31 JANUARY 2026

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	1.57	1.63	12.63	13.48	16.40	14.65
S&P/ASX 200 Total Return Index	1.78	0.36	7.37	9.81	10.21	8.23
Excess Return	-0.21	1.27	5.26	3.67	6.19	6.42

*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

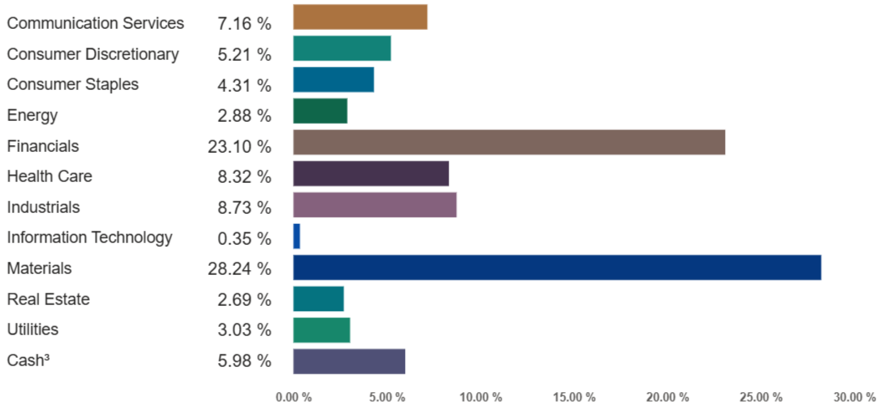
Tom Richardson

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	113.25
Short	-19.23
Net	94.02

SECTOR ALLOCATION



KEY DETAILS	
Number of Holdings	88
Portfolio Dividend Yield	3.24%
Fund Size (AUD)	$ 357M
Redemption Price	$1.6591

TOP 10 POSITIONS	WEIGHT %
BHP Group Ltd.	14.51
Macquarie Group, Ltd.	5.72
Seek Ltd.	3.87
Fortescue Ltd.	3.75
National Australia Bank Ltd.	3.71
Brambles Ltd.	3.66
Treasury Wine Estates Ltd.	3.35
Telstra Group Ltd.	3.29
GPT Group	3.29
Insurance Australia Group Ltd.	3.22

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.

EQUITY ALPHA PLUS FUND

PARADICE
INVESTMENT MANAGEMENT

PERFORMANCE

The Fund rose 1.57% in January underperforming the Index which increased 1.78%. Our long book narrowly outperformed in the month with Financials and Materials being the key positive contributors. A large underweight position in CBA assisted performance as the stock fell a further 7.0%. BHP remains a key holding for the Fund and the stock rallied 11.2% in the month as the copper price surged. We have trimmed the position, but it remains a key holding. Alcoa was again a top contributor to the Fund as global aluminium markets remain tight. We have further reduced our position, as despite aluminium markets remaining constructive the stock has rallied considerably. Two key positions in Xero and Seek were sizeable drags on the portfolio this month. AI risk has been discussed for many months; however, fear has heightened recently as new AI products emerge. We remain convicted in both companies' barriers to disruption and supportive valuation. For the first time in many months, we added to these positions. The Short book narrowly outperformed in the month, detracting from Fund returns. Similarly to the long book stock returns were bifurcated. Several shorts in the IT space where we do see AI disruption risk suffered large falls. While a handful of shorts in the Materials and Energy sectors had large rallies. We began covering some IT shorts in the month as some stock prices look oversold relative to emerging risks. We are constantly looking for new stocks and sectors where we see the risk and return as unattractive

MARKET WRAP

The US S&P 500 Total Return Index rose 1.5% (in USD) in January. The US Fed held rates constant as robust growth continued, and the labour market improved. US core inflation was an acceptable 2.6% in December. Kevin Warsh's nomination for the Fed chair was viewed as a hawkish surprise, driving up bond yields slightly. US 2-yr Treasury yields rose 5bps and 10 yr yields 7bps. US IT stocks began to underperform on the disruption from AI and returns from AI related investment. The S&P/ASX 300 Total Return Index rose 1.7%. Materials rose 9.4% and Energy 11.1% on commodity price strength, with Gold rising 13.3%, lithium carbonate 28.8%, and Brent oil 16.2% on geopolitical concerns (all in USD). IT stocks followed US peers lower, dropping 9.1%. After the December monthly CPI came out at a hot 3.8%, and economic strength continued, the market moved to price a 25bp RBA cash rate hike that ultimately came to fruition in early February. 2-yr Treasury yields rose 15bps in January and 10 yr yields 6bps. In equities, this drove underperformance of interest rate sensitive sectors like AREITS, which eased 2.7%. Reflecting interest rate differentials, the AUD rose 4.4% vs the USD.

LOOKING FORWARD

We are cautiously optimistic markets short-term as extreme valuations have reduced across the market, and economic growth remains robust. While this backdrop favours reflation trades, we note the Materials sector has rallied 43% over the past six months. We have reduced our overweight position as we believe some commodity prices have moved ahead of underlying fundamentals, creating short term risks. Conversely, the IT sector has fallen 36% in the past six months and we have reduced our underweight position. The market has been indiscriminate in selling upon fears of AI disruption and we are seeing some compelling investment opportunities.