

APPENDIX 4D HALF-YEAR REPORT

Regal Investment Fund (ARSN 632 283 384) (the "Fund")

DETAILS OF REPORTING PERIOD

Current reporting period:	1 July 2019 to 31 December 2019
Previous corresponding period:	This is the first half-year period of operations of the Fund and accordingly, there are no prior period comparatives.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

PERFORMANCE	\$'000
Total investment income/(loss) (Revenue from ordinary activities)	51,461
Operating profit/(loss) for the half-year	25,939
Total comprehensive income/(loss) for the half-year	25,939

DETAILS OF DISTRIBUTIONS

DISTRIBUTIONS ^{(1), (2)}	RECORD DATE	PAYMENT DATE	AMOUNT PER UNIT (CPU)	FRANKED AMOUNT PER UNIT (CPU) ⁽³⁾
Distribution – December 2019 (payable)	2 January 2020	20 January 2020	4.4523	-

- (1) On 24 December 2019 the Fund has announced the estimated details of its distribution for the six months ending 31 December 2019.
- (2) Subsequent to the current reporting period, on 10 January 2020, the Fund has announced the actual details of its six-monthly distribution and made a payment on 20 January 2020. DRP election date was 3 January 2020.
- (3) The Fund is a flow through vehicle for tax purposes and thus there is no franked amount per unit.

DETAILS OF DISTRIBUTIONS REINVESTMENT PLAN

Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975) (the **Responsible Entity**) established the distribution reinvestment plan ("DRP") in June 2019. An eligible unit holder may elect into the DRP by completing an election notice and sending it to the registry. An eligible member may elect to partially or fully participate in the DRP and is recorded on the register once the Responsible Entity has accepted the election.

Under the DRP, the Responsible Entity has the discretion to determine the re-investment price to apply:

- Where the market price is greater than or equal to the net asset value price or
- Where the market price is less than the net asset value price

Details on the DRP may be found at <https://www.regalfm.com/site/regal-investment-fund>



ON-MARKET BUY-BACKS

On 6 September 2019, the Responsible Entity in consultation with the Investment Manager, has exercised its discretion to purchase Units on-market with a view to addressing any unsatisfied liquidity in the Units or any material discount in the price at which the Units may have been trading to the NAV per Unit.

The buy backs have been in accordance with the Fund's Constitution, Listing Rules and all applicable laws. A buy-back will not exceed 10% of the smallest number of Units on issue in the Fund during the 12 months prior to any buy-back, unless otherwise approved by ordinary resolution of unit holders.

Units purchased by the Responsible Entity on behalf of the Fund under a buy-back will be immediately cancelled.

During the half-year ended 31 December 2019, the Fund has purchased on-market and cancelled 2,049,636 units at a cost of \$5,448,000.

NET TANGIBLE ASSETS

	CURRENT REPORTING PERIOD (\$)	PRIOR REPORTING PERIOD (\$)
Net tangible assets per unit	2.74	NA

CONTROL GAINED OR LOST DURING THE PERIOD

There were no entities over which control has been gained or lost during the current reporting period.

ASSOCIATES AND JOINT VENTURES ENTITIES

There were no holdings in associates or joint venture entities during the current reporting period.

AUDIT

The interim report for the half-year ended 31 December 2019 has been reviewed by Ernst & Young and an unmodified review opinion has been issued.

COMMENTARY

Additional Appendix 4D disclosure requirements can be found in the financial report for the half-year ended 31 December 2019 which contains the Directors' report, the condensed financial statements and accompanying notes.

Philip Gentry, Director, Equity Trustees Limited, the Responsible Entity of Regal Investment Fund, has authorised that this document be given to the ASX.

REGAL INVESTMENT FUND

ARSN 632 283 384

CONDENSED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

REGAL INVESTMENT FUND

ARSN 632 283 384

CONDENSED FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed financial report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made in respect of Regal Investment Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This condensed financial report covers Regal Investment Fund as an individual entity.

The Responsible Entity of Regal Investment Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street
Melbourne, VIC 3000

DIRECTORS' REPORT

The directors of Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975), the Responsible Entity of Regal Investment Fund (the "Fund"), present their report together with the condensed financial statements of the Fund for the half-year ended 31 December 2019. These condensed financial statements have been prepared as it is a disclosing entity under the *Corporations Act 2001*.

