

AS AT 30 JUNE 2021

DALTON STREET CAPITAL

Dalton Street Market Neutral Trust

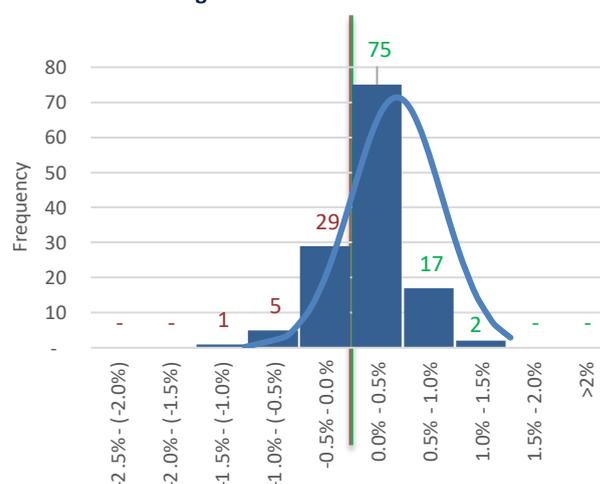
Dalton Street Capital is a boutique investment manager founded in November 2015. We actively manage investment portfolios for a range of clients which include self-managed super funds, endowments and foundation plans for institutional and retail investors.

Our team consists of investment professionals with deep local and global equity market expertise in corporate events, derivatives and leveraged fund management knowledge. Active overall risk management is also an integral part of the investment management process.

A market neutral trust aims to deliver non-market, uncorrelated and asymmetric absolute return, with a suite of broad range alternative investment strategies. These diverse strategies are skill-based and run on a hedged basis with both low volatility and correlation compared to traditional and alternative asset classes. It also provides investors with diversifying sources of alpha which may help to reduce a portfolio's overall volatility as well as improve returns.

In simple terms, by holding a diversified pool of alternative strategies, our explicit protection strategy is enhanced, particularly during periods of heightened market volatility and stress. Our specialist team have a successful track record in producing positive returns during major market dislocations.

Histogram: Dalton Street Market Neutral Trust



Daily Gross Unaudited Returns: 1 January to 30 June 2021

| Net Investment Performance %* | | | | | | |
|------------------------------------|--------|------|-------|-----|-------|-------|
| | 1M | 3M | 6M | 1YR | FY21 | CYTD |
| Dalton Street Market Neutral Trust | (0.57) | 6.63 | 10.78 | - | 10.99 | 10.78 |
| RBA Cash Rate | 0.01 | 0.02 | 0.05 | - | 0.08 | 0.05 |
| Excess Returns | (0.58) | 6.61 | 10.73 | - | 10.91 | 10.73 |

*Net performance shown is after deduction of all fees and costs. Dalton Street took over the Fund from 18 October 2020 and actively managed it from 1 January 2021. Compounded net return since inception. Past performance is not a reliable indicator of future performance.

| Fund Facts | |
|---------------------------|---|
| Responsible Entity | Equity Trustees Limited |
| Portfolio Manager | Dalton Street Capital |
| Investment Manager | Mantis Funds |
| Sales & Marketing Manager | Mantis Funds |
| Strategy Inception date* | October 2020 |
| APIR | WMF0001AU |
| Base Currency | Australian Dollars |
| Management Fee | 1.53% pa of the NAV |
| Performance Fee | 20.5% pa [^] |
| Investment Minimum | AUD 50,000 |
| Buy/Sell spread | 0.30% |
| Liquidity | Daily |
| Benchmark | RBA Cash Rate |
| Platforms | Netwealth, BT, Asgard, Macquarie, HUB24 |

[^]20.5% p.a. (including GST net of RITC) of the increase in NAV which exceeds the benchmark, subject to a high-watermark.

| Risk Metrics | |
|--------------------------|--------|
| Number of Holdings | 62 |
| Standard Deviation | 6.1% |
| Sharpe Ratio | 3.3 |
| Risk Reward Ratio | 7.2 |
| Daily Alpha Contribution | 0.14% |
| Correlation | 0.22 |
| Beta | 0.11 |
| Best Daily Performance | +1.13% |
| Worst Daily Performance | -1.16% |
| Max Drawdown (Daily) | -2.8% |
| Win/Loss Ratio | 72% |
| Sortino Ratio | 5.8 |
| Calmar Ratio | 7.03 |
| Gross Exposure | 218% |

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Market Commentary

The event-driven strategy aims to exploit pricing inefficiencies around corporate activity, in particular M&A events. The bulk of this month's negative return of -0.57% can be attributed to single M&A transaction that failed, as a result of the bidder walking away from a non-binding transaction. The previous strong returns however due to a multitude of counterbids by rival bidders, increase in offer considerations as well as locking-in positive M&A deal spreads, as a result of successful completed M&A transactions. Fortunately for the strategy, there is a deep pipeline of deals on the horizon and counterbids are more of a norm than a rarity. History shows that in Australia, there is a 40% probability of an increase in the offer considerations across all live M&A deal transactions and in terms of deal-break risk, one in five unfortunately fails. The key in a failing M&A deal transaction is to have strong risk management approach to minimize the overall impact to the Fund, as well as strategies in place to manage non-systematic tail-end risk. The position in question is McPherson (MCP AU). Even though MCP hostile low ball on-market takeover offer from Gallin at A\$1.34 lapsed, MCP has received a non-binding competing offer from Arrotex at A\$1.60. We factored in a 65% probability of a deal completion as due diligence was granted. However, after providing Arrotex with the agreed four-week due diligence period, the Board announced that the parties have agreed to cease discussions and Arrotex has withdrawn its indicative proposal. We exited the position as MCP traded well below the floor price of A\$1.34 realizing an overall loss of -42bp.

