

Regal Investment Fund (ASX:RF1)

Investor Update & Q&A

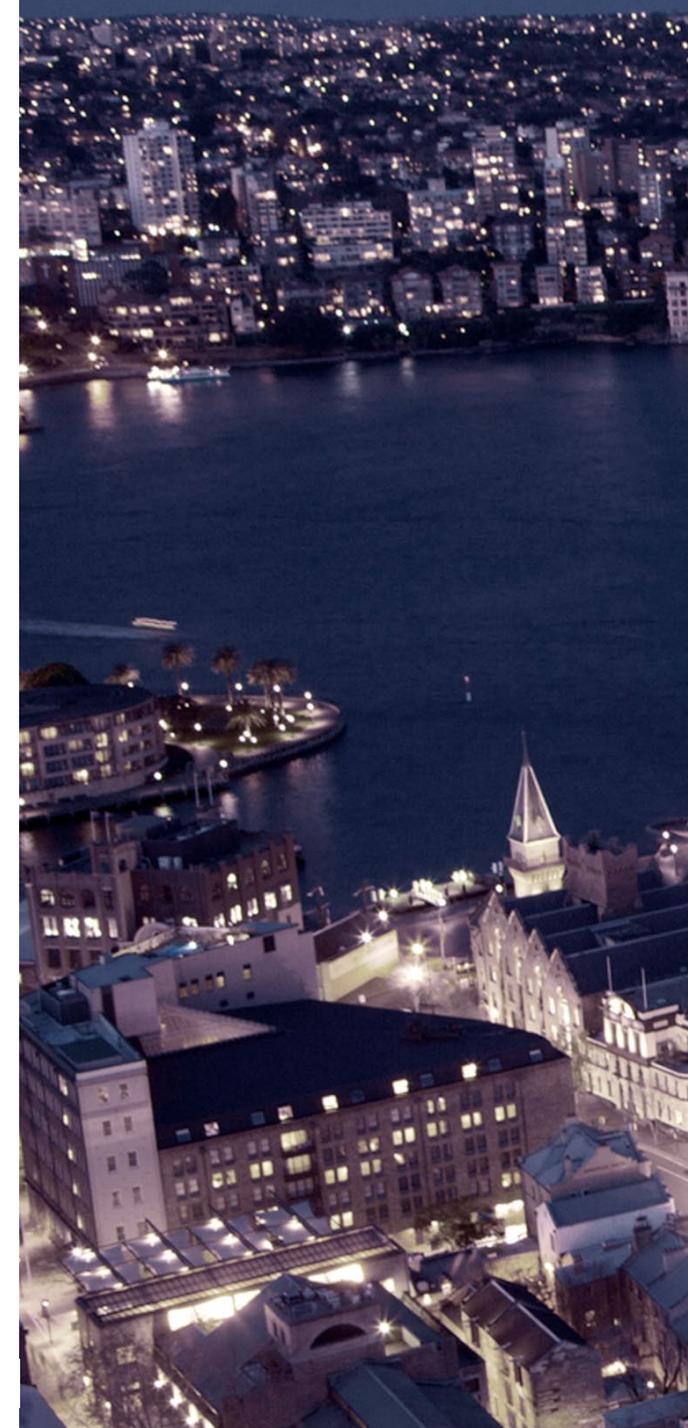
October 20, 2023

This presentation deck accompanies a webinar scheduled for 12:00pm AEDT on 20 October 2023.

To view the webinar, please click on the link [here](#) to register. To access the recording, please reach out to: investorrelations@regalfm.com

For any questions on RF1, please reach out to the registry, Link Market Services: regalfund@linkmarketservices.com.au

On behalf of Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, the Responsible Entity for the Regal Investment Fund (RF1). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX:EQT). Regal Funds Management Pty Ltd ("Regal") (ABN 30 107 576 821), AFSL 277737 is the investment manager of RF1.



REGAL
INVESTMENT FUND



Equity Trustees

Investor Update & Q&A

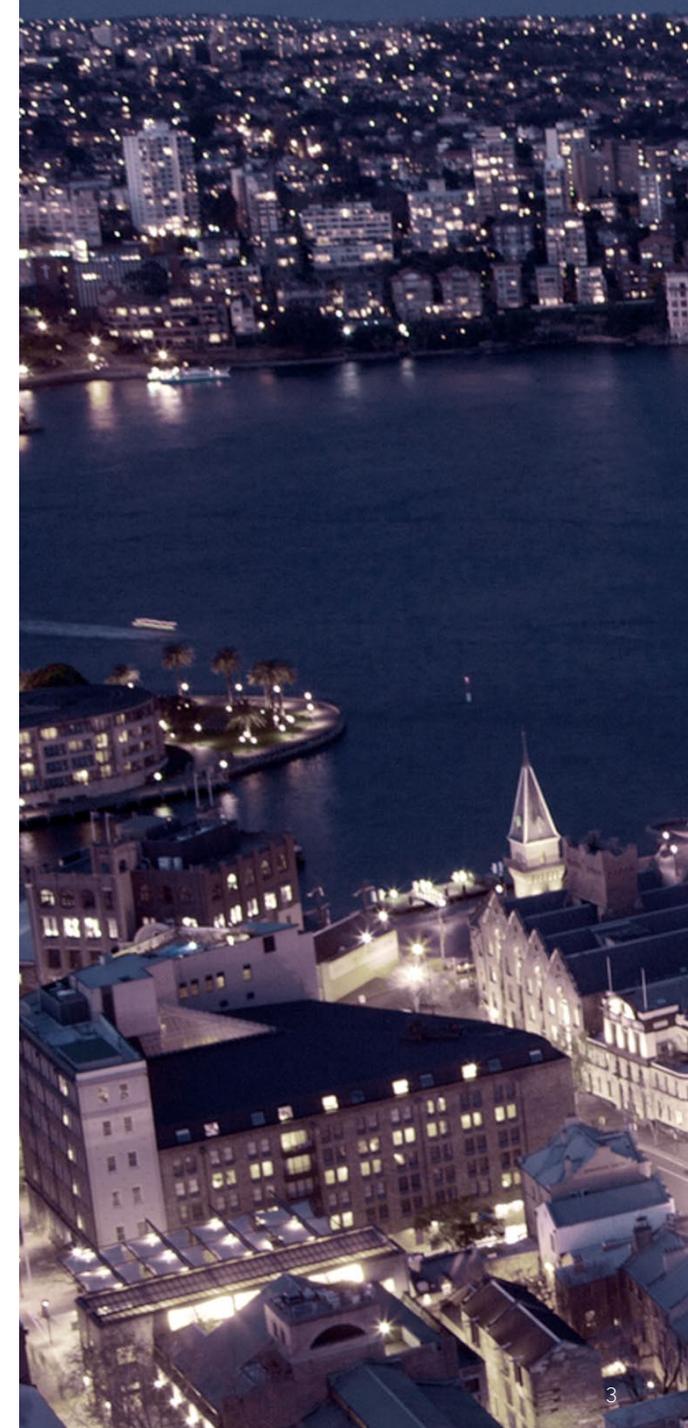
Regal Investment Fund

October 2023



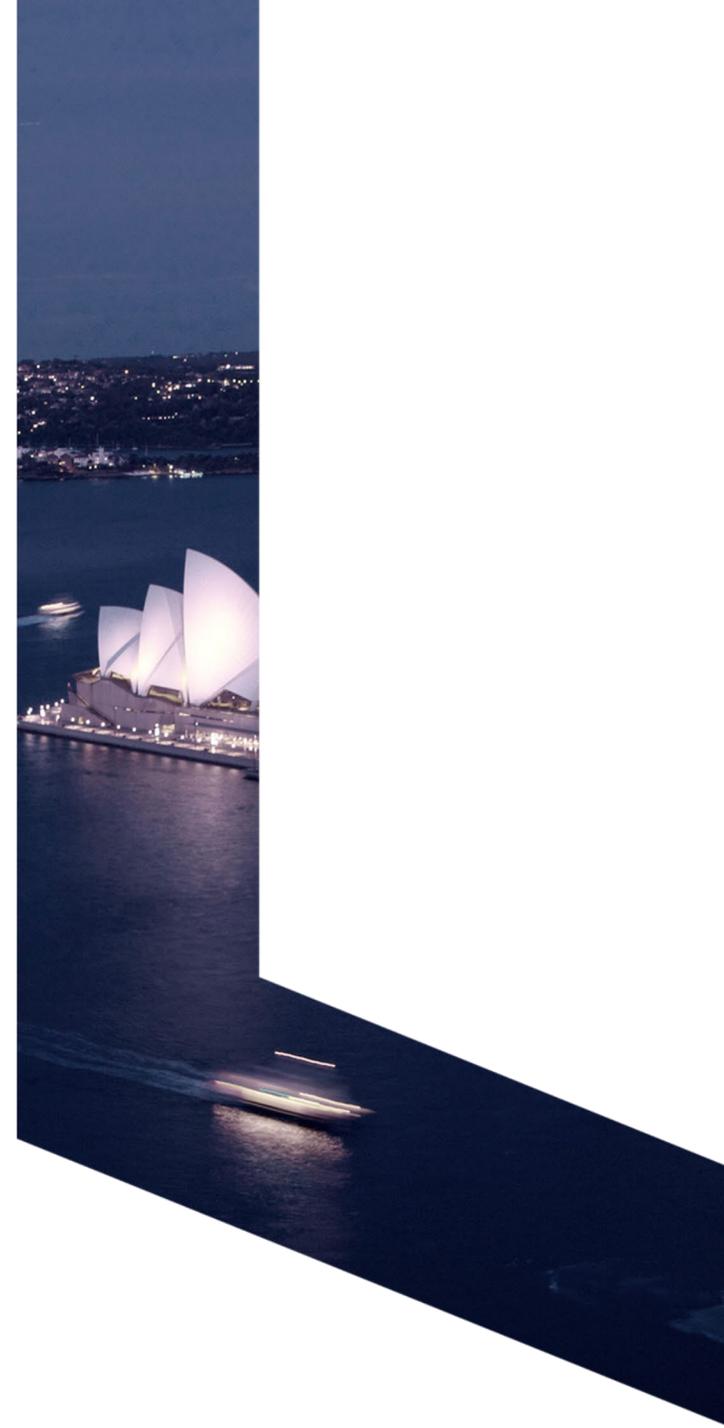
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Welcome & Regal Update

Brendan O'Connor, CEO, Regal Partners



Disclaimer

Equity Trustees Limited (“Equity Trustees”) (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Regal Investment Fund and has authorised the issue of this document (Information). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This document (Information) is provided by Regal Partners Marketing Services Pty Ltd (ACN 637 448 072) (Regal Partners Marketing), a corporate authorised representative of Attunga Capital Pty Ltd (ABN 96 117 683 093) (AFSL 297385) (Attunga). Regal Partners Marketing and Attunga are businesses of Regal Partners Limited (ABN 33 129 188 450) (together, referred to as Regal Partners). The Regal Partners Marketing Financial Services Guide can be found on the Regal Partners Limited website or is available on request.

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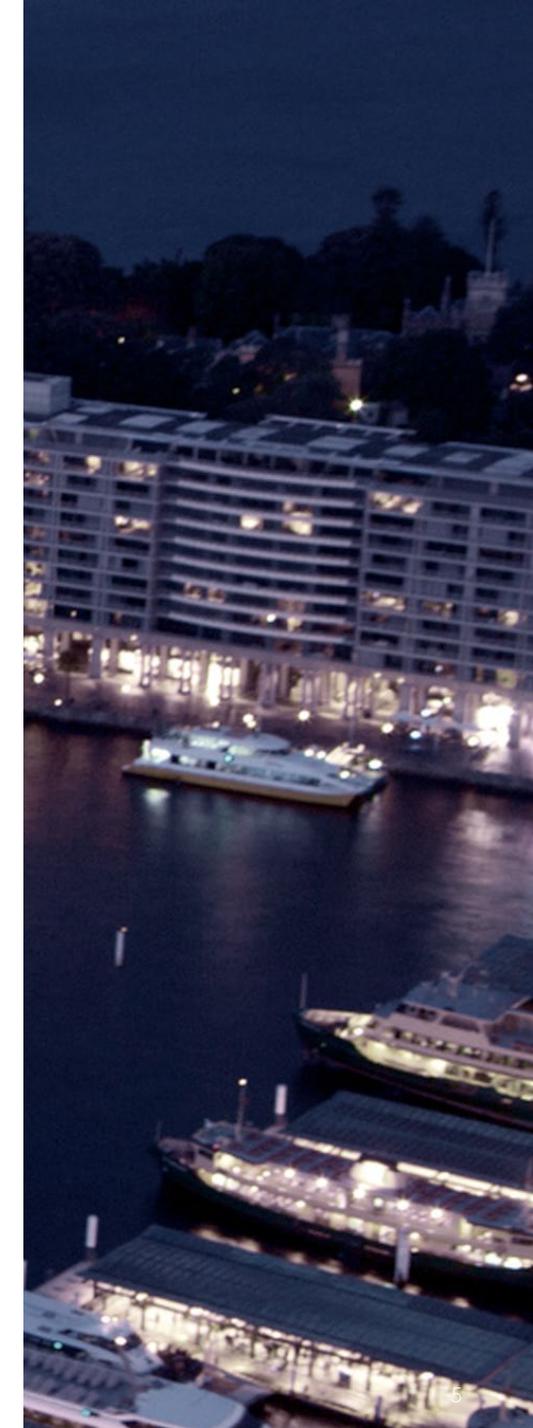
PAST PERFORMANCE

The historical financial information and performance figures given in this document are given for illustrative purposes only and should not be relied upon as (and are not) an indication of Equity Trustees’ or Regal Partners’ views on the future performance of RF1, or other Funds or strategies managed by Regal Partners or its related bodies corporate. You should note that past performance of RF1, or Funds or strategies managed by Regal Partners or its related bodies corporate cannot be relied upon as an indicator of (and provide no guidance as to) future performance.

FORWARD-LOOKING STATEMENTS

This document contains certain “forward-looking statements” that are based on management’s beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this document speak only as of the date of this document and are based on assumptions and contingencies and are subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this document are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Equity Trustees or Regal Partners, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Equity Trustees, Regal Partners, their related bodies corporate or any of their respective directors, officers, employees, agents or advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Except as required by law or regulation, Equity Trustees and Regal Partners disclaim any obligation or undertaking to update forward-looking statements in this document to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

A copy of the Product Disclosure Statement is available at www.regalfm.com



Speakers



BRENDAN O'CONNOR

Chief Executive Officer
Regal Partners

RFI Investment
Committee Member



PHILIP KING

Co-Founder & CIO
Long/Short Equities
Regal Funds

RFI Investment
Committee Member



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Portfolio Manager
Private Credit
Regal Funds



SIMON KLIMT

Portfolio Manager
Resources Royalties
Regal Funds



JESSICA FARR-JONES

Portfolio Manager
Emerging Companies
Regal Funds

REGAL

INVESTMENT FUND

The Regal Investment Fund (RF1) has been established to provide investors with exposure to a diversified selection of alternative investment strategies managed by Regal

Its objective is to produce attractive risk-adjusted absolute returns over a period of more than five years, with limited correlation to equity markets.

2019

Inception

+108.4%

Total Return¹

RF1

ASX ticker

 INDEPENDENT
INVESTMENT RESEARCH

 Zenith



RECOMMENDED

RECOMMENDED

The disclosure is not a recommendation to invest in any product. Source: Regal as at 30 September 2023. 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. Total return is net of fees, before tax, and assumes reinvestment of all distributions.

Regal Partners Limited (ASX:RPL)¹

REGAL
INVESTMENT FUND



Regal Partners Limited is an ASX-listed, specialist alternative investment manager with \$5.8 billion in funds under management.

