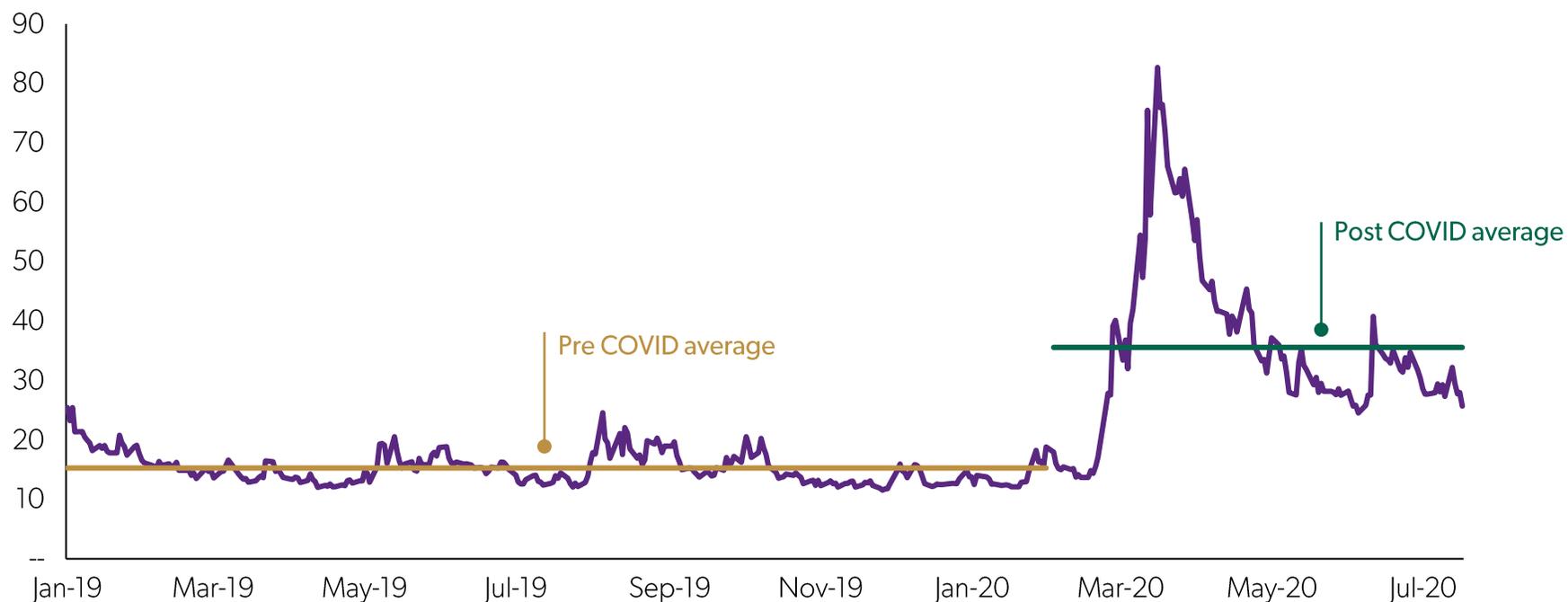


Source: Bloomberg as at 24 July 2020

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## New Volatility Regime Creating Opportunities

