

Dalton Street Market Neutral Trust

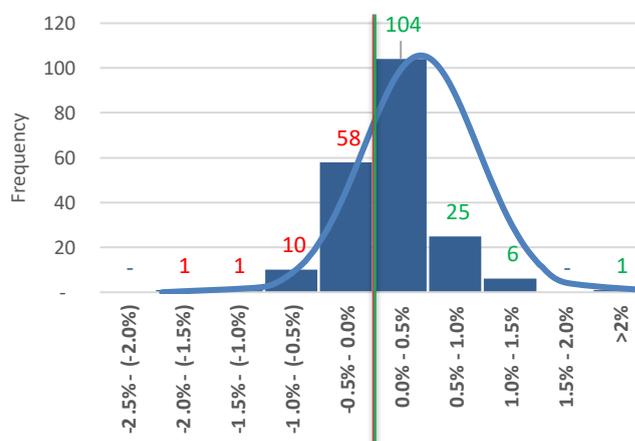
Dalton Street Capital is a boutique investment manager founded in November 2015. We actively manage investment portfolios for a range of clients which include self-managed super funds, endowments and foundation plans for institutional and retail investors.

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 September 2021

Net Investment Performance %*

	1M	3M	6M	FYTD	CYTD	1YR	SI
Dalton Street Market Neutral Trust	3.00	6.71	13.80	6.72	18.22	-	18.44
RBA Cash Rate	0.01	0.02	0.05	0.02	0.07	-	0.10
Excess Returns	2.99	6.69	13.75	6.69	18.14	-	18.34

*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 30 September 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	76
Standard Deviation	7.4%
Sharpe Ratio	4.2
Risk Reward Ratio p.a.	5.6
Daily Alpha Contribution	0.13%
Correlation	0.31
Beta	0.20
Best Daily Performance	+2.24%
Worst Daily Performance	-1.99%
Max Drawdown (Daily)	-2.8%
Win/Loss Ratio	65%
Sortino Ratio	7.2
Calmar Ratio	10.7
Gross Exposure	199%

DISCLAIMER: Equity Trustees Limited ("EQT") (ABN 46 004 031 298 AFSL 240975) is the Responsible Entity for the Dalton Street Market Neutral Trust. The material contained in this communication (and all its attachments) is general information only and has been prepared by Dalton Street Capital Pty Ltd ("Dalton Street"), a Corporate Authorised Representative of Boutique Capital Limited ("Boutique"), AFSL 508011. It is not intended to take the place of professional advice and you should not act on any information made in this communication without first consulting your investment advisor in order to ascertain whether the information is appropriate, having regard to your investment objectives, financial situation and particular needs. Nothing in this communication shall be construed as a solicitation to buy or sell a security or to engage in or refrain from engaging in any transaction. Dalton Street believes that the information contained herein is correct at the time of compilation. However, Dalton Street, Mantis Funds, Boutique and EQT provide no representation or warranty that it is accurate, complete, reliable or up to date, nor does Dalton Street, Mantis Funds, Boutique or EQT accept any obligation to correct or update the opinions (if any) in it. The opinions (if any) expressed are subject to change without notice. Dalton Street, Mantis Funds, Boutique and EQT do not accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of the material contained in this communication. This communication may refer to the past performance of a person, entity or financial product. Past performance is not a reliable indicator of future performance. Investors should obtain the relevant product disclosure statement and consider it before making any decision to invest.

Market Commentary

The event-driven strategy aims to exploit pricing inefficiencies around corporate activity, in particular M&A events. The Fund manager's estimated net return for September is +3.00%, where the majority of the performance stems from a strategic positioning in a pre-event name in Japan. This positive result is particularly pleasing as the Fund achieved its best quarterly performance of +6.7% during a weak market environment for the Australian market falling -2.7% in September. The Australian market also experienced its biggest drawdown return of -5.7% for the year finishing the month at -4.5%. Our investment results continue to show a low correlation to peers and markets, with positive daily Alpha contribution averaging +13 basis points.

