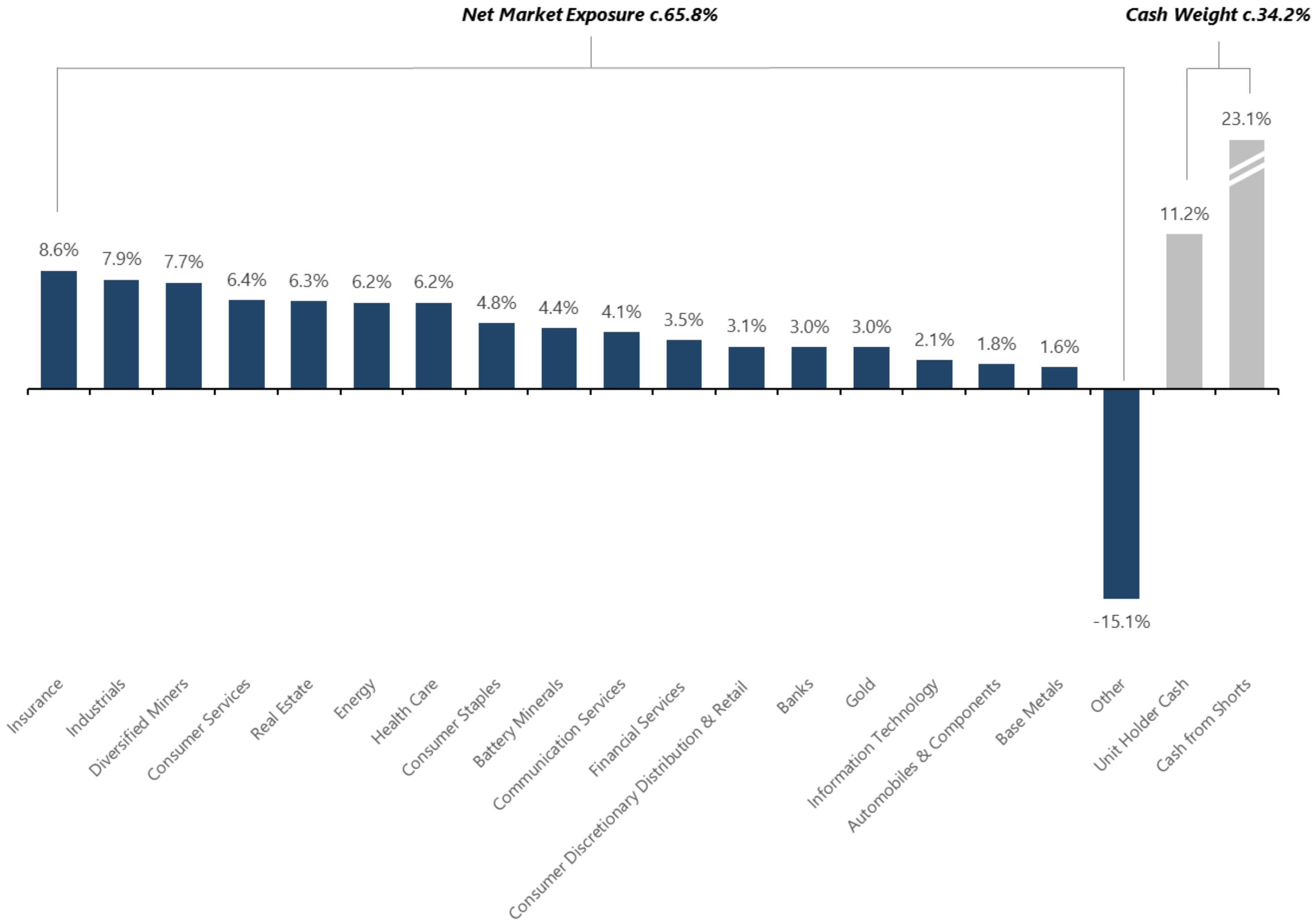
Monthly Performance Report
June 2023

Net Returns	
1 Month	3.5%
3 Months	1.9%
6 Months	7.5%
1 Year	18.0%
Financial Yr to date	18.0%
Inception (Feb 2018)	**62.6%**

