

## Fund Update

The Fund reported a Net Asset Value (NAV) of **\$1.1877/unit** at the end of May, returning 7.6% during the month. The Fund has delivered a 37.7% annualised return since inception, outperforming the S&P/ASX 300 Accumulation Index by 26.6% p.a<sup>1</sup>.

Entry price	\$1.1913 / unit <sup>2</sup>
Exit price	\$1.1841 / unit <sup>2</sup>

## Market and Macro Update

Markets extended their recovery in May as trade tensions eased and fears of a global recession reduced. The US equity market outperformed global peers, with the S&P500 up 6.3% amid a broad-based rally. This was despite a recalibration of US interest rate expectations, question marks over 'US exceptionalism' and Moody's downgrading the U.S from Aaa to Aa1, the last major credit rating agency to do so. Investors have generally learned to look through the US Administration's tariff threats, taking comfort in the TACO theory ("Trump Always Chickens Out").

Locally the S&P/ASX 200 Index traded up 3.8% for the month, ending May just 1.4% shy of the February peak and led by Technology and Energy stocks. The ASX 200 Index is trading on ~18.8x NTM PE, back to the highs of November 2024, with investors shrugging off the uncertainty and the softening economic outlook.

During the month the RBA lowered the cash rate by 25bps to 3.85%, with underlying inflation returning to within the 2 – 3% target range. The Statement of Monetary Policy emphasised the significant uncertainty in the economic outlook both globally and in Australia, noting "the Board remains cautious... and is ready to respond if needed." The market is currently pricing in a c.86% expectation of a further cut to interest rates to 3.60% at the RBA's next meeting in July 2025<sup>3</sup>.

Notwithstanding the strong equity market performance in May, we anticipate further volatility ahead as Trump's trade policy continues to evolve and the ramifications of higher tariffs and policy uncertainty on consumption and investment continue to play out. We remain focused on investing in quality businesses supported by long term secular growth trends, and where we can positively influence strategy and performance.

## Key Investment Updates

May saw positive performance across the portfolio, including GrainCorp (+15.5%), Baby Bunting (+10.5%), Lendlease (+10.6%), and Ingenia (+3.1%).

### GrainCorp

GrainCorp released its half year results during the month, reporting a 1H result ahead of consensus and underlying EBITDA 23% higher than the pcp. Full year guidance for FY25 was increased slightly and pleasingly the company announced further capital management initiatives, including a 10cps fully franked special dividend and an increase in the buyback from \$50m to \$75m. GrainCorp has now reached the payment cap under the Crop Production Contract, meaning that future upside from above average crop years is uncapped but the downside remains protected. With a strong core net cash position of c.\$300m and FY26 shaping up to be another strong crop year following ABARES' release of its crop forecasts early in June, we believe GrainCorp is well placed for further capital management over the next 12 months.

### Lendlease

During the month, Lendlease announced the formation of a new joint venture with The Crown Estate. The sale includes six of Lendlease's UK development projects and will accelerate the release of more than \$300 million capital from its longer-dated international development book. The transaction will also reduce Lendlease's future funding commitments and is expected to help accelerate planning and project delivery of the UK projects.

<sup>1</sup> All performance figures are quoted net of fees and costs, and assume distributions are reinvested. 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.

<sup>2</sup> Entry and Exit prices reflect the Net Unit Value as at 31 May 2025, adjusted by the buy-sell spread (currently 0.30%)

<sup>3</sup> Source: ASX based on data as at 4 June 2025

The announcement brings Lendlease’s total announced or completed capital recycling initiatives to \$2.5 billion in FY25 out of a target of \$2.8 billion. We expect Lendlease should soon be in a position to proceed with the previously flagged \$500 million buyback.

### Baby Bunting

As noted in last month’s report, Baby Bunting launched its first “Store of the Future” in late April and is on track to re-open two further refurbished stores in June. The company announced the appointment of Debra Singh as a non-executive director during the month, bringing significant retail experience to the board including as previous CEO of Fantastic Furniture and Group CEO of Household Goods at Greenlit Brands. We look forward to the ongoing delivery of the Baby Bunting strategy at pace.

### Fund Termination

As previously communicated, following consideration of the Underlying Fund’s announcement on 1 April 2025 regarding proposed changes to investment strategy and fund terms, the Board of the Responsible Entity of the HMC Capital Partners Retail Fund I has concluded it is in the best interests of investors to close and terminate the Fund. Refer to the [investor letter](#) for further information and contact HMC Capital at [invest@hmccapital.com.au](mailto:invest@hmccapital.com.au) if you have any questions.

### 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	\$1.3623	\$1.4555	\$1.4709	\$1.5800	\$1.7505	\$2.0437	\$1.8655
2025	\$2.0593	\$1.9831	\$1.9206	\$1.1039 <sup>5</sup>	\$1.1877							

### Distributions per Unit

\$	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	\$0.756	-							

### Monthly Fund Returns (Net)<sup>6</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%)	(0.8%)	6.8%	1.1%	7.4%	10.8%	16.7%	(8.7%)	55.9%
2025	10.4%	(3.7%)	(3.2%)	(3.2%)	7.6%								7.3%

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

<sup>5</sup> Ex distribution NAV per unit following payment of \$0.756/unit distribution in April 2025

<sup>6</sup> All performance figures are quoted net of fees and costs and assume distributions are reinvested. 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.

### Fund Performance (Net)<sup>6</sup>

%	1mth	3mth	6mth	1yr	2yr (annualised)	Inception (annualised)	Inception (aggregate)
Net Return (%)	7.6%	0.9%	(2.1%)	45.7%	40.9%	37.7%	100.1%

### Fund Strategy

HMC Capital Partners Retail Fund 1 (**Fund**) (formerly called the HMC Capital High Conviction Alternatives 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>7</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.

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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/investment-strategies/private-equity/hmc-capital-partners-retail-fund-i/>

<sup>7</sup> 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 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.

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.

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