

1st September 2020

ASX ANNOUNCEMENT

NEW INVESTMENT STRATEGY ADDED TO THE REGAL INVESTMENT FUND (ASX: RFI)

The Investment Committee of RFI has approved the addition of the Long Short Healthcare Strategy (the Strategy) to the underlying investment mandate of RFI. The initial allocation to the Strategy is expected to be implemented from 7th September 2020 and is expected to grow to approximately 10% of the Fund's NAV.

BACKGROUND

The investment objective of the Regal Investment Fund (RFI) is to provide investors with exposure to a selection of alternative investment strategies managed by Regal Funds Management (Regal), with the aim of producing attractive risk adjusted absolute returns over a period of more than five years with limited correlation to equity markets.

As outlined in section 3.5 of the RFI Product Disclosure Statement, dated 8 April 2019 (the "PDS"), Regal may introduce new investment strategies if they are in accordance with the Fund's Investment Guidelines and be a complementary addition to the Portfolio.

INVESTMENT COMMITTEE

In determining that RFI make an allocation to the Strategy, the Investment Committee has given regard to the following:

Investment track record:¹ The Strategy was launched in November 2017 and has delivered an annualised return of 14.7%, with an annualised volatility of 11.7% since inception. Calendar year to 31 July 2020, the Strategy is up +19.7%.

Prevailing market conditions: The investment process for the Strategy, is science-driven and aims to take advantage of (i) consistent historic mispricing of listed Asian healthcare companies and (ii) strongly positive sectoral demographic and spending tailwinds.

Correlation: Since the inception of the Strategy, correlation to the ASX300 of 0.50. Further, the correlation of the Strategy to the existing Regal strategies utilised within RFI ranges from 0.21 for the Emerging Companies Strategy to 0.56 for the Market Neutral Strategy.

Drawdown:² Since inception, the Strategy has a maximum monthly drawdown of -10.6%, significantly lower than the ASX300 maximum drawdown of -26.9% for the same period. Further, in March 2020, the Strategy return was -4.1% versus the ASX300 return of -20.8% and performed stronger than the Market Neutral strategy, the Australian Small Companies Strategy and the Australian Long Short Equity Strategy.

In consideration of the above, the Investment Committee believes that the addition of the Long Short Healthcare Strategy would increase the diversification of the portfolio, deliver a stronger return

¹ Past performance is not a reliable indicator of future performance.

² Past performance is not a reliable indicator of future performance.

profile to investors and ultimately enable RF1 to better deliver on its objectives. Details of the Long Short Healthcare Strategy are set out in the Annexure to this Announcement.

PORTFOLIO CONSTRUCTION AND STRATEGY WEIGHT

The Portfolio's exposure to the Long Short Healthcare Strategy will be via direct investments, rather than via a Regal Fund. The Investment Committee has agreed that from 7 September 2020, the Portfolio's exposure to the Strategy will grow to approximately 10% of the Fund's NAV. The pace at which Regal will deploy capital is at the discretion of Regal and dependent on market conditions at the time of investment. In accordance with the Investment Guidelines set out in the PDS, a maximum of 25% of the Fund's NAV may be allocated to the Strategy.

A summary of the updated RF1 Investment Strategy ranges following this announcement is as follows:

Regal Investment Fund Investment Guidelines	
	RF1 weight range
Market Neutral Strategy	0% – 50%
Emerging Companies Strategy ³	0% – 25%
Australian Small Companies Strategy	0% – 25%
Global Alpha Strategy	0% – 25%
Australian Long Short Equity Strategy	0% – 25%
Long Short Healthcare Strategy	0% - 25%

If you have any questions, please contact Link on 1800 221 227 or regalfund@linkmarketservices.com.au

The Board of Equity Trustees as the Responsible Entity of RF1 has authorised that this document be given to the ASX.

³ Measured as at the time of investment.



