

Net Returns	1m	3m	6m	1yr	Incept
Equus Point Capital	2.32%	1.12%	3.20%	-	4.25%
Cash	0.10%	0.36%	0.72%	-	0.85%
Excess	2.22%	0.77%	2.48%	-	3.40%

Risk Characteristics	
Volatility	6.5%
Beta	-0.12
Correlation to S&P/ASX 200	-0.20
Sharpe Ratio	0.90

Commentary

The Fund returned 2.32% after fees for the month. To date the annualized volatility of returns has been less than 6.5%, versus the broader equities market where volatility has been more than 11% annualized.

Stock selection generated +2.55% alpha for the month, with longs providing +1.16% alpha and shorts +1.39% alpha, whilst our beta positioning contributed +0.47% alpha.

Positive sector level alpha contributors included:

- Financials (+2.45%)
- Materials (+0.99%)
- Health Care (+0.66%)
- Industrials (+0.47%)

Negative sector level alpha contributors included:

- Communication Services (-1.00%)
- Consumer Discretionary (-0.68%)
- Consumer Staples (-0.41%)
- Information Technology (-0.23%)

Key individual stocks that contributed towards results include:

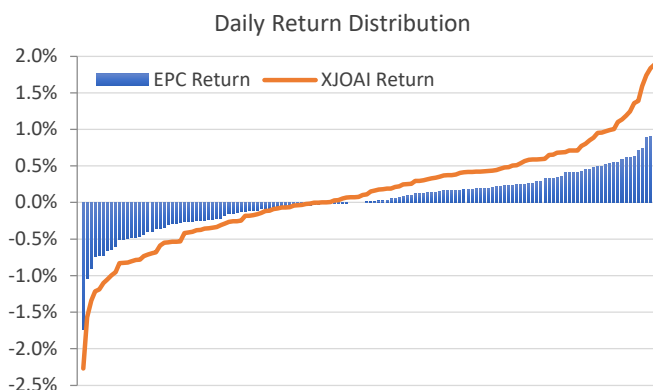
- A short position in Challenger (+0.54% alpha) which fell on reduced annuity sales volumes and margin compression on the annuity portfolio;
- Long positions in Nanosonics (+0.52%) a producer of ultrasound probe disinfectant;
- Long positions in Northern Star (+0.49%) and Saracen (+0.34%) on the back of gold prices above USD \$1,400 and more than AUD \$2,000; and
- A long position in Magellan Financial Group (+0.45%) on the back of solid inflows, returns and performance fees for its global funds.

The key detractors for the month include:

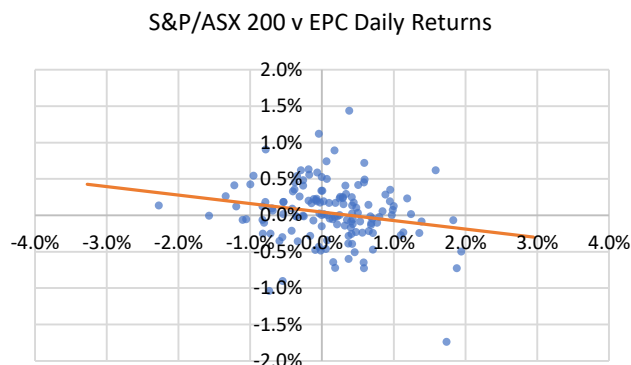
- A long position in Vocus (-0.99%) which has gone through two highly conditional takeover offers only for the offers to be rescinded shortly thereafter; and
- A long position in Bravura (-0.42%) on the back of its takeover offer for competitor GBST.

Our strategy is designed to provide meaningful returns with low volatility, uncorrelated to the performance of the equities market.

The first chart below shows the distribution of daily returns of the Fund versus those of the S&P/ASX200. The chart clearly demonstrates the lower volatility profile of the fund's returns versus those of the equity market.



The second chart highlights the uncorrelated nature of Equus Point Capital's return stream by comparing the daily returns for the S&P/ASX 200 Accumulation Index against the returns for the Fund since inception. It demonstrates that the returns for the Fund are largely independent of equity market returns. Within a broader portfolio, where investors typically have large exposures to the direction and strength of the equity market, a strategy with an uncorrelated return stream offers valuable diversification benefits.



