

Global Multi-Strategy Fund (GMF)

Fund Update - 30 November 2024

Fund Performance (Net) %*

1 Month	3 Months	FY25 YTD	3 Years (p.a.)	Since inception (p.a.)
0.7%	5.1%	4.2%	14.9%	36.4%

Fund Overview

The Victor Smorgon Partners Global Multi Strategy Fund (The Fund) is a high conviction, global equity strategy that invests in long-term themes and best ideas. The Fund applies a contrarian and absolute returns focus, which enables the team to concentrate on the portfolio without continual concern for how the market is positioned.

The portfolio was internally seeded by the Victor Smorgon Group (the Group) in 2019 as their liquid market strategy. In May 2022 the Fund was established to provide investors the opportunity to invest alongside the Group, leveraging the senior team's collective operational experience and deep understanding of the market at various stages of the cycle. The Fund's rigorous and dynamic investment strategy is anchored by three pillars: Theme, Activation and Risk & Portfolio Management.

Key Fund Information

Structure / Currency	Australian Unit Trust / AUD
Investment Manager	Victor Smorgon Partners
Trustee	Gannet Capital Pty Ltd AFSL 340799
Applications	Monthly
Redemptions	Monthly with 45 days' notice
Distributions	Annual
Minimum Investment	A\$250,000
Investor Eligibility	Wholesale Investors
Investment Platforms	NetWealth, PowerWrap, Mason Stevens, HUB24, Praemium, Macquarie Wrap

Correlation

ASX200	0.47
SPX	0.46
MSCI World	0.47

Fees

Management Fee	1% p.a. of NAV
Hurdle	8% p.a.
Performance Fee	20%
High Water Mark	Yes
APIR Code	GCL7504AU

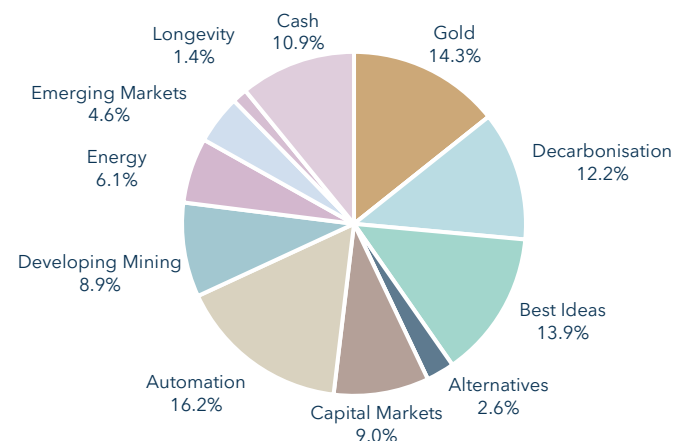
Key statistics

Standard Deviation	19.0%
Sharpe Ratio	1.69
% Positive Months	70.8%

FYTD Thematic Attribution

Best Ideas	0.5%
Decarbonisation	0.2%
Gold	2.0%
Energy	-0.1%
Capital Markets	0.7%
Automation	0.6%
Alternatives	-0.3%
Developing Mining	1.2%
Emerging Markets	0.1%
Longevity	0.0%

Portfolio Allocation by Theme



*Fund performance is an estimate based on the inception unit class.

Portfolio Commentary

The Fund returned an estimated 0.7% net in November. FY25 to date, the Fund has returned an estimated 4.2% net.

The Fund increased its allocation to the Automation sub-portfolio from ~12.0% to ~16.0% at the end of November.

Following Q3 CY2024 reporting in North America & Europe, the Fund got greater clarity around the growth profile of several companies within the Automation sub-portfolio. Coupled with attractive valuations and +25.0% 1-year expected returns, this prompted the Fund to increase its allocation to the Automation sub-portfolio.

The Fund is also in the process of increasing allocation to Emerging Markets from 4.5% to 6.0% and increasing allocation to Longevity from 1.5% to 4.0%.

During November, one of the Automation sub-portfolios key positions, Deere & Co (DE.NYSE), reported its Q4 FY2024 earnings, which beat consensus expectations across revenue, earnings, and cash flow.

The global agriculture sector is working through the bottom of a business cycle whereby soft commodity prices are low, and relatively high farm input costs such as fertilizer and labour are negatively impacting farm incomes.

A weak global agriculture environment means that the demand for the type of agricultural machinery that Deere manufactures is low, and agricultural machinery inventory levels are high.

Despite these difficult market conditions, Deere has been a relative outperformer to peers and is trading on an operating margin that is 300-400 basis points higher than at the bottom of the previous cycle.

The continued adoption of higher margin precision agriculture technology such as GPS guidance systems, automated driving, planting, spraying, and harvesting technology are helping to support Deere's operating margins during this tough period.

Precision agriculture technology can help increase farm yields and decrease input costs at a time when broader agricultural commodity prices are at low levels.

Over 75% of Deere's FY2025 Early Order Program sales of combine harvesters are incorporating Deere's highest level of harvest automation settings. Deere management expects customers will experience up to a 20% productivity increase on average from this feature alone.

Deere's management has also been very proactive in regard to underproducing major product lines and destocking channel inventory at levels greater than normal seasonality.

This has meant that Deere has not had to aggressively cut pricing to clear inventory and has been able to generate significant cash flow due to solid working capital management.

Despite a reduction in earnings due to a slowdown in demand for agricultural machinery, Deere was able to increase operating cash flow for FY2024 by 7.5% YoY to \$9.2 billion.

This allowed management to continue spending on R&D, capex, dividends, and share buybacks. All while the broader agriculture sector is working through the bottom of a business cycle.

Looking out to FY2025, agricultural machinery sales are expected to be down double-digit percentage YoY. Market expectations are for continued weakness in agriculture markets throughout FY2025.

Critically, the steps Deere has taken in FY2024 to destock channel inventory, coupled with a leadership position in precision agriculture technology has set the company up to outperform expectations in FY2025.

We look forward to keeping you updated.



Peter Edwards
Executive Chair
Co-CIO



Joseph Sitch
Co-CIO

Historical Returns of the Victor Smorgon Group Portfolio & Net Returns of the Fund[#]

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
FY2019							-0.1%	1.3%	-1.7%	1.6%	2.0%	22.2%	26.0%
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%	24.9%
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%	102.3%
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%	47.5%
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%	7.0%
FY2024	2.1%	5.7%	0.1%	2.2%	0.9%	0.6%	0.6%	0.6%	5.2%	2.8%	1.8%	-3.9%	20.0%
FY2025	2.1%	-2.9%	3.4%	0.9%	0.7%								4.2%

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. 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. Past performance is not a reliable indicator of future performance.

[#]The Figures in the shaded cells represent the historical return of the Victor Smorgon Group portfolio before the inception of the Fund in May 2022. Subsequent figures without shading represent the Fund's performance figures since May 2022. Fund performance is an estimate based on the inception unit class.