

Net Returns	1m	3m	6m	1yr	Incept
Equus Point Capital	-1.20%	-0.07%	1.89%	-	1.89%
Cash	0.13%	0.38%	0.75%	-	0.75%
Excess	-1.32%	-0.45%	1.14%	-	1.14%

Commentary

The Fund returned -1.20% after fees for the month. To date the annualized volatility of returns has been less than 6%, versus the broader equities market where volatility has been more than 11% annualized.

Stock selection generated -1.57% alpha for the month, whilst our beta positioning contributed +0.20% alpha.

The key driver of performance during the month was the long portfolio returning -2.35% alpha, with key negative contributors being Technology One on the back of half year results that disappointed versus market expectations (-0.80% alpha), Altium (-0.26% alpha), Beach Energy (-0.25% alpha) and A2 Milk (-0.23% alpha). Positive contributors included Vocus (+0.46% alpha) on the back of a takeover offer from the Swedish private equity firm EQT Partners, Northern Star (+0.38% alpha) on higher gold prices and real estate trust Mirvac Group (+0.24%).

In contrast the modest short portfolio performed well adding 0.78% alpha, with key contributors being Costa Group on the back of earnings downgrades (+0.32% alpha), Pact Group and Mayne Pharma on the back of downgrades (+0.22% and +0.22% alpha respectively) and AMP (+0.19% alpha).

At a sectoral level positive alpha contributors included:

- Materials (+0.67%)
- Communication Services (+0.35%)

Negative sectoral level alpha contributors included:

- Information Technology (-1.23%)
- Industrials (-0.50%)
- Energy (-0.38%)
- Consumer Staples (-0.31%)

We continue to add to exposure in both the long and short portfolio, with exposure to long equities sitting at 122% and short equities exposure at 29%. Gross exposure was 210% and net exposure 35% as at the end of the month.

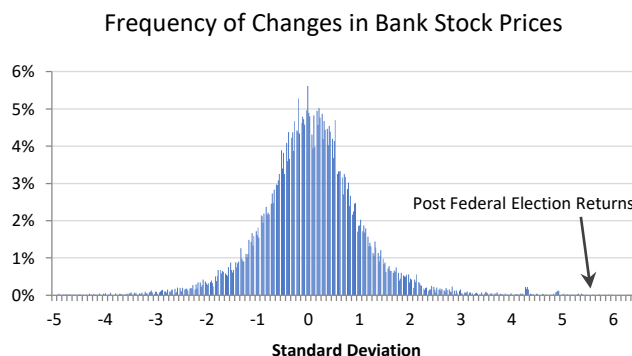
Our strategy is designed to provide meaningful returns uncorrelated to the performance of the equities market. Investors typically already have a substantial exposure to large capitalization stocks (i.e. banks stocks) through long only portfolio product.

At Equus Point Capital the portfolio structure will tend to have an implicit short exposure to banks due to the short futures positioning. This can at times lead to short term under-performance when banks rally significantly, as was the case during May post the Federal election.

The following chart is a frequency histogram of price changes for bank stocks (ANZ, CBA, NAB and WBC) over the last thirty years.

The unexpected election outcome saw bank stocks rally significantly, with moves of 5 and 6 standard deviations versus the historical return distribution. By way of example, Westpac had its largest single day move in thirty years. To put this into probability terms these price moves within a normal distribution should only occur once every 1.7m trade days, or once every 6,657 years. Of course market and stock prices move in ways inconsistent with normal distributions and extreme moves tend to occur far more frequently than predicted by a normal distribution. That is the return distribution tends to have 'fat tails'.

Put simply the response of bank stocks to the surprise election result was an unusually large rare event.



Net Monthly Performance

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Cash	0.13%	0.38%	0.75%	-	0.75%
Excess	-1.33%	-0.45%	1.14%	-	1.14%

Gross Monthly Performance

Asset	Positions	Weight	Return	Alpha
Long	73	122.54%	-0.46%	-2.35%
Short	30	-28.87%	-1.31%	0.78%
Futures		-58.55%	2.05%	0.20%
Cash		6.32%	0.13%	0.01%
	103	100.00%	-1.36%	-1.36%
Cash				0.13%
Excess				-1.23%

