

## SUMMARY

- HMC Capital Partners Retail Fund I (the “Fund”) reported a Net Asset Value (NAV) of \$1.1598/unit at the end of June, returning 1.7% for the quarter
- It was a highly volatile quarter in equity markets, with the S&P/ASX 200 Index dropping 7.5% in early April following Trump’s Liberation Day tariff announcements but rallying to close the quarter up 8.9%
- The Fund generated a 43.4% return for the financial year to 30 June 2025, well above the S&P/ASX 300 Accumulation Index which returned 13.4%
- During the quarter, the Fund paid its inaugural distribution of \$0.756/unit following the successful exit from the seed investment of HMC Capital Partners Fund I (“Underlying Fund”) in Sigma Healthcare
- The quarterly report of the Underlying Fund is appended to this report, providing further information on the investment activities of the Underlying Fund

## Key Fund Statistics<sup>1</sup>

<b>NAV per unit</b>	\$1.1598 / unit
<b>Inception Date</b>	27 March 2023
<b>Status</b>	Closed for investment
<b>Aggregate Fund Size</b>	\$454m (inclusive of the Fund and the Underlying Fund)

## Fees & expenses

<b>Management Fees and Costs</b>	1.29% of NAV <sup>2</sup>
<b>Estimated Transaction Costs</b>	0.09% <sup>2</sup>
<b>Performance Fee</b>	The Fund itself does not charge a Performance Fee. However, the Underlying Fund charges a Performance Fee of 20% of returns in excess of a hurdle return of 7% per annum of NAV, subject to a high-water mark, paid annually

## FUND WIND UP PROCESS

As previously communicated, as part of the closure of the Fund, the Fund has applied to redeem its units in the Underlying Fund. Redemption proceeds are expected to be received in the coming days, and the net proceeds will be distributed to investor bank accounts shortly thereafter. We expect this payment to be \$1.1598/unit. This payment will represent substantially all of the net proceeds of realisation of Fund assets to be distributed to Fund investors as part of the closure of the Fund.

Following this payment, the Fund wind up process will continue. Investors will continue to hold units in the Fund until winding up is complete, however the value of those units will be effectively zero. The Fund will hold no assets other than a de minimis cash balance which is expected to equal the accrued but unpaid management fees owing to the Manager.

As the value of investors’ units will be effectively zero and is not expected to change, investors will no longer receive ongoing monthly statements. Investors will be notified when the wind-up process is complete and units in the Fund have been extinguished.

Unless you have questions, there is no need to contact us. If you have any questions regarding the closure process, please contact HMC Capital at [invest@hmccapital.com.au](mailto:invest@hmccapital.com.au). We thank you again for your support.

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

%	3mth	6mth	1yr	2yr (annualised)	Inception (annualised)	Inception (aggregate)
<b>Net Return (%)</b>	1.7%	4.7%	43.4%	33.2%	34.6%	95.4%

### Contact Details



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**How to Apply:** Refer to the Financial Services Guide (FSG), Product Disclosure Statement (PDS), Supplementary PDS and Target Market Determination at <https://www.hmccapital.com.au/investment-strategies/private-equity/hmc-capital-partners-retail-fund-i/>

### 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 acting on the information in this update.

<sup>1</sup> Entry and Exit prices reflect the ex-distribution Net Unit Value as at 30 June 2025, reduced by the buy-sell spread (currently 0.30%).

<sup>2</sup> Based on the relevant fees and costs incurred during the financial year ended 30 June 2024. See the PDS and Supplementary PDS for further details.

<sup>3</sup> All performance figures are quoted net of fees and costs and assume reinvestment of distributions. 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.

# HMC Capital Partners Fund I

QUARTERLY INVESTOR UPDATE – JUNE 2025

## SUMMARY

- HMC Capital Partners Fund I (the “Fund”) reported a Net Asset Value (NAV) of **\$1.2389/unit** at the end of June, returning 1.8% over the quarter<sup>1</sup>
- It was a highly volatile quarter in equity markets, with the S&P/ASX 200 Index dropping 7.5% in early April following Trump’s Liberation Day tariff announcements but rallying to close the quarter up 8.9%
- The Fund generated a 43.6% return for the financial year to 30 June 2025<sup>1</sup>, well above the S&P/ASX 300 Accumulation Index which returned 13.7%
- During the quarter, the Fund paid its inaugural distribution of \$0.805/unit following the successful exit from our seed investment in Sigma Healthcare

