

Kardinia Long Short Fund

Performance Report 31 December 2024

Net client returns (after fees and expenses)

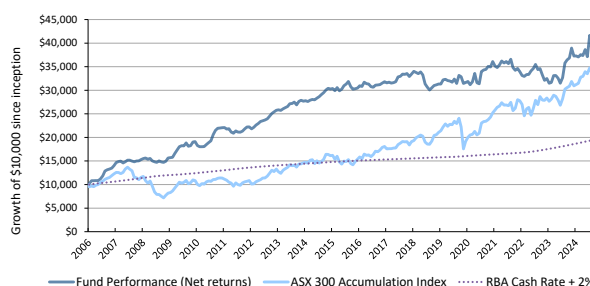
	1 mth	6 mth	1 year	3 years p.a.	5 years p.a.	Since inception ³ p.a.
Fund ¹	(7.96%)	3.39%	7.07%	1.56%	4.03%	7.46%
Benchmark ²	0.54%	3.24%	6.54%	5.29%	4.06%	3.61%

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	1.0045
Unit price: monthly series	1.1801
Fund managers	Kristiaan Rehder, CFA® Stuart Larke, CFA®
Investment specialist	Mark Burgess, CFA®
Annualised return	7.46%
Total return since inception	283.15%
Annualised standard deviation	8.80%
Sharpe Ratio (RFR=RBA cash)	0.44
Percentage of positive month since inception	65.18%

Historical performance²



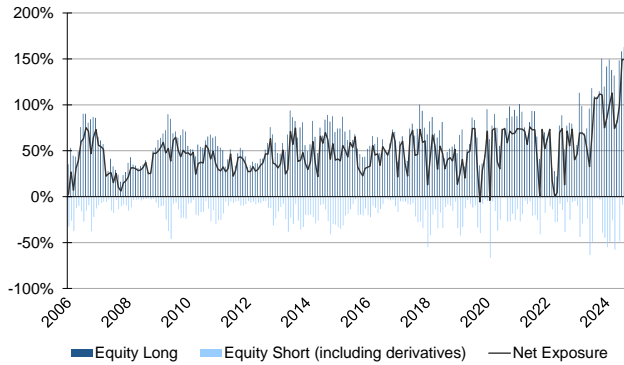
Past performance is not indicative of future performance.

Largest holdings

Holdings	Sector	Weight
Life 360	Info Tech	8.8%
Goodman Group	REITs	8.6%
Sigma Healthcare	Health Care	7.2%
ANZ	Financials	6.9%
REA Group	Comm Services	6.1%
CAR Group	Comm Services	6.0%
Macquarie Group	Financials	5.8%
Commonwealth Bank	Financials	5.6%
Seven Group	Industrials	5.3%
Xero Group	Info Tech	5.3%

Kardinia Long Short Fund

Portfolio exposure analysis



Market and fund commentary

In December, the Kardinia Long Short Fund returned -7.96%, while the S&P/ASX300 Accumulation Index returned -3.07%. The typical “Santa rally” did not eventuate this year as global stock markets took a breather following hawkish rate data and a 40bp spike in bond yields.

For the Fund, December saw a partial reversal of the strong gains in November with some of the best November performers amongst the worst in December. These included **Life 360**, which fell 11% (after a 15% rise in November on the back of a strong 3Q24 result), **Sigma Healthcare**, which fell 9% (after a 47% rise in November on the back of the ACCC’s approval of its acquisition of Chemist Warehouse), and **CAR Group**, which fell 13% (after a 10% rise in November). These remain core holdings for the Fund.

Key contributors and detractors for the month:

Positive contributors	Basis Points	Negative contributors	Basis Points
Tuas	+49	Life 360	-103
Short Book	+34	Sigma Heath	-69
Block Inc	+23	CAR Group	-65
De Grey	+19	Northern Star	-55
Transurban	+10	Bluescope Steel	-50

By sector, Consumer Staples (+0.6%), Utilities (+0.4%) and Industrials (+0.3%) were the best performers while REITs (-6.0%), Materials (-4.5%) and Information Technology (-4.4%) were the worst performers.

Outlook & Positioning

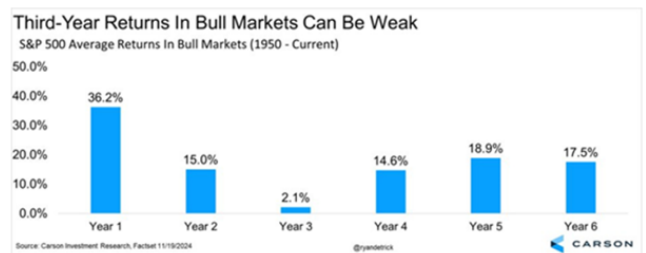
During the month, we held our net exposure steady at 149.4% (long 162.7%, short 13.3%). Key exposures are technology, banks and resources.

We’ve shared with clients our positive outlook for equities for some time (see LinkedIn posts for regular updates), and we expect this trend to continue in 2025. Stable growth, rate cuts, cooling inflation, and the tailwind of corporate-friendly deregulation all provide strong support.

We are closely monitoring valuations and acknowledge that they have become richer however our analysis indicates that the US growth outlook remains more optimistic than the market is currently pricing in.

Expectations for Australian earnings per share growth in FY25 are modest (-2.1%) largely due to resources (-11.6%) with a marginal recovery forecast for FY26 (+4.6%).

That said, the current bull market in equities has now entered its third year and returns have historically been more patchy during this phase.



We expect to be more opportunistic in taking profits when markets rise and re-entering positions when markets fall.

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%	12.13%	-7.96%	7.07%
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 December 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.

This publication has been prepared by Kardinia Capital to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person and because of that, the client should, before acting on this information, consider its appropriateness, having regard to the client's own objectives, financial situation and needs. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Kardinia Capital, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. Kardinia Long Short Fund's Target Market Determination is available on our website: www.kardinia.com.au. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.