

Equus Point Capital Market Neutral Strategy

Performance Update 31 December 2021

Net Returns	1m	3m	6m	1Yr	2yr pa	Incept pa	Risk Characteristics	
Equus Point Capital	2.04%	-0.29%	2.84%	14.28%	9.26%	5.52%	Volatility	8.3%
Cash	0.01%	0.03%	0.05%	0.10%	0.21%	0.56%	Beta	0.02
Excess v Cash	2.03%	-0.31%	2.79%	14.18%	9.05%	4.97%	Correlation to S&P/ASX 200	0.04
							Sharpe Ratio	0.60

Commentary

The Strategy returned 2.04% after fees for the month. Please note that with the Fund closed during May 2020, the results for the month are simulated returns. Note, the tracking error between simulated returns and actual returns has been minor.

On a gross basis the Strategy returned 2.72%. Stock selection generated 2.00% alpha for the month, with long exposures contributing 1.46% alpha and a modest short exposure contributing 0.54% alpha. Our beta positioning contributed 0.71% alpha.

The volatility of returns since inception is 8.3% annualized versus 18.3% for the S&P/ASX 200 Accumulation Index.

Positive alpha contributions from stock positions included:

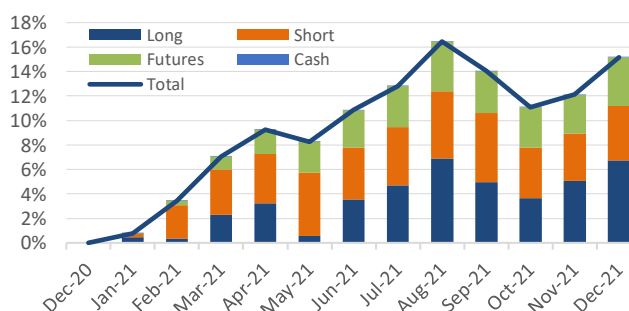
- Financials
 - Magellan +1.03% (short position)
 - Centuria Capital +0.27%
 - Steadfast +0.19%
 - National Storage +0.19%
 - Centuria Industrial +0.11%
- Industrials
 - Cimic Group +0.17%
 - Reece Limited +0.12%
- Consumer Staples
 - Graincorp +0.71%
 - Metcash +0.22%
- Healthcare
 - Healius +0.15%
 - Sonic Healthcare +0.12%
- Information Technology
 - Wisetech Global +0.18%

- Information Technology
 - Megaport -0.24%
- Utilities
 - AGL -0.24% (short position)

With 2021 now behind us it is perhaps prudent to review the past year and assess where and how returns have been generated.

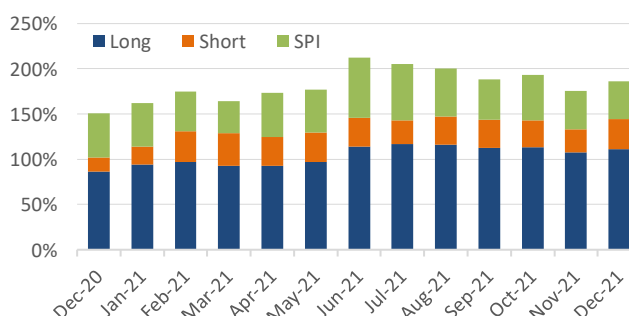
Gross returns of 15.27% were achieved, with a nice spread across long positions (7.0%), short positions (4.3%) and our futures positioning (4.0%). Shorts particularly performed well given the short book exposure averaged 29% over the year compared to the long book that had an average exposure of 104%. Put simply on a pound for pound basis, our shorts did significantly better than our long positions.

Calendar Year 2021



The Strategy had an average gross stock exposure of 133% and average gross exposure stock and futures exposure of 182% over year. We would note that the degree of leverage in the portfolio is less than what is typical for market neutral strategies, which are more commonly pairs based or event driven.

Calendar Year 2021 Exposure



Negative alpha contributions included:

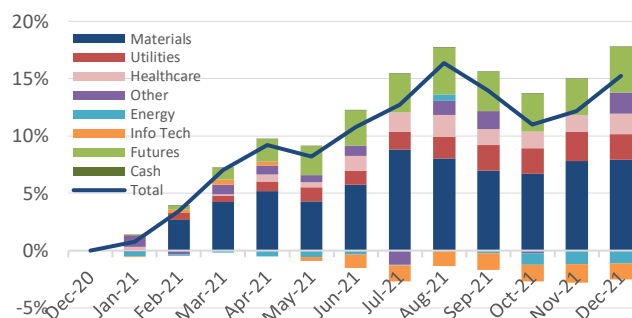
- Financials
 - Janus Henderson -0.31%
 - Pinnacle -0.17%
- Consumer Discretionary
 - ARB Corp -0.15%
 - Kogan -0.14%
 - Premier Investment -0.10%

The largest sectoral contribution to total return was Materials. This is not unusual for the Strategy given the number of candidates in the Materials sector (some 40 names) and we treat each index constituent equally in terms of potential alpha (i.e. we do not weight the portfolio based on index weights). Both long and short positions in Materials added almost 8% to returns.

