Fund Update - 31 January 2022

Frame Long Short Australian Equity Fund

Frame Funds.

Fund Objective

The investment objective of the Fund is to deliver income and capital growth over the long-term by investing in Australian listed equities, exchange traded derivatives and cash assets. The Fund is suitable for investors with an investment horizon of at least five years.

Net Performance

Net Performance	1 Month	3 Months	6 Months	12 Months	CYTD
Frame Long Short Australian Equity Fund	-11.24%	-5.63%	-11.68%	2.34%	-11.24%
Benchmark (RBA Cash Rate + 3%)	0.26%	0.78%	1.57%	3.14%	0.26%
Excess Return	**-11.50%**	**-6.42%**	**-13.25%**	**-0.80%**	**-11.50%**

Fund Details

APIR Code	PRS7638AU
ISIN Code	AU60PRS76381
Prime Broker	Interactive Brokers LLC
Unit Price	$0.9614
Distribution Frequency	Semi-Annually
Applications/Redemptions	Monthly
Management Fee	1.6% per annum
Performance Fee	25% (subject to HWM)
Buy/Sell Spread	+/- 0.2%
Minimum Investment (AUD)	$50,000
Investor Classification	Wholesale and Retail (via PIB Class V)

Characteristics

Number of Stocks	10
Portfolio (unfranked) Dividend Yield	1.10%
Stock Range	0-80
Industry Range	Unrestricted
Cash Range	0-100%

Contributors

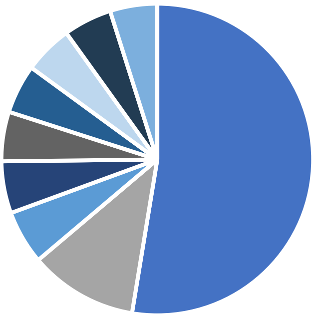
Fortescue Metals Group	0.15%
Seven Group Holdings	0.02%
Ampol Ltd	0.01%

Detractors

Nine Entertainment Co Ltd	-0.67%
Sonic Healthcare Ltd	-0.64%
Graincorp Ltd	-0.56%

Sector Allocations

Sector	Weight
Cash	52.60%
Materials	11.24%
Information Technology	5.59%
Utilities	5.39%
Energy	5.14%
Financials	5.09%
Communication Services	5.05%
Industrials	5.02%
Real Estate	4.90%



Top 10 Positions

Company	Weight
Computershare Ltd	5.59%
Origin Energy Ltd	5.39%
Boral Ltd	5.29%
Iluka Resources Ltd	5.26%
Ampol Ltd	5.14%
National Australia Bank Ltd	5.09%
News Corp	5.05%
Seven Group Holdings Ltd	5.02%
Waypoint REIT Ltd	4.90%

Growth of $100,000

Contact

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Commentary

Units of the Frame Long Short Australian Equity Fund declined -11.24% in January. Comparatively, the S&P/ASX200 fell by -6.35% over the same period.

Increasingly hawkish signals from the Federal Reserve spurred a technology driven sell-off in equity markets as yields rose aggressively. While the ASX200 technically avoided entering 'correction' territory, investors were forced to confront the possibility that the post-COVID bull run could be over. The market returned to valuations not seen since April 2021, such was the speed and severity of the sell off.

January was a challenging month for the strategy. It is worth noting that performance remains within the back-tested maximum expected drawdown. The strategy is designed to decrease exposure when the broader market loses upwards momentum. This is done by tightening stop loss levels on current positions after sustained or particularly aggressive equity sell-offs. As volatility expanded over the course of the month, the filter we use to measure market momentum was triggered and the strategy began to exit higher beta investments. While this can be painful in the short term, the ability to be defensive and protect capital in times of market stress is a key driver of expected long term outperformance on a risk adjusted basis.

The businesses that were exited spanned multiple sectors – real estate, materials, healthcare, financials and industrials. Retained positions generally exhibited more defensive characteristics. One such example was Origin Energy (ASX: ORG) as their production and sales volume continued to show promise ahead of the reporting season. We initiated an investment in Iluka Resources (ASX: ILU) to retain some exposure to commodity markets.

Top equity contributors were Fortescue Metals Group Ltd (ASX: FMG), Seven Group Holdings Ltd (ASX: SVW) and Ampol Ltd (ASX: ALD). They contributed approximately +0.15%, +0.02% and +0.01% respectively. Fortescue continued its strong recovery in line with iron ore prices, while Ampol benefitted from continued strength in crude oil.

Largest detractors were Nine Entertainment Co. Ltd (ASX: NEC), Sonic Healthcare Ltd (ASX: SHL) and GrainCorp Ltd (ASX: GNC). Sonic Healthcare noted a decrease of demand for its COVID-19 testing services, as the spread of the virus slowed. Investors looked to take profit in GrainCorp prior to their half-yearly report, while Nine Entertainment showed no signs of breaking out of its current trading range.

At the conclusion of the month the Fund held 10 equity investments and was approximately 52.6% in cash.