

# VICTOR SMORGON PARTNERS GLOBAL MULTI-STRATEGY FUND

## INVESTOR UPDATE - April 2024



### Historical returns of the Victor Smorgon Group Portfolio & net returns of the Fund\*

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
FY2019							-0.1%	1.3%	-1.7%	1.6%	2.0%	22.2%	<b>26.0%</b>
FY2020	-0.8%	10.3%	9.1%	-1.1%	3.8%	-0.3%	-2.0%	-7.3%	-9.0%	12.6%	9.5%	0.3%	<b>24.9%</b>
FY2021	10.2%	5.9%	-0.7%	11.4%	4.8%	10.3%	3.3%	10.9%	9.4%	7.4%	3.6%	-2.8%	<b>102.3%</b>
FY2022	3.9%	11.0%	-0.7%	13.9%	1.9%	3.9%	-7.0%	7.6%	11.5%	1.4%	0.0%	-5.4%	<b>47.5%</b>
FY2023	1.5%	0.9%	-4.2%	-1.0%	3.2%	1.2%	4.0%	-5.6%	3.2%	3.5%	-4.0%	4.8%	<b>7.0%</b>
FY2024	2.1%	5.7%	0.1%	2.2%	0.9%	0.6%	0.6%	0.6%	5.2%	2.8%*			<b>22.6%*</b>

\*Note - the figures in the shaded cells represent the historical returns of the Victor Smorgon Group portfolio before the inception of the Fund in May 2022. Subsequent figures without shading represent the Fund's historical performance figures.

### Fund Overview

The Victor Smorgon Partners Global Multi-Strategy Fund (the Fund) is the Victor Smorgon Group's liquid market strategy, investing in long-term themes and best ideas.

Founded in 1995, the Victor Smorgon Group (the Group) is a privately owned family office based in Melbourne, Australia. The Group has operated various industries, including agriculture, commodities, consumer goods, property, and global equities.

The Group's portfolio was seeded internally in 2019, and the Fund was established in May 2022 to provide access to investors to invest alongside the Group.

The Fund leverages the Group's unique insights, access, and experience as the cornerstone of its investment strategy.

### Fund Update

The Victor Smorgon Partners Global Multi-Strategy Fund (the Fund) returned an estimated 2.8% net in April.

FY24 to date, the Fund has returned an estimated 22.6% net.

The Fund's economic base case assumes inflation will remain higher for longer due to increased labour, materials, and energy costs. We believe that companies currently generating cash flow underpinned by real asset ownership will continue to outperform companies with longer dated cash flows.

The Fund's ongoing focus on real assets and free cash flow fundamentals has allowed us to consistently outperform during periods of heightened volatility and economic uncertainty.

During April, the Fund took some profit in the Automation and Decarbonisation sub-portfolios as portfolio companies reached the top-end of internal valuation levels, subsequently rolling proceeds into companies with greater expected returns.

Additionally, the Fund slightly reduced its position in Australian gold producer Red 5 Limited (ASX.RED), following a period of strong share price performance.

The Fund is supportive of the Scheme Booklet that was recently released to the market, outlining the proposed merger between Red 5 Limited and Silverlake Resources Limited (ASX.SLR).

The Fund maintains high conviction in Red 5, however, we are seeing other opportunities within the gold sector with certain companies trading at the low-end of historical multiple levels despite operating margin expansion and increased cash flow generation as a result of the appreciation in the underlying gold price.

In particular, the Fund continues to build positions in North American gold producers and royalty companies who we believe have lagged their Australian counterparts.

For example, despite the gold price trading at all-time highs of over US\$2,300/oz, North American gold equities are trading at an implied gold price of ~US\$1,750/oz in comparison to an implied gold price of ~US\$2,000/oz for Australian gold equities.

Global central banks continue to purchase gold at record rates, driven by China, India, and Russia, underpinning the recent appreciation in the price of gold. This view was confirmed by the team's recent trip to India where the view on the ground pointed to continued demand for gold as a store of value from both retail buyers and institutions.

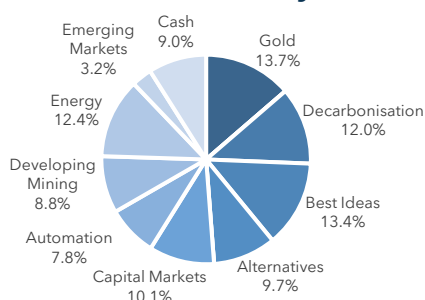
### Performance\*

Period	Fund
April 2024	2.8%
Financial Year 2024	22.6%
Annualised (since inception)	40.6%
3-Year Annualised	27.9%

### FYTD Thematic Attribution

Strategy	Attribution
Gold	3.5%
Decarbonisation	3.8%
Best Ideas	10.5%
Alternatives	0.7%
Capital Markets	1.1%
Automation	1.6%
Developing Mining	0.4%
Energy	2.1%
Emerging Markets	0.2%

### Portfolio Allocation by Theme



# VICTOR SMORGON PARTNERS GLOBAL MULTI-STRATEGY FUND

## INVESTOR UPDATE - April 2024



### Decarbonisation

The Decarbonisation sub-portfolio has attributed 3.8% to Fund performance on a FYTD basis.

In April, the copper price rose ~14.0% to finish the month above US\$4.50/lb, which is the largest monthly increase since February 2021.

As mentioned in last month's investor update, recent copper price action has been driven by a structural supply deficit amidst increasing demand due to secular trends in electrification and digitisation.

