31 DECEMBER 2025

AUSTRALIAN EQUITIES FUND

PARADICE
INVESTMENT MANAGEMENT

PERFORMANCE NET (%)	1 MONTH	3 MONTHS	1 YEAR	3 YEARS	5 YEARS	7 YEARS	SI* P.A.
Australian Equities Fund	0.85	-2.13	10.81	11.34	13.05	11.60	10.19
S&P/ASX 200 Total Return Index	1.30	-1.01	10.32	11.39	9.89	10.45	9.17
Excess Return	-0.45	-1.12	0.49	-0.05	3.16	1.15	1.02

*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.

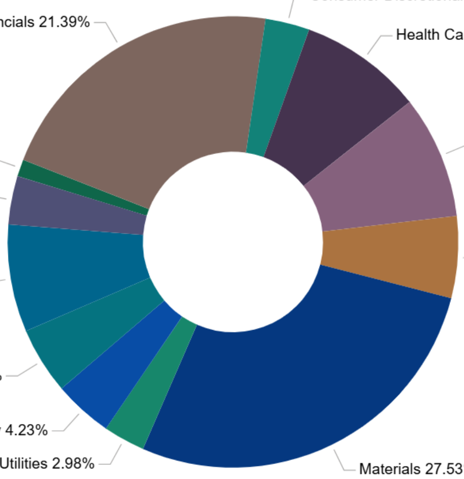
LEAD PORTFOLIO MANAGER

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.

SECTOR ALLOCATION



KEY DETAILS	
Number of Holdings	45
Portfolio Dividend Yield	2.99%
Fund Size (AUD)	$ 148M

TOP 10 POSITIONS	WEIGHT %
BHP Group Ltd	12.88
Macquarie Group, Ltd.	6.38
National Australia Bank Ltd.	4.83
Commonwealth Bank of Australia	3.87
Newmont Corporation Registered	3.84
Coles Group Ltd.	3.75
Fortescue Ltd	3.38
Seek Ltd.	3.09
Origin Energy Ltd.	2.98
QBE Insurance Group Ltd.	2.87

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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Performance in AUD unless otherwise noted.

MARKET REVIEW

The ASX200 ended 2025 with a muted -1% return for the December quarter. For the year 2025, the ASX200 delivered a solid +6.8%[1] (+10.3% including dividends). Key global indices fared relatively better, with the S&P 500 up +17.9%, FTSE100 up 35.1% and Nikkei225 up 29.3% (all Total Return Indices and in 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 were by far the best performing sector +13.0% on the ASX200, 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 portfolio returned -213bps, underperforming the S&P/ASX 200 Total Return Index (ASX200) by 112bps over the quarter net of fees.

Contributors

- Alcoa Corporation (Overweight) - outperformed on higher aluminium price and rotation into cyclical commodities.
- Newmont (Overweight) - outperformed on higher gold prices
- Wesfarmers (Underweight) - Underperformed on a slightly softer AGM trading update.
- BHP (Overweight) - outperformed on higher iron ore and copper prices.
- Artrya (Overweight) - outperformed on securing US customers for use of its coronary artery diagnostics software.

Detractors

- Seek (Overweight) – underperformed on a multiple de-rate across the technology sector.
- Xero (Overweight) - underperformed on a multiple de-rate across the technology sector.
- Corporate Travel Management (Overweight) - The Fund undertook a -50% valuation following the company's update to the market on 28 November 2025. See further comments below.
- ANZ (Underweight) - outperformed possibly on resilient net interest margin performance and greater excess capital headroom.
- Treasury Wine Estates (Overweight) - underperformed on weaker trading update and inventory adjustment.

The Fund undertook a -50% revaluation of a ~100bps active holding in CTD on 3 December 2025 following the company's update to the market on 28 November 2025 that a portion of its European revenues from FY23-25 may need to be restated and possibly refunded which could lead to cash impacts.

[1]S&P/ASX 200 Price Return Index

The revaluation was undertaken with consideration to precedents for accounting discrepancies, peer performance since the suspension from quotation, potential reputational impact resulting in loss of customers, and possibility of a capital raise. Further revaluation may be appropriate as more information becomes available.

PORTFOLIO CHANGES

Purchases

- Macquarie (MQG) - increased as the stock was oversold on a weak 1H trading update.
- Fortescue (FMG) - increased on iron ore price outlook heading into seasonal strength.
- Sigma Healthcare (SIG) – increased on robust sales and margin trends in Chemist Warehouse.
- Reliance Worldwide (RWC) - new position, purchased on prospect of renovation market picking up in response to lower interest rates in the US.
- Bluescope Steel (BSL) - new position, purchased on higher steel spreads in the US.

Sales

- Newmont (NEM) - reduced as the stock materially outperformed.
- Lynas Rare Earths (LYC) - reduced as the stock materially outperformed.
- NIB Holdings (NHF) – exited, increased evidence of higher claims inflation.
- Life 360 (360) - exited, market's focus on Monthly Active Users carries less visibility.
- Alcoa (AAI) - reduced as the stock materially outperformed.

ESG ENGAGEMENT[2]

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.