Overall gross exposure increased to 223.6% from 192%, and we are finding enough new opportunities to continue replenish the book in an extremely healthy event landscape.

A common theme in Australia is the clean-up of minority shareholders in listed companies (examples include WPP AUNZ Ltd, and Asaleo Care Ltd, recently acquired by the parent company). We have added one such position in Devine Ltd (DVN AU) when Cimic Group Ltd (CIM AU) announced an off-market cash offer at A\$0.24. As the offer was not declared final, we see a good chance that CIM may offer a higher price to entice the key shareholder Brazil Farming to tender, as it was the case back in December 2015. In Hong Kong we have tendered our position in Sichuan Languang (2606 HK) to the unconditional offer price of HK\$51.0571, thereby realizing an "unrealized" loss of 1.4% on the position during June. However, the HK\$51.0571 represents a floor, whilst a higher HK\$54.3 will be realized if the 90% acceptance condition by independent H-shareholders is met. This is the first time we have seen China Incorp deals structured in this two-tiered manner to entice minority shareholder to tender at a higher price. We have therefore an optionality of realizing a 6.4% gain on the position in July.

Within our Relative Value strategy our long position in L1 Long Short Fund +6.7% (LSF AU), hedged with short position in ASX Futures +2.1% contributed positively towards overall performance. We view continued share buy backs as well as a narrowing of its NAV discount as positive drivers for a continued outperformance of the pair.

The Fund continues to find and implement very attractive risk/return opportunities, and with an asymmetric return philosophy in mind is very much resilient towards broader market gyrations. Thank you for your continued support.

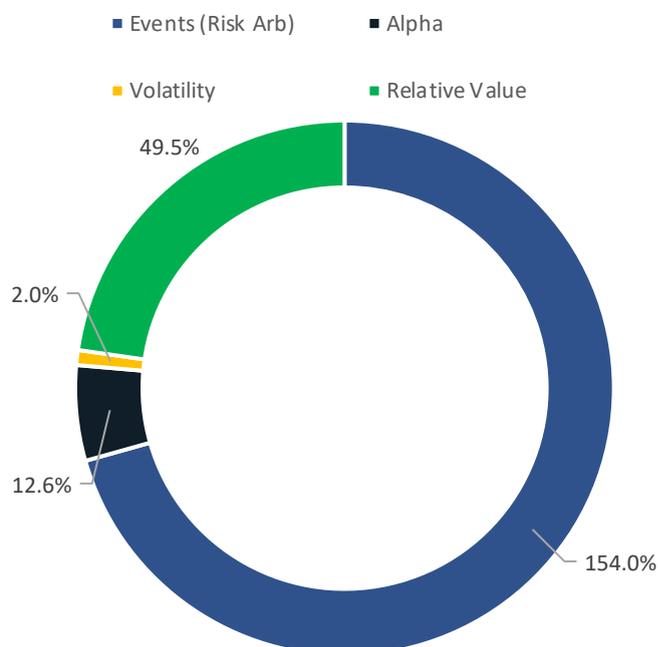
Contributors to Return (Basis Points)[†]

| TOP 2 | |
|---------------------------------|-----|
| L1 Long Short Fund (+6.7%) pair | 46 |
| Japara Healthcare (+15.8%) | 31 |
| BOTTOM 2 | |
| Galilee Energy (-27.8%) | -24 |
| McPherson (-23.1%) | -42 |

Team Members Experience

| INVESTMENT TEAM | DSC | INDUSTRY |
|--------------------------------|-----|----------|
| Antonio Meroni (PM) | 1 | 29 |
| Rhett Dinsdale (PM) | 3 | 17 |
| Aji Mathews (PM) | 4 | 12 |
| BUSINESS TEAM | | |
| David Gray (COO) | 1 | 35 |
| Damien Hatfield (Distribution) | 1 | 40+ |
| Paul Jacobs (BDM) | 1 | 40 |
| Timothy Cheung (Director) | 1 | 18 |

Gross Exposure By Strategy



Enquires

Dalton Street Capital
Level 1, 131 Clarence Street
Sydney NSW 2000, Australia
www.daltonstreetcapital.com

Damien Hatfield
M. +61 400 560 240
damien.hatfield@mantisfunds.com
dmtntclient@mantisfunds.com

[†]Preliminary. Dalton Street started managing this fund as of 18 October 2020.