

**REGAL INVESTMENT FUND
MODERN SLAVERY
STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

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Background

This document is a Modern Slavery Statement (**'Statement'**) made pursuant to section 14 of the *Modern Slavery Act 2018(Cth)* (the **'Act'**) in respect to the financial year ending 30 June 2021 (the **'Reporting Period'**) in relation to the Regal Investment Fund a 'Reporting Entity' under the Act.

The Statement is issued by Equity Trustees Limited ABN 46 004 031 298 (**'ETL'** or **'Responsible Entity'**) in its capacity as the responsible entity of the Reporting Entity in accordance with the Act and has been approved by the Board of ETL as their principal governing body

This Statement discloses ETL and the Fund's commitment and steps taken in identifying and addressing modern slavery risks within its business and supply chain, which includes the activities implemented in financial year ending 30 June 2021.

This is the first Statement for the Regal Investment Fund.

Structure, operations and supply chains of the Reporting Entity

Fund Structure

The Regal Investment Fund (also referred to as the "Fund") is a registered managed investment scheme, ARSN 632 283 384. ETL is the responsible entity of the Fund. Its investors are classified as retail and wholesale clients pursuant to the Corporations Act (Cth) 2001.

The Board of Directors of ETL govern the Fund's operations. Its investments and investment strategy are managed by Regal Funds Management Pty Ltd ("RFM") pursuant to an investment management agreement between ETL and RFM.

The business activities of the Fund are conducted in accordance with high levels of ethical and professional standards and in accordance with relevant laws in Australia. The Fund is committed to mitigating the risk of modern slavery in the business and supply chains of the Fund and the assets in which it invests.

About Equity Trustees

ETL is a wholly owned subsidiary of EQT Holdings Ltd which is a diversified financial services company publicly listed on the Australian Securities Exchange (ASX: EQT). ETL holds an Australian Financial Services Licence ('AFSL') no. 240975. It acts as a trustee and responsible entity for a range of managed investment schemes and unit trusts of which the Fund is one. ETL's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000, Australia.

About Regal Funds Management Pty Ltd

RFM is a private company founded in Australia in 2004. RFM specialises in alternative investment strategies with a primary focus on long/short investment strategies. RFM performs investment management and investment advisory services from its Sydney office for a number of Australian unit trusts and international investment companies. In this capacity, RFM manages capital for both the Fund and also a range of other clients including private banks, financial planning groups, asset consultants, offshore pension funds, family offices and high net worth individuals.

RFM's registered office is at Level 47, Gateway, 1 Macquarie Place Sydney NSW Australia. RFM employs a team of 34 people in Sydney, including 19 investment professionals across its different investment strategies. RFM has a wholly owned subsidiary in Singapore, Regal Funds Management Asia Pte Limited. RFM and Regal Funds Management Asia Pte Limited delegate and sub-delegate investment management services to each other under their various investment mandates and operate under a set of common policies and procedures. References to RFM in this statement include a reference to its wholly owned subsidiary.

Operations and supply chains

The Fund's investment objective is to provide investors with exposure to a selection of alternative investment strategies managed by RFM, with the aim of producing attractive risk adjusted absolute returns over a period of more than five years with limited correlation to equity markets.

The Fund's investment strategy is to construct a portfolio of assets including long and short positions, securities derivatives and cash using multiple RFM investment strategies. As manager of the Fund, RFM selects multiple RFM investment strategies and determines the relative weight given to each investment strategy at any given time. The Fund's portfolio of assets is generally comprised of long and short positions in listed securities in Australia and Asia, and it may also hold positions in other countries including emerging and frontier markets.