Principal activities

The Fund invests in alternative investment strategies managed by Regal Funds Management Pty Limited ("Regal"), in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution. The Fund also uses derivatives for hedging purposes.

The Fund did not have any employees during the half-year ended 31 December 2019.

There were no significant changes in the nature of the Fund's activities during the half-year ended 31 December 2019.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Regal Funds Management Pty Limited
Custodian and Administrator	The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch
Prime Brokers	UBS AG, Australia Branch Credit Suisse Securities (Europe) Ltd Merrill Lynch International Bank Ltd Morgan Stanley
Statutory Auditor	Ernst & Young

Directors

The following persons held office as directors of Equity Trustees Limited during or since end of the half-year and up to the date of this report:

Philip D Gentry	(Chairman)
Harvey H Kalman	
Ian C Westley	
Michael J O'Brien	
Carmen Lunderstedt	(Company Secretary) (Resigned 8 October 2019)
Susan Taylor	(Company Secretary) (Appointed 8 October 2019)

Review and results of operations

During the half-year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The condensed financial statements of the Fund are for the period from 1 July 2019 to 31 December 2019. As this is the Fund's first half-year period of operation, there are no comparatives presented for the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and related notes.

The Fund's performance for the half-year ended 31 December 2019 was 9.10% (net of fees). The referable index of the Fund, the RBA Cash Rate returned 0.06% for the same period.

DIRECTORS' REPORT (CONTINUED)

Review and results of operations (continued)

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended 31 December 2019
Operating profit/(loss) for the half-year (\$'000)	25,939
Distributions payable (\$'000)	4,927
Distributions (cents per unit)	4.4523

Significant changes in the state of affairs

Share Buyback Plan

On 6 September 2019, the Responsible Entity in consultation with the Investment Manager, has exercised its discretion to purchase Units on-market with a view to addressing any unsatisfied liquidity in the Units or any material discount in the price at which the Units may have been trading to the NAV per Unit.

The buy backs have been in accordance with the Fund's Constitution, Listing Rules and all applicable laws. A buy-back will not exceed 10% of the smallest number of Units on issue in the Fund during the 12 months prior to any buy-back, unless otherwise approved by ordinary resolution of unit holders.

Units purchased by the Responsible Entity on behalf of the Fund under a buy-back will be immediately cancelled.

During the half-year ended 31 December 2019, the Fund has purchased on-market and cancelled 2,049,636 units at a cost of \$5,448,000.

Company Secretary resignation and appointment

On 8 October 2019, Carmen Lunderstedt has resigned as Company Secretary of Equity Trustees Limited, the Responsible Entity of Regal Investment Fund, and Susan Taylor has been appointed as Company Secretary as at the same date.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the half-year ended 31 December 2019.

Rounding of amounts to the nearest thousand dollars

The Fund is a registered scheme of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' report and condensed financial statements.

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited.



Philip D Gentry
Chairman

Melbourne
27 February 2020



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Equity Trustees Limited as Responsible Entity for Regal Investment Fund

As lead auditor for the review of the half-year financial report of Regal Investment Fund for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Jonathan Pye'.

Jonathan Pye
Partner
27 February 2020

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Half year-ended 31 December 2019 \$'000
Investment income		
Interest income from financial assets at amortised cost		454
Dividend income		9,307
Net gain/(loss) on financial instruments at fair value through profit or loss	4	40,215
Net foreign exchange gain/(loss)		431
Other income		1,054
Total investment income/(loss)		51,461
Expenses		
Investment Manager fees	15(g)	8,579
Dividend expense on short positioned securities		4,577
Interest expense		1,669
Transaction fees		7,854
Responsible Entity fees	15(g)	64
Auditor's remuneration		39
Other expenses	14	2,740
Total expenses		25,522
Operating profit/(loss) for the half-year		25,939
Other comprehensive income		-
Total comprehensive income/(loss) for the half-year		25,939
Basic earnings per unit (cents per unit)	9	0.2344
Diluted earnings per unit (cents per unit)	9	0.2315

