WealthLander Diversified Alternative Fund Quarterly Report

31 October 2024

Fund Performance

After all fees and costs, performance is 8.51% since inception on 1 February 2021. The Sep quarter was positive, as was October. (We've included October in this report, given the results are available at the time of writing.) Performance updates report historical returns and our views and insights, which should not be relied upon to accurately predict future performance. That is even more so in the case currently given that performance is recovering from a weak period for the fund (and recent performance is inconsistent with our own historical longer-term performance track record).

WealthLander Diversified Alternative Fund Performance (%)*

(Net of fees and costs)

Class A Units (Foundation Clients or $500k+ investment)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-	0.7	1.7	5.4	-0.8	-1.3	2.0	5.2	0.3	2.7	3.2	-1.3	**19.1**
2022	0.3	0.3	2.1	-1.9	-5.3	-5.0	2.5	2.1	1.1	0.5	-1.3	0.9	**-4.1**
2023	-2.9	-1.5	-1.9	-0.8	-2.2	0.0	2.3	-0.8	0.3	-3.4	-3.8	2.8	**-11.3**
2024	0.3	-4.6	4.4	2.3	1.1	-1.5	2.3	-1.9	1.4	3.3			**6.7**

Class O Units

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-	-	-	-2.0	-5.4	-5.0	2.4	1.9	0.9	0.4	-1.3	0.9	**-7.2**
2023	-2.9	-1.5	-1.9	-0.8	-2.2	0.0	2.2	-0.8	0.3	-3.4	-3.8	2.8	**-11.6**
2024	0.2	-4.6	4.3	2.3	1.1	-1.5	2.3	-1.9	1.4	3.3			**6.5**

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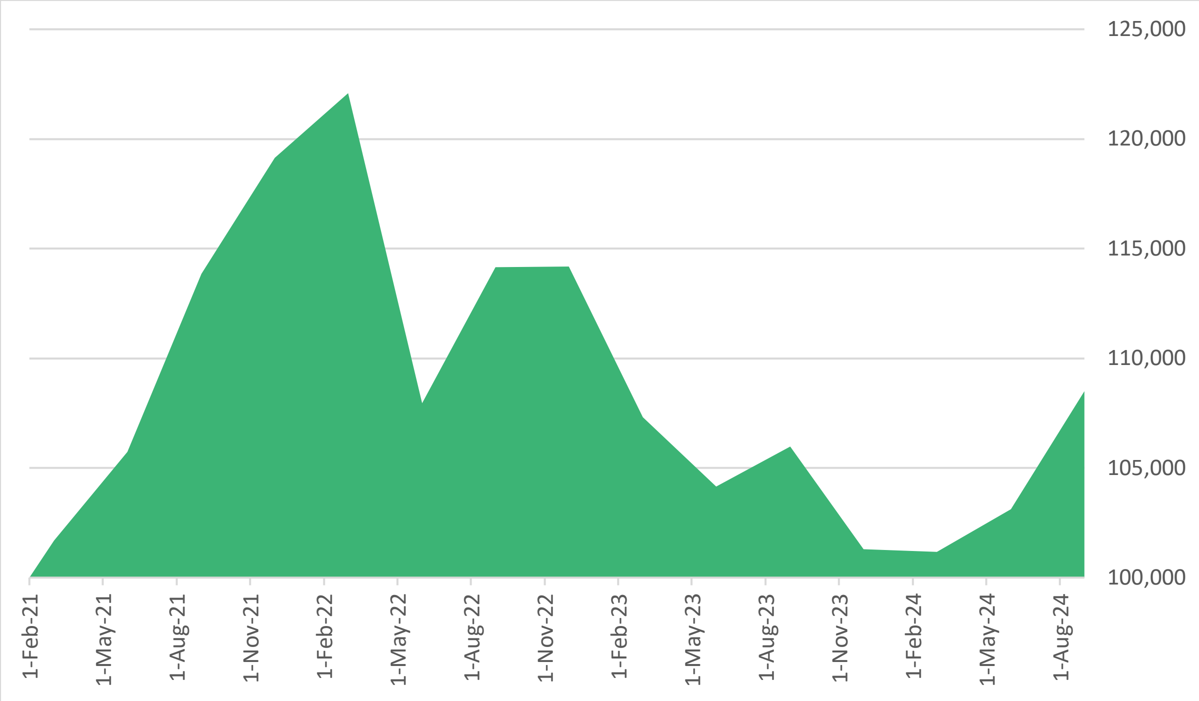
Growth In a $100,000 Investment Since Inception - Class A Units*

