

Kardinia Long Short Fund

Performance Report 31 August 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	(0.52%)	1.38%	12.75%	1.06%	3.10%	7.45%
Benchmark ²	0.54%	3.24%	6.49%	4.80%	3.71%	3.56%

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.

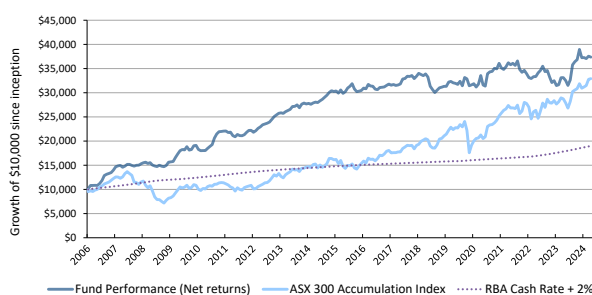
2. The benchmark is the RBA cash rate plus 2%. Prior to 2 December 2019 it was the RBA cash rate. Returns greater than one year are annualised.

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	0.9793
Unit price: monthly series	1.1508
Fund managers	Kristiaan Rehder, CFA® Stuart Larke, CFA®
Investment specialist	Mark Burgess, CFA®
Annualised return	7.45%
Total return since inception	273.63%
Annualised standard deviation	8.13%
Sharpe Ratio (RFR=RBA cash)	0.48
Percentage of positive month since inception	65.45%

Historical performance²



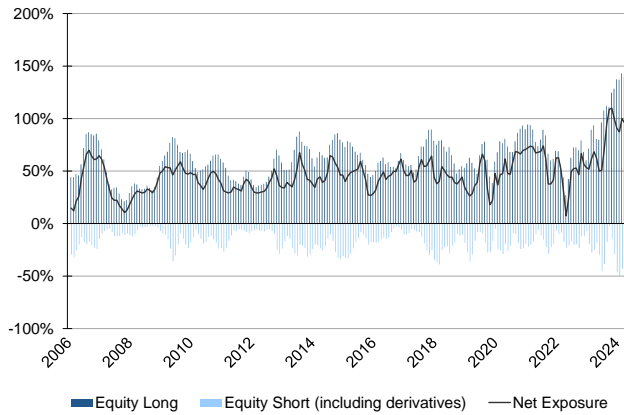
Past performance is not indicative of future performance.

Largest holdings

Holdings	Sector	Weight
BHP Group	Materials	9.0%
Origin Energy	Utilities	8.2%
Aristocrat Leisure	Cons. Discr.	7.2%
Goodman Group	Real Estate	6.7%
Commonwealth Bank	Financials	6.3%
VSO	Small Caps	6.1%
NAB	Financials	4.8%
Seven Group	Industrials	4.7%
Northern Star	Gold	4.4%
CSL	Health Care	4.4%

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Portfolio exposure analysis



Market and fund commentary

In August, the Kardinia Long Short Fund delivered a return of -0.52%, while the S&P/ASX300 Accumulation Index returned 0.44%. On the surface it was an uneventful month, however it was anything but. The market fell 5.5% over the first three trading days due to concerns over increased US recession risk, before rallying 6.3% over the remainder of the month.

The VIX Index, which gauges market volatility, spiked then plummeted c.60%, marking the most significant volatility crash on record.



Aside from economic data, the key focus during the month was the Australian profit reporting season. Overall, according to Goldman Sachs, reported ASX 200 FY24 earnings per share growth was -4.6%, in-line with consensus but a second straight year of declines.

While sales growth met expectations, margins were weak due to higher costs (including wages). One stock which did not experience margin pressure was **Wisetech**, which has been a core holding of the Fund for some time. WTC reported an excellent result, with net profit after tax of \$165m beating consensus expectations by 8%. The FY25e outlook was also very strong with guidance for FY25e EBITDA of \$660-700m (33%-41% growth).

Wisetech recently signed two major freight forwarding businesses, bringing the total to 14 out of the 25 largest freight forwarders as customers. This performance underscores the strength of great businesses with pricing power, particularly those led by their founders.

Key contributors and detractors for the month:

Positive contributors	Basis Points	Negative contributors	Basis Points
Wisetech	+126	Karoon Energy	-52
Northern Star	+33	Polynovo	-49
Life 360	+30	GQG Partners	-45
Chorus	+30	Origin Energy	-43
Carsales	+28	Coronado	-38

Outlook & Positioning

We reduced our net exposure during the month from 112.8% to 74.3% (long 132.0%, short 57.7%). Key exposures remain technology, banks and resources.

We have become more cautious on the market in the short-term given signs of weakness in both US and Australian economic data.

However with the prospect of interest rate cuts on the horizon 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%	1.35%	-0.52%					4.42%
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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