During April, Metals Acquisition Limited (ASX.MAC) issued an updated resource and reserve statement and three-year production guidance for its CSA Copper Mine in Cobar, New South Wales.

Highlights from this announcement included a 67.0% increase in mine life to 11 years, a 64.0% increase in contained copper with an average grade of 3.3%, and a 25.0% increase in three-year copper production guidance.

We see this announcement as a major catalyst for the company, demonstrating the longevity of the CSA asset and providing management with the resource base on which to build long-term growth.

### Automation

The Automation sub-portfolio has attributed 1.6% to Fund performance on a FYTD basis.

At the end of April, key portfolio position Hitachi Ltd (TYO.6501) announced its Q4 FY23 and full year results, with significant year-on-year revenue and earnings growth across its three primary businesses. Management also announced record free cashflow and improved return on invested capital (ROIC).

In addition, the company announced an increased annual dividend of ¥180/share (+24.0% from FY22) as well as plans to buy back up to 2.3% of its shares for ¥200 million.

### Emerging Markets

The Emerging Markets sub-portfolio has attributed 0.2% to Fund performance on a FYTD basis.

### Fund Terms

Investment Vehicle	Australian Unit Trust
Investment Manager	Victor Smorgon Partners
Trustee	Gannet Capital Pty Ltd (AFSL No. 340799)
Administrator	Unity Fund Services Pty Limited
Applications	Monthly
Investor Eligibility	Wholesale Investors

Minimum Investment	\$250,000
Management Fee	1% p.a. of NAV
Performance Fee	20%
Hurdle	8% p.a.
High Water Mark	Yes
Buy/Sell Spread	30 basis points
Investment Platforms	Netwealth, PowerWrap, Mason Stevens, HUB24

Members of the GMF Investment Team are currently visiting India and Singapore with the objective of furthering our understanding of the sectors and companies which provide the most compelling opportunities for investment in these regions.

A key focus of the trip is to gain a better understanding of the regulatory framework that governs capital markets in India and South-East Asia, as well as the corporate governance standards of companies in these regions.

Highlights and takeaways from this trip will be provided in next month's investor update.

### Gold

The Gold sub-portfolio has attributed 3.5% to Fund performance on a FYTD basis.

On April 26, Silver Lake Resources (ASX.SLR) announced that it had registered its scheme booklet with the Australian Securities and Investments Commission (ASIC), detailing its proposed merger with Red 5 Limited (ASX.RED).

In this scheme booklet, an independent expert's report concluded that the merger is fair and in the best interests of shareholders, therefore recommending that shareholders vote in favour of the merger.

A scheme meeting has been scheduled for May 31 to decide on the matter. Should shareholders vote in favour of the merger at the scheme meeting, then the transaction is scheduled to be completed by mid to late June this year.

Upon completion, the merged entity will form to become the ASX's fourth largest gold producer with expected annual production of ~445koz, and reserves and resources of 4.0moz and 12.4moz, respectively, across four operations in Western Australia and Ontario, Canada.

We look forward to keeping you updated.

**Peter Edwards**

*Executive Chair*

*Co-CIO*

**Joseph Sitch**

*Co-CIO*

This Investor Update is prepared and issued by the Manager, Victor Smorgon Partners Pty Ltd (ACN 630 512 739), an authorised representative of Gannet Capital Pty Ltd (ACN 139 264 690) AFSL 340799 (AR no. 1273787) and Gannet Capital Pty Ltd (ACN 139 264 690) in its capacity as trustee of the Victor Smorgon Partners Global Multi Strategy Fund ('the Fund'). This report is distributed for use only by wholesale clients. The report (including any attachments or links to other websites) is confidential and intended solely for the named addressee. Any use, disclosure, reproduction, distribution, or copying of the information in this Investor Update is unauthorized and strictly prohibited. The information contained in this Investor Update is general only and does not consider any particular person's objectives, financial situation, or needs and is not to be taken as containing any investment advice or recommendation. Before making an investment decision to acquire shares or to continue to hold shares in the Fund, you should consider, with or without the assistance of a financial or other professional adviser, whether an investment is appropriate in light of those matters. You should also obtain a copy of the Information Memorandum and consider the risks and disclosures of the Fund for your circumstances. Subject to law, neither the Fund nor the directors, officers or employees of the Manager or Trustee, nor its associates, or any party named in the Information Memorandum guarantees the repayment of capital or the performance of the Fund or gives any representation or warranty as to the reliability or accuracy of the information in this report, nor do they accept any responsibility for any loss to any person incurred as a result of reliance on the information in this report, including any negligent errors or omissions. Past performance is not a reliable indicator of future performance. For example, one-time asset allocation and gearing levels may not be reliable indicators of future asset allocation and gearing levels. Please refer to the Information Memorandum for a list of the investors eligible to invest in the Fund. All figures and graphs included in this presentation are based on the Victor Smorgon Group portfolio's performance figures from January 1, 2019 to April 30, 2022 (pre-inception of the Victor Smorgon Partners Global Multi-Strategy Fund), and the Victor Smorgon Partners Global Multi-Strategy Fund's performance figures from May 1, 2022 to April 30, 2024. Performance figures from January 1, 2019 to April 30, 2022 have undergone Agreed Upon Procedures by Ernst & Young. Performance figures from May 1, 2022 to March 31, 2024 have been calculated by Unity Fund Services, an affiliate of One Investment Group, who provide portfolio reconciliation and valuation, as well as NAV calculation.