

Equus Point Capital Market Neutral Strategy

Performance Update 28 February 2021



Net Returns	1m	3m	6m	1Yr	2yr pa	Incept pa	Risk Characteristics	
Equus Point Capital	2.54%	5.38%	2.12%	6.79%	2.27%	2.91%	Volatility	8.1%
S&P/ASX 200 Accum	1.45%	3.00%	11.47%	6.48%	7.55%	11.28%	Beta	0.10
Cash	0.01%	0.02%	0.07%	0.22%	0.63%	0.73%	Correlation to S&P/ASX 200	0.25
Excess v Cash	2.53%	5.36%	2.04%	6.57%	1.64%	2.18%	Sharpe Ratio	0.27

Commentary

The Strategy returned 2.54% after fees for the month. Please note that with the Fund closed during May 2020, the results for the month are simulated returns.

On a gross basis stock selection generated 2.64% alpha for the month, with long exposures contributing -0.12% alpha and a modest short exposure contributing +2.41% alpha. Our beta positioning contributed +0.35% alpha.

The volatility of returns since inception is 8.1% annualized versus 21.6% for the S&P/ASX 200 Accumulation Index.

Positive alpha contributions from stock positions included:

- Materials (+2.80%)
 - Orica +0.52%
 - Oz Minerals +0.48%
 - Lynas Corporation +0.43%
 - Mineral Resources +0.28%
 - Iluka +0.25%
 - Sims Group +0.20%
- Communication Services (+0.77%)
 - Nine Entertainment +0.48%
 - Vocus Communications +0.39%
- Utilities (+0.48%)
 - AGL Limited +0.47%

Negative alpha contributions included:

- Consumer Discretionary (-1.23%)
 - JB HiFi -0.27%
 - REA Group -0.27%
 - Burson Group -0.18%
 - PointsBet -0.16%
- Industrials (-0.71%)
 - NRW Holdings -0.49%
 - Seek -0.31%
- Financials (-0.57%)
 - NetWealth -0.39%
 - Charter Hall Group -0.31%
 - Janus Henderson -0.21%

One of the misconceptions regarding a market neutral strategy is the underlying exposure to equities and therefore one cannot but be compared (incorrectly) to

the performance of the general equities market. Yes, market neutral strategies invest in equities (along with potentially credit and REIT's etc., and in our specific case, constituents in the S&P/ASX 200), but they attempt to remove the impact of the underlying market, and ideally achieve returns with lower volatility than the underlying market.

With Equus Point we achieve this uncorrelated outcome through holding a diversified portfolio of both long and short equity positions, not unlike a 130:30 long short portfolio, and combine that with a short futures position to ensure the overall portfolio beta is +/-0.25.

This is a different approach to other market neutral strategies which will typically involve long positions being offset by an equal weight in dollar or beta terms with short positions. In addition, these longs and shorts will often be related companies residing within the same sector as a pairs strategy.

At Equus Point the positioning of longs is independent of the positioning of shorts. We do not employ a pairs based strategy and each position stands on its own merits.

By removing the impact of the equities market (beta) from the return stream we focus on providing returns achieved through security selection (alpha).

Now this may come with the disadvantage in a strongly rising equities market where we may not participate to the full extent, but conversely, we also avoid the downside when equity markets decline, such as March 2020. Consequently, our return stream reflects the strength of our security selection uncorrelated to the equities market. And as the Strategy has removed the impact of the market, the benchmark is not the S&P/ASX 200 Accumulation Index, but rather the RBA Official Cash return.

We can demonstrate the independence of the return stream from the market by measuring the correlation of the Strategy's returns against the S&P/ASX 200 Accumulation Index.