Negative contributions included Energy (where recovering oil prices saw reversals in share price action and caused losses on short positions) and Information Technology (somewhat of a reversal from the strong gains the year before).

	Long	Short	Total
Energy	0.10%	-1.22%	-1.12%
Materials	6.55%	1.34%	7.89%
Industrials	-0.23%	0.29%	0.06%
Con Disc	-0.04%	0.01%	-0.03%
Con Staples	1.21%	-0.05%	1.16%
Health Care	1.26%	0.46%	1.72%
Financials	-1.70%	1.33%	-0.37%
Info Tech	-1.62%	0.17%	-1.45%
Comm Serv	1.07%	0.07%	1.14%
Utilities	0.39%	1.86%	2.25%
TOTAL	7.00%	4.27%	11.27%
Futures			3.97%
Cash			0.03%
Total			15.27%

Calendar Year 2021



On a stock basis the standout contributors to alpha from the long portfolio were predominantly focused on the raw materials required for clean energy solutions (lithium, cobalt and nickel). Short positions in Gold, AGL and the under-performing fund manager Magellan also added significant alpha.

Negative contributors included Information Technology stocks EML Payments, Codan and Altium in both the long and short portfolios, Energy and Gold.

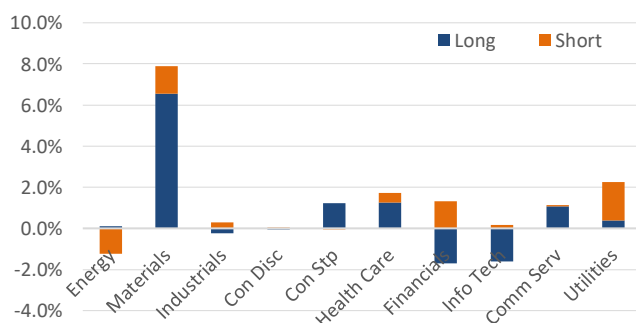
Code	Name	Alpha	Sector
Top Five Long			
1	LYC AU Lynas Corporation	1.52%	Materials
2	PLS AU Pilbara Minerals	1.23%	Materials
3	ARB AU ARB Corp Ltd	1.17%	Con Disc
4	PME AU Pro Medicus	1.12%	Health Care
5	IGO AU Independence Gp	1.10%	Materials

Bottom Five Long			
1	EML AU EML Payments	-0.69%	Info Tech
2	CDA AU Codan Limited	-0.63%	Info Tech
3	CWN AU Crown Limited	-0.55%	Con Disc
4	CGC AU Costa Group	-0.53%	Con Staples
5	NWH AU NRW Holdings	-0.51%	Industrials

Code	Name	Alpha	Sector
Top Five Short			
1	AGL AU AGL Energy	1.96%	Utilities
2	MFG AU Magellan Financial	1.67%	Financials
3	RRL AU Regis Resources	1.18%	Gold
4	SBM AU St Barbara Limited	0.92%	Gold
5	RSG AU Resolute Mining	0.71%	Gold

Bottom Five Short			
1	ALU AU Altium Limited	-0.69%	Info Tech
2	BPT AU Beach Petroleum	-0.58%	Energy
3	ORG AU Origin Energy	-0.38%	Energy
4	NIC AU Nickel Mines Ltd	-0.32%	Materials
5	SLR AU Silver Lake Res.	-0.30%	Gold

Calendar Year 2021 Sector Alpha



Net Monthly Performance

Net Returns	1m	3m	6m	1Yr	2Yr pa	Incept pa	Risk Characteristics	
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Cash	0.01%	0.03%	0.05%	0.10%	0.21%	0.56%	Beta	0.02
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Gross Monthly Performance

Asset	Positions	Weight	Contrib	Alpha
Long	86	111.3%	4.34%	1.46%
Short	38	-33.3%	-0.40%	0.54%
Futures		-41.5%	-1.22%	0.71%
Cash		22.0%	0.00%	0.00%
		100.0%	2.72%	2.72%
Cash				0.01%
Excess				2.71%

