

# Kardinia Long Short Fund

Performance Report 31 January 2024

## Net client returns (after fees and expenses)

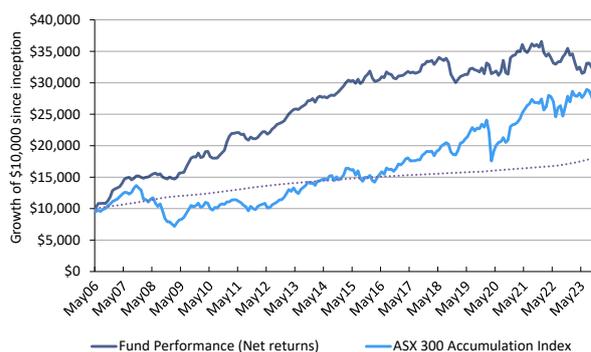
	1 mth	6 mth	1 year	3 years p.a.	5 years p.a.	Since inception <sup>3</sup> p.a.
Fund <sup>1</sup>	1.80%	10.04%	5.26%	1.90%	3.59%	7.55%
Benchmark <sup>2</sup>	0.54%	3.17%	6.15%	3.94%	3.11%	3.47%

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 <sup>3</sup>	1 May 2006
Unit price: daily series	0.9968
Unit price: monthly series	1.1699
Fund managers	Kristiaan Rehder, CFA® Stuart Larke, CFA®
Investment specialist	Mark Burgess, CFA®
Annualised return	7.55%
Total return since inception	264.26%
Annualised standard deviation	8.07%
Sharpe Ratio (RFR=RBA cash)	0.51
Percentage of positive month since inception	65.73%

## Historical performance<sup>2</sup>

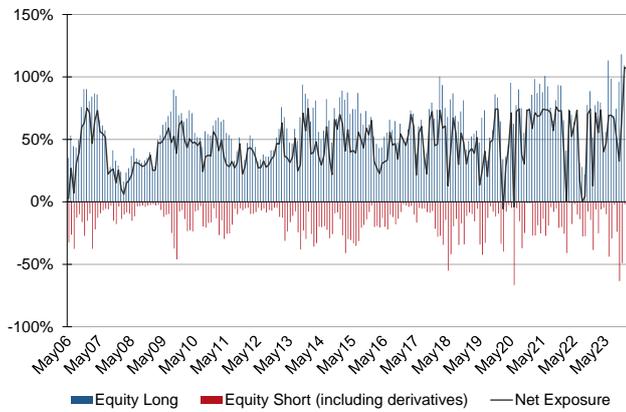


## Largest holdings

Holdings	Sector	Weight
BHP Group	Materials	9.6%
VSO	Small Caps	9.3%
CBA	Financials	7.7%
CSL	Health Care	6.9%
Macquarie Group	Financials	5.2%
Rio Tinto	Materials	5.1%
Origin Energy	Utilities	4.0%
Fortescue	Materials	3.3%
Wisetech	Info Tech	3.2%
Woodside	Energy	2.7%

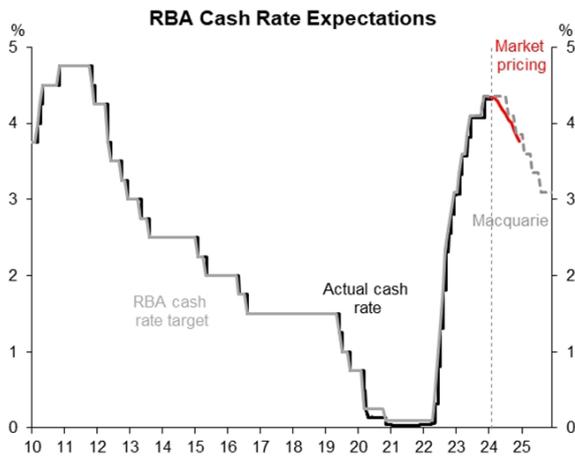
# Kardinia Long Short Fund

## Portfolio exposure analysis



## Market and fund commentary

In January, the Kardinia Long Short Fund delivered a return of +1.80%, outperforming the S&P/ASX300 Accum Index's rise of 1.10%. The market is becoming increasingly optimistic that the rapid fall in inflation in the US and Australia is likely to see rate cuts sooner rather than later.



Source: Bloomberg, Macrobond, Macquarie Macro Strategy

Key contributors and detractors for the month:

Positive contributors	Basis Points	Negative contributors	Basis Points
SPI Futures	+67	BHP	-58
Paladin	+50	Pilbara	-42
Aristocrat	+32	Mineral Res	-42
CSL	+31	Lynas	-31
QBE Insurance	+26	Worley	-25

The strongest individual stock contributor for the month was Paladin Energy as it nears the restart of its uranium mine in Namibia. The project is 93% complete with first commercial production due by early 2Q CY24. The uranium price has been well supported by supply/demand dynamics and Paladin is well-placed to benefit, with 80% uncapped upside exposure to the uranium spot price through to the end of CY30.



Source: Cameco

Other key positive contributors were offshore earners Aristocrat Leisure, CSL and QBE Insurance. The AUD/USD fell 4% to \$0.66 in January.

Resource stocks were the major detractors for January. After being in the Fund's top 5 contributors last month, BHP Group and Mineral Resources were in the bottom 5 this month, driven by a 7% fall in the iron ore price to US\$133/Mt. Ongoing weakness in lithium prices (spodumene, hydroxide & carbonate) also contributed to the fall in Mineral Resources and Pilbara Minerals. Lynas Corporation fell due to weak rare earth prices (NdPr down 11% for the month).

## Outlook & Positioning

At month end our net exposure was 106.8% (long 108.7%. short 1.9%). During the month we added long exposure quickly via a long position in Share Price Index Futures after the market had fallen intra-month but we removed this position by month-end.

With the outlook for inflation and interest rates considerably more benign than during CY23, we have become more positive on the market. The portfolio's largest weights are currently to the resources, energy and technology sectors.

Fund performance<sup>4</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	1.80%												1.80%
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](http://kardinia.com.au)

or email [enquiries@kardinia.com.au](mailto: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 Bennelong Funds Management Ltd, who ceased responsibility on 8 May 2023. The Investment Manager for the Fund is Kardinia Capital Pty Ltd ("Kardinia Capital") (ABN 20 152 003 186), AFSL 546441.

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