WealthLander Diversified Alternative Fund Quarterly Report

31 December 2023

Fund Performance

After all fees and costs, performance is 1.29% since inception on 1 February 2021*. The latest quarterly performance was negative, but December showed early signs of a turnaround, and better performance is expected in 2024. An investment in the WealthLander Diversified Alternative Fund (Fund) of $100,000 since inception is valued at approximately $101,290* (assuming distribution reinvestment). Performance updates report historical performance, which does not predict future performance.

WealthLander Diversified Alternative Fund Performance (%)*

(Net of fees and costs)

Class A Units (Foundation Clients or $500k+ investment)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-	0.7	1.7	5.4	-0.8	-1.3	2.0	5.2	0.3	2.7	3.2	-1.3	**19.1**
2022	0.3	0.3	2.1	-1.9	-5.3	-5.0	2.5	2.1	1.1	0.5	-1.3	0.9	**-4.1**
2023	-2.9	-1.5	-1.9	-0.8	-2.2	0.0	2.3	-0.8	0.3	-3.4	-3.8	2.8	**-11.3**

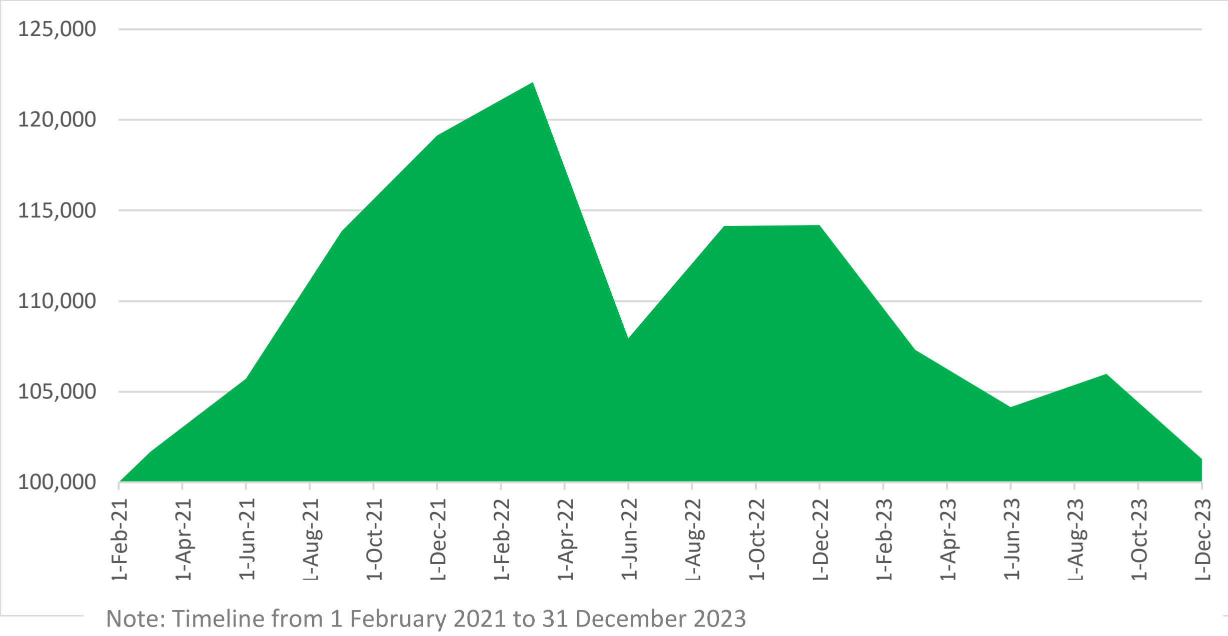
Class O Units

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-	-	-	-2.0	-5.4	-5.0	2.4	1.9	0.9	0.4	-1.3	0.9	**-7.2**
2023	-2.9	-1.5	-1.9	-0.8	-2.2	0.0	2.2	-0.8	0.3	-3.4	-3.8	2.8	**-11.6**

*Past performance is not indicative of future performance. Specific risks of the Fund may impact on the possibility of such a return in future.

Growth In a $100,000 Investment Since Inception - Class A Units*

(Net of fees and costs and assumes reinvestment of distributions)



Note: Timeline from 1 February 2021 to 31 December 2023

Fund Performance Commentary

The Fund has again tended to zig when the market zagged with a weaker quarter despite more robust markets generally, the opposite of the prior quarter when the Fund was stronger compared with weaker markets.

Market conditions remained sloppy, with pricing and performance choppy and unpredictable. Megacap technology stocks, which we don't own, frustratingly continued to capture most of the love and capital, leaving much of the rest of the asset markets in their wake. More recently market strength has been broadening out a little as the FED signalled a change in interest rate direction in early December, and greater breadth of performance should provide a much better backdrop for the Fund in 2024. Indeed, outside megacap technology stocks, there is much value that has been unloved for some time, and it would be wonderful to see some greater love for a wider breadth of assets.