## Key Fund Statistics<sup>2</sup>

NAV	\$1.2389 / unit
Entry price	\$1.2426 / unit
Exit price	\$1.2352 / unit
Inception Date	31 August 2022
Status	Open for investment
Management Fee	1.00% of NAV
Performance Fee	20% of returns in excess of a hurdle return of 9% per annum of NAV, subject to a high-water mark paid annually <sup>3</sup>

## Fund Performance – 30 June 2025<sup>1</sup>

Returns (Net) (%)	Fund	vs Index <sup>4</sup>
3 months	1.8%	-7.4%
6 months	4.8%	-1.2%
12 months	43.6%	+30.3%
2 years (annualised)	40.2%	+27.6%
Since inception (annualised)	29.6%	+18.3%
Since inception (aggregate)	108.5%	+73.1%

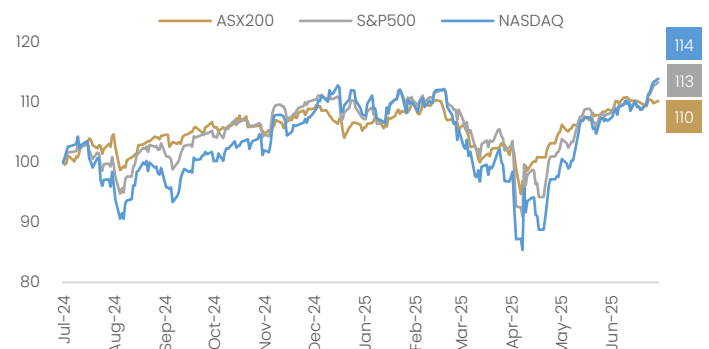
## Market Commentary and Outlook

*Markets resilient despite the multiple shocks of the US trade war and conflict in the Middle East*

While trade uncertainty has faded from the peak in early April following Trump’s Liberation Day announcements, the ultimate landing zone for tariffs and their economic impact are far from clear. Despite de-escalation between the US and China, a tariff of 13% is still a meaningful increase and is likely to impact global growth.

The sheer number of announcements, pauses, trade “deals” and court challenges to the tariffs have been head-spinning – leading to some investor fatigue and a continuation of the TACO trade (Trump Always Chickens Out) mentioned in last month’s update.

## FY25 equity market returns (indexed)



Source: Bloomberg as at 30 June 2025

<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 30 June 2025, adjusted by the buy-sell spread (currently 0.30%).

<sup>3</sup> Hurdle rate of 9% effective from 1 July 2025. Hurdle rate prior to 1 July 2025 (including for the performance fee crystallised as at 30 June 2025) was 7%.

<sup>4</sup> Fund outperformance / underperformance (net of fees and costs) vs S&P / ASX 300 Accumulation Index.

# HMC Capital Partners Fund I

QUARTERLY INVESTOR UPDATE – JUNE 2025

Even the escalation of the conflict in the Middle East in mid-June failed to materially rattle markets, with the S&P 500 finishing the quarter up 10.9% and Nasdaq up 18.0%, both at all-time highs. The S&P/ASX200 underperformed the US markets but still finished the quarter up 8.9%, posting a 16% rally off its April lows and ending just 0.6% shy of its record.

Market multiples continue to expand, with ASX valuations already back above the 2024 high on the recent rally and investors seemingly ignoring the possibility of punitive tariff outcomes as the 90 day pause expires on 9 July.

### RBA easing cycle continues

On 20 May 2025, the RBA cut the cash rate by further 25bps to 3.85%, following the initial 25bps cut in February. Commentary from RBA Governor Michelle Bullock emphasised the significant uncertainty around the outlook due to evolving trade policy and geopolitical volatility.

Markets are pricing a 97% expectation of another 25bps cut in July and a cumulative 80bps of cuts in the second half of the calendar year<sup>5</sup>, as Australian and global economic growth slows. Weak business and consumer sentiment and a benign May CPI print at 2.1%/year has led a number of economists to bring forward their forecast of the next 25bps rate cut to the July meeting.

