31 DECEMBER 2025

EQUITY ALPHA PLUS FUND

PARADICE
INVESTMENT MANAGEMENT

PERFORMANCE NET (%)	1 MONTH	3 MONTHS	1 YEAR	3 YEARS	5 YEARS	SI* P.A.
Equity Alpha Plus Fund	2.54	0.72	15.27	14.55	16.42	14.58
S&P/ASX 200 Total Return Index	1.30	-1.01	10.32	11.39	9.89	8.05
Excess Return	1.24	1.73	4.95	3.16	6.53	6.53

*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

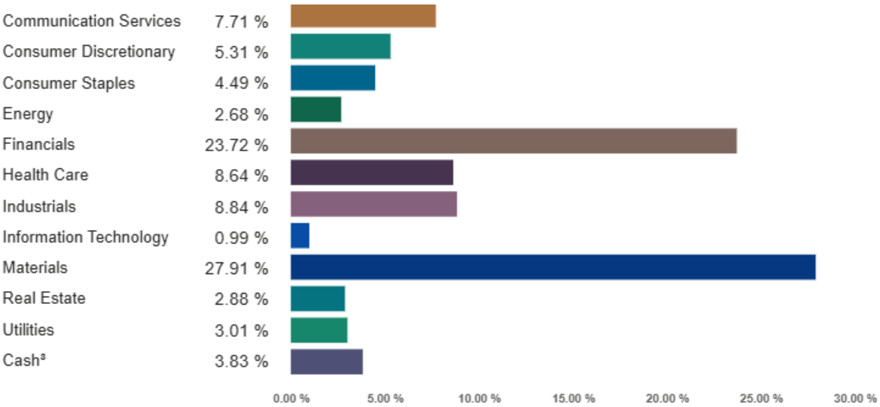
Tom Richardson

FUND OVERVIEW

This Fund uses a detailed fundamental research process to invest in stocks that are well placed for the future (longs) and takes 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.

MARKET EXPOSURES	
Long	116.36
Short	-20.19
Net	96.17

SECTOR ALLOCATION



KEY DETAILS	
Number of Holdings	89
Portfolio Dividend Yield	3.18%
Fund Size (AUD)	$ 345M
Redemption Price	$1.6334

TOP 10 POSITIONS	WEIGHT %
BHP Group Ltd.	13.83
Macquarie Group, Ltd.	5.60
Seek Ltd.	4.36
Brambles Ltd.	3.83
National Australia Bank Ltd.	3.70
Insurance Australia Group Ltd.	3.45
GPT Group	3.44
Ansell Ltd.	3.38
Telstra Group Ltd.	3.36
Fortescue Ltd.	3.36

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%

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Performance in AUD unless otherwise noted.[1]

MARKET REVIEW

The S&P/ASX 200 Total Return Index (the Index) ended 2025 with a muted -1% return for the December quarter. For the year 2025, the Index delivered a solid +6.8%[2] (+10.3% including dividends). Key global indices fared relatively better, with the S&P500 up +17.9%, FTSE100 up 35.1% and Nikkei225 up 29.3% (USD) for the calendar year 2025.

During the December 2025 quarter, markets rotated out of earlier winners (technology and growth sectors) into cyclical commodity stocks. Materials was by far the best performing sector +13.0% on the Index, driven by record prices for precious metals and critical minerals including gold, copper, lithium, rare earths and resilience in iron ore prices. Sustained strength in commodity prices have triggered significant earnings upgrades. On the other hand, Information Technology (-26.0%), Consumer Discretionary (-11.7%), and Healthcare (-9.9%) saw a sharp reversal as investors questioned the relatively high valuation multiples paid, and there were some meaningful earnings disappointments.

Australian and US economic data appear to support different interest rate trajectories. In the US, the Federal Reserve continued cutting rates, as headline inflation slowed to 2.7% in December 2025, close to the Fed's target. In contrast, CPI in Australia ended the year around 3.8% (as of October 2025), with ongoing inflation persistence a concern for the current rate cutting cycle. This could drive upward pressure on the AUD, which has historically been supportive for commodity prices.

PERFORMANCE

The Fund rose 0.72% in the December quarter outperforming the Index which fell 1.01%. Pleasingly, both the Long and Short books assisted performance. Alcoa was the largest contributor to performance. We have held the stock for over 18 months with expectations of rising Aluminium prices. The stock had languished for periods, plagued by issues such as Canadian tariffs, Western Australian development approval delays and power outages at their San Ciprian operation. This quarter however those issues were pushed aside as investors chased upside in multiple commodity stocks. We remain constructive on Aluminium markets but have reduced the position following the rally. Elevra Lithium was also a key contributor in the quarter. Elevra formed through the merger of Sayona and Piedmont. We participated in the equity raising at this time. While their operation is high cost, we saw operational improvement potential and an undervalued development pipeline that could emerge as lithium prices rallied. This occurred in the quarter and we have trimmed the position. Newmont was again a key contributor in period as gold prices rallied strongly and operational improvements were evident leading to very strong cash flow. Once more, we have reduced our position following the rally. The Long portfolio had three key detractors to returns. Treasury Wine Estates fell after downgrading FY26 expectations. Just prior to Christmas, the new CEO rebased expectations with a sizeable inventory reduction in their sales channels. We believe this is the right strategy and will clean up one of the key overhangs in the stock. Importantly, the Penfolds brands remains strong and sales performance in China is performing well. We believe this sets the Company up well for 2026 and after earlier in the quarter reducing our holding, we have added this back. Seek was a key detractor in the quarter, falling 19%. There was no particular news in the stock, they reiterated guidance at the AGM. Rather, the stock suffered from a broad de-rate across growth and technology. We have a large position in the Company and have not yet added in this weakness. We remain convicted in the business performance and the upside to valuation. Xero similarly detracted from performance falling 28% in the quarter. While the business also suffered from the broad based de-rate in growth and technology, the Company also saw near-term earnings downgrades through the acquisition of loss-making payments business Melio. We believe Xero paid a full price for Melio, but the acquisition will enable a far stronger offering in the large US market. The upside from executing in the US is significant and we have added to our position.

