31 MARCH 2026

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	-6.61	-3.47	9.71	9.49	10.14	9.35	9.44
S&P/ASX 200 Total Return Index	-7.15	-1.61	11.67	9.54	8.63	8.58	8.70
Excess Return	0.54	-1.86	-1.96	-0.05	1.51	0.77	0.74

*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.

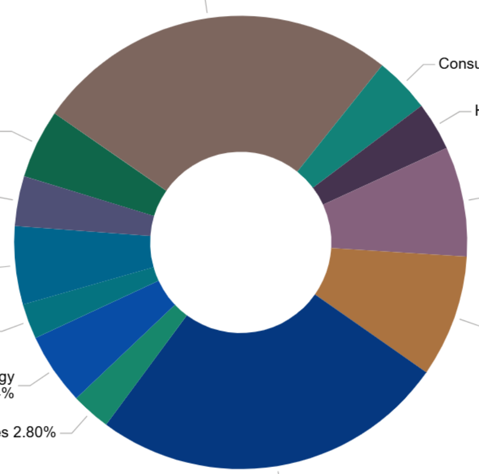
LEAD PORTFOLIO MANAGER

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	3.17%
Fund Size (AUD)	$ 166M

TOP 10 POSITIONS	WEIGHT %
BHP Group Ltd	12.82
Commonwealth Bank of Australia	5.43
Macquarie Group, Ltd.	5.27
Insurance Australia Group Ltd	4.14
Newmont Corporation Registered	4.08
National Australia Bank Ltd.	3.91
Brambles Ltd.	3.58
Xero Ltd.	3.51
Seek Ltd.	3.30
Telstra Group Ltd.	3.19

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%

02 8227 7400 | distribution@paradice.com | www.paradice.com

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MARKET REVIEW

The MSCI World Total Return Index dropped 3.2% (USD) and the S&P/ASX 200 Total Return Index eased 1.6%[1] in the March quarter as the USA went to war with Iran. Brent oil prices spiked 94.5% (USD) as the Strait of Hormuz closed, which skewed inflation risks to the upside and drove US 2-year Treasury yields 32 bps higher. The NASDAQ Total Return Index (USD) fell 7.0% as concerns of Artificial Intelligence (AI) disruption were an additional headwind to valuation compression from higher rates. Concerns around Private Credit also surfaced as retail investors requested redemptions more than 'gate' limits at some funds, perhaps due to worries over lending to businesses being disrupted by AI.

Macro data deteriorated in March around the world in response to the Middle Eastern conflict but remains solid. The JP Morgan Global Composite PMI in March dropped 2.3 points sequentially, which is the largest one-month drop since the invasion of Ukraine[2]. Both the Global Manufacturing and Services PMI indices dropped, and declines occurred across all major global regions. However, as reported in recent JP Morgan research the PMI reading of 51.0 does remain expansionary and is consistent with 'trend-like' 2.5% global GDP growth. Inflation prints in the quarter were in our opinion, largely too backward-looking to be relevant, given the jump in oil prices we expect yet to flow into inflation. The US Fed held rates flat and said, "inflation progress is disappointing, risks are rising, and cuts may not come". US futures removed more than two 25bp cuts they had priced to occur over the calendar year and now imply an approximately flat outcome. In Australia, the RBA rose rates 25bp to 4.1% as monthly CPI inflation at 3.7% in February remained high versus their 2-3% target. Futures here now imply over two 25bp rate hikes over the year, which is an increase from ~1x previously.

The Australian February reporting season was solid with an ~1% EPS beat on average but again is relatively backward looking. During the quarter Energy stocks leapt 37.7% on the 94.5% (USD) surge in Brent Oil and 109.6% (USD) spike in JKM Asian LNG. Materials rose 3.9% on a 49.5% (USD) rise in Spodumene, 18.2% (USD) advance in Aluminium and 8.1% (USD) rise in Gold, while Iron Ore was flat. Banks increased 2.2% on faster credit growth and persistent low loan losses. AI disruption risks weighed heavily on IT stocks which fell 28%[3]. Consumer Discretionary stocks eased 14.6% on more cautious outlooks due to a weakening consumer. AREITS underperformed on the higher rate outlook.

PERFORMANCE

The Fund returned -347bps after ongoing management costs, underperforming the S&P/ASX 200 Total Return Index (ASX200) by -186bps over the quarter to 31 March.

