

Dalton Street Market Neutral Trust

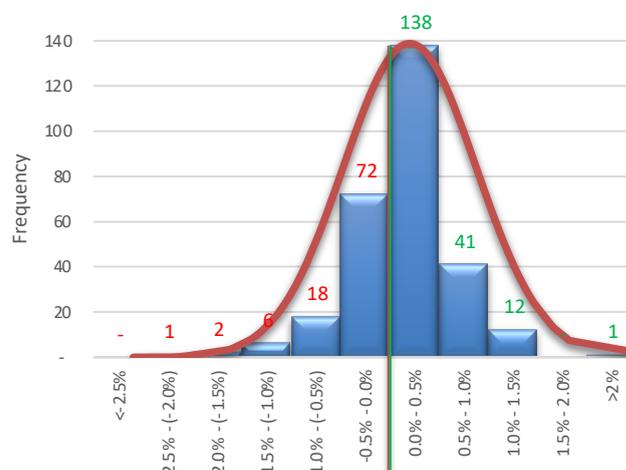
Dalton Street Capital is a boutique investment manager and re-launched the MNT Fund in November 2020. We actively manage investment portfolios for a range of clients which include self-managed super funds, endowments and foundation plans for institutional and retail investors.

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.

Histogram: Dalton Street Market Neutral Trust



Daily Gross Unaudited Returns: 1 January to 31 January 2022

Net Investment Performance %*

	1M	3M	6M	CYTD	FYTD	1 YR	SI (cum.)
Dalton Street Market Neutral Trust	(0.60)	2.90	10.23	(0.60)	11.97	25.01	24.27
RBA Cash Rate	0.01	0.02	0.05	0.01	0.06	0.10	0.14
Excess Returns	(0.61)	2.87	10.18	(0.61)	11.91	24.91	24.14

*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 December 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 [^]
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	85
Standard Deviation	8.7%
Sharpe Ratio	4.7
Risk Reward Ratio p.a.	4.7
Daily Alpha Contribution	0.12%
Correlation	0.41
Beta	0.29
Best Daily Performance	+2.24%
Worst Daily Performance	-2.17%
Max Drawdown (Daily)	-5.1%
Win/Loss Ratio	66%
Sortino Ratio	7.2
Calmar Ratio	8.0
Gross Exposure	171.5%

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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 slightly disappointed to report a small estimated negative performance of -0.6%, in a market environment whereby global equity market indices experienced their worst monthly drawdowns since March 2020 and the Australian equity market finishing -6.4%. More interestingly the maximum drawdown for the Australian share market, which started on 16th August 2021 and peaked at -10.4% just before month-end, finished the month at -8.6%. Despite the heightened level of market volatility in the wake of rising USA real bond yields and escalating geopolitical tensions, the Fund maneuvered the gyrations relatively unscathed. The Fund's key risk metrics show a strong Sharpe Ratio of 3.0, an average since inception gross daily Alpha of 11.9 basis points, and a win/loss ratio of 66% undermining the consistency of delivering positive outcomes when it really matters.

Overall Fund gross exposure ended at 171.5%, with Events (Risk Arb) bucket down to 81% from 130%. Due to the market uncertainty, we have tactically reduced overall gross exposure across all sub-strategies to respond swiftly during the market sell-off. The M&A bucket reduction of gross exposure was particularly the result of certain M&A deals completing successfully. In Australia, completed scrip deals included Aventus Group (AVN AU) / Homeco (HDN AU & HMC AU), PM Capital Asian Opportunity (PAF AU) / WAM Capital (WAM AU), as well our large position in Cashrewards (CRW AU). Other cash deals completed included Sumo Group (SUMO LN), and Ebook Initiatives Japan Co (3658 JP) delivering annualized deal spreads of >20% p.a. On the other hand, our Volatility sub-strategy, which serves as an overall book hedge, contributed very favorably +48 basis points to overall performance. We have used the spike in volatility to exit our volatility hedge and will re-establish the systematic hedging strategy once volatility approaches the 20% level.

For the M&A strategy, the biggest performance destructor was our position in Australia Pharmaceutical Industry (API AU). To recap: API was subject to three non-binding proposals from Sigma Pharmaceutical (SIG AU) implying a takeover value of A\$1.57 per share, Wesfarmers (WES AU) with a revised proposal price from A\$1.38 to A\$1.55 and lastly Woolworths (WOW AU) entering the battle with a proposed cash offer at A\$1.75. API traded close to the WOW deal terms until early January when following the completion of a comprehensive due diligence process, WOW has withdrawn its proposal. API sold off -13.2% and contributed -48 basis points loss. At the time of writing, the scheme offer of Wesfarmers stands and has received ACCC and court approval for the convening of scheme meeting and distribution of the scheme booklet. We see a high chance of this deal completing successfully with WES as the winner. On a positive note, our position in Crown Resorts (CWN AU) benefitted from a revised Blackstone acquisition proposal with an increase in consideration by A\$0.60 to A\$13.10. This proposal is subject to the same conditions as announced on November 19th. The CWN board has consistently stated that it is committed to maximizing value for Crown's shareholders and considers that it's now appropriate that the Blackstone offer is put to Crown's shareholders for their consideration as a binding deal. CWN rallied 8.8% completely ringfenced from the negative market sentiment.

The winning pair trade in the Relative Value strategy was our long position in L1 L/S Fund Ltd +2.6% (LSF AU) hedged against ASX SPI 200 March Futures -6.5% (XPH2) for a +9.1% relative outperformance. In the Alpha strategy we have strategically built a net long position of 7% in gold stocks that exhibits favorable cheap valuations against the likes of Newcrest Mining (NCM AU; short) to cushion the Fund against geopolitical risks.

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.

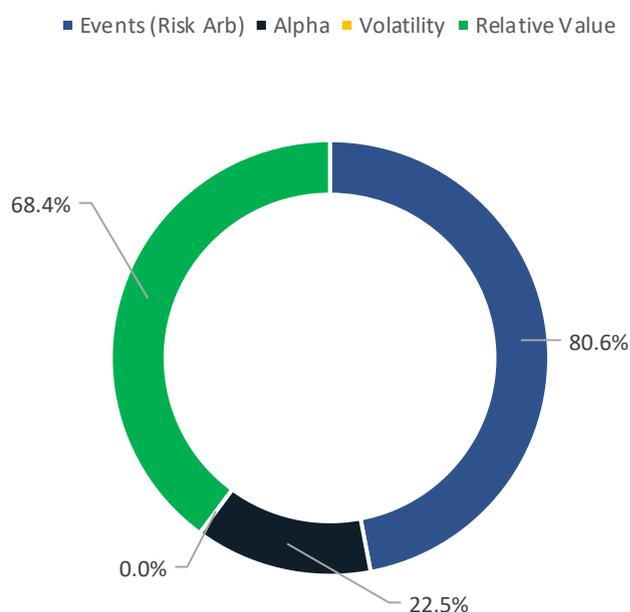
Contributors to Return (Basis Points)*

TOP 2	
L1 Long Short Fund Ltd (+2.2%)	56
Volatility (+14%)	48
BOTTOM 2	
Australian Pharma Industries (-12.1%)	-34
Prime Media (4.5%)	-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



Enquiries

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*Preliminary. Dalton Street started managing this fund as of 18 October 2020.

DALTON STREET CAPITAL

AS AT 31 JANUARY 2022