WHITE ELK

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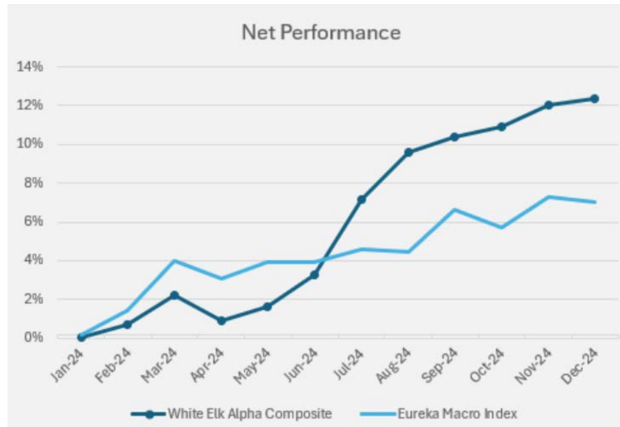
December Update — NEWSLETTER

CIO comment

Happy New Year to all the White Elk community. Wishing everyone a successful year ahead.

I wanted to take a few moments to reflect on the amazing year we have concluded. On behalf of White Elk Team I wanted to express our heartfelt gratitude for all of our friends and partners who have supported us across the year. This has no doubt been instrumental in helping build our business from strength to strength across our first full year of operation. We are truly thankful and look forward to serving you into 2025 and beyond.

Alongside not just building out our investment management business, we have also seen across 2024 Pan Asia markets remain exciting and opportunistic across our core focus markets in both Rates and FX asset classes. Looking forward we truly believe the opportunity set will remain significant in the Asia Pac region, with central banks continuing to be very active with monetary policy resulting in volatility remaining elevated across asset classes. We are very much look forward to the alpha generation opportunities in the year ahead and beyond.



	White Elk Composite (%)	Eureka Macro Index (%)
1 Mth	0.29	-0.27
3 Mth	1.99	0.35
1 Yr	12.15	6.8
YTD	12.15	6.8

PAN ASIA - Looking forward to 2025

For the latest edition we would like to share some of our high-level insights into our three core focus markets for 2025.

As we navigate the evolving year ahead from the current landscape across Pan Asia markets, we see many if not all our key markets presenting a compelling opportunity set. Central banks will be front and center as we kick off the year, both in Asia and Globally. Domestic factors in each of our key markets look to throw up elevated volatility across Interest Rate curve pricing, Foreign Exchange levels, and Equities markets. Further overlay of Global influence both with changes in government economic policies, particularly as the second term Trump presidency gets underway this year. The pipeline of upcoming key elections across the globe this year adds to this. Furthermore, Geo-politics across both Asia and Globally we also see continuing to dominate market sentiment , pricing, and volatility.

AUSTRALIA

Down under we expect to be an exciting year in the domestic markets. Firstly, the RBA looks to be moving closer towards commencing a rate cutting cycle, which spent most of 2024 resisting to follow suit with other global and regional central banks. Whilst we have the view rate cuts will come, we are not expecting an aggressive or prolonged cutting cycle with the first cuts likely to be slower than market is currently pricing in the front part of the curve. The upcoming quarterly inflation print late Jan will be very much key to the actions and rhetoric the central bank delivers at its first meeting of the year in Feb and setting the tone for domestic rates in Q1.

Further consideration for markets will be the upcoming federal election due in Australia in the first half. This will present some new fiscal dynamics for markets to digest and likely throw additional caution to the stance the central bank takes on monetary policy in the early part of the year. Overall, whilst the election is important, we don't believe will be a significant market event on the year.

NEW ZEALAND

Across the Tasman sea, the RBNZ looks to remain one of the more active and closely watched central banks. Governor Adrian Orr very much kept the market on its toes taking one of the more aggressive stances in cutting rates during 2024. Whilst we believe the RBNZ work is not completely done yet in the more recent cutting cycle, we do believe the magnitude and pace of hikes will start to slow in the early half of 2025.

We are already seeing early signs in New Zealand of potentially positive impacts from the already delivered rate cuts on the domestic economy. The near term shape of the NZ rates curve likely to be very data driven across Q1. However, we feel will maintain the bias for further rate cuts likely to remain for the earlier part of the year. Its looks increasingly likely the current curve pricing may have the low point in terminal rates pricing in place for this cycle.

JAPAN

The land of the rising sun presents to be one of the more dominate views and potential opportunity sets for the year ahead. For the first time in many years we are starting to see the emergence of a more normal front end rates curve. This space has been lackluster for a lengthy period of time now, as a result is something not been on the radar for many participants. The emergence of a more volatile, normalized short end rates market has already begun with consistent growing appetite to put risk trades to work. Further significance is the JPY rates market scalability with the volume size and market depth having much potential to grow from current levels, which we feel will attract significant attention over 2025

The BOJ itself has taken a cautious approach to raising rates thus far. We maintain the view this will continue however upward pressure remains for the cash rate. Our central case is for 25bp hike Q1 and followed by a further 25bp in the mid part of the year. This would leave us with a case rate in the region of 0.75/1.0 percentage by year end. The curve sub 5 years is likely to continue to remain with its steep upward shape and trading with this bias for the foreseeable future.

The JPY currency is likely to remain highly volatile across 2025. The circular feedback loop we have been seeing between the Exchange rate crosses , Japan Rates, Yield differential between US and other G7 economies will continue for some time. In addition we note, the JPY has been for years and remains as a significant funding source for cross boarder investments, which continues to be a concern for concentration risk. Whilst we saw some unwinding of this in Aug 2024, we continue with the view the risk remains significant of a re-pricing in the currency, particularly if we see the BOJ increase its urgency to raise rates in the near term.

Goodluck for 2025!

Important information

- *The performance presented has been calculated as a composite of multiple portfolios with an inception date of September 2023.*
- *The performance of the composite required adjustments to remove the impact of duplicated fixed transaction costs.*
- *Net performance is calculated based on the weighted sum of fees incurred by each portfolio in the composite.*
- *Please note that past performance is not a reliable indicator of future performance.*