

Net Returns	1m	3m	6m	1yr	Incept
Equus Point Capital	0.42%	1.97%	-	-	1.97%
Cash	0.12%	0.37%	-	-	0.37%
Excess	0.30%	1.60%	-	-	1.60%

**Commentary**

The Fund returned +0.42% after fees for the month. This result was achieved with a 92% long equities exposure, no short equities exposure, 8% cash and a negative beta bias in our futures hedge.

Stock selection generated +0.90% alpha for the month, whilst our negative beta bias contributed -0.34% alpha.

At a sectoral level alpha was broad based with positive contributors:

- Industrials (+0.67%),
- Consumer Discretionary (+0.39%),
- Health Care (+0.42%),
- Financials (+0.37%), and
- Information Technology (+0.74%).

Negative sectoral level alpha contributors included:

- Gold (-0.79%),
- Consumer Staples (-0.50%), and
- Real Estate (-0.30%).

At a stock level the major alpha contributors for the month were Appen (+0.69%), IDP Education (+0.58%), Cleanaway Waste (+0.40%), Altium (+0.37%) and Bravura (+0.26%). Three of these positions are technology based.

The major detractors were positions in Gold, with Saracens (-0.59%) and Evolution (-0.21%), Inghams Group on disappointing results (-0.55%) and WiseTech (-0.38%).

Over the month the strategy has gradually increased its exposure to the long equities portfolio, with exposure now sitting at 99%. We retain no direct short stock holdings at this time with the longs being offset by short futures exposure to achieve an overall negative beta bias.

Traditionally market neutral portfolios are a function of a long stock exposure being offset by a short stock exposure. In practice neutrality can be achieved through a short stock exposure or a short index futures exposure, or a combination of both.

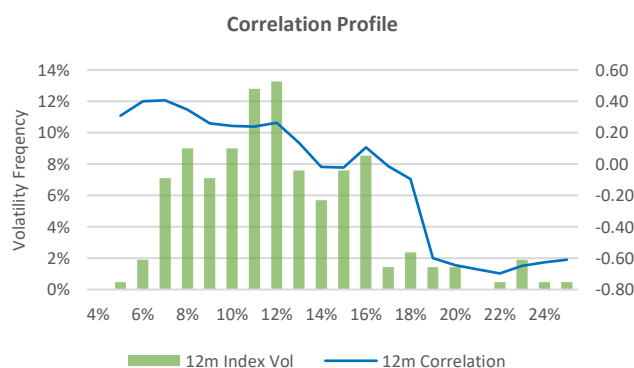
Equus Point Capital will generally utilize both direct short stock positions and short index futures positions to achieve neutrality. Under certain market conditions however, all direct short stock positions are exited as part of our risk management process such that our long positions are offset solely by index futures.

Last month we alluded to the volatility outcomes of the strategy when market volatility increases. We extend that theme this month to demonstrate the strategy's correlation outcomes when market volatility spikes and markets are generally negative.

The chart below uses volatility buckets for the S&P/ASX 200 index and maps the correlation between the strategy and the index as volatility changes.

When the market is stable and generally positive the strategy will demonstrate a small positive correlation with the market. This is consistent with strategy generating positive returns through stock selection and a positive beta bias.

However, when market volatility spikes the strategy produces a negative correlation with the index. This reflects the capital preservation nature of the strategy, whereby the long equities exposure is reduced, the short equities exposure is removed and the strategy has a negative beta bias. In summary the strategy demonstrates an ability to produce positive returns in negative markets through de-risking the portfolio, stock selection and a negative beta bias.



# Equus Point Capital Market Neutral Fund

## Performance Update 28 Feb 2019



### Net Monthly Performance

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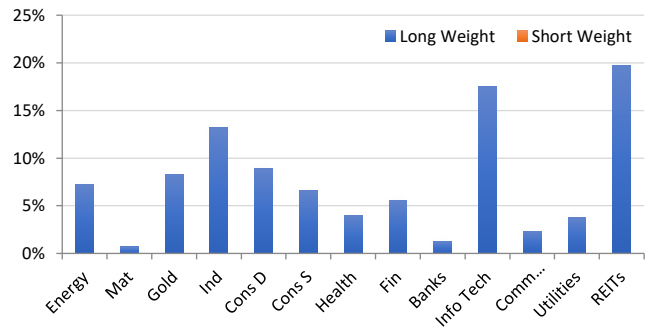
### Gross Monthly Performance

Asset	Positions	Weight	Return	Alpha
Long	67	99.19%	5.74%	0.90%
Short	0	0.00%	0.00%	0.00%
Futures		-96.65%	-5.27%	-0.34%
Cash		0.81%	0.01%	0.01%
	67	100.00%	0.49%	0.56%
Cash				0.12%
Excess				0.44%