- Regal Partners (ASX:RPL) was formed on 3 June 2022, following the merger of ASX-listed VGI Partners Limited and privately-owned Regal Funds Management Pty Limited.
- The Group houses four dedicated alternative investment management businesses: **Regal Funds Management**, **VGI Partners**, **Kilter Rural** and **Attunga Capital**, together employing ~110 employees³, located in offices across Sydney, Bendigo, Singapore, Hong Kong and New York.
- RPL aims to be a leading provider of alternative investment strategies in Australia and Asia.

RPL

ASX ticker

\$5.8bn

Funds Under Management (FUM)¹

\$561m

Market capitalisation²

5

Offices globally

~110

Employees³

>50

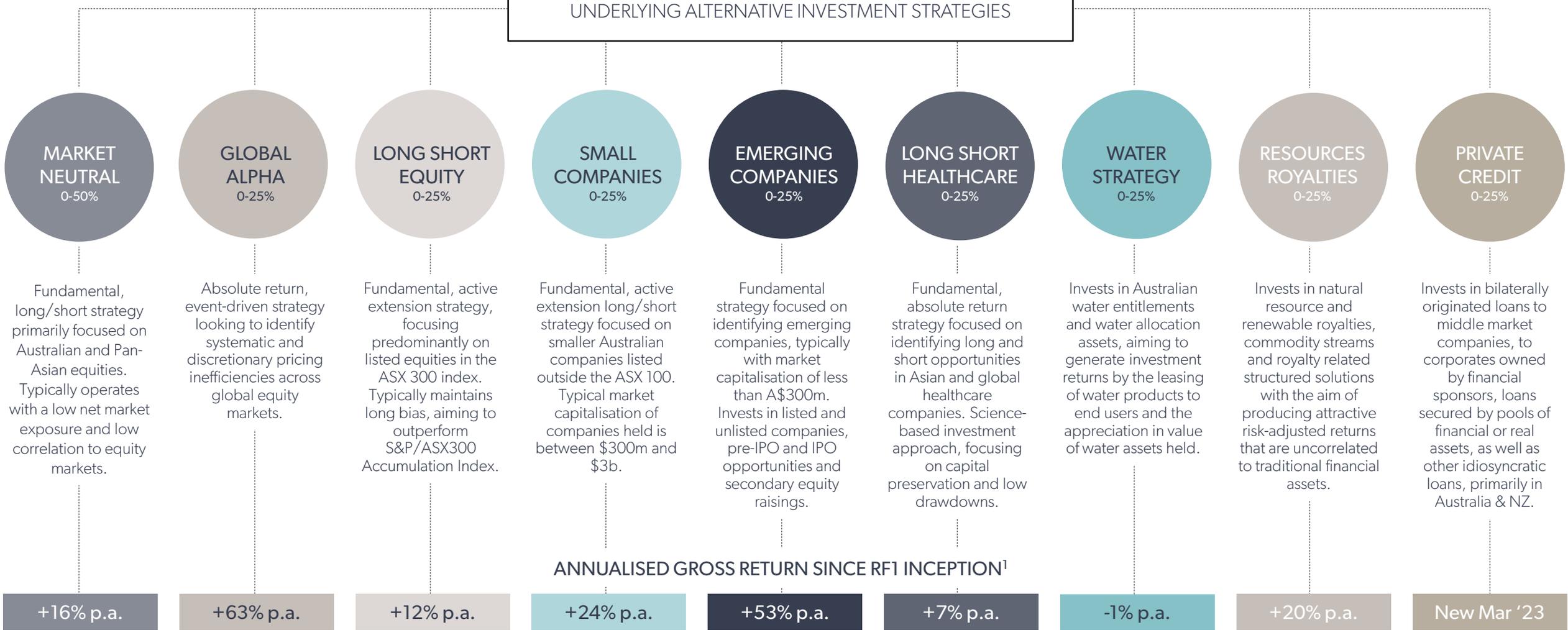
Investment professionals³

1. Unaudited Management estimate of funds under management as at 31 July 2023. Funds under management for the group (including 100% of Kilter Rural, Attunga Capital) includes non-fee earning funds. 2. As at market close 10 October 2023. 3. Includes full-time and part-time staff in all group entities at 23 August 2023 including Kilter Rural and Attunga Capital.

Regal Investment Fund (ASX: RF1)

Exposure to a range of Alternative Investment Strategies

UNDERLYING ALTERNATIVE INVESTMENT STRATEGIES



Source: Regal as at 30 September 2023. Includes allocation ranges within RF1 by strategy. Gross of fees. 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.

RF1 Performance Since Inception

Net of fees, as at 30 September 2023

Launch date

17 June 2019

Annualised Return Since Inception¹

+18.5%

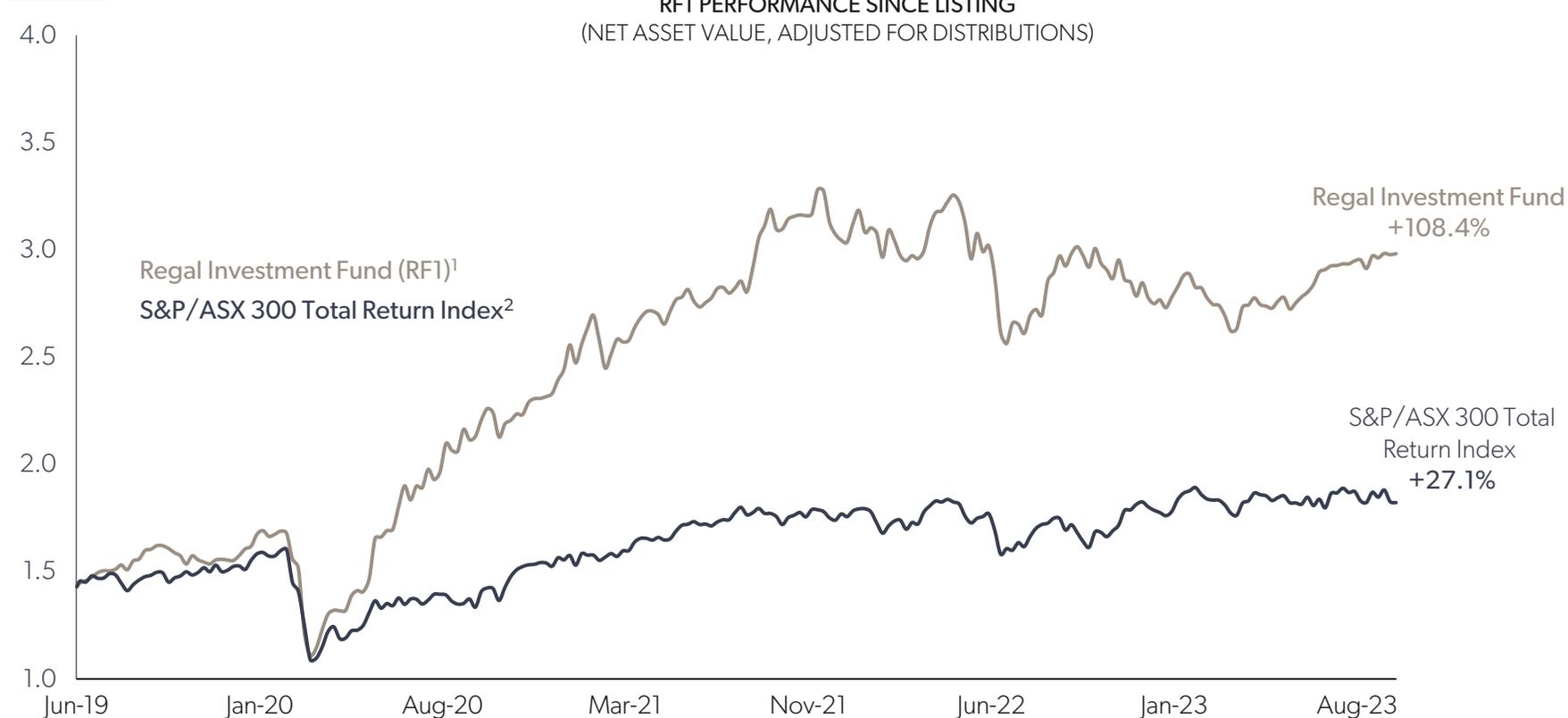
Total Return Since Inception¹

+108.4%

Distributions Paid to Date

\$1.91 per unit

A\$/share



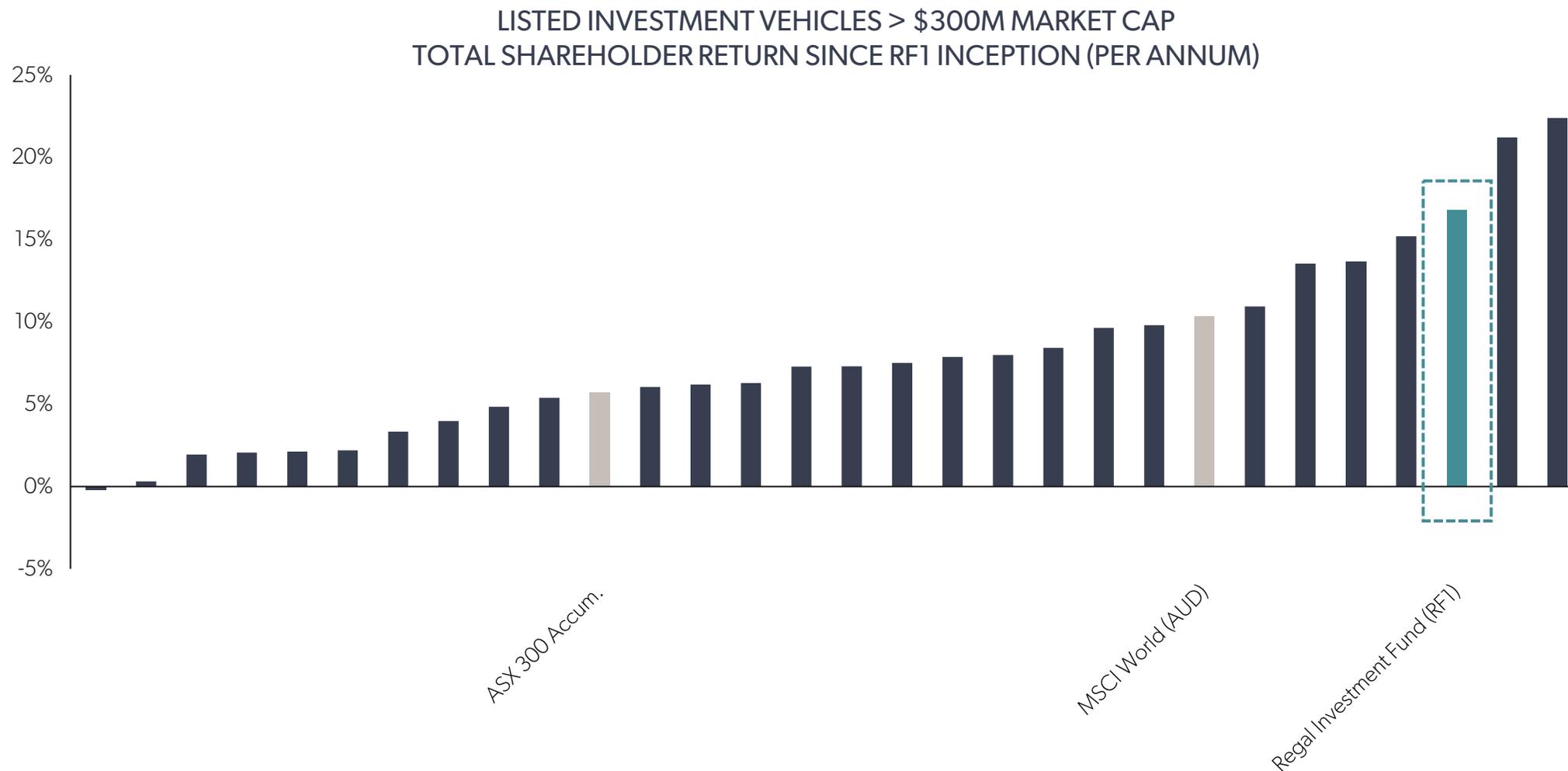
FUND PERFORMANCE	1 MONTH	3 MONTH	CYTD	1 YEAR	3 YEAR P.A.	INCEPTION P.A.	TOTAL RETURN SINCE INCEPTION
Regal Investment Fund ¹	+1.4%	+2.8%	+9.1%	+2.0%	+11.9%	+18.5%	+108.4%
S&P/ASX 300 Total Return Index	(2.9%)	(0.8%)	+3.5%	+12.9%	+10.8%	+5.7%	+27.1%

Source: Regal, Bloomberg as at 30 September 2023. 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.

1. Total return is net of fees, before tax, and assumes reinvestment of all distributions.

2. Source: Regal, Bloomberg

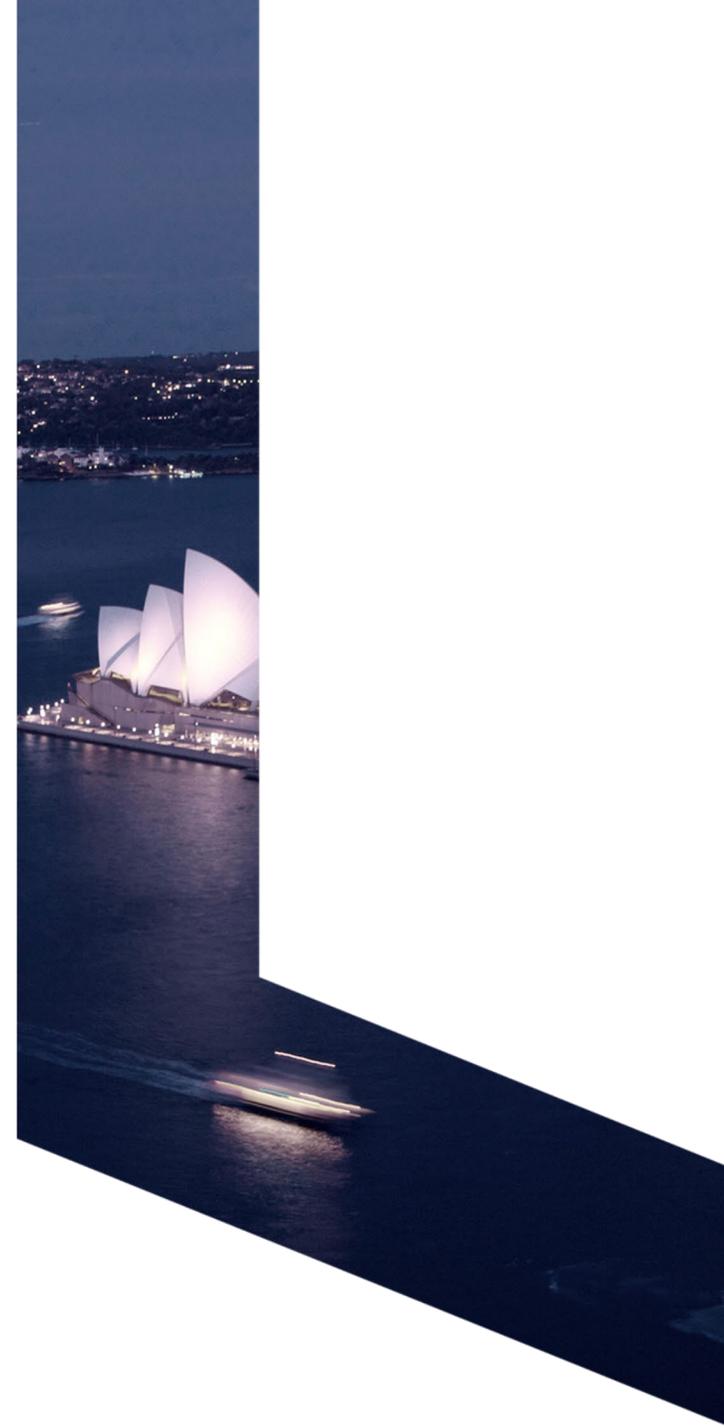
RF1 – Market Leading Returns



Source: Bloomberg, Bell Potter research. Excludes LICs classified as Fixed Income and Private Equity. Data as at 30 September 2023. Total shareholder return represents capital growth (share price) plus distributions received, assuming all distributions reinvested, since inception.