(Net of fees and costs and assumes reinvestment of distributions)



Fund Performance Commentary

The Fund was up again for the quarter as expected last quarter, and we continue to believe the bottom in the fund's performance is behind us. Indeed, 2025 should benefit from the exceptional value in parts of the portfolio - which we will explain below - along with the opportunities we see to add value from our strategies.

As expected last quarter, we have seen performance begin to spread out from megacap technology stocks. But what hasn't yet changed is "US exceptionalism", where US stocks, despite being much more expensive than other regions as passive flows have dominated the market, have continued to outperform alongside a strong currency. Recent strength has been driven by optimism arriving from the Trump election victory. This is largely perceived as very positive for markets given policy positions which are pro-business and economic growth, such as having low regulatory impost and low taxation. Europe remains a mismanaged basket case, and China is also struggling with its imbalances, but is flagging stimulus. Australia has lots of opportunity if you look deeply enough and ignore many index stocks which are overvalued by passive flows. Lagging performance has left many pockets of neglected value and opportunity to build an attractively valued portfolio with strong prospects.

The strong relative value we previously remarked upon in commodities has yet to play out in performance, with tremendous value available in commodities for investors who can hold on to their positions long enough with conviction. We continue to expect that investors will soon begin to recognise the supply/demand imbalances in certain commodities as a new multi-year structural opportunity, with the most realistic

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challenge being only short-term recession or market liquidity challenges. While gold has broken upward as we anticipated, silver is lagging (for now). Uranium, gas, copper, platinum and even specialty commodities like antimony and niobium appear very prospective and/or very attractively priced and fundamentally attractive. Oil services stocks, which have been strong laggards, also appear attractive, although we are unconvinced about oil itself.

We would be happy to take clients through some of our precious metals' positions prospects for 2025, as they look amazing. We have increasing corporate interest validating our view that many precious metals companies are heavily underappreciated. There is still significant scope for private and institutional investors (as well as central banks) to increase their inappropriately small allocation to precious metals in a stagflationary or (unexpected) recessionary environment. This will also change should financial repression prove necessary to support the huge deficits and fiscal spending (which appears likely to us in time). While short-term volatility is also possible, we don't think this will change the likely outcome of higher prices over time.

We expect numerous different commodities and resource opportunities to be a key driver of positive Fund outcomes in the new year and will continue to emphasize attractive opportunities in this space, given that the expected extremely positive performance from their re-rating has not yet been realised and the neglect is so apparent.

Portfolio Composition

Our portfolio includes a balance of underlying strategies that align with our medium-term outlook and the main economic, political and valuation risks. We remain committed to investing in a risk-aware manner that capitalises on promising opportunities and risk-adjusted returns over the medium term.

A recent change – and substantive opportunity we believe - is a growing focus on gaining positions through a placement strategy. This aims to establish preferred positions to take advantage of the discount companies must offer to raise capital when placing more significant amounts of stock for their funding needs. We can access preferred stocks and populate preferred investment themes at a discount, enabling additional gains to be likely if successful in our analysis over time. The strategy requires some organisation, relationships and timely analysis but suits our capabilities well. October was really the first meaningful month of this strategy being implemented and saw strong positive benefit from it. While this strategy is expected to be less pronounced over the Christmas and January period, we are very excited about making this strategy a meaningful part of our mix from late January onwards for calendar 2025 and, are expecting strong returns from it. Our fund size is ideal and enables us to benefit meaningfully from smaller placements, which would not move the dial for large fund managers (there are frequent deals where only a few million dollars are required, and each investors can only access some of this supply). Given we expect to remain small our size is likely to be highly beneficial over the medium and long term to our fund's investors as we ramp this strategy up into 2025. Brokers and investment banks find us an attractive party to do business with for numerous reason, including that we are researched yet regular providers of capital, of the right size, understand the companies and are patient investors - hence are efficient to deal with. Being full-time investors they also understand that we're there for repeat business, and ultimately they want to meet the financing needs of companies promptly, get company meetings with investors to demonstrate their effectiveness, and know where they stand with (ideally supportive) investors.

