30 JUNE 2026

AUSTRALIAN EQUITIES FUND

Quarterly Fund Factsheet

PARADICE INVESTMENT MANAGEMENT

Performance Net (%)	1 MONTH	3 MONTHS	1 YEAR	3 YEARS	5 YEARS	7 YEARS	SI* P.A.
Australian Equities Fund	1.51	4.74	7.23	11.31	9.49	9.02	9.73
S&P/ASX 200 Total Return Index	0.67	4.05	6.11	10.62	7.76	8.01	8.93
Excess Return	0.84	0.69	1.12	0.69	1.73	1.01	0.80

*Since Inception date (SI) – 2 August 2017
Past performance of the Fund is not a reliable indicator of future performance. The value of an investment in the Fund may rise or fall. Returns are not guaranteed by any person. Fund returns are calculated before tax, after ongoing management costs and any accrued performance fees, and assumes the reinvestment of distributions. Returns greater than 1 year are annualised.

Investment Objective

The Fund aims to outperform the S&P/ASX 200 Total Return Index, after fees and before taxes, over a rolling three to five year period.

Lead Portfolio Manager

Troy Angus & Julia Weng

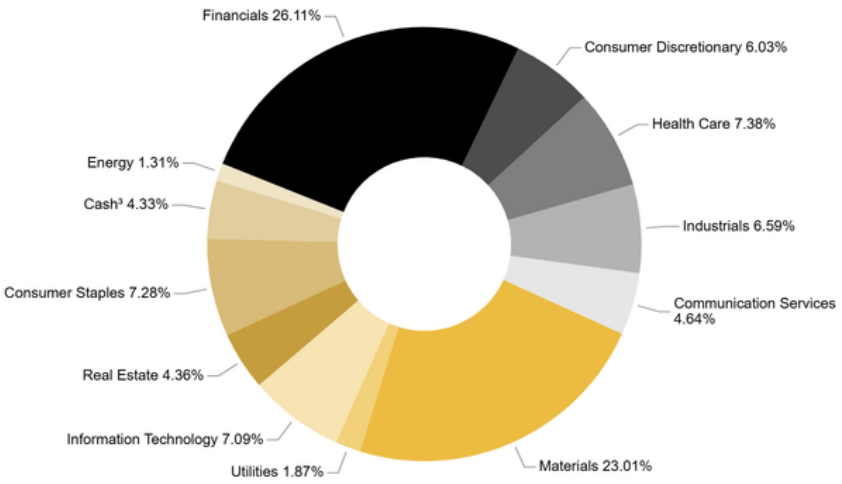
Fund Overview

The highly experienced team use a detailed fundamental research process to find stocks that are growing faster with better outlooks over the next 3 - 5 years. The Fund is agnostic of investment style and employs a long term 'bottom up' approach to investment.

Key Details	
Number of Holdings	48
Portfolio Dividend Yield	2.84%
Fund Size (AUD)	$ 195M

Top 10 Positions	Weight %
BHP Group Ltd	12.73
Macquarie Group, Ltd.	7.76
Xero Ltd.	5.20
Commonwealth Bank of Australia	3.77
Insurance Australia Group Ltd	3.74
Aristocrat Leisure Ltd.	3.42
National Australia Bank Ltd.	3.34
QBE Insurance Group Ltd.	2.89
Coles Group Ltd.	2.77
Newmont Corporation Registered	2.76

Sector Allocation



Fund Details	
APIR Code	ETL8084AU
Distribution Frequency	Semi-annually
Management Fee[1]	0.75% p.a.
Performance Fee[2]	15% p.a.
Buy / Sell Spread	+/- 0.20%
Minimum Investment	$20,000
Stock Range	Typically 30 - 50
Cash Range	0-10%

[1] The management fee is effective 5 November 2018. Prior to this date the management fee was 0.90% p.a. [2] Applies to the investment performance achieved by the Fund (after management fees and costs) in excess of the Benchmark. Refer to PDS for more information. [3] The Cash percentage in the Sector Allocation chart is inclusive of derivatives held in the Fund, if any.

