

# Regal Australian Long Short Equity Fund

March 2015

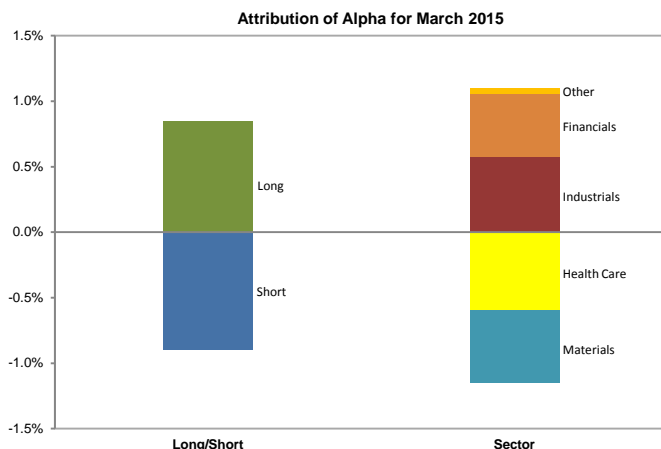
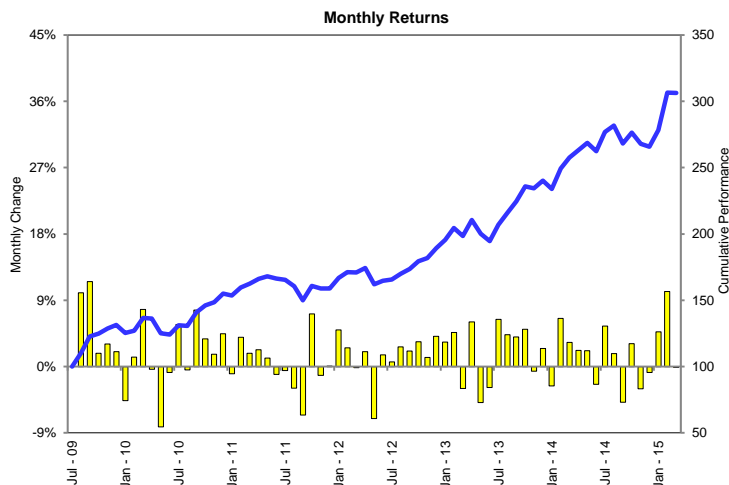
The Regal Australian Long Short Equity Fund finished down 0.10% in March, broadly in line with the index. The Fund's underweight exposures to Energy and Mining continue to work well, as do the Fund's overweight exposures to Financials and Health Care.

Within the Fund's return for March there was some variance in individual stock returns. On the positive side, some shorts in the Mining and Mining Service sectors, including Iron Ore, Gold and Coal, worked well.

The one negative in the Materials sector was the Fund's long position in Syrah which fell 16% in the month after a good rally this year.

Another key negative for the Fund was a 41% fall in Sirtex after the company said some drug trials were not going as well as expected. We think the market has overreacted and we continue to hold the position. Apart from this single stock the Fund's exposures in Health Care are doing well.

A short in TPG also cost the Fund as it rallied hard after an earnings-accretive acquisition.



## SUMMARY DATA (NET)

March Return (%)	<b>-0.10</b>
Best Monthly Return Since Inception (%)	<b>11.55</b>
Worst Monthly Return Since Inception (%)	<b>-8.19</b>
2015 Calendar Year Return (%)	<b>15.23</b>
Rise in NAV Since Inception (%)	<b>206</b>
Last 3 Months Return (%)	<b>15.23</b>
One Year Rolling return (%)	<b>18.98</b>
Annualised Return Since Inception (%)	<b>21.84</b>

Alpha – March (%)	<b>-0.05</b>
Annualised Alpha Since Inception (% p.a.)	<b>10.31</b>
Information Ratio	<b>1.89</b>
Tracking Error (%)	<b>5.44</b>

## FUND INFORMATION

Name	Regal Australian L/S Equity Fund
Structure	Unit Trust
Domicile	Australia
Inception	August 2009
Management Fee	0.80%
Incentive Fee	15% above ASX/S&P 300 acc.
High Water Mark	Yes

Fund Size	A\$199m
Minimum Investment	A\$250,000
Subscription Frequency	Daily
Redemption Frequency	Daily
Administrator	HSBC
Auditor	Ernst & Young
Custodian	UBS/BAML/Credit Suisse

## CONTACT INFORMATION

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# Regal Australian Long Short 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 the 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 Limited is the Investment Manager of the Fund and is a hedge fund manager based in Sydney.

The Investment Manager has a team of over seven investment management professionals utilising a number of investment strategies which can predominantly be classified into a fundamental, research-driven model and a quantitative model.

The investment management professionals have significant experience in financial markets both in Australia and overseas. The Investment Manager has a broad knowledge base to draw upon with investment staff having experience on the buy/sell side, fundamental/quantitative investing, sales/research, long-side/hedge fund investing as well as investment banking and capital markets.

## OUTLOOK

Australian bond yields continue to fall to new lows, making the stock market look good value in comparison.

Corporate actions also continue to pick up with recent takeovers in Toll Holdings and iiNet and block trades by Chevron in Caltex and by some private equity firms in recent IPO's.

We remain bullish.

## BALANCE SHEET EXPOSURES (Active weight % of NAV)

Sector	Long	Short	Net Active	
Consumer Discretionary	16	-5	11	7
Consumer Staples	6	-3	3	-3
Energy	6	-4	2	-2
Financials	55	-5	50	1
Health Care	14	-3	11	5
Industrials	23	-11	12	5
Information Technology	1	0	1	0
Materials	21	-9	11	-3
Telecommunication Services	6	-3	3	-3
Utilities	5	0	5	3
<b>Total</b>	<b>154</b>	<b>-44</b>	<b>110</b>	<b>10</b>

## FUND PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	4.70	10.17	-0.10	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	15.23
2014	-2.62	6.56	3.27	2.20	2.14	-2.40	5.51	1.78	-4.82	3.10	-3.03	-0.82	10.64
2013	3.34	4.63	-2.98	6.05	-4.90	-2.83	6.42	4.32	4.02	5.05	-0.61	2.48	27.01
2012	4.96	2.54	-0.15	2.02	-7.04	1.57	0.65	2.66	2.09	3.36	1.25	4.10	18.98
2011	-0.99	3.98	1.83	2.27	1.16	-1.05	-0.54	-2.92	-6.59	7.14	-1.17	0.08	2.55
2010	-4.61	1.28	7.75	-0.36	-8.19	-0.79	5.73	-0.44	7.68	3.76	1.66	4.47	18.00
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	10.02	11.55	1.80	3.07	2.03	31.39

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