Monthly Performance Report

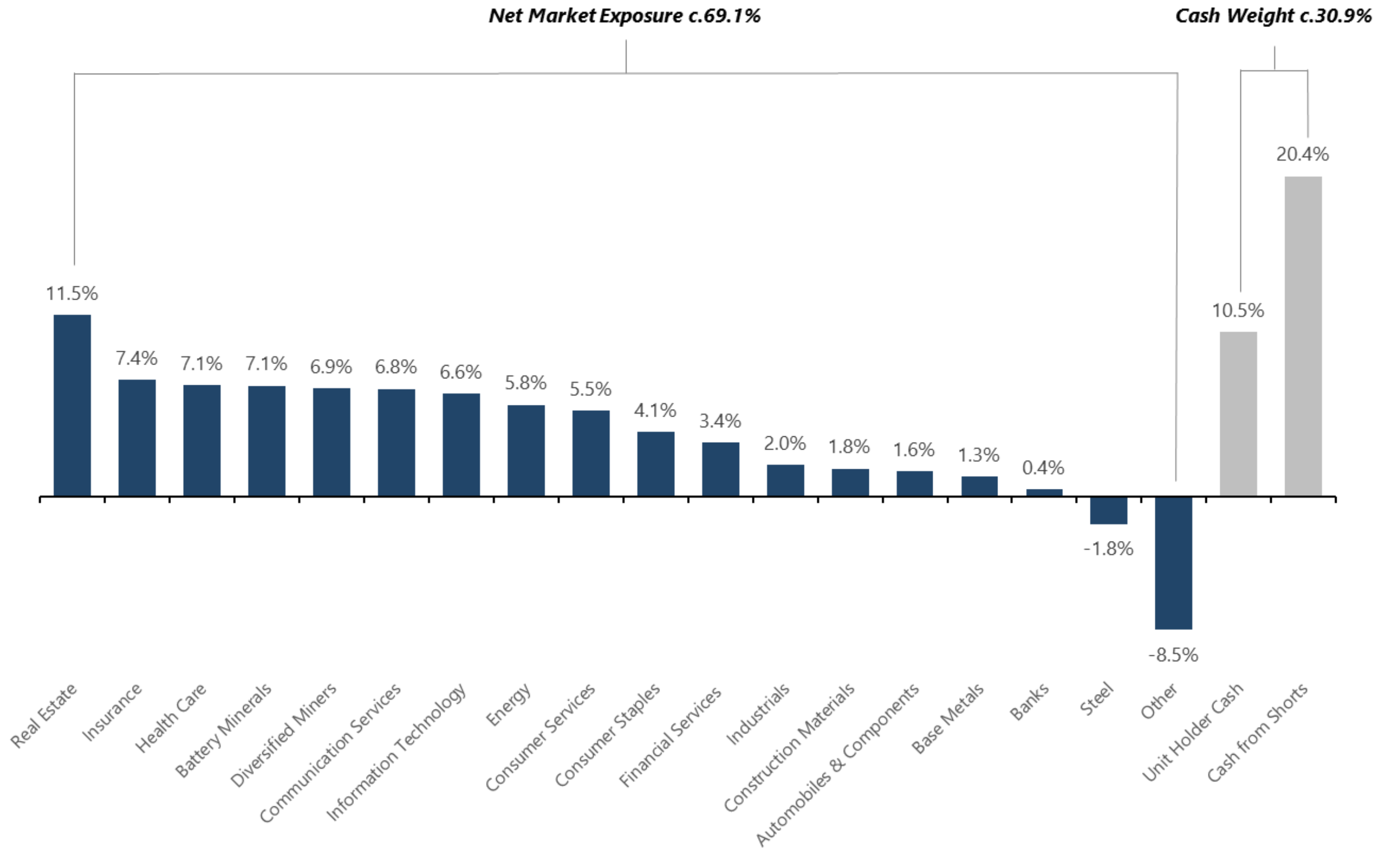
December 2023

Net Returns	
1 Month	5.3%
3 Months	6.8%
6 Months	7.4%
1 Year	15.4%
5 Year (p.a. CAGR)	12.2%
Inception (Feb 2018)	**74.6%**

Top 5 Holdings	Weight
ResMed Inc	6.6%
Aristocrat Leisure Ltd	5.3%
CSL Ltd	5.2%
Cosol Ltd	4.7%
Lynas Corp Ltd	4.4%
Top 5 Holdings as % of AUM	**26.2%**

Net Exposure	
Long Exposure	89.5%
Short Exposure	-20.4%
Gross Exposure	109.9%
Net Exposure	69.1%

Portfolio Positioning



Month in Review

The fund returned 5.3% (net) in December taking our Calendar Year 2023 performance to +15.4% (v. ASX All Ords +8.4%, ASX All Ords Accum +13.0%, ASX Small Ords +4.7%). Pleasingly we achieved this whilst taking considerably less “risk” than the market, with our net exposure (our longs minus our shorts) **averaging 68.3% in 2023**, and the portfolios **12-month standard deviation of returns averaging 8.8%** versus the ASX300 10.9% (quite typical for our fund).