Over the long term the correlation of returns between the Strategy and the S&P/ASX 200 Accumulation Index is very close to zero. In the short term there will be periods where the return stream is slightly positively correlated

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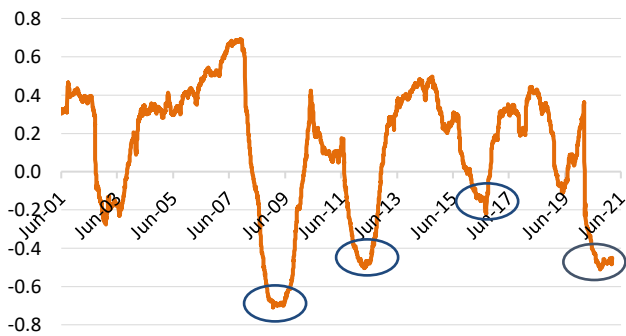
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to that of the broader market (for example when markets are positive). However, when the broader market returns are negative the correlation is typically negative. This reflects our ability to achieve a positive return in a negative market.

The following chart demonstrates the rolling 12-month correlation of returns between Equus Point and the S&P/ASX 200 Accumulation Index. Note how periods of negative correlation correspond to negative returns from the Index.

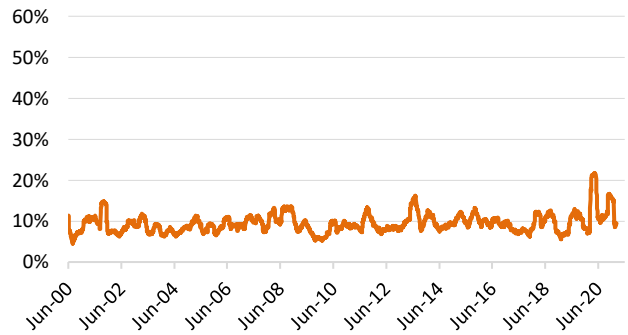
Strategy Correlation



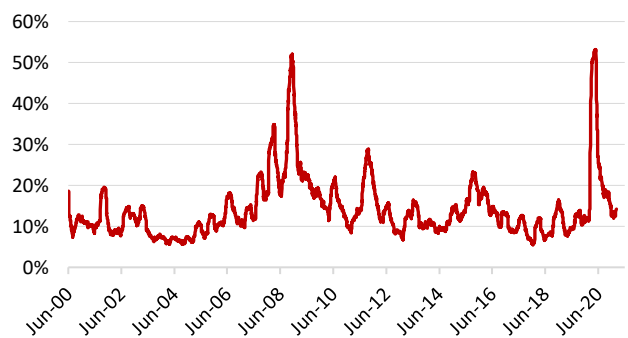
S&P/ASX 200 Accumulation Index 12m Return



Strategy Volatility



S&P/ASX 200 Accumulation Index Volatility



In summary, the uncorrelated nature of the Equus Points Capital’s return stream provides diversification benefits and can acts as a stabilizer, particularly when markets are negative and volatile. In addition, the lower volatility outcome of the return stream provides the investor with a sense of comfort and stability when compared to the index or a long only type of portfolio.

In addition, we are seeking to provide a return stream with volatility less than that of the broader equities market. Whilst there will be periods when the Strategy does incur a spike in volatility, for example March 2020, in general the volatility is well contained below 10%, while the S&P/ASX 200 Accumulation Index has had a number of volatility spikes.

The following two charts demonstrate the annualized volatility of the Strategy and that of the S&P/ASX 200 Accumulation Index. Note the consistency of the volatility of Equus Point against the wild fluctuation of the Index.

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Net Monthly Performance

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Gross Monthly Performance

Asset	Positions	Weight	Contrib	Alpha
Long	77	97.1%	0.92%	-0.12%
Short	41	-34.0%	2.19%	2.41%
Futures		-44.1%	-0.48%	0.35%
Cash		36.9%	0.00%	0.00%
		100.0%	2.64%	2.64%
Cash				0.01%
Excess				2.63%