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		31 December 2019 \$'000	30 June 2019 \$'000
Assets			
Cash and cash equivalents	11	738	50
Due from brokers - receivable for securities sold		109,016	264,130
Receivables	12	2,048	35,607
Financial assets at fair value through profit or loss	3(c),5	467,279	211,627
Total assets		579,081	511,414
Liabilities			
Due to brokers - payable for securities purchased		40,722	99,440
Distributions payable	8,10	4,927	-
Payables	13	9,870	1,893
Financial liabilities at fair value through profit or loss	3(c),6	220,405	122,488
Total liabilities		275,924	223,821
Net assets attributable to unit holders – equity	8	303,157	287,593

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Note	Half-year ended 31 December 2019 \$'000
Total equity at the beginning of the half-year		287,593
Comprehensive income for the half-year		
Profit/(loss) for the half-year		25,939
Total comprehensive income		25,939
Transactions with unit holders		
Share buyback	8	(5,448)
Distributions payable	8,10	(4,927)
Total transactions with unit holders		(10,375)
Total equity at the end of the half-year		303,157

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF CASH FLOWS

	Note	Half-year ended 31 December 2019 \$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss		3,279,130
Payments for purchase of financial instruments at fair value through profit or loss		(3,265,254)
Interest income received from financial assets at amortised cost		425
Dividends and distributions received		8,773
Other income received		176
Dividend expense paid on short position securities		(4,362)
Investment Manager fees paid		(2,333)
Responsible Entity fees paid		(40)
Transaction costs paid		(7,521)
Interest expense paid		(1,442)
Other expenses paid		(1,847)
Net cash inflow/(outflow) from operating activities		5,705
Cash flows from financing activities		
Payments for Share buy back		(5,448)
Net cash inflow/(outflow) from financing activities		(5,448)
Net increase in cash and cash equivalents		
		257
Effect of foreign currency exchange rate changes on cash and cash equivalents		431
Cash and cash equivalents at the beginning of the half-year		50
Cash and cash equivalents at the end of the half-year	11	738

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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1. GENERAL INFORMATION

These condensed financial statements cover Regal Investment Fund (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme, which was constituted on 15 March 2019, registered with Australian Securities and Investment Commission (ASIC) on 26 March 2019 and commenced its operations on 29 April 2019. The Fund will terminate in accordance with the provisions of the Fund’s Constitution or by Law.

The Fund was listed on the Australian Securities Exchange (ASX) on 17 June 2019 and is quoted under ticker code: RF1.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The condensed financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests in alternative investment strategies managed by Regal Funds Management Pty Limited in accordance with the Product Disclosure Statement and the provisions of the Fund’s Constitution.

The condensed financial statements of the Fund are for the period from 1 July 2019 to 31 December 2019. As this is the Fund’s first half-year period of operation, there are no comparatives presented for the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and related notes.

The condensed financial statements were authorised for issue by the directors on the date the Directors’ declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the condensed financial statements.

2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

The condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The directors are satisfied that the Fund has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Significant accounting policies

The accounting policies applied in these condensed financial statements are the same as those applied to the Fund’s annual financial statements for the year ended 30 June 2019.

3. FAIR VALUE MEASUREMENT

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the condensed financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

a. Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the last traded price; the quoted market price for financial liabilities is the last traded price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

b. Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed trusts adjusted to reflect the specific circumstances of the issuer. As at 31 December 2019 and 30 June 2019, level 3 investments have been valued at the last traded price quoted in the applicable exchange.

Unlisted unit trusts are recorded at the Net Asset Value per share as reported by the managers of such investments. For investments which observable market prices in active markets, such as quoted values or recent comparable trades, are not available or do not exist, securities are valued using appropriate valuation techniques as reasonably determined by the managers of such investments. In completing the review of manager valuations, the Investment Manager applies the International Private Equity and Venture Capital Valuation Guidelines as endorsed by the Australian Private Equity & Venture Capital Association Limited, or equivalent standards for non-Australian domiciled investments.

