

AS AT 31 JULY 2021

DALTON STREET CAPITAL

Dalton Street Market Neutral Trust

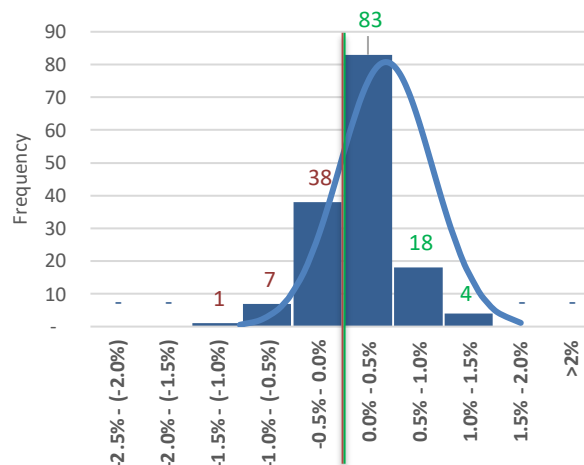
Dalton Street Capital is a boutique investment manager founded in November 2015. We actively manage investment portfolios for a range of clients which include self-managed super funds, endowments and foundation plans for institutional and retail investors.

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 31 July 2021

Net Investment Performance %*

	1M	3M	6M	FYTD	CYTD	1YR	SI
Dalton Street Market Neutral Trust	1.40	3.35	13.21	1.40	12.33	-	12.54
RBA Cash Rate	0.01	0.02	0.05	0.01	0.06	-	0.09
Excess Returns	1.39	3.32	13.16	1.39	12.27	-	12.45

*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 31st of July 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	67
Standard Deviation	6.5%
Sharpe Ratio	3.4
Risk Reward Ratio p.a.	6.2
Daily Alpha Contribution	0.13%
Correlation	0.22
Beta	0.12
Best Daily Performance	+1.34%
Worst Daily Performance	-1.16%
Max Drawdown (Daily)	-2.8%
Win/Loss Ratio	70%
Sortino Ratio	6.04
Calmar Ratio	7.81
Gross Exposure	219%

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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 July is +1.40% and continues to be the result of multitude of counterbids by rival bidders and increase in offer considerations. This positive result is particularly noticeable, as Asia Pacific Markets experienced very sharp falls: Japan -5.3%, Hong Kong -9.9% whilst the Fund's positions in those regions were mostly ringfenced from these sharp declines. Our tendered position in Sichuan Languang (2606 HK) have met the 90% acceptance condition by independent H-shareholders and as a result benefitted from the increased payment consideration from HK\$51.0571 to HK\$54.3 thereby realizing a gain of +6.4%. 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 and therefore the optionality in this trade, irrespective of the market gyrations.

So far in 2021, more than 17,000 deals successfully closed with a combined value in excess of US \$2 trillion, as the bounce back from the pandemic induced lows from last year continued to pick up the pace. M&A deal activity will remain buoyant throughout the year, because of cheap financing, optimistic executives and cheap market valuation yardsticks post pandemic. Overall gross strategy exposure was 218.4%, with Events (Risk Arb) bucket at 140.3%. We continue to see enough new opportunities to replenish this strategy in an extremely healthy M&A event landscape. New positions include the scheme of arrangement between Galaxy Resources (GXY AU) / Orocobre (ORE AU), as well as Sydney Airport (SYD AU), whilst closed positions were Vitalharvest Freehold Trust (VTH AU), Devine Limited (DVN AU), Asaleo Care Limited (AHY AU) and Vocus Group (VOC AU).

The Fund benefitted strongly from a competing bidding situation in iCar Asia (ICQ AU). To recap, back in September 2015, China's biggest operator of automotive internet platform Autohome (ATHM US) was thought to be in talks to buy iCar Asia. However, this transaction never eventuated. But in 30 October 2020, ATHM resurfaced again with a non-binding proposal to acquire 100% of the shares of iCar Asia for A\$0.50. Initially we attributed a high probability for ATHM to firm up the offer with a binding scheme post completion of due diligence. However, iCar Asia kept on informing the market of ATHM's continued ongoing internal approval process. Given the lengthy stalemate between the two parties, iCar Asia was trading as a broken deal. On 13th July Carsome Group, Southeast Asia's largest integrated car e-commerce platform, announced it has entered into a non-binding agreement to acquire iCar Asia for A\$0.55 per share. We took the opportunity to exit the trade realizing a gain of 63% for the month. Arguably the biggest news of the year has been the takeover bid by Seven Group Holdings (SVW AU) to buy Boral Ltd (BLD AU) initially at A\$6.50. The consideration was sweetened to A\$7.30 if Seven Group holds 29.5% by 2nd July, and further increased to A\$7.40 if they hold above 34.5%. Since SVW now holds 69.6% of voting power the Fund received the higher consideration. As the unconditional offer was no longer extended, we were able to secure "untendered" stock-borrow to short BLD at A\$7.40 for potential index implications. We estimate approx. 53million share to be sold across the S&P/ASX 100, 200 and 300 indices as a result of a decrease in the Investable Weight Factor IWF. The ability to take directional positioning is a key feature of this Fund.

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)[†]

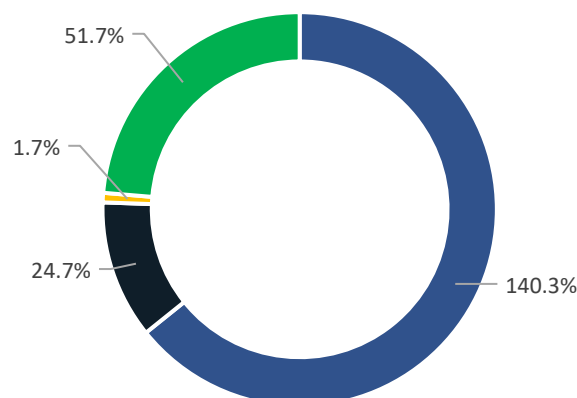
TOP 2	
Icar Asia Ltd (+63%)	120
Iress Ltd (+8.9%)	18
BOTTOM 2	
Tabcorp Holdings (-4.4%)	-22
Lotus Resources (-10.5%)	-12

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.

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