Top 5 Holdings	Weight
Seven Group Holdings	5.6%
Santos Ltd	5.3%
PSC Insurance Group	4.9%
Aristocrat Leisure Ltd	4.7%
Abacus Property Group REIT	4.6%
Top 5 Holdings as % of AUM	**25.1%**

Net Exposure	
Long Exposure	88.8%
Short Exposure	-23.1%
Gross Exposure	111.9%
Net Exposure	65.8%

Portfolio Positioning



Month in Review

The fund returned +3.5% (net) in June taking our FYTD performance to a pleasing+18.0% (ASX All Ords +9.7%). June was a solid month in equity markets (ASX All Ords +1.9%), however strong gains made early on into the month were partially reversed by a surprise hike from the RBA off the back of stickier inflation (+6.3% to June) and strong economic data in jobs and trade. Hawkish commentary from the RBA saw the Aussie 10-year bond yield increase by 42bps to 4.0% in June as the market factored in rates being higher for longer. **Our net exposure** (our long portfolio minus our short portfolio) **ended the month at 65.8%, having averaged 68.4% in FY23.**

Our performance this year was primarily driven by mid and small-cap long positions, but pleasingly our short also delivered positive returns, as it has done in both rising and falling markets since inception. Best performers on the long side, in order of their contribution to the fund, were **Tourism Holdings, Seven Group Holdings, PWR Holdings, Medibank Private, Aristocrat Leisure**, and **Capricorn Metals**. A brief explanation of what played out for each name in FY23, along with our current thinking, is as follows:

Tourism Holdings (THL.AU) was the funds' best performer in FY23 rising 67%. The company had a number of earnings upgrades throughout the year as international travel returned to normal and yields (rental rates) expanded significantly. They also successfully took over their main competitor, Apollo Tourism (formerly ATL.AU), and in the process dual listed on the ASX (from the NZX previously). THL's first class management team has wasted no time in realising their stated synergies worth a steady state $23-24m p.a. (roughly equal to their pre-merger EBIT), and momentum in the business remains solid (the company recently reiterated FY23 guidance of >A$48m NPAT). We still see strong valuation support (our valuation is $4.35 based on a blend of DCF, 12.0x F24 PER, and 12.0x ex-synergy EPS) which still sees around 21% upside; however, we have reduced our position recently as we expect yields to moderate and aftermarket sales to get tougher if the economic conditions deteriorate.

PWR Holdings (PWH.AU) after discussing our (then held) PWH.AU position at length in our June 2022 monthly report, the stock went on and made a solid contribution to the fund in the first half of the financial year bouncing c.+70% prior to our exit above $10.00 on valuation grounds. While the stock maintains many of the key attributes we look for in our longs (founder-led, strong management team, strong balance sheet with net cash, very healthy margins with huge growth potential), we are being patient on our "re-entry" level as we see near term earnings risks (due to cost pressure) and we believe the valuation is still full (~31x FY24 PER). A negative catalyst is likely approaching at their 1H23 result in February hence watch this space.

Capricorn Metals (CMM.AU) performed well over FY23 trading +29% with a backdrop of rising gold prices (+9%), consistent production results and a pleasing PFS for Mt Gibson. During the year CMM.AU achieved record quarterly cash flow of A$46.9m in the most recent quarter (Q2: A$39.0m) and strong production levels in the prior quarters (91koz FYTD at an AISC of A$1,176/oz) which mean they should comfortably achieve guidance. They also released a PFS for their Mt Gibson project which they acquired for ~A$40m and the market now values at around ~A$600m, demonstrating the value creation that founder-managers can deliver despite competitive markets. We met again with the company recently to address some minor concerns we had regarding cost pressures but came away comfortable the company can maintain its low position on the cost curve versus peers (A$1,210/oz AISC guidance). Having exited the stock above $5.00 during the year we re-entered sub $4.00 and are happy to chip away in the low $4's where it is currently trading.

Seven Group Holdings (SVW.AU) was up 48% in FY23 as they unexpectedly upgraded guidance in November 2022, raised again at their 1H result in February, and reiterated that guidance at their investor day again in May. All in all, Coates is proving to be a far more resilient business than the market has given them credit for in the past (+19% EBIT growth in 2023), WesTrac just keeps on delivering (with another +17% EBIT growth in 2023) and Vic Bansal has Boral finally starting to deliver reasonable numbers (+83% EBIT growth in 2023!). While SVW isn't the "sexiest" industrial in town, we find comfort in the laser focus that Ryan Stokes and Richard Richards (CFO) have on their business, and the way they are positioning SVW to be a key beneficiary from ongoing mining and infrastructure activity in an inflationary environment. For these reasons we continue to build our position in the stock and see SVW.AU as a genuine re-rate candidate.