RFM applies a number of different investment processes when implementing its investment management activities on behalf of the Fund. This includes:

- (a) the **Fundamental Investment Process** which generally focuses on a four-step security selection process, which emphasises the bottom-up valuation of specific investment entities.
- (b) the **Market Driven Investment Process** which seeks to take advantage of short-term mispricing opportunities in the equity market, rather than investing in any individual companies or a portfolio of companies for a prolonged period.
- (c) The **Global Alpha Investment Process** is based on a five-step investment process beginning with identifying what the Manager perceives to be a market inefficiency. The second step involves analysing the market inefficiency in greater detail and back-testing the investment hypothesis by using historical data and comparable situations. RFM will then undertake further steps to construct the portfolio and hedge any unwanted risks such as country, sector, currency or commodity risk within the identified trade portfolio, with the aim of isolating and gaining exposure to the inefficiency.

In preparing this statement, the Fund's direct supply chain has been considered.

The Fund's operations and supply chains involve custody and administration of assets and also include several support functions including marketing and communication, governance, risk and compliance services and human resources. These support functions are provided by ETL, RFM and other external service providers. Internal policies and procedures in relation to the selection of service providers are followed and service providers are typically selected after a due diligence (financial & operational) process which includes risk assessments and thorough reviews with internal subject matter experts.

ETL, as Responsible Entity of the Fund, has entered into agreements with each of the service providers which govern the nature and scope of the services to the Fund.

RFM's staff provide investment management and advisory and other administrative support services for the Fund. These staff are based in RFM's offices in Sydney and Singapore. The Fund also directly engages global regulated entities to perform Fund Administrative and Custody services. Registry services are performed by a local Australian registry provider.

Risks of modern slavery practices in operations and supply chains of the reporting entity

Modern slavery has been defined by the Act to include eight types of serious exploitation, including:

1. Trafficking in persons;
2. Slavery;
3. Servitude;



4. Forced labour;
5. Forced marriage;
6. Debt bondage;
7. The worst forms of child labour;
8. Deceptive recruiting for labour services.

It is acknowledged that the following types of modern slavery risks and their indicators that can exist in the Fund's operations and supply chains as well as in the equity holdings of the Fund:

- **Sector and industry risk:**

Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes. Indicators of this type of risk include the use of unskilled, temporary or seasonal labour, use of short-term contracts and outsourcing, use of foreign workers or temporary or unskilled labour to carry out functions which are not immediately visible (i.e. at nighttime) for example, security and cleaning.

In respect of the Fund based on the sectors identified using the Australian Council of Superannuation Investors (ACSI) Modern Slavery Risks, Rights and Responsibilities: A Guide for Companies and Investors and the Responsible Sourcing Tool, we have identified the following industries to be subject to a higher risk of Modern Slavery :

- Agricultural and fishing industries;
 - Apparel industry;
 - Construction and building materials industry;
 - Mining industry; and
 - Electronics and electronics recycling industry.
- **Product and services risk:** where certain products and services have high modern slavery risks because of the way they are produced, provided or used. We have not identified any significant areas of modern slavery risk in the Fund's direct operations or supply chains as a result of the way they are produced, provided or used
 - **Geographic risk:** where some countries may have higher risk of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors.
 - **Entity risks:** where an entity may have particular modern slavery risks because of poor governance structures, a record of treating workers poorly or a track record of human rights violations.

ETL and the Reporting Entity had no direct knowledge during 2021 of modern slavery taking place in any of its outsourced services or procurement of goods and services. ETL and the Reporting Entity consider that, in 2021, the risks of modern slavery occurring in the Fund's supply chain was low.

An area of potential risk of involvement with modern slavery exists in relation to the Reporting Entity's investment operations. This risk is most likely where the Reporting Entity holds a portfolio investment in a business which operates in a high-risk industry or geography.

The implementation by RFM of the Market Driven Investment Process and the Global Alpha Investment Process involves holding a very large portfolio of listed company investments across a broad spectrum of industries. These positions are actively traded, are often immaterial on an individual basis, and are likely to be held by the Reporting Entity on a short-term basis. The complex and changeable nature of these investment portfolios means RFM does not have direct contact or relationships with investee companies and it is not reasonable to conduct due diligence across such a large and diverse investment portfolio which is constantly changing. In addition, the immaterial size of the investment is unlikely to provide RFM with any meaningful leverage to effectively influence behaviour in relation to modern slavery risks.

