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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

April 2020

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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 years¹
- Performance driven investment culture with leading sector specialists and Portfolio Managers

SCALE

- Managing over A\$1.4bn, 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

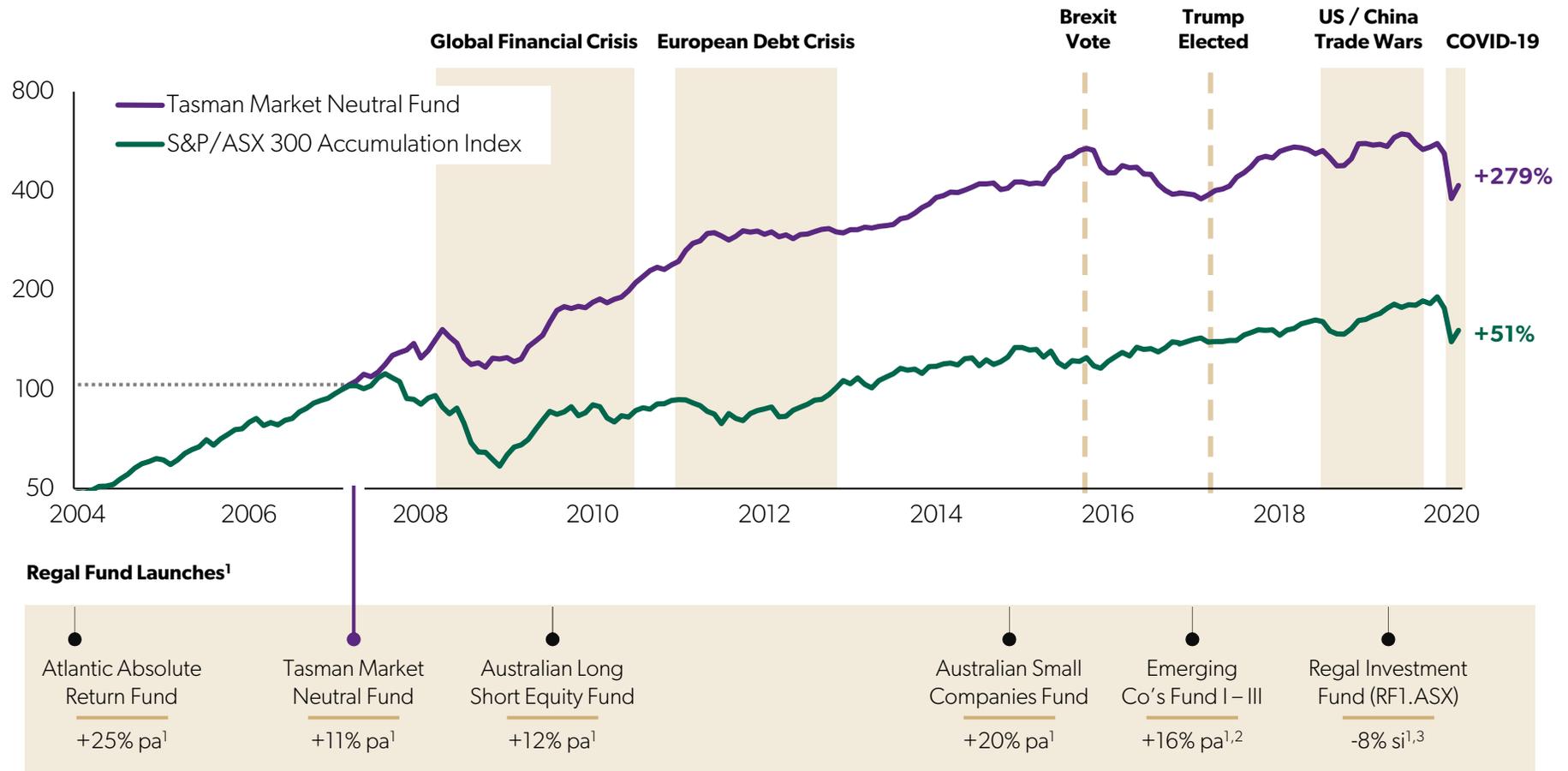
FOCUS

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

(1) Source: Mercer Survey as at February 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

Experience Across Market Cycles

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Source: Regal, Bloomberg as at 17 April 2020

Note: (1) annualised performance since inception as at 17 April 2020, net of all fees, (2) aggregate across Funds No. 1, 2 and 3, (3) since inception