Exposure and Gross Monthly Alpha

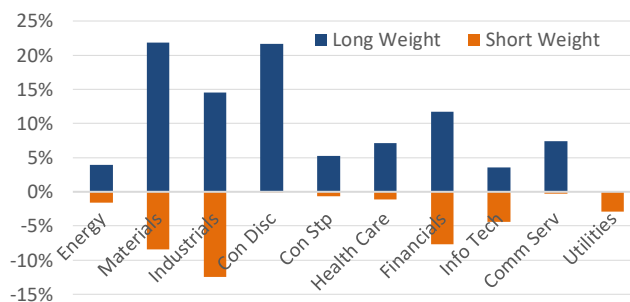
Sector Name	Long Weight	Short Weight	Active Weight	Alpha Contrib
Energy	3.94%	-1.61%	2.33%	0.26%
Materials	21.87%	-8.45%	13.42%	2.80%
Industrials	14.54%	-12.44%	7.65%	-0.71%
Cons Disc	21.66%	-0.02%	21.64%	-1.23%
Cons Staples	5.22%	-0.61%	4.60%	0.38%
Health Care	7.16%	-1.15%	6.02%	-0.19%
Financials	11.68%	-7.73%	3.96%	-0.57%
Info Tech	3.61%	-4.39%	-0.78%	0.29%
Comm Serv	7.39%	-0.25%	7.14%	0.77%
Utilities	0.00%	-2.92%	-2.92%	0.48%
Stock Total	97.08%	-39.56%	63.06%	2.29%
Futures			-44.08%	0.35%
Cash			36.94%	0.00%
Total			100.00%	2.64%

Net exposure including futures	19.0%
Gross exposure excluding futures	131.1%
Gross exposure including futures	175.2%

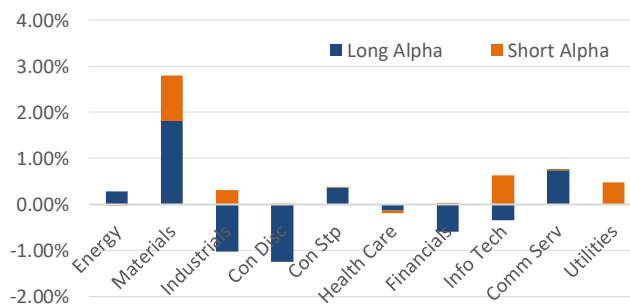
Major Alpha Contributors

Name	Weight	Contrib	Alpha
Top Five Contributors			
Orica Limited	-2.56%	0.50%	0.52%
Nine Entertainment	3.01%	0.53%	0.48%
Oz Minerals Limited	2.65%	0.50%	0.48%
AGL Energy	-2.73%	0.45%	0.47%
Lynas Corporation	2.06%	0.47%	0.43%
Bottom Five Contributors			
WiseTech Global	2.04%	-0.25%	-0.28%
Seek Limited	2.65%	-0.28%	-0.31%
Charter Hall Group	2.01%	-0.27%	-0.31%
Netwealth Group	1.97%	-0.34%	-0.39%
NRW Holdings Limited	1.27%	-0.45%	-0.49%

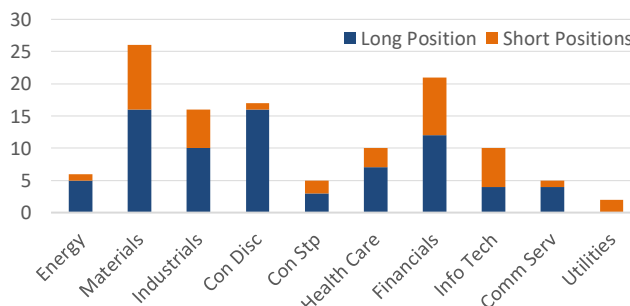
Sector Exposure



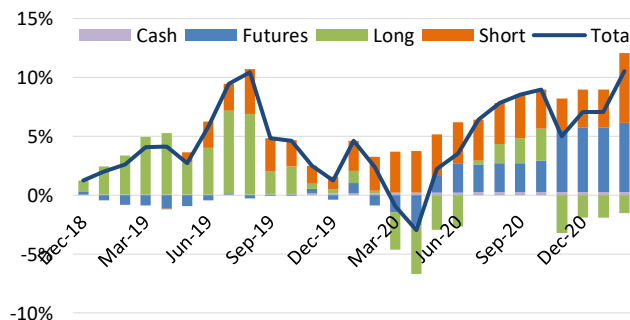
Sector Alpha



Positions



Total Alpha Contributions



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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.

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.

Strategy Objective

To deliver absolute returns 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 behavioral 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 Strategy 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 behavioral 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 Strategy

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.

Further information: www.equuspointcapital.com

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