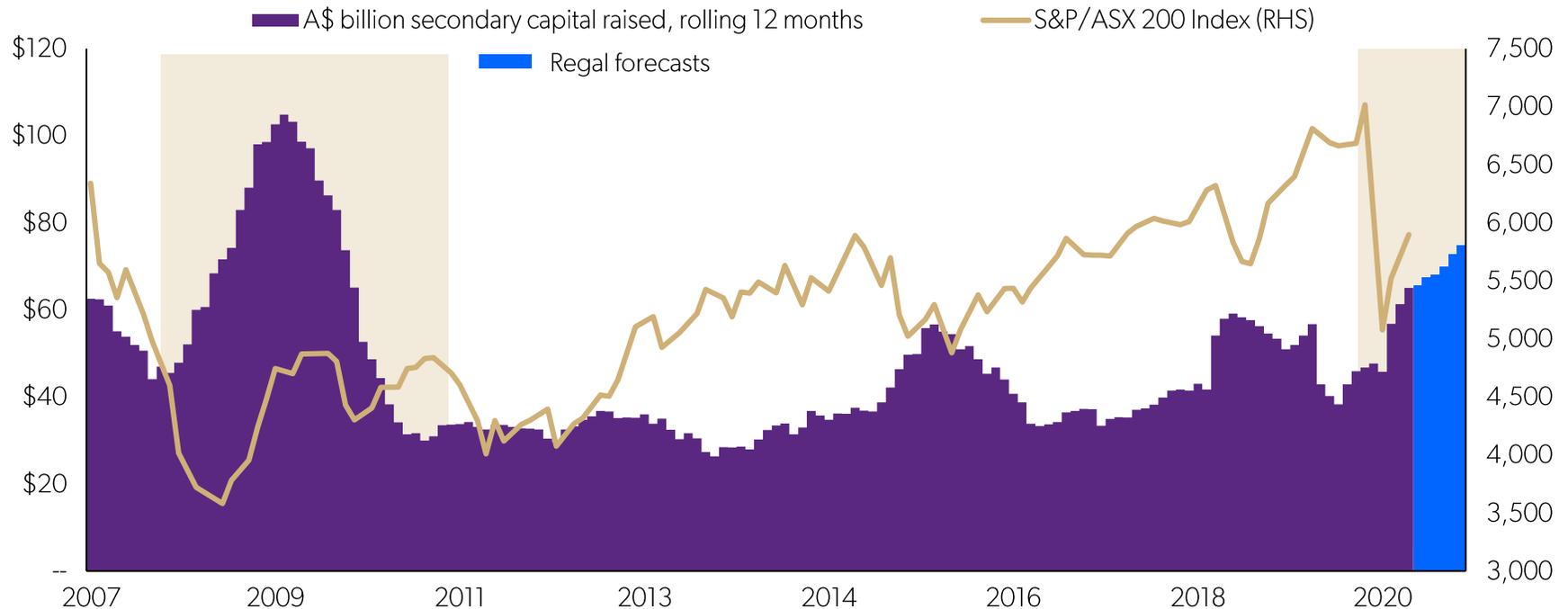
VIX Index – since January 2019



Source: Bloomberg as at 24 July 2020

## ECM Activity Forecast To Boom

### ASX equity issuance since 2007



Source: Reserve Bank of Australia, Bloomberg as at 24 July 2020

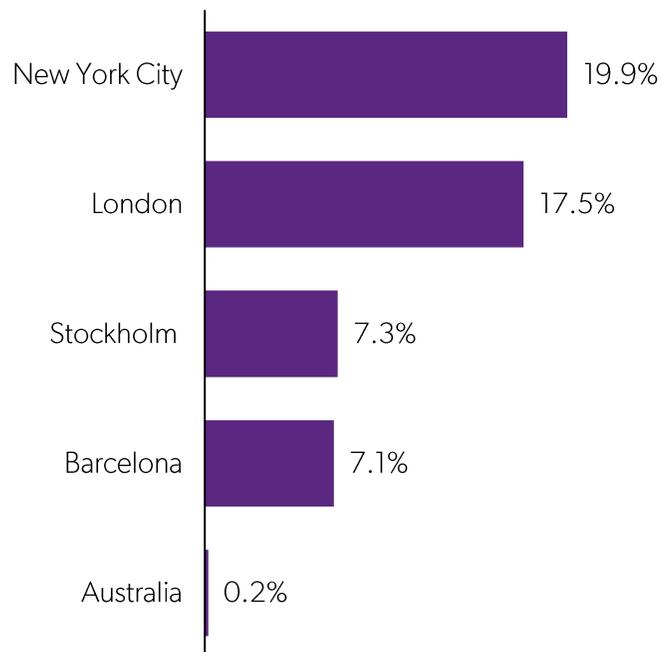
## What Has Changed Since April

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- 1 Australia has dealt better with COVID than anticipated
  - Daily new cases low until recent Victorian outbreak
- 2 Unprecedented fiscal and monetary stimulus
  - Stronger than expected
- 3 Commodity prices stay strong

## Difficult To Open Up Economy With Immunity Still Low

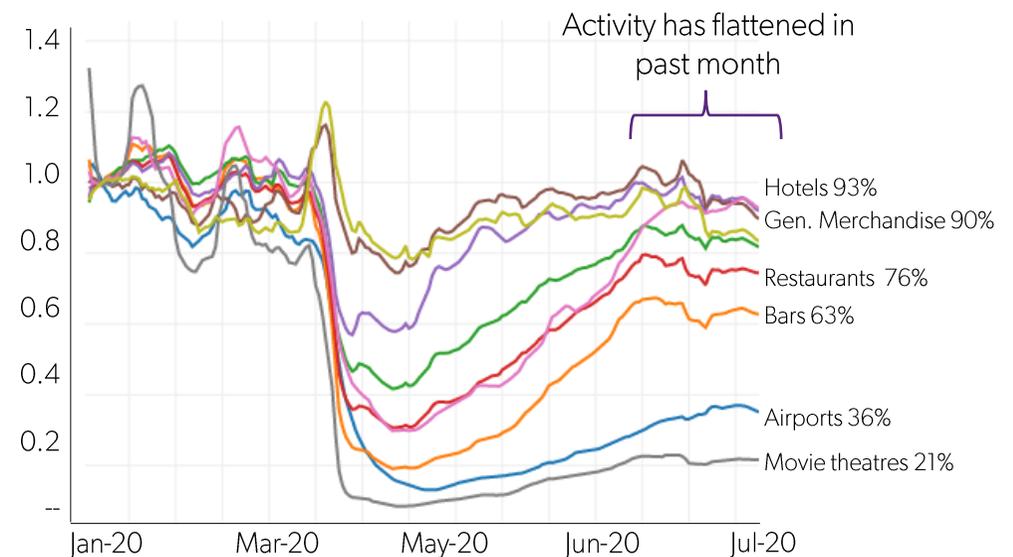
Percentage of population with COVID antibodies



Source: New York State; Carlos III Health Institute; Journal of Medical Virology; The Public Health Agency of Sweden. Australia estimate assumes there are 2x undiagnosed cases for every diagnosed case – estimate from Epidemiologist John Kaldor from UNSW

Foot traffic (USA)

Relative Foot-Traffic (visits)

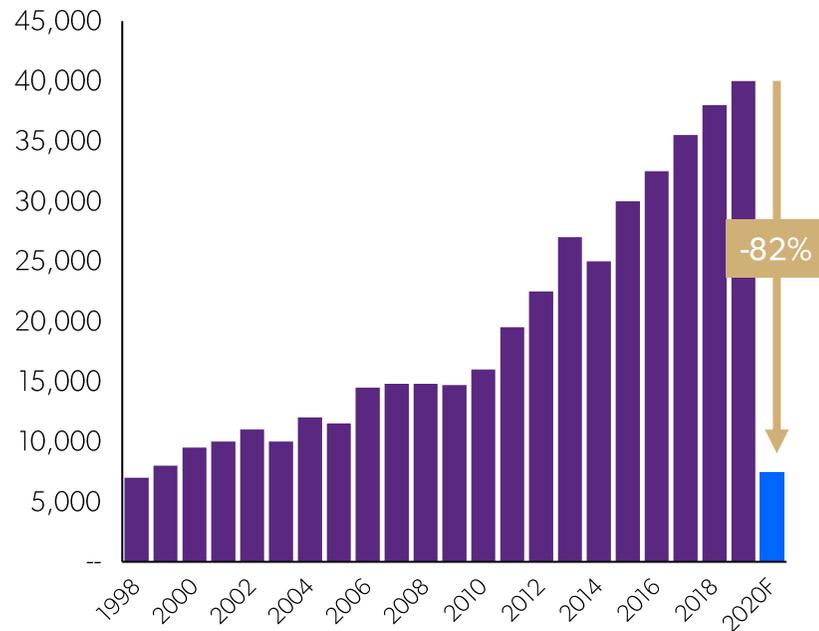


Source: Safegraph.com

## Market Underestimating The Lasting Impact Of COVID

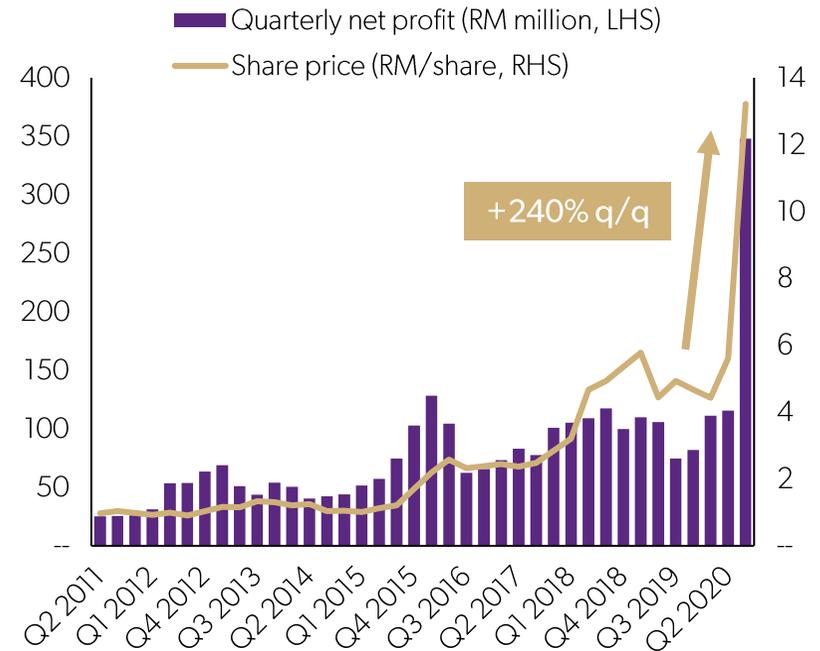
Medical tourists for ASEAN hospitals unlikely to return anytime soon