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

Investment Team - Speakers



Phil King

Chief Investment Officer



Dr Craig Collie

Portfolio Manager



Jovita Khilnani

Portfolio Manager



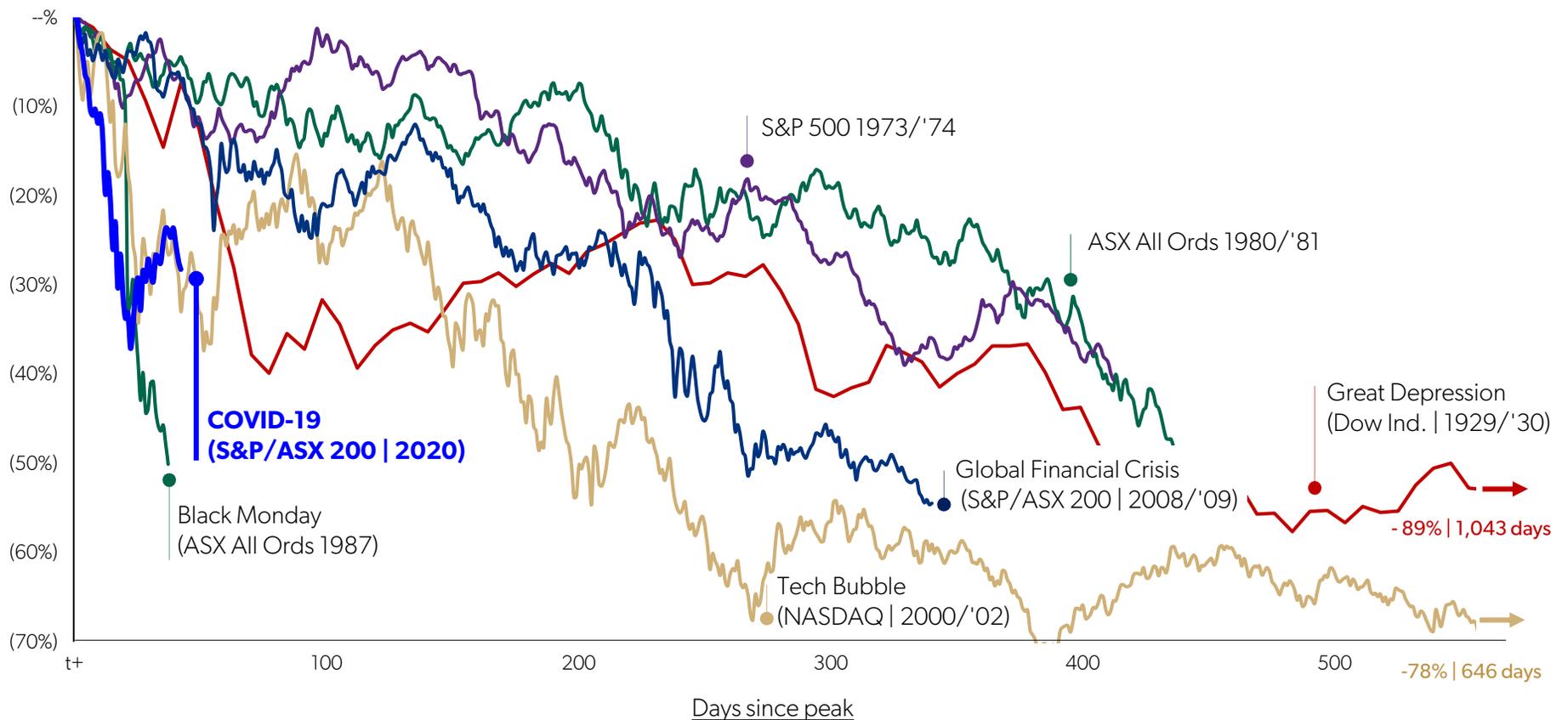
Ben McCallum

Portfolio Manager



The Steepest Decline In Equity Markets On Record

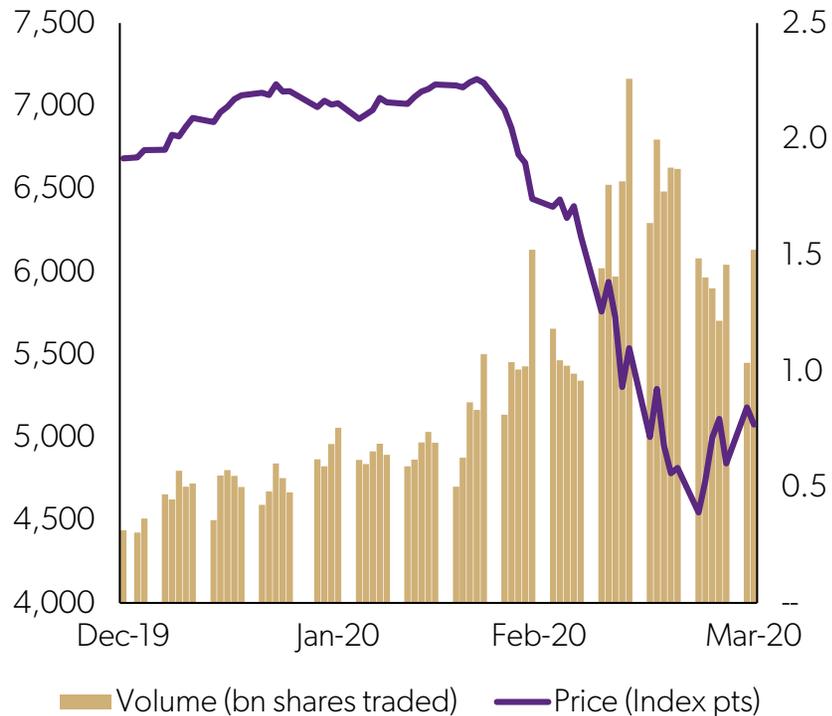
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Source: Regal, Bloomberg

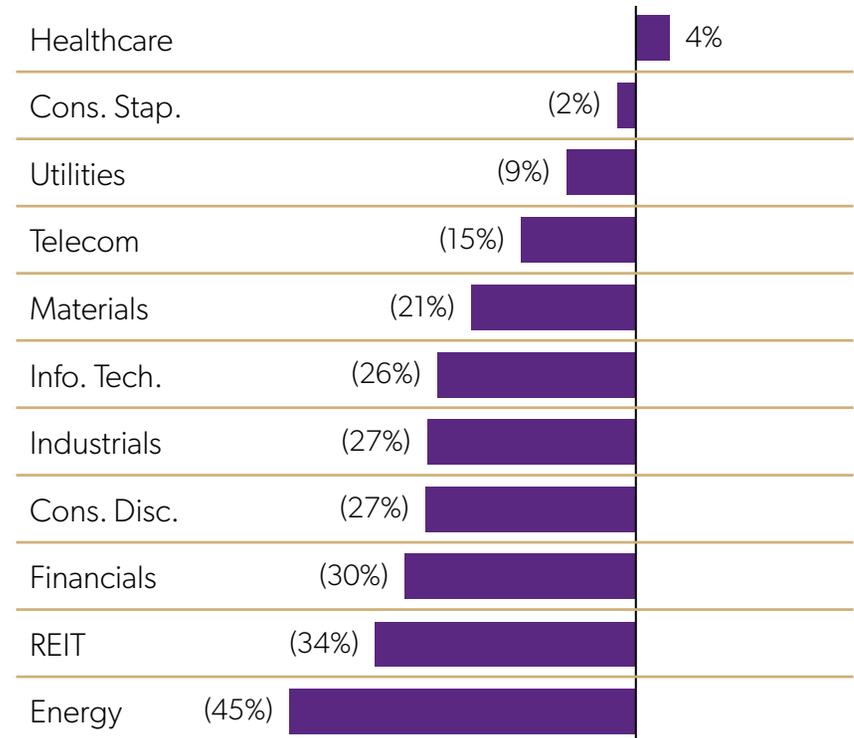
Worst Quarter For The ASX Since 1987

S&P/ASX 200 – March quarter



Source: Regal, Bloomberg

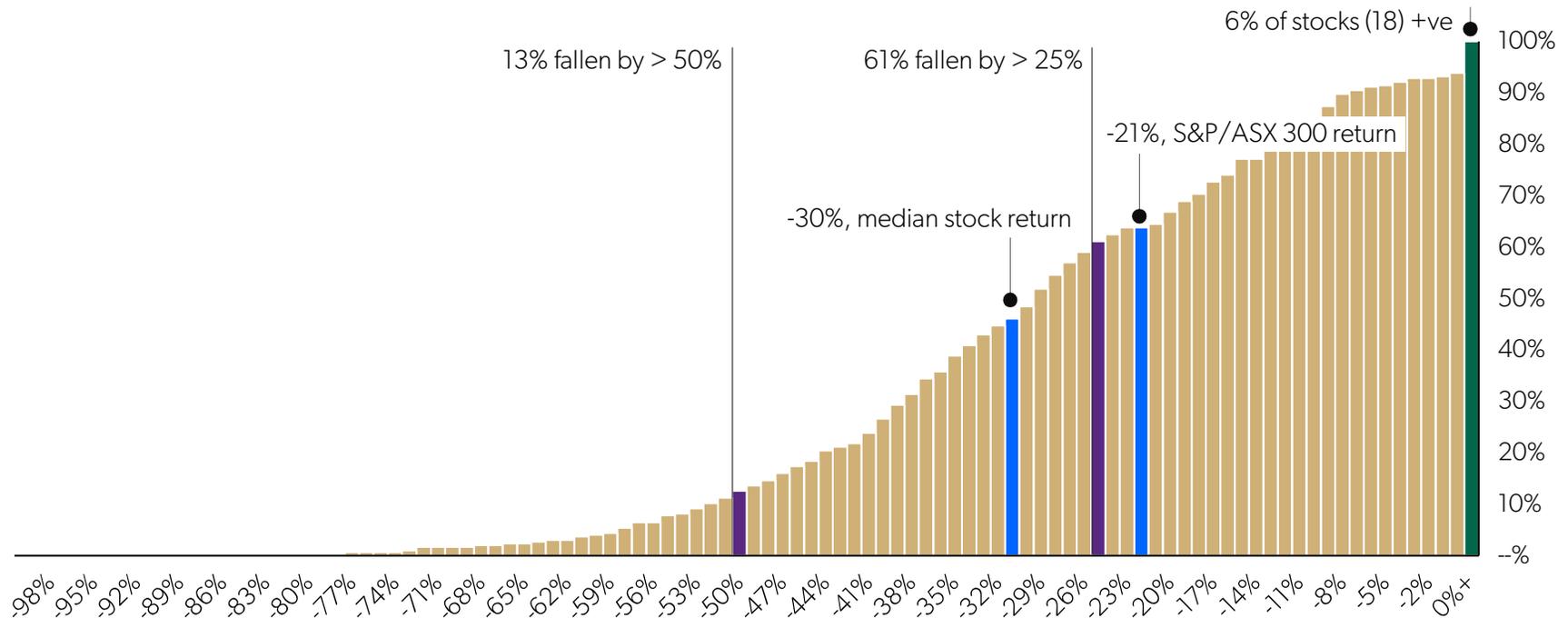
Healthcare and Consumer Staples outperform, Energy and Real Estate lag – March quarter



