

# Kardinia Long Short Fund

Performance Report 29 February 2024

## Net client returns (after fees and expenses)

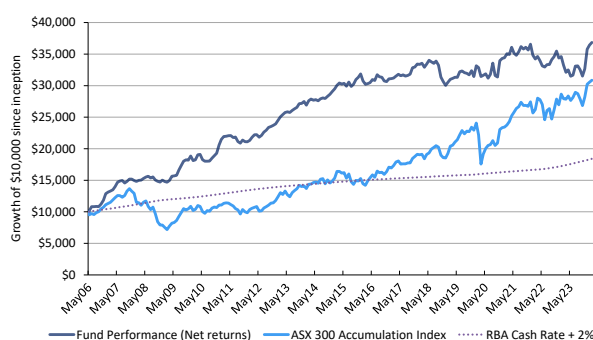
	1 mth	6 mth	1 year	3 years p.a.	5 years p.a.	Since inception <sup>3</sup> p.a.
Fund <sup>1</sup>	1.18%	11.22%	10.84%	1.67%	3.51%	7.59%
Benchmark <sup>2</sup>	0.50%	3.16%	6.25%	4.06%	3.19%	3.48%

1. Performance results are net of all transaction costs, investment management and performance fees and all other costs incurred by the Fund. Performance is the total return of the fund (assuming re-investment of distributions) and is quoted based on hard-close unit prices, without including the impact of buy/sell spreads. Past performance is not indicative of future performance. Returns greater than one year are annualised.
2. The benchmark is the RBA cash rate plus 2%. Prior to 2 December 2019 it was the RBA cash rate. Returns greater than one year are annualised.
3. The inception date of the Fund is 1 May 2006. The Fund was launched by another trustee, and the performance data also relates to this strategy. Bennelong Funds Management Ltd assumed responsibility on 16 August 2011 and ceased responsibility on 8 May 2023. Equity Trustees Ltd assumed responsibility on 8 May 2023.

## The Fund at a glance

Fund facts	
Strategy	Long-short Australian equity
Process	Fundamental stock selection based on analysis of the macroeconomic environment, company and operating environment, quality of management and valuation
Investment objective	To achieve consistent positive returns through an investment cycle, with an overarching philosophy of capital protection
Inception date <sup>3</sup>	1 May 2006
Unit price: daily series	1.0085
Unit price: monthly series	1.1837
Fund managers	Kristiaan Rehder, CFA® Stuart Larke, CFA®
Investment specialist	Mark Burgess, CFA®
Annualised return	7.59%
Total return since inception	268.56%
Annualised standard deviation	8.05%
Sharpe Ratio (RFR=RBA cash)	0.51
Percentage of positive month since inception	65.89%

## Historical performance<sup>2</sup>

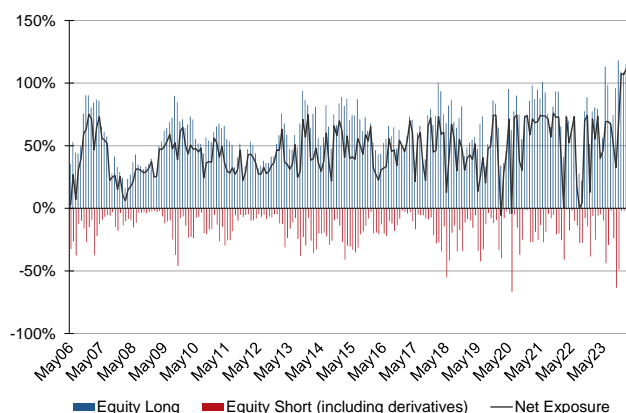


## Largest holdings

Holdings	Sector	Weight
CBA	Financials	9.5%
VSO	Small Caps	9.5%
BHP	Materials	8.9%
CSL	Health Care	7.8%
Origin Energy	Utilities	5.1%
Rio Tinto	Materials	4.7%
Fortescue	Materials	3.7%
Paladin Energy	Energy	3.4%
Woodside	Energy	3.3%
Transurban	Industrials	3.0%

# Kardinia Long Short Fund

## Portfolio exposure analysis



## Market and fund commentary

In February, the Kardinia Long Short Fund delivered a return of +1.18%, outperforming the S&P/ASX300 Accum Index's rise of 0.98%. February was all about the Australian profit reporting season, with key themes including:

- Profit results beat the market's low expectations;
- ASX200 FY24e earnings per share estimates were downgraded by 0.6% to -5.5%;
- Margins (other than for resources) surprised to the upside as companies cut costs; and
- Tech, consumer discretionary and REIT sectors outperformed during the month.

Key contributors and detractors for the month:

Positive contributors	Basis Points	Negative contributors	Basis Points
Wisotech	+81	BHP	-67
Block	+39	Corp Travel	-48
Goodman Gp	+35	Fortescue	-36
Worley	+33	Rio Tinto	-35
Xero	+31	CSL	-34

Technology stocks were the biggest contributor to fund performance for the month. Wisotech reported a strong result, beating market estimates on revenue and EBITDA and also maintaining forward guidance.

The company announced three new client wins including another top 25 global freight forwarder.

Block also reported a CY23 strong result, with gross profit up 25% to US\$7.5b, adjusted EBITDA up 81% to US\$1.79b and a breakeven net income result. The company has guided to very large addressable markets in gross profit terms (Cash App US\$75b, Square US\$130b) which it believes are less than 5% penetrated. In CY23, Block achieved "Rule of 29" (25% gross profit growth +4% adjusted operating income margin) and is targeting "Rule of 40" in CY26.

Goodman Group's 1H24 result was a strong beat and guidance was upgraded from 9% growth to 11%. Earnings growth appears underpinned by the company's 4.0GW global data centre power bank.