About Equity Trustees Limited

Equity Trustees Limited ABN 46 004 031 298, AFSL 240975, is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, which is a public company listed on the Australian Securities Exchange (ASX: EQT), the Fund's Responsible Entity. Established as a trustee and executorial service provider by a special Act of the Victorian Parliament in 1888, today Equity Trustees is a dynamic financial services institution which continues to grow the breadth and quality of products and services on offer.

About Regal Funds Management

Regal Funds Management Pty Limited (Regal) ABN 30 107 576 821 AFSL 277737 is the Fund's investment manager. Regal was founded in 2004 and has specialised in alternative investment strategies with a primary focus on long/short investment strategies.

About Regal Investment Fund

Regal Investment Fund ARSN 632 283 384, is a registered managed investment scheme listed on the Australian Securities Exchange (ASX: RF1).

ANNEXURE

THE LONG SHORT HEALTHCARE STRATEGY

The Long Short Healthcare Strategy has been implemented by Regal since November 2017 in its capacity as the investment manager and investment adviser of a number of Regal Funds, including those which implement the Market Neutral Strategy and Regal's absolute return investment strategies.

INVESTMENT OBJECTIVE

The Strategy seeks to generate absolute returns in all market conditions, with a focus on capital preservation and low drawdowns.

PERMITTED INVESTMENTS

Permitted investments within the Strategy are long and short equity positions in listed global healthcare securities or derivatives (including swaps, options, futures).

STRATEGY INVESTMENT PROCESS

The Manager implements the Long Short Healthcare Strategy by primarily utilising its Fundamental Process and also, at times, its Market Driven Process (see Section 4.7 of the PDS for more details). Investments are made based on science-driven analysis focused on understanding unmet clinical needs, interpreting scientific data, predicting health professional behaviours, and assessing the likelihood of success of experimental technologies.

The Strategy is highly concentrated and, aims to generate returns from both long and short positions, with the top 10 positions typically constituting 60-80% of net exposure of the Strategy.

INVESTMENT TEAM MEMBERS

The Investment Team includes two medical doctors who utilise their clinical experience across multiple health sub-sectors to make informed judgements regarding doctor behaviour and adoption of new technologies. The team is further augmented by dedicated regional investment specialists covering Asian regions, to help capture non-technical intricacies across each major market.

Dr Craig Collie, Portfolio Manager

Dr Craig Collie is the Portfolio Manager of the Long Short Healthcare Strategy and Head of Healthcare Research at Regal Funds Management.

Craig started his career as a medical doctor working predominately in accident and emergency across Australia, New Zealand and the United Kingdom.

After completing his MBA at Cambridge University Craig joined Boston Consulting Group advising healthcare and financial services companies on business strategy and M&A deals. During his time at BCG he worked on a number of significant transactions, including a \$60b pharmaceutical transaction based in New York.

Immediately prior to joining Regal in 2016, Craig was Head of Healthcare research at Macquarie Securities Group Australia for five years.

Craig holds a Bachelor of Medicine and Surgery from the University of Otago, continues to hold full medical registration in Australia and is an MBA graduate from the University of Cambridge.