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MARKET REVIEW

The MSCI World Total Return Index rose 14.9% (USD) in the June quarter driven by a renewed surge in AI-related technology stocks, stronger-than-expected earnings, easing geopolitical tensions, and a decline in oil prices that improved the inflation outlook. The S&P/ASX 200 Total Return Index delivered a smaller 4.0%[1] return due to a lesser Technology contribution, Chinese resource demand concerns weighing on Materials, and new Australian government budget measures negatively impacting the property and banking sectors, and consumer sentiment.

ASX Banks dropped 3.8% in the quarter. The Australian Federal government passed budget legislation to tax capital gains at a higher level and remove property investment negative gearing taxation benefits that are generally expected to reduce the pace of credit growth and Bank earnings, but importantly maintained the status quo on Superannuation. Auction clearance rates have fallen sharply. Westpac said mortgage applications fell 10% post budget year on year. Judo Bank warned of increasing bad debts. We expect the pace of credit growth and bank earnings to deteriorate meaningfully over FY27. There is also a risk of more aggressive mortgage pricing in response.

In Commodities, Brent Oil dropped 38.4% (USD) as crude volumes flowed out through the Strait of Hormuz and ASX Energy stocks[1] dropped 16.5% over the quarter. We are thinking that global oil may become oversupplied due to approximately 1-2mbd of new supply from the UAE, following its exit from OPEC, which could drive oil prices lower.

PERFORMANCE

The S&P/ASX200 Total Return Index was up 6.11% in the 12 months, but under the bonnet there was constant volatility posed by ever changing views about rates, inflation, war, truce, AI, and state of the real economy.

The fund delivered 7.23% net return during the 12 months to 30 June 2026. While we were pleased to outperform the benchmark, we believe the portfolio is well positioned for FY27.

Over the past 12 months, from a sector perspective, performance was driven by overweights in select Materials and underweight Healthcare. Key main detractors came from overweights in Technology as 'SaaSpocalypse' weighed on sentiment, and overweights in select Consumer Staples.

Contributors over the past twelve months

- CSL (underweight) – successive earnings downgrades triggered significant compression of valuation multiples.
- BHP (overweight) – rose alongside a resilient iron ore price and higher copper price
- Newmont (overweight) – rose following a rising gold price and solid operational performance. The Fund is net underweight gold as at end of June 2026.
- Lynas Rare Earths (overweight) – rose following higher rare earths prices as security for critical minerals gained prominence post US-Iran conflict
- Alcoa (overweight) – rose on higher aluminium prices as a result of tighter supply conditions especially post US – Iran conflict

Detractors over the past twelve months

- Xero and Seek (overweight) – fear of AI disintermediation triggered significant valuation multiple compression
- Treasury Wine Estates (overweight) – digestion of inventory weighted on growth outlook
- Rio Tinto (underweight) – rose on the back of higher iron ore prices and aluminium prices. The fund preferred BHP and Alcoa for these exposures.
- IDP Education (overweight) - weaker student placement numbers triggered significant valuation multiple compression

PORTFOLIO CHANGES

Over the past 3 months, key changes to the portfolio include trimming Materials and exposure to domestic cyclicals, while increasing exposure to Healthcare and offshore earners.

Purchases

- Xero (XRO) – increased post a strong result and our rising conviction that AI disintermediation was overdone
- Macquarie (MQG) – increased on the basis of our higher conviction around the company's earnings momentum
- Aristocrat Leisure (ALL) – increased on our higher conviction around the company's earnings momentum

Sales

- Telstra (TLS) – exited post strong outperformance. The portfolio currently has a preference for the supermarkets for defensiveness and growth.
- Woodside Energy (WDS)– reduced as the US - Iran conflict approached resolution
- Fortescue (FMG) – exited as iron ore entered what has historically been a seasonally weaker period

ESG ENGAGEMENT

During the quarter we undertook a total of 28 engagements in which we discussed ESG matters with 22 companies relevant to the strategy. The majority of meetings during the quarter were held at the board or executive level, with a mix of post financial results and pre-AGM meetings. In addition to climate change, ethical conduct and board quality were notable topics of interest for the team.