In a year that was supposed to be tough for stocks, investors fared better than many feared in 2023. Exuberance around AI defined the first half recovery, and rate cuts were firmly on the markets mind as the “bears were caught with no shares” as the year drew to a close. Silicon Valley Bank led a group of more than 1,000 bank failures in the US (and we bid farewell to Credit Suisse), lithium (spodumene) prices fell 84% as supply responded to record pricing in 2022, oil dropped -5%, gold bounced +13%, iron ore marched +48%, and the Aussie and US 10 yr Govt bond yields closed about flat for the year despite multiple record monthly up/down moves in 2023!

The funds best contributors in the first half of the financial year 2024 were a mix of both large-cap and small-cap holdings, as has often been the case since inception in Feb 2018. Best performers on the long side, in order of their contribution to the fund, were **Seven Group, Ridley Corp, Aussie Broadband, Cosol Ltd, James Hardie, and Charter Hall Group.** Worst contributors were our long positions in **PSC Insurance, Abacus Group, and Healius.** A brief explanation of what played out for each of the best performers in the 1H FY23, along with our current thinking, is as follows:

Seven Group Holdings (SVW.AU) emerged as the top performer for the fund in the first half, rising +50% in the 1H FY24. This surge followed the groups' very solid FY23 result and a material upward revision in November for their industrial segment guidance (driven by all three key divisions - WesTrac, Coates and Boral). Whilst we like the combination of business groups and strict management focus of Ryan Stokes and his team, we believe the recent upgrade cycle may have largely played out for SVW.AU. On the valuation front the headline multiple of c.15.0x FY25 PER still looks somewhat undemanding, but this is disguised but the higher-than-normal group debt levels post their BLD.AU acquisition (i.e. net debt is currently c.$5bn). On a Sum of the Parts (SOTP) basis, applying 8.0x EV/EBIT for Coates, 13.0x for WesTrac, and spot valuation for BLD we currently see SVW.AU stock as about 16% overvalued hence we have exited the funds position completely since the end of Dec 2023.

Ridley Corp (RIC.AU) +37.5% 1H FY24. Most of our investors know that we have held Ridley for sometime in the fund as we've seen it as a "steady grower at a reasonable price", in an uncorrelated sector to our other positions (animal nutrition solutions), with high class management and a strong balance sheet. While the company has been scouring the region for acquisition growth opportunities in the last two years, RIC.AU have been very disciplined on price which has come as a frustration to some investors in the market (not us!). Finally, in December, they announced the acquisition of Oceania Meat for A$53m (at 5.4x historic EV/EBITDA, well below their c.8.5-9.5x LTM multiple). Oceania is a provider of raw materials for global pet food customers and we see significant synergy potential with RIC.AU's existing businesses in time. We continue to see a solid growth trajectory ahead for RIC.AU and we have added to our position since the acquisition announcement.

Aussie Broadband (ABB.AU) traded up 31% off the back of a series of 'big wins' for the stock in the first half. This materialised much of the work we had done on the sector, with ABB.AU being our standout pick due to its strong balance sheet, growth outlook and position as the best 'challenger' brand to the big telcos. 1H FY24 wins included a guidance beating FY23 result, margin improvement across all divisions, market share expanding from 7.5% to >8.0%, and the successful acquisition of Symbio Holdings (SYM.AU) through interloping Superloop's (SLC.AU) bid for the listed enterprise telco. With ABB.AU's continued expansion into synergistic business/wholesale opportunities, we see a renewed growth outlook in the stock and remain positive on this founder-led management team as they continue to explore acquisition opportunities to bolster its already impressive organic growth.

