

## Fund Update

October was another challenging month for equity markets, with the ASX finishing lower for the third consecutive month and the S&P/ASX300 Accumulation Index down 3.8%. Ongoing economic uncertainties, elevated bond yields and geopolitics-led risk-off sentiment weighed on stocks.

The Fund returned -11.7% during the month of October, resulting in a Net Asset Value (NAV) of \$0.8883/unit. All three holdings in the Underlying Fund traded down during the month, with Lendlease the key underperformer down 13.5%.

Post month end, the Fed decision to pause interest rate rises for the second meeting in a row has seen a rebound in equity markets and the Underlying Fund's investments – however we remain cautious on the near-term outlook.

Notwithstanding the disappointing closing NAV, we continue to have strong conviction in each of the Underlying Fund's three investments and execute on our highly active investment strategy with the aim of delivering returns that are uncorrelated to broader markets.

Entry price \$0.8910 / unit<sup>1</sup>

Exit price \$0.8857 / unit<sup>1</sup>

## Fund NAV per Unit<sup>2</sup>

\$	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	n/a	n/a	\$1.0000	\$1.0129	\$1.0069	\$1.1006	\$1.1243	\$1.0927	\$1.0065	\$0.8883		

## Monthly Fund Returns (Net)<sup>3</sup>

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	n/a	n/a	n/a	1.3%	(0.6%)	9.3%	2.2%	(2.8%)	(7.9%)	(11.7%)			(11.2%)

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

%	1mth	3mth	6mth	1yr	2yr	Inception (aggregate)
Net Return (%)	(11.7%)	(21.0%)	(12.3%)	n/a	n/a	(11.2%)

## 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>4</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 website. The ability of the Fund to offer quarterly withdrawals is not guaranteed.

<sup>1</sup> Entry and Exit prices reflect the Net Unit Value as at 31 October 2023, adjusted by the buy-sell spread (currently 0.30%)

<sup>2</sup> As at month end.

<sup>3</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>4</sup> Distributions are not guaranteed, and the Fund investment strategy is focused on generating capital gains rather than regular income.

## Contact Details

Chris Boyd, Head of Distribution | [chris.boyd@hmccapital.com.au](mailto:chris.boyd@hmccapital.com.au) | +61 416 077 166

**Website:** [www.hmccapital.com.au](http://www.hmccapital.com.au)

**Email:** [invest@hmccapital.com.au](mailto:invest@hmccapital.com.au)

**Phone:** 1300 466 326

**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 Investment Management Pty Ltd (ACN 644 510 583). HMC Capital Investments Limited (ABN 34 606 555 480 AFSL 478061) 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.