

February Update

NEWSLETTER

CIO comment

At the close of last year, we said central banks would continue to be very active with monetary policy resulting in elevated volatility. Indeed, their opening gambit this year showed we are on point.

Central banks in Australia and New Zealand have provided much excitement in the past week with rate cuts and contradictory rhetoric.

But it is a tale of two sides of the Tasman, with the respective central banks either doing too little or too much.

Both banks cut interest rates last week, one more than the other, but both demonstrate a common approach: they are archaic when it comes to data collection, which has led to repeated poor decisions.

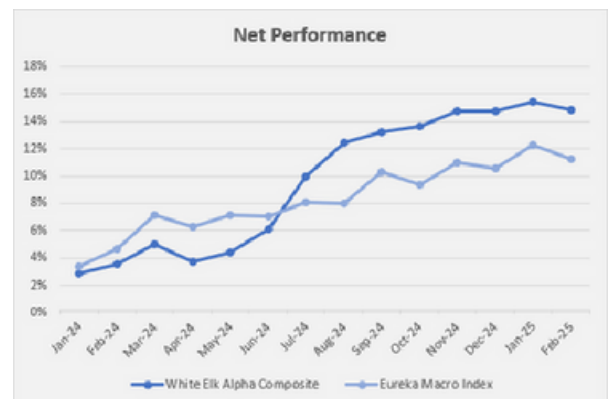
The RBA leads the pair with a persistent case of “eyes wide shut”, a stark contrast to what central banks used to be in the late 1990s and early 2000s. Then, the banks had more superior insight into data and a tighter finger on the pulse on economies. With the RBA’s “hawkish cut”, the bank found itself in an awkward contradiction by over-emphasising the necessity of keeping interest rates high as it was simultaneously cutting 25 basis points amid concerns over an economic downturn.

A cut is a cut, and no amount of misdirection changes the actual direction of that move.

We think there should already be more cuts but the bank insists on being driven by backward-looking indicators.

These less-than-desirable decisions are also mirrored in New Zealand, but unlike the RBA, the RBNZ is poised to overshoot its rate cuts. The insecurity of the RBNZ continues to be a reflection of policy error.

Carl Radford, Co-founder and Chief Investment Officer



Period	White Elk Composite (%)	Eureka Macro Index (%)
1 Month	-0.52%	-1.04%
3 Month	0.08%	0.26%
1 Year	11.35%	6.61%
YTD	0.16%	0.68%
Since Incep	14.67%	11.03%

AUSTRALIA & NEW ZEALAND

As RBA governor Michelle Bullock continues to grapple with challenges of a rapidly slowing economy, she will keep cutting rates but that move may no longer be effective. The bank has come too late to the party. We are factoring in a recession for Australia in the second half of the year, specifically, in the third quarter. We anticipate unemployment to rise into a high 4%.

The cash rate should be lower by now but the reason it isn't is because the RBA insists on managing the economy with non-real-time data.

In a world where billion-dollar tech firms can scrape the web for real-time data and even small retailers can track shopper behaviour with ease, it's baffling that central banks are still relying on outdated, error-prone surveys to guide policy decisions. There's an infinite amount of live data at their fingertips - on prices, wages, and consumer spending - yet they continue to make calls based on small sample sizes and lagging indicators.

This slow-moving approach means rate cycles are almost destined to swing too far in either direction, with central banks constantly playing catch-up. Instead of reacting in real time, they're stuck making decisions based on a three-to-six-month delay, leaving economies vulnerable to unnecessary turbulence.

Meanwhile, following the 50 basis points reduction last week, the RBNZ will move towards a 3% cash rate on the back of spare productive capacity but unlike the RBA, that may well be too much.

The RBNZ itself thinks there is a chance headline inflation may rise again due to a lower New Zealand dollar exchange rate and higher oil prices. Like the RBA, the New Zealand central bank's grasp of data is also poor despite the doubling of the RBNZ workforce under Governor Adrian Orr's tenure..

The balancing act of Japan?

On the other end of the Pan-Asian markets, Japan seems to be the most rational with the BOJ seemingly making good policy decisions.

The north Asian country is finally seeing the emergence of a normal front end rates curve. Twenty-five years of deflation has fine-tuned the BOJ's ability to monitor the economy's consumption patterns, key to sensible interest rate decisions. This runs counter to Australia, and the US, where the central bankers are more worried about supply-side issues.

While Japan has not necessarily been on the radar for many participants, it may now potentially attract too many. A rush to Japan as a counterbalance in the macro gameplay may overstretch the concentration on Japan.

Call it "the dolphin watching effect" - rushing to one side of the boat could tip it over.

The biggest risk with Japan is that it may be a complete washout. We are not expecting interest rates to rise so quickly in the land of the rising sun.

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.
- 1 Month numbers [Alpha and Benchmark] are soft-close snapshots and subject to change upon finalisation.
- Please note that past performance is not a reliable indicator of future performance.