Overall gross exposure was 199%, with Events (Risk Arb) bucket down to 90% from 124%. We have increased the Relative Value bucket to 88% at the expense of two large Japanese scrip-mergers completing successfully. We see a continuation of elevated M&A deal activity which enables the Fund to find new opportunities to replenish the M&A book in an extremely healthy M&A event landscape. The biggest return contributor was our position in Shinsei Bank (8303 JP; Shinsei) rallying 48%. To recap: back in December/January our monitors have picked up a significant stake building activity in Shinsei by SBI Holding (8473 JP; SBI). It was further disclosed that Taiwan's biggest bank CTBC Financial (2891 TT) showed interest in acquiring Shinsei. However, those takeover rumors were later dismissed. Shinsei also had a significant equity stake in Jih Sun Financial (5820 TT) which was subject to a takeover offer by Fubon Financial (2881 TT) offering TW\$13 in December 2020. We accumulated a sizeable, long position in Shinsei ahead of a potential large share buyback (SBB) announcement event as the consideration for the stake sale would be approximately 19% of Shinsei's market capitalization. In the SBI Financial Results announcement on 29th January, SBI outlined their plan for the "Evolution of Regional Banking in Japan" and reported to have plans to create "Japanese 4th Mega Bank" through its co-creation with other

regional banks. SBI's regional partners are Yamaguchi Financial, Concordia Financial and Shinsei. We viewed Shinsei's completion of the stake sale in Jih Sun, a subsequent potential large SBB, and the likelihood of SBI to make its move to further increase its stake or even to privatize a cashed-up Shinsei, are the next key catalysts for a strong re-rating. On 9th September, SBI announced an unsolicited hostile partial offer to acquire Shinsei at JPY 2,000 per share increasing its equity stake from current 20.3% to 48% via a tender offer process. Shinsei was trading limit-up for the next two trading days post announcement, and the Fund exited the position at JPY 2,030 well above the theoretical pro-rated price of JPY 1,750. In Australia, the first bid being tabled is not necessarily the last one, as history shows that there is a 40% chance of an increase in consideration. This is exactly what happened to our position in Australian Pharmaceutical Industry (API AU). The bidder Wesfarmers Ltd (WES AU) has revised its indicative proposal from A\$1.38 to A\$1.55 allowing WES to undertake exclusive due diligence on API. On 27th September API has received a competing non-binding indicative scrip/cash offer from Sigma Healthcare (SIG AU) valuing API at A\$1.59. We view API to be trading above the WES cash terms given the potential bump in SIG scrip optionality and await further announcements.

In the Relative Value Book, our winning positions were again our short in Magellan Financial Group (MFG AU; -18.4%) vs long Pandal Group (PDL AU; -4.4%), which delivered a 14% relative outperformance. MFG has by now clearly de-rated to ~15.5x FY22E, almost to its peers valuation yardsticks. We continue to see downside risk to earnings and are expecting further relative outperformance in this 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	
Shinsei Bank (+48.7%)	187
API Pharmaceutical Industry (+15.1%)	34
BOTTOM 2	
Hansen Technologies (-9.9%)	-40
Iress Ltd (-21.3%)	-27

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

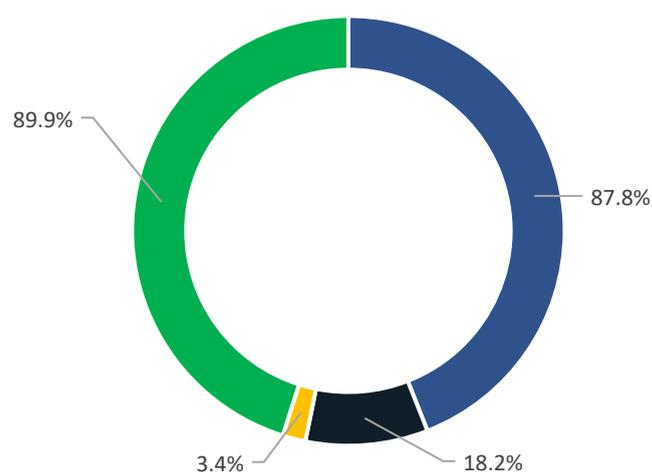
Enquiries

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
dmntclient@mantisfunds.com

Gross Exposure By Strategy

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



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