PARADICE
INVESTMENT MANAGEMENT

31 JULY 2026

EQUITY ALPHA PLUS FUND

Monthly Fund Factsheet

Performance Net (%)	1 MONTH	3 MONTHS	1 YEAR	3 YEARS	5 YEARS	7 YEARS	SI* P.A.
Equity Alpha Plus Fund	1.42	4.66	12.85	14.63	13.00	14.09	14.23
S&P/ASX 200 Total Return Index	2.26	4.13	6.01	10.40	8.01	7.91	8.06
Excess Return	-0.84	0.53	6.84	4.23	4.99	6.18	6.17

*Since Inception date (SI) – 12 July 2019
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 the long term.

Lead Portfolio Manager

Tom Richardson

Fund Overview

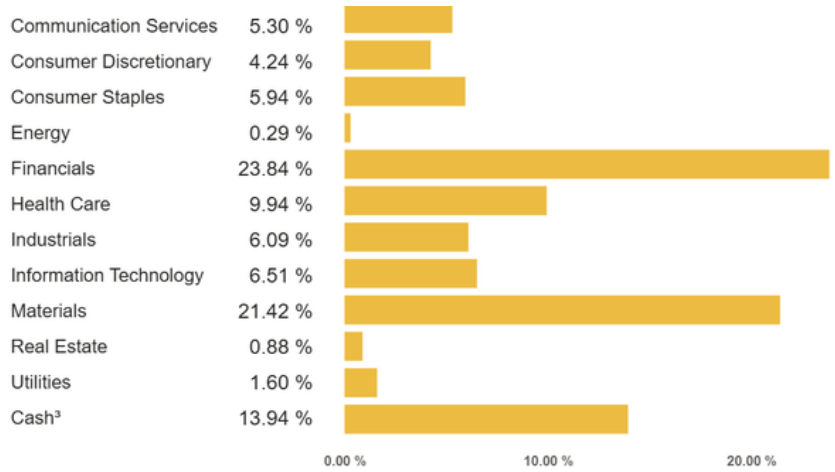
This Fund uses a detailed fundamental research process to invest in stocks that are well placed for the future (longs) and take advantage of stocks we believe have cyclical and structural headwinds (shorts). The Long/Short investment style is designed to enhance returns and manage downside risks.

Key Details	
Number of Holdings	86
Portfolio Dividend Yield	2.88%
Fund Size (AUD)	$ 558M
Redemption Price	$1.6593

Top 10 Positions	Weight %
BHP Group Ltd.	13.26
Macquarie Group, Ltd.	7.92
Xero Ltd.	5.08
Seek Ltd.	4.71
Insurance Australia Group Ltd.	3.65
National Australia Bank Ltd.	3.64
Aristocrat Leisure Ltd.	3.61
Woolworths Group Ltd.	3.47
Commonwealth Bank of Australia	3.11
Treasury Wine Estates Ltd.	3.11

Market Exposures	
Long	107.10
Short	-21.04
Net	86.06

Sector Allocation



Fund Details	
APIR Code	ETL8096AU
Distribution Frequency	Semi-annually
Management Fee[1]	0.99% p.a.
Performance Fee[2]	15% p.a.
Buy / Sell Spread	+/- 0.30%
Minimum Investment	$20,000
Stock Range	Long 20 - 60, Short 0 - 50
Cash Range	0-20%

[1]The management fee is effective 3 April 2020. Prior to this date the management fee was 1.15% 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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PERFORMANCE

The Fund rose 1.42% in July, underperforming the Index which increased -2.26%, for a relative return of approximately -84 basis points. The result was a tale of two books. Our Short book was a strong contributor, adding roughly +103 basis points as several speculative and lower-quality names came under pressure. The Long book, however, was the source of the underperformance, detracting approximately -169 basis points. This reflected a combination of stock-specific weakness in our growth and resource holdings and the continued strength of the major banks, where we remain underweight.

The underweight to Financials was again the single largest drag on relative performance. The Banks continued their strong run, with the sector once again accounting for the bulk of the index's gains. Our underweight in Commonwealth Bank alone detracted approximately -41 basis points, and the underweight in Westpac a further -24 basis points. As we have noted previously, we have maintained an underweight position in the Banks on valuations concerns and potential earnings headwinds.

Stock selection within the Long book also impacted returns. Artrya, which had been an exceptional contributor over the prior year, gave back some of its gains. Lynas Rare Earths and Electro Optic Systems also detracted from performance. We added to Lynas in the month as its investment in heavy rare earth separation positions the company to benefit. Xero also detracted from returns as CEO share sales and remuneration related concerns weighed on the stock. On the positive side, Seek was the largest single Long contributor, recovering some of its recent weakness, while Wisetech Global also recovered a portion of the prior month’s decline.

The Short book fell 2.3% over the month, comfortably underperforming the rising market and contributing positively to Fund returns. The best-performing shorts were concentrated in the speculative resources and small-cap technology space, where stretched valuations and thin earnings support began to weigh more heavily on investor sentiment. As always, we continue to look for new stocks and sectors where we assess the balance of risk and return to be unattractive, and we added a handful of new positions as the market's narrow leadership has left a number of names looking extended.

MARKET WRAP

Australian equities shrugged off a bout of heightened global volatility and a partial unwind of the US AI led rally to break their recent run of relative underperformance, with the S&P/ASX 200 Total Return Index adding a solid 2.3% in July to close the month, ahead of both regional and global peers. The headline gain, however, masked a notably narrow market. Financials accounted for the majority of the index's advance, while Resources lagged the broader market. The return was heavily skewed by size, with Large Caps (S&P/ASX 20 Total Return Index) up 3.7%, while the S&P/ASX Small Ordinaries Total Return Index fell 3.2%.

Beneath the surface, the defining feature of the month was the market's increasingly sharp discrimination between winners and losers within the growth complex. Investors rewarded companies able to offer visibility and certainty over their earnings, while punishing those trading on stretched multiples with less dependable outlooks. This played out even as the aggregate market multiple pushed above 17.0x, leaving little room for disappointment and helping to explain the outsized stock-specific moves seen across the month.

LOOKING FORWARD

The outlook for interest rates has the potential to pivot more dovish in our view. Half of US GDP growth over the last two quarters was driven by the hyperscaler buildout. However, we are not convinced returns justify the investment. Further, there are signs of an over build now, such as media reports 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. A reversal of recent oil price strength would further reinforce disinflation and support an easier policy backdrop. If this happens, there will be further positioning opportunities in rate sensitive sectors like Consumer, Cyclical Industrials and possibly REITs. We remain mindful that passive inflows continue to support Australia's largest index constituents irrespective of valuation and consider this an important portfolio risk.

Technology is a key overweight as several stocks have materially derated on AI disruption concerns that we believe are overdone, while valuations have become increasingly supportive. Healthcare is now an overweight as earnings are troughing and reasonable valuation support has emerged. 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 price competition risk, so the portfolio remains underweight. Non-Bank Financials have been trimmed on outperformance.

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