3. FAIR VALUE MEASUREMENT (CONTINUED)

c. Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2019 and 30 June 2019.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2019				
Financial assets at fair value through profit or loss				
Equities	394,331	59	1,038	395,428
Unlisted unit trusts	-	-	68,556	68,556
Swaps	-	3,295	-	3,295
Total financial assets at fair value through profit or loss	394,331	3,354	69,594	467,279
Financial liabilities at fair value through profit or loss				
Equities	216,258	-	-	216,258
Swaps	-	4,147	-	4,147
Total financial liabilities at fair value through profit or loss	216,258	4,147	-	220,405
As at 30 June 2019				
Financial assets at fair value through profit or loss				
Equities	210,732	-	2	210,734
Swaps	-	893	-	893
Total financial assets at fair value through profit or loss	210,732	893	2	211,627
Financial liabilities at fair value through profit or loss				
Equities	122,221	-	-	122,221
Swaps	-	267	-	267
Total financial liabilities at fair value through profit or loss	122,221	267	-	122,488

d. Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2019: Nil).

3. FAIR VALUE MEASUREMENT (CONTINUED)

e. Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the half-year ended 31 December 2019 by class of financial instrument (30 June 2019: Nil).

	Equities \$'000	Unlisted Unit trusts \$'000	Total \$'000
Opening balance – 1 July 2019	2	-	2
Purchases	933	55,000	55,933
Sales	(212)	-	(212)
Unrealised gains/(losses) recognised in the condensed statement of comprehensive income	255	13,556	13,811
Realised gains/(losses) recognised in the condensed statement of comprehensive income	60	-	60
Closing balance – 31 December 2019	1,038	68,556	69,594

i. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements for the half-year ended 31 December 2019 (30 June 2019: Nil). See Note 3(b) above for the valuation techniques adopted

Description	Fair Value \$'000	Valuation technique	Unobservable inputs	Range of inputs (probability- weighted average) \$	Relationship of unobservable inputs to fair value \$'000
As at 31 December 2019					
Equities	1,038	Recent transaction price	Share price	0.20 - 100	10% increase in the share price would result in an increase in fair value by 104 and 10% decrease in the share price would result in a decrease in fair value by 104.
Unlisted unit trusts	68,556	Net asset value (NAV)	NAV per share	1.3444	10% increase in the NAV per share would result in an increase in fair value by 6,856 and 10% decrease in the NAV per share would result in a decrease in fair value by 6,856.
	<u>69,594</u>				

3. FAIR VALUE MEASUREMENT (CONTINUED)

e. Fair value measurements using significant unobservable inputs (level 3) (continued)

ii. Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities. Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

f. Other financial assets and liabilities

For all other financial assets and liabilities, the carrying value is an approximation of fair value, including: cash and cash equivalents; trade and other receivables; due from/to brokers and trade and other payables.

4. NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gains/(losses) recognised in relation to financial assets and liabilities at fair value through profit or loss:

	Half-year ended 31 December 2019 \$'000
Financial assets	
Net realised gain/(loss) on financial assets at fair value through profit or loss	35,582
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	17,641
Net gains/(losses) on financial assets at fair value through profit or loss	53,223
Financial liabilities	
Net realised gain/(loss) on financial liabilities at fair value through profit or loss	(2,722)
Net unrealised gain/(loss) on financial liabilities at fair value through profit or loss	(10,286)
Net gains/(losses) on financial liabilities at fair value through profit or loss	(13,008)
Total net gains/(losses) on financial instruments at fair value through profit or loss	40,215

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Equities	395,428	210,734
Unlisted unit trusts	68,556	-
Swaps	3,295	893
Total financial assets at fair value through profit or loss	467,279	211,627

6. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Equities	216,258	122,221
Swaps	4,147	267
Total financial liabilities at fair value through profit or loss	220,405	122,488

7. STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangement.

The Fund considers all investments in managed investment schemes (the "Schemes") to be structured entities. The Fund invests in Schemes for the purpose of capital appreciation and or earning investment income.

The exposure to investments in unrelated Schemes at fair value is disclosed in the following table:

	Fair value of investment 31 December 2019 \$'000
Regal Emerging Companies Fund III	68,556
Total unrelated Schemes	68,556

The fair value of the Schemes is included in financial assets at fair value through profit or loss in the condensed statement of financial position.

