

Kardinia Long Short Fund

Performance Report 30 June 2024

Net client returns (after fees and expenses)

	1 mth	6 mth	1 year	3 years p.a.	5 years p.a.	Since inception ³ p.a.
Fund ¹	(0.62%)	3.56%	17.07%	2.10%	2.85%	7.48%
Benchmark ²	0.52%	3.20%	6.45%	4.55%	3.52%	3.53%

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.

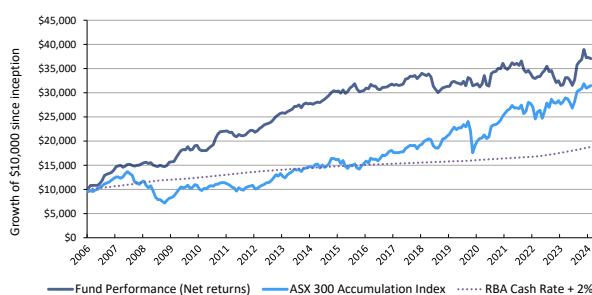
2. The benchmark is the RBA cash rate plus 2%. Prior to 2 December 2019 it was the RBA cash rate. Returns greater than one year are annualised.

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 ³	1 May 2006
Unit price: daily series	1.0143
Unit price: monthly series	1.1902
Fund managers	Kristiaan Rehder, CFA® Stuart Larke, CFA®
Investment specialist	Mark Burgess, CFA®
Annualised return	7.48%
Total return since inception	270.57%
Annualised standard deviation	8.16%
Sharpe Ratio (RFR=RBA cash)	0.48
Percentage of positive month since inception	65.60%

Historical performance²

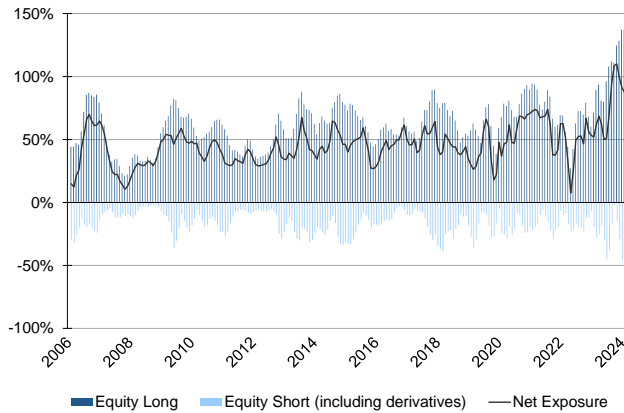


Largest holdings

Holdings	Sector	Weight
BHP Group	Materials	9.0%
Origin Energy	Utilities	8.3%
National Aust Bank	Financials	6.5%
ANZ Group	Financials	6.4%
VSO	Small Caps	5.7%
Commonwealth Bank	Financials	5.5%
Aristocrat Leisure	Cons. Discr.	5.1%
Macquarie Group	Financials	4.4%
Westpac	Financials	4.4%
Goodman Group	Real Estate	4.3%

Kardinia Long Short Fund

Portfolio exposure analysis



Market and fund commentary

In **June**, the Kardinia Long Short Fund delivered a return of -0.62%, while the S&P/ASX300 Accumulation Index returned 0.92%. The battle between Financials and Materials was won handsomely by Financials in June, with Financials +5.1% versus Materials -6.5% due to lower commodities prices. This impacted the Fund’s return for the month.

For the **2024 financial year**, the Kardinia Long Short Fund returned +17.07%, outperforming the S&P/ASX300 Accumulation Index’s return of +11.92% by +5.15%. The Fund managed to capture the upside during positive months and limit the downside during negative months. The Fund met its objective *“to generate consistent positive returns in all market conditions ... with an overarching philosophy of capital protection.”*

Key contributors and detractors for the month:

Positive contributors	Basis Points	Negative contributors	Basis Points
Origin Energy	+52	NexGen	-78
Pro Medicus	+51	Short Book	-61
Aristocrat	+51	Fortescue	-60
NAB	+42	Mineral Res.	-53
CBA	+35	Paladin Energy	-46

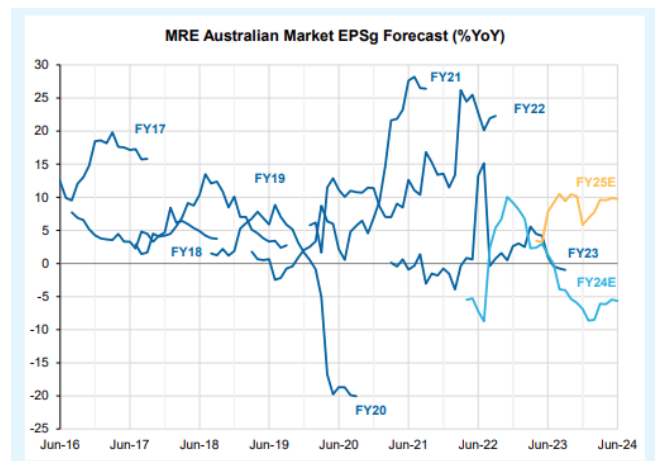
Origin Energy rose 6.6% for the month as the market begins to appreciate the underlying value of the company’s gas peaking portfolio during the energy transition as well as the upside in its 23% owned Octopus business.

Uranium stocks (**NexGen, Paladin**) fell after the spot uranium price fell ~7% for the month (+50% for the year). We believe the supply/demand outlook for uranium remains positive over the medium-term.

Outlook & Positioning

We increased our net exposure during the month from 86.5% to 100.4% (long 149.4%, short 49.0%). Key exposures are resources, banks and technology.

We are positive on the outlook for FY25. As always, brokers have begun the year with great hope (FY25E forecast EPS growth of ~10%).



Source: Macquarie Research

The chart above shows actual growth delivered is often very different from forecast growth. FY21 and FY22 both saw upgrade cycles. FY23 ended flat while FY24 saw an upgrade then downgrade cycle. With the prospect of interest rate cuts (despite the recent lift in Australian inflation) and a potential rebound in commodities prices, we believe double digit earnings growth can be delivered and the market is likely to end higher by year’s end.

For further insights, feel free to follow us on the Kardinia Capital LinkedIn page.



Fund performance⁴

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	1.80%	1.18%	5.72%	-4.36%	0.07%	-0.62%							3.56%
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%

4. 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 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

or email 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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