Thailand tourist arrivals ('000)



Source: Broker research, Tourism Authority of Thailand

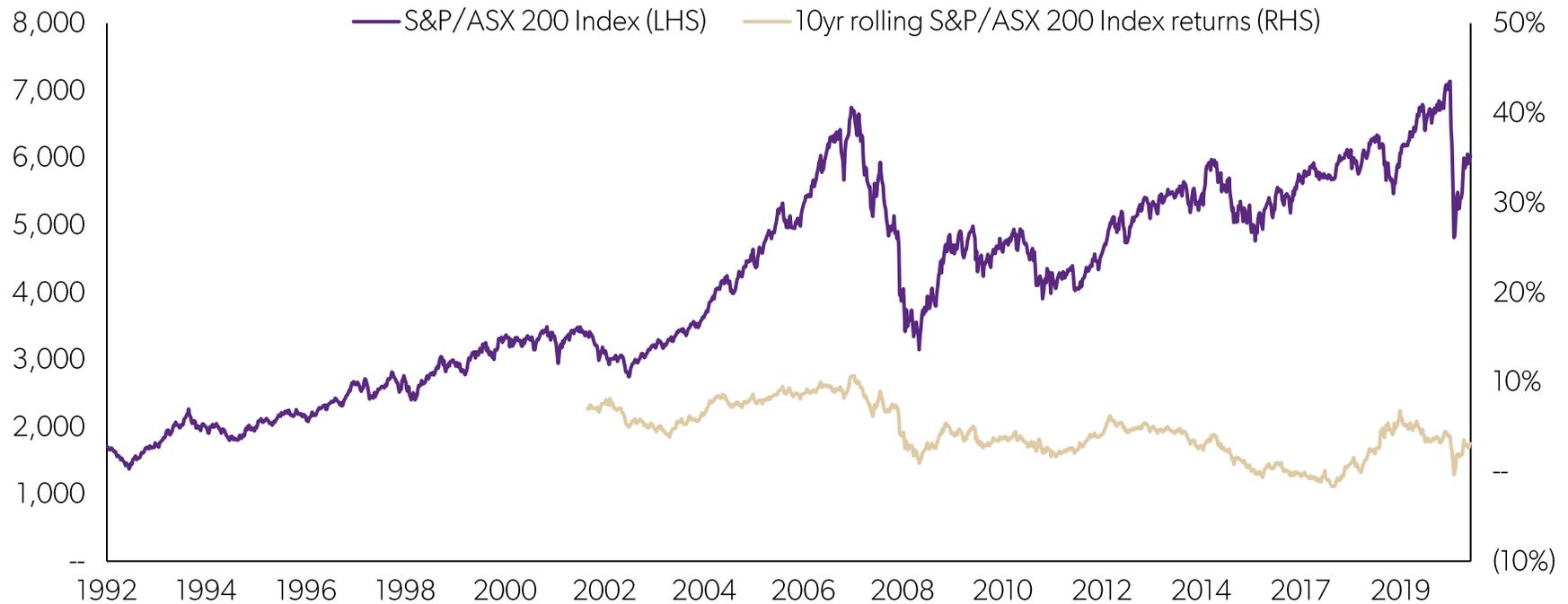
Soaring global demand for gloves is driving large earnings upgrades for Malaysian manufacturers



Source: Bloomberg as at 24 July 2020

## Bull Market — Powering On

S&P/ASX 200 Index since 1992 and 10 year rolling annualised returns



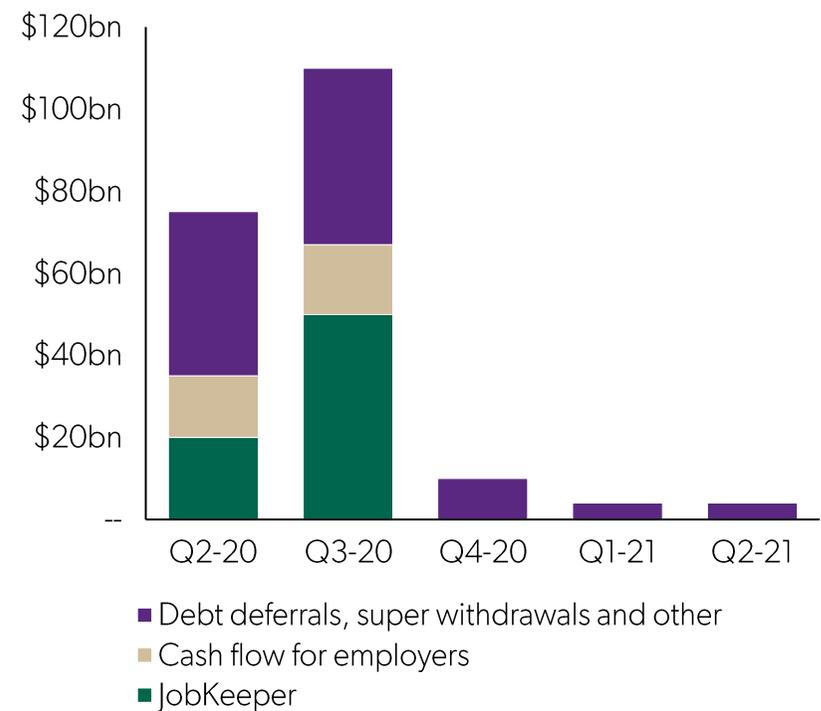
Source: Regal, Bloomberg as at 24 July 2020

