

Lanyon Investment Fund – December 2024 quarterly report

30 January, 2025

Dear Investor

The *Lanyon Investment Fund* returned -3.9% for the quarter ending 31 December 2024, net of all fees and expenses, compared to -0.8% for the S&P/ASX300 Accumulation index and +10.9% for the MSCI All Country World net total returns AUD index. Since the inception of the *Lanyon Investment Fund* in September 2019, the fund has returned +149.3% cumulatively or +18.7% annualised, both net of fees and expenses. Over the same period, the S&P/ASX300 Accumulation index has returned +49.6% cumulative or +7.8% annualised, while the MSCI All Country World net total returns AUD index has returned +93.3% cumulative or +13.2% annualised.

A summary of our returns is included in the table below:

as at 31 Dec 2024	Lanyon Investment Fund	ASX300 Accumulation	MSCI All Country World net total returns AUD index	Benchmark*	Relative Results
3 Month	-3.9%	-0.8%	10.9%	2.5%	-6.3%
1 Year	9.2%	11.4%	29.5%	16.3%	-7.1%
3 years (annualised)	7.2%	7.1%	11.2%	8.2%	-1.0%
Since Inception - annualised (September 2019)	18.7%	7.8%	13.2%	9.3%	9.4%
Since Inception (September 2019)	149.3%	49.6%	93.3%	60.5%	88.8%

*the Fund's benchmark is 75% of the ASX300 Accumulation index and 25% of the MSCI All Country A\$ index

We invested an initial 3.8% of the funds' assets in **Perpetual Limited** (ASX: PPT), an Australian listed financial services company where we see opportunities to reduce costs, improve capital allocation decisions and for value to be restored.

We requisitioned a meeting of unitholders in the ASX-listed **Fat Prophets Global Property Fund** (ASX: FPP) to consider winding up the fund. FPP is a fund of global REITs that has underperformed for 7 years and where units trade at a material discount to NAV. We are hopeful that other unitholders share our view to restore value. FPP represents 4.3% of the fund's assets.

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Fraport AG (FRA.GR) (5.0% of the fund) closed the quarter +16.9%. The company's flagship asset, the Frankfurt Airport, continues to see traffic recovering to pre-COVID-19 levels while spending on the construction of Terminal 3 has now peaked. We believe the company is well placed to start generating materially higher levels of cash flow. In December, the company announced a favourable four-year airport charges agreement with its airline partners, increasing tariffs by +15% through to 2028. This was notably higher than the market anticipated. As major capital expenditure programs complete, we believe we will see the balance sheet de-levering significantly over coming years. We expect the stock to re-rate as management continue to execute and as other investors again realise the powerful cash generating assets that exist within the company's asset base.

We added to our investment in **Mineral Resources** (ASX: MIN). The shares declined -34% over the quarter as corporate governance issues were publicly criticised. While disappointing, our view that the company will see a significant near-term and sustainable transformation in the earnings profile remains intact. While the focus was intense and the market reaction was significant, we feel the long-term value of the business has been largely unimpaired. MIN is now the largest investment in the fund comprising ~10% of the fund assets.

The unit price for the fund on 31 December was \$1.632. The funds asset value was \$138.8m (cum distribution) and has available capacity for additional investment.

We now post our reports together with other occasional musings on our **X account** (twitter): x.com/LanyonFund

Please contact us with any questions you have on your investment. Thanks for your support and confidence.

Best regards

David Prescott, Jack Trengove, and Edward Szokalski

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