

Zambezi Absolute Return Fund

MARCH 2024

The Zambezi Absolute Return Fund increased by 17.2% in March.¹ Since inception in September 2005, the Fund has generated 14.4% p.a. net of fees.

The Fund delivered a strong return this month on the back of a series of material earnings updates from key portfolio long positions. The largest contributor to the March return was Life360 (+60%) after a strategic update that confirmed a shift into the advertising vertical. Life360 is the no.15 most downloaded APP on Apple's APP Store, with 61m monthly active users and clear monetisation options. Regal believes there is significantly more upside in Life360, particularly if the company moves towards a US dual-listing structure. Other long positions included ZIP Co (+45%), a BNPL company with a growing US presence continued to re-rate post its better-than-expected February earnings result, and Asian mobile and broadband operator, Tuas (+20%), responded strongly to an investor update that led to consensus upgrades. Global fund manager GQG Partners (+2%) also performed well after confirming strong inflows and continued strong performance across its suite of equity products.

OUTLOOK²

Equity markets continue to perform positively as company earnings continue to be reported better than consensus expectations. Global and domestic GDP remains resilient, unemployment levels subdued, and inflationary pressures easing. Bond markets are pricing a series of interest rate cuts in 2024, while equity market breadth is improving as smaller companies see investor interest after underperformance.

INVESTMENT PERFORMANCE¹



FUND INFORMATION

Name	Zambezi Absolute Return Fund
Structure	Cayman Limited Liability Company
Currency	USD
Inception	September 2005
Management Fee	2%
Performance Fee	20%
Hurdle Rate	No
High Water Mark	Yes
Fund Size	US\$184m
Minimum Investment	US\$500,000
Subscriptions	Monthly
Redemptions	Quarterly
Registry	Apex Fund Services
Auditor	Ernst & Young
Custodian	GS/UBS/MS/BofA/JPM

PERFORMANCE DATA % (NET)¹

March Return	17.17
Annualised Return Since Inception	14.44
Rise in NAV Since Inception	1,127
2024 Calendar Year Return	19.84
One Year Rolling Return	21.83
Last 3 Months Return	19.84

RISK RETURN¹

Reward to Risk Ratio	0.38
Annualised Standard Deviation (%)	37.58
Downside Deviation (%)	28.53
Sortino Ratio	0.51
Maximum Drawdown (%)	69.84
Percentage of Positive Months (%)	62.78

CORRELATION

Australian ASX 200	0.59
US S&P 500	0.47
MSCI World	0.53

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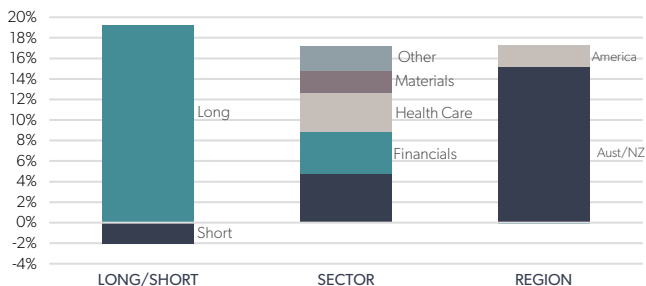
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¹ Past performance is not an indicator of future returns. Stated fund returns are net of all expenses including management and performance fees unless otherwise indicated.

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ATTRIBUTION OF RETURNS FOR MARCH 2024³



STRATEGY²

The Zambezi Absolute Return Fund operates an aggressive strategy which aims to generate high positive returns over the medium to long term regardless of equity market movements. Investments are primarily made using the Investment Manager’s fundamental investment process.

The focus of the Fund is on listed investments in Australia and the Asia-Pacific region with a portion of the Fund invested in other global markets. This may include exposure to emerging and frontier markets. The Fund may also utilise derivatives, unlisted equities, global equities, and other instruments in pursuing the investment objective from time to time.

To fulfil the Fund’s investment objective, the Fund uses gearing. It is expected that gross gearing will generally be between 400% and 500% and net gearing will generally be between 100% and 300%. These are general guidelines only and gross and net gearing may be higher and lower at times. The fund’s volatility (a measure of risk) is considerably higher than the Australian share market and investors must recognise the potential for periods of negative performance.