Despite their apparent strong relative value, commodities have been generally range-bound, albeit uranium has continued to perform well recently, benefitting the Fund. Uranium continues to look massively undersupplied, and we expect the uranium price to rise aggressively as a result. Gas has remained lacklustre and has been punctured by political regulatory actions, but it still appears too cheap. A small position in lithium has proven painful as it has been continually dumped despite signs of mines closing and prices being well into the cost curve; at some point, we expect this to reverse, but we are unlikely ever to have a meaningful position size here regardless given the nature of this market and its risks.

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Precious metals have remained subdued recently, but we remain convicted in their prospects for 2024 as central banks continue to support the gold price. There is scope for private investors to buy precious metals as real interest rates look likely to be reduced at some point to support debt burdens and the economy in a US election year (despite continuing inflation risks). If economies slowly weaken or geopolitical escalations continue, 2024 could be a banner year for precious metals.

We now have a significant investment in commodities and resources, and we expect these to help drive positive Fund outcomes in 2024.

We dipped our toe in biotech as we suggested in the last quarter, with a successful trade in Neuren. Unfortunately, we missed most of the opportunity we had flagged, both in Neuren and many other biotech stocks, as they rallied hard and much more quickly than we expected. We were too cautious here as, upon review, Neuren should have been given a meaningful position size immediately following our meeting with the company, given it was a company we knew well and have followed for some time and could value confidently. Hence, this was a mistake despite making a small amount of money from it, one we will aim to learn from.

Again, numerous other assets are becoming steadily cheaper and neglected by the market's fascination with relatively expensive mega-cap tech stocks; we suspect many of these will also contribute to improving returns over time and ultimately reward patient investors, albeit the timing is uncertain. For example, even many smaller technology companies remain relatively unloved despite the performance of the sector leaders; this could easily change in 2024 should market performance broaden out, for instance should some love for small-cap stocks return with easier policy and reducing interest rates.

Portfolio Composition

Our portfolio includes a balance of underlying strategies that align with our medium-term outlook and the main economic, political and valuation risks. We remain committed to investing in a risk-aware manner that capitalises on promising opportunities and risk-adjusted returns over the medium term that are identified through our research.

We have made relatively modest changes in the last few months, increasing our commodities and resources positions. We are allocating to certain commodities based on their fundamental value (e.g. precious metals, uranium, gas, and tin) and the medium-term outlook based in no small way on underinvestment and supply-side shortages, as we continue to think these assets are bottoming in a longer-term context and will provide very attractive returns. We remain concerned by the overall geopolitical and regulatory risks, with increasing politics and policy stupidity impacting the efficient allocation of capital. US gas, for example, was recently affected by political intervention. Extraneous risks may result in poor real growth and volatile but structural inflation through time, even though shorter-term inflation may continue to fall as economic growth weakens.

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Current Themes Contributing to Our Diversified Portfolio

The portfolio comprises around 11 strategies built on numerous themes:

- Convertible bonds
- Event-driven strategies
- Australian gas stocks
- Services stocks
- Contrarian trading
- Resources
- Precious metals (gold, silver)
- Idiosyncratic growth opportunities
- Insurance and hedging
- Uranium
- Tin

Market Commentary

The prevailing geopolitical and investment landscape continues to evoke concern with Middle East escalation, a distinct possibility in 2024. However, the market is sanguine as it believes interest rate hikes to be over and that central banks and governments remain supportive of markets, which indeed now looks to be the case in 2024. Governments may have no other easy choices than goosing markets with easy policy as sustainable economies and genuine economic reform appears well beyond most of them. The risks of recession are still present but somewhat diminished as a result. Longer term, real economic growth will be impacted even if nominal growth remains.

Given the possibility of volatile inflation outcomes in the upcoming years and various tail risks, it becomes imperative to factor these considerations into portfolio construction. We expect economic and geopolitical conditions to prove more volatile and adverse in the 2020s than in the 2010s. Many assets that we own have attractive valuation support and positive medium-term prospects despite having received little love to date – this could easily change, and we expect it will at some stage in 2024.

We continue to operate assuming that the world is shifting towards a more fragmented and multipolar state following globalisation and relative peace and prosperity. The mounting evidence suggests that this shift is occurring, albeit the significant challenges and complexities involved mean it will likely be a drawn-out and only partial process.

We use a broad toolkit and believe managing risk with a greater likelihood of protecting capital over the medium term is necessary. Rather than simply being all-in on a common risk factor, greater diversification is found across many positions in alternatives, equities, commodities, bond strategies and prospectively uncorrelated investment themes. We actively manage these positions within a risk-managed portfolio that can prudently and dynamically hedge risk. Our approach depends more on active management to get results. This approach targets greater compounding over the longer term and better returns over an entire investment cycle. It can still make significant gains when market conditions begin to turn more favourable and when active management is better rewarded, which we hope to be the case in 2024.

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Thank you for your continuing support of the fund – it means a lot to us. It is time for us to deliver again in 2024, and we certainly aim to do so. We are always happy to discuss our research, positioning, and market views in more detail with clients.

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There are risks involved in investing in the CAR's strategy. All investments carry some level of risk, and there is typically a direct relationship between risk and return. We describe what steps we take to mitigate risk (where possible) in the Fund's Information Memorandum. It is important to note that despite taking such steps, the CAR cannot mitigate risk completely.

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