## Market Forecast EPS Growth Falls Of A Cliff

S&P/ASX 200 Industrial next twelve months EPS growth



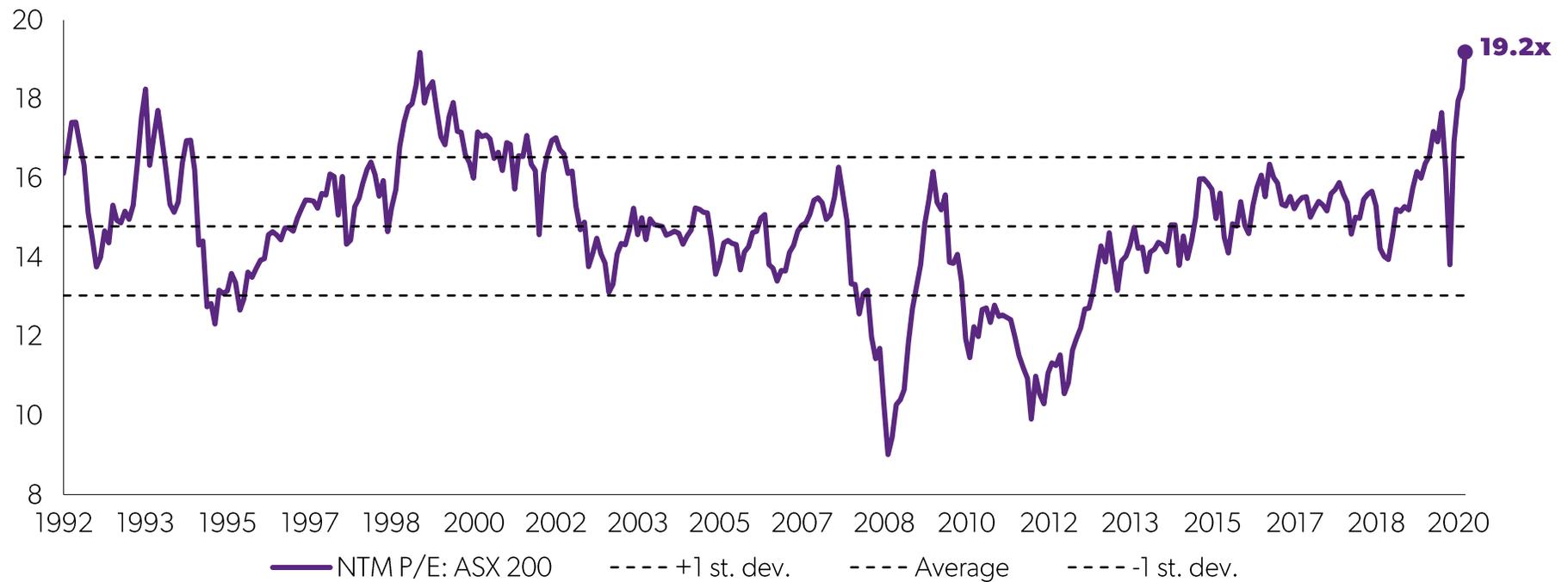
Government fiscal policy support by quarter



Source: Broker research as at 24 July 2020

## Expensive v. History

S&P/ASX 200 Index 1 year forward P/E multiple



Source: Broker research, Bloomberg as at 24 July 2020

## But... Attractive v. Bonds

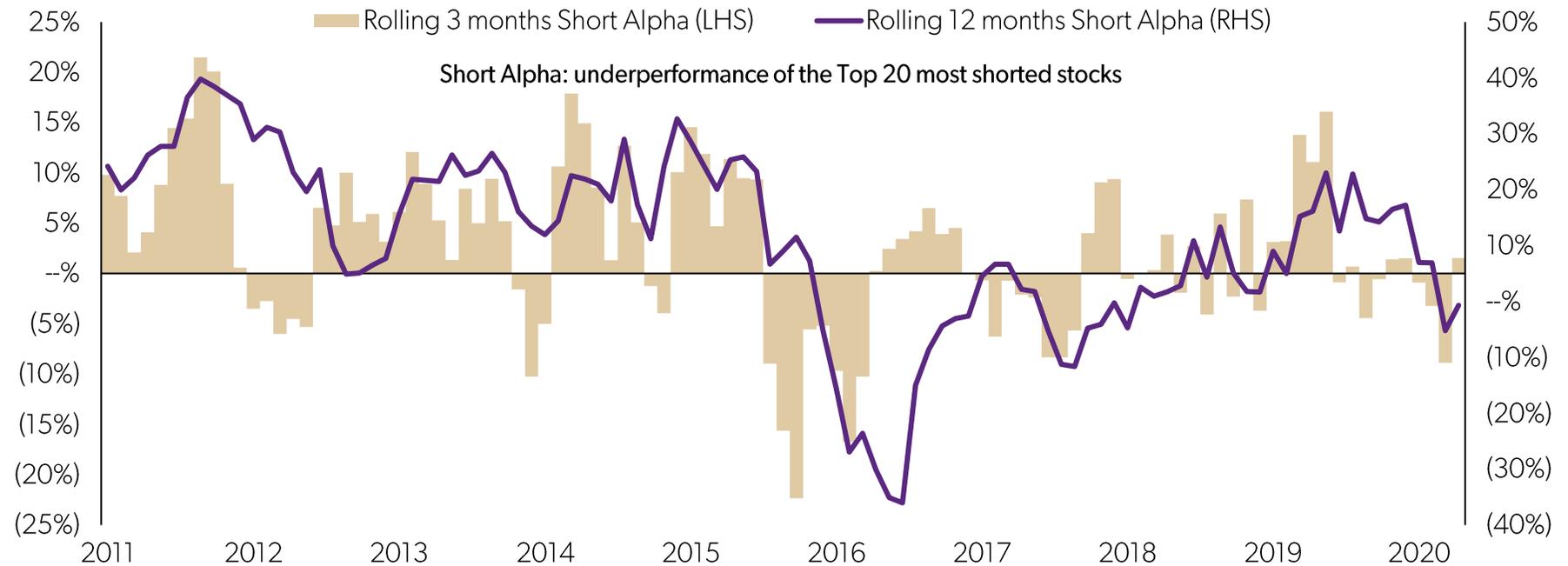
### Equity yield v. real bond yield



Source: Broker research as at 24 July 2020

## Crowded Shorts Squeeze

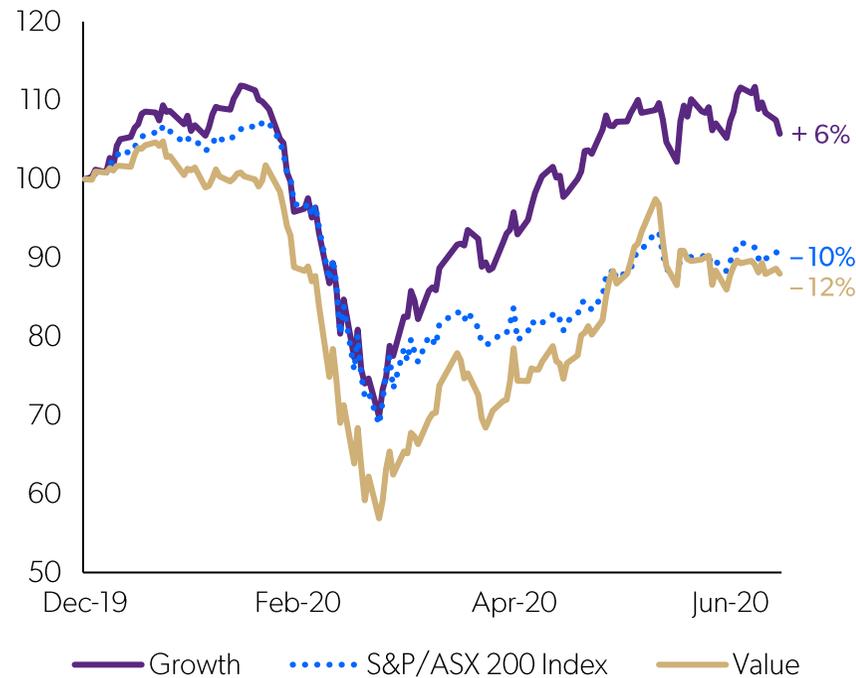
Performance of the Top 20 most shorted stocks in the S&P/ASX 200 Index