Equus Point Capital Market Neutral Fund

Performance Update 30 June 2019



Net Monthly Performance

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Gross Monthly Performance

Asset	Positions	Weight	Return	Alpha
Long	76	126.50%	5.35%	1.16%
Short	30	-15.68%	0.04%	1.39%
Futures		-76.62%	-2.37%	0.47%
Cash		-10.82%	0.00%	0.00%
	106	100.00%	3.02%	3.02%
Cash				0.10%
Excess				2.92%

Exposure and Gross Monthly Alpha

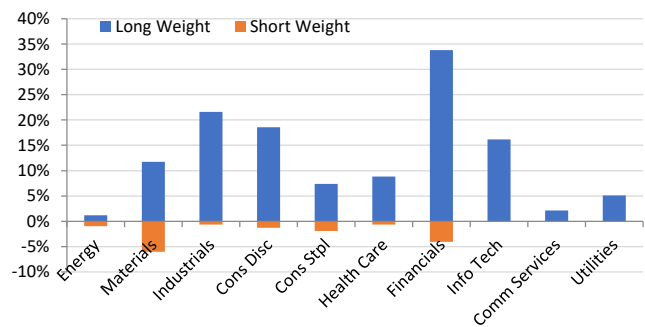
Sector Name	Long Weight	Short Weight	Active Weight	Alpha Contrib
Energy	1.2%	-1.0%	0.2%	0.06%
Materials	11.7%	-6.0%	5.7%	0.99%
Industrials	21.6%	-0.6%	21.0%	0.47%
Cons Disc	18.6%	-1.3%	17.3%	-0.68%
Cons Staples	7.4%	-1.9%	5.5%	-0.41%
Health Care	8.9%	-0.7%	8.2%	0.66%
Financials	33.8%	-4.1%	29.8%	2.45%
Info Tech	16.2%	-0.1%	16.0%	-0.23%
Comm Serv	2.1%	0.0%	2.1%	-1.00%
Utilities	5.1%	0.0%	5.1%	0.23%
Stock Total	126.5%	-15.7%	110.8%	2.55%
Futures			-76.6%	0.47%
Cash			-10.8%	0.00%
Total			100.0%	3.02%

Net Exposure	110.8%
Gross Exposure excluding Futures	142.2%
Gross Exposure including Futures	218.8%

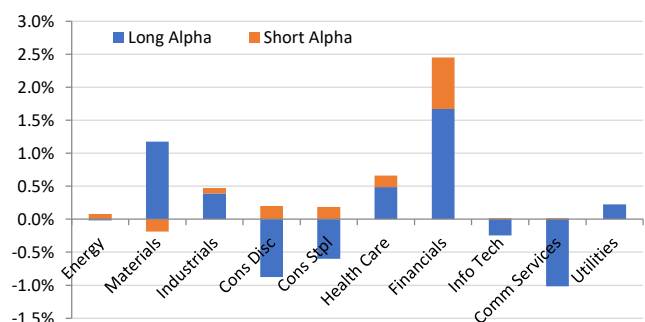
Major Alpha Contributors

Name	Weight	Return	Alpha
Top Five Contributors			
Challenger Limited	-0.94%	0.40%	0.54%
Nanosonics Limited	3.18%	0.67%	0.52%
Northern Star	2.77%	0.49%	0.49%
Magellan Fin Grp Ltd	4.31%	0.70%	0.45%
Saracen Mineral	2.56%	0.34%	0.34%
Bottom Five Contributors			
Breville Group Ltd	3.41%	-0.08%	-0.24%
Pact Group Hldgs Ltd	-1.22%	-0.66%	-0.27%
The A2 Milk Company	2.95%	-0.14%	-0.30%
Bravura Solution Ltd	1.81%	-0.32%	-0.42%
Vocus Group Ltd	1.33%	-0.82%	-0.99%

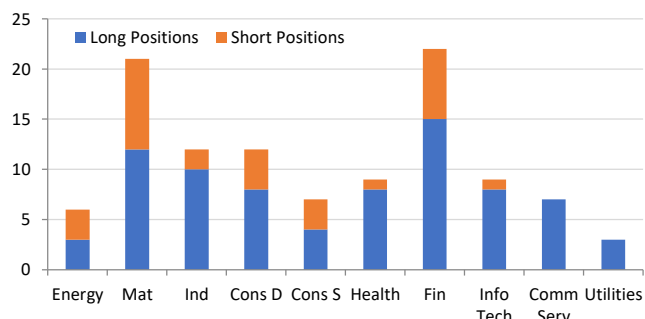
Sector Exposure



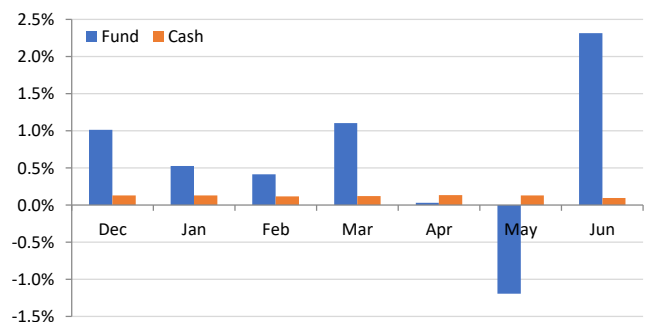
Sector Alpha



Positions



Monthly Returns



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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