

Regal Investment Fund (ASX: RF1)

MARCH 2020

The Regal Investment Fund Net Asset Value (NAV) decreased by 23.0% to \$2.07 in March. The combination of a rapidly spreading global virus pandemic, aggressive global economic shutdown and significant oil price shock saw March experience the largest percentage decline in global equity markets since 1987. The pace and magnitude of the falls have in many ways been unprecedented – the S&P 500 has recorded its fastest ever 30% decline across just 22 trading days – while the CBOE Volatility Index reached a new all-time high intra-month.

Performance across several of the Regal strategies this month has been challenging. While we had been wary of the growing infection rates of the COVID-19 virus, we underestimated the speed and scale in which the pandemic would take hold and the impact this would have on asset prices globally. A number of our strategies were carrying higher net exposures coming into March, with a tilt toward smaller and mid-cap companies. While these exposures have subsequently been aggressively repositioned, this has impacted performance in the immediate short term.

The Market Neutral Strategy fell 32.7% for the month, with several larger positions across the long book falling significantly further than the underlying market. The Long Short strategy decreased 28.4% for the month, driven by underperformance across a number of long positions within structural growth names, particularly in the small to mid-cap space. This was slightly offset by some positive contributors in the short book across education, financial, travel and consumer discretionary sectors.

Our Global Alpha Strategy was able to take advantage of the increased volatility this month to profit from pricing dislocations, the strategy increasing 15.6% for the month. The portfolio remains well diversified, with over 200 stocks across 13 countries. Pleasingly, the strategy has generated 46.2% since inception 10 months ago.

The Small Companies strategy decreased 46.1%, significantly impacted by the widespread selling experienced across the smaller company space. Declines have been broadly indiscriminate across the small cap market, highlighted by the 23% and 18% declines across the Small Industrials and Small Resources indices respectively. Reflecting a similar dynamic, the Regal Emerging Companies Fund III fell 14.5% in March.

This has undoubtedly been a difficult month, however not the first period of significant market dislocation that the Regal team have navigated. A number of strategies have seen significant repositioning over the month and we are pleased with the NAV performance for the April month to date. We would encourage investors to also review a Letter to Unitholders from our Chief Investment Officer, Phil King, located [here](#).

SUMMARY DATA

| PERFORMANCE | 1 MTH % | 3 MTH % | INCEPTION % |
|------------------------------------|---------------|---------------|---------------|
| Regal Investment Fund - Net | -22.97 | -24.59 | -16.03 |

Past performance is not a reliable indicator of future performance. Performance figures assume reinvestment of income.

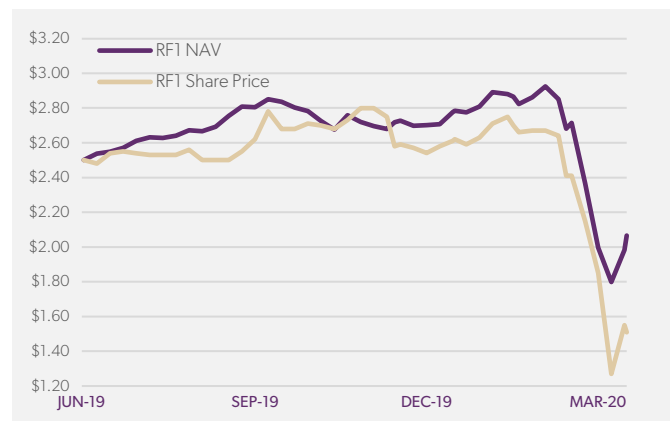
KEY FUND INFORMATION

| | | | |
|-----------------|-------------------------|---------------------------|--------------------------------|
| Name | Regal Investment Fund | Monthly NAV (per unit) | A\$2.07 |
| ASX Code | RF1 | RF1 Market Capitalisation | A\$226m |
| Structure | Listed Investment Trust | Units on Issue | 109,201,784 units |
| Listing Date | 17 June 2019 | Distribution Frequency | Semi-annual |
| Management Fee | 1.5% (plus GST) | Responsible Entity | Equity Trustees Limited |
| Performance Fee | 20% above RBA Cash Rate | Investment Manager | Regal Funds Management Pty Ltd |
| High Water Mark | Yes | Fund Administrator | HSBC |

CONTACT INFORMATION

| | |
|---------------|--|
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RF1 NAV vs RF1 SHARE PRICE



Past performance is not a reliable indicator of future performance.