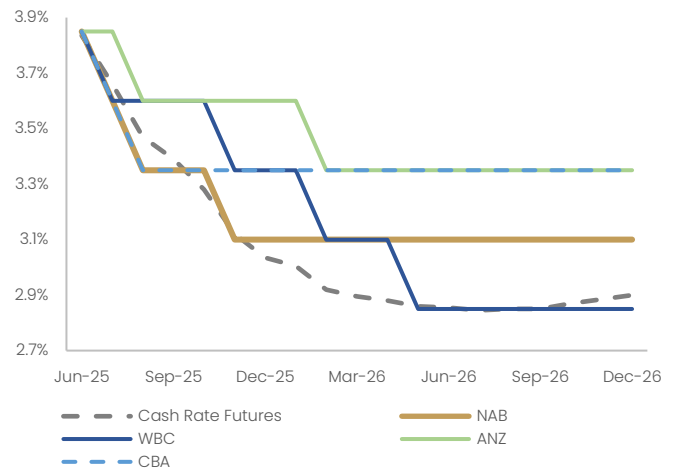
Several of the Fund’s portfolio companies stand to benefit as the easing cycle continues – namely interest rate sensitive real estate and housing exposed business (Lendlease, Ingénia Communities & Lifestyle Communities) and consumer facing companies (Baby Bunting).

### Australia vs US Equity Valuations (forward PE)



Source: Bloomberg as at 30 June 2025

### RBA cash rate forecast (%)



Source: NAB, ANZ, CBA and WBC public disclosures, ASX as at 1 July 2025.

## Where to from here?

Predicting the outlook for broader equities is fraught – while weaker US growth would support the case for Fed cuts, and see further upside to equity markets from here, the inflationary impact of tariffs and potentially elevated oil prices is expected to continue to constrain Powell. Domestically, the Australian economy is relatively insulated from much of the direct trade policy impacts, and the monetary policy backdrop of further rate cuts should support sentiment, positioning the ASX as a relative safe haven.

A safe assumption is that there will be ongoing uncertainty and volatility under a Trump presidency that is only five months into its term. Rather than fixating on daily headlines, we prefer to focus on secular drivers and investing for the longer term. Our preference for investing in real asset backed businesses with strong growth drivers has been successful to date and we continue to monitor where volatility presents further investment opportunities where we can apply our skills and capabilities to extract value.

The Fund remains firmly focused on delivering returns by helping our portfolio companies execute value enhancing strategies. Each our holdings have a range of short-to-medium catalysts with the potential to deliver meaningful upside for the Fund. In the context of a volatile macro driven market environment, our track record of unlocking “trapped value” in our portfolio companies remains compelling.

<sup>5</sup> Based on ASX data as at 1 July 2025

# HMC Capital Partners Fund I

QUARTERLY INVESTOR UPDATE – JUNE 2025

## Key investments update

### Lendlease

Lendlease was the biggest drag on portfolio performance during the quarter, ending down 8.8%. The company made further progress on simplification and non-core asset sales during the June quarter, including the establishment of a joint venture with The Crown Estate and completion of the sale of Capella Capital, taking total announced or completed capital recycling initiatives to \$2.5bn. Notwithstanding the continued execution on the strategy (albeit slower than we would have preferred), the market continues to see risk around timing and pricing of remaining non-core asset sales, and restocking of the Australian development pipeline. We believe the market has been overly punitive given the track record and competitive positioning of the core Australian focused business, and remain confident that there is a significant re-rate opportunity. We await the next catalyst for the stock, being the announcement of further capital recycling and commencement of the previously flagged \$500 million buyback (representing c. 13% of the current market capitalisation).

### Lifestyle Communities

Lifestyle Communities also disappointed, down 10.0% for the quarter. The company provided an update on the Victorian Civil and Administrative (VCAT) proceedings in relation to the Deferred Management Fee (DMF) structure in early May, noting that the hearings had been concluded and a written decision will be provided in due course (expected 6 July 2025). The stock underperformed post that announcement, with investors perceiving a risk that this issue may not have a swift resolution. In addition, we expect that the recent listing of Gemlife Communities, a pure play land lease developer, builder and owner of land lease communities, may have weighed on both Lifestyle Communities and Ingenia as investors sold shares in other listed land lease businesses to fund their participation in the IPO.

Notwithstanding the poor recent share price performance of Lifestyle Communities, we continue to have high conviction in the growth outlook and prospects for scale developers and owners of land lease communities in Australia. We expect a resolution on the DMF dispute, progress on non-core land sales to shore up the balance sheet, and evidence of a further stabilisation in sales and settlement rates should drive material upside to the LIC share price from here.

### GrainCorp

GrainCorp was a positive contributor to performance during the quarter, up 14.2% following 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 (to be paid in July) 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.