The implementation of the Fundamental Investment Process can lead to the establishment of high conviction positions where the Reporting Entity may hold a material investment. As part of a bottom-up investment research process applied when implementing the Fundamental Investment Process, RFM considers a range of factors that might affect a company's intrinsic value. This can include environmental, social and governance issues if this is a material risk for the entity. For example, if a company's business model is potentially at risk due to environmental, social and governance issues (including human rights abuses), RFM's valuation proposition and conviction in the investment should reflect these risks.

In relation to the Reporting Entity's investment operations during the reporting period, RFM did not determine the composition of its fundamental investment portfolios by making a specific assessment of their modern slavery risks. Therefore, it is acknowledged that risks of modern slavery may exist within the large portfolio of companies in which the Reporting entity invests. Future actions RFM may take to assess and address modern slavery risks within the Reporting Entity's investment portfolios include:

- implementing mandatory training on Modern Slavery policies and risks to staff with the aim of increasing visibility and awareness of how modern slavery can manifest in supply chains and material portfolio investments, and include information on how to identify and report any concerns;
- incorporating more specific consideration of modern slavery risks into the Fundamental Investment Process applied to material positions.

Actions taken by the Reporting Entity and ETL to assess and address risks, including due diligence and remediation processes.

ETL and the Reporting Entity are committed to continuously improving awareness and response to the risk of modern slavery in the Fund's operations and supply chains.

During the Reporting Period ETL undertook the following actions:

- updated the annual due diligence questionnaire to include modern slavery questions designed to identify any potential risks in the supply chains of the Fund,
- undertook Modern Slavery training to the ETL Board of Directors relating to the obligations of the Act and the responsible members of the ETL Board in approving this Statement;
- actively engaged with investment managers when any suspected modern slavery activity was detected.

How the Reporting Entity and ETL assesses the effectiveness of actions to assess and address risks

As this is the first year of modern slavery reporting for the ETL as the Responsible Entity of the Fund is in the early stages of assessing the effectiveness of the risk-based approach which includes the review of geographical jurisdictions the Reporting Entity is exposed to and the likely exposure within any investable assets that may align to areas of known modern slavery risks.

ETL intends to provide its Board of Directors with an annual assessment on the implementation and effectiveness of actions to ensure the obligations within this Statement are met. The ETL Board shall consider the effectiveness of the measures as set out above and have the authority to make amendments to this Statement as it sees fit.

Consultation process

There are no subsidiaries or entities owned or controlled by the Reporting Entity, which is a Trust. However, the trustee of the Trust and the investment manager of the trust consult on the preparation of this MSS.

The trustee of the Reporting Entity is ETL (the issuer of this statement). The trustee is responsible for holding the assets of the trust, issuing interests in the trust to investors and entering into agreements on behalf of the trust.

The investment manager of the trust is RFM. The investment manager is appointed by the trustee under an Investment Management Agreement. The role of the investment manager is to make investment decisions regarding the assets of the trust. For clarity, RFM is not owned or controlled by the issuer of this MSS.

Senior management of the investment manager and the trustee consult on all content included in the MSS and jointly identify, consider and address modern slavery risks set out in the MSS. The MSS is then reviewed and approved by the board of the trustee.

Other relevant information

No other relevant information has been identified for this reporting period.

Approval

This Statement was approved and signed by Philip Gentry on behalf of the Board of Directors of ETL, the responsible entity of the Reporting Entities, on 23 December 2021.



Philip Gentry
Chair

Date: 23 December 2021

For clients wishing to discuss this statement, please contact your client service representative.

For media inquiries wishing to discuss this Statement, please contact:

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