3 Month
0.08%

Year to Date
0.16%

Since Inception
14.67%

Daily Volatility
0.20%

Sharpe Ratio
2.16

Company Overview

For over 2,000 years, the White Elk has symbolized the courage, strength, and resilience – the very qualities that drive White Elk Partners. Founded in 2023 by industry veterans Carl Radford and Michael Rothlin, we bring world-class investment expertise and a strong operational foundation. Backed by a team with blue-chip pedigree and decades of global experience, we seamlessly integrate strategy and executional efficiency to stand out in the competitive investment management arena.

Our Strategy

The Alpha Strategy is built on a foundation of precision and adaptability. We combine deep macroeconomic insights with relative value strategies to uncover opportunities in Asian liquid markets, while confidently navigating volatility.

Our market-agnostic approach allows us to capitalize on diverse scenarios, aiming to deliver consistent performance regardless of market direction. By integrating proprietary collateral management into the investment process, we enhance operational efficiency and unlock additional value for investors.

Key Investment and Business Personnel

Carl Radford	Chief Investment Officer
Michael Rothlin	Snr. Portfolio Manager
Robert Jewell	Portfolio Manager

Management

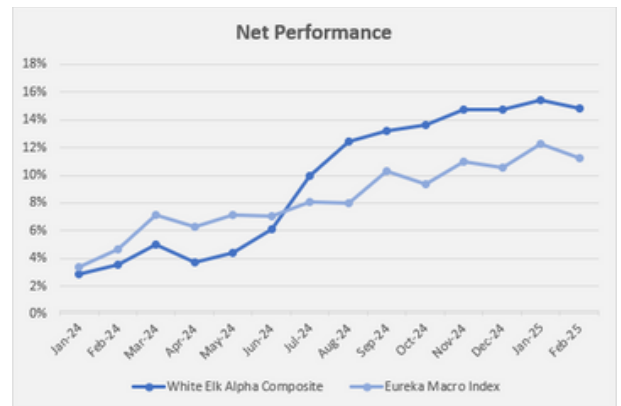
Anthony Bathurst	Chief Executive Officer
Mark Croft	Head of Fund Services
Lucy Anne Agcaoil	Business Administration

Prime Brokers and Custodians

Goldman Sachs	Prime Services
JP Morgan	Prime Services

Key Service Providers

Legal Counsel	Ogier/Mayer Brown
Tax Advisor	PWC
Auditor	PWC
Administrator	BNP Paribas
Middle Office	BNP Paribas
AML Officers	Ogier Global

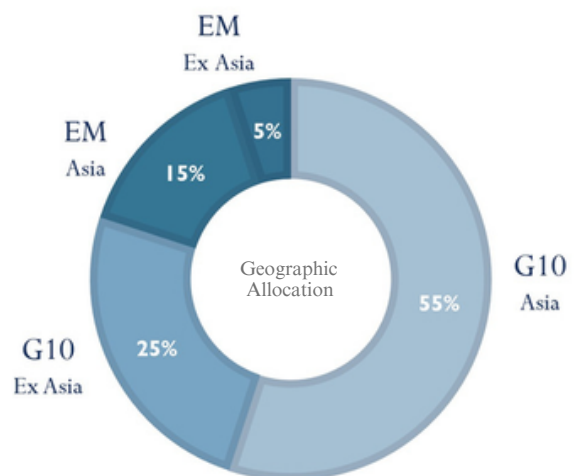


Performance Summary*

Period	Return (%)	Eureka Macro Index
3 Month	0.08%	0.26%
Year-to-Date	0.16%	0.68%
Since Inception	14.67%	11.03%

Risk and Portfolio Summary

Figure	Portfolio
Positive Months	15
Negative Months	3
Max Drawdown	-1.31 %
Longest Drawdown (Months)	1



* Method of calculation and applicable factors per proceeding newsletter

This document is being provided strictly for general information only and does not have regard to the specific investment objectives, financial situation, risk tolerance or the particular needs of any investor. No part of this document is to be constructed as an offer, invitation, advertisement, or inducement whatsoever, or form to buy or sell any securities or financial instruments whether referred to herein or otherwise. White Elk Partners Limited (“WEP”) has done its best to verify and ensure the accuracy of all information herein as at the date of publication, but no representation or warranty whatsoever is made to the accuracy, completeness, or thoroughness of the contents itself. WEP is not responsible for any loss or damage from any inaccuracy or missing information and does not accept any liability whatsoever, directly, indirectly, consequential or incidental that may arise from the use of or reliance on the contents of this document.

Investment involves Risk. Past performance is no guarantee of future returns. To the extent that this document is provided to any recipient, this document is provided solely on the basis that the recipient has the capability to independently evaluate investment risk and is exercising independent judgement in evaluating investment decisions in that its investment decisions will be based on its own independent assessment of the opportunities and risks presented by a potential investment, market factors and other investment considerations. Investors should not use the information herein alone to make investment decisions and should read the offering documents for details. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

All copyright, patent, intellectual and other property rights in the information herein is owned by WEP with the exception of material included with the permission of the rights owner. It may not be reproduced, distributed or published without the prior written consent of WEP. WEP is licensed by the Securities and Futures Commission (SFC) and is governed under the rules and regulations of the SFC and the Securities and Futures Ordinances and its subsidiary legislation.