

About the Fund

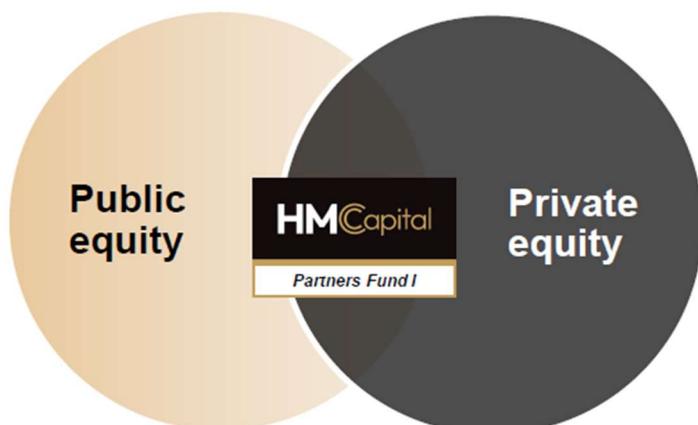
The HMC Capital Partners Fund 1 is:

- **A high conviction investment strategy targeting stakes in Australian and New Zealand listed entities.**
 - Concentrated portfolio of up to 10 companies skewed towards growth sectors.
- **Focused on companies with real asset backing.**
 - Provides a hedge against inflation and downside value protection.
- **Positioned to benefit from powerful megatrends.**
 - Identified megatrends across Healthcare, Infrastructure and Telecommunications, & Clean Energy Transition.
- **An open ended fund structure with a long-term investment approach.**
 - Opposite of typical PE approach.
- **Focused on situations where we can add value without paying a control premium to generate outsized returns.**
 - Highly active investment approach, seeking to work constructively with company Boards and management to deliver value.

How is this strategy different?

HMC Capital Partners seeks to bring the best of both public and private markets in one fund.

It does this by taking advantage of the benefits of public markets investing (liquidity, ability to exploit market volatility, no control premium paid) and applying a private equity mindset through our deep strategic and deal execution experience across the team.



What do we look for in a company?

Our process seeks to find quality companies that are trading at a discount to fundamental value. We do this firstly through stock selection:

- **Net Tangible Assets (NTA) backing.**
 - Are there real assets on the balance sheet?
- **Barriers to entry**
 - Does the business have an economic moat or unique selling proposition?
- **Growth**
 - Are there structural growth tailwinds?
- **Earnings quality**
 - Does the business have pricing power or contracted revenue?
- **Executability**
 - Is this a situation where we (HMC) can exert influence and leverage our skills and networks to deliver on a value maximisation strategy?

Secondly, we then seek to understand the rationale for the discount to fundamental value and determine a strategy to eliminate this discount.

We find that the discount to a company's fundamental value is often caused by 3 main factors:

- **Management Discount**
 - Is the strategy confused?
 - Is there a track record of missing earnings?
- **Cyclical Factors**
 - Is there interest rate sensitivity?
 - Are there industry headwinds?
- **Capital Management**
 - Has there been poor capital allocation?
 - Is there a weak balance sheet?

Once we understand the driver of any undervaluation, we can refine our strategy to actively realise value – whether via a change in strategy or capital allocation, sale or separation of assets, management or board change, or M&A.

Contact Details

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Fund Features¹

Feature	Detail
Unit Pricing Frequency	Monthly
Target Return ²	15%+ net IRR per annum measured over a 3 to 5 year holding period.
Target Distribution Yield ²	2 to 4% per annum (post the second anniversary of First Close).
Manager Alignment	HMC Capital has invested \$150 million into the Fund.
Portfolio Positions	Up to 10 positions in listed investments ³
Available to:	Investors who meet the definition of a wholesale investor and who have a minimum investment amount of \$50,000
Fees	Management fee: 1.0% of NAV Performance fee: 20% performance fee above 7% hurdle rate subject to a high-water mark.
Buy / Sell Spread	0.30% / 0.30%
Applications	Monthly with instructions to be sent through 10 business days before month end.
Redemptions	Quarterly on the last business day of Mar, Jun, Sept, and Dec with 90 days prior notice. Redemptions will be subject to a limit of 5% of the fund units outstanding each quarter.
Platforms Available on	<ul style="list-style-type: none"> • Netwealth • Mason Stevens • PowerWrap • Ausmaq

Overview of the Manager

The Manager is a wholly owned subsidiary of HMC Capital⁴, an ASX-listed fund manager which invests in high-conviction and scalable real asset strategies. HMC Capital was listed on the ASX in October 2019 and is the manager of the ASX-listed HomeCo Daily Needs REIT (ASX: HDN) and HealthCo Healthcare and Wellness REIT (ASX: HCW). HMC Capital has over \$8.1 billion⁴ Assets Under Management (AUM).

Risks to Investment

Investment into the Fund should be considered as high risk and there is no assurance that it will achieve its investment objective or that any investor of the Fund will get their money back. Refer to the relevant offering document for the full range of risks before deciding whether to acquire or hold units in the Fund.

Disclaimer

This letter does not constitute, and may not be used for the purposes of, an offer of securities or interests of any kind to any person or an invitation to any person to apply for the issue of securities or interests of any kind – an offer of interests in the Fund is only made under the Information Memorandum pursuant to an offer to be made by HMC Capital Funds Management Pty Limited (ACN 154 055 446), the holder of Australian Financial Services Licence no. 513 625, which has also been appointed by each trustee as its agent for the purposes of arranging for the offer to issue, vary or dispose of units pursuant to section 911A(2)(b) of the Corporations Act. The relevant trustee will only issue units in the Fund in accordance with such offers if they are accepted. This letter is for general information only and not intended to, and does not constitute tax, financial, legal or personal financial product advice. Recipients should consider obtaining their own independent financial, tax, legal and investment advice having regard to their own particular circumstances before making any financial or investment decisions. This letter does not, and does not purport to, take into consideration the investment objectives, financial situation or particular needs of any person. Except for any statutory liability which cannot be excluded, HMC Capital, the Manager and their respective affiliates, related bodies corporate, directors, officers, employees, agents and advisers expressly disclaim all liability for any direct or indirect loss or damage which may be suffered by any person in relation to, and take no responsibility for, any information in this letter, or any error, misstatement or omission from it. The terms above are not to be relied upon. Refer to the Information Memorandum for the terms of the Fund. Capitalised terms used but not defined have the meaning provided in the Information Memorandum.

¹ Inception date for the fund is 31 August 2022.

¹ Subject to terms and conditions specified in the HMC Capital Partners Fund I Information Memorandum and related documents.

² Target Return and Target Distribution Yield are net of base management fees and costs but before tax (if applicable) and performance fees. This is only a target and may not be achieved.

³ The Fund has the flexibility to hold up to 25% unlisted assets should that arise from execution of listed investment value maximization strategy

⁴ Data as of 30 June 2023