The biggest portfolio change over the last year has been an increased active positioning in commodities and resources positions. We are allocating to a growing number of commodities and resources based on their fundamental value (e.g. precious metals, uranium, copper, antimony, bauxite) and their medium-term outlook, based in no small way on underinvestment and supply-side shortages in the context of demand growth required from positive nominal economic growth, or because of geopolitics providing a highly favourable backdrop for price growth. We continue to think these assets are only just coming off a bottom in a longer-term context and should provide very attractive returns for years to come. US assets now comprise more than 70% of the MSCI, which is an incredible reflection of the US market's past success and the cycle's strength. However, if the period of US "exceptionalism" in markets peters out soon (as every US asset outperformance cycle has previously), this will likely prove highly beneficial to a rotation of capital into numerous neglected areas of the markets, including much of our positioning. With recent stimulus announcements from China, such a rotation may be imminent if they follow through with implementation of same.

As mentioned, and emphasised again, some of our precious metals positions (such as gold and silver stocks) appear ridiculously cheap compared with our outlook for prices and compared with consensus. Consensus has expected a persistent reversion to mean in precious metals prices, which we don't view as realistic or cognisant of the broader environment. We attended a conference last week where, for the first time we can remember, we considered most of the companies we saw to be "buys" or "strong buys", given widespread undervaluation. Many precious metals companies we know are trading on low single-digit multiples compared with high double-digit multiples for favoured industrials, and we think these absolute and relative valuation differences are completely unjustified and out of touch with their prospects! We are happy to take clients through some examples of this to demonstrate just how attractive these situations are. The important thing to recognise is that the returns from the re-rating of these very cheap and neglected opportunities have not yet been realised in the fund's performance, but we are convinced they are very much ahead of us – it is just a matter of time in our view. Don't be surprised if and when it happens. Traditionally, investing ultimately rewards the patient investor by investing in a considered way rather than following the crowd into overvalued assets; the market is neglecting obvious value and appears as inefficient as it has ever been in this way.

Current Themes Contributing to Our Diversified Portfolio

The portfolio comprises around 12 strategies built on numerous themes:

- Event-driven strategies
- Precious metals (gold, silver)

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- Convertible bonds
- Australian gas stocks
- Services stocks
- Contrarian trading
- Resources
- Idiosyncratic growth opportunities
- Insurance and hedging
- Uranium
- Copper
- Placement Strategy

Market Commentary

While the broader market has dismissed inflation concerns, we remain somewhat concerned about a second, albeit weaker wave of inflation beginning in the coming months. Massive fiscal spending has propped up nominal growth, but real growth outside the US has been anaemic, largely due to blatantly incompetent policy and politics. It's a "political" economy after all, as we all should have learned in university, and politics matters a lot currently, as we have seen in the US and everywhere else. There remains no end in sight for large fiscal deficits and growing government influence in economic and market outcomes in many countries. That's without even mentioning the messy state of geopolitics and military conflicts, which has significant implications for change in some countries, e.g. most recently, Syria and Lebanon. Is Iran next as Israel pushes their interests further?

The US Federal Reserve has flagged that they may well cut rates again in December, despite there being a questionable need for this, with many expecting a more persistent rate cut cycle, which has begun despite this not squaring that well with remaining inflation risks. Indeed, rate cuts may continue because of disinflation and political pressures or central banks needing to accommodate excessive government spending, like it or not. Such an outlook has likely supported the all-time highs being achieved in gold and many other assets.

