

## June Update

## NEWSLETTER

### CIO comment

*US President Donald Trump's "big beautiful bill" may not be the only big and beautiful thing coming our way.*

*As the Trump machine continues to move the dial, we anticipate some fresh trading opportunities in US interest rates, and subsequently Australian and New Zealand rates too.*

*Fresh from the trading carnage in May amid yo-yo-ing Trump tariffs, we are pleased to say we have come through in June with one of our best months, mainly off the back of the differential in Australia and New Zealand interest rates versus global rates.*

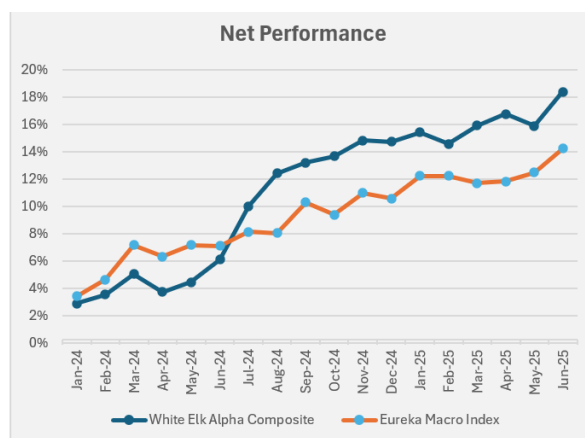
*Looking ahead, we think there remains plenty of trading upside on rates from what we like to call "The Federal Reserve Governor Interview" factor, that is markets simply aren't pricing in enough US rate cuts.*

*Right now, Trump is busy accepting CVs for a new Fed governor with a postscript saying: "Will cut rates to 100 basis points". He has gone hard at Federal Reserve chair Jerome Powell's jugular recently, as far as demanding his immediate resignation.*

*It is no secret Trump just wants massive rate cuts straight away and Powell of course can't in good faith cut rates given Trump's tariffs. Or maybe, he is just having fun digging his heels in.*

*While Powell has until next year to finish his term, that won't stop the US President from replacing him as early as September, allegedly concerned about "the independence of the US central bank".*

*Ironically, Trump's move to fix the bank will indeed end its independence altogether, and almost certainly guarantee rate cuts for the foreseeable future.*



*So, we expect US interest rates stay lower for longer, potentially longer than the three years that Trump has left in his presidency.*

*Trump will most likely have his way and pick a new governor who will do his bidding.*

*That way, not only does Trump get his rate cuts - we can be almost certain the new central bank chair will show plenty of rate-cut goodwill off the bat - he gets a more Trump-friendly Washington.*

*Sure, the markets may be factoring in some US rate cuts due to a slowing US economy, but it isn't really factoring in the heavier pressure on rates stemming from Trump's federal reserve gripe.*

*We don't think they're pricing the reality that Trump will almost certainly appoint an obedient governor. They hold on to the delusion the Federal Reserve will remain independent.*

*So, US rates will be lower and the US yield curve will be steeper. There's going to be a term premium for the US bond yield curve and a multi-year curve steepening trend, which has only just kicked off.*

*All in all, the yield curve will be looking more like what we are used to in the 1990s than what we've been used to in the last 25 years.*

*And as we know, this of course will force the hands of the central banks in Australia, and New Zealand, cornering them into more cut rates. Markets have in fact tried to price in a possible New Zealand rate hike in a year's time but we think they will have to perish that thought for now.*

*The RBA and RBNZ will be forced to keep interest rates lower to prevent their currencies getting pummelled, especially when they are already faced with other challenges in the form of recessionary pressures through a weaker China and tariffs mayhem.*

*Japan will also get a steeper yield curve. Its 30-year government bond yield will continue to steepen in line with global curves.*

*And as far as rate hikes in Japan, we continue to take the view that the Bank of Japan will be tentative.*

*The BOJ is a very nervous central bank. It just doesn't have it in its DNA to hike rates and no wonder. It hasn't hiked rates in 35 years, and won't change habits quickly, Trump or not.*

*So we expect the rates trade to dominate the macro trade in the second half of the year, while forex trade will remain in the passenger seat. As for equities, we think they will surprise on the upside.*

***Carl Radford, Founder and Chief Investment Officer***

---

#### **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  
2.46%Year to Date  
3.65%Since Inception  
18.16%Daily Volatility  
0.22%Sharpe Ratio  
2.11

## 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 |
| Robert Jewell | Portfolio Manager        |
| John Nihill   | Portfolio Manager        |

## Management

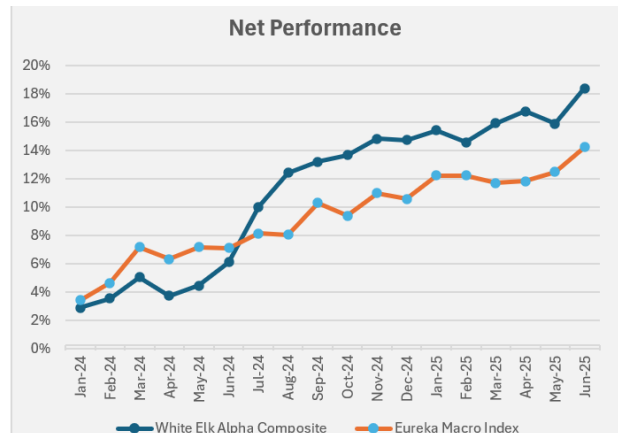
|                  |                         |
|------------------|-------------------------|
| Anthony Bathurst | Chief Executive Officer |
| Mark Croft       | Head of Fund Services   |

## 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      |

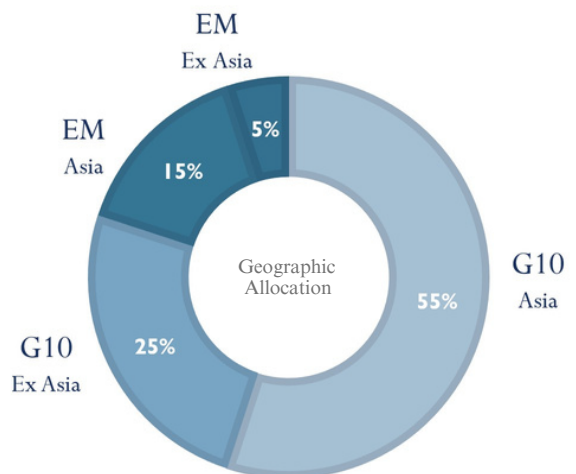


## Performance Summary\*

| Period          | Return (%) | Eureka Macro Index |
|-----------------|------------|--------------------|
| 3 Month         | 2.46%      | 2.54%              |
| Year-to-Date    | 3.65%      | 3.67%              |
| Since Inception | 18.16%     | 14.02%             |

## Risk and Portfolio Summary

| Figure                    | Portfolio |
|---------------------------|-----------|
| Positive Months           | 17        |
| Negative Months           | 5         |
| 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.