Market Update & RF1 Positioning

Philip King, Co-Founder & CIO Long/Short Equities, Regal Funds



Market update

Key takeaways

1

Equities remain driven by moves in bond yields

2

Declining equity risk premiums suggest equity markets are fully valued in aggregate, however select opportunities continue to exist beneath the surface

3

Wholesale repricing in government and corporates' cost of capital is creating highly attractive opportunities for investors with capital available to deploy;

4

The Regal Investment Fund (ASX:RF1) seeks to dynamically allocate capital across its strategies where we view the best risk-adjusted returns exist. This has included:

- Increased allocation to Private Credit strategy;
- Increased allocation to Water strategy;
- Total exposure to non-equity strategies now approaching ~30%

Recent rise in US 10yr Treasury yields put into context

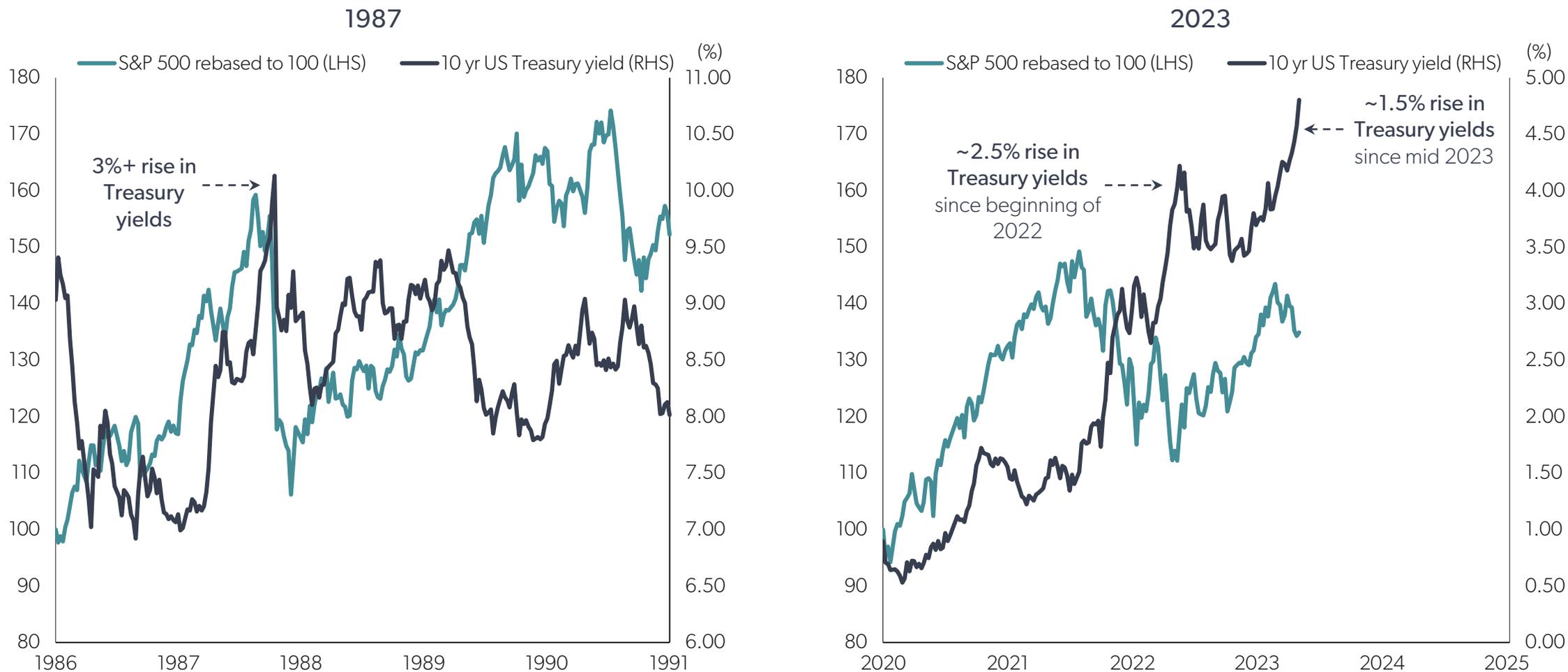
10-YR US TREASURY YIELDS OVER THE LAST 50 YEARS



Source: Bloomberg as at October 2023 (monthly data).

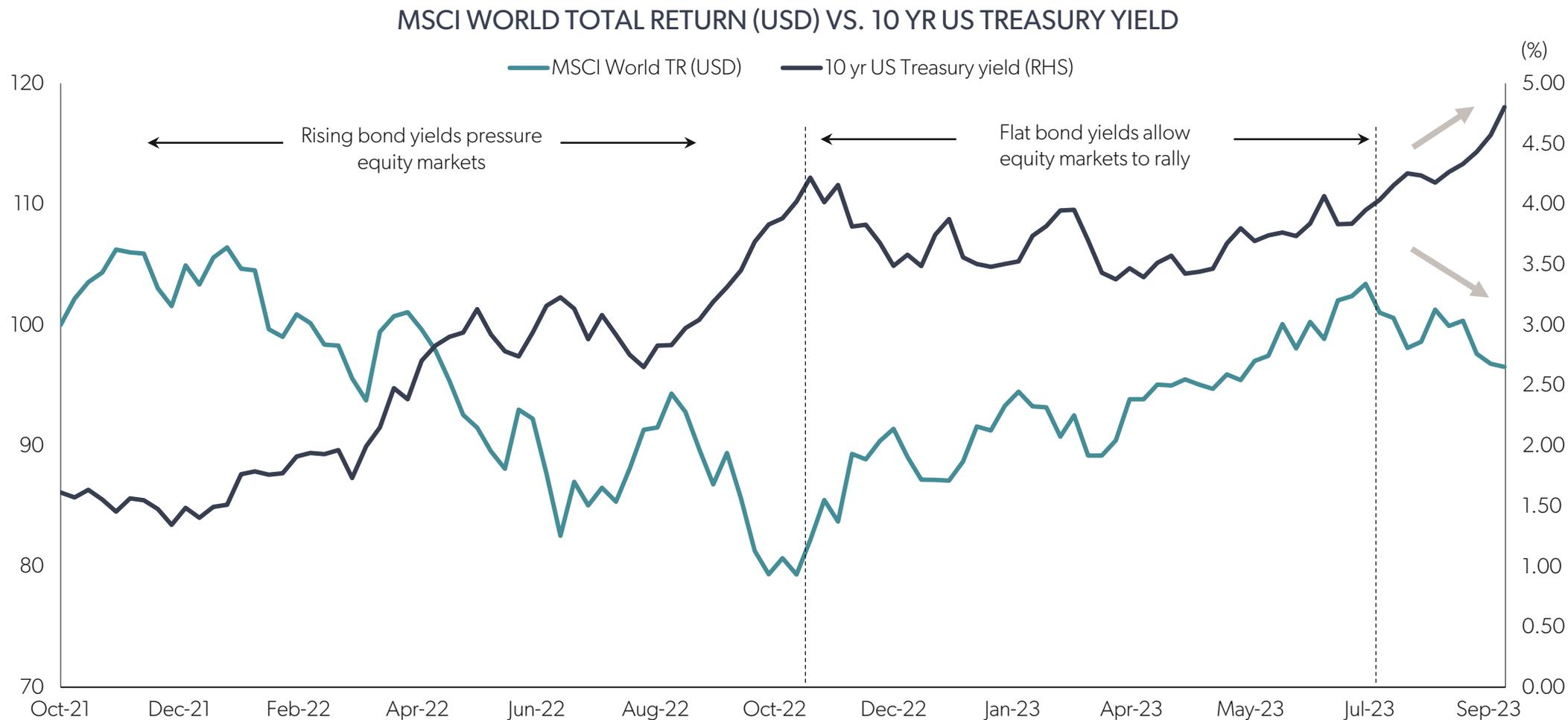
Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

Then and now: could there be echoes of 1987?



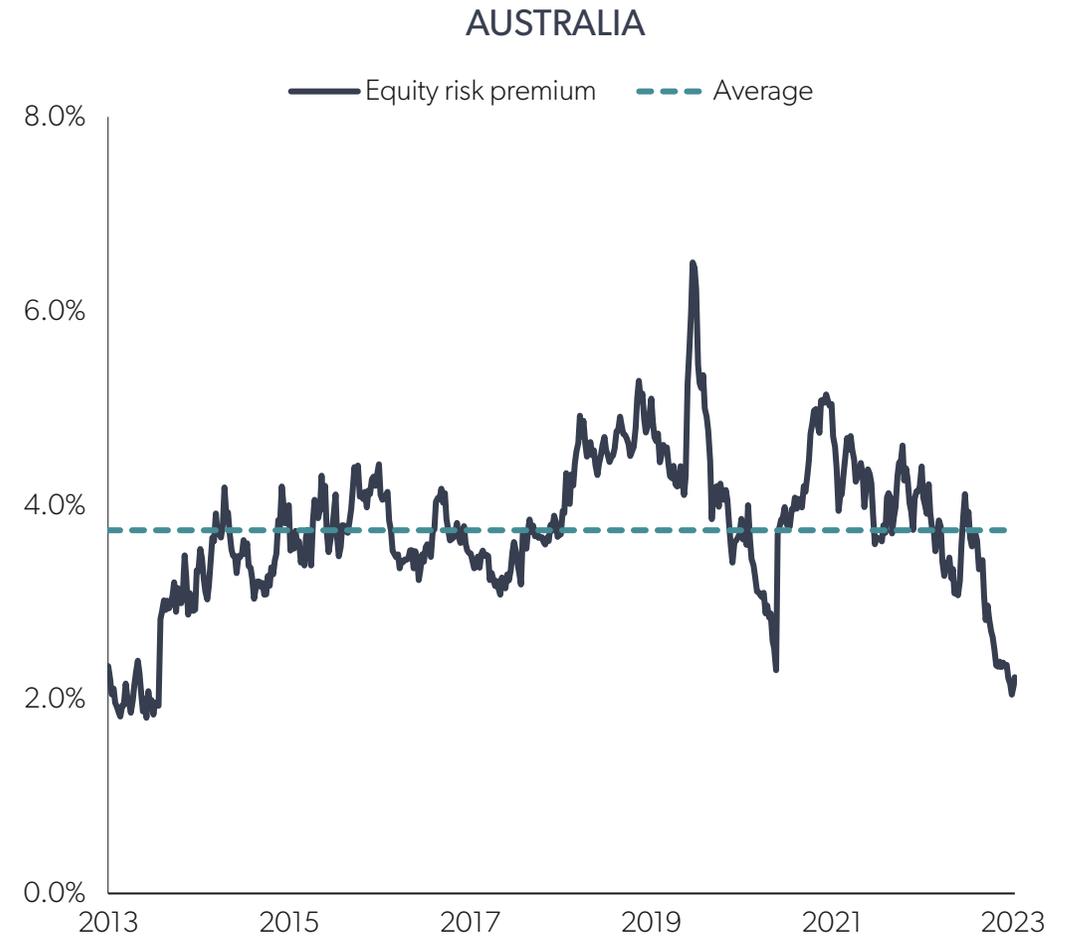
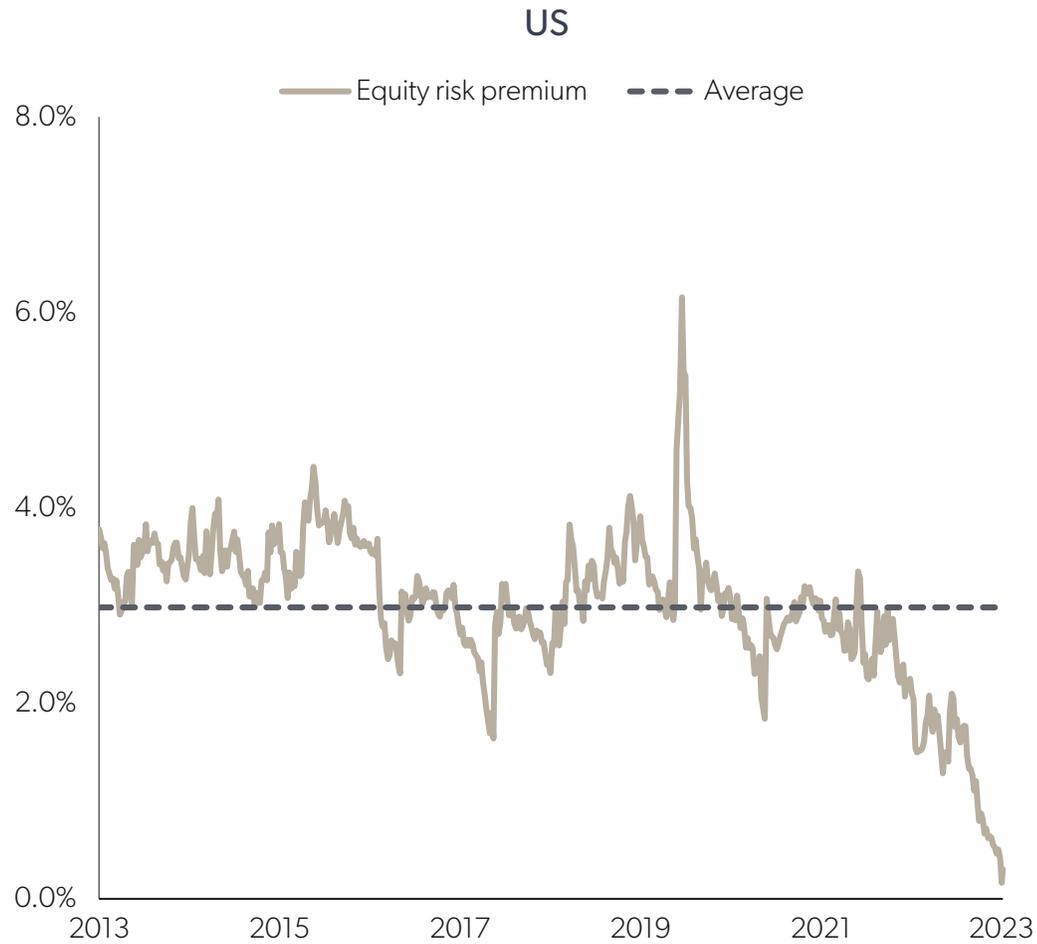
Source: Bloomberg as at October 2023 (weekly data).
Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

Increase in yields puts further pressure on equity markets



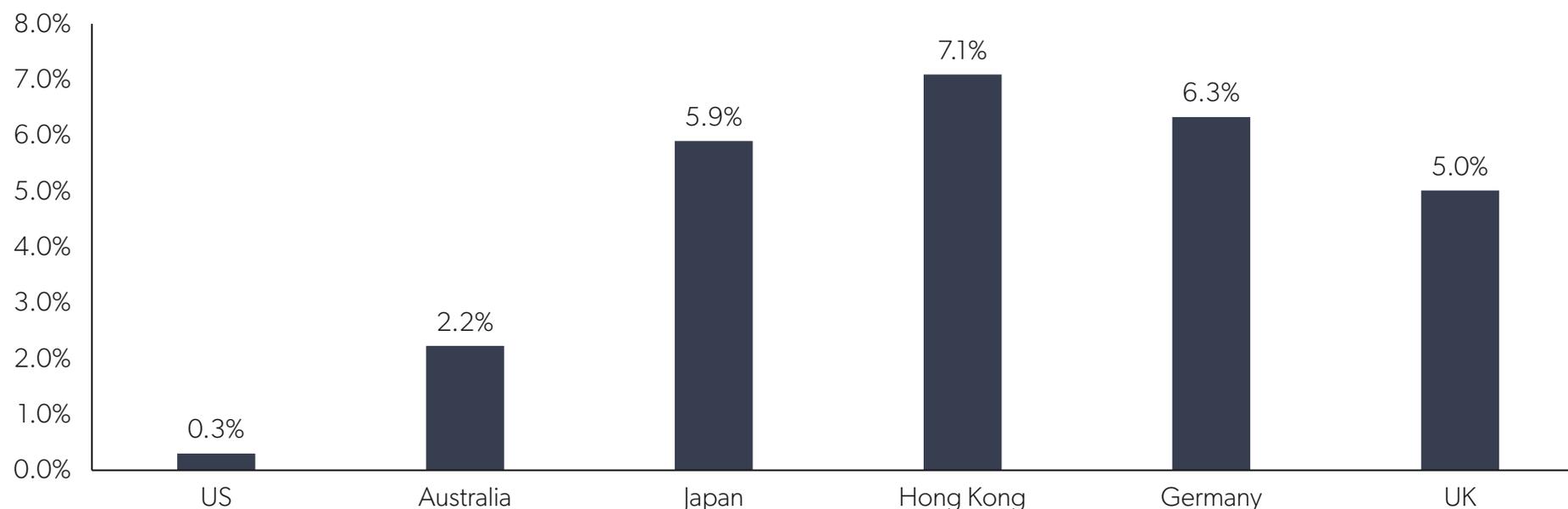
Source: Bloomberg as at October 2023 (weekly data). Index level rebased to 100.
Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

Equities looking increasingly expensive vs bonds



Source: Bloomberg as at October 2023.
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.