Source: Regal, Bloomberg

Selling Was Widespread In March

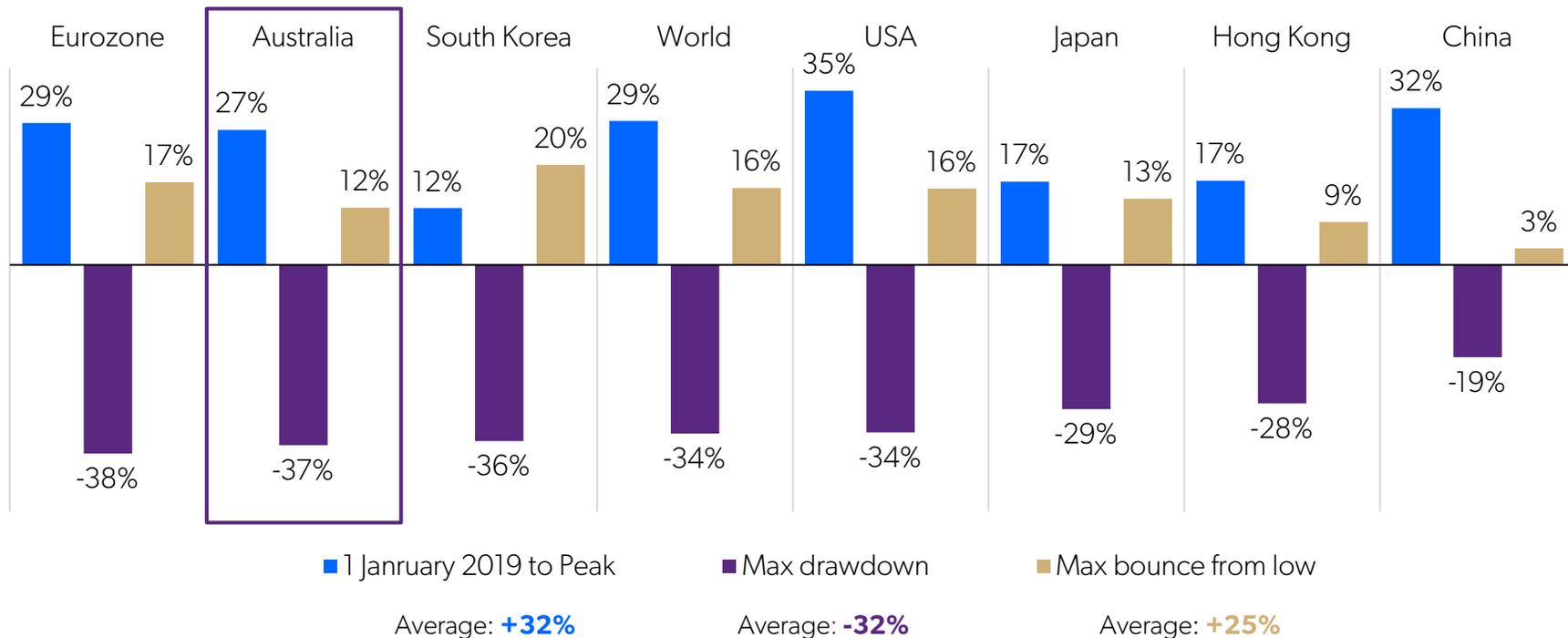
S&P/ASX 300 — cumulative proportion of stocks with performance worse than a given percentage in March



Source: Regal, Bloomberg

Australia — Underperforming In Up And Down Markets

S&P/ASX 200 – March quarter

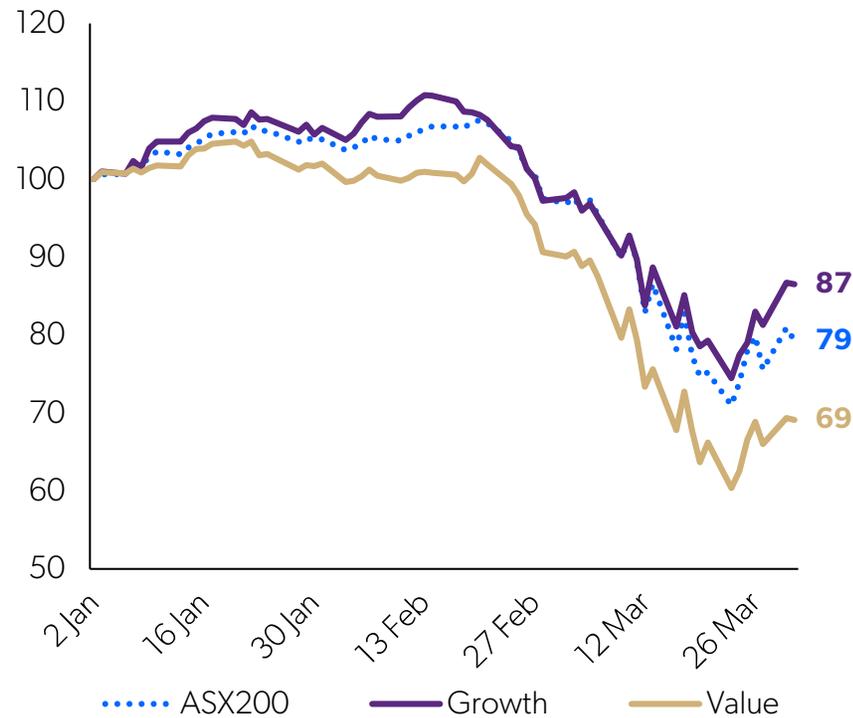


Source: Regal, Bloomberg as at 31st March 2020

Growth Continues To Outperform Value

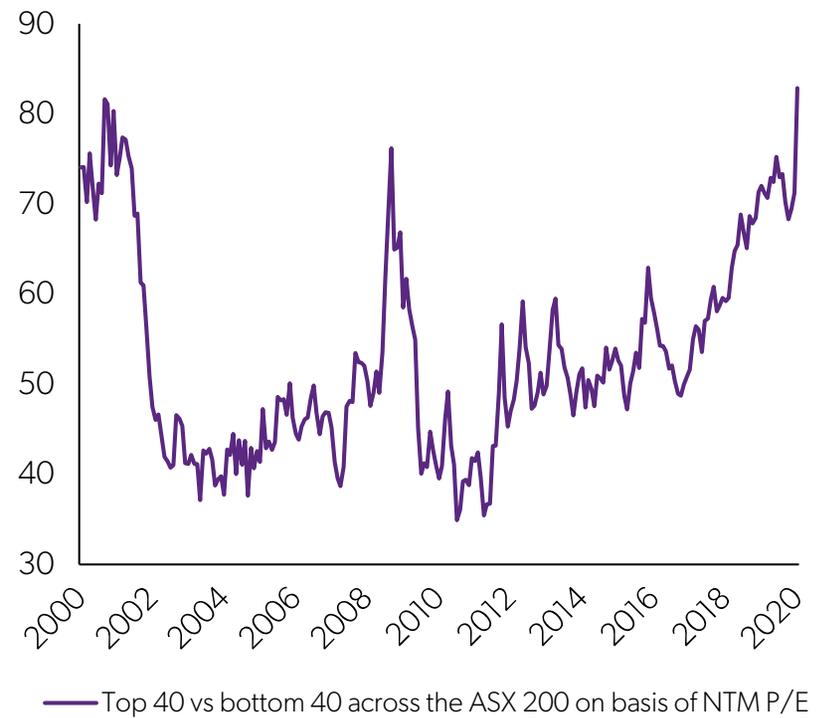
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S&P/ASX 200 Value and Growth – March quarter