Source: Bloomberg as at 24 July 2020

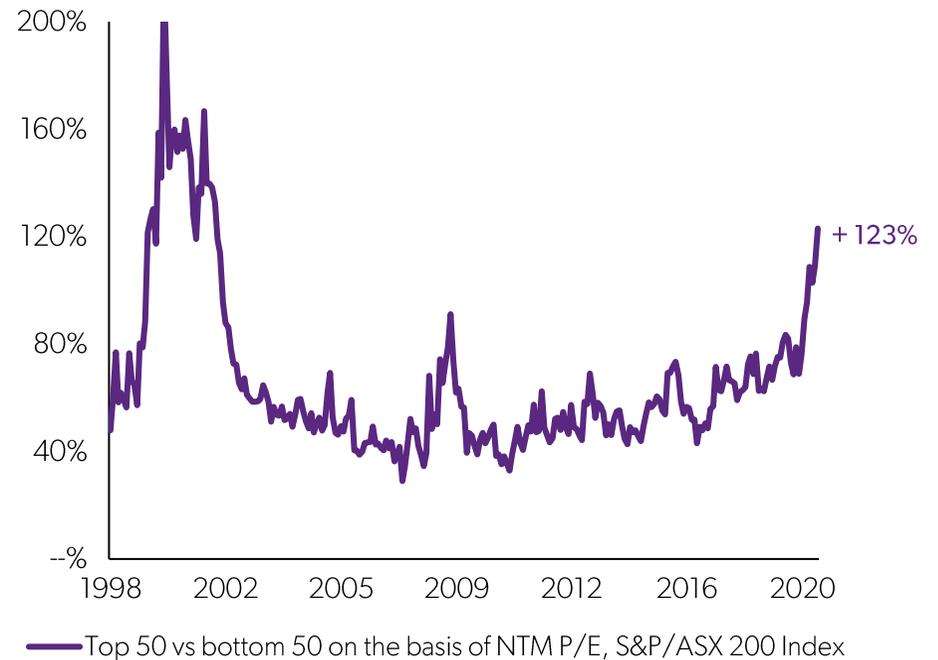
## Growth Continues To Outperform Value

### S&P/ASX 200 Value and Growth



Source: Broker research, Bloomberg as 14 July 2020

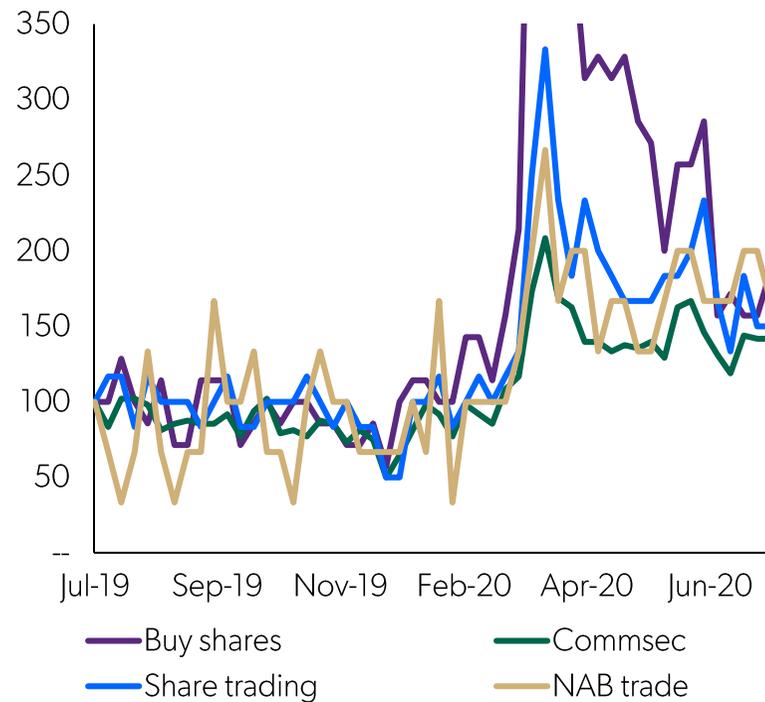
### Premium of 'High' vs 'Low' P/E firms