Equity risk premia by country

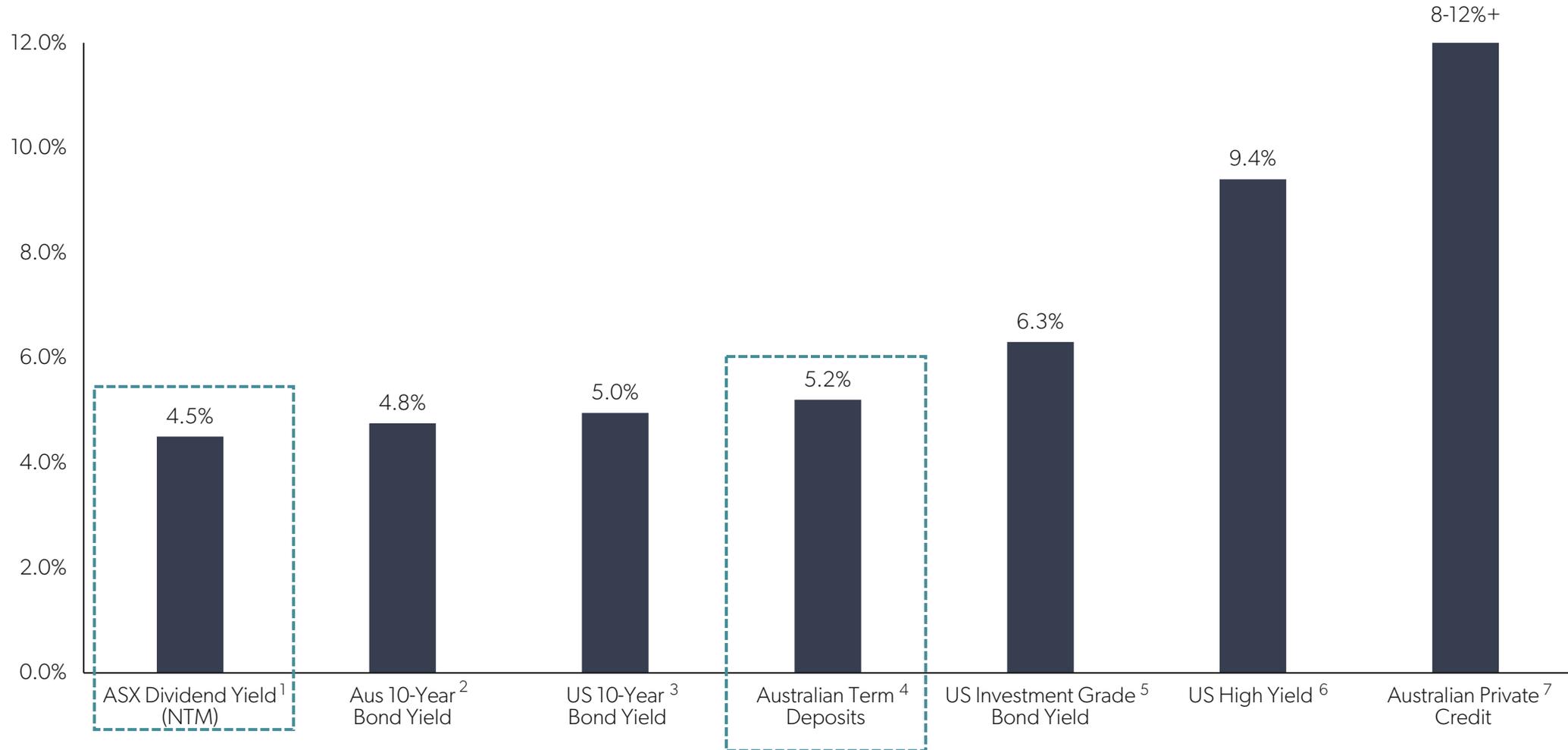


P/E	20.2x	15.0x	15.0x	8.9x	11.0x	10.5x
Corporate earnings yield	5.0%	6.7%	6.7%	11.3%	9.1%	9.5%
10 year government yield	4.7%	4.5%	0.8%	4.2%	2.8%	4.5%
Equity risk premium	0.3%	2.2%	5.9%	7.1%	6.3%	5.0%

Source: Bloomberg as at October 2023.

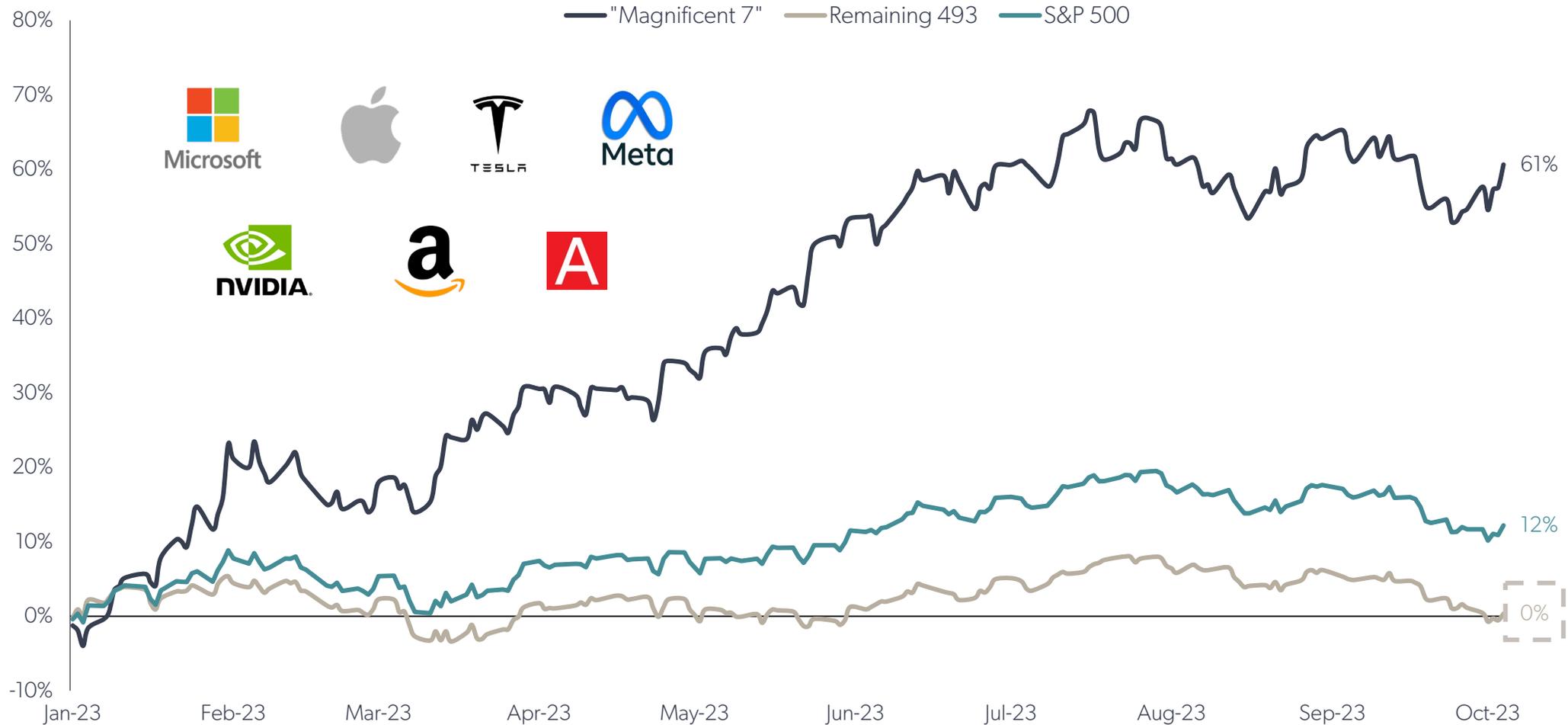
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Rising bond yields have created attractive income alternatives



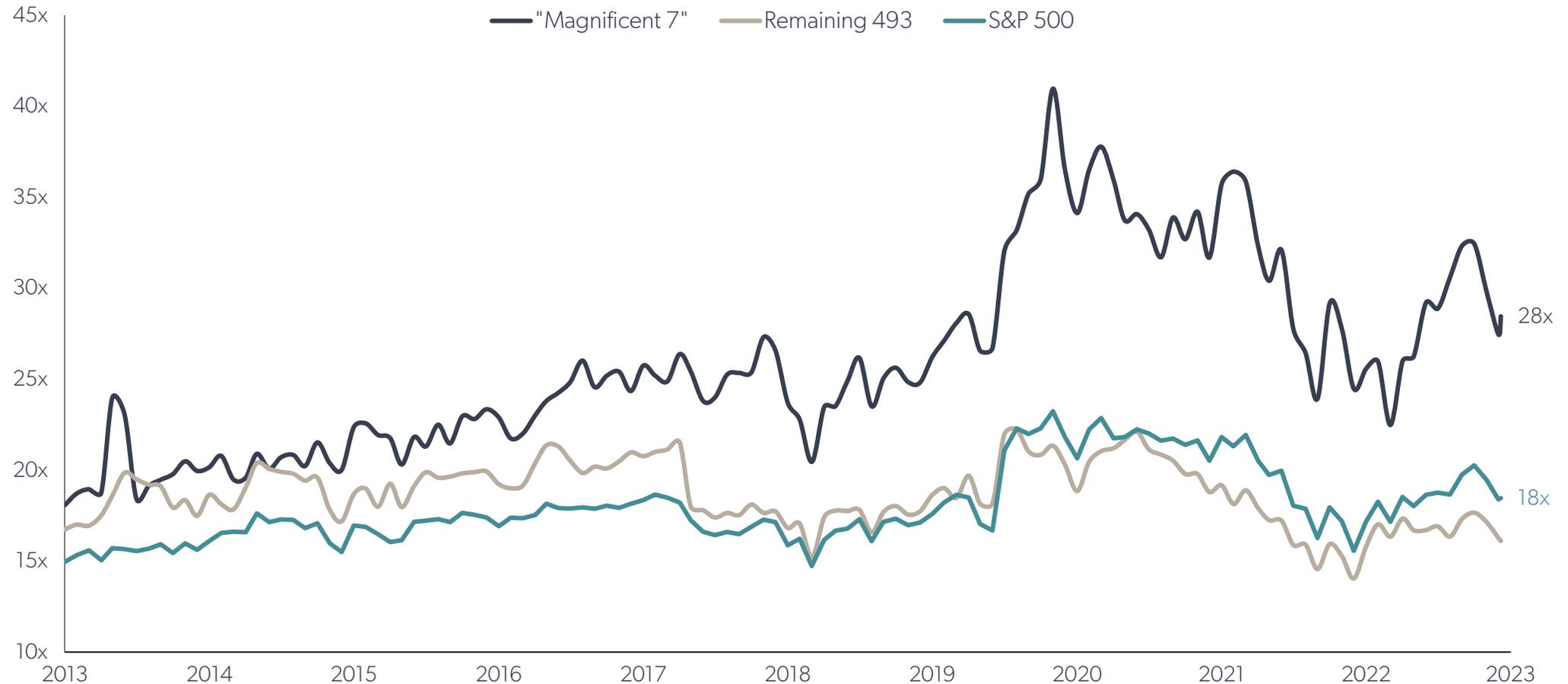
Source: 1,2,3 Bloomberg as at 19 October 2023. 4 Judo Bank (12 month term deposit). 5 Bloomberg (ICE BofA US Corporate Effective Yield - Investment Grade). 6 Bloomberg (ICE BofA US High Yield Index Effective Yield). 7 Regal.
Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

S&P 500's gains YTD driven by mega cap US technology stocks



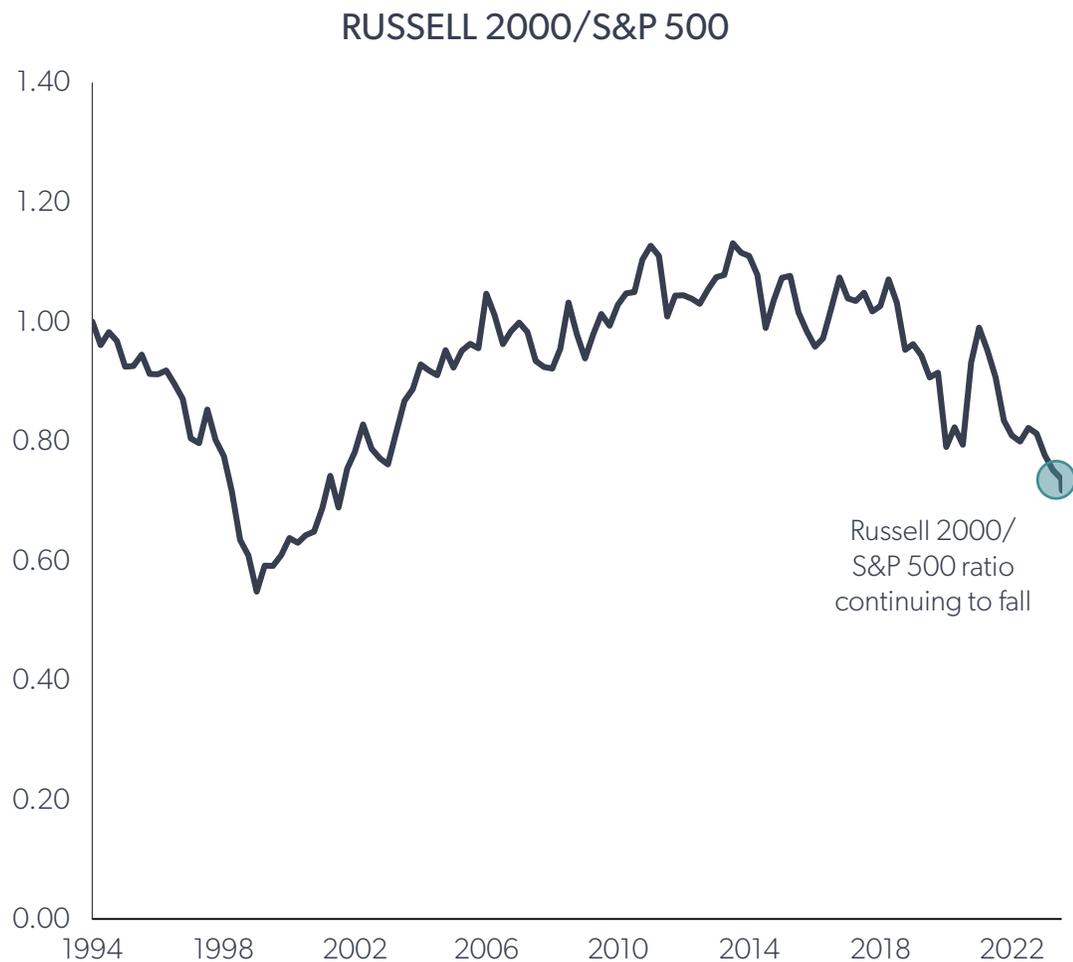
Source: Bloomberg as at October 2023. Magnificent 7 include Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla and Meta.
Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.
The company symbols trademark, copyright, & other intellectual property rights are & remain the property of their respective owners.