Source: Broker research

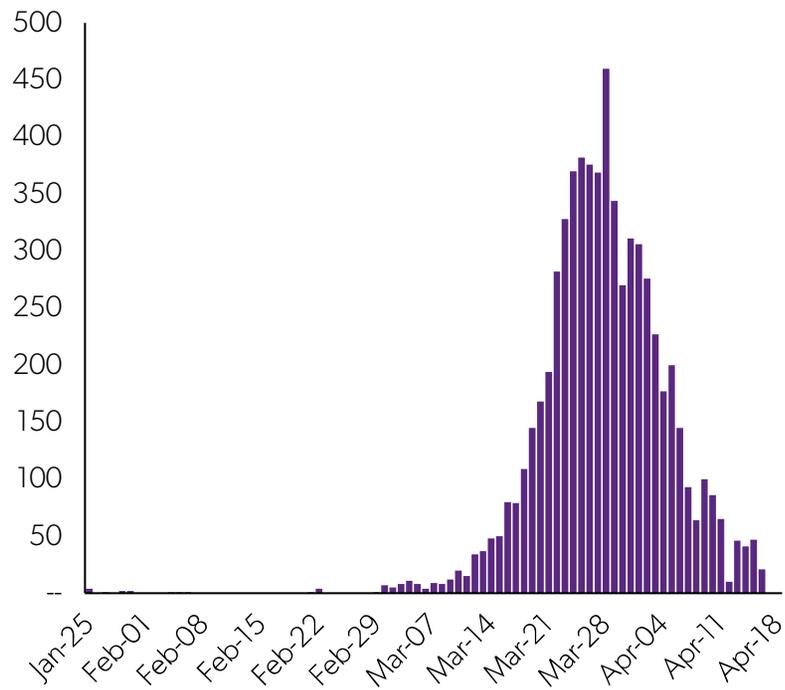
Premium of 'High' vs 'Low' P/E firms



Source: Broker research

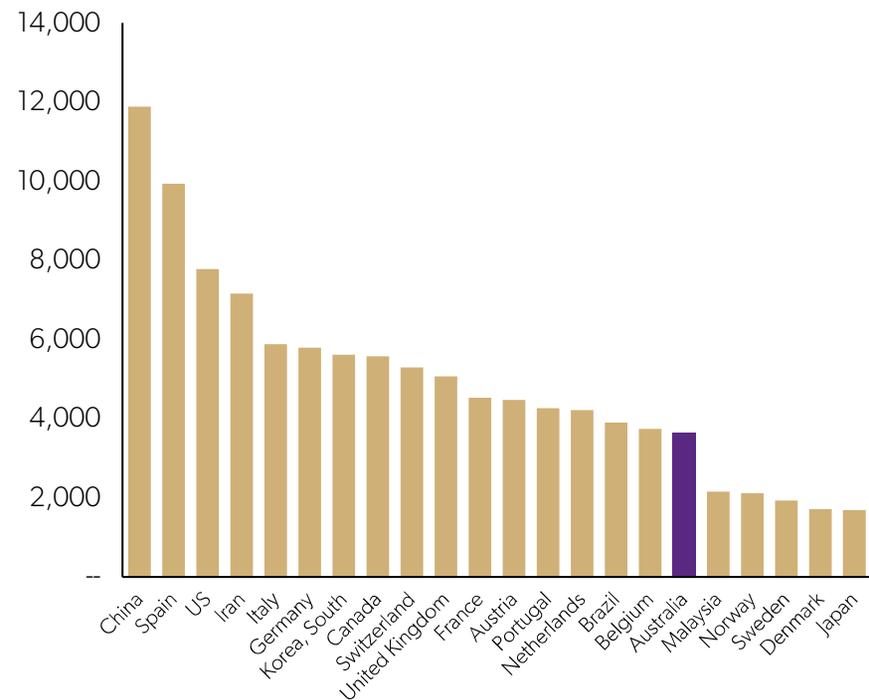
Flattening The Curve Appears To Be Working

Australian daily new confirmed cases



Source: Australian Department of Health as at 18th April 2020

Number of reported COVID-19 cases, 8 days after recording a country's 1,000th case



Source: Broker research

Containment Measures Likely In Place For 12 Months

Vaccine likely, but still 12+ months away

Development and manufacturing difficult, deployment could be staged

- Vaccines are not straightforward to develop and can have efficacy and durability limitations eg (influenza vaccine, SARS-1 vaccine)
- But...more than 20 agents in development, high chance that at least 1 will be successful
- Manufacturing in scale will be challenging, health care workers / high risk patients likely to get vaccinated 3-6 months before broader public

Therapeutics will help, but not cure COVID-19

Likely we will have 1-2 agents to use on severe cases

- Mono-clonal antibodies (Regeneron) IL-6 inhibitors (e.g. Actemra) and Remdesivir most promising. However plenty of risk that latter two fail in late stage studies
- IV administration means use likely limited to moderate to severe cases and unlikely to provide cure for all cases

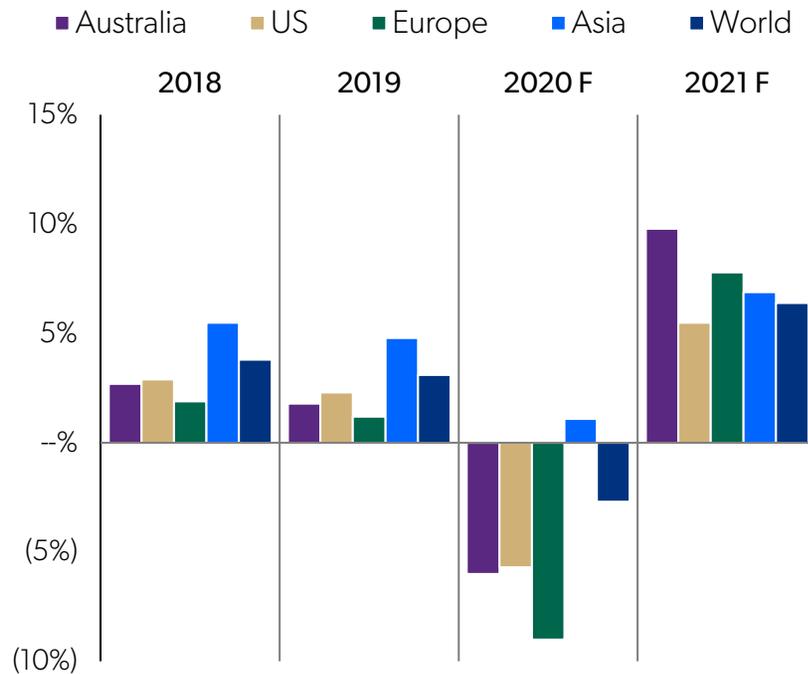
Government to roll back measures slowly

Authorities will be careful not to allow a second peak in cases

- 10-14 day lag between infection and diagnosis means relaxation of measures likely to be staged 4+ weeks apart
- Winter approaching, likely to increase R_0 / contagiousness
- Public already panicked. Even if measures are removed, consumer behavior unlikely to return to normal for some time

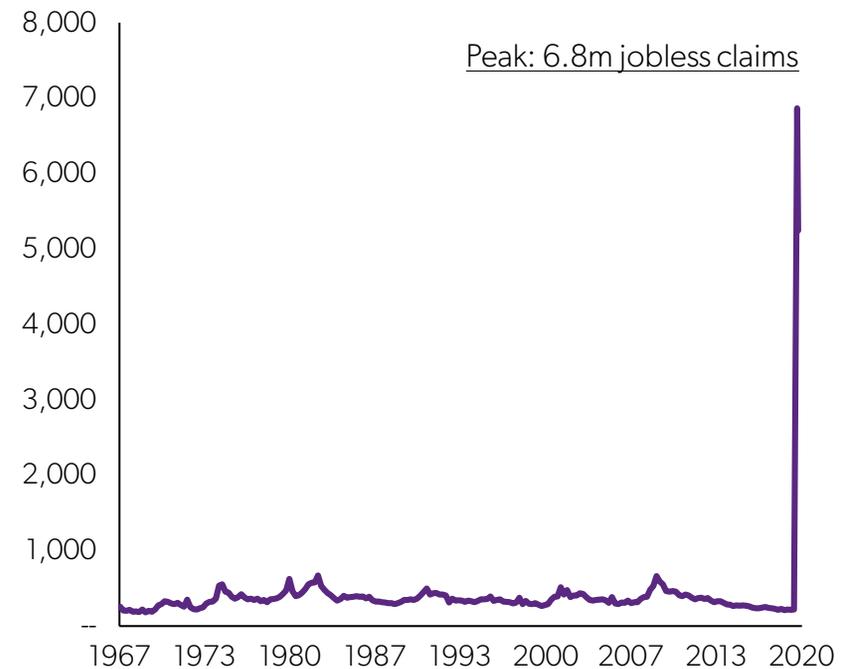
Very Difficult To Predict How Bad The Recession Will Be