HISTORICAL PERFORMANCE

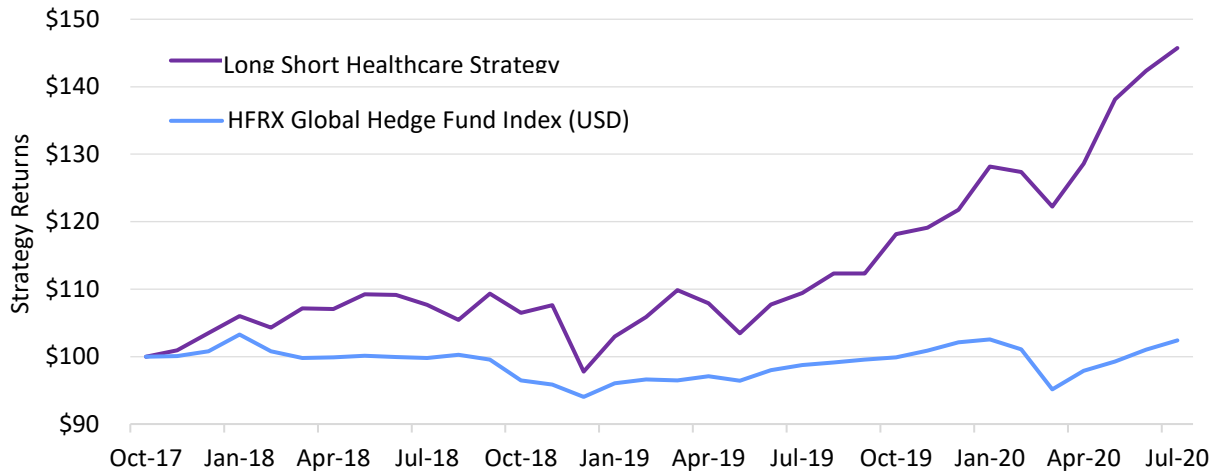
The following table illustrates the historical performance of the Strategy including the correlation to the S&P/ASX300 Accumulation Index, S&P500 Index and HFRX Global Hedge Fund Index (USD). The table shows that the Strategy delivered a net annualised return of 14.7% per annum with lower volatility to that of the Australian equity market and with lower correlation to relevant indices since its inception in November 2017.

PRO FORMA PERFORMANCE – LONG SHORT HEALTHCARE STRATEGY	
Annualised return since inception	14.7%
Annualised standard deviation since inception	11.7%
Total return	45.7%
Correlation to S&P/ASX 300 Accumulation Index	0.50
Correlation to S&P 500 Index	0.66
Correlation to HFRX Global Hedge Fund Index (USD)	0.65

Notes relate to the Pro Forma Performance – Long Short Healthcare Strategy table above:

- i). The Long Short Healthcare Strategy is currently utilised within the Regal Tasman Market Neutral Fund, Amazon Market Neutral Fund, Regal Atlantic Absolute Return Fund and the Zambezi Absolute Return Fund and its performance is tracked in the Regal investment management system is calculated in Australian dollars after deducting management fees and performance fees attributable to such performance and has not been prepared based on audited accounts.
- ii) . The annualised standard deviation is calculated based on the monthly performance of the Long Short Healthcare Strategy (see above) from 1 November 2017 to 31 July 2020.
- iii) . The correlation of each of the S&P/ASX 300 Accumulation Index, S&P 500 Index and HFRX Global Hedge Fund Index (USD) is calculated over the period from 1 November 2017 to 31 July 2020 based on trading data prepared by Bloomberg L.P.
- iv) . The relative returns identified above are not intended to be an indication of the future performance of the Fund, the Portfolio or the market. The table is not an indication of the future correlation or deviation of the Long Short Healthcare Strategy, the above indices or the Portfolio.

The graph below conveys the accumulated investment return of \$100 invested in the Long Short Healthcare Strategy over the period from November 2017 to 31 July 2020, assuming the reinvestment of all distributions made over that period.



Notes:

Notes relate to the graph above:

i) . See notes i) and iii) underneath the table above.

ii) . Past performance is not a reliable indicator of future performance. It should not be relied upon as (and is not) an indication of future performance of the Fund's Portfolio or the Long Short Healthcare Strategy. The gearing limits applied to the return series of the Long Short Healthcare Strategy shown in the graph above may be different to the gearing limits that will be applied by the Manager to the Long Short Healthcare Strategy in the Fund's Portfolio. Accordingly, the performance of the Long Short Healthcare Strategy within the Portfolio may be significantly different.

iii). The performance of the HFRX Global Hedge Fund Index (USD) is provided for comparison purposes only. The Fund's Portfolio, the Long Short Healthcare Strategy and the above index have different risk profiles.