

Alvia Family Office Fund

Alvia's 'best ideas' unitised fund leverages our family office investment process to deliver long term, consistent and compounding returns.

March 2024 update

Markets

Most major equities indices finished the month higher, as market participants continued to price in a "soft landing" scenario. Some would say this (and some) is currently priced into broad market valuations. In the US, the S&P 500 added 3.1%, while the tech heavy Nasdaq advanced 1.8%, with a mixed performance from the mega cap tech behemoths seeing it lag its broader peer. Across the Atlantic, the FTSE 100 posted a better showing after some time in the doldrums, adding 4.2%. Japanese equities have continued on their impressive run, rising 3.1%, reaching new highs. China's SSE Composite was 0.9% higher. Locally our market was around mid-pack, with a 2.0% gain. The local REIT index again outperformed the broader market, adding 9.6%. It should be noted however, that industrial property and now data centre developer and owner Goodman Group (ASX:GMG) contributed the lion's share of gains. Goodman accounts for around 38% of the S&P/ASX 200 A-REIT index and trades at an eye-watering premium to its REIT peers, whilst offering a dividend yield of less than 1%.

Government bond yields locally moderated slightly, which saw the index 1.4% higher. The experience in the US was similar, with the index up 0.5%. The Australian 10-year government bond yield closed at 3.99%, down 15 basis points while the US equivalent ended the month at 4.21%, down 5 basis points.

The commodities complex was higher, with the Bloomberg Commodities Index advancing 2.9%. Cocoa prices continue to surge due to significant supply issues. In March alone, the price was 48% higher. Iron ore was 12.3% lower to US\$109.53 a tonne, while copper was 4.4% higher, closing at US\$4.00 a pound. The price of crude oil continues to be strong, adding 6.3% to US\$83.17 a barrel, back to its highest level since October last year. Despite the risk-on sentiment which appears ever so abundant in financial markets, investors continue to bid up the price of gold bullion, which closed the month at a record high of US\$2,217.40 an ounce, up 8.4%. The Australian dollar was up 0.2% against the "big dollar" to 65.32 US cents. Bitcoin continued to rally, adding 16.6% to US\$71,333.65 a coin.

Portfolio

The positive performance for the month was broadly based, with particular strength from the fund's listed property and consumer discretionary investments. Australian office landlord **Centuria Office REIT (ASX:COF, +0.55%)** and US and European shopping centre owner and operator **Unibail-Rodamco-Westfield (ASX:URW, +0.42%)** benefitted from improved sector sentiment, supported by the stable interest rate environment and underlying asset quality, seen in strong occupancy levels and rent growth. Australian and New Zealand homewares and furniture retailer **Adairs (ASX:ADH, +0.40%)** continued to benefit from a re-rating after a solid first half 2024 result, despite a challenging economic backdrop.

The major detractor was European fashion house **Kering (PAR:KER, -0.63%)** which provided a soft trading update for the first quarter of 2024, noting sales were down ~10% on a comparable basis. The most disappointing part of the update was the significant decline in sales at the group's largest brand, Gucci, with comparable sales for the quarter down almost 20%. Despite the short-term challenges, we believe the company's scrip is attractive at current levels.

UK and Ireland Domino's master franchisee **Domino's Pizza Group (LON:DOM, +0.04%)** reported a solid full year 2023 result, with franchisee profitability continuing to improve, and comfortably above pre-COVID levels. The store network growth opportunity remains substantial, with the group materially under-indexing its overseas counterparts. Domino's stores across the UK and Ireland cover only 85% of the population, while the group has only ~35% of total sales coming from collection orders, with the US at close to 55%. This has provided recently appointed and long-term Domino's veteran Andrew Rennie with the confidence to upgrade store and system sales growth guidance in a material manner.

Performance as at 31 March 2024 (A\$)*

	Total since inception	Since inception p.a.	3 years p.a.	2 years p.a.	1 year	6 months	1 month
Alvia Family Office Fund (net of fees)	68.9%	15.4%	12.7%	15.5%	22.0%	13.5%	2.6%
Absolute 8% p.a. benchmark [^]	21.7%	5.5%	6.0%	6.7%	7.3%	3.9%	0.7%
Value added (net of fees)	47.3%	9.9%	6.7%	8.8%	14.6%	9.6%	1.9%

* Fund class inception date is 6th August 2020. Performance figures are historical percentages, which have been calculated using end of month prices and do not allow for the effects of income tax or inflation. Returns assume the reinvestment of all distributions. For periods greater than one year, with the exception of "Total since inception", returns are annualised. Performance can be volatile and future returns can vary materially from past returns. The name of the fund was changed from Alvia High Conviction Fund to Alvia Family Office Fund, effective 1 August 2023.