Source: Broker research

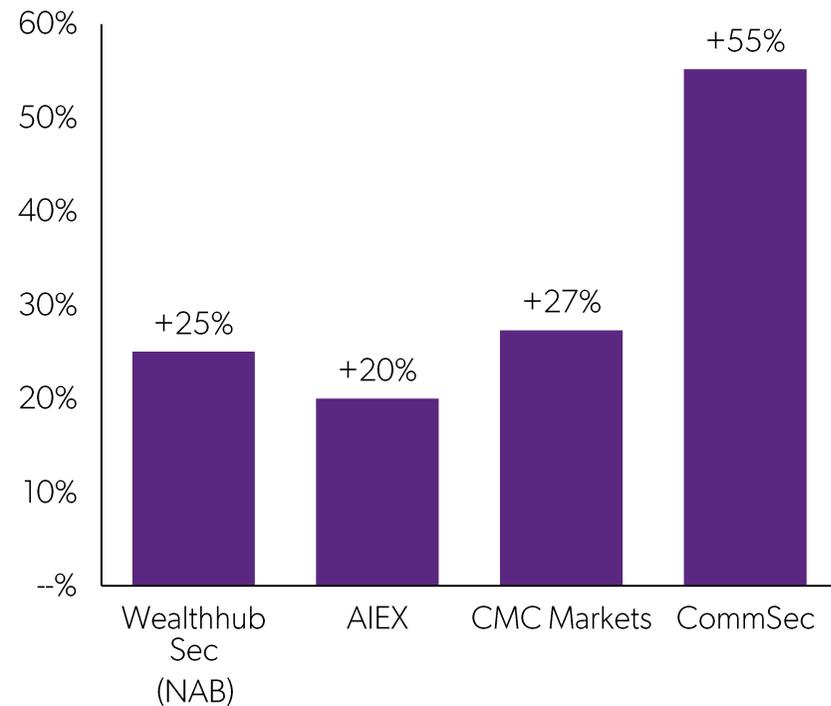
## Retail Investor Euphoria

Google Trends analysis on retail investor activity



Source: IRESS as at 30 June 2020

Retail broker share — June qtr. market share v. CY19

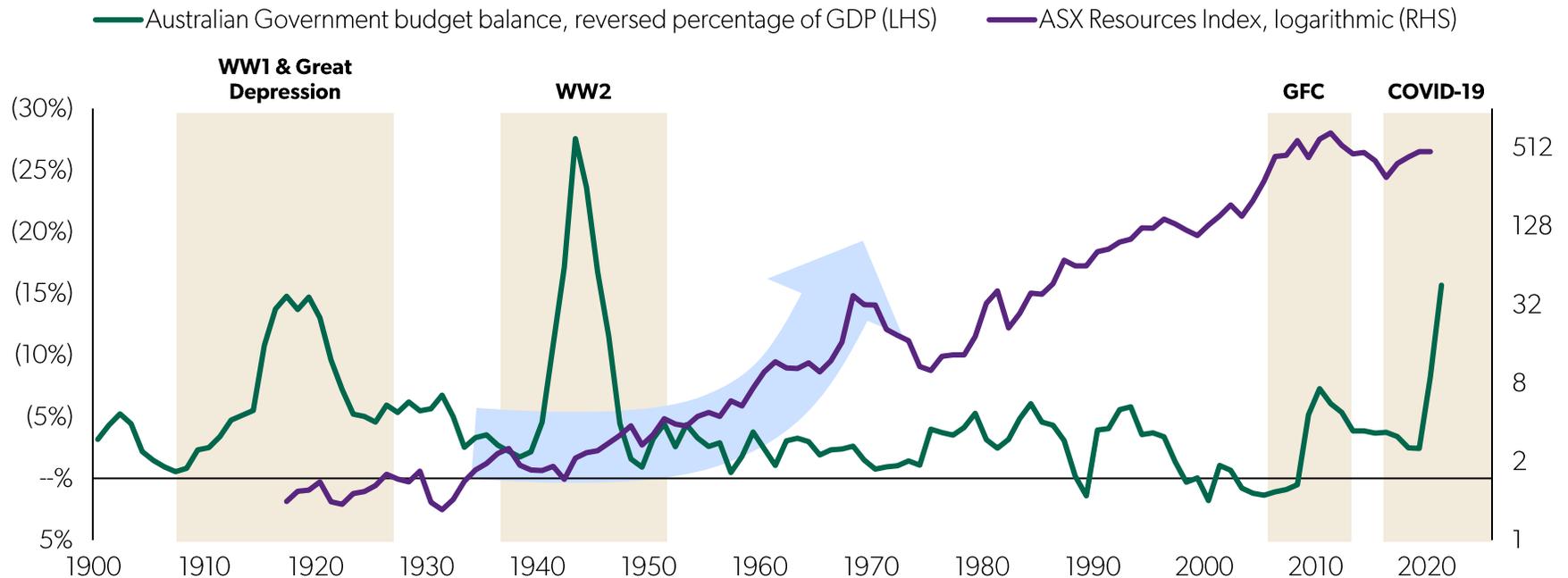


Source: Google Trends as at 14 July 2020

# Fiscal Stimulus Largest Since WW2



Australian Government budget balance – percentage of GDP



Source: Australian Government, Broker research

## Gold Price Roars Past The Post GFC Peak

ASX Gold Miners Index vs US\$ gold price



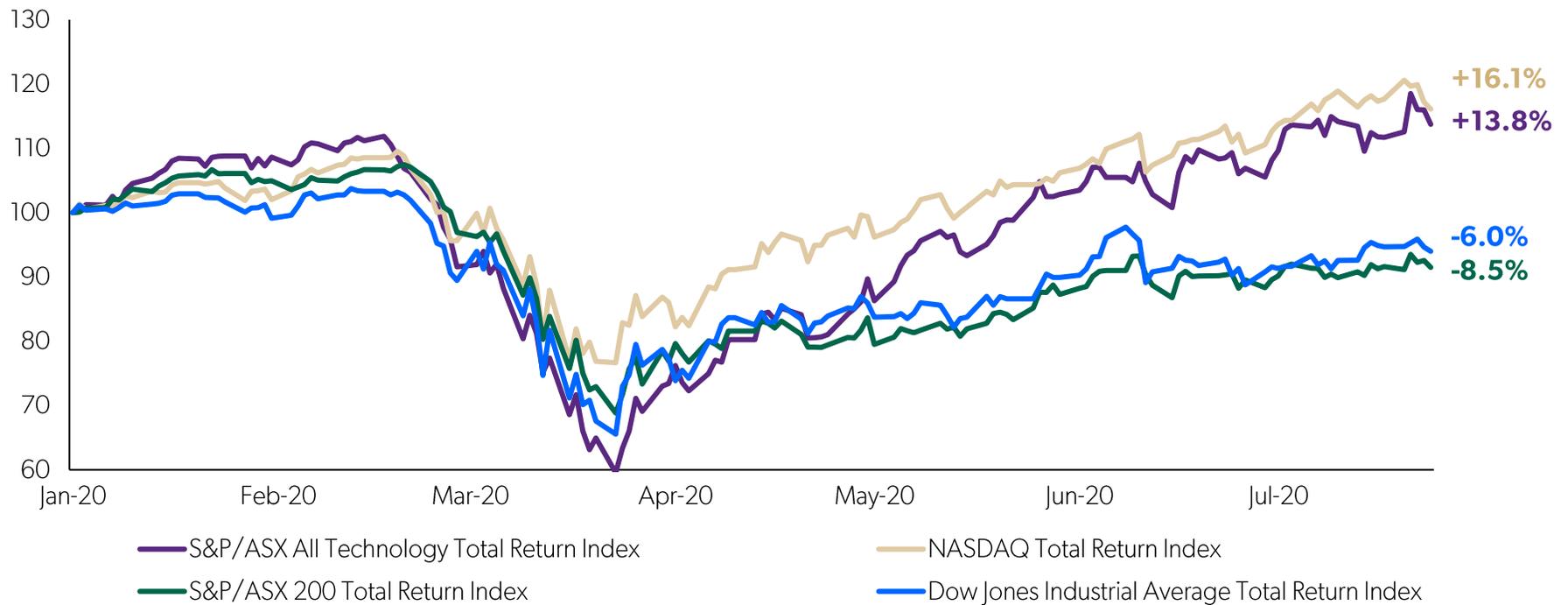
Source: Bloomberg as at 24 July 2020

Note: (1) Index 100 = 25 August 2000

## Sector Exposure More Important Than Country Exposure

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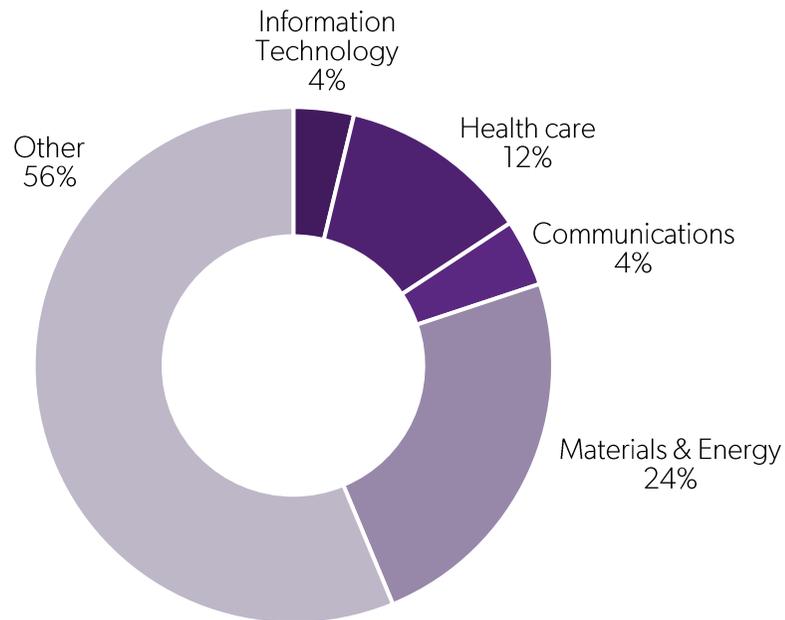
Global Index returns – year to date



