

# Regal Investment Fund (ASX:RF1)

## MAY 2023

The Regal Investment Fund Net Asset Value (“NAV”) increased by 0.3% to \$2.82 in May. Since inception on 17 June 2019, the Fund has generated 17.7% p.a. net of fees.<sup>1</sup>

Global equity markets delivered a mixed set of performances in May, as market participants navigated the opposing forces of global macroeconomic uncertainties and another month of scorching share price rallies in mega cap technology stocks. Australian equities were weaker through the month, as softening commodity prices weighed heavily on the listed resources and energy sectors, while weaker-than-anticipated economic data, a surprise 25-bps RBA rate hike and firmer CPI print impacted listed businesses with exposure to the domestic economic cycle. The ASX 200 declined -3.0%, with consumer discretionary, financials and materials leading declines, while small caps continued their period of underperformance versus large caps, with the ASX Small Ordinaries retracing -3.3%.

Positive performance this month from the Small Companies, Resources Royalties and Long Short Health Care strategies were offset by negative performance in the Market Neutral and Emerging Companies strategies.

Main contributors to positive performance stemmed from long positions in African lithium explorer Leo Lithium (+70%), following China’s largest lithium producer Ganfeng subscribing to \$106m in equity in the business at a premium to Leo Lithium’s last traded price. Other positive long positions included location-based app provider Life360 (+34%), following the release of a strong quarterly result confirming the company is well ahead of schedule to achieve cash breakeven, alongside telco provider Tuas (+19%).

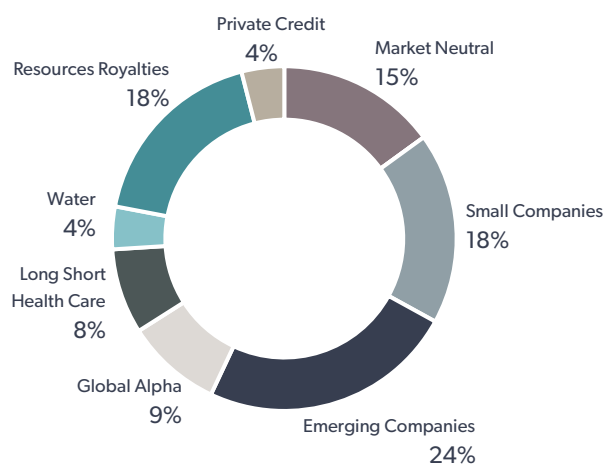
Main detractors this month were led by weakness in other long positions within the energy and resources sectors as declining spot commodity markets and rising global recession fears saw listed resource equities under pressure over the month. This saw long positions in Australian coal producer Terracom (-23%) and East Coast bulk commodity producer Stanmore Coal (-15%) detract from returns in May.

## FUND INFORMATION

Name	Regal Investment Fund
ASX Code	RF1
ASX Closing Price	\$2.60
Monthly NAV (per unit)	\$2.82
Premium/(Discount)	-7.80%
Structure	Listed Investment Trust
Listing Date	17 June 2019
Management Fee	1.5% (plus GST)
Performance Fee	20% above RBA Cash Rate
High Water Mark	Yes
Fund Size	A\$582m
Units on Issue	206,276,300 units
Distribution Frequency	Semi-annual
Responsible Entity	Equity Trustees Limited
Investment Manager	Regal Funds Management Pty Ltd
Fund Administrator	HSBC

Past performance is not a reliable indicator of future performance. Data as at 31 May 2023.

## EXPOSURE BY STRATEGY (NAV)<sup>2</sup>



<sup>2</sup> As at 31 May 2023. The Fund portfolio will be constructed using multiple Regal Investment Strategies and these Strategies are not necessarily limited to the current Investment Strategies.

## PERFORMANCE DATA % (NET)<sup>1</sup>

Performance	1 mth	3 mth	6 mth	1 yr	2 yrs pa	3 yrs pa	4 yrs pa	Inception pa
Regal Investment Fund	0.3	0.8	-3.4	-10.0	-0.3	23.3	17.7	17.7

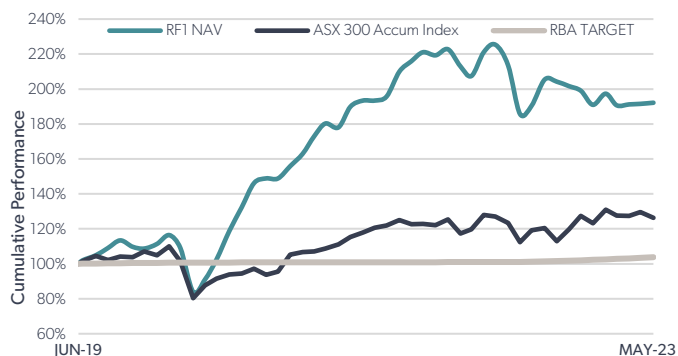
<sup>1</sup> Past performance is not a reliable indicator of future performance. Performance figures assume reinvestment of income. Net return on RF1 assets after fees, and costs. Returns greater than one year are annualised.

