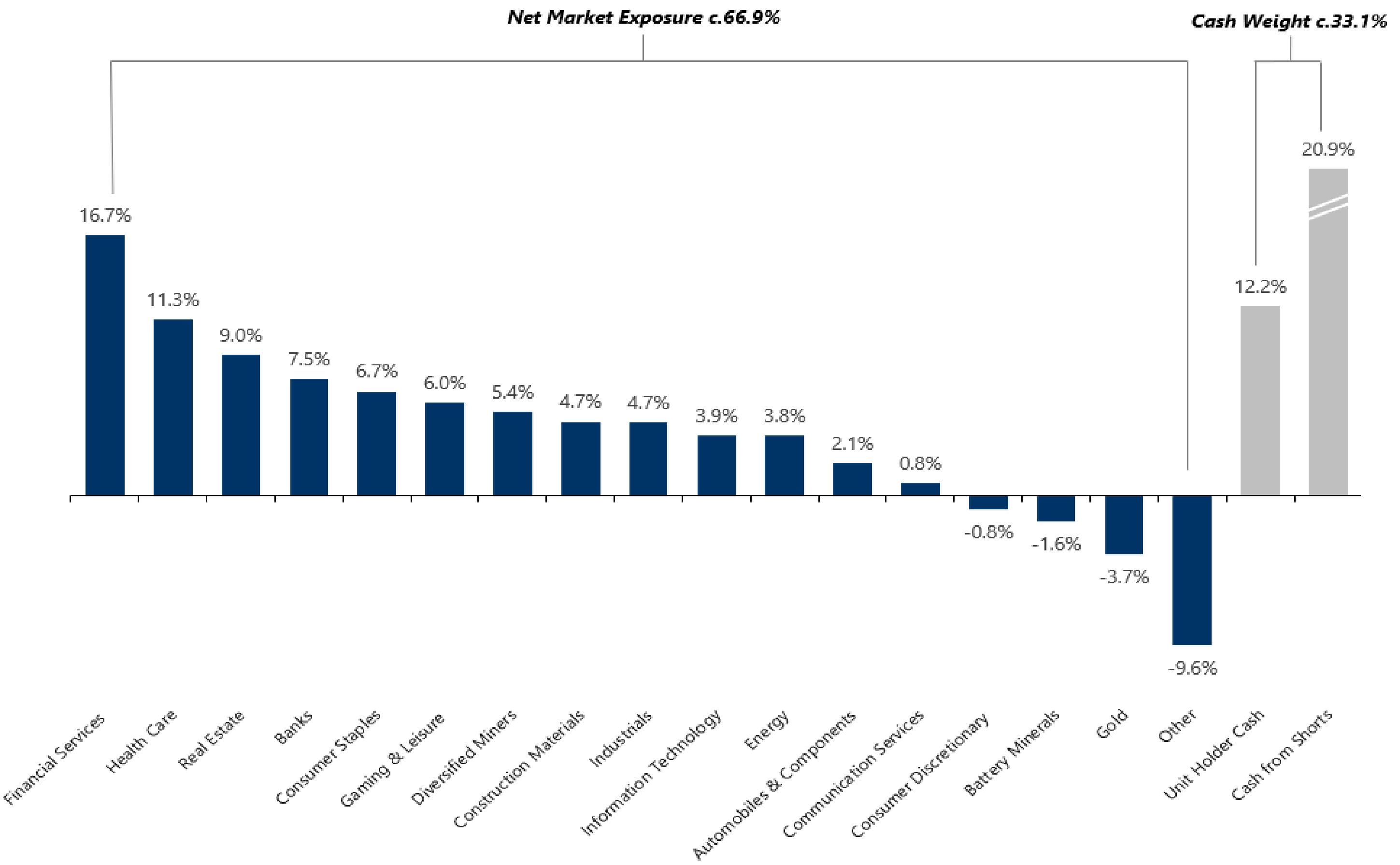
Monthly Performance Report
March 2025

Net Returns	
1 Month	-4.7%
3 Months	-4.3%
6 Months	-2.7%
FYTD	2.2%
5 Year (pa)	14.3%
Inception (Feb 2018)	**81.7%**

