

Fund Update

The Fund returned 6.4% during the month of January, resulting in a Net Asset Value (NAV) of **\$1.2730/unit**. The strong performance was driven by the Underlying Fund's take up of its \$76 million pro-rata share of the Sigma Healthcare equity raising at \$0.70/share. With Sigma closing the month up 3% at \$1.04/share, the acquisition of these additional shares in Sigma delivered an unrealised gain of \$37 million for the Underlying Fund.

Lendlease and Ingenia Communities ended the month largely unchanged, down 0.8% and up 0.7% respectively. This is broadly in line with the S&P/300 Accumulation Index which returned 0.1% during the month.

Economic and inflation data during January continued to give investors confidence that the US and local economy will achieve a 'goldilocks' scenario and interest rate cuts are on the horizon. However, we expect equity markets to be volatile over the coming months as markets speculate on the timing and magnitude of potential interest rate cuts in 2024/2025. While we believe this speculation will drive equity market performance over the coming months, we remain high conviction in our view that interest rates will be lower in 12 months – accordingly, we expect LLC and INA will be beneficiaries of this environment.

The Underlying Fund continues to actively engage with its investee companies and is close to deploying on investments four and five. We remain disciplined in our approach to identifying undervalued, high-quality businesses with opportunity to catalyse returns uncorrelated to the broader market.

Entry price **\$1.2768 / unit¹**

Exit price **\$1.2692 / unit¹**

Fund NAV per Unit²

\$	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	\$0.9689	\$1.1963
2024	\$1.2730											

Monthly Fund Returns (Net)³

%	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%)	9.1%	23.5%	19.6%
2024	6.4%												

Fund Performance (Net)³

%	1mth	3mth	6mth	1yr	2yr	Inception (aggregate)
Net Return (%)	6.4%	43.3%	13.2%	n/a	n/a	27.3%

¹ Entry and Exit prices reflect the Net Unit Value as at 31 January 2024, adjusted by the buy-sell spread (currently 0.30%)

² As at month end.

³ 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.

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**)⁴.

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/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.

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