

## Fund Update

The Fund reported a Net Asset Value (NAV) of **\$1.3739**/unit at the end of May, declining 2.6% during the month and delivering a 31.2% annualised return since inception. Key drivers of the performance in the Underlying Fund during the month were a 7.9% decline in the Lendlease share price and a 2.9% decline in the GrainCorp share price.

Entry price      \$1.3780 / unit<sup>1</sup>

Exit price        \$1.3698 / unit<sup>1</sup>

The S&P/ASX300 Accumulation Index demonstrated resilience, posting a 0.9% gain for the month, despite a late-month sell-off triggered by higher-than-expected May CPI data. Bond yields rose during the month, reflecting money market expectations that the timing of any RBA rate cut has been delayed until the second half of 2025, and investors continue to grapple with the implications of the dual challenge of sticky inflation and a rapidly slowing economy.

## Key Investment Updates

### Baby Bunting

In May the Fund was pleased to disclose its fifth investment, having accumulated a 12.31% shareholding in Baby Bunting over recent months. Baby Bunting is a national specialty baby and maternity retailer with +70 stores across Australia and New Zealand. The Investment Team has commenced constructive engagement with the management of Baby Bunting and we look forward to bringing the expertise of the broader HMC Capital network to help realise the value potential in the company.

### Lendlease

On 27 May 2024, LLC announced a major strategy update and arguably the most significant update in the company's history. The strategy paves the way for significant value creation with LLC's high ROE Australian business and funds management platform no longer masked by its loss making and capital-intensive offshore assets. HMC fully supports the strategy which follows significant engagement with the board on LLC's strategic direction over the past 12 months.

## New Capital Raising Campaign – June 2024

During June 2024, the Fund is undertaking a new capital raising campaign in order to grow Fund and Underlying Fund capacity to take advantage of further opportunities. The first \$50m in capital raised will be eligible for an Investment Incentive in the form of a "bonus 2% contribution" where HMC Capital<sup>2</sup> will pay 2% of the issue price for subscribing investors – meaning that they only pay 98%<sup>3</sup>.

Refer to the [Fund Webpage](#) or contact us at [invest@hmccapital.com.au](mailto:invest@hmccapital.com.au) for further details and instructions on how to apply.

## Fund NAV per Unit<sup>4</sup>

\$	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2023	n/a	n/a	\$1.0000	\$1.0129	\$1.0069	\$1.1006	\$1.1243	\$1.0927	\$1.0065	\$0.8883	\$0.9689	\$1.1963
2024	\$1.2730	\$1.3296	\$1.4558	\$1.4060	\$1.3739							

<sup>1</sup> Entry and Exit prices reflect the Net Unit Value as at 31 May 2024, adjusted by the buy-sell spread (currently 0.30%)

<sup>2</sup> HMC Capital Limited (ASX:HMC) has agreed to pay or procure the payment of the Investment Incentive.

<sup>3</sup> Represents an incentive for the subscribing investor, with HMC Capital to fund the 2% subscription amount as described in more detail under the 'Investment Incentive' section below. The payment of the Investment Incentive will not result in any dilution for existing Fund investors.

<sup>4</sup> As at month end.

## Monthly Fund Returns (Net)<sup>5</sup>

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2023	n/a	n/a	-	1.3%	(0.6%)	9.3%	2.2%	(2.8%)	(7.9%)	(11.7%)	9.1%	23.5%	19.6%
2024	6.4%	4.5%	9.5%	(3.4%)	(2.3%)								14.8%

## Fund Performance (Net)<sup>3</sup>

%	1mth	3mth	6mth	1yr	2yr	Inception (annualised)	Inception (aggregate)
Net Return (%)	(2.3%)	3.3%	41.8%	36.4%	n.a.	31.2%	37.4%

## Fund Strategy

HMC Capital High Conviction Alternative (**Fund**) is an Australian-domiciled open-ended unlisted fund providing exposure to a high-conviction investment strategy seeking to generate superior risk-adjusted returns via an investment in HMC Capital Partners Fund 1 (the **Underlying Fund**)<sup>6</sup>.

The Underlying Fund primarily invests across a concentrated portfolio of high-conviction stakes in listed Australian and New Zealand companies with real asset backing where there is potential to unlock 'trapped' value through improved capital allocation and portfolio management. The Underlying Fund also has the flexibility to invest in private companies exposed to long term structural tailwinds.

The Fund has a limited quarterly withdrawal facility. Withdrawals are limited to the terms detailed in the PDS and the HMC Capital website. The ability of the Fund to offer quarterly withdrawals is not guaranteed.

## Contact Details

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**How to Apply:** Refer to the Financial Services Guide (FSG), Product Disclosure Statement (PDS) and Target Market Determination at <https://www.hmccapital.com.au/our-funds/hmc-capital-high-conviction-alternatives-fund/>

## IMPORTANT NOTICE

This Update has been prepared and issued by HMC Capital Investments Limited (ABN 34 606 555 480 AFSL 478061), which is the Fund's responsible entity. The Responsible Entity has appointed HMC Investment Management Pty Ltd (ACN 644 510 583) as the Manager of the Fund. The Manager is a related party of the Responsible Entity. The information contained herein is general information only and does not take into account the objectives, financial situation or particular needs of any person. You should consider whether this information is appropriate for you and consult your financial or other professional advisor before investing. You should obtain and read a copy of the Product Disclosure Statements relating to the Fund before making a decision to invest. Investment in the Fund is subject to risk including possible delays in payment or loss of income and principal invested.

<sup>5</sup> All performance figures are quoted net of fees and costs. Figures may not sum exactly due to rounding. Inception date 27 March 2023. Performance is shown for informational purposes only. Past performance should not be taken as an indicator of future performance.

<sup>6</sup> Distributions are not guaranteed, and the Fund investment strategy is focused on generating capital gains rather than regular income.