If inflation remains tolerable, and governments and central banks accommodative (generally), markets may continue to perform reasonably despite overvaluation in mainstream assets. But there are much cheaper and better options available from active management in our view in this case anyway – especially for those with a bit of patience to hold on to ridiculously cheap opportunities with good fundamentals that are neglected by market fascination elsewhere, even when they haven't (yet) performed.

It is quite clear that the trend of increased government remains in train for now (outside the US at least). There is a secularly persistent trend of support for asset markets and nominal growth for economies via higher government spending and debt levels. Inflation is, in our view, a secular worry as a result, and the risk of depreciating fiat currencies is very real, forcing one to be invested in something other than cash. Investors consider such a framework very positively as they have been trained to expect to be rescued from any crisis and quickly, effectively acting as if the government is there to provide insurance to them at the expense of real productivity growth and the taxpayer. Voters and consumers generally are short-term orientated and prefer to continue spending money they have not earned. At the same time, only a minority appear to understand the dramatic and poor economic choices that have been made for them. Will these factors change? Gradually and then suddenly but arguably not until

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they have to or very late, as your chances of being elected for promising fiscal prudence and responsibility currently is about zero. It will be interesting to see what Trump's new chosen few do with the US government and how much change is implemented, but a substantive reduction in the large US fiscal deficit will be a challenge.

Geopolitical risks and wars remain a live issue while social issues remain highly prevalent; broader social issues in Western countries have become more evident and discussed and are beginning to dominate news cycles. The divisions within and across societies are problems that circle back and contribute to the rise of populism and greater government control, cost and influence over economies. The investment environment currently appears more friendly than the socio-political environment, yet is influenced by it.

We continue to see a world that is shifting towards a more fragmented and multipolar state following globalisation and relative peace and prosperity. This opens up other investment opportunities including in investment and manufacturing, supply chains, resources, on-shoring and other themes.

Overall, there are high geopolitical and conflict risks (both militarily and otherwise, such as with trade and intellectual property), and increasing government control in economies and policy and spending inefficiency adversely impacting the efficient and effective allocation of capital. We will likely continue to see continuing nominal growth but poor real growth and volatile but structural inflation through time i.e. real wealth creation will remain the exception rather than the rule, perhaps even increasingly isolated to the highly informed malfeasant parties close to government and company coffers. Economies will effectively become more emerging-like, perhaps better stated as submerging in this regard as many western countries become poorer in real terms or remain very lacklustre and stagnant economically, such as is the case with the UK and Europe. Contrasting with this, private sector's greater use of new technologies such as artificial intelligence and quantum computing (where they can be used effectively) may provide some positive productivity offset as it increasingly gets implemented across business and consumers, lowering costs and providing new investment opportunities, and the value of selective niche opportunities and real growth becomes more valuable.

Given the possibility of volatile inflation outcomes in the upcoming years and various tail risks, it becomes imperative to factor these considerations into portfolio construction. We expect economic and geopolitical conditions to prove more volatile and adverse in the 2020s than in the 2010s. Many individual assets we own have attractive valuation support, remain relatively neglected, and have positive medium-term prospects despite this backdrop and expensive market valuations. Commodities tend to do relatively well in stagflation compared with bonds and equities and fortunately also remain secularly cheap, albeit we expect that to change in the coming year as governments and central banks intervene once again, missing or ignoring that the source of the problem is themselves.

We use a broad toolkit and believe managing risk with a greater likelihood of protecting capital over the medium term is necessary. Rather than simply being all-in on a common risk factor, greater diversification is found across many positions and

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prospectively uncorrelated investment themes and strategies. We actively manage these positions within a risk-managed portfolio that can prudently and dynamically hedge risk. Our approach relies on successful active management for its results rather than mainstream asset indices.

Thank you for your continuing support of the Fund – it means a lot to us. We are always happy to discuss our research, positioning, and market views in more detail with clients and encourage you to contact us to do so whenever desired.

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