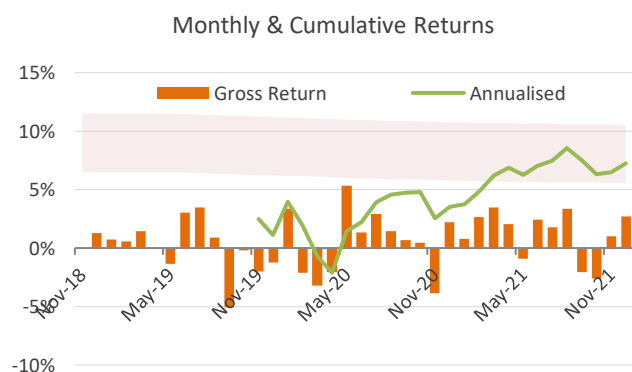
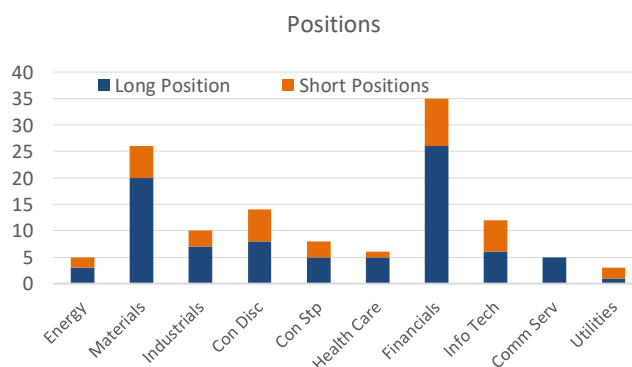
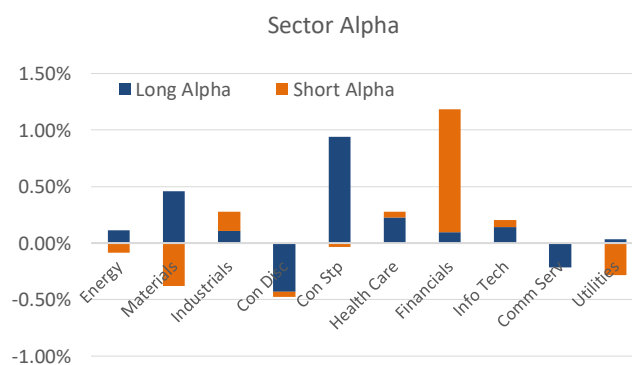
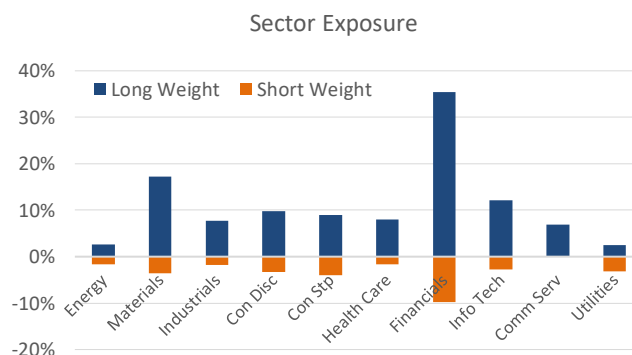
Exposure and Gross Monthly Alpha

Sector Name	Long Weight	Short Weight	Active Weight	Alpha Contrib
Energy	2.67%	-1.58%	1.09%	0.03%
Materials	17.21%	-3.61%	11.83%	0.08%
Industrials	7.74%	-1.74%	6.00%	0.28%
Cons Disc	9.81%	-3.33%	6.48%	-0.47%
Cons Staples	8.94%	-3.99%	4.94%	0.91%
Health Care	7.99%	-1.60%	6.39%	0.28%
Financials	35.42%	-9.75%	25.67%	1.18%
Info Tech	12.16%	-2.75%	9.40%	0.20%
Comm Serv	6.94%	0.00%	6.94%	-0.21%
Utilities	2.45%	-3.19%	-0.73%	-0.25%
Stock Total	111.33%	-31.55%	78.02%	2.01%
Futures			-41.51%	0.71%
Cash			21.98%	0.00%
Total			100.00%	2.72%

Net exposure including futures	36.5%
Gross exposure excluding futures	144.6%
Gross exposure including futures	186.2%

Major Alpha Contributors

Name	Weight	Contrib	Alpha
Top Five Contributors			
Magellan Financial Gp	-2.11%	0.96%	1.03%
Graincorp Ltd	4.27%	0.80%	0.71%
Centuria Capital Gp	3.34%	0.33%	0.27%
Metcash Limited	2.27%	0.26%	0.22%
National Storage REIT	3.30%	0.26%	0.19%
Bottom Five Contributors			
ARB Corp Ltd	3.05%	-0.05%	-0.15%
Pinnacle Investment	2.11%	-0.12%	-0.17%
AGL Energy	-2.44%	-0.31%	-0.24%
Megaport Limited	1.61%	-0.20%	-0.24%
Janus Henderson	2.79%	-0.21%	-0.31%



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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 using 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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