

## Alvia Family Office Fund

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

### February 2025 update

#### Markets

US equities added to their muted start to 2025, with the S&P 500 losing 1.4%, while the Nasdaq slumped 4.0%, weighed down by a 28% sell-off in the share price of electric vehicle manufacturer Tesla (NAS:TSLA). Across the Atlantic, London's FTSE 100 continued on its buoyant start to the year, posting a 1.6% gain. In Asia, Tokyo's Nikkei 225 sold off 6.1%, with losses accelerating in the second half of the month, weighed down by declines in semiconductor related firms and fears over President Trump's export tariffs. In China, the Shanghai Composite recovered some of January's losses, rising 2.2%. Reporting season captivated the local market, which saw volatility hit fever pitch. On balance, market participants gave corporate Australia the "thumbs down", with the S&P/ASX 200 index down 4.2%, taking the local bourse back to flat for the calendar year. The local real estate subsector fared worse than the broader market, losing 6.8%, held back by a 14.1% sell-off in market darling Goodman Group (ASX:GMG). The rest of the sector fared much better, including the fund's three holdings.

Long-dated government bond yields both locally and in the US retreated, which saw the respective government bond indices rally 1.1% and 1.9%. Australia's 10-year government bond yield closed the month at 4.30%, while the equivalent paper in the US offered a yield of 4.23%.

The Bloomberg Commodity Index rose 0.4%, with particular strength in copper (+5.9% to US\$4.51 a pound). Across other commodities, iron ore added 1.0% to US\$102.60 a tonne, while crude oil on the West Texas Intermediate measure lost 3.8% to US\$69.76 a barrel. The spot price of uranium lost 5.4% to US\$65.55 a pound, while gold bullion continued on its impressive run, adding 0.9% to US\$2,836.80 an ounce, just shy of another record high. The Aussie dollar treaded water against the Greenback, closing at 62.1 US cents. In a sign of more cautious market sentiment, the price of Bitcoin slumped 18.9% to US\$84,373.01 a coin.

#### Portfolio

The month was jam packed with Australian listed companies showing their wares for the half year reporting season, which saw volatility measured by the VIX index increase by ~20%. We used this to our advantage, adding to existing positions, coupled with a handful of portfolio changes, the latter which we discuss below.

The investment team exited the fund's investment in **Aurizon Holdings (ASX:AZJ)**. AZJ was added as an income buttress, with its strong cash flows from its monopoly Network business, coupled with its long-duration coal haulage business. Unfortunately, the company's OneRail acquisition in October 2021, which was touted as a key diversifier away from thermal coal, has suffered from softer volumes and poor management execution. The position in **iShares Global Energy ETF (ARCA:IXC)** was divested, noting the large exposure to the US oil majors, which trade at a material premium to their European and Australian peers. IXC was replaced with **Woodside Energy (ASX:WDS)**, a former holding. We note a more favourable shift in WDS's focus, seeing further investment in conventional, higher returning energy projects, including the acquired BHP Petroleum portfolio. A position in **Tribeca Global Natural Resources (ASX:TGF)** was added, also a former fund holding. TGF provides an actively managed exposure to the commodities sector, trading at a ~25% discount to its net asset value. We believe that sentiment in the sector will improve, leading to improved performance in the fund's underlying holdings and a closing of the NAV discount.

Australian listed real estate investment trusts (REITs) continue to trade at a material discount to their re-based book values. Convenience retail and hotel landlord **Charter Hall Retail REIT (ASX:CQR)** trades at a ~25% discount to book value and offers a forward distribution yield of ~7.5%, providing an attractive opportunity to build out further defence in the portfolio.

#### Performance as at 28 February 2025 (A\$)\*

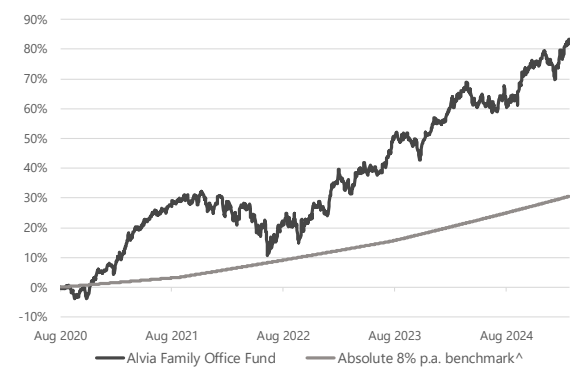
	Total since inception	Since inception p.a.	4 years p.a.	3 years p.a.	2 years p.a.	1 year	1 month
Alvia Family Office Fund (net of fees)	81.9%	14.0%	13.1%	13.4%	16.8%	10.5%	1.3%
Absolute 8% p.a. benchmark <sup>^</sup>	30.5%	6.0%	6.4%	7.1%	7.6%	8.0%	0.6%
<b>Value added (net of fees)</b>	<b>51.4%</b>	<b>8.0%</b>	<b>6.7%</b>	<b>6.4%</b>	<b>9.2%</b>	<b>2.5%</b>	<b>0.7%</b>

\* 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.

<sup>^</sup> 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

Alvia Asset Partners Pty Ltd (ACN 640 085 025, AFS Representative 001281968) under licence from Alvia Licensees Pty Ltd (AFSL 523167)

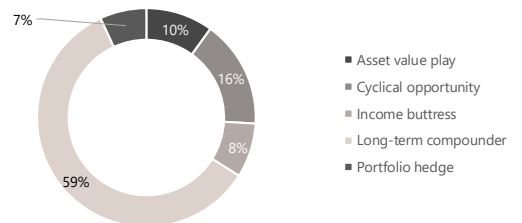
#### Cumulative return since inception



#### Top 5 investments

BABA.NYS	Alibaba Group Holding Ltd - ADR	5.3%
KER.PAR	Kering SA	4.3%
2020.HKE	ANTA Sports Products Limited	4.2%
EVO.STO	Evolution AB	4.0%
HCA.NYS	HCA Healthcare Inc	4.0%
<b>Top 5 total</b>		<b>21.7%</b>
Number of investments - total (public/private)		28 (25/3)
Average investment weight		3.4%

#### Weighting by investment category



#### Key portfolio metrics

EV/EBITDA (x)	10.2
Price to earnings ratio (x)	19.6
6-year historical EBITDA CAGR (%)	13.0%
6-year average return on invested capital (%)	35.6%
FCF yield (%)	7.8%
Net debt to EBITDA (x)	0.9

#### Unit prices as at 28 February 2025 (A\$ per unit)

Entry price	1.5555
Mid price	1.5508
Exit price	1.5461





## FUND PROFILE

**Absolute Return Focused**  
8-12% p.a.

**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 Limited.

**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.

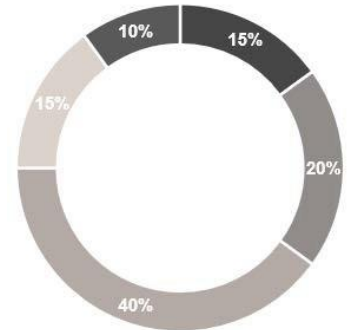
### Investment Philosophy

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.

07 3153 4879  
info@alviapartners.com.au  
alviapartners.com.au

## 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).