

## Regal Australian Small Companies Fund

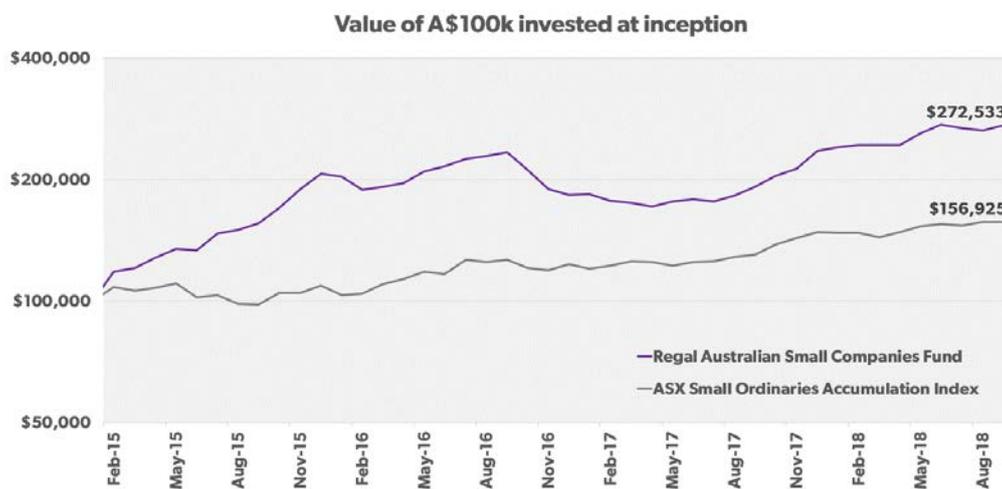
### OVERVIEW

The Regal Australian Small Companies Fund invests using a long/short approach and allows investors to benefit from both the rise and fall in the value of selected Australian small companies. The Fund differs from traditional “long only” small company funds in that it has the ability to take short positions in companies in which Regal has a negative view. This ability is an important source of performance and we believe gives the Fund a significant advantage versus long only competitors.

### INVESTMENT OBJECTIVE

The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index net of fees over a rolling 5 year period.

### PERFORMANCE



This chart represents the performance of the Small Companies Fund (net of fees) versus the benchmark index. This chart highlights the current value (as at September 2018) of A\$100k invested at inception (February 2015). Assumes reinvestment of distributions. Note: Past performance is not a reliable indicator of future performance.

### WHY INVEST IN THE SMALL COMPANIES FUND?

Regal Funds Management was formed in 2004. The Portfolio Managers each have over 20 years of investment experience and a long track record of delivering strong returns for investors.

Regal brings a fresh approach to investing in Australian small companies and believes that by having the ability, track record and experience to take short positions, the Small Companies Fund is differentiated in the Australian market.

Regal is highly experienced in investing in small companies. Since the launch of the business in 2004, Regal has generated significant returns investing in small companies in its other Funds. This experience is now offered in the Regal Australian Small Companies Fund which is dedicated to the small companies sector.

Regal operates within a robust risk management framework.

### FUND INFORMATION

Inception	February 2015	Minimum Investment	A\$100,000
Domicile	Australia	Subscription Frequency	Daily
Distributions	Semi-annually	Redemption Frequency	Daily
Management Fee	1%	High Water Mark	Yes
Incentive Fee	20% above ASX Small Ordinaries Index (refer to IM for details)	Eligible Investors	Sophisticated/Wholesale Investors

### CONTACT INFORMATION

Fund Manager	Regal Funds Management Pty Ltd
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Website	www.regal_fm.com

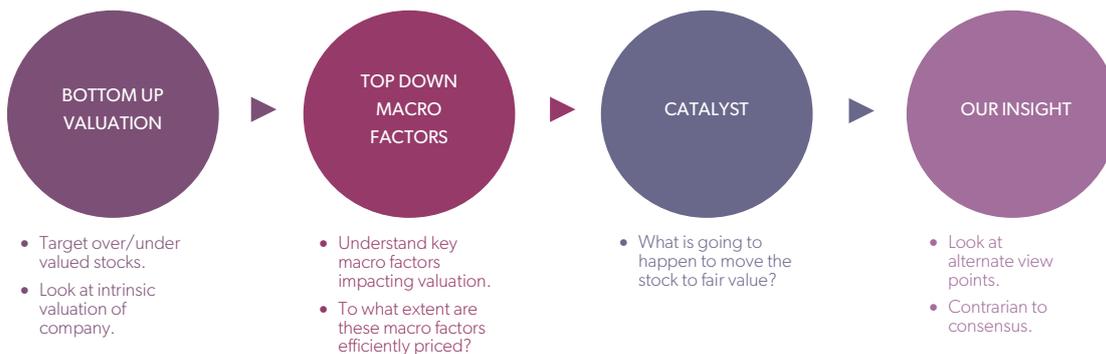
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### REGAL'S APPROACH TO INVESTING

Regal was founded as a dedicated long/short equity investment manager. The investment process for the Small Companies Fund utilises a fundamental, research driven approach that has been adopted since the launch of the business in 2004. Specifically, we utilise a four-step stock selection process, which is outlined in the diagram below.

When investing in shares in companies (long positions) we search for undervalued companies with strong business models. In contrast, when selling shares in companies (short positions) we use our expertise and systems to sell shares in companies that we believe are overvalued and have weak business models. We believe that "shorting" requires a different discipline than that employed by traditional long-only managers.

### REGAL'S FOUR STEP STOCK SELECTION PROCESS



### RISK MANAGEMENT

The portfolio is risk managed according to the following guidelines:

#### Gearing

Net exposure range (dollar basis):	90%-110%
Gross exposure range (dollar basis):	90%-200%

#### Holding guidelines

Single position	+/-10%
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The Small Companies Fund is designed to always have a heavier weighting to "long" positions than "short positions" which means it will likely display a general correlation to Australian small companies.

Portfolio weightings in the Small Companies Fund are determined with the Fund's medium-term investment objective in mind.

The Fund can employ gearing to enhance returns. The Fund typically has gross exposure (i.e. longs plus shorts) in the range of 90% to 200%. The Fund typically has net exposure (i.e. longs minus shorts) close to 110%.

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