Cosol Ltd (COS.AU) performed well for the half, rising 29% off the back of a clean FY23 result and recent bolt-on acquisition. After initiating our position in COS.AU in the lead up to their FY23 result, COS.AU posted a positive full year result, growing 18% organically (ahead of their 10-15% growth target) whilst completing the acquisition of AssetOn Group, a small asset management software and services provider to diversified mining/energy companies in Australia. With Cosol fulfilling both its organic and inorganic growth ambitions for FY23, we have faith in the management team to continue identifying and pursuing acquisition opportunities that complement its core service offering and expand its client base. Looking ahead, this highly experienced and aligned management team & board (who own ~50% of shares outstanding) remains at the top of our list given the sticky business model and clear growth avenues to deliver >20% earnings CAGR over the next 3 years (whilst trading on an undemanding ~16x pro-forma PER and 11x EBITDA, despite their recent run). We look forward to providing you with further updates on Cosol in the second half.

James Hardie (JHX.AU) was added back into the fund in early November 2024 as we gained confidence that interest rates had peaked in the US, and we searched for quality, rate sensitive exposure for the portfolio. The stock at the time was trading well below it's 5-year average PER mulitple (c.17.0x versus 5 year average 19.2x), with a very strong balance sheet, who's share price was depressed due to the cycle. Subsequently JHX.AU delivered a stunning 3Q24 result achieving above 30% EBIT margins in their core North American market at the bottom of the cycle volumes (find me another one of these please!). This is a classic case of a company that has a very clear competitive advantage in their core product range which allows them to flex their prices when required. With many years of growth ahead, we continue to like JHX.AU.

Charter Hall REIT (CHC.AU) +12.1% 1H FY24. CHC.AU is a stock that we know well, having acquired it as a "wish list" stock in the 2020 COVID sell-off (when the stock dropped c.50% to c.$7.00), and subsequently selling our position after they acquired 50% of equities fund manager Paradice Investment Management for $203m in December 2021 (stock price c.$20.00). Similar to JHX.AU, we added CHC.AU back to the portfolio in early November with the stock languishing in the low $9.00's range, below our "scorched earth" valuation ($9.40, which assumes no performance or transaction fees into perpetuity). While we see near term headwinds from still derating commercial property valuations, we think the market is implying a reasonably cheap 12.0x EBIT for their core funds management business hence we continue to hold CHC.AU and see it as a key upside candidate on the ASX should rates stay "lower for longer".

Current Positioning:

The second paragraph of this report highlights why trying to forecast macro events can be fraught with danger (very few market or macro forecasters picked the big events or movers in 2023). This is the nature of markets – if it is obvious it becomes consensus, and the alpha generating opportunity dissipates. While we have been bullish in recent times at IPFM with clear evidence that interest rates have peaked this cycle (refer prior reports), we are acutely aware that the market is often its worst enemy, factoring in too much, too soon. Near term it would not surprise us to see US (and Aussie) 10-year rates add 10-15% which the market seems to be positioning for by selling off in early January 2024. Nonetheless, the biggest driver will likely continue to be the fact that rates are no longer rising, hence risk appetite may continue to rise in the next 1-2 quarters. With this in mind, we have dialled our net exposure back to sub 70% but we are very much looking to deploy capital where we see opportunities near term.

As we look ahead into another calendar year, I thought it was worth highlighting how much our fund differs from the typical "index" that many investors and fund managers follow (or track) religiously. Our normal "Top 5" holdings disclosure generally shows you where 25%-35% of our fund is invested, whereas below we provide a table of our 10 biggest "active" or "overweight" positions relative to the S&P ASX300 index. As you will see most of these stocks have almost zero weighting in the index and if they are in the index our position size is many times larger than their index weighting. Investing this way means that our returns will, at times, differ greatly from the index. In investment circles this is referred to as having a high "Active Share". Despite having a high active share, we believe our mix of large and small cap stocks, when combined with our short portfolio, provide a safer and lower risk portfolio structure than that seen in typical long only funds, whilst also providing you with exposure to some very exciting small and mid-cap names. As you can see below, Indian Pacific's highest "active positions" are a very interesting group of mainly industrial companies and many of them are well off the radar of many larger, less nimble, managers in Australia. We believe they all have great medium to long term prospects, and we look forward to them delivering strong returns for us in the future.

Indian Pacific Funds Top 10 "Active positions"

Company	IPFM Weight (%)	ASX300 Weight (%)	% "overweight"
RESMED INC-CDI	6.8%	0.4%	6.4%
COSOL LTD	4.8%	0.0%	4.8%
AUSSIE BROADBAND LTD	4.5%	0.0%	4.5%
ARISTOCRAT LEISURE LTD	5.5%	1.1%	4.4%
LYNAS RARE EARTHS LTD	4.5%	0.3%	4.2%
RIDLEY CORP LTD	4.1%	0.0%	4.1%
PSC INSURANCE GROUP LTD	3.8%	0.0%	3.8%
INSURANCE AUSTRALIA GROUP	4.2%	0.6%	3.6%
ABACUS STORAGE KING	3.5%	0.0%	3.5%
LIFESTYLE COMMUNITIES LTD	3.2%	0.0%	3.2%

We look forward to working hard for you again in 2024, and appreciate your ongoing support.