Worley released another strong result with the share price rising 12.9%. Revenue and EBITA grew 22% and 28% respectively. Meantime, all key indicators remain positive, implying further room for near-term growth.

Resource stocks were the major detractors for February, particularly the iron ore stocks (Rio Tinto, Fortescue and BHP), driven by a 12% fall in the iron ore price to US\$117.50/Mt. CSL reported an inline result. The core IG franchise continued to show its dominance, with +23% yoy growth and gross margin improvement of c.90bps yoy.

Corporate Travel shares fell -20% on the back of 1H24 results. A key UK based contract underperformed with management also claiming the corporate travel market post Covid recovery has largely played out at ~75% of pre Covid levels. Kardinia was stopped out of the position.

## Outlook & Positioning

At month end our net exposure was 111.9% (long 114.9%. short 3.0%). With the outlook for inflation and interest rates considerably more benign than during CY23, we have become more positive on the market and have continued to add to the resources, technology and energy sectors, which remain the portfolio's largest exposures.

# Kardinia Long Short Fund

## Fund performance<sup>4</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	1.80%	1.18%											3.00%
2023	0.66%	-3.91%	-3.41%	1.19%	-3.11%	0.52%	4.57%	0.11%	-1.81%	-3.17%	3.68%	9.54%	4.09%
2022	-4.80%	-1.72%	1.17%	-1.93%	-2.43%	-0.55%	1.15%	0.05%	2.30%	1.47%	+2.50%	-3.10%	-6.01%
2021	0.32%	1.86%	-0.36%	3.26%	-2.64%	-0.90%	1.60%	2.35%	-1.08%	0.79%	-1.20%	2.58%	6.58%
2020	5.40%	-0.86%	-4.32%	0.63%	0.73%	-2.15%	1.90%	5.63%	-5.88%	-0.70%	8.21%	1.07%	9.13%
2019	1.66%	1.55%	0.46%	0.55%	-0.03%	2.82%	0.42%	-0.83%	-0.35%	-0.73%	2.04%	-2.84%	4.68%
2018	-0.16%	0.56%	-1.90%	1.56%	1.78%	-0.77%	-0.68%	1.08%	-1.93%	-5.71%	-2.18%	-2.02%	-10.12%
2017	0.12%	0.25%	1.04%	0.89%	-0.75%	0.48%	-0.65%	0.34%	0.66%	3.18%	0.35%	1.43%	7.53%
2016	-3.42%	-1.78%	0.30%	0.52%	1.60%	-0.47%	2.95%	-1.02%	-0.22%	-1.85%	-0.37%	1.45%	-2.44%
2015	1.44%	1.90%	1.24%	-0.59%	0.41%	-1.49%	2.20%	-2.27%	1.14%	2.45%	1.16%	1.74%	9.60%
2014	-2.12%	2.69%	0.87%	-0.63%	0.36%	-0.66%	1.07%	0.56%	-0.31%	1.22%	1.13%	1.53%	5.77%
2013	2.21%	2.36%	1.42%	1.34%	0.40%	-0.46%	1.31%	0.96%	0.93%	2.17%	0.15%	1.11%	14.76%
2012	1.08%	2.30%	1.82%	0.04%	-1.79%	1.38%	2.30%	1.38%	1.85%	0.68%	0.71%	1.07%	13.52%
2011	4.25%	2.13%	0.23%	0.37%	0.11%	-1.41%	0.31%	-3.23%	-1.19%	2.31%	-1.16%	-0.13%	2.42%
2010	-3.82%	0.66%	4.36%	0.36%	-4.38%	-1.33%	0.03%	0.09%	2.49%	2.19%	2.02%	6.84%	9.33%
2009	-1.46%	-0.68%	1.79%	4.56%	0.34%	0.54%	5.31%	4.41%	3.86%	1.21%	-0.28%	3.59%	25.47%
2008	-1.00%	1.12%	0.17%	1.93%	1.33%	0.87%	-1.72%	1.02%	-3.20%	-1.29%	-0.81%	2.04%	0.30%
2007	2.04%	1.28%	1.45%	3.74%	4.95%	1.21%	0.65%	-2.62%	1.76%	2.36%	-0.02%	-1.34%	16.36%
2006					1.53%	6.54%	-0.06%	0.32%	-0.22%	3.65%	5.50%	8.72%	28.67%

<sup>4</sup> Performance data is historical data based on the main series using a monthly unit pricing methodology. If you are invested in the daily series, please contact Client Services on +61 2 7201 9015 or via email [SSG.AUS@apexfs.com](mailto:SSG.AUS@apexfs.com) to request your performance history.

## How to invest

The Fund is open to investors directly via the PDS (available on our website), or the following platforms.

BT Asgard (Master Trust, Employee Super, Infinity eWrap)	Powerwrap (Super, Pension, Smartwrap)	Mason Stevens	Wealthtrac	BT (Panorama)
Netwealth (Super Service, Wrap Service, IDPS)	Hub 24 (Super, IDPS)	CFS (FirstChoice, FirstWrap, IX (PIS))	Wealth O2	Oasis (Wealthtrac)

## Get in touch

For more information, visit [kardinia.com.au](http://kardinia.com.au)

or email [enquiries@kardinia.com.au](mailto:enquiries@kardinia.com.au) or call Client Services on 02 7201 9015.

## Disclaimer

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Kardinia Long Short Fund ("the Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). Equity Trustees assumed responsibility on 8 May 2023 following a change in responsible entity from Bannelong Funds Management Ltd, who ceased responsibility on 8 May 2023. The Investment Manager for the Fund is Kardinia Capital Pty Ltd ("Kardinia Capital", "we" or "us") (ABN 20 152 003 186), AFSL 546441.

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