S&P 500 trades on 18x P/E in aggregate but 16x ex the “Magnificent 7”



Source: Bloomberg as at October 2023 (monthly data). Magnificent 7 include Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla and Meta. Magnificent 7 and remaining 493 companies' forward P/E calculated by taking sum of relevant market caps and dividing by net income. 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.

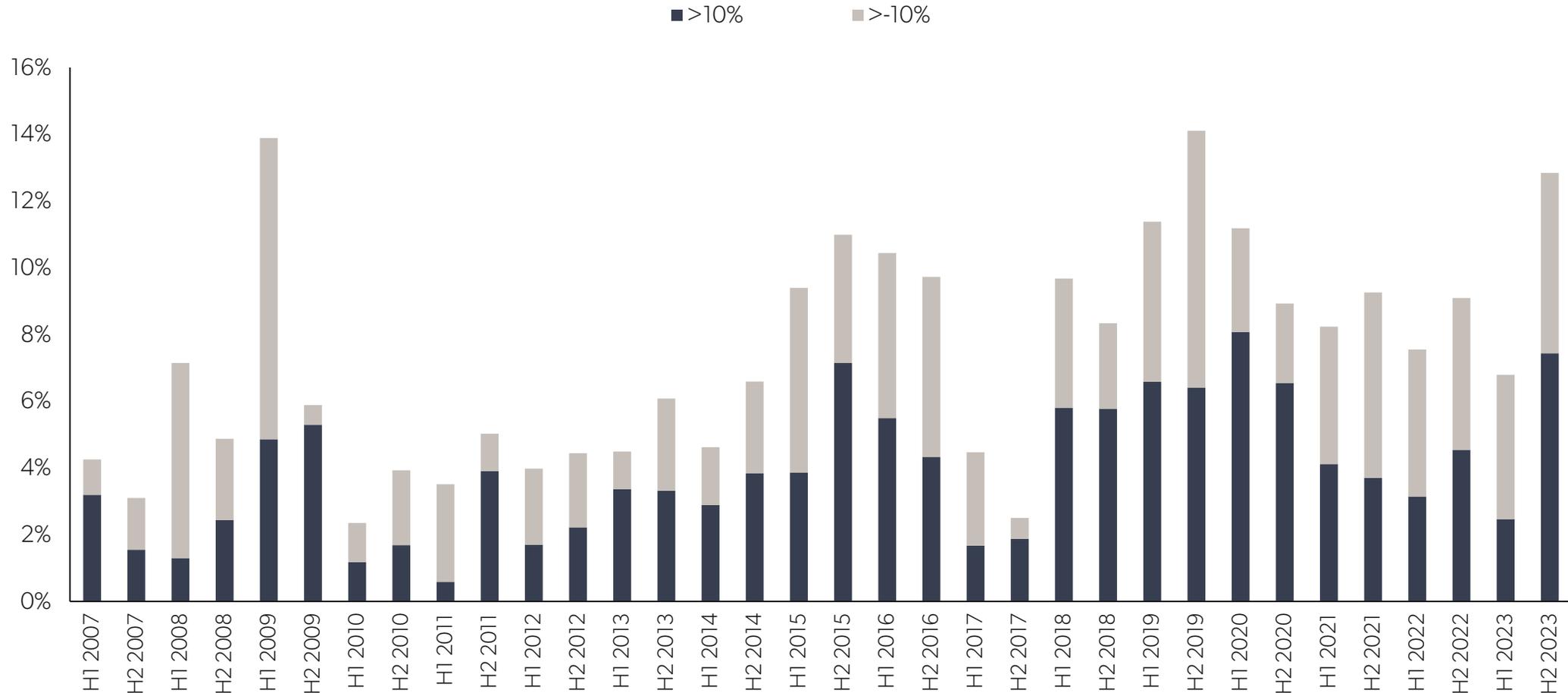
Small cap underperformance vs large caps



Source: Bloomberg as at October 2023 (quarterly data).
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.

ASX reporting season in 2H23 was one of the most volatile of past 15 years

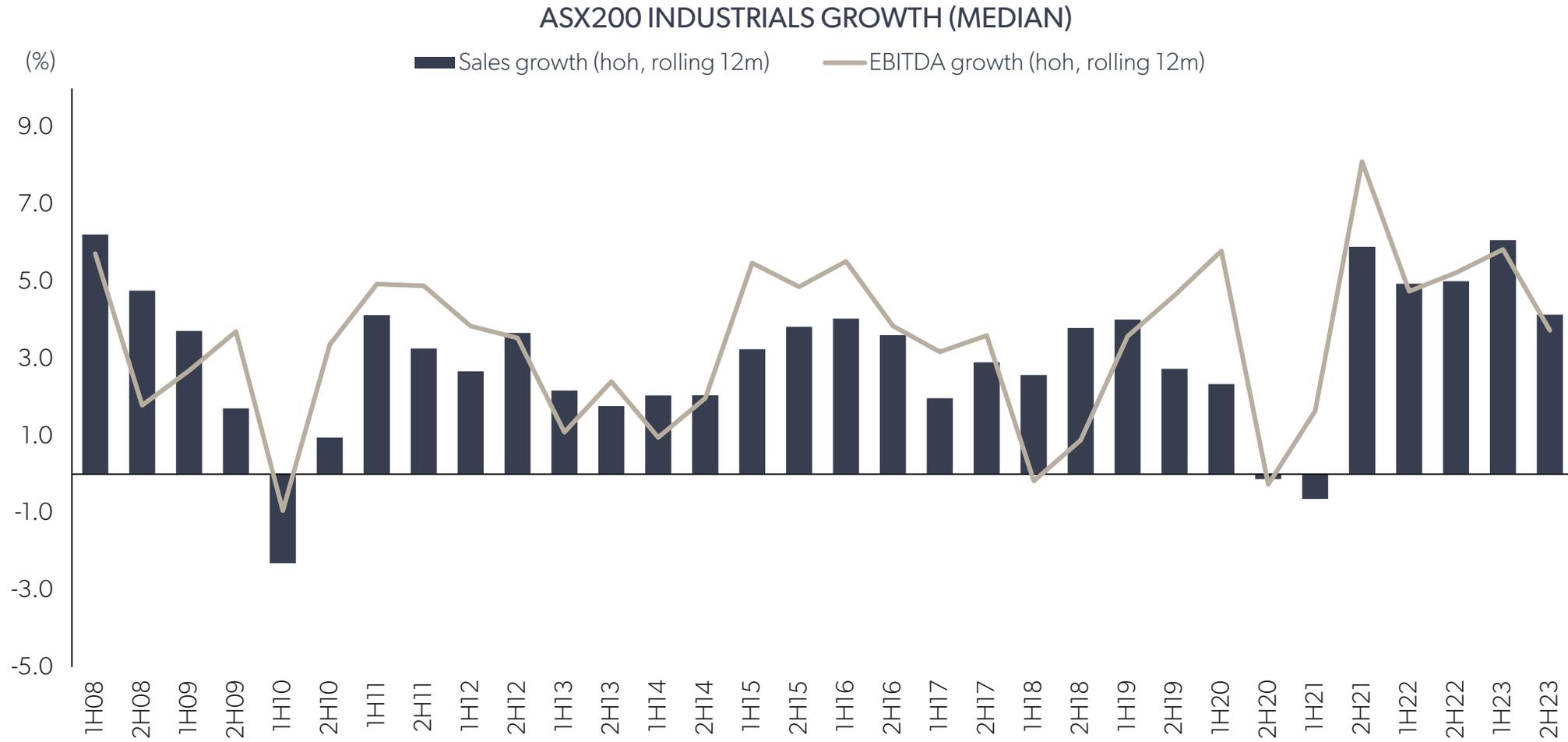
ASX200 % OF EARNINGS DAY MOVE >10%



Source: FactSet, Bloomberg, Goldmans Sachs research.

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.

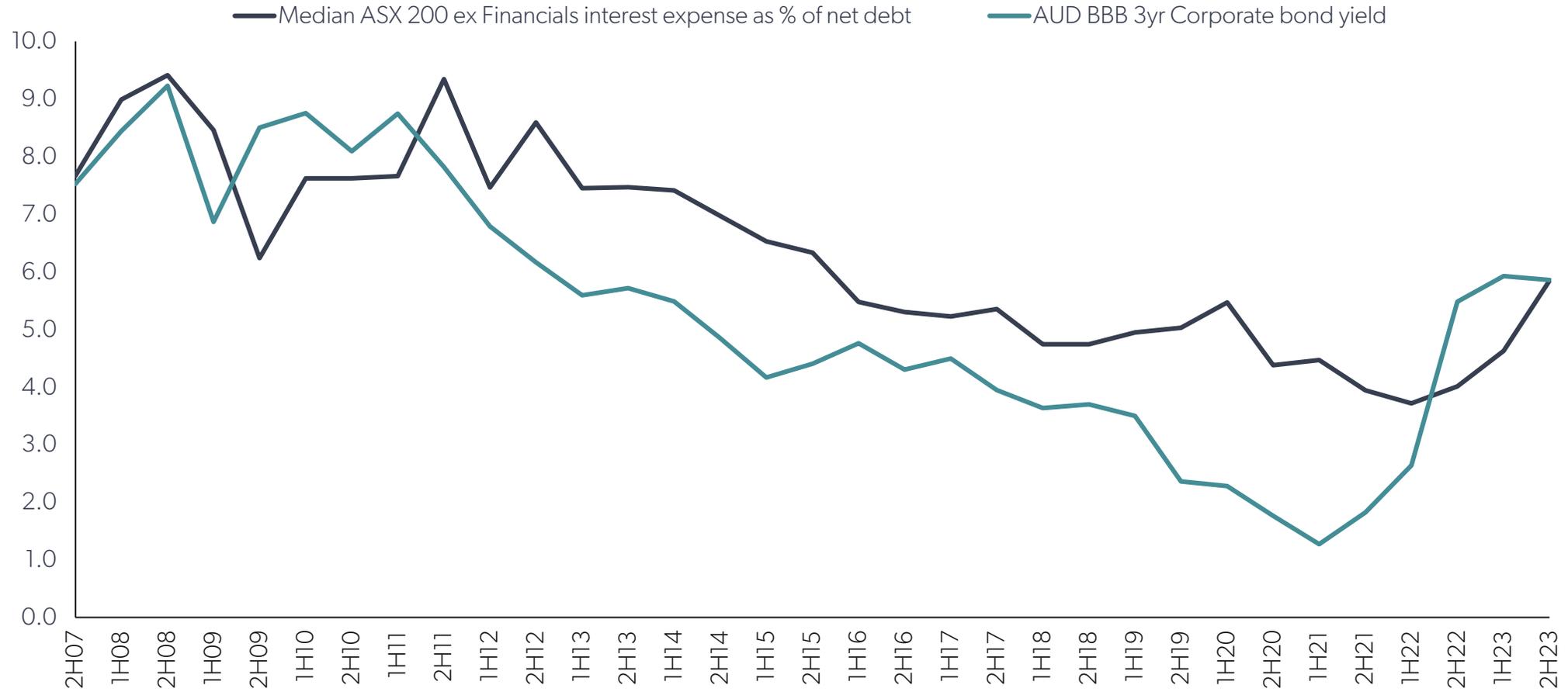
ASX Industrials are managing inflation pressures well...



Source: FactSet, Goldmans Sachs research.

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.

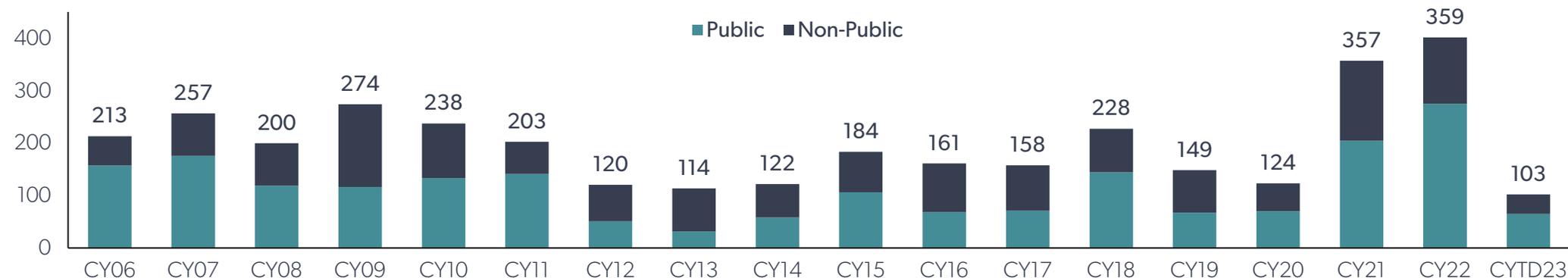
...however interest expenses are steadily increasing



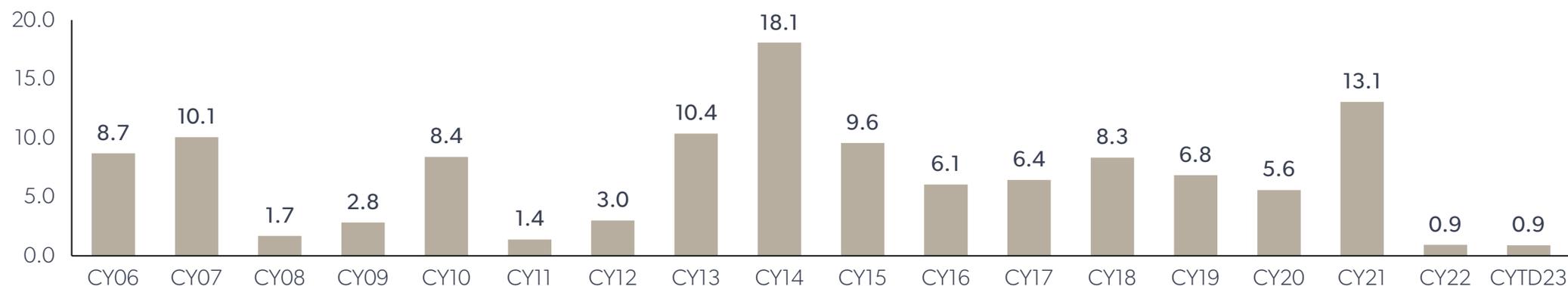
Source: FactSet, Goldmans Sachs research, Bloomberg.
Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

Takeover activity continues... but IPOs have evaporated

ANNOUNCED M&A INVOLVING AN AUSTRALIAN TARGET (A\$BN)



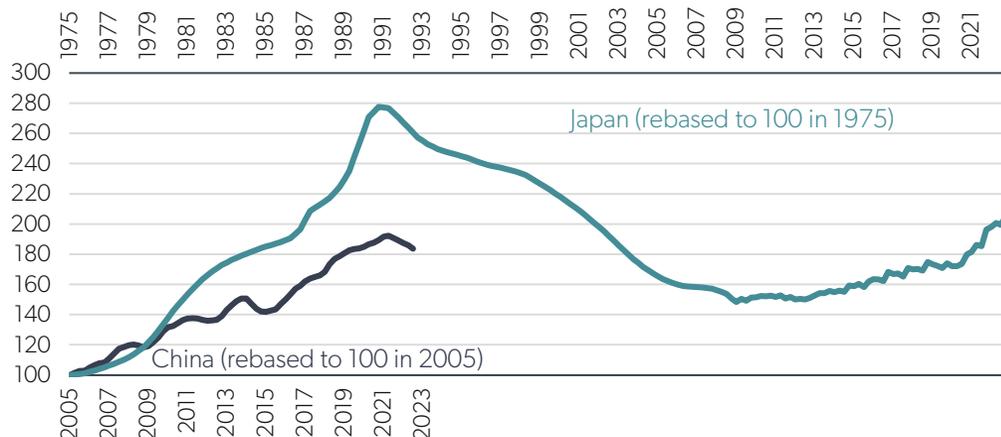
AUSTRALIAN IPO MARKET VOLUME BY YEAR (A\$BN)