Aristocrat Leisure (ALL.AU) was up 27% in FY23 as they continued to leverage their world leading gaming content across their land based and digital platforms, whilst building out their Real Money Gaming business which we expect to be the key growth business for ALL.AU in the next decade. Management should be commended on their patience in deploying their balance sheet capacity, and in May 2023 as the market came their way with the steam coming out of the RMG market in the US, they announced the opportunistic (and sizeable) $1.8bn acquisition of NeoGames S.A, funded exclusively with cash (after the NeoGames share price fell more than 80% from its highs). Looking forward we think the risk/reward remains very attractive in this stock hence remain happy holders.

Medibank Private (MPL.AU) was a great trade for the fund in 2023 as we captured a c.25% bounce in the company's share price from November to April as the stock recovered post their well-publicised customer data hack (for the year MPL was up just 10.8%). We have now exited the position as it reached our target price (refer prior monthly reports for detail), and in actual fact we see some downside risks in the stock near term (refer - weaker commentary from management regarding near term policy holder growth, recent additional capital constraints being applied by ASIC, plus further policyholder cash handouts and industry price rise delays).

Current Positioning:

As we look ahead into another financial 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 and this can lead to volatility in returns when compared to the index. In investment circles this is referred to 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"
SEVEN GROUP HOLDINGS LTD	5.6%	0.2%	5.4%
PSC INSURANCE GROUP LTD	4.9%	0.0%	4.9%
ABACUS PROPERTY GROUP	4.5%	0.1%	4.5%
SANTOS LTD	5.3%	1.1%	4.2%
AUSSIE BROADBAND LTD	3.5%	0.0%	3.5%
ARISTOCRAT LEISURE LTD	4.7%	1.2%	3.5%
RIDLEY CORP LTD	3.2%	0.0%	3.2%
HEALIUS LTD	3.2%	0.1%	3.1%
LIFESTYLE COMMUNITIES LTD	3.1%	0.1%	3.1%
INSURANCE AUSTRALIA GROUP	3.6%	0.6%	3.0%

Outlook for the year ahead:

Financial year 2023 will long be remembered as the year that the inflation genie came out of the bottle, and the era of free-money with a cherry on top (COVID stimulus) came to an end. It's hard to believe that only five quarters ago, in March 2022, the RBA still thought they needed to cut their cash target rate from 0.25% to 0.10%, having cut rates non-stop since 2011 (when the cash rate was 4.75%). The rest as we know is history, and we all sit here today a little squirmish after experiencing the most aggressive tightening cycle in history (back up to an RBA cash rate of 4.10% with a forecast 40bp more to come by year end).

As we started the new calendar year I noted (in our December newsletter) that while the market at the time faced many challenges in 2023, the silver lining was that the delta in the US 10-year rate move had largely played out (jumping from 1.5% to a peak of 4.25% in October 2023, versus 3.9% today), and that inflation had also likely peaked. I also noted that the bulk of upside surprise in short term rates had largely played out (noting though that 4.9% forecast Fed Funds rate by mid-2023 "might be a touch light") and that if that was the case, we needed to remember that "equity markets tend to bottom around 6-8 months prior to the peak in an interest rate cycle". This, along with an explosion in all things AI, largely explains the mind-set of the market from January to May this year.

Market dialogue in the last 1-2 months has quickly shifted from "inflation has peaked" optimism, to a "yes but it's more persistent than we thought" realisation, which is met with "higher for longer (rates)" concerns. We are also in the very unusual situation where the tech heavy S&P500, and NASDAQ are rallying very hard in the face of lifting rates due to the rapid emergence of AI. Observing the now lofty valuations amongst the heavyweight tech titans that drive these indices, we struggle to see how much more euphoria can be priced into these stocks given that almost all of the rally has been driven by PE expansion, rather than by earnings growth (the S&P500 is +18% since Oct 2022, but real EPS revisions have been -4%). The broader market, however, has not really participated in the rally, and markets like the ASX have well and truly lagged (and are more attractive on the valuation front). This is where we hunt.