Global GDP forecasts, yoy % change



Source: Broker research

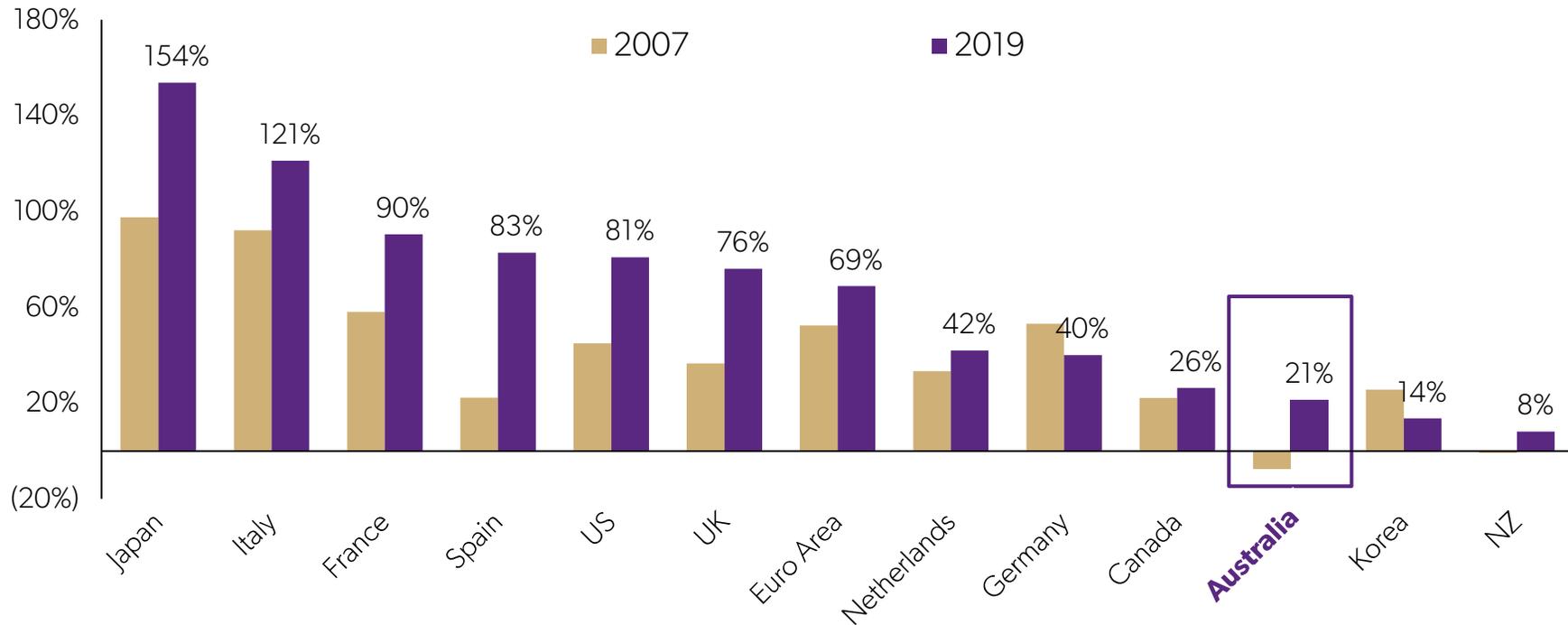
US weekly jobless claims — 000' people



Source: US Department of Labor, Bloomberg, as at 10th April 2020

Australian Government Well Positioned To Respond

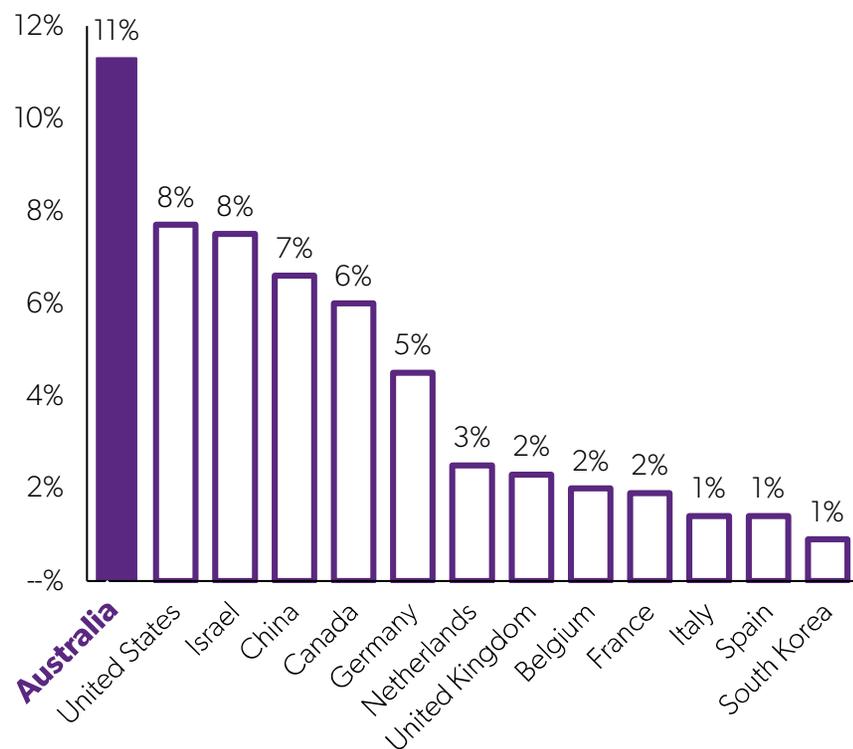
Federal Government net debt to GDP – before the GFC and now



Source: Broker research

Consumer Sector — Stimulus Is Significant

Announced fiscal stimulus — % of GDP



Source: International Monetary Fund as at 4th April 2020

Fiscal policy measures — top 3

Job Keeper Payment	\$1,500 / fortnight subsidy payments for employees	\$130bn
Cashflow to business	Up to \$100k to small businesses	\$32bn
Small bank facility	\$15bn funding to small banks and credit unions	\$15bn

Total Fiscal stimulus: \$219bn

Monetary policy measures

Rate cuts	50 basis points of cuts to 0.25%	n/a
Quantitative easing	Buying Government bonds	n/a
Term funding	\$90bn of 3yr funding to banks, \$5 for each \$1 lent to SMEs	>\$90bn