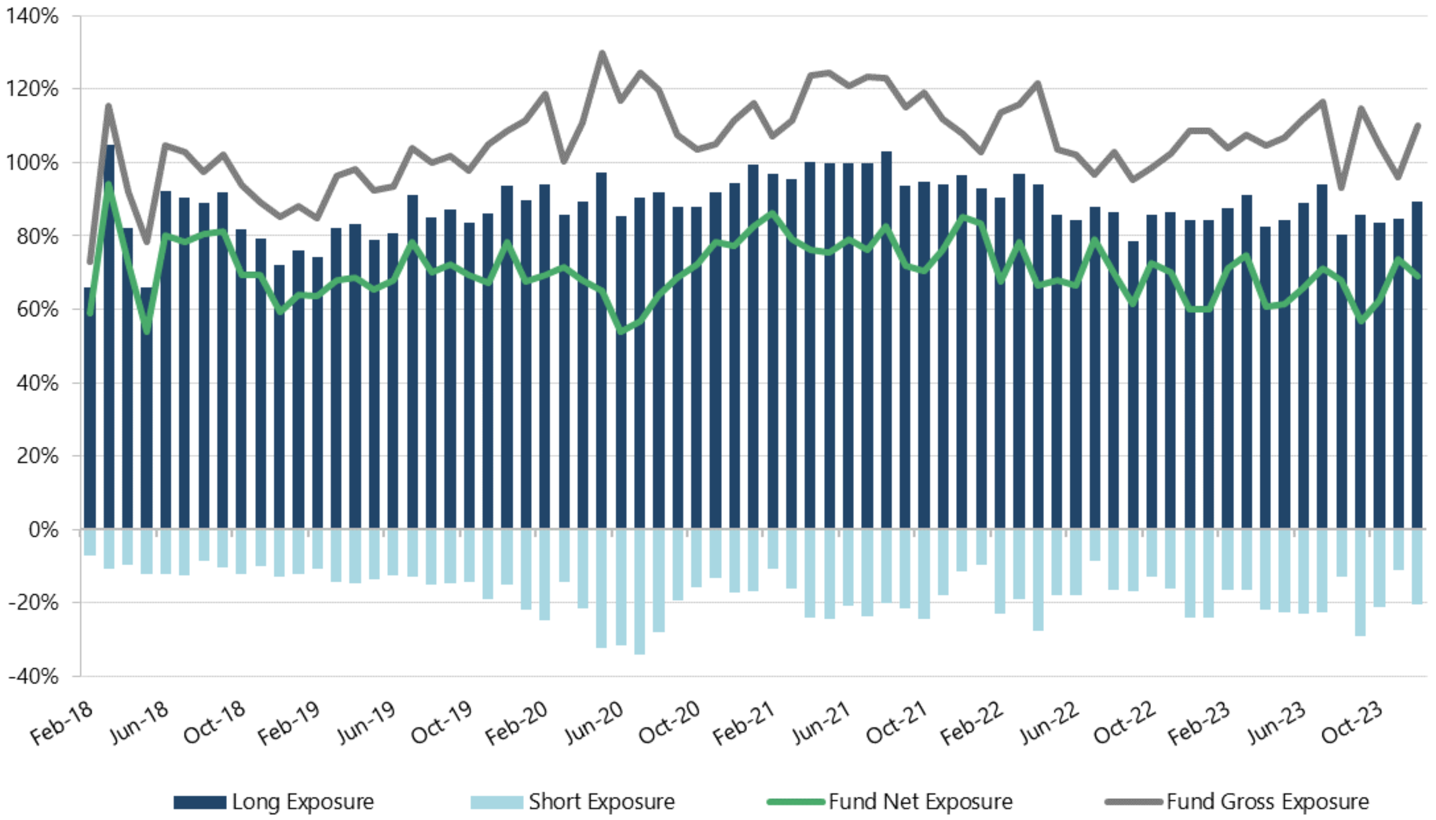
Regards,

PHamersley

Preston Hamersley

Portfolio Manager

IPFM Historical Market Exposure



About the Fund

The Indian Pacific Fund is an Australian Equity long/short fund founded in February 2018. The fund has an absolute return focus (with long bias), has no cash limit, and can invest in both large and small cap companies. The investment process is a fundamental bottom-up investment process with a focus on balance sheet risks and identifying companies with strong cash flows, in good industries, with strong management teams. The fund was founded with the view that whilst markets rise in the long term it is always prudent to maintain the flexibility to hold more cash when markets are overly optimistic, and selectively short stocks if opportunities arise.

