

Fund Update

The Fund reached its two-year anniversary at the end of August and reported a record Net Asset Value (NAV) of **\$1.5689**/unit, increasing 1.2% during the month. The Fund has delivered a 25.2% annualised return over the two years since inception, outperforming the S&P/ASX 300 Accumulation Index by 13.5% p.a.

A 7.6% increase in the Lendlease share price and a 24.2% increase in Baby Bunting contributed to the performance, largely offset by c.3% declines in Sigma and GrainCorp.

The S&P/ASX300 Accumulation Index fell 0.4% during August, recovering from the 5% drop early in the month as the local market was caught up in the global Yen carry-trade sell-off and concerns of a weakening US economy. Results season saw net positive EPS surprises, with resilience evident in the face of ongoing challenges. Guidance was generally conservative, reflecting uncertainties around interest rates, the economic outlook and the US election.

Entry price	\$1.5736 / unit ¹
Exit price	\$1.5642 / unit ¹

Outlook

Cooling US monthly inflation data over June and July has increased market expectations of a September Fed rate cut to close to 100%, with benchmark 10-year Treasury yields falling to their lowest levels since June 2023.

While Australian CPI remains above the RBA target range, we believe that the recent softening in GDP growth and labour market weakness will translate into cooler inflation on the horizon. As previously noted, the Australian economic cycle, including inflation, is tracking approximately 6 months behind the US. Australian 10-year bond yields are on a similar trajectory to the US, contracting ~0.6% since late April.

With this economic backdrop in mind, we believe the Fund is well placed for the coming fall in interest rates. The broadening of the equity market rally away from technology, combined with the anticipated rally in interest rate sensitive, asset exposed companies gives us confidence in the outlook for the Fund. We aren't waiting for central banks to start cutting interest rates before we make a move – we have positioned the Fund in advance and accordingly are optimistic on the future performance of the Fund over the next 12 months.

Key Investment Updates

Lendlease, Ingenia Communities and Baby Bunting all reported during the month, with no material surprises in the FY24 results. Investors' focus remains on execution on future strategy for all three companies:

- Lendlease showing some early progress on strategic execution, with US Construction division sold, US Military Housing business sold, and the sale of the Communities business expected to complete later this year (subject to ACCC decision due in September);
- New Ingenia Communities CEO John Carfi making progress on cost reduction, business simplification and efficiency initiatives as the business pivots to focus on execution and realisation of embedded value;
- Baby Bunting showing signs of improved trade in first seven weeks of FY25, with new CEO Mark Teperson's business initiatives and revised go-to-market strategy starting to deliver.

During the month, the Fund commenced deployment into a sixth position, taking advantage of windows of opportunity to continue to build out the portfolio.

As the Fund celebrates its second anniversary, we are pleased with the returns delivered to date and anticipate continued strong performance of our investee companies as the outcomes of our active engagement strategy continue to play out³.

The Fund remains open for investment – existing investors can top-up via the Automic platform or please contact invest@hmccapital.com.au for further information.

Fund NAV per Unit²

\$	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	\$1.0000	\$1.0372	\$1.0269	\$1.0534	\$1.0348
2023	\$1.0740	\$1.0681	\$1.0596	\$1.0760	\$1.0696	\$1.1692	\$1.1943	\$1.1636	\$1.0717	\$0.9459	\$1.0317	\$1.2738
2024	\$1.3573	\$1.4177	\$1.5522	\$1.4991	\$1.4602	\$1.4512	\$1.5507	\$1.5689				

Monthly Fund Returns (Net)³

%	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	3.7%	(1.0%)	2.6%	(1.8%)	3.5%
2023	3.8%	(0.5%)	(0.8%)	1.5%	(0.6%)	9.3%	2.1%	(2.6%)	(7.9%)	(11.7%)	9.1%	23.5%	23.1%
2024	6.6%	4.5%	9.5%	(3.4%)	(2.6%)	(0.6%)	6.9%	1.2%					23.2%

Fund Performance (Net)³

%	1mth	3mth	6mth	1yr	2yr	Inception (annualised)	Inception (aggregate)
Net Return (%)	1.2%	7.4%	10.7%	34.8%	56.9%	25.2%	56.9%

Fund Strategy

HMC Capital Partners Fund I (Fund) is an Australian-domiciled open-ended unlisted fund providing exposure to a high-conviction investment strategy seeking to generate superior risk-adjusted returns⁴.