The Fund's maximum exposure to loss from its interest in the Schemes is equal to the fair value of its investments in the Schemes as there are no off-balance sheet exposures relating to any of the Schemes. Once the Fund has disposed of its units in a Scheme it ceases to be exposed to any risk from that Scheme.

During the half year ended 31 December 2019, total gains/(losses) incurred on investments in the Schemes were \$13,556,390. The Fund did not earn any distribution income during the half-year as a result of its interests in the Schemes.

8. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Movements in the number of units and net assets attributable to unit holders during the half-year were as follows:

	Half-year ended	
	31 December 2019 Units '000	31 December 2019 \$'000
Opening balance	112,711	287,593
Share buy back	(2,050)	(5,448)
Distributions payable	-	(4,927)
Profit/(loss) for the half-year	-	25,939
Closing balance	110,661	303,157

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Share Buyback Plan

On 6 September 2019, the Responsible Entity in consultation with the Investment Manager, has exercised its discretion to purchase Units on-market with a view to addressing any unsatisfied liquidity in the Units or any material discount in the price at which the Units may have been trading to the NAV per Unit.

The buy backs have been in accordance with the Constitution, Listing Rules and all applicable laws. A buy-back will not exceed 10% of the smallest number of Units on issue in the Fund during the 12 months prior to any buy-back, unless otherwise approved by ordinary resolution of unit holders.

Units purchased by the Responsible Entity on behalf of the Fund under a buy-back will be immediately cancelled.

During the half-year ended 31 December 2019, the Fund has purchased on-market and cancelled 2,049,636 units at a cost of \$5,448,000.

9. BASIC AND DILUTED EARNINGS PER UNIT

	Half-year ended 31 December 2019
Operating profit/(loss) attributable to unit holders (\$'000)	25,939
Number of units on issue ('000)	110,661
Basic earnings per unit (cents per unit)	0.2344

	Half-year ended 31 December 2019
Operating profit/(loss) attributable to unit holders (\$'000)	25,939
Weighted average number of units on issue ('000)	112,058
Diluted earnings per unit (cents per unit)	0.2315

10. DISTRIBUTIONS TO UNIT HOLDERS

The distributions declared during the half-year were as follows:

	Half-year ended	
	31 December 2019 \$'000	31 December 2019 CPU
Distributions		
December (payable)	4,927	4.4523
Total distributions	4,927	4.4523

11. CASH AND CASH EQUIVALENTS

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Cash at bank	738	50
Total cash and cash equivalents	738	50

These accounts are earning a floating interest rate of 0.00% as at 31 December 2019 (30 June 2019: 0.00%).

12. RECEIVABLES

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Interest receivable	80	51
Dividends receivable from long positions	946	412
Subscription paid in advance	-	35,000
RITC refund	1,022	144
Total receivables	2,048	35,607

13. PAYABLES

	As at	
	31 December 2019 \$'000	30 June 2019 \$'000
Investment Manager fees payable	8,838	1,734
Responsible Entity fees payable	35	4
Dividends payable from short positions	265	50
Auditor's remuneration payable	95	52
Transaction fees payable	361	29
Interest payable	239	13
Withholding tax payable	37	11
Total payables	9,870	1,893

14. OTHER EXPENSES

	Half-year ended 31 December 2019 \$'000
GST expenses	869
Dividend withholding tax expense	1,858
Other administrative expenses	13
Total other expenses	2,740

15. RELATED PARTY TRANSACTIONS

The Responsible Entity of Regal Investment Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to the Responsible Entity are disclosed below.

The Responsible Entity has contracted services to Regal Funds Management Pty Limited, to act as Investment Manager for the Fund, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions.

a. Key management personnel

i. Directors

Key management personnel include Equity Trustees Limited and persons who are directors of Equity Trustees Limited at any time during or since the end of the half-year and up to the date of this report.