As we all know timing the market is difficult, and while we do dial up our short positions in times of over-optimism, and visa-versa at times when the market is overly pessimistic, we will likely always hold a core of quality companies through the cycle at IPFM. While there will be many bumps in the road this year there is still reason to be optimistic and no matter how high inflation remains or how high interest rates go there will still be good companies out there growing revenue faster than their costs, run by good management teams, in industries we like and understand, at valuations we consider attractive. For these reasons we feel we have a portfolio capable of weathering whatever storm the market wants to throw at us in the year ahead. We believe the next phase of the market plays well into our style of investing and with that being the task at hand, we look forward to working hard on your behalf in financial year FY2024.

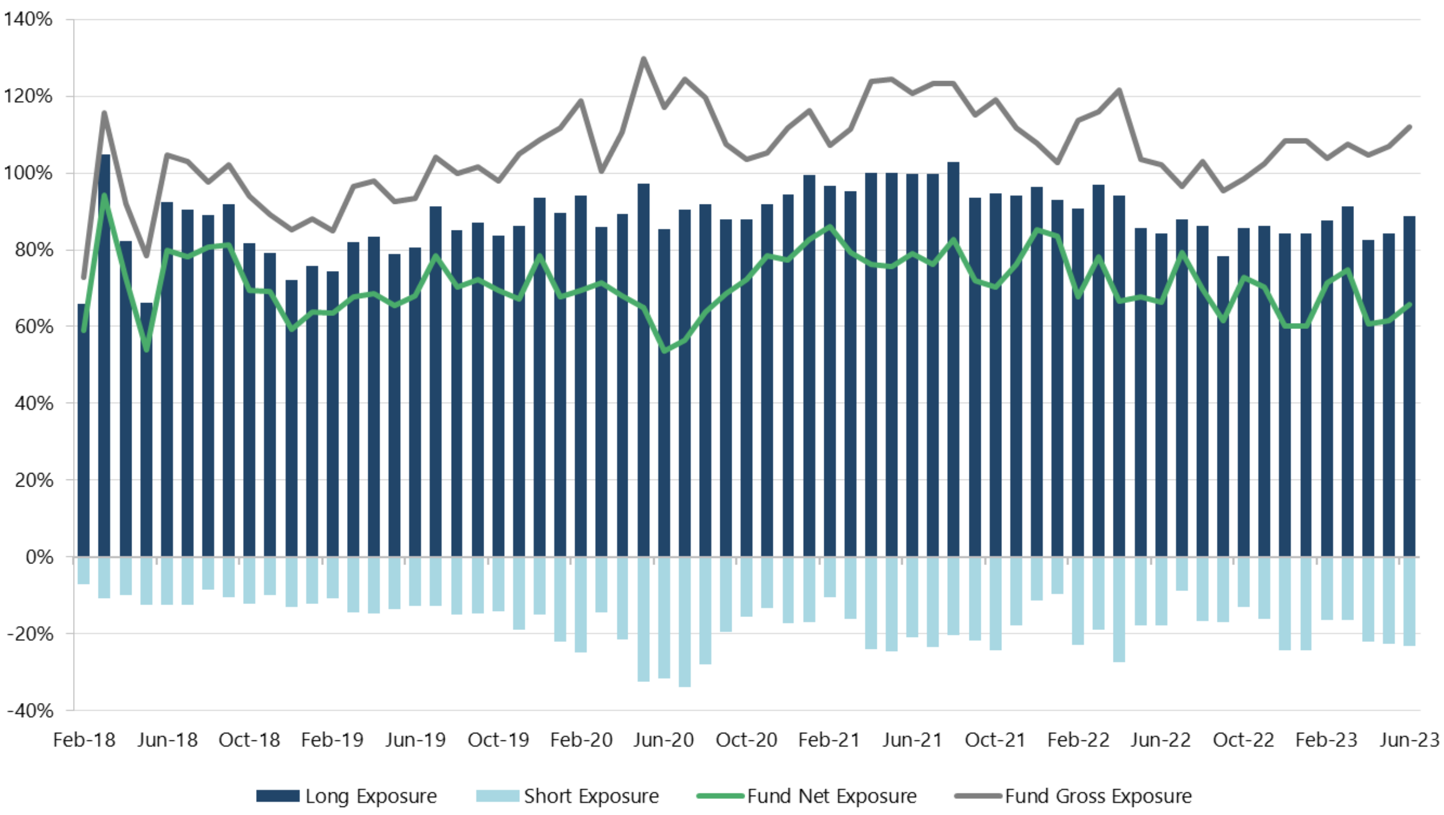
Regards,

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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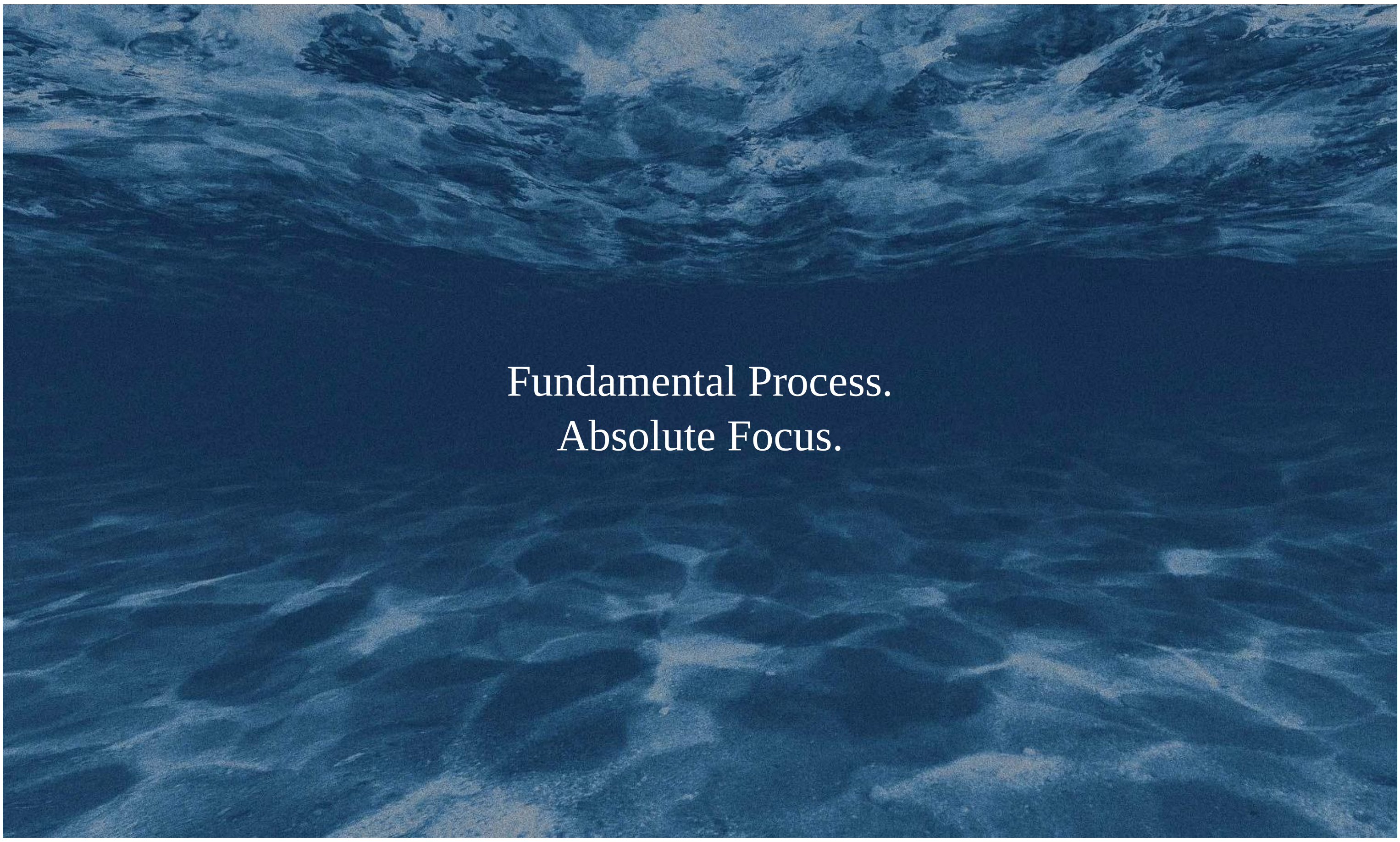
Fundamental Process.
Absolute Focus.