

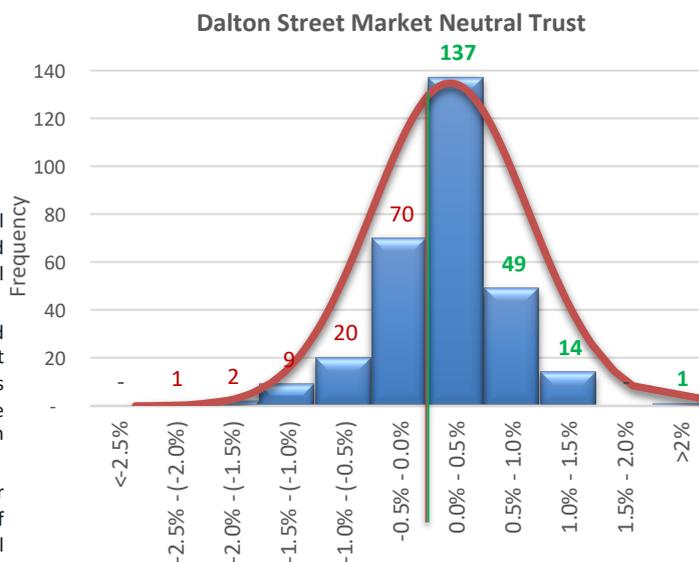
# Dalton Street Market Neutral Trust

Dalton Street Capital is a boutique investment manager and re-launched the MNT Fund in November 2020. 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.



Daily Gross Unaudited Returns: 1 January 2021 to 28 February 2022

Net Investment Performance %*							
	1M	3M	6M	FYTD	CYTD	1YR	SI (CUM.)
Dalton Street Market Neutral Trust	0.85	2.14	8.62	12.14	(0.08)	20.20	24.46
RBA Cash Rate	0.01	0.02	0.05	0.07	0.02	0.10	0.15
Excess Returns	0.84	2.11	8.57	12.07	(0.10)	20.10	24.31

\*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 28 February has been 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 <sup>^</sup>
Investment minimum	AUD 50,000
Buy/sell spread	0.30%
Liquidity	Daily
Benchmark	RBA Cash Rate
Platforms	Netwealth, BT, Asgard, Macquarie, HUB24

<sup>^</sup>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	83
Standard Deviation	8.9%
Sharpe Ratio	4.7
Risk Reward Ratio p.a.	4.7
Daily Alpha Contribution	0.114%
Correlation	0.43
Beta	0.31
Best Daily Performance	+2.24%
Worst Daily Performance	-2.17%
Max Drawdown (Daily)	-5.1%
Win/Loss Ratio	66.3%
Sortino Ratio	7.2
Calmar Ratio	8.3
Gross Exposure	180.5%

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## Market Commentary

The event-driven strategy aims to exploit pricing inefficiencies around corporate activity, in particular M&A events. We are pleased to report a positive estimated performance of +0.85% for the month of February achieved in a very volatile global market environment, as geopolitical risks intensified by Russia's invasion of Ukraine. MSCI World index fell -2.7% whilst at home the Australian share markets ASX posted a +1.1% gain, mainly the result of a sharp increase in the commodity sector over the month. However, the maximum drawdown for the ASX, which started on 16th August 2021 peaking at -10.4%, finished the month at -7.6%.

Despite macro headwinds of inflationary expectations as well as war in Ukraine, the Fund maneuvered the gyrations relatively unscathed. The Fund's key risk metrics show a strong Sharpe Ratio of >3, an average since inception gross daily Alpha of 11.4 basis points, and a win/loss ratio of 65% undermining the consistency of delivering positive outcomes when it really matters.

Overall Fund gross exposure ended at 181%, with Events (M&A Risk Arb) bucket down to 69% from 81%. The individual gross exposure reduction in the M&A bucket, continued to be the result of certain M&A deals completing successfully. In Australia, completed scrip deals included Class Ltd (CL1 AU) / Hub24 (HUB AU), Swick Mining Services (SWK AU) / DDH1 Ltd (DDH AU), as well as the acquisition of Sydney Airport (SYD AU) by a consortium led by IFM Investors. The annualized deal spread was in excess of 15% p.a., which was the result of an increase in consideration to A\$8.75 from A\$8.25. This deal completed despite certain key risks namely ACCC, and several cross/limit ownerships on certain airports and some foreign ownerships of airports, under the Airports Act 1996.

