

Regal Long Short Australian Equity Fund

NOVEMBER 2018

The Regal Long Short Australian Equity Fund had a disappointing month in November, falling 3.28%. The Fund was impacted by the broader market sell off, with the ASX300 Accumulation index falling 2.18% as well as stock specific factors. It was a very tough month for many investors, as the market whipsawed and many usual investment signals provided negative alpha.

The Fund was negatively impacted by overweight exposures in oil production and oil service companies, with the Brent oil price falling 22% on fears of rising global supply and slowing global growth.

The other source of losses was mining and mining service companies. Macro uncertainty regarding the slowdown in China and trade wars has swamped bottom up valuations, and although we remain convicted that many stocks are cheap under almost all scenarios, we have reduced some positions.

Highlights were some shorts such as Dominos (down 15%) and a long in Appen (up 31%) after announcing another upgrade. The frequency of upgrades for Appen is accelerating which demonstrates good earnings momentum carried into 2019.

OUTLOOK

Macro uncertainty exacerbated by both the ongoing global trade war and rising global interest rates is resulting in heightened equity market volatility. However, bond yields appear to have peaked for the medium term and valuations are now back at very reasonable levels. The Australian equity market is the cheapest it has been for over 5 years. The Fund is in a good position to take advantage of this given our bottom up stock selection approach, and remains overweight mining services stocks given ongoing robust levels of infrastructure spend and resources activity. While we have selectively taken profits over the past quarter following strong share price appreciation in a number of technology companies, we see increasing value in companies that are growing revenue and earnings at high levels which are independent of economic growth. In many cases, the share prices of these companies has been significantly sold off over the past month.

SUMMARY DATA – NOVEMBER 2018 (NET CHANGE FROM PREVIOUS PERIOD)

SECTOR	1 MTH %	3 MTH %	CYTD %	1 YR %	3YR %	5YR %	INCEPTION % PA
Regal Long Short Australian Equity Fund	-3.28	-12.08	-5.19	-1.03	2.63	7.60	10.82
S&P/ASX 300 Accum. Index	-2.18	-9.29	-2.84	-1.03	7.69	5.82	6.59
Excess return	-1.10	-2.79	-2.35	0.00	-5.06	1.78	4.23

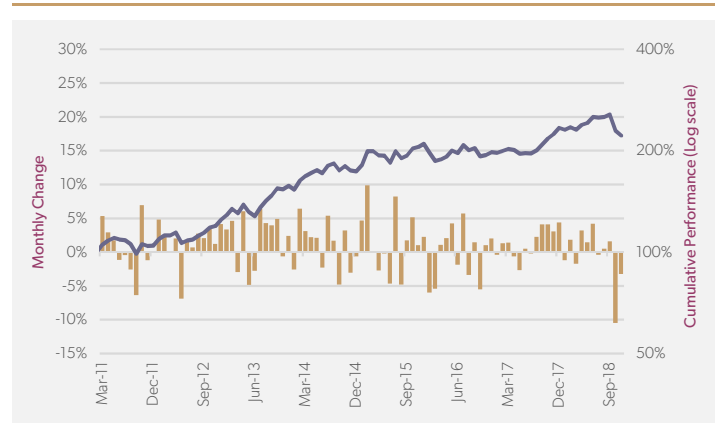
FUND INFORMATION

Name	Regal Long Short Australian Equity Fund	Minimum Investment	A\$50,000
Structure	Unit Trust	Subscription Frequency	Daily
APIR Code	AMR006AU	Redemption Frequency	Daily
Inception	14th March 2011	Administrator	HSBC
Management Fee	1.00%	Auditor	PricewaterhouseCoopers
Performance Fee	20% above ASX/S&P 300 acc. (plus Management fee)	Responsible Entity	Perpetual Trust Services Limited
High Water Mark	Yes	Investment Manager	Regal Funds Management Pty Ltd
Platform Availability	Asgard, BT Panorama, BT Wrap, HUB24, Macquarie Wrap, MS Wrap, Netwealth, OneVue, Power Wrap	Manager AUM	A\$1.4bn

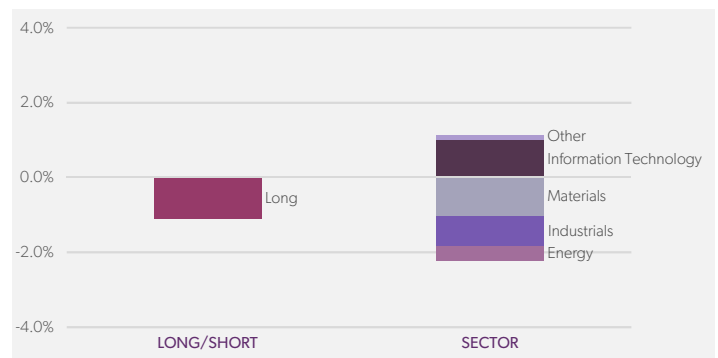
CONTACT INFORMATION

Fund Manager	Regal Funds Management Pty Ltd
Address	Level 47, Gateway 1 Macquarie Place Sydney NSW 2000 Australia
Contact	Dale Robertson
Phone	+612 8197 4399
Fax	+612 8197 4334
Email	info@regalfm.com

MONTHLY RETURNS



ATTRIBUTION OF ALPHA FOR NOVEMBER 2018



Regal Long Short Australian Equity Fund

STRATEGY

The Regal Long Short Equity Fund aims to outperform the S&P/ASX 300 accumulation index net of fees over a rolling five year basis. The fund aims to have a tracking error of 4 – 8%.