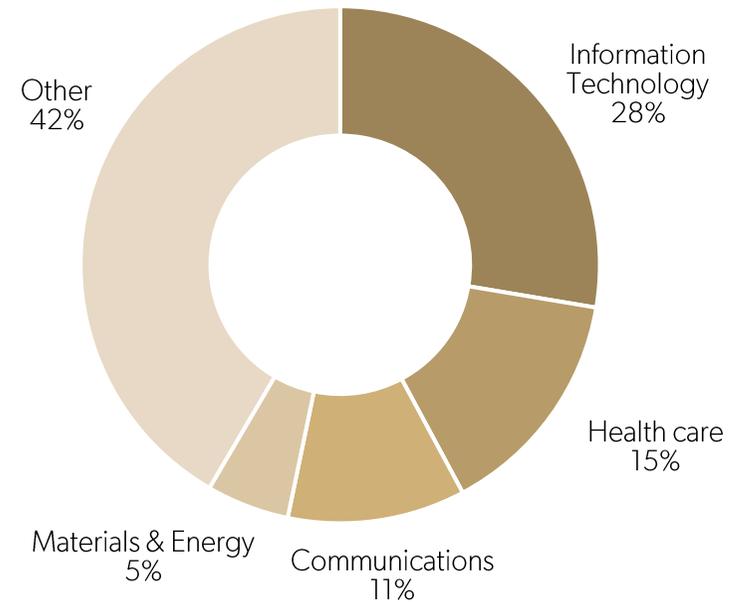
Source: Regal, Bloomberg as at 24 July 2020

## The ASX Dominated By 'Old World' Stocks

S&P/ASX 200 Index



S&P 500 Index



Source: Bloomberg as at 24 July 2020

## Providing Access To New-World Industries



Artificial intelligence



Advanced manufacturing



EV battery technology



Next generation / BNPL



BNPL



Neo-lender



Biotechnology



Regenerative medicine



## QuadPay — Ahead Of The Curve

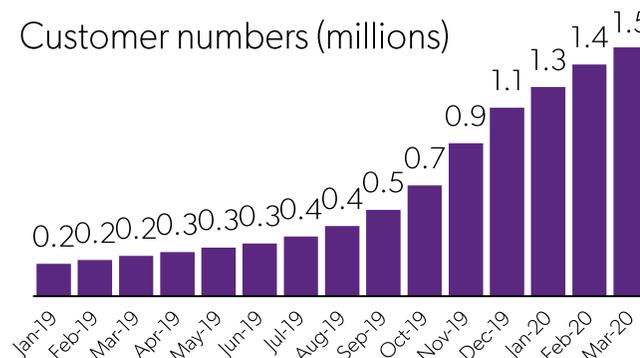


Regal was the lead investor in QuadPay's Series A raising

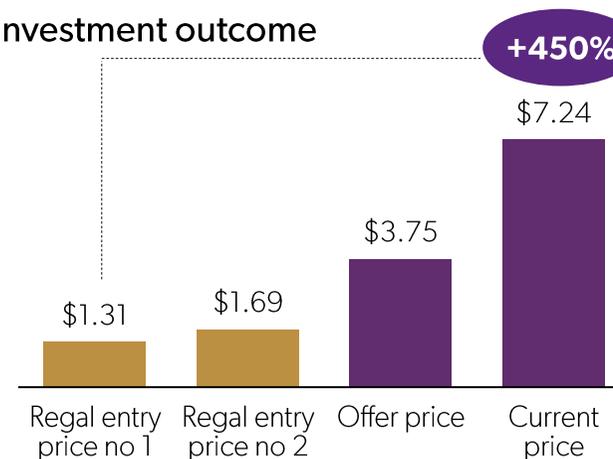
- Proprietary deal sourced through Regal networks
- QuadPay was a seed investment for RECF III at a US\$100m pre-money valuation
- Zip (Z1P) subsequently acquired a 15% strategic stake at a 28% premium to Regal's entry price within 2 months
- Regal followed on with a subsequent investment alongside Zip across its Emerging Companies Strategy.

Zip agreed to acquire 100% of QuadPay in June 2020

- Implied valuation of ~US\$375m at announcement.
- Scrip for scrip acquisition, resulting in a ~450% return on investment based on Zip's current share price<sup>^</sup>.
- We remain very excited about the prospects for the combined group, which now has significant geographic diversification; over 3.5m customers, and >\$250m revenue.



### Investment outcome



Source: Regal, Bloomberg as at 10 July 2020.

<sup>^</sup> 450% return based on first entry price and Z1P share price of \$7.24. Some shares in Z1P are subject to escrow which may impact the realised value of the investment

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## Delivering Unitholder Value