Other non-Australian cash deals completed included Roxy-Pacific Holdings (ROXY SP), Mesco Inc (1737 JP), and Isolite Insulating Products (5358 JP). A key performance contributor was our position in Maxvalu Nishinoh (8287 JP; MN). To recap: On 1 September 2021 Fuji Corp (8278 JP) and MN signed a basic merger agreement to form a holding company "in the spirit of equality". The interesting aspect of this scrip merger was

that the merger ratio was not confirmed initially and that it would be decided at a later stage. We built a small long position and left it unhedged for a potential re-rate of the combined entity and a higher scrip ratio. Following the capital and business alliance between MN and Fuji in 2018, Aeon acquired a 15% stake in Fuji and the two supermarket players worked towards jointly procuring goods for a sale and co-develop brand items. By combining the two supermarket players in the Chugoku-Shikoku region, the merged entity is better equipped to compete with the market leader Izumi. The merged company will become Aeon's (8267 JP) consolidated subsidiary, where Aeon holds 51.5% stake. We exited our unhedged position in MN with a 40% gain on the back of Fuji Corp (8278) strong rally due to an index inclusion- liquidity- event of the combined entity.

Our M&A Risk Arb gross exposure is currently lower than the Relative Value sub-strategy and highlights the diversification benefits within the Fund's overall strategies employed. However, from a M&A deal activity perspective, February was a relatively quiet month for new deal announcements. We are confident that once the conflict in Ukraine abides, to see a pickup in deal activity in the months ahead.

Our Volatility sub-strategy, which serves as an overall book hedge, contributed favorably to overall P&L, as we re-established our long volatility positions when VIX traded below 28 level. The winning pair trade in the Relative Value strategy was our long position in Hansen Technologies +1.3% (HSN AU) hedged against short Novonix Ltd -32% (NVX AU), as high P/E companies with little earnings prospects got hit hard.

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.

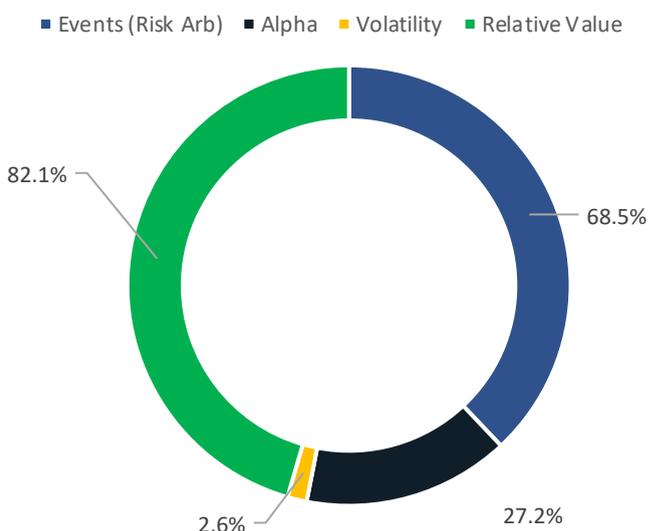
### Contributors to Return (Basis Points)<sup>†</sup>

TOP 2	
Maxvalu Nishinoh (+40%)	61
Novonix (-32%; short)	29
BOTTOM 2	
Praemium Ltd(-39.2%)	-42
Incitec Pivot Ltd (-5.8%)	-13

### Team Members Experience

INVESTMENT TEAM	DSC	INDUSTRY
Antonio Meroni (PM)	1	29
Anthony Ng (Risk Manager)	1	17
Aji Mathews (Assistant)	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



## Enquiries

**Dalton Street Capital**  
Level 1, 131 Clarence Street  
Sydney NSW 2000, Australia  
[www.daltonstreetcapital.com](http://www.daltonstreetcapital.com)

**Damien Hatfield**  
M. +61 400 560 240  
[damien.hatfield@mantisfunds.com](mailto:damien.hatfield@mantisfunds.com)  
[dmntclient@mantisfunds.com](mailto:dmntclient@mantisfunds.com)

<sup>†</sup>Preliminary. Dalton Street started managing this fund as of 18 October 2020.

**DALTON STREET CAPITAL**

AS AT 28 FEBRUARY 2022