The Manager selects stocks for the Fund using a disciplined Four Step Stock Selection Process. To value shares, companies are thoroughly researched from a fundamental perspective to derive their intrinsic value. The Manager incorporates key insights from many different styles of investing (e.g. fundamental, quantitative, technical) and invests where there is conviction from more than one source. The relaxation of the short constraint allows the manager to generate alpha from both undervalued and overvalued companies.

FUND ADVISOR PROFILE

Regal Funds Management Pty Ltd was established in 2004 and is a hedge fund manager based in Sydney. Regal has been appointed Investment Manager of the Regal Long Short Australian Equity Fund.

Philip King is the Chief Investment Officer at Regal and the portfolio manager for the Underling Fund. Philip was a Hedge Fund Manager at DPFM in London for six years and before that was a sell side analyst with Macquarie Bank for five years. Prior to working at Macquarie Bank, Philip worked at KPMG for eight years. Philip holds a Bachelor of Commerce (Hons) from the University of New South Wales, is a Fellow of the Financial Services Institute of Australasia, a member of the UK Society of Investment Professionals and a Chartered Accountant.

FUND PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2018	-1.21	1.80	-1.75	3.19	1.44	4.19	-0.41	0.48	1.58	-10.51	-3.28		-5.19
2017	-0.40	1.28	1.37	-0.67	-2.68	0.51	-0.24	2.25	4.09	4.08	3.02	4.39	18.06
2016	-5.99	-5.42	1.03	2.04	4.23	-1.87	5.69	-3.39	1.44	-5.53	0.99	1.98	-5.53
2015	4.65	9.86	-0.10	-2.75	-0.21	-4.69	8.21	-4.82	1.71	5.13	1.02	2.22	20.81
2014	-2.57	6.39	3.10	2.17	2.07	-2.31	5.38	1.65	-4.81	3.16	-3.09	-0.64	10.28
2013	3.31	4.61	-2.97	6.00	-4.88	-2.77	6.35	4.29	3.92	4.91	-0.64	2.39	26.44
2012	4.82	2.42	-0.03	2.02	-6.92	1.58	0.66	2.71	2.07	3.48	1.20	4.12	19.13
2011	n/a	n/a	5.30	2.89	1.73	-1.16	-0.45	-2.62	-6.40	6.93	-1.23	0.07	4.47

Past performance is not a reliable indicator of future performance.

Important Information

This fact sheet is issued by Perpetual Trust Services Limited ABN 48 000 142 049, AFSL 236648 ("PTSL") as responsible entity of, and issuer of units in, the Regal Long Short Australian Equity Fund ARSN 149 722 654 ("Fund"). The Fund implements its investment strategy indirectly by investing in an unregistered unit trust named the Regal Australian Long Short Equity Fund ("Underlying Fund"), the trustee and investment manager of which is Regal Funds Management Pty Limited ABN 30 107 576 821 AFSL 277737 ("Regal"). References to the Fund include the Underlying Fund for investment purposes.

This fact sheet is provided for general information purposes only and is not to be construed as solicitation of an offer to buy or sell any financial product. Accordingly, reliance should not be placed on this document as the basis for making an investment, financial or other decisions. This information does not take into account your investment objectives, particular needs or financial situation. Whilst every effort is taken to ensure the information in this document is accurate, its accuracy, reliability or completeness is not guaranteed. A Product Disclosure Statement (PDS) issued by PTSL dated 30 September 2017 is available for the Fund. You should obtain the PDS for the Fund and consider the risks and disclosures for your circumstances before deciding whether to acquire, or continue to hold, an interest in the Fund. Initial Applications for units in the Fund can only be made pursuant to the application form attached to the PDS.

Performance figures assume reinvestment of income. To comply with IFSA Standards, performance figures calculated after 1 January 2011 are calculated using exit prices net of fees and expenses based on monthly hard close valuations. No allowance has been made for entry fees or taxes.

Neither PTSL or Regal guarantee repayment of capital or any particular rate of return from the Fund. Statements of fact in this report have been obtained from and are based upon sources that PTSL and Regal believes to be reliable. Neither PTSL or Regal give any representation or warranty as to the reliability or accuracy of the information contained in this report. All opinions and estimates included in this report constitute PTSL and Regal's judgement as at the date of this communication and are subject to change without notice.

RG240 DISCLOSURE

In accordance with ASIC's Disclosure Benchmarks and our commitment to keep you informed, the table below sets out the information as required on a monthly basis. Where required, the report discloses this information for both the Fund¹ and the Underlying Fund²:

RG240 DISCLOSURE		
VALUATION & FUND CHANGES	FUND	UNDERLYING FUND
Current total net asset value ³	\$30M	\$99M
Withdrawal value of a unit ³	\$1.1507	\$1.4597
Net return on assets after fees, costs and taxes (for November 2018) ⁴	-3.28%	-3.28%
Changes to key service providers	Nil	Nil
Changes to individuals playing a key role in investment decisions	Nil	Nil
Material changes to the risk profile or investment strategy	Nil	Nil
EXPOSURES	FUND	UNDERLYING FUND
Long exposure	n/a	146%
Short exposure	n/a	-34%
Gross exposure	n/a	180%
Net exposure	n/a	112%

1. Regal Long Short Australian Equity Fund
2. Regal Australian Long Short Equity Fund
3. As at 30 November 2018. Net Asset Value equals assets less liabilities rounded to the nearest million and is assessed after any applicable distribution.
4. Returns are inclusive of any applicable distributions, net of fees and net of taxes applicable to the Fund and the Underlying Fund.