

### About the Fund

The HMC Capital Partners Retail Fund 1 is:

- **A high conviction investment strategy targeting stakes in Australian and New Zealand listed entities.**
  - Concentrated portfolio of up to 10 companies skewed towards growth sectors.
- **Focused on companies with real asset backing.**
  - Provides a hedge against inflation and downside value protection.
- **Positioned to benefit from powerful megatrends.**
  - Identified megatrends across Healthcare, Infrastructure and Telecommunications, & Clean Energy Transition.
- **An open-ended fund structure with a long-term investment approach.**
  - Opposite of typical PE approach.
- **Focused on situations where we can add value without paying a control premium to generate outsized returns.**
  - Highly active investment approach, seeking to work constructively with company Boards and management to deliver value.

The Fund implements its investment strategy by investing in units in HMC Capital Partners Fund 1 - Trust C ("Underlying Fund" or "HMC Capital Partners")

### How is this strategy different?

HMC Capital Partners seeks to bring the best of both public and private markets in one fund.

It does this by taking advantage of the benefits of public markets investing (liquidity, ability to exploit market volatility, no control premium paid) and applying a private equity mindset through our deep strategic and deal execution experience across the team.

### What do we look for in a company?

Our process seeks to find quality companies that are trading at a discount to fundamental value. We do this firstly through stock selection:

- **Net Tangible Assets (NTA) backing.**
  - Are there real assets on the balance sheet?
- **Barriers to entry**
  - Does the business have an economic moat or unique selling proposition?
- **Growth**
  - Are there structural growth tailwinds?
- **Earnings quality**
  - Does the business have pricing power or contracted revenue?
- **Executability**
  - Is this a situation where we (HMC) can exert influence and leverage our skills and networks to deliver on a value maximisation strategy?

Secondly, we then seek to understand the rationale for the discount to fundamental value and determine a strategy to eliminate this discount.

We find that the discount to a company's fundamental value is often caused by 3 main factors:

- **Management Discount**
  - Is the strategy confused?
  - Is there a track record of missing earnings?
- **Cyclical Factors**
  - Is there interest rate sensitivity?
  - Are there industry headwinds?
- **Capital Management**
  - Has there been poor capital allocation?
  - Is there a weak balance sheet?

Once we understand the driver of any undervaluation, we can refine our strategy to actively realise value – whether via a change in strategy or capital allocation, sale or separation of assets, management or board change, or M&A.

### Contact Details

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## Fund Features<sup>1</sup>

Feature	Detail
Fund Inception	27 March 2023
Unit Pricing Frequency	Monthly
Investment Objective	The Fund's investment return objective is to aim to deliver strong positive risk adjusted returns over the long term.
Manager Alignment	HMC Capital has invested \$170 million into the Underlying Fund.
Portfolio Positions	Up to 10 positions in listed investments <sup>2</sup>
Available to:	Retail investors with \$25,000, who are seeking capital growth for a very small component of their portfolio, with a very high risk and return profile or appetite. Refer to the Target Market Determination for further details.
Fees and costs	Base management fees and costs: 1.50% <sup>3</sup> Performance fee: 20% above 7% hurdle rate subject to a high-water mark
Buy/Sell Spread	0.30% / 0.30%
Applications	Monthly with instructions to be sent through by the 14 <sup>th</sup> day of each calendar month.
Redemptions	Quarterly on the 14 <sup>th</sup> Calendar Day of Mar, Jun, Sept, and Dec for redemption at the end of the following quarter. Redemptions will be subject to a limit of 5% of the Underlying Fund units outstanding each quarter.

## Overview of the Manager

The Manager is a wholly owned subsidiary of HMC Capital<sup>3</sup>, an ASX-listed fund manager which invests in high-conviction and scalable real asset strategies. HMC Capital Limited was listed on the ASX in October 2019 and is the manager of the ASX-listed HomeCo Daily Needs REIT (ASX: HDN) and HealthCo Healthcare and Wellness REIT (ASX: HCW). HMC Capital has over \$12.7 billion<sup>5</sup> Assets Under Management (AUM).

## Risks to Investment

Investment into the Fund should be considered as high risk and there is no assurance that it will achieve its investment objective or that any investor of the Fund will get their money back. Refer to the Product Disclosure Statement for the full range of risks before deciding whether to acquire or hold units in the Fund.

## Disclaimer

This document 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 Product Disclosure Statement pursuant to an offer to be made by the Responsible Entity, HMC Capital Investments Limited (ACN 606 555 480).

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<sup>1</sup> Subject to terms and conditions specified in the HMC Capital Partners Retail Fund 1 product disclosure statement and related documents.

<sup>2</sup> The Fund has the flexibility to hold up to 25% unlisted assets should that arise from execution of listed investment value maximization strategy

<sup>3</sup> Based on the relevant fees and costs incurred during the financial year ended 30 June 2024. See the PDS for further details

<sup>5</sup> Data as at 30 June 2024