The Short book fell over 4% in the quarter which assisted Fund performance. Unsurprisingly the key contributors were all growth and technology companies with extreme valuations. We begun covering a number of these positions late in the quarter as the risk and reward became more balanced in these names.

ESG ENGAGEMENT[3]

During the quarter we undertook a total of 26 engagements in which we discussed ESG matters, including 20 companies relevant to the strategy. The majority of meetings during the quarter were held at the board or executive level, with many with the Chair in advance of the AGM. In addition to climate change, ethical conduct and governance issues were notable topics of interest for the team.

In the quarter, we had three meetings with ANZ Banking Group (ANZ) – one with the new CEO and two with the Chair. The bank's regulatory issues and non-financial risk management were the primary focus, including board oversight of these, with a secondary focus on the updated strategy and human capital matters. The new CEO is deeply focused on resetting the culture to ensure appropriate conduct among stuff, although we have remained disappointed with the bank's Board in light of the persistent shortcomings, the record penalty and regulator criticism. We also wrote to the Chair in advance of the AGM to explain our voting positions and provided feedback regarding climate risk and assessment of customer transition plans.

Additionally, we met with the Aristocrat Leisure (ALL) for a deep dive on responsible gaming after the publication of the FY25 sustainability report, seeking additional detail on a number of initiatives to understand their effectiveness. These include its 'Know Your Max' website and dynamic messaging for players of its social casino games. We also provided feedback on disclosure enhancements Aristocrat could consider and shared our expectation that we would like to see greater completion rates for employee training on responsible gaming which is currently voluntary.

OUTLOOK AND POSITIONING

Moderate GDP growth of roughly two percent is expected for Australia and the US in 2026. The dominant macro driver for equities markets remain the direction, pace and credibility of interest rate cuts. The bond market is currently pricing in two rate cuts in US, ending 2026 at a cash rate of 3.1%. Meanwhile, the bond market is pricing in two rate increases in Australia, ending 2026 at a cash rate of 4.0%. Given the diverging interest rate expectations and current differentials, this could put upward pressure on the AUD (and in turn support higher commodity prices).

The second theme is whether investors' perception of AI will change and move from "hype" to "proof". AI has been a dominant driver of returns in the US supporting technology, utility and certain materials stocks over the past few years. However given the increased circularity of AI deals, the increased capital intensity of AI infrastructure build outs, and a rise in debt-fuelled investment, there has been a notable increase in apprehension towards the sector in late 2025. As an example, Oracle is down 40% from its highs in 2025.

We are also watching for signs of stimulus in China. The country is expected to maintain a GDP target of "around 5%" for 2026. Thus far in January, it has earmarked 62.5b RMB (US$9bn) for expanded consumer trade-in subsidies and approved a 295b RMB (US$42bn) stimulus package for infrastructure modernisation. China demand for infrastructure and manufacturing remains critical to metals demand as the property sector continues to wane.

1 Index Returns are Total Returns unless otherwise noted.

2 S&P/ASX 200 Price Return Index.

3. This fund is not an ESG product please see the PDS for further information on our ESG considerations.

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The portfolio is overweight Materials. The portfolio is overweight iron ore, through BHP and Fortescue (FMG) as Chinese demand remains resilient. We are now broadly neutral Gold, via Newmont, Greatland Resources and Ramelius, as we believe the stocks are attractive but see more upside in some of the base metals. We are overweight Aluminium via Alcoa, and rare earths through Lynas. We also hold smaller positions in Elevra and Pilbara.

We remain underweight Financials, via Banks. Banks have re-rated to 35-year valuation highs yet have minimal growth outside one-off lower loan losses. The portfolio is overweight insurers QBE and IAG as they stand to benefit from an insurance hardening pricing cycle. The portfolio holds positions in Block on bottom-up fundamentals and Macquarie on potential earnings growth.

The portfolio is positioned in selective Industrial stocks with growing earnings and attractive valuation. These include Brambles as it continues to grow earnings and generate free cashflow, and SGH where earnings are supported by a sustained equipment replacement cycle. We established a position in Bluescope Steel (BSL) in the quarter as US spreads inflected upwards creating a sizeable tailwind for the stock.

Within the Consumer sectors, the portfolio is overweight A2 Milk, Treasury Wine and Qantas (under Industrials). A2 Milk is capitalising on market disruptions to grow market share. Treasury Wine is in our view attractively valued for the expected growth in Penfolds following a reset by incoming CEO. Qantas continues to enjoy robust domestic demand and pricing power.

Within Healthcare, the portfolio is overweight ResMed as it continues to deliver strong earnings growth in a benign competitive environment, and Ansell as it delivers earnings growth post a severe Covid-induced destocking cycle. We initiated a position in Artrya, an emerging medtech company with a unique platform for identifying heart problems. The stock was a key contributor to performance in the quarter. We also own Nanosonics as it grows its Trophon offering of automated disinfection systems and for the CORIS (new product) opportunity.