The Manager 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 Manager 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 Information Memorandum and the HMC website. The ability of the Fund to offer quarterly withdrawals is not guaranteed.

Contact Details

Tim Koroknay, Head of Wholesale | tim.koroknay@hmccapital.com.au | +61 402 652 605

Website: www.hmccapital.com.au

Email: invest@hmccapital.com.au

Phone: 1300 466 326

How to Apply: Refer to Information Memorandum at <https://www.hmccapital.com.au/our-funds/hmc-capital-partners-fund-i/>. If you are a Wholesale Client you may apply for Units at: <https://investor.automic.com.au/#/w/hmccp>. Existing investors can login to their Automic online investor portal at <https://investor.automic.com.au/> to access information on their holding, or to apply for additional units.

² As at month end. NAV per unit refers to Trust A and Trust C units.

³ All performance figures are quoted net of fees and costs. Figures may not sum exactly due to rounding. Inception date 31 August 2022. Performance is shown for informational purposes only. Past performance should not be taken as an indicator of future performance.

⁴ Distributions are not guaranteed, and the Fund investment strategy is focused on generating capital gains rather than regular income.

IMPORTANT NOTICE

This Update has been prepared and issued by the Trustees of the HMC Capital Partners Fund I. Each Capital Partners Trust has a trustee which is a subsidiary of HMC Capital Limited (ABN 94 138 990 593) and a corporate authorised representative of HMC Capital Funds Management Pty Limited (ACN 154 055 446, AFSL 513 625). Each Trustee has appointed HMC Investment Management Pty Ltd (ACN 644 510 583) as Investment Manager for each Trust. The Trustees are HMC Capital Partners No. 1 Pty Ltd (ACN 658 946 117) (in respect of HMC Capital Partners Trust A), HMC Capital Partners No. 2 Pty Ltd (ACN 658 946 288) (in respect of HMC Capital Partners Trust B) and HMC Capital Partners No. 3 Pty Ltd (ACN 658 946 484) (in respect of HMC Capital Partners Trust C). This Update does not constitute, and may not be used for the purposes of, an offer of securities or interests of any kind to any person or an invitation to any person to apply for the issue of securities or interests of any kind – an offer of interests in the Fund is only made under the information memorandum for the Fund (**Information Memorandum**). The Fund is only available to Wholesale Investors (as defined in the *Corporations Act 2001* (Cth)) (or equivalent under applicable foreign laws). The information in this Update is not intended to provide, and should not be relied upon, for accounting, legal, tax advice or investment recommendations and is provided to the recipient on an 'as is' and 'as available' basis and is subject to change. This Update has been prepared for the purposes of providing general information without taking account of any particular investor's objectives, financial situation or needs. Past performance is not a reliable indicator of future performance. Investors should, before making any investment decisions, consider the appropriateness of the information in this Update, and seek professional advice, having regard to their objectives, financial situation and needs.

Certain market and industry data used in connection with this Update may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of HMC Capital Limited, the Trustees, the Investment Manager or their respective representatives have independently verified any such market or industry data provided by third parties or industry or general publications. To the maximum extent permitted by law HMC Capital Limited, the Trustees, the Investment Manager and their respective affiliates, related bodies corporate, directors, officers, employees, partners, agents and advisers make no representation or warranty (express or implied) as to the currency, accuracy, reliability, reasonableness or completeness of the information in this Update and disclaim all responsibility and liability for any direct or indirect loss or damage which may be suffered by any person in relation to any information in this Update or any error, misstatement or omission from it.