FUND NET PERFORMANCE¹

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	-7.12	10.12	17.17										19.84
2023	5.35	-6.22	-2.87	-2.75	-7.03	6.39	-3.12	-2.77	1.57	-3.76	6.38	7.87	-2.45
2022	-11.65	-11.07	9.45	2.77	-9.51	-30.98	11.15	12.57	-7.16	-6.67	-2.61	-10.02	-47.56
2021	11.23	4.48	-10.06	17.66	0.55	-6.06	4.45	13.20	6.81	1.26	-0.35	6.19	57.21
2020	5.64	-32.25	-51.38	21.45	12.58	0.28	19.94	18.15	1.68	-9.36	14.14	0.69	-28.40
2019	6.36	30.46	2.22	12.42	6.25	-4.70	15.64	1.30	7.36	-8.47	-7.43	2.29	75.97
2018	0.59	-5.66	-1.87	1.73	2.05	2.15	-5.42	0.18	-2.07	-23.80	-12.15	-9.11	-44.25
2017	0.55	-7.03	-2.34	-7.79	3.92	4.67	5.02	2.40	13.81	9.72	17.26	19.94	72.92
2016	-7.72	-16.50	-7.09	-1.29	12.18	-5.06	9.17	-6.45	3.06	-14.64	-13.08	-2.49	-42.70
2015	4.86	20.45	4.48	0.68	6.24	-10.10	16.54	2.24	11.20	13.47	5.51	8.04	117.37
2014	3.50	11.49	3.95	0.60	5.00	-4.07	12.25	9.70	-6.35	-4.87	-3.99	-4.39	22.40
2013	3.59	7.63	1.60	-3.08	-11.43	-10.61	12.03	10.85	13.18	10.29	0.73	8.04	46.67
2012	10.83	10.21	-3.90	-5.61	-20.20	-8.53	-7.81	4.06	2.94	2.86	5.13	5.10	-9.23
2011	-3.86	6.40	0.59	9.35	0.48	-8.38	8.84	-3.40	-18.51	11.08	-7.81	-5.03	-13.68
2010	-7.44	-2.65	13.15	8.35	-16.48	-6.77	7.32	8.37	22.68	17.49	8.09	23.60	92.67
2009	4.09	1.20	3.40	-1.88	7.20	15.74	22.02	23.52	26.72	7.45	2.47	3.25	187.92
2008	-17.06	4.60	-15.84	4.44	17.15	0.56	-16.89	-2.66	-30.06	-22.51	-0.28	-1.35	-61.24
2007	-1.08	-4.75	6.30	8.47	7.93	1.17	0.36	-9.56	4.86	8.31	5.34	1.27	30.46
2006	21.11	4.87	9.75	14.27	-8.73	0.73	1.78	0.28	-1.27	8.38	8.60	8.59	88.61
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7.90	-8.24	1.84	12.06	12.99

FUND ADVISOR PROFILE: ABOUT REGAL FUNDS MANAGEMENT[^]

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² There can be no guarantee that the Fund will be able to implement its investment strategy or achieve its investment objectives.

³ Attribution is net of fees

BALANCE SHEET EXPOSURES (% OF NAV)

Sector	Long	Short	Net	Gross
Communication Services	16	-1	14	17
Consumer Discretionary	21	-15	6	35
Consumer Staples	3	-7	-5	10
Diversified	25	0	25	25
Energy	14	-9	5	23
Financials	47	-20	27	67
Health Care	28	-12	16	40
Industrials	32	-9	23	41
Information Technology	32	-13	19	45
Materials	51	-13	38	65
Real Estate	13	-7	6	19
Utilities	10	-1	10	11
Total	292	-107	185	399

Region	Long	Short	Net	Gross
EMEA	5	0	5	5
Americas	43	-9	34	51
Australia/NZ	243	-98	145	342
Asia	1	0	1	1
Total	292	-107	185	399