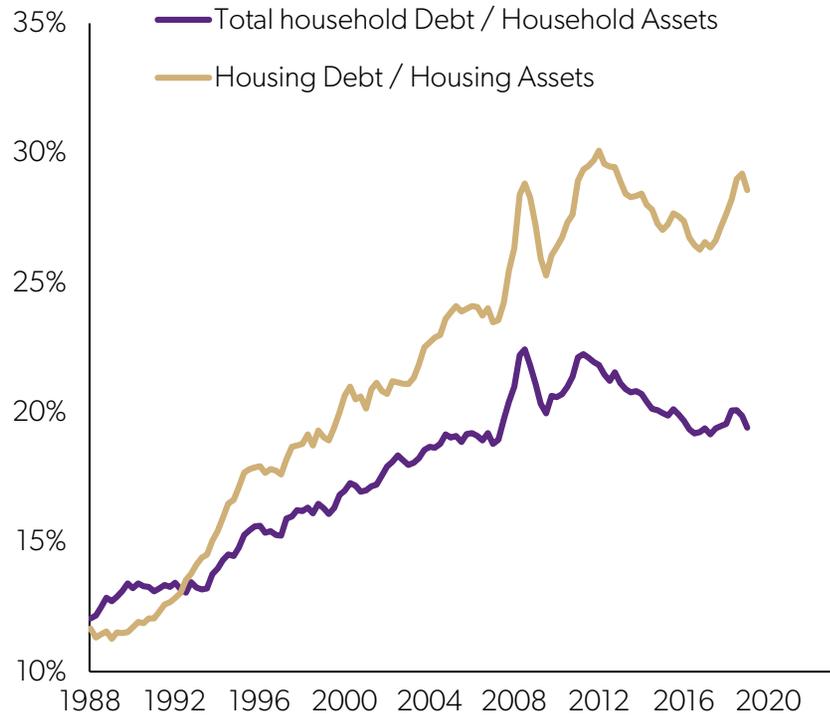
Other measures

Early Super release	Up to \$20,000 for those affected	n/a
SME guarantee	Govt. guarantees 50% of unsecured loans to SMEs	n/a
Bank capital	APRA has relaxed bank capital requirements	n/a

Source: Australian Government, as at 17 April 2020

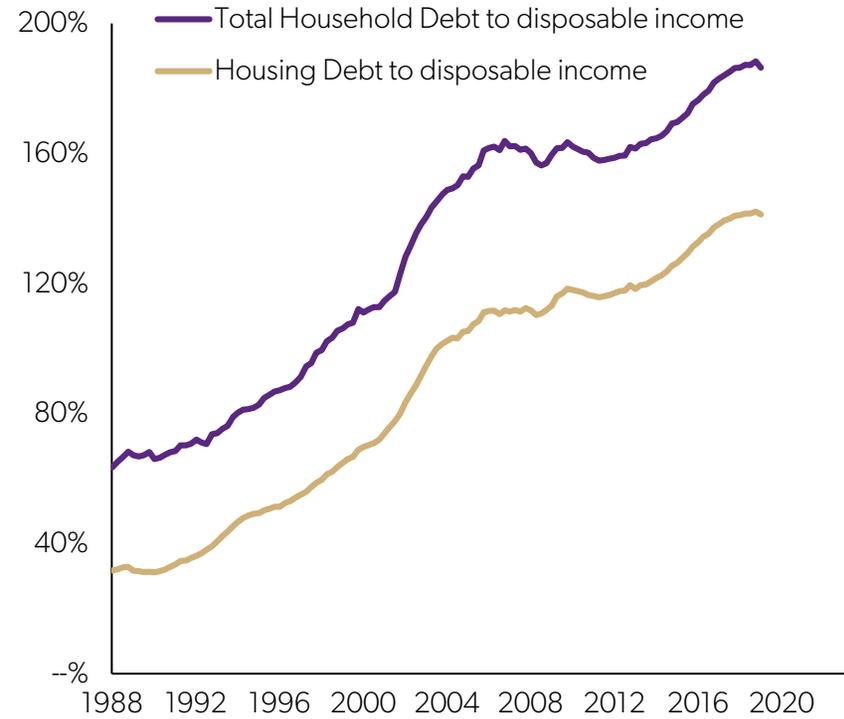
Australian Household's With Record Debt

Household debt to asset ratios



Source: Australian Bureau of Statistics

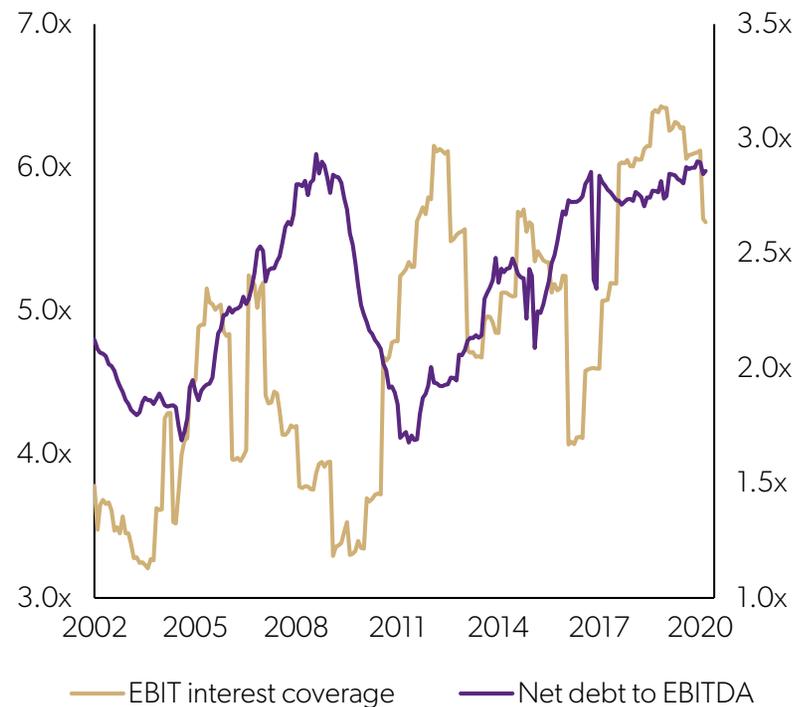
Household debt to income ratios



Source: Australian Bureau of Statistics

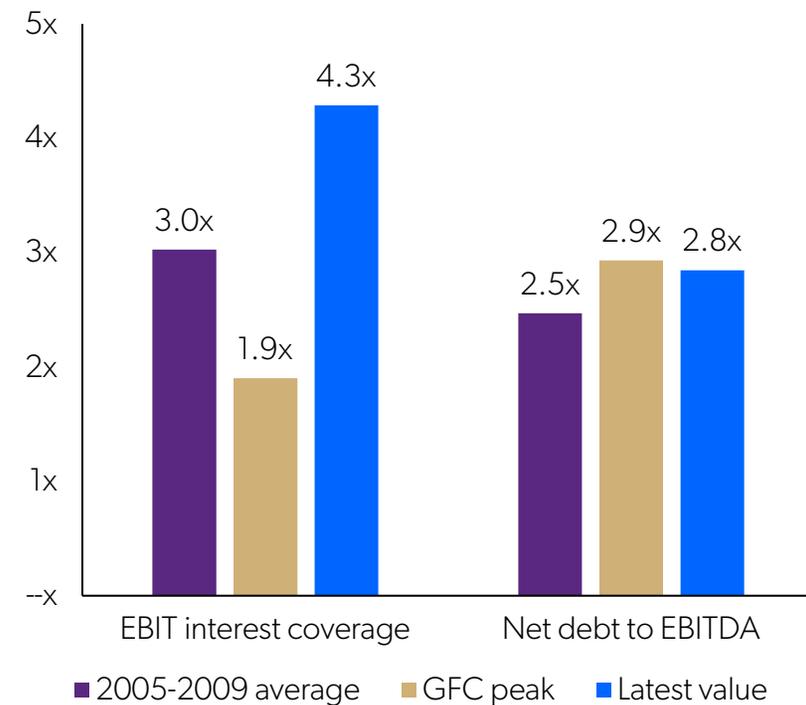
Low Interest Rates Hide Rising Corporate Debt