[^] Fund benchmarks: inception date to 31 August 2021 - RBA Cash Rate + 3.00% per annum; 1 September 2021 to 31 July 2023 - 6.00% per annum; 1 August 2023 onwards - 8.00% per annum

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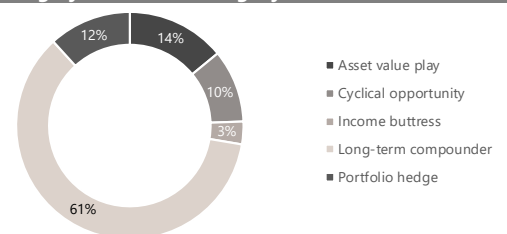
Cumulative return since inception



Top 5 investments

DIS.NYS	The Walt Disney Company	4.4%
ADH.ASX	Adairs Limited	4.1%
URW.ASX	Unibail-Rodamco-Westfield Stapled Se	4.0%
HCA.NYS	HCA Healthcare Inc	4.0%
BABA.NYS	Alibaba Group Holding Ltd - ADR	3.8%
Top 5 total		20.4%
Number of portfolio investments		28
Average investment weight		3.4%

Weighting by investment category



Key portfolio metrics

EV/EBITDA (x)	11.9
Price to earnings ratio (x)	20.8
6-year historical EBITDA CAGR (%)	14.9%
6-year average return on invested capital (%)	37.7%
FCF yield (%)	6.7%
Net debt to EBITDA (x)	1.0

Unit prices as at 31 March 2024 (A\$ per unit)

Entry price	1.5402
Mid price	1.5356
Exit price	1.5310



FUND PROFILE

Absolute Return Focused

Minimum Investment
\$250,000

Management Fee
0.85% p.a. + GST

Performance Fee
15% p.a. of performance above the benchmark (8.00% p.a.), subject to a high water mark

Timeframe
The Fund is suited to investors with a long-term investment horizon.

Entry/Exit Fees
Nil

Distribution Frequency
Annually, subject to availability of income.

Typical Number of Investments
20 to 40

Trustee
Independently owned, DDH Graham.

The Fund provides access to Family Office investment expertise and investment ideas, without the barrier of a significant investment minimum.

Objective

To deliver sustainable, long term risk-adjusted returns with a focus on capital preservation.

Structure

The Fund is an open-ended, single class, unregistered managed investment scheme structured as a unitised trust, for wholesale investors only.

Investment Mandate

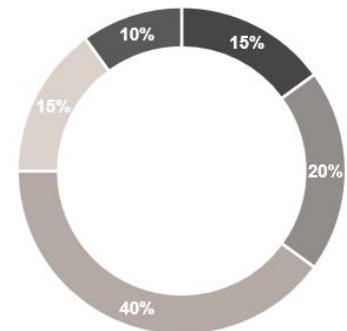
Unconstrained, incorporating listed securities, managed funds and private companies; long and short positions; all geographies.

Investment Philosophy

The Fund's investment process is founded on the underlying principle that good investing requires a solid temperament as much as strong analysis.

Investing is principled upon long-term compounding of returns and not short-term speculative price forecasts. All of the Fund's investments are subject to a rigorous five step review process, consistent with the approach used across Alvia's five asset class model portfolios.

Portfolio Weighting



Asset value play - 15%

A business that is currently priced at a material discount to its book value or net asset value ('NAV').

Cyclical opportunity - 20%

A business that operates in an industry with earnings that are highly correlated to commodity prices and/or economic activity, where the investment team believes there is a material mispricing relative to the current stage of the economic cycle.

Long-term compounder - 40%

A business that is the leader or one of the leaders in its industry that has consistently delivered growth in revenue, earnings and cash flow across the business cycle.

Income buttress - 15%

Investments that have a strong and stable income profile with lower levels of price volatility. These investments tend to have a lower (or negative) correlation to typical equity and equity-like securities.

Portfolio hedge - 10%

Investments that have a low or negative correlation to listed equities and other equity-like asset classes, to reduce the volatility of portfolio returns (e.g. gold and the US dollar).

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