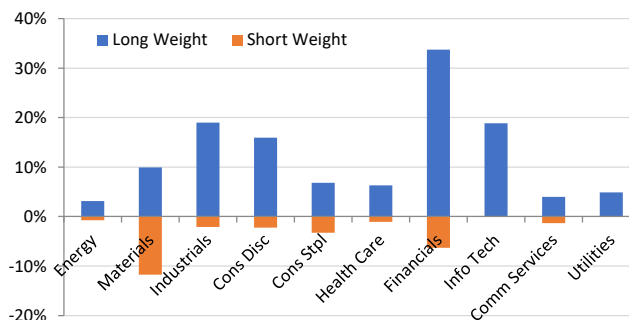
Exposure and Gross Monthly Alpha

Sector Name	Long Weight	Short Weight	Active Weight	Alpha Contrib
Energy	3.2%	-0.8%	2.4%	-0.38%
Materials	9.9%	-11.7%	-1.8%	0.67%
Industrials	19.0%	-2.1%	16.9%	-0.50%
Cons Disc	15.9%	-2.2%	13.7%	-0.16%
Cons Staples	6.8%	-3.3%	3.5%	-0.31%
Health Care	6.3%	-1.1%	5.2%	0.12%
Financials	33.7%	-6.3%	27.4%	-0.26%
Info Tech	18.8%	0.0%	18.8%	-1.23%
Comm Serv	4.0%	-1.3%	2.7%	0.35%
Utilities	4.9%	0.0%	4.9%	0.14%
Stock Total	122.5%	-28.9%	93.7%	-1.57%
Futures			-58.5%	0.20%
Cash			6.3%	0.01%
Total			100.0%	-1.36%

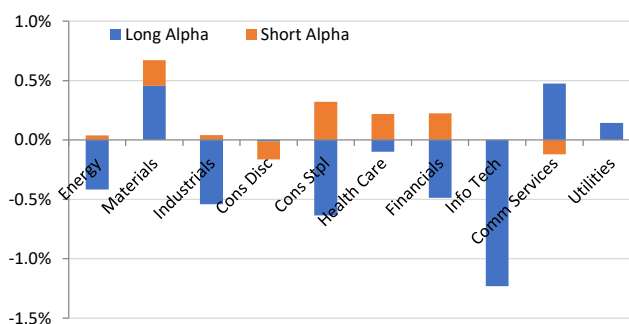
Major Alpha Contributors

Name	Weight	Return	Alpha
Top Five Contributors			
Vocus Group Ltd	3.48%	0.50%	0.46%
Northern Star	2.51%	0.38%	0.38%
Costa Group Holdings	-0.68%	0.31%	0.32%
Mirvac Group	4.31%	0.28%	0.24%
IDP Education Ltd	-1.40%	0.29%	0.24%
Bottom Five Contributors			
The A2 Milk Company	2.15%	-0.18%	-0.23%
Boral Limited	-2.59%	-0.27%	-0.25%
Beach Energy Limited	1.26%	-0.21%	-0.25%
Altium Limited	2.34%	-0.18%	-0.26%
Technology One	3.39%	-0.73%	-0.80%

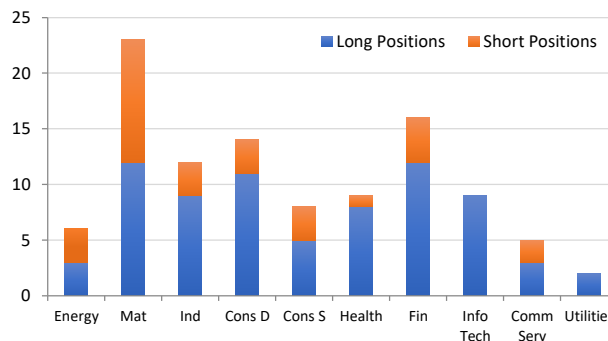
Sector Exposure



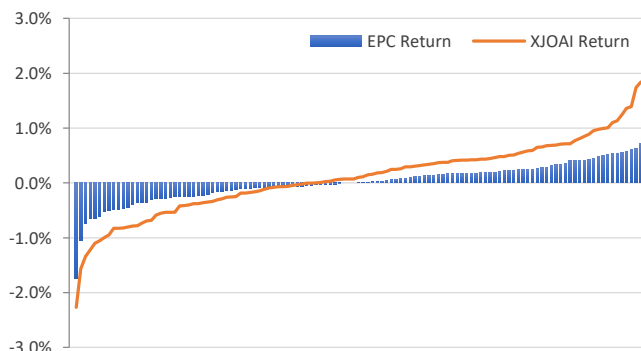
Sector Alpha



Positions



Daily Return Distribution



Equus Point Capital Market Neutral Fund

Performance Update 31 May 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 Investment Partners
Sub Investment Manager	Equus Point Capital
Trustee	Equity Trustees Limited
Prime Broker	Morgan Stanley
Administrator	RBC Investor Services

Further information:

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