## PERFORMANCE BY MONTH % (NET)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	3.33	-3.38	0.29	0.16	0.34								0.62
2022	-4.34	-2.63	6.57	1.93	-5.24	-13.05	2.55	7.89	-0.58	-1.27	-1.32	-4.02	-14.26
2021	6.16	4.22	-1.22	6.64	1.83	0.02	1.21	7.27	2.82	2.39	-0.79	1.57	36.72
2020	4.57	-6.38	-22.97	8.48	12.64	15.81	11.35	10.49	1.82	-0.02	4.77	4.49	46.31
2019	-	-	-	-	-	2.06	2.82	3.91	4.00	-3.22	-0.93	2.41	11.36

Past performance is not a reliable indicator of future performance. Performance figures are net of fees and costs and assume reinvestment of distributions.

## RF1 PERFORMANCE



## UNDERLYING STRATEGY PERFORMANCE (GROSS)

Strategy	1 month %	12 months %	Inception % pa
Market Neutral Strategy	-6.8	-25.4	12.9
Long Short Equity Strategy	0.0	-0.6	13.3
Small Companies Strategy	6.3	14.7	22.1
Emerging Companies Strategy	-0.4	-26.6	58.0
Global Alpha Strategy	0.5	2.4	62.4
Long Short Health Care Strategy	2.5	3.8	7.1
Water Strategy	-0.5	-	-1.5 <sup>3</sup>
Resources Royalties Strategy	1.9	-	7.0 <sup>4</sup>
Private Credit Strategy	0.8	-	2.4 <sup>5</sup>
<b>Total RF1 (net)</b>	<b>0.3</b>	<b>-10.0</b>	<b>17.7</b>

Past performance is not a reliable indicator of future performance. Performance figures assume reinvestment of income. Underlying strategy performance expressed exclusive of fees and costs. Total RF1 performance expressed net of fees and costs.

<sup>3</sup> Water Strategy commenced 1 August 2022. Performance since inception not annualised.

<sup>4</sup> Resources Royalties Strategy commenced 17 October 2022. Performance since inception not annualised.

<sup>5</sup> Private Credit commenced 1 March 2023. Performance since inception not annualised.

## BALANCE SHEET EXPOSURES (% OF NAV)

Sector	Long	Short	Net	Gross
Communication Services	8	-2	6	11
Consumer Discretionary	12	-10	2	22
Consumer Staples	9	-3	6	12
Diversified	4	0	4	4
Energy	6	-4	2	10
Financials	19	-14	5	33
Health Care	20	-12	7	32
Industrials	18	-7	10	25
Information Technology	13	-7	6	21
Materials	32	-12	20	44
Real Estate	6	-5	1	11
Utilities	1	-1	0	3
<b>Total (Listed Positions)</b>	<b>148</b>	<b>-79</b>	<b>69</b>	<b>227</b>
<b>Total (Non Listed Positions)</b>	<b>37</b>	<b>0</b>	<b>37</b>	<b>37</b>
<b>Total</b>	<b>185</b>	<b>-79</b>	<b>106</b>	<b>264</b>

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Note: Performance figures are net of all fees unless otherwise stated. All numbers are as at 31 May 2023.

## STRATEGY

The investment objective of RF1 is to provide investors with exposure to a selection of alternative investment strategies with the aim of producing attractive risk-adjusted absolute returns over a period of more than five years with limited correlation to equity markets. Regal Funds Management Pty Limited's ("Regal" or the "Manager") investment philosophy is grounded in the belief that a diversified portfolio of assets, using a range of investment strategies and backed by long-term capital, is key to achieving superior risk-adjusted returns over the long-term.

The RF1 portfolio is constructed by the Manager using multiple investment strategies managed by it. The Manager may adjust the Portfolio's strategy allocations depending on prevailing market conditions or other factors it considers relevant at the time in order to achieve RF1's investment objectives.

## FUND ADVISOR PROFILE

Regal is RF1's investment manager. Regal is a multi-award winning investment management business, four times awarded alternative investment management firm of the year<sup>6</sup>.

Part of ASX-listed 'Regal Partners Limited' (ASX:RPL), Regal Funds sits alongside VGI Partners, Kilter Rural and Attunga Capital, managing capital across a diverse range of alternative investment strategies covering long / short equities, private markets, real and natural assets, and capital solutions.

With a large team of approximately 100, including over 45 investment professionals, located in offices across Sydney, Melbourne, Singapore and New York, RPL manages capital on behalf of institutions, family offices, charities, wealth advisory groups and private investors across Australia, Europe and the US. Combining deep industry experience, extensive networks and multi-award winning performance track records, Regal seeks to be the leading provider of alternative investment strategies in Australia and Asia.

<sup>6</sup> Australian Alternative Investment Manager of the Year, awarded at the Annual AIMA 'Hedge Funds Rock' Awards in 2019, 2016, 2014, 2011.

## CONTACT

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A copy of the PDS is available at [www.regalfm.com/RF1](http://www.regalfm.com/RF1)