Philip D Gentry	(Chairman)
Harvey H Kalman	
Ian C Westley	
Michael J O'Brien	
Carmen Lunderstedt	(Company Secretary) (Resigned 8 October 2019)
Susan Taylor	(Company Secretary) (Appointed 8 October 2019)

ii. Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the half-year.

b. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

15. RELATED PARTY TRANSACTIONS (CONTINUED)

c. Key management personnel unit holdings

Key management personnel held units in the Fund, as follows:

	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
Unit holder							
As at 31 December 2019							
Philip D Gentry	8,000	8,000	20,960	0.0072	-	-	356
Harvey H Kalman	3,990	3,990	10,454	0.0036	-	-	178
Michael J O'Brien	80,000	80,000	209,600	0.0723	-	-	3,562

Unit holder

As at 30 June 2019

Philip D Gentry	-	8,000	20,080	0.0071	8,000	-	-
Harvey H Kalman	-	3,990	10,015	0.0035	3,990	-	-
Michael J O'Brien	-	80,000	200,800	0.0710	80,000	-	-

d. Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel and are not related to services that directors render to individual funds.

e. Key management personnel loans

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

f. Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the half-year and there were no material contracts involving management personnel's interests existing at period end.

g. Responsible Entity and Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees and performance fees.

15. RELATED PARTY TRANSACTIONS (CONTINUED)

g. Responsible Entity and Investment Manager's fees and other transactions (continued)

The transactions during the period and amounts payable to the responsible entity and the Investment Manager were as follows:

	Half-year ended 31 December 2019 \$
Management fees for the half-year	2,394,534
Performance fees for the half-year	6,184,356
Responsible Entity fees for the half-year	63,857
Management fees payable at half-year end	457,579
Performance fees payable at half-year end	8,379,945
Responsible Entity fees payable at half-year end	34,723

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement.

h. Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) hold units in the Fund, as follows:

	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
Unit holder							
As at							
31 December 2019							
Equity Trustees Superannuation Limited <AMG Super>	479,950	268,570	703,653	0.2427	34,455	(245,835)	11,958
 Unit holder							
As at							
30 June 2019							
Equity Trustees Superannuation Limited <AMG Super>	-	479,950	1,204,675	0.4258	479,950	-	-

15. RELATED PARTY TRANSACTIONS (CONTINUED)

i. Investments

The Fund held investments in EQT Holdings Limited as the parent of Equity Trustees Limited during the period as follows.

	Number of shares held opening	Number of shares held closing	Fair value of investment \$	Interest held %	Distribution earned \$	Distribution receivable \$	Number of shares acquired	Number of shares disposed
As at								
31 December 2019								
EQT Holdings Limited	56,290	62,220	1,913,265	0.0030	-	-	8,325	(2,395)
As at								
30 June 2019								
EQT Holdings Limited	-	56,290	1,666,184	0.2743	-	-	56,290	-

16. OPERATING SEGMENTS

The Fund is organised into one main operating segment with only one key function, being the investment of funds internationally. It operates predominantly in Australia and in the securities industry. It earns revenue from dividend income, interest income and other returns from the investment portfolio. The Company invests in different types of securities, as detailed at Note 3 Fair Value Measurement.

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

From the end of the reporting period up to the date of this report, the Fund has purchased on-market and cancelled 787,687 units at a cost of \$2,102,000.

No other significant events have occurred since the end of the period which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2019 or on the results and cash flows of the Fund for the period ended on that date.

18. CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2019 and 30 June 2019.

DIRECTORS' DECLARATION

In the opinion of the directors of the Responsible Entity:

- a. The condensed financial statements and notes set out on pages 5 to 21 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
- b. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited.



Philip D Gentry
Chairman

Melbourne
27 February 2020



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Independent Auditor's Review Report to the Unitholders of Regal Investment Fund

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year condensed financial report of Regal Investment Fund (the "Fund") which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a description of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year condensed financial report of the Fund is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' Responsibility for the Half-Year Condensed Financial Report

The directors of the Responsible Entity of the Regal Investment Fund are responsible for the preparation of the half-year condensed financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year condensed financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year condensed financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year condensed financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Fund's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year condensed financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Building a better
working world**

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Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Ernst & Young
Ernst & Young

Jonathan Pye
Jonathan Pye
Partner
Sydney
27 February 2020