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

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OUTLOOK AND POSITIONING

Moderate GDP of c2% is expected for Australia and the US in 2026. The dominant macro driver for equities markets remains the direction, pace and credibility of interest rate cuts. The bond market is currently pricing in circa 2 rate cuts in US, ending 2026 at a cash rate of 3.1%.

Meanwhile, the bond market is pricing in circa 2 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).

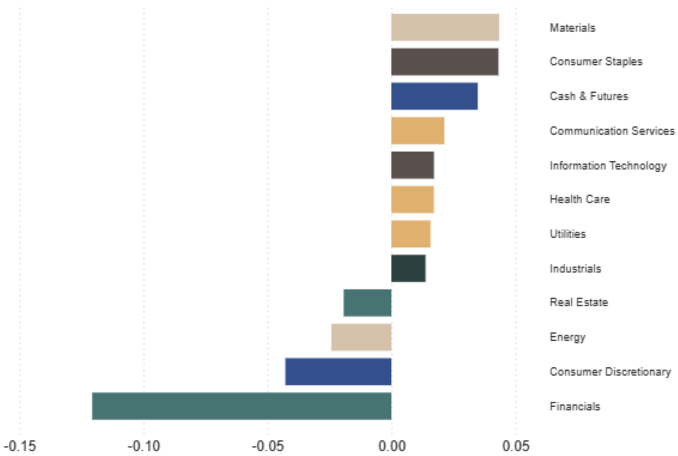
The second theme is whether investors' perception of AI will change and move from "hype" to "proof". AI has been a dominant driver of returns in the US supporting Technology, Utility and certain Materials stocks over the past few years. However, given the increased circularity of AI deals and the increased capex intensity of AI infrastructure build outs, and a rise in debt-fuelled investment, there have been notable increase in apprehension towards the sector in late 2025 e.g. Oracle is down c40% from its highs in 2025.

China is expected to maintain a GDP target of "around 5%" for 2026. Thus far in January, it has reportedly earmarked 62.5b RMB (Cus $9B) for expanded consumer trade-in subsidies, and approved a 295b RMB (Cus$42b) stimulus package for infrastructure modernisation.

Portfolio Positioning

The portfolio's active positioning by sector as of 31 December 2025 is as follows.

Sector Relative Allocation



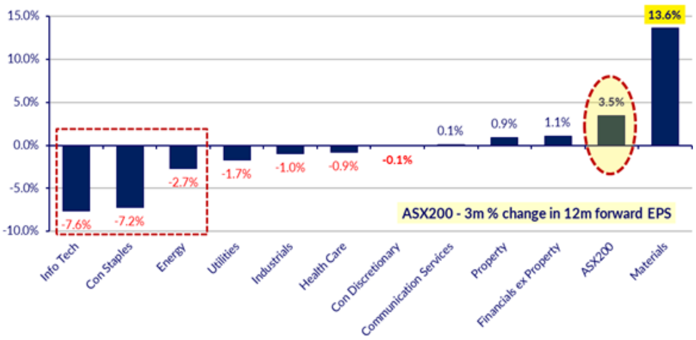
As at 31 December 2025. Paradice portfolio sector assignment is based on GICS. Source: Factset and Paradice. Relative allocation is based on the market value of each position expressed as a % of the total portfolio relative to benchmark weights.

Top 5 Active Positions

- BHP
- Macquarie Group
- Newmont
- Seek
- Coles

The portfolio is modestly defensively positioned as the multiple de-rate across growth sectors continues to weigh on the market. There is stark divergence of earnings revisions across the sectors, with Materials the only sector to have seen earnings upgrades in response to higher commodity prices. We believe Materials will continue to outperform in the short term driven by earnings upgrades and attractive starting multiples. Our preferences remain select gold, aluminium, rare earths, lithium and iron ore exposures.

ASX200 key sectors – 3m change in 12m forward consensus forecasts.



Source: CLSA, Refinitiv, 2 January 2026.

Elsewhere, the portfolio is selectively positioned in stocks where we believe the market is overlooking potential earnings upgrades and where valuation is palatable. We are Overweight Consumer staples and Communications, principally through exposures in Coles, Treasury Wine Estates (TWE), A2 Milk and Seek. We have added to TWE post management's by -30%, which we deem to be sufficiently conservative.

The portfolio has added a number of small caps where we believe there is appreciable upside for idiosyncratic reasons. A few examples are below:

- **Electro Optic Systems (EOS)** – Develops and manufactures counter-drone defence and space systems. Recent contract wins in NATO jurisdictions e.g. Western Europe, North America, South Korea provide confirmation of EOS' intellectual property and capability.
- **Artrya (AYA)** – a medical technology company that uses AI to detect and diagnosis coronary artery disease. Artrya is seeing early stage adoption of its technology by securing commercial contracts with leading US hospitals.
- **Qoria (QOR)** – a global provider of student online safety software to schools and families. Qoria is increasing its pace of rollout and product development in response to increased needs.

The portfolio is underweight Financials principally due to Banks where valuations are at very stretched levels despite a lacklustre earnings growth profile.

For any other questions in relation to the portfolio, please contact distribution@paradice.com.