Investment Performance

Top quartile returns<sup>1</sup>



Investor Alignment

Significant staff ownership



Capital Management

Accretive share buy-back



Communications Strategy

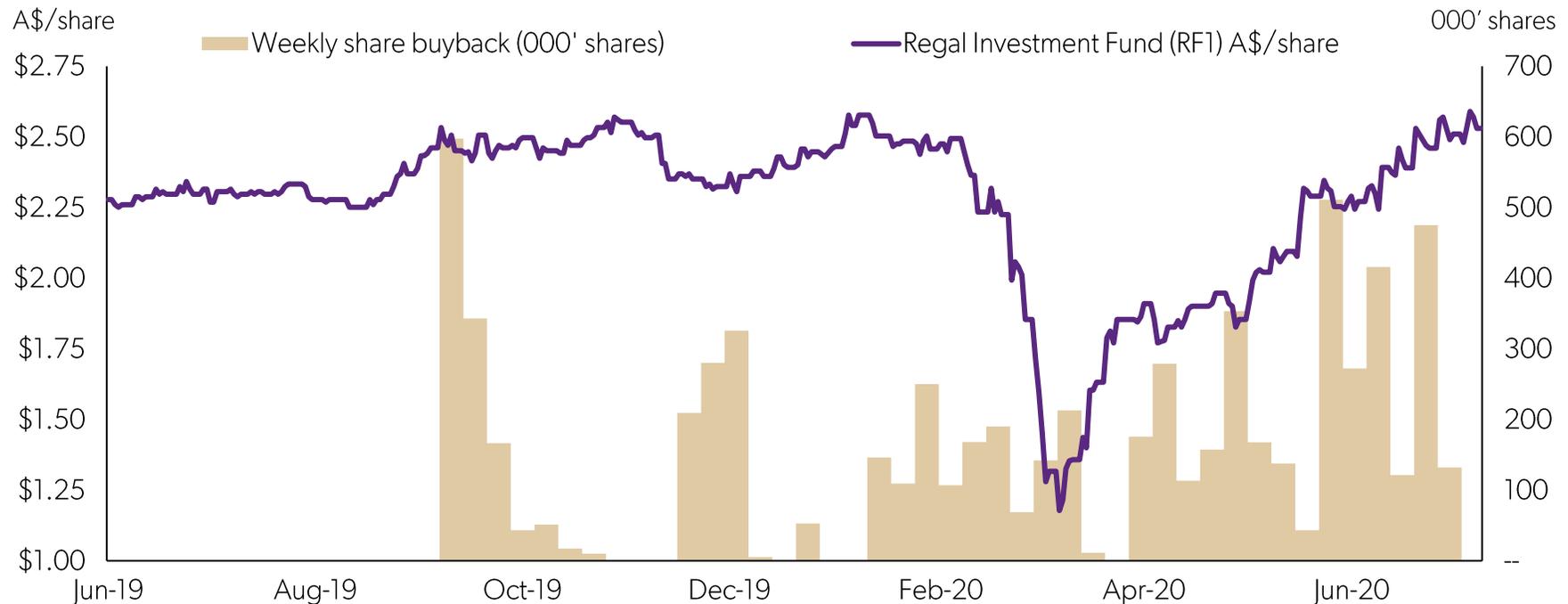
Investor roadshows

Note: (1) Regal peer group comparison for FY2020 based on performance of a selection of Australian LITs and LICs  
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## Buyback Has Provided Accretion and Liquidity



The RF1 buyback has been 23% of the traded volume since initiation



Source: Regal, Bloomberg as at 24 July 2020

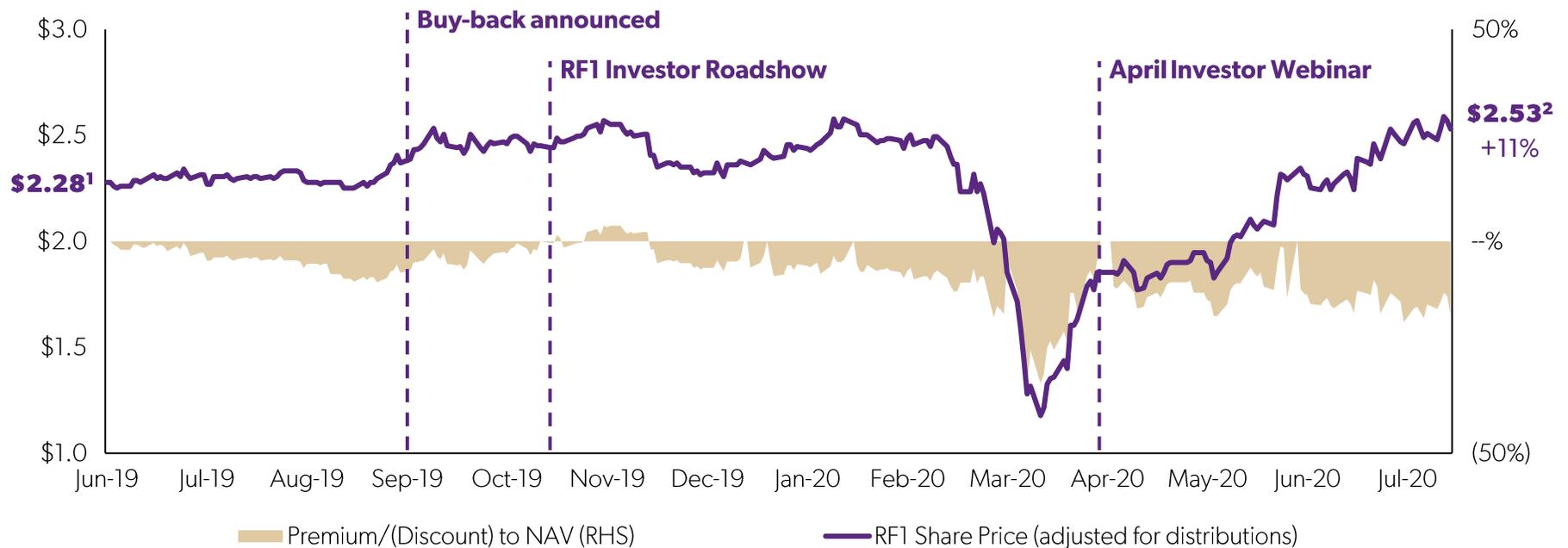
Note: (1) net of all fees

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## RF1 Share Price

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RF1 share price – adjusted for distributions



Source: Regal, Bloomberg as at 24 July 2020

Note: (1) Adjusted to reflect lower capital base due to distributions since inception, (2) net of all fees

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## Investor Q&A



**Brendan O'Connor**

Chief Executive Officer



**Phil King**

Chief Investment Officer



**Dr Craig Collie**

Portfolio Manager



**Ben McCallum**

Portfolio Manager



**Deepan**

**Pavendranathan**

Head of Events & Trading



# Australia's Most Highly Awarded Alternatives Manager



Fund   Ratings	Awards				
<p><b>Regal Funds Management</b></p>	 Australian Hedge Fund of the Year – 2019, 2016, 2014	 Nominee, Australian Equities Alternatives – 2019	 Winner, Firm of the Year – 2018	 Australian Hedge Fund of the Year – 2011	
<p><b>Market Neutral Strategy</b></p>	 Winner, Best Market Neutral Fund – 2019	 Winner, Best Market Neutral Fund – 2014	 Best Market Neutral Fund – 2014	 Best Market Neutral Fund – 2011	 Best Market Neutral Fund – 2010
<p><b>Regal Australian Long Short Equity Fund</b></p>	 Nominee, Best Single Country Fund – 2019	 Nominee, Best Long Short Fund – 2019	 Finalist – Australian Equities (Long Short) – 2018	 Winner, Long Short Fund – 2011 and 2018	 Winner – Australian Equities (Long Short) – 2012
<p><b>Regal Australian Small Companies Fund</b></p>	 Nominee, Best Single Country Fund – 2019	 Winner, Best Australian Fund – 2018	 Winner, Best Single Country Manager – 2018	 Finalist, Australian Equities (Long Short) – 2018	 Winner, Golden Calf Award – 2016

## Contact Details

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