Top 5 Holdings	Weight
Insignia Financial	8.2%
GPT Group	7.4%
ResMed Inc	7.2%
SGH Ltd	4.7%
Block Inc	4.6%
Top 5 Holdings as % of AUM	**32.1%**

Net Exposure	
Long Exposure	87.8%
Short Exposure	-20.9%
Gross Exposure	108.8%
Net Exposure	**66.9%**

Portfolio Positioning



Month in Review

The fund had a soft month in March returning -4.7% (net) as Trump tariff policy uncertainty continued to disrupt global markets. The All-Ords Accumulation index was down 3.6% in March and S&P500 -5.75%, meaning that we underperformed the Aussie market in a down month which has been a rare occurrence for the fund. Looking back at the numbers, since we started the fund 86 months ago there have been 30 months in which the All-Ordinaries Accumulation Index has posted a negative month and including March 2025, IPFM has only underperformed the market in 4 of these down months (ie. we have outperformed 87% of the time). The funds median downside capture (percentage of the down move the fund has captured) since inception is 49.3%, which is a number we are proud of and this is an attribute we continue to expect the fund to exhibit through the cycle. **Our net exposure at the end of March was 66.9% as we continue to "tread with caution" given short term uncertainties.**

While we entered March with under 70% net exposure and no high multiple (expensive) or speculative positions (except on the short side), our monthly return can largely be attributed to our US exposure with five of our US exposed positions (**James Hardie, Block, Light and Wonder, ResMed, and American Express**) detracting a combined -3.0% from performance. Of these, **James Hardie Industries** (JHX.AU, -24%), is the only one that had notable news flow which we discuss below. We need to acknowledge that US growth expectations are being wound back and risks of a recession in their economy are increasing. GS, who's economists we hold in high regard, recently increased their recession probability risk to 35% while some analysts are edging closer to 50%. In this context we are monitoring the data and very much managing our risks. The fund currently has ~15% of our assets deployed across Payments **(XYZ.AU, AXP.US)**, and Building Materials **(JHX.AU)** where, despite great long term structural growth in the companies we own, we see likely cyclical earnings risk in the event of a US recession. We also have exposure to US Healthcare (**RMD.AU, CSL.AU**) and Gaming **(ALL.AU, LNW.AU)** however we consider these names as far more defensive.