Holdings	Typically 15-25 long, selective short positions	**Investor Eligibility**	Wholesale Clients
Management Fee	1.0% of the NAV of the Fund, plus GST	**Prime Broker**	Morgan Stanley
Performance Fee	20% of Outperformance over RBA Cash, high water mark	**Fund Administrator**	Apex Fund Services Ltd
Contact Us	E: admin@indianpacificfm.com.au		W: indianpacificfm.com.au

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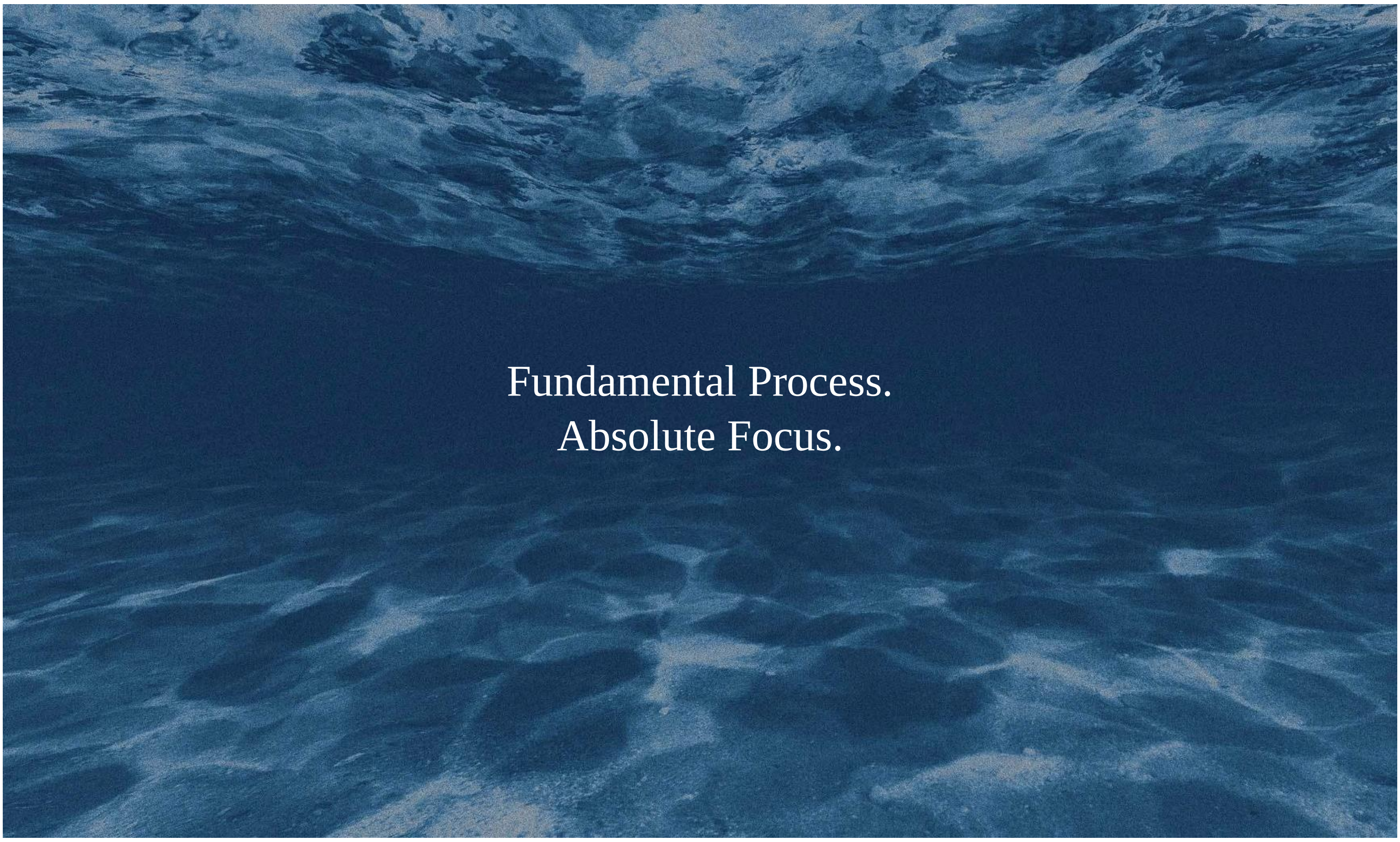
Fundamental Process.
Absolute Focus.