

Kardinia Long Short Fund

Performance Report 31 October 2024

Net client returns (after fees and expenses)

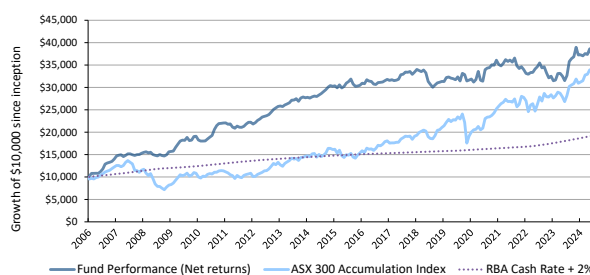
	1 mth	6 mth	1 year	3 years p.a.	5 years p.a.	Since inception ³ p.a.
Fund ¹	(3.91%)	(0.37%)	17.84%	0.95%	3.20%	7.35%
Benchmark ²	0.54%	3.24%	6.54%	5.04%	3.90%	3.59%

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. Inception date of 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 Aug 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	0.9731
Unit price: monthly series	1.1435
Fund managers	Kristiaan Rehder, CFA® Stuart Larke, CFA®
Investment specialist	Mark Burgess, CFA®
Annualised return	7.35%
Total return since inception	271.27%
Annualised standard deviation	8.19%
Sharpe Ratio (RFR=RBA cash)	0.46
Percentage of positive month since inception	65.32%

Historical performance²



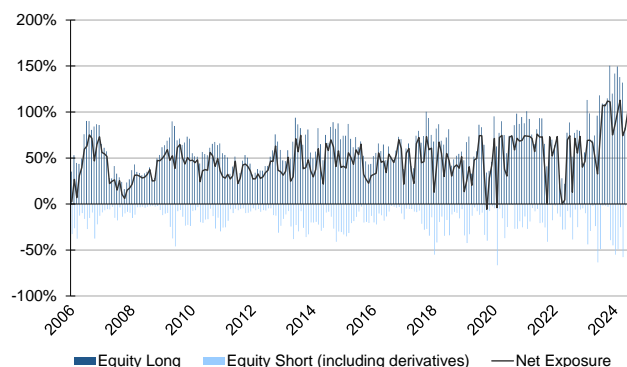
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Largest holdings

Holdings	Sector	Weight
BHP Group	Materials	9.3%
CSL	Health Care	7.8%
CBA	Financials	5.8%
Westpac	Financials	5.5%
NAB	Financials	5.5%
Macquarie Group	Financials	5.3%
Goodman Group	Real Estate	5.3%
Block	Info Tech	5.1%
Netwealth	Financials	5.1%
Xero	Info Tech	4.6%

Kardinia Long Short Fund

Portfolio exposure analysis



Market and fund commentary

In October, the Kardinia Long Short Fund delivered a return of -3.91%, while the S&P/ASX300 Accumulation Index returned -1.30%. The Fund's return was negatively impacted by corporate governance concerns which arose simultaneously during the month at two of the Fund's key holdings, Mineral Resources and WiseTech, as well as a surprise earnings downgrade from WEB Travel Group.

Key contributors and detractors for the month:

Positive contributors	Basis Points	Negative contributors	Basis Points
Sigma	+106	Mineral Res.	-74
Block	+40	Webjet	-72
REA Group	+36	BHP	-72
CBA	+23	WiseTech	-67
Netwealth	+18	Polynovo	-60

Mineral Resources fell 24% for the month after the media reported certain allegations against the Company's managing director, Chris Ellison, including an historical private tax settlement with the ATO, various conflicts of interest and the use of Company resources for personal benefit. The Fund was stopped out of its position in Mineral Resources given the >15% fall in the share price.

WiseTech's CEO, Richard White, was forced by the Board to stand down as a director and CEO due to media allegations of harassment, bullying and inappropriate payments to settle disputes. Mr White was, however, given a 10-year consultancy job with the Company at the same level of compensation (\$1m pa).

Both of the above events were unfortunate given the significant value created by these founders over a long period of time.

The biggest contributors for the month included **Sigma Healthcare**, which rose 36% for the month after the ACCC announced it was seeking consultation with industry on a proposed court-enforceable undertaking offered by Sigma in relation to its proposed acquisition of Chemist Warehouse Group Holdings (decision due 7 November).

Outlook & Positioning

We increased our net exposure modestly during the month from 81.4% to 99.7% (long 148.4%, short 48.7%). Key exposures are technology, resources and banks.

We have made a significant increase in the gross exposure level with individual long positions offset by a short position in Share Price Index (SPI) Futures.

The near-term outlook appears dominated by two key factors:

1. US election outcome (held 5 Nov 2024) and policy developments; and
2. Timing of ongoing Chinese monetary and fiscal stimulus.

We can remove the SPI protection at very short notice in response to any positive developments on these fronts.

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



Kardinia Long Short Fund

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%	3.41%	-3.91%			3.76%
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. Past performance is not indicative of future performance.

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.

31 October 2024

Kardinia Long Short Fund

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 Bennelong 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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