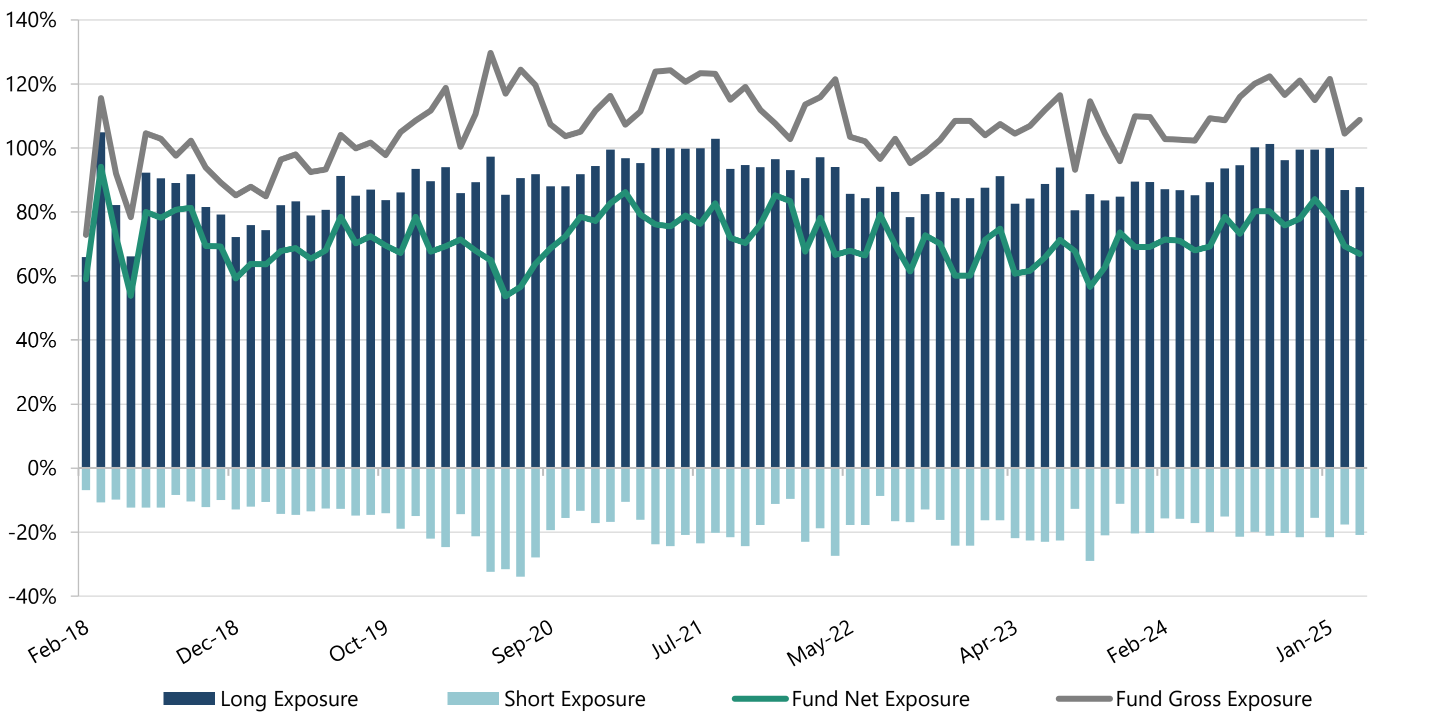
On **James Hardie** specifically, one of the great frustrations in investing is being caught out by poor management decisions which negatively impact the risk profile of a company you own. This was the case for us in **JHX.AU** in March as they appear to have thrown the kitchen sink at the acquisition of US decking company **AZEK Ltd** for AU$14bn. Having sold out of JHX.AU in 2024 towards $60, our fund had been rebuilding its position recently in the this truly great 144-year-old Australian company that dominates the fibre cement siding market where their superior (patented) product allows them to grow faster, charge more, and earn better margins and returns than their competition. We believe that the growth journey for JHX.AU (standalone) has many years to run and the company themselves emphasised this twice this year when they outlined their long-term aspirations to "triple North American EBITDA by fiscal 2030 by delivering double digit per annum sales growth and 35% EBIT margins". We, and the market, were therefore shocked by the sheer size and premium at which they bid for **AZEK.US** in March in a deal which will completely transform their balance sheet short term from under geared to risky. While we are normally reserved regarding our public comments (except to unitholders), we thought it was reasonable to comment on the deal publicly given JHX.AU have structured this in a way that will not allow shareholders to vote on it. In the *Australian Financial Review* on the 1st of April we were quoted as follows.,

> *"They're paying almost 30x EBIT pre-synergies for AZEK which is almost double their own multiple at the time of the bid so the deal will be massively dilutive to shareholder returns and it will result in gearing moving from very low levels to the top of what we consider an acceptable range, at a challenging point in the cycle. To us the risks outweigh the rewards and we hope it's not too late for the deal to be called off."*

As far as our position in the stock goes, it has reduced naturally as the share price has dropped and despite our concerns, given the large derating, we are not inclined to "throw the baby out with the bathwater". There is still a small, albeit unlikely, chance that the deal doesn't proceed, in which case there is likely +15% immediate upside. We will discuss our views on the stock more in the coming months.

Finally, on a positive note, our Banks short positions played out well for the fund in March and we have mostly closed out our short positions in the sector and as you will see in the portfolio positioning chart above, initiated a long position in the sector.

IPFM Historical Market Exposure



About the Fund

The Indian Pacific Fund is predominantly 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: peter@ipfm.au	W: ipfm.au	

If you would like to apply for additional units in the Indian Pacific Fund, please click here

Now available to wholesale investors on the HUB24 and Netwealth platforms (TIM9908AU):

HUB24 netwealth

Disclaimer

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