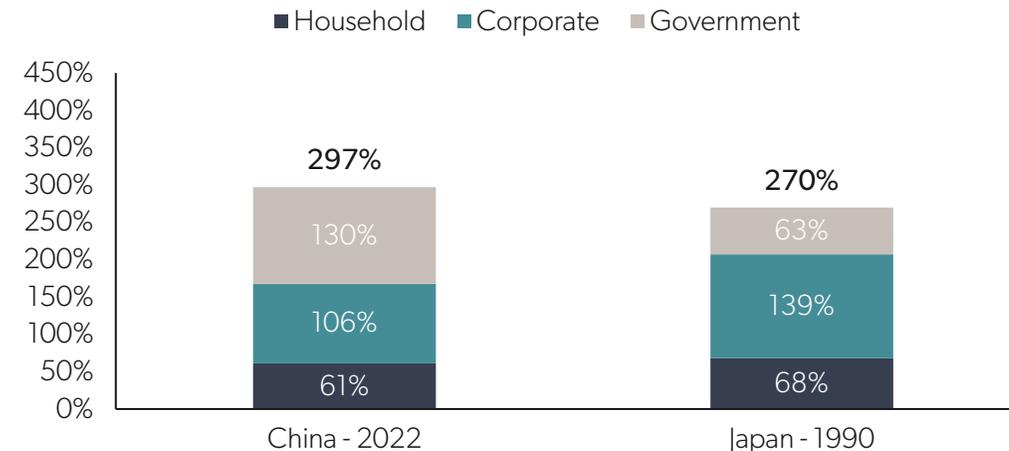
Source: Dealogic as at October 2023. Announced M&A with an Australian target. Excludes buybacks. Completed Australian IPO values.
Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

Keeping an eye on China – parallels of 1990's Japan?

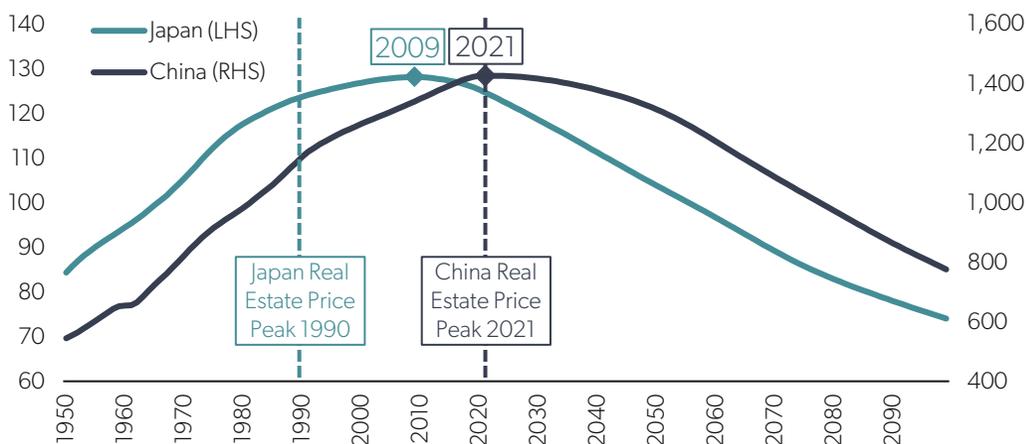
RESIDENTIAL PROPERTY PRICES



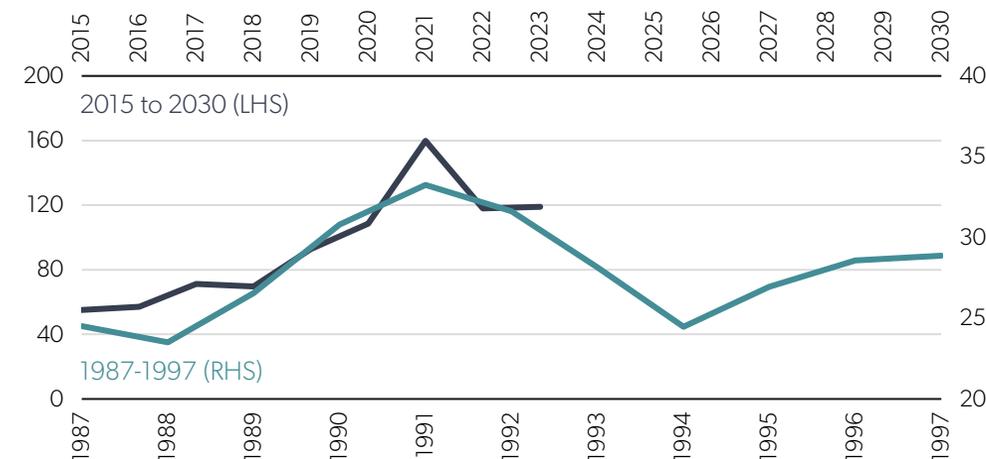
DEBT TO GDP COMPARISON



TOTAL POPULATION



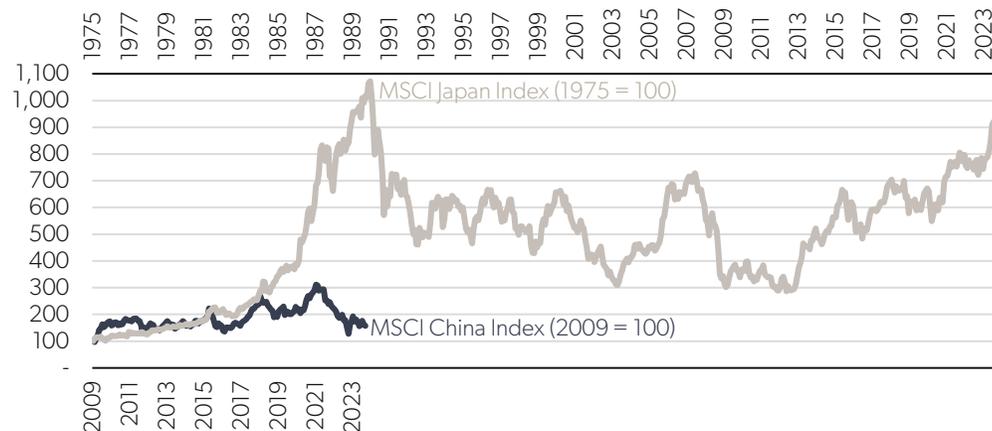
IRON ORE PRICES (USD/METRIC TONNE)



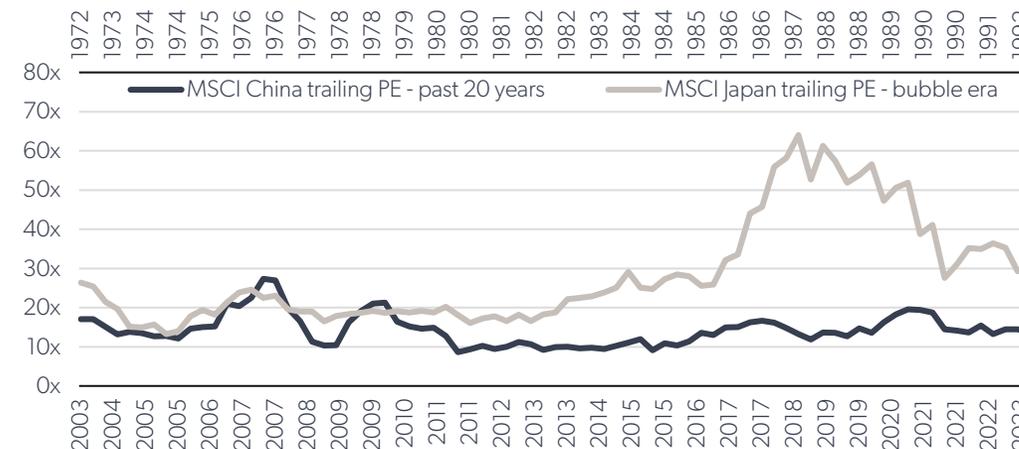
Source: BIS, IMF, UN Population Forecasts, Bloomberg, broker research.
Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance.

China – Key differences to 1990’s Japan

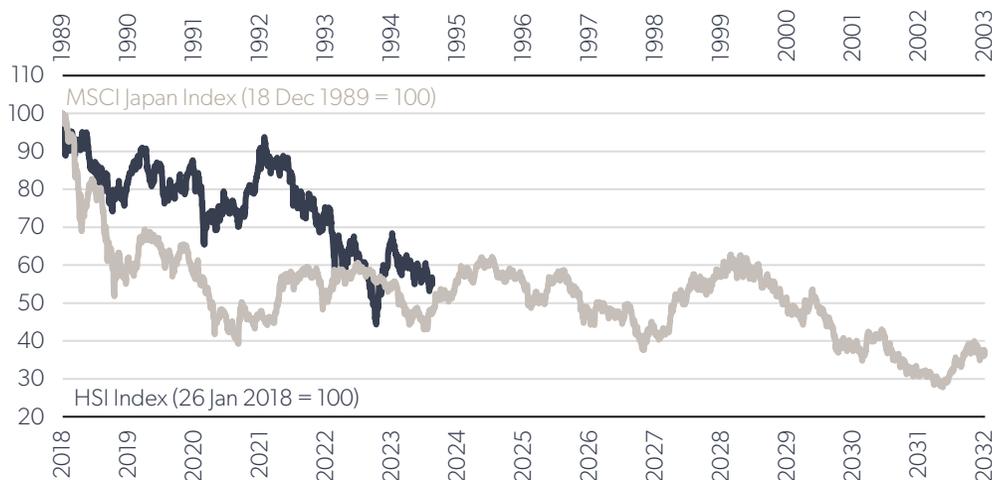
PRICE INDEX OVER TIME



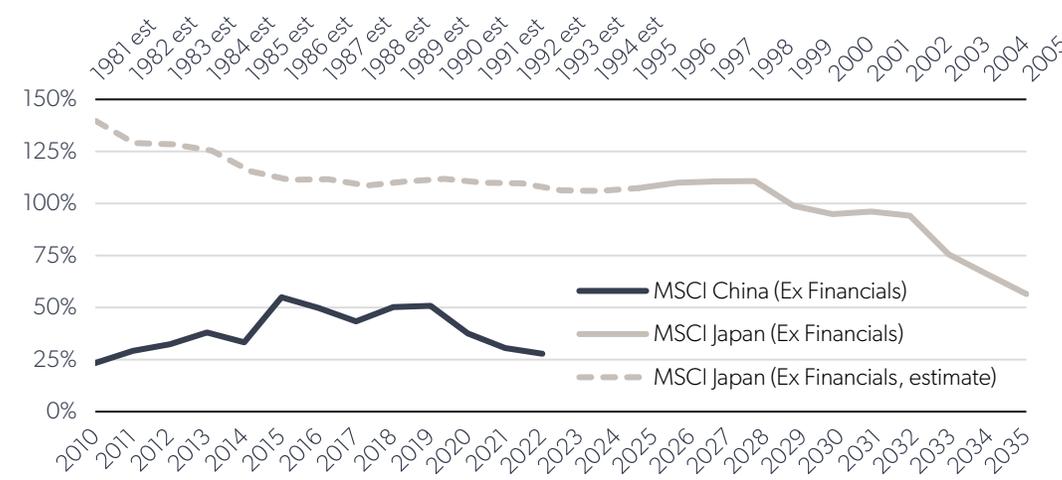
TRAILING P/E



PRICE INDEX OVER TIME



NET DEBT TO EQUITY



Source: Bloomberg as at October 2023, MSCI, Worldscope, Morgan Stanley and Nomura Research.
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.

RF1 Portfolio & Investment Characteristics

As at 30 September 2023

Percentage of Positive Months

69%

Current Number of Strategies

8*

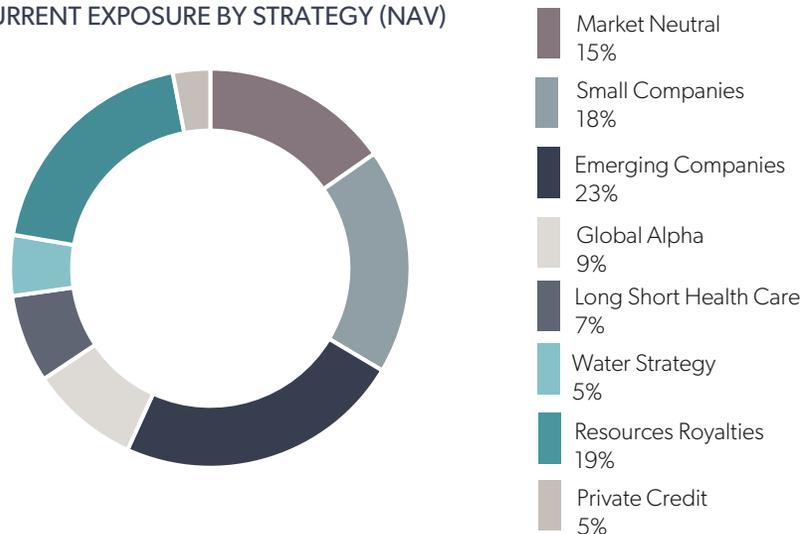
Number of Asset Classes

4

Inception Date

June 2019

CURRENT EXPOSURE BY STRATEGY (NAV)



GROSS RETURNS IN RF1 BY STRATEGY

STRATEGY PERFORMANCE WITHIN RF1 ¹	3MTH	1 YR	INCEPTION PA
Market Neutral	+5.4%	-15.8%	+15.8%
Aus. Small Companies	+2.2%	+41.6%	+23.7%
Emerging Companies	+0.1%	-9.4%	+53.2%
Long Short Health Care	+4.0%	+8.7%	+7.4%
Global Alpha	+11.0%	+15.2%	+62.8%
Water Strategy ¹	+1.0%	-0.9%	-
Resources Royalties ²	+5.4%	+19.8%	-
Private Credit ³	+2.4%	-	-

SECTOR	LONG	SHORT	NET
Communication Services	5	-3	2
Consumer Discretionary	12	-12	0
Consumer Staples	5	-4	1
Diversified	0	-1	-0
Energy	12	-3	8
Financials	19	-11	7
Health Care	15	-12	3
Industrials	16	-8	8
Information Technology	14	-12	2
Materials	26	-12	14
Real Estate	4	-3	1
Utilities	1	-1	-0
Total (Listed Positions)	129	-82	47
Total (Non-Listed Positions)	41	0	41
Total	169	-82	88

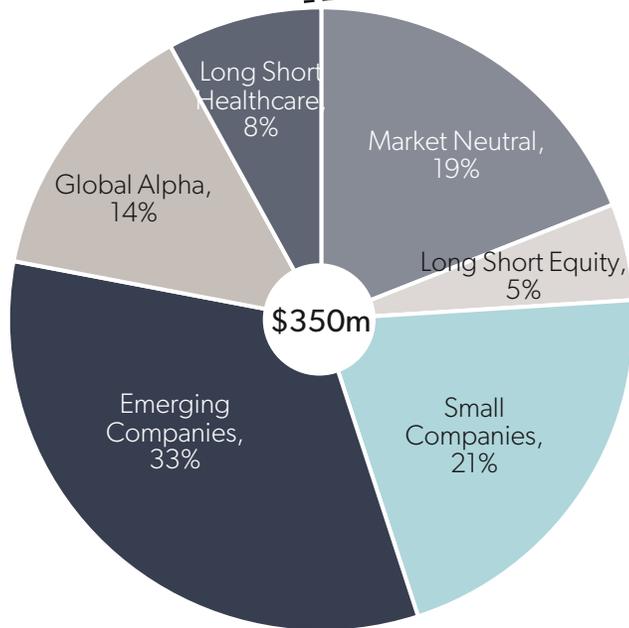
REGION	LONG	SHORT	NET
Asia	10	-5	5
Australia/NZ	136	-45	91
EMEA	7	-1	7
Americas	15	-31	-16
Total	169	-82	88

From 17 June 2019 listing date to 30 September 2023. Performance is calculated gross of all fees. Past performance is not a reliable indicator of future performance and it should not be relied upon as an indication of the future performance of the Fund. Introduced to RF1 in August 2022. 2. Introduced to RF1 in October 2022. 3. Introduced to RF1 in March 2023.

