

## Fund Update

The Fund returned -3.4% during April, resulting in a Net Asset Value (NAV) of **\$1.4991/unit** and delivering a 27.5% annualised return since inception. Key drivers of the performance were a 2.3% decline in the Sigma Healthcare share price and a 10.9% decline in the Ingenia Communities share price.

The S&P/ASX300 Accumulation Index declined 2.9% during the month as global markets experienced a volatile month in response to stronger than expected inflation data and an escalation of geopolitical tensions. April's CPI data indicated the pace of decline in inflation had slowed across major economies, strengthening the case for delaying rate cuts until year end or beyond.

**Entry price**     \$1.5036 / unit<sup>1</sup>

**Exit price**     \$1.4946 / unit<sup>1</sup>

## Key investment update – GrainCorp

In April the Fund was pleased to disclose its fourth investment, having accumulated a 5.01% shareholding in GrainCorp over recent months. GrainCorp is the largest grain storage and handling business in East Coast Australia (ECA) and the number one edible oil processor and oilseed crusher across Australia and New Zealand.

The company generates average through-the-cycle EBITDA of \$310m and has a strong balance sheet with core cash of c.\$350m at the end of September 2023<sup>2</sup>.

### Why do we like GrainCorp?

- 1) We're attracted to GrainCorp's market-leading position in the east coast grain export supply chain, having historically maintained an average of +60% port terminal market share cross ECA states<sup>2</sup>;
- 2) GrainCorp holds significant net tangible assets which we consider to be worth materially in excess of the book value and the current share price; and
- 3) GrainCorp has significant optionality to leverage its unique footprint to play a critical role in the nascent biofuels refining supply chain (both biodiesel and sustainable aviation fuel) by capitalising on opportunities related to its proposed WA crushing facility and existing Agri-Energy business.

We believe equity markets are failing to appropriately value the critical port infrastructure under GrainCorp's control, and there may be opportunities to realise greater value from the infrastructure assets via increased utilisation.

We look forward to engaging constructively with the board and management of GrainCorp to help realise the significant embedded value in the company.

## GrainCorp's unique network of assets and operations

### Agribusiness

- ECA**
- Largest grain storage and handling network on ECA
  - 7 bulk ports
  - >160 regional receival sites

- International**
- Global network of offices, originating grain, pulses and oilseeds from different regions
  - Includes GrainsConnect Canada JV and Saxon Agriculture

### Nutrition and Energy

- Human Nutrition**
- One of Australia's largest refiners of edible fats and oils
  - One of Australia's largest importers of vegetable oils

- Animal Nutrition**
- One of Australia's largest canola meal producers, a by-product of canola seed crushing
  - Supplier of vegetable oil and molasses-based feed supplements to enhance farm productivity

- Agri-energy**
- One of Australia's largest collectors of Used Cooking Oil (UCO)
  - Australia's largest exporter of tallow and UCO
  - Access to the broadest network of liquid tank storage across Australia and NZ
  - Renewable Fuels initiative announced in partnership with IFM, WA crush plant undergoing feasibility evaluation

Source: GrainCorp public disclosures

## Fund NAV per Unit<sup>3</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	\$1.0000	\$1.0372	\$1.0269	\$1.0534	\$1.0348
2023	\$1.0740	\$1.0681	\$1.0596	\$1.0760	\$1.0696	\$1.1692	\$1.1943	\$1.1636	\$1.0717	\$0.9459	\$1.0317	\$1.2738
2024	\$1.3573	\$1.4177	\$1.5522	\$1.4991								

## Monthly Fund Returns (Net)<sup>4</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	3.7%	(1.0%)	2.6%	(1.8%)	3.5%
2023	3.8%	(0.5%)	(0.8%)	1.5%	(0.6%)	9.3%	2.1%	(2.6%)	(7.9%)	(11.7%)	9.1%	23.5%	23.1%
2024	6.6%	4.5%	9.5%	(3.4%)									17.7%

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

%	1mth	3mth	6mth	1yr	2yr	Inception (annualised)	Inception (aggregate)
Net Return (%)	(3.4%)	10.4%	58.5%	39.3%	n.a.	27.5%	49.9%

## Fund Strategy

HMC Capital Partners Fund I (Fund) is an Australian-domiciled open-ended unlisted fund providing exposure to a high-conviction investment strategy seeking to generate superior risk-adjusted returns<sup>5</sup>.

The Manager 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 Manager 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 Information Memorandum and the HMC website. The ability of the Fund to offer quarterly withdrawals is not guaranteed.

## Contact Details

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**How to Apply:** 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.

<sup>3</sup> As at month end. NAV per unit refers to Trust A and Trust C units.

<sup>4</sup> All performance figures are quoted net of fees and costs. 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>5</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 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). 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 obtain and read a copy of the Information Memorandum 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.