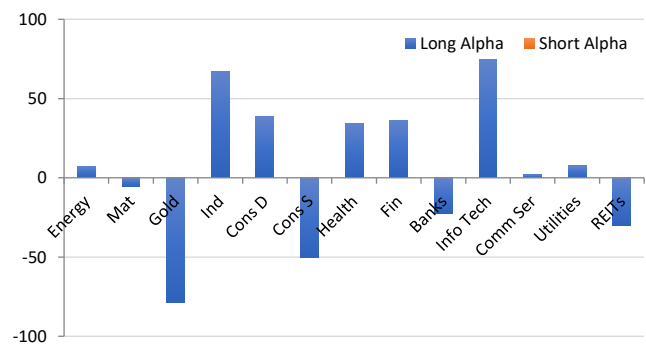
### Exposure and Gross Monthly Alpha

Sector Name	Long Weight	Short Weight	Active Weight	Alpha Contrib
Energy	7.3%	0.0%	7.3%	0.07%
Materials	0.7%	0.0%	0.7%	-0.06%
Gold	8.3%	0.0%	8.3%	-0.79%
Industrials	13.2%	0.0%	13.2%	0.67%
Cons Disc	8.9%	0.0%	8.9%	0.39%
Cons Staples	6.6%	0.0%	6.6%	-0.50%
Health Care	4.0%	0.0%	4.0%	0.42%
Financials	5.5%	0.0%	5.5%	0.37%
Banks	1.3%	0.0%	1.3%	-0.22%
Info Tech	17.6%	0.0%	17.6%	0.74%
Comm Serv	2.3%	0.0%	2.3%	0.02%
Utilities	3.8%	0.0%	3.8%	0.07%
Real Estate	19.7%	0.0%	19.7%	-0.30%
Stock Total	99.2%	0.0%	99.2%	0.90%
Futures			-96.7%	-0.34%
Cash			0.8%	0.01%
Total			100.0%	0.56%

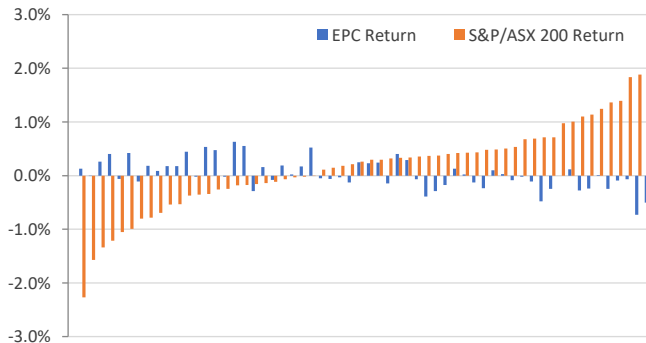
Portfolio Weight



Alpha Generation by Sector



Daily Return Distribution



### Major Alpha Contributors

Name	Weight	Return	Alpha
<b>Top Five Contributors</b>			
Appen Limited	2.94%	0.93%	0.69%
IDP Education Ltd	3.02%	1.00%	0.58%
Cleanaway Waste Ltd	2.91%	0.53%	0.40%
Altium Limited	2.57%	0.54%	0.37%
Bravura Solution Ltd	2.65%	0.45%	0.26%
<b>Bottom Five Contributors</b>			
SCA Property Group	1.32%	-0.12%	-0.14%
Evolution Mining Ltd	2.05%	-0.19%	-0.21%
WiseTech Global Ltd	1.76%	-0.22%	-0.38%
Inghams Group	3.48%	-0.45%	-0.55%
Saracen Mineral	1.76%	-0.53%	-0.59%

# Equus Point Capital Market Neutral Fund

## Performance Update 28 Feb 2019



### Investment Manager

Equus Point Capital is a boutique fund manager focused on producing meaningful risk adjusted returns from the Australian equities market. Equus Point was founded in 2017 in partnership with Prodigy Investment Partners.

Equus Point's investment process is systematic, designed to produce a return stream irrespective of market direction over the long term, with low volatility and uncorrelated to traditional asset classes.

### Fund Objective

To deliver absolute returns of 5% above the RBA Official Cash Rate over a rolling five-year period, with low volatility and a low correlation to traditional asset classes.

### Investment Philosophy

Equus Point uses a systematic approach to investing, seeking to harvest meaningful risk adjusted returns from behavioural biases in the Australian equities market. The strategy uses both long and short positions coupled with index futures to achieve a market neutral portfolio that seeks to produce positive returns irrespective of equity market direction and uncorrelated to traditional assets. Equus Point's robust risk management approach limits to portfolio's beta positioning, portfolio volatility, individual stock positioning, and long and short portfolio positioning.

The Fund employs a proprietary systematic investment process. The Fund invest exclusively in Australian equities and equity derivatives.

We believe in the following:

- In the short to medium term behavioural biases of investors can influence stock prices leading to both momentum and reversion effects. Momentum is where stocks with positive historical returns tend to be rewarded with a continuation of positive returns, and stocks with negative historical returns tend to underperform with a continuation of negative returns. Reversion is where stock prices initially overshoot before returning to a perceived fair value.
- Meaningful risk adjusted returns can be achieved through a portfolio of both long and short positions seeking to harvest positive and negative momentum.

- Managing the risks of the potential for stock price reversion, stock volatility, portfolio volatility and beta exposure are a core part of the investment process.
- Market neutral positioning between long and short portfolios is ensured through the use of index futures to offset residual beta risks.
- Combining the above dynamics with acceptable leverage delivers a portfolio that is designed to provide superior risk adjusted returns through market cycles.

### Benefits of the Fund

1. A systematic strategy with a disciplined focus on risk management.
2. Attractive risk adjusted returns over the long term.
3. Low volatility return stream uncorrelated to traditional asset classes over a rolling five year time frame.
4. Expected to preserve capital in volatile and negative equity markets.

### Key Attributes

APIR Code	ETL5256AU
Benchmark	RBA Official Cash Rate
Investment Objective	To deliver absolute returns of 5% above the RBA Official Cash Rate over a rolling five year period
Management Fee	1.20%
Performance Fee	20% over benchmark plus Management Fee
Redemption/Liquidity	Daily
Buy/Sell Spread	+/-0.35%
Entry/Exit Fees	Nil
Distributions	Half Yearly
Inception	30 Nov 18
Investment Manager	Prodigy
Sub Investment Manager	Equus Point Capital
Trustee	Equity Trustees Limited
Prime Broker	Morgan Stanley
Administrator	RBC Investor Services

Further information:

[www.equuspointcapital.com](http://www.equuspointcapital.com)

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