Increasing allocations to uncorrelated investment strategies

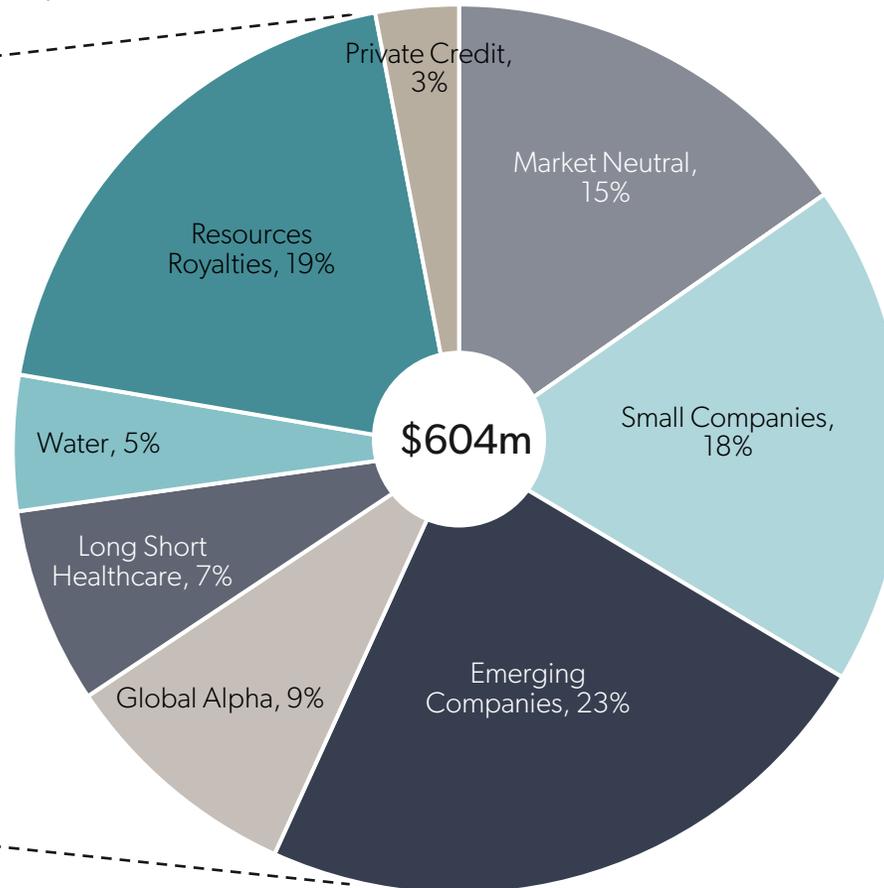
RFI Strategy Allocations

As at 31 October 2020



RFI Strategy Allocations

As at 30 September 2023



Strategies added since inception

- Long Short Healthcare
- Water Strategy
- Resources Royalties
- Private Credit

RF1 Portfolio Allocations – October 2023



⊕ Increased allocation to Private Credit



⊕ Increased allocation to Water

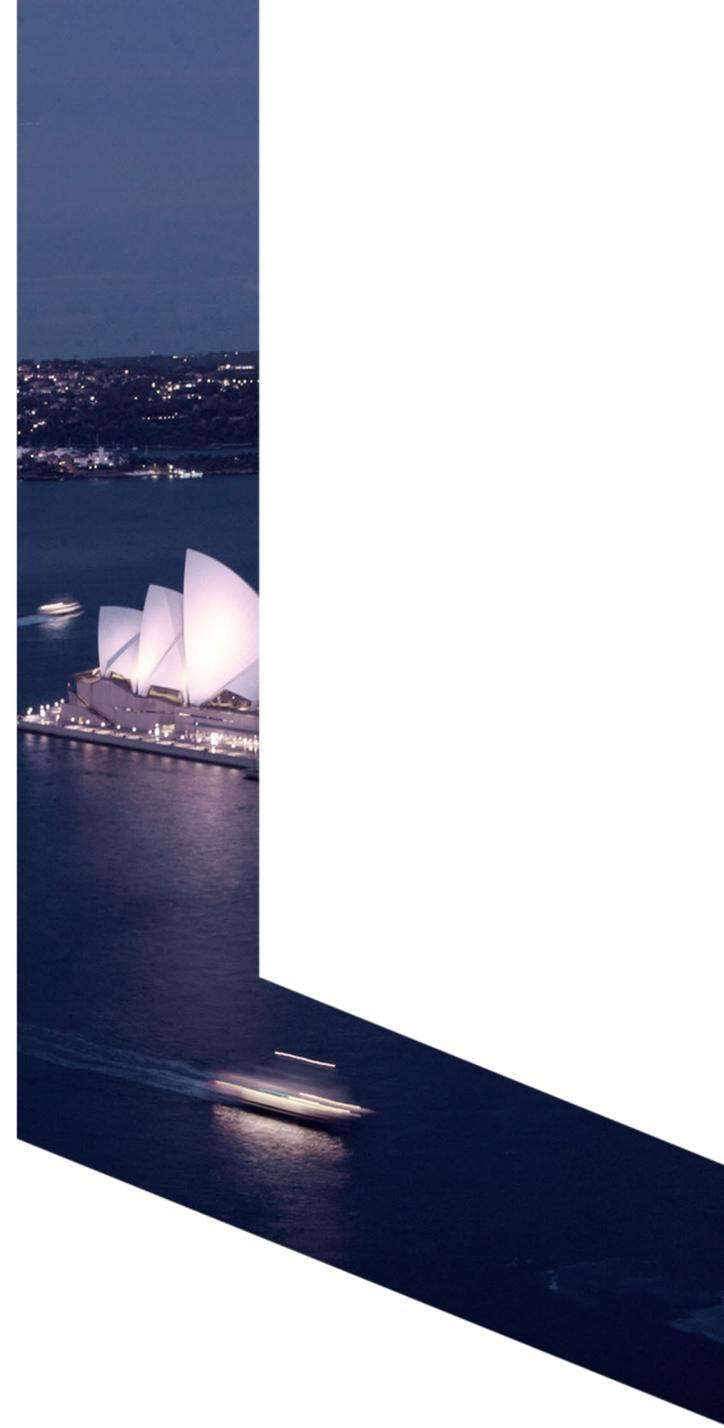


⊕ Increased allocation to Resources Royalties

TOTAL NON-EQUITY STRATEGIES IN RF1 INCREASED TO ~30% OF NAV

Opportunities in Private Credit

Jacob Poke, Portfolio Manager



The Opportunities in Private Credit

1

WHAT IS PRIVATE CREDIT?

- Lending capital in private transactions
- Non-equity asset class with contractual returns (e.g. via interest payments, scheduled repayment)
- Typically secured over all or substantial part of a company's assets
- Usually not traded on public markets

2

WHY DOES IT EXIST?

- More flexible pool of debt capital than can be provided from traditional banks, whose lending is governed by strict regulatory regimes
- Borrowers require capital for a variety of reasons, including:
 - Acquisition financing
 - Growth capital to expand, build new facilities, purchase equipment, increase R&D, etc.
 - Refinancing existing / maturing debt
 - Restructuring the balance sheet

3

WHERE DOES REGAL PRIVATE CREDIT INVEST?

- Across the credit spectrum and capital structure, from senior secured loans to subordinated / mezzanine loans, convertibles and preferred equity

Private debt has become a new asset class in its own right, one that is typically uncorrelated to equities and fixed income due to the unique characteristics of each loan

Current Opportunities Across Regal's Target Sectors

Sponsor Finance

1. Limited activity in 1H23, outside of smaller refinancing transactions
2. M&A activity muted across the market, primarily due to valuation gaps between buyers and sellers
3. A number of opportunities currently in the pipeline, expecting further activity over next 6-12 months

Current Target Return: ~8%+

Mid-Market Lending

1. While attractive, better risk-adjusted return opportunities currently available in Sponsor Finance and Credit Solutions sleeves
2. Middle market opportunities emerging with wider pricing and better structural protections, in order to compensate for additional risk
3. Anticipate limited additional portfolio exposure over short term, however, expect meaningful allocation over full length of credit cycle

Current Target Return: ~10%+

Credit Solutions

1. Ongoing organic financing requirements of the non-bank sector have created interesting opportunities in the ABS market. Spreads have widened and equity protection levels have increased relative to the last few years
2. Focus on high-quality, well capitalized issuers, that are either private equity backed or have liquid, listed equity market capitalisations
3. Anticipate these issuers may provide ongoing investment opportunities, either in ABS or at the holding company level

Current Target Return: ~10%+

Current investment examples

#1

Sponsor Finance

~\$10 MILLION ~10% NTM YIELD

FIRST LIEN LOAN

- Senior secured floating rate loan to support the acquisition of one of Australia's largest mortgage asset managers by a global private equity sponsor.

OUTSIZED EQUITY CONTRIBUTION

- A sub 30% loan to value ratio at acquisition, driven by substantial cash equity invested. The position is enhanced by outperformance vs budget EBITDA since acquisition, driving further leverage reduction.

#2

Mid-Market Lending

~\$20 MILLION ~11% NTM YIELD

FIRST LIEN LOAN

- Senior secured bilaterally negotiated loan to support the recapitalisation of Australia's largest contingent consumer debt recovery business.

COUNTER-CYCLICAL EARNINGS PROFILE

- Moderate opening leverage based off depressed post Covid earnings with a strong pipeline of new contracts to drive de-leveraging.

#3

Credit Solutions

~\$25 MILLION ~12% NTM YIELD

MEZZANINE WAREHOUSE FINANCING

- Secured by a pool of performing, secured auto and equipment loans originated by the one of the largest, listed non-bank lenders to this asset class.

CONSERVATIVE MARGIN OF SAFETY

- Realized losses would need to be in excess of 3x those historically observed before our capital would suffer any impairment.

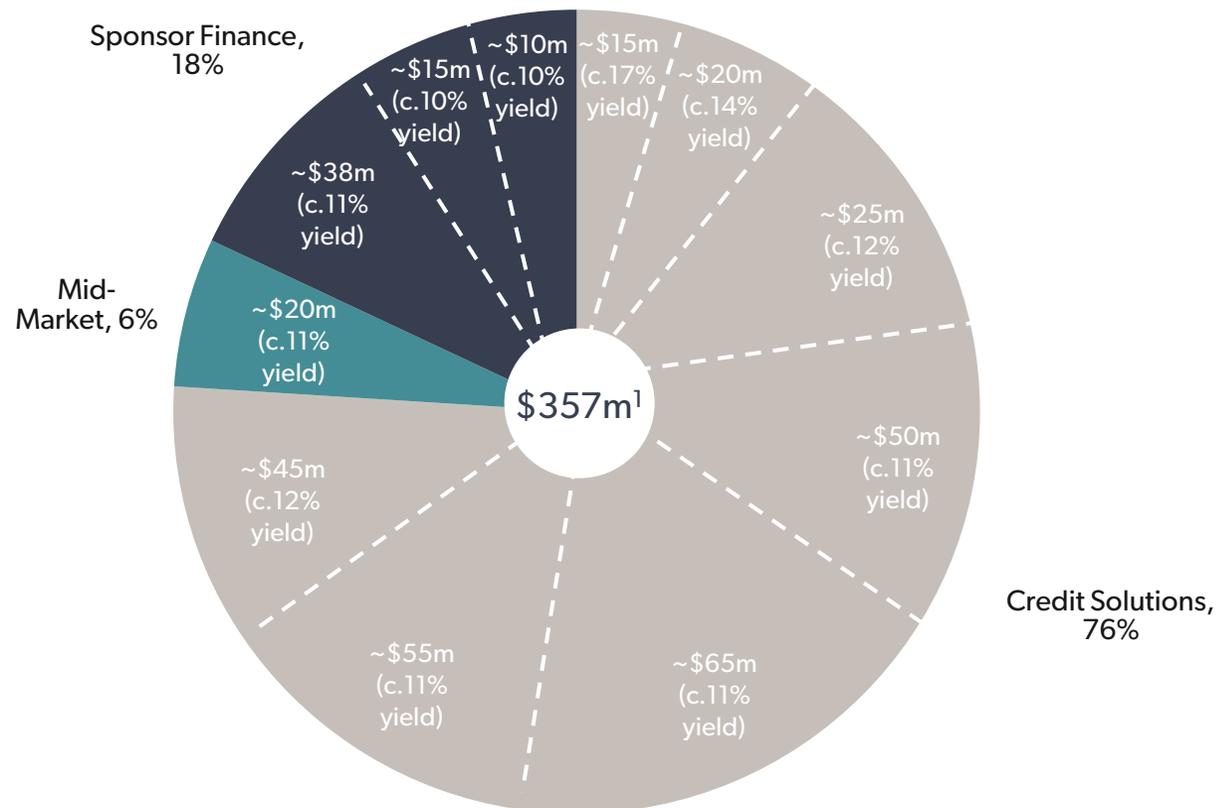
The strategy has grown rapidly in its first 12 months

Well positioned to deliver on its long-term objective

GROWTH OF STRATEGY



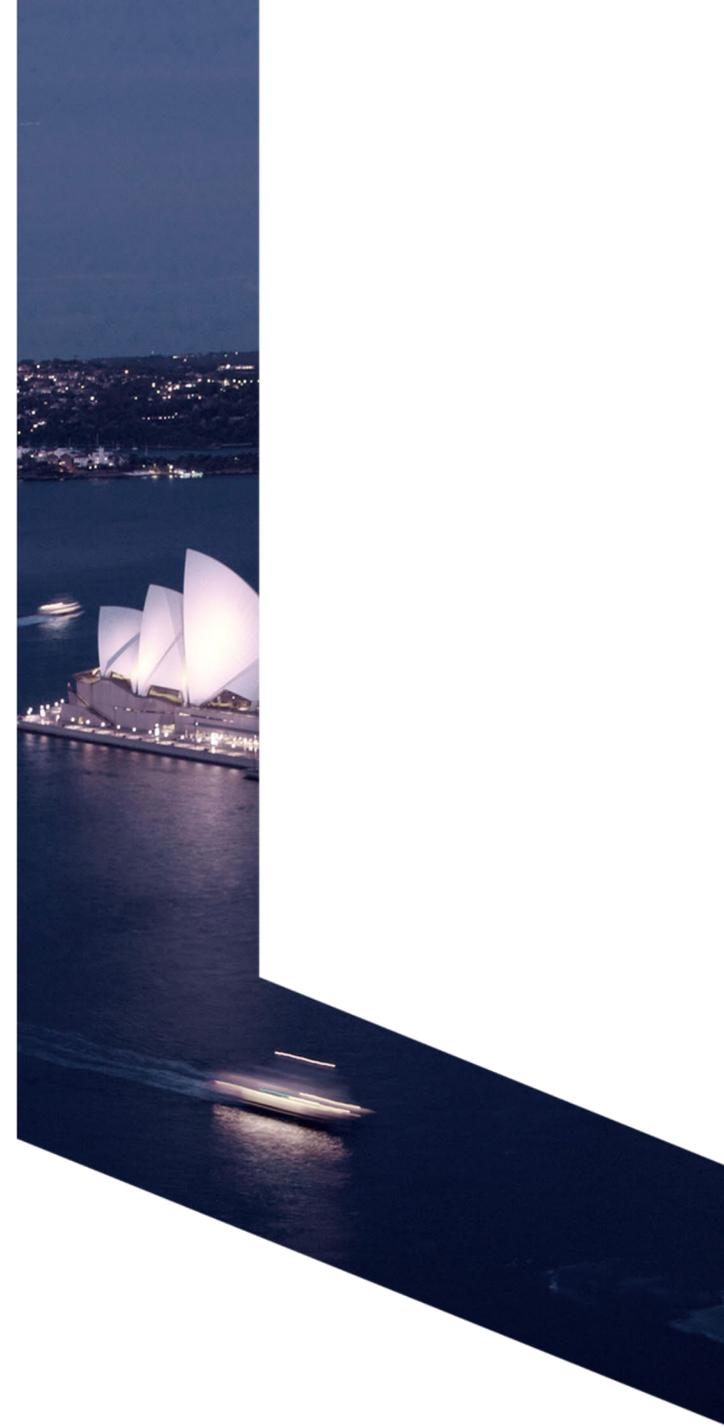
OPPORTUNITIES SOURCED ACROSS ALL STRATEGIES



1. Committed capital, includes deployed capital and undrawn commitments made as at Oct-23. Subject to rounding to 0dp 2. Next Twelve Months (Oct-23) Investment Yield = Total Income for Period / Forecasted Deployed Capital. Individual loan yields represent internal management estimates of Next Twelve Month Yield. Actual performance may vary.