S&P/ASX 200 net debt back at GFC levels



Source: Broker research

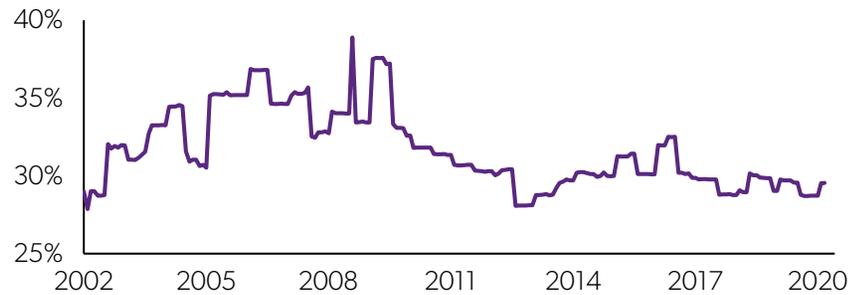
EBIT interest coverage has risen



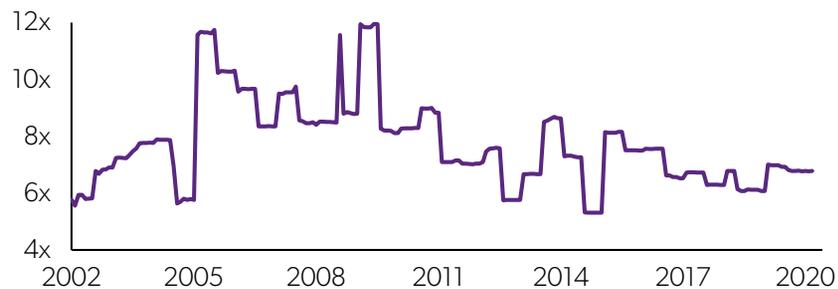
Source: Broker research

Heavily Indebted Companies At Risk

S&P/ASX 200 REITs – Debt as a share of assets

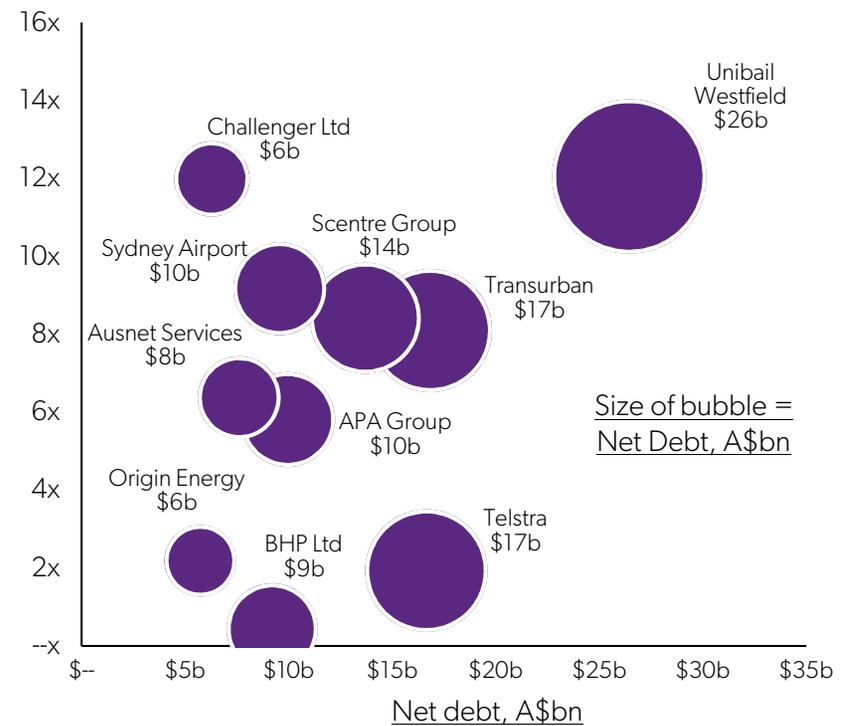


S&P/ASX 200 REITs – Net Debt / FFO



Source: Broker research

Net debt / 12m forward EBITDA

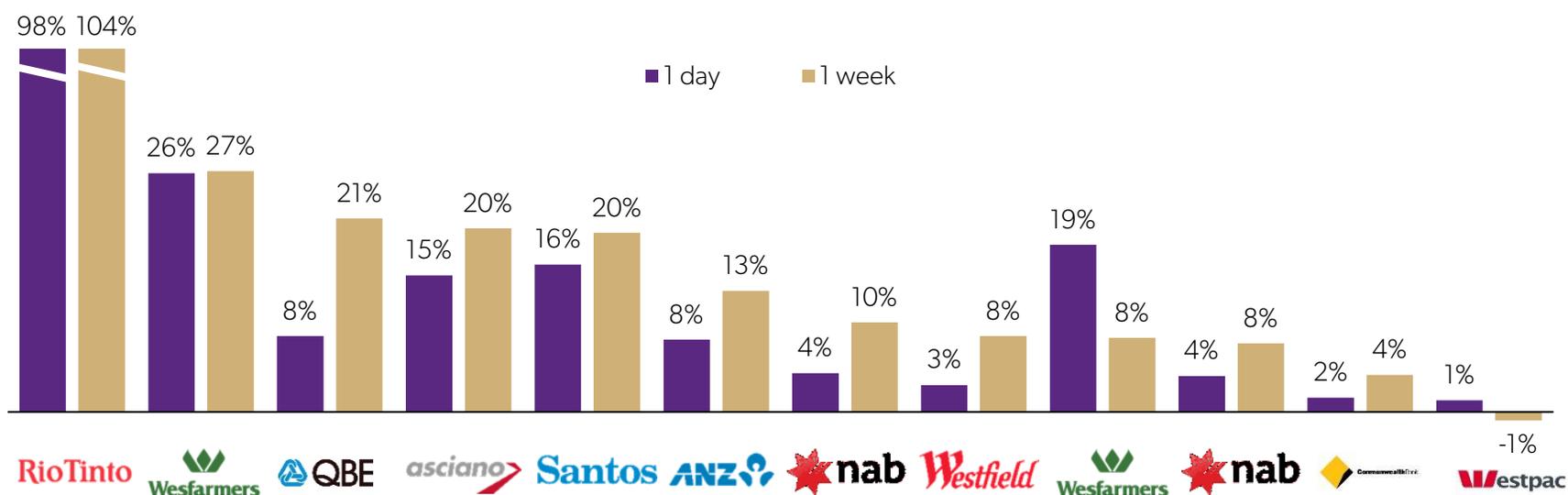


Source: Regal, Bloomberg

The GFC Experience

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GFC equity raisings for capital structure purposes >\$2bn — performance relative to the S&P/ASX 300