In the quarter, we continued our ongoing engagement on safety performance with Newmont Corporation (NEM) after the company had another fatality, as well as engaged on environmental management at the Cadia mine. We sought an update on the safety system upgrades and how financial incentive structures were being reviewed.

1. S&P/ASX 200 Energy Sector

The local community around the Cadia mine in NSW (a former Newcrest asset) has commenced a class action against Newmont. We sought to understand the company's due diligence on risks for this asset prior to the Newcrest transaction, as well as responsiveness to community concerns regarding air and water pollutants since it took operational control.

Additionally, we had two engagements with QBE in the lead up to the AGM, which included climate-focused shareholder resolutions. We discussed the Chair appointment process and how the Board considered the significant vote against the Chair-elect at the prior AGM, as well as further board renewal plans and CEO succession. We also discussed AI, innovation and cyber resilience. QBE has published its first mandatory climate report, for which we provided extensive feedback to the company, as well as requested clarity on how it assesses customer risk and restricts serving high risk customers as appropriate.

OUTLOOK AND POSISTIONING

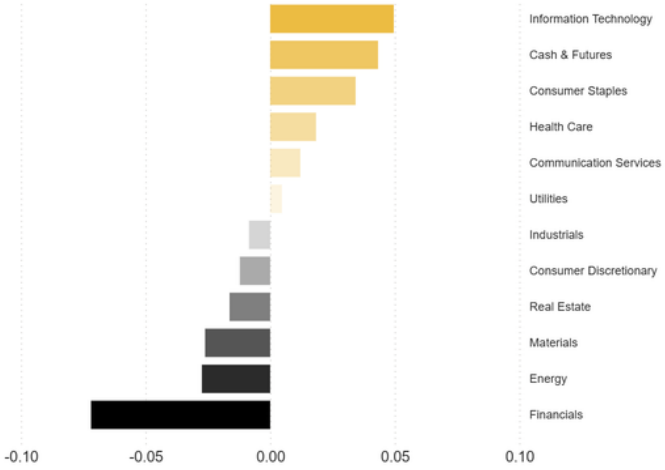
Positioning within the portfolio has recently pivoted. Technology stocks have been added/increased that were beaten up on AI disruption concerns, which we conclude are overdone, and where we also find valuation support. Healthcare underweights have been neutralised where expectations have fallen and reasonable valuation support has been restored. Resources and Energy have been reduced after commodity and stock outperformance drove them ahead of our valuation targets. Banks face negative earnings revisions on budget driven slower credit growth, and mortgage pricing competition risk, so the portfolio remains underweight.

The outlook for interest rates has the potential to turn more dovish, in our view. Half of US GDP growth over the last two quarters was driven by the hyper scaler buildout. However, we are not convinced the returns justify the investment. Further, there are signs of over building, such as chatter that Meta is forming a cloud compute business to sell excess capacity. The US Fed may be able to pivot dovish if this build demand falls away. The collapsing oil price will also help lower inflation. If this happens, there may be further positioning opportunities in rate sensitive sectors like Consumer, Cyclical Industrials and REITs. Large cap top 20 names continue to get bought by the active to passive trend, and we remain cognisant of this from a risk standpoint.

Top 5 active positions at 30 June 2026

Stock	Active Weight (%)
Xero	4.74
Macquarie Group	4.43
Insurance Australia	3.03
Seek	2.45
Newmont	2.36

The sector positioning as of the end of 30 June 2026[2]



2. Relative to the Fund's benchmark.

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