UNDERLYING STRATEGY PERFORMANCE (GROSS)

| STRATEGY | 1 MONTH % | INCEPTION % |
|---------------------------------------|---------------|---------------|
| Market Neutral Strategy | -32.7% | -29.7% |
| Australian Long Short Equity Strategy | -28.4% | -28.1% |
| Small Companies Strategy | -46.1% | -38.2% |
| Emerging Companies Strategy | -14.5% | 16.9% |
| Global Alpha Strategy | 15.5% | 46.2% |
| TOTAL (NET) | -23.0% | -16.0% |

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Regal Investment Fund (ASX: RF1)

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. The Manager's 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 will be constructed by the Manager using multiple investment strategies managed by Regal. 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 the RF1's Investment Objectives. The Regal investment strategies include but are not limited to five investment strategies that the Manager will use to construct the initial portfolio.

The exposure ranges for the Initial Strategies are below¹:

| MARKET NEUTRAL | LONG SHORT EQUITY | SMALL COMPANIES | EMERGING COMPANIES | GLOBAL ALPHA |
|----------------|-------------------|-----------------|--------------------|--------------|
| 40% - 60% | 0% - 25% | 0% - 25% | 0% - 25% | 0% - 25% |

FUND ADVISOR PROFILE

Regal Funds Management Pty Limited is the Fund's Investment Manager. The Manager was founded in 2004 and has specialised in alternative investment strategies with a primary focus on long/short investment strategies.

The Investment Manager has a team of over 40 people, including 25 investment management professionals across a number of investment strategies.

The Manager's Investment Team have, on average, over 10 years' experience in financial markets both in Australia and overseas. The Investment Manager has experience on the buy and sell side, fundamental investing, sales and research, long-side and hedge fund investing, as well as investment banking and capital markets.

FUND PERFORMANCE (NAV)

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YTD |
|------|------|-------|--------|-----|-----|------|------|------|------|-------|-------|------|--------|
| 2020 | 4.57 | -6.38 | -22.97 | | | | | | | | | | -24.59 |
| 2019 | n/a | n/a | n/a | n/a | n/a | 2.06 | 2.82 | 3.91 | 4.00 | -3.22 | -0.93 | 2.41 | 11.36 |

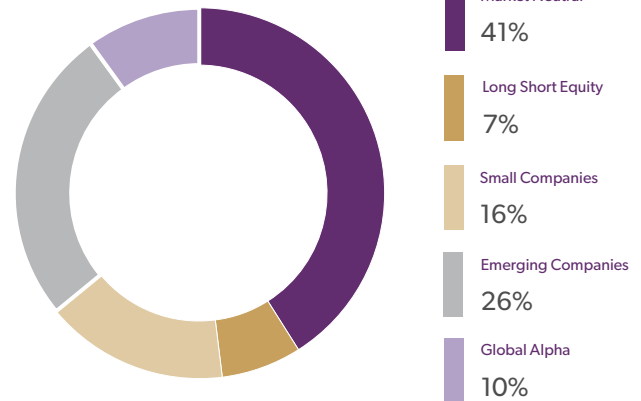
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A copy of the PDS is available at www.regalfm.com/RF1

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¹ Ranges permitted by the Investment Guideline. The Fund portfolio will be constructed using multiple Regal Investment Strategies and these Strategies are not necessarily limited to the Initial Investment Strategies. Note: Performance figures are net of all fees unless otherwise stated. All numbers are as at 31 March 2020.

CURRENT EXPOSURE BY STRATEGY (NAV)



BALANCE SHEET EXPOSURES (% OF NAV)

| SECTOR | LONG | SHORT | NET | GROSS |
|------------------------|------|-------|-----|-------|
| Communication Services | 5 | -3 | 3 | 8 |
| Consumer Discretionary | 10 | -15 | -5 | 25 |
| Consumer Staples | 9 | -6 | 3 | 15 |
| Diversified | 26 | 0 | 26 | 26 |
| Energy | 5 | -8 | -4 | 13 |
| Financials | 12 | -11 | 1 | 24 |
| Health Care | 20 | -16 | 4 | 35 |
| Industrials | 11 | -12 | -1 | 23 |
| Information Technology | 20 | -8 | 12 | 28 |
| Materials | 27 | -11 | 15 | 38 |
| Real Estate | 7 | -7 | 0 | 15 |
| Utilities | 1 | -1 | 0 | 1 |
| Total | 153 | -98 | 55 | 252 |
| REGION | LONG | SHORT | NET | GROSS |
| Asia | 21 | -21 | 0 | 42 |
| Australia/NZ | 131 | -75 | 56 | 206 |
| EMEA | 0 | 0 | 0 | 0 |
| Americas | 2 | -3 | -1 | 4 |
| Total | 153 | -98 | 55 | 252 |