### Baby Bunting

Baby Bunting ended the quarter up 4.5%. The company's turnaround remains on track, with the company reaffirming full year guidance in early May. Gross margin has been improved, meeting the FY25 target of 40% (YTD to 27 April 2025) and the company continues to target a return to +10% EBITDA margin.

Following the successful launch of the new Store of the Future in April, Baby Bunting re-opened two additional refurbished stores in Victoria and South Australia in June, with a plan to refurbish a further 8 – 12 stores in FY26. Each refurbished store is targeting >10% comp store sales growth which should help grow sales revenue through FY26, on top of network expansion with the addition of 5 – 8 new large format stores and 3 pilot small format stores. Sales growth should also be supported by expected interest rate cuts and broader enhancements to Baby Bunting's ranging and marketing.

# HMC Capital Partners Fund I

QUARTERLY INVESTOR UPDATE – JUNE 2025

## Fund Performance and Portfolio

The Fund returned 1.8% (net of fees) during the quarter to 30 June 2025, delivering a 43.6% return (net of fees) for the financial year to 30 June<sup>6</sup>.

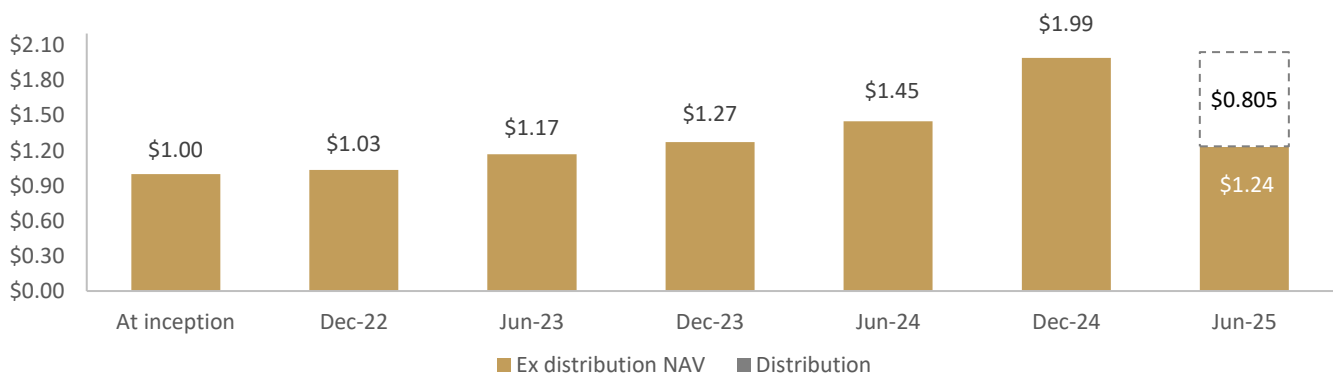
Since inception, the Fund has outperformed the S&P / ASX300 Accumulation Index by 18.3% p.a.

During the quarter, the Fund paid its inaugural distribution following the exit from our seed investment in Sigma Healthcare and partial sell-down of our stake in Ingenia Communities. For unitholders who invested in the Fund at inception, this interim distribution represented a dividend of more than 80% of their initial investment.

As the Fund's return for FY25 exceeded the performance fee hurdle rate of 7.0% per annum, a performance fee was crystallised as at 30 June 2025. Effective 1 July 2025, the performance fee hurdle has been adjusted to 9.0% per annum and the high water mark has been reset to the 30 June 2025 NAV/unit.

The Fund remains firmly focused on delivering returns by helping our portfolio companies execute value enhancing strategies. Each our holdings have a range of short-to-medium catalysts with the potential to deliver meaningful upside for the Fund. In the context of a volatile macro driven market environment, our track record of unlocking "trapped value" in our portfolio companies remains compelling.

### Fund Net Asset Value per unit since inception<sup>6,7</sup>



I look forward to providing further updates on the Fund's performance and our investments as we continue to assess the evolving investment landscape, work proactively with our investee companies and selectively deploy the Fund's capital.



**Victoria Hardie**  
Managing Director, HMC Capital Partners



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<sup>6</sup> All performance figures are quoted net of fees, including performance fees, and assume distributions are reinvested. Inception date 31 August 2022. Past performance should not be taken as an indicator of future performance.

<sup>7</sup> Grey dotted bar reflects distribution declared and paid in April 2025. Total 30 June 2025 NAV cumulative with the April interim distribution = \$2.0439

# HMC Capital Partners Fund I

QUARTERLY INVESTOR UPDATE – JUNE 2025

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**How to Invest:** 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.

## 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.

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