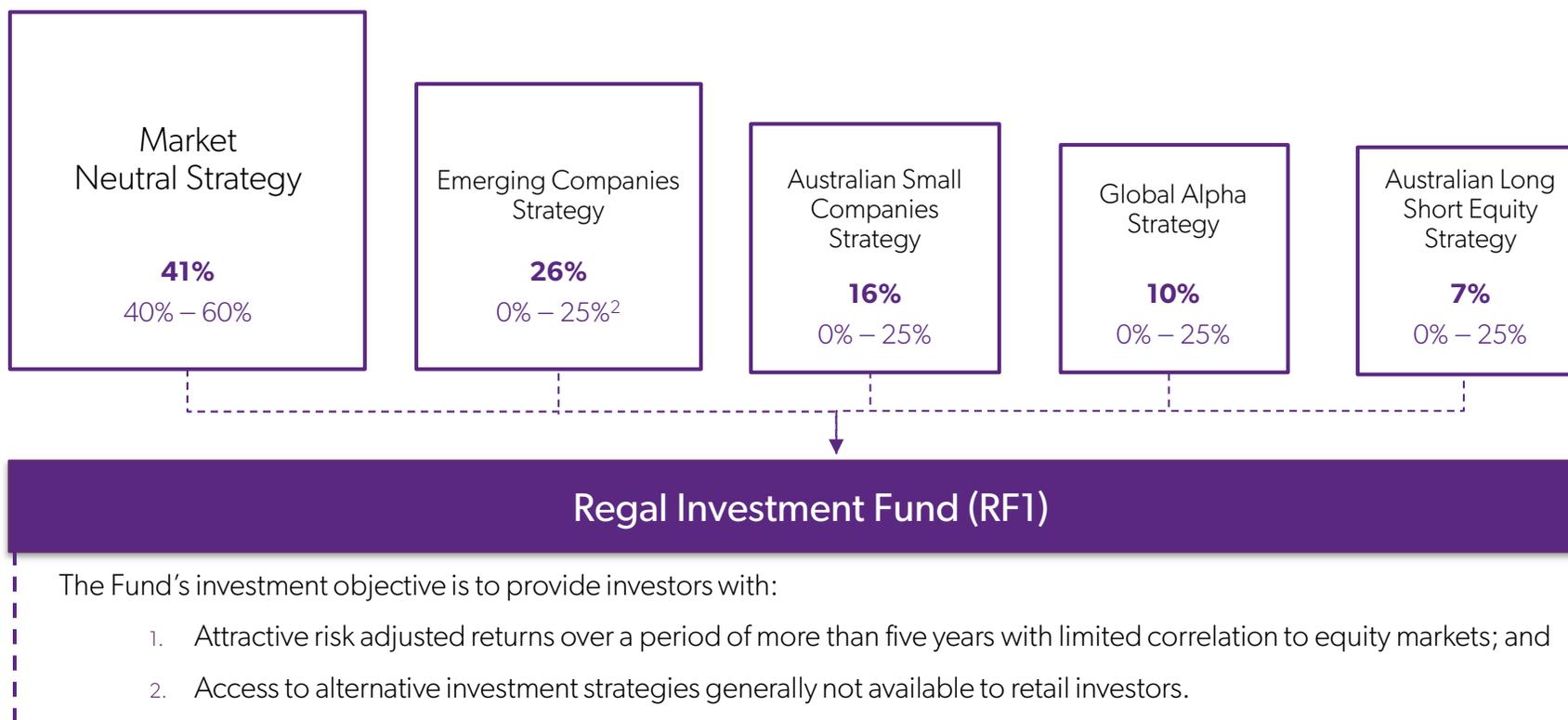
Date	Jun-09	Apr-08	Nov-08	Jun-09	May-09	May-09	Nov-08	Feb-09	Jan-09	Jul-09	Dec-08	Dec-08
Deal size (A\$m)	\$4,403	\$2,791	\$2,000	\$2,266	\$2,966	\$2,500	\$3,000	\$2,900	\$3,746	\$2,000	\$2,007	\$2,500
Type	AREO	ANREO	Placement + SPP	ANREO + Placement	ANREO	Placement + SPP	Placement + SPP	Placement + SPP	ANREO + Placement	Placement + SPP	Placement + SPP	Placement + SPP
Disc. to last	-57.7%	-21.6%	-10.9%	-39.9%	-26.9%	-7.5%	-9.7%	-13.2%	-19.8%	-8.8%	-10.8%	-10.5%

Source: Broker research, Bloomberg

Lessons From The GFC

- 1 Stay liquid
- 2 Balance Sheet drives stock returns
- 3 Quantum of recapitalisation will surprise
- 4 Western weakness eventually impacts China and commodity prices
- 5 Quality of investors and Redemption Terms matter
- 6 Be patient for upturn but capture when it comes

RF1 Strategy & Weightings



Note: (1) as at 31 March 2019; (2) Range applicable at time of investment

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RF1 Investment Performance



Performance since listing

Fund performance	April ³	2020 ⁴	2019 ⁵	Since inception ⁶
Regal Investment Fund¹	+10%	-17%	+11%	-8%
ASX 300 Total Return Index	+8%	-17%	+5%	-13%

Strategy performance within RF1 ²	April ³	2020 ⁴	2019 ⁵	Since inception ⁶
Market Neutral Strategy	+8%	-28%	+6%	-24%
Australian Long Short Equity Strategy	+18%	-20%	+6%	-15%
Australian Small Companies Strategy	+26%	-36%	+22%	-22%
Emerging Companies Strategy	+6%	-8%	+32%	+22%
Global Alpha Strategy	+3%	+13%	+34%	+51%

Source: Regal, Bloomberg as at 17 April 2020

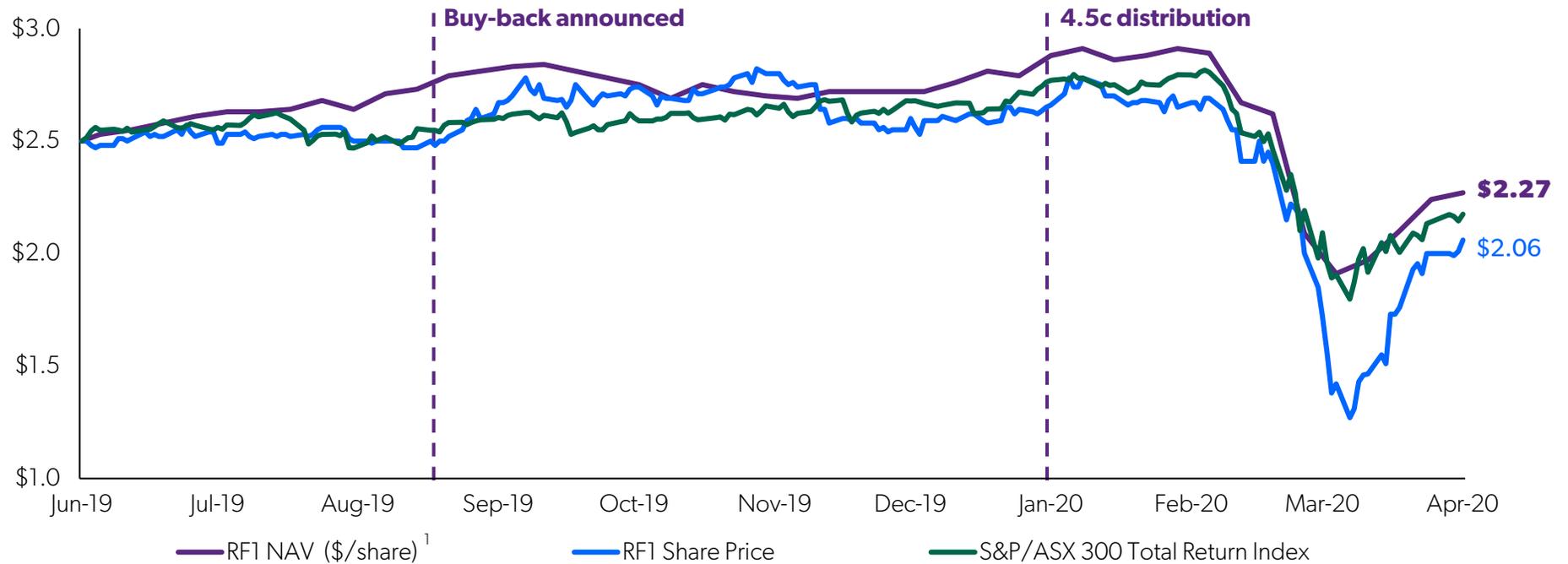
Note: (1) net of all fees; (2) gross of fees; (3) month to 17th April 2020; (4) calendar year to 17th April 2020; (5) from 17 June listing date to 31 December 2019; (6) from 17 June listing date to 17 April 2020.

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RF1 Share Price And NAV Since Inception



RF1 share price and NAV



Source: Regal, Bloomberg as at 17 April 2020

Note: (1) net of all fees

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Investor Q&A

Phil King

Chief Investment Officer



Dr Craig Collie

Portfolio Manager



Jovita Khilnani

Portfolio Manager



Ben McCallum

Portfolio Manager



Australia's Most Highly Awarded Alternatives Manager



Fund Ratings	Awards				
<p>Regal Funds Management</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>Market Neutral Strategy</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>Regal Australian Long Short Equity Fund</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>Regal Australian Small Companies Fund</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
<p>Atlantic Absolute Return Fund</p>	 Winner, Absolute Return Fund – 2018	 Winner, Best Long Short Fund – 2016, 2014			