Resources Royalties

Simon Klimt, Portfolio Manager



Royalties offer an exposure to rising commodities prices, with limited exposure to rising production costs

MACRO THEMATICS



Inflationary environment



Regulatory & social barriers to new mine developments



Positive outlook for commodity prices

GENERAL CHARACTERISTICS OF A ROYALTIES EXPOSURE

Secure a percentage of revenue

- Limited direct exposure to cost increases (capital or operating)
- Higher commodity prices feed directly into higher royalty payments

Returns aligned to mining company behaviour

- Royalty benefits from any expansion or extension of production
- Tap debt or equity markets to cover cost blow-outs (no recourse to royalty owner)

Royalty investing overview

How the Regal Resources Royalties strategy invests

REGAL
INVESTMENT FUND

The Regal Resources Royalties strategy acquires existing royalties and creates new royalties

“The Regal Resources Royalties strategy is capable of investing in both natural and renewable resource royalty investments”

ACQUIRE EXISTING ROYALTIES

- Predominantly in-production but can be pre-production
- Non-core assets held by mining companies
- Existing royalties may provide access to larger projects
- Opportunity to further diversify and grow the portfolio

CREATE NEW ROYALTIES

Funding transactions that create new royalties and streams:

- Predominantly pre-production but can be in-production
- Development capital
- Balance sheet repair
- M&A finance support

Talinga Gas Royalty

Long life royalty over “world class” coal seam gas “CSG” field over the Talinga and Orana gas fields in Queensland’s Surat Basin

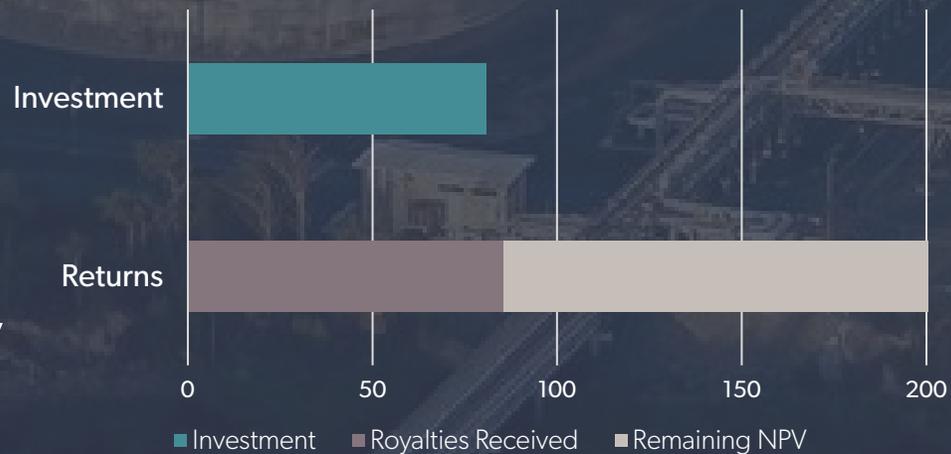
TRANSACTION OVERVIEW

- The operator of the ATP692 area is **Origin Energy** on behalf of Australia Pacific LNG (“APLNG”), a joint venture between Origin Energy¹, ConocoPhillips and Sinopec
- The assets are Gross Overriding Revenue Royalty (“GORR”) interests on a number of key operating fields including the Talinga and Orana fields and are one of the major sources of feedstock for LNG export

Key Terms

Royalty Type	Gross Overriding Revenue Royalty
Royalty Rate	2.5%
Price Basis	Wellhead Revenue
Calculation Methodology	Wellhead Value based on Queensland Government calculation used prior to 1 Oct 2020
Commodity	Natural gas
Payments	Quarterly

An **\$80m investment** is expected to return **\$200m** over the life of the royalty



Source: Royalty statements, manager valuation as at 30 April 2023

Additional Royalties Acquisition

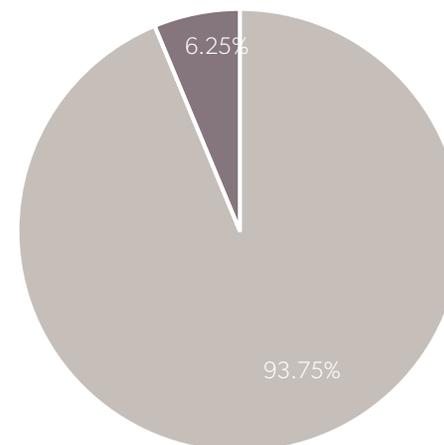
Multi-tiered transaction with an existing Canadian royalty company will provide direct exposure to a tier one gold project and an indirect exposure to an existing royalty portfolio

TRANSACTION OVERVIEW

The strategy is currently executing the following (US\$40.0m) transactions with a Canadian royalty company (RoyaltyCo¹)⁵:

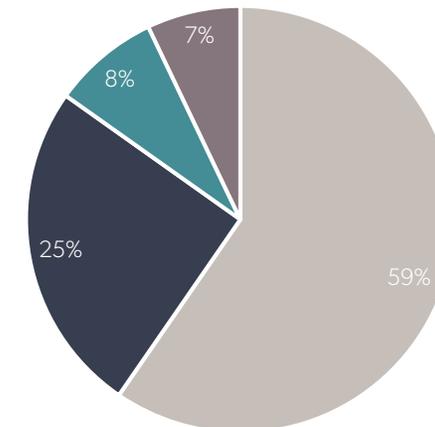
1. Acquisition of a gold stream over one of Canada's largest gold mines for US\$22.5m²
2. Equity investment in RoyaltyCo of US\$17.5m

CURRENT



■ Energy ■ Precious Metals

POST-TRANSACTION³



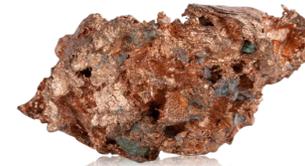
■ Base Metals ■ Battery & Critical Metals

1. RoyaltyCo – name subject to confidentiality undertakings. 2. RRF will acquire 26% of a gold stream capped at 90,000ozs (with deliveries from 2024 – 2036). 3. Based on RRF valuations incorporating equity interest in RoyaltyCo portfolio. 4. Managers estimate assuming 50% of RoyaltyCo equity investment divested in 2025. 5. Subject to deal completion, including execution of binding transaction documentation. If completion does not occur, funds raised are expected to be allocated to alternative opportunities consistent with the mandate of the fund.

**New mines are
needed for
decarbonisation.
We are seeking to
create a diversified
commodities
exposure.**



LITHIUM



COPPER



COBALT



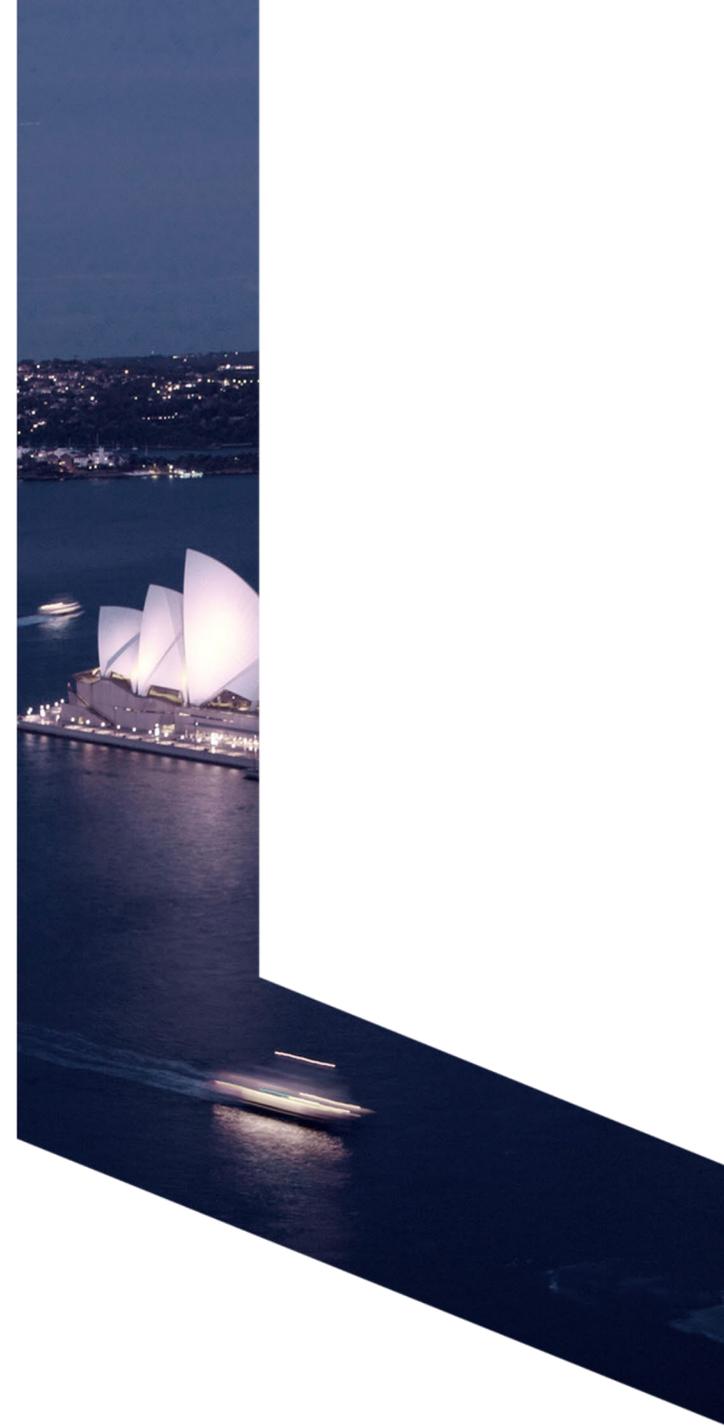
GRAPHITE



NICKEL

Emerging Companies

Jessica Farr-Jones, Portfolio Manager



Regal Emerging Companies Strategy

Investment Universe

Emerging Companies Strategy combines the attributes of private equity and hedge fund investing to provide access to listed and unlisted opportunities in the next generation of Australia's leading companies

LISTED MICROCAPS

- IPOs, placements and block trades in listed companies with market capitalisation <\$300m at time of investment
- Given size & illiquidity of shares for certain microcaps (usually <\$100m market capitalisation), placements & sell downs usually trade at steep discounts

PRE-IPO INVESTMENTS

- Private companies which are on a path to IPO, typically within 12 months
- Raising capital to fund an acquisition, continued organic growth, reduce debt or provide liquidity
- Ability to invest via attractive structures capable of providing ability to invest via non-share instruments with access to equity upside

EXPANSION CAPITAL

- Companies which have a preference to remain private for 18-36 months
- Raising capital to fund the next stage of growth
- Looking for longer term investment partners who can add strategic value

While microcaps have materially underperformed in the last 2 years, we expect this to normalise

- Micro and small caps have materially underperformed large caps since the market peaked, down -32% and -25% respectively versus -7% for the ASX200.
- However, as we saw in 2020-2021, micro and small cap stocks tend to materially outperform during bull markets.
- We anticipate the recent dispersion in performance to normalise, resulting in superior returns across micro and small caps in the future.

RELATIVE RETURNS FROM 2020-2023



	Emerging Companies Index	Small Ordinaries Index	ASX200 Index
Total return 1-Jan-2020 to 11-Oct-2023	24%	-7%	6%
Trough to peak post Mar-2020 drawdown	271%	97%	68%
Peak to current % drawdown	-32%	-25%	-7%

Elevated sector activity & recent liquidity events

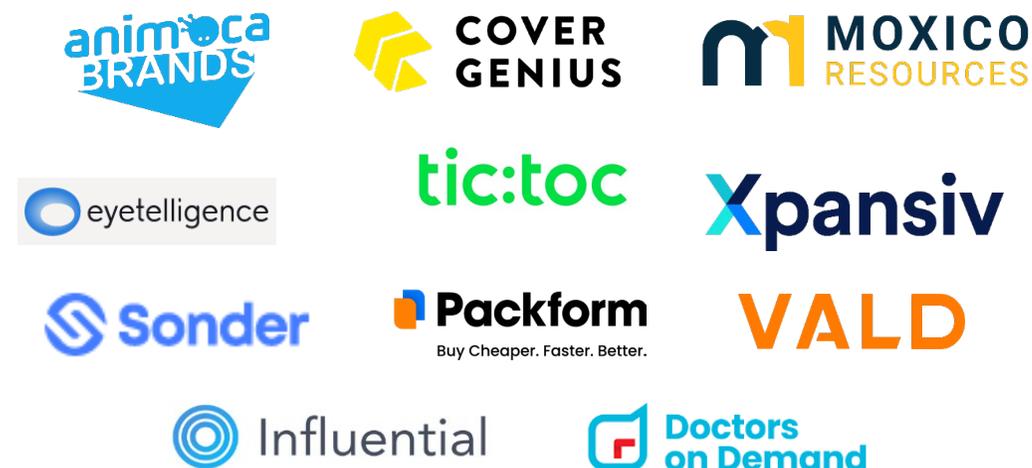
M&A ACTIVITY TARGETS

Depressed valuations within the emerging companies sector has driven a significant increase in takeover activity by both strategic and private equity investors.

LIQUIDITY EVENT BENEFICIARIES

Within a rising interest rate environment, where equity markets remain closed, we have achieved several favourable liquidity events within our private positions.

Existing Regal position at time of takeover offer



Outlook for the Emerging Companies Strategy

#1

While micro and small caps have materially underperformed large caps since the market peaked, we expect this dispersion to reverse, resulting **in superior returns across micro and small caps in the future**

#2

Increasing demand for liquidity solutions due to deceleration of exit activity and market dislocations in current macro environment extending the lifecycle of private companies

#3

Pricing inefficiencies are exemplified in private markets during times of macro dislocation

#4

Increased deal flow (across both private and public markets) expected throughout FY24 as companies solidify balance sheets and target opportunistic acquisitions

#5

Competition significantly reduced as traditional fund managers exit the space and focus back on listed companies. **Investors with capacity and longer-term horizon can negotiate strong terms**

Investor Q&A

Submit
your
questions
via the side
menu on the
webcast
player



BRENDAN O'CONNOR

Chief Executive Officer
Regal Partners

RFI Investment
Committee Member



PHILIP KING

Co-Founder & CIO
Long/Short Equities
Regal Funds

RFI Investment
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JACOB POKE

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