

Dalton Street Market Neutral Trust

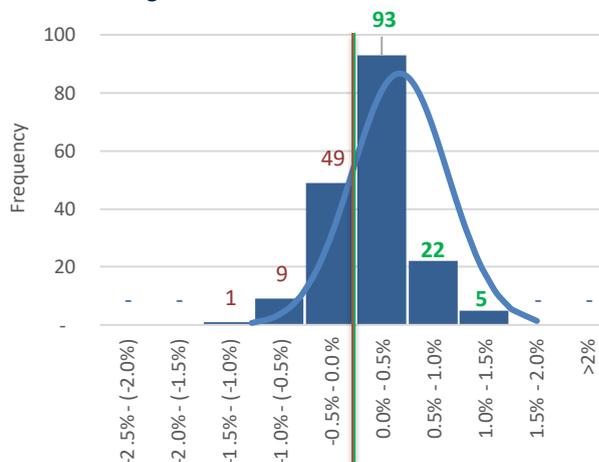
Dalton Street Capital is a boutique investment manager founded in November 2015. We actively manage investment portfolios for a range of clients which include self-managed super funds, endowments and foundation plans for institutional and retail investors.

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 31 August 2021

Net Investment Performance %*

	1M	3M	6M	FYTD	CYTD	1YR	SI
Dalton Street Market Neutral Trust	2.00	2.84	10.86	3.43	14.58	-	14.79
RBA Cash Rate	0.01	0.02	0.05	0.02	0.07	-	0.10
Excess Returns	1.99	2.81	10.81	3.41	14.51	-	14.69

*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. For the purposes of Net Investment Performance, the NAV for 31 August is estimated.

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	70
Standard Deviation	6.5%
Sharpe Ratio	3.9
Risk Reward Ratio p.a.	6.2
Daily Alpha Contribution	0.124%
Correlation	0.20
Beta	0.12
Best Daily Performance	+1.34%
Worst Daily Performance	-1.16%
Max Drawdown (Daily)	-2.8%
Win/Loss Ratio	67%
Sortino Ratio	6.9
Calmar Ratio	8.9
Gross Exposure	222%

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Market Commentary

The event-driven strategy aims to exploit pricing inefficiencies around corporate activity, in particular M&A events. The Fund managers estimated net return for the month of August is +2.00% as a result of the strategic positioning of certain pre-event names as well as a multitude of counterbids by rival bidders and increase in offer considerations. This positive result is particularly noticeable, because since mid-August the Australian Equities market was not able to recover its monthly drawdown of -1.23%. Our investment results continue to show a low correlation to peers and markets, with positive daily alpha contribution averaging +11 basis points for August. Overall gross strategy exposure was 222%, with Events (Risk Arb) bucket at 124.5%. We have also increased the Relative Value bucket as a result of M&A deal successfully closing, especially our tendered positions in Sichuan Languang (2606 HK), Tilt Renewables (TLT NZ) and the scheme of arrangement between Galaxy Resources (GXY AU) / Orocobre (ORE AU). On 6 August, Galaxy Resources shareholders voted in favor of the merger with Orocobre, with the receipt of approval from the Supreme Court of Western Australia by month-end. We have not only benefitted from setting-up this merger at a positive spread, but also having strategically an overall net-long position, as the merger will position the combined group as a top 5 global lithium chemicals company, with a highly complementary portfolio of assets across Argentina, Australia, Canada and Japan. The overall contribution since inception of the trade was +1.1%.

Through our screening process our attention was drawn on Z Energy Ltd (ZEL NZ) as Goldman Sachs was called in as a "defense adviser" in case it becomes a takeover target. Soon after, Ampol (ALD AU) has launched a \$2 billion offer to buy New Zealand's Z Energy and form a trans-Tasman industry giant with greater scale to navigate the dawn of the electric vehicle era and shift to clean energy. ZEL NZ is the nation's largest petrol and diesel retailer with more than 300 service stations, has granted due diligence to Ampol exclusively for four weeks after receiving the buyout

offer of \$NZ3.78. Our strategic pre-positioning of ZEL NZ has contributed +40bp to the Fund's overall performance. In Hong Kong, our position in China Logistic Property (1589 HK; CNLP) became the subject of a Sale Purchase Agreement (SPA) between Mr Li Shifa (Chairman; Vendor) and JD.com (9618 HK; Offeror) to sell 26.38% stake at HK\$4.35. After successful completion of the SPA, JD stake will increase to 37.02% thereby triggering a MGO for all other shareholders. To recap: on 30 December CNLP announced that the Chairman & RRJ Capital (combined 51.5% stake) were conducting a strategic review of their stake, which may have led to a sale. Potential bidders were Blackstone, ESR Cayman (17.2% shareholder), JD Logistics (9.9% shareholder), and Meituan. However, during the year discussions stalled over price, and in mid-June, CNLP announced a placement of 220m shares (6.8% of issued shares) at HK\$3.54 thereby decreasing the voting power of ESR-JD. The Fund increased its conviction in the trade, particularly during the weakness in the placement period as our implied valuation suggested a HK\$4.9 price tag, based on 1.15x book value per share. The stock rallied +21.5% in August.

In the Relative Value Book, our winning positions were our short in Magellan Financial Group (MFG AU; -9.03%) vs long Pandal Group (PDL AU; +3.6%), which delivered a 12.6% relative outperformance. The weakness in MFG is the result of their earnings release, and trading very expensive on ~22x FY22 P/E, making it one of the most expensive traditional asset managers in the world. We are expecting further de-rating risk in this name.

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)[†]

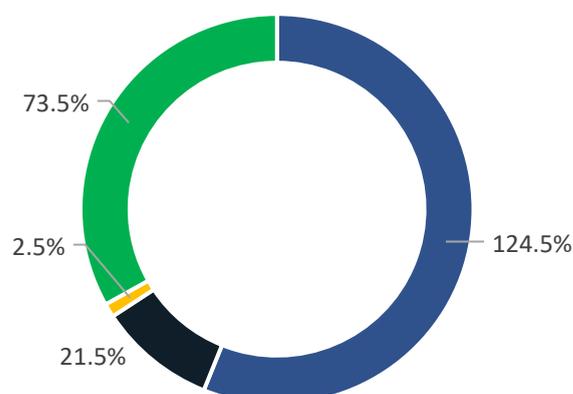
TOP 2	
Galaxy Resources / Orocobre (+13.3%)	47
Z Energy (+20%)	44
BOTTOM 2	
Shinsei Bank (-5.8%)	-20
Tabcorp Holdings (-1.9%)	-6

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

■ Events (Risk Arb) ■ Alpha ■ Volatility ■ Relative Value



Enquiries

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

DALTON STREET CAPITAL

AS AT 31 AUGUST 2021