Contributors

- BHP (Overweight) - outperformed on higher iron ore and copper prices.
- Lynas Rare Earths (Overweight) - outperformed on higher rare earths prices and signing long term deals with customers incorporating a floor price.
- Goodman (Underweight) - underperformed on market shifting to risk-off sentiment.
- QBE (Overweight) - outperformed on better than expected 2025 financial result and higher investment yields.
- PLS (Overweight) - outperformed on higher lithium prices.

Detractors

- Seek (Overweight) and Xero (Overweight) – underperformed on a multiple de-rate across the technology sector.
- CBA (Underweight) - outperformed on strong results underpinned by high credit growth and low loan losses.
- Treasury Wine Estates (Overweight) - underperformed as concerns around lingering destocking impact in China.
- Woodside (Underweight) - outperformed on higher LNG prices earlier in the quarter.

PORTFOLIO CHANGES

Purchases

- Car Group (CAR) - increased post significant de-rate across the technology sector, and a resilient earnings result.
- Woodside Energy (WDS) - increased post breakout of Middle East conflict as LNG prices sharply increased.
- Xero (XRO) and Seek (SEK) - increased post significant de-rate across the technology sector
- Insurance Australia Group (IAG) - increased post period of underperformance and solid outlook.

Sales

- Coles (COL) - reduced as the sales growth gap relative to its key competitor has narrowed.
- Ansell (ANN) - exited due to management change and lower topline growth.
- Sigma Healthcare (SIG) - exited as the Fund increased growth exposure elsewhere.
- GPT Group (GPT) - exited, reducing overall REITs exposures following rate rises.
- Northern Star (NST) – reduced overall gold exposure.

ESG ENGAGEMENT[4]

During the quarter we undertook a total of 44 engagements in which we discussed ESG matters with 31 companies relevant to the strategy. The majority of meetings during the quarter were held at the board or executive level, with most with the CEO following the release of financial results. In addition to climate change, ethical conduct and environmental management were notable topics of interest for the team.

In the quarter, we had two executive-level meetings, and one ESG-focused meeting with BHP Group (BHP). We continued our engagement on Traditional Owner relationships and permitting in the Iron Ore business, seeking updates on agreement modernisation efforts. We also met the new CEO, whose appointment was announced in the period, and were pleased to hear him state that safety was his top priority and a prerequisite to BHP maintaining operational excellence. Timelines for its heavy fleet decarbonisation appear to be slipping, however, which may cast doubt on the achievability of its interim emissions target so we will closely monitor the next climate update at the full year results.

Additionally, we had two meetings with Insurance Australia Group (IAG). In our post results meeting we got an update on management of perils exposure, while we also met with members of IAG's natural perils team for a deep dive on the insurer's understanding and management of physical climate risk. The team supported our understanding of how the increase in secondary perils due to climate change is changing the reinsurance market. IAG also demonstrated how it could reduce risk through product design and direct interventions, which is complemented by its policy advocacy work. In particular, advocating for government investment in adaptation and climate-informed town planning which is significantly more cost effective than disaster response. We also tested IAG's response to managing social licence as affordability becomes an issue in climate-exposed areas.

1. For the purposes of comparison commentary is quoted in Australian dollar terms and Australian sector returns refers to the S&P/ASX 200 Total Return Index unless stated otherwise.
2. JP Morgan Global Economic Research, 7 April 2026.
3. Technology Sector.
4. 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

At the time of writing, the US and Iran have just announced a two-week ceasefire, although details remain unclear on many issues, including the reopening of the Strait of Hormuz, and so concerns are likely to remain over whether the ceasefire will stick. At this point we are concluding that we are likely past 'peak fear', on the basis that neither side can continue to take further war pain, but the risk of further spikes in warring activity remains.

The outlook for equity markets over the next quarter therefore could be volatile but directionally neutral. The Fund's beta is slightly under 1.0x consistent with a cautious risk stance. We see moderate economic growth, fiscal stimulus in the US and Australia, stable interest rate cuts in the US and increases in Australia, and slightly more attractive valuations in some sectors. Higher inflation and even possibly stagflation are the main risks to equity markets in addition to an elongated war.

The JP Morgan Global Composite PMI reading of 51.0 is consistent with 'trend-like' 2.5% GDP growth. U.S. real GDP growth is expected to be ~2%[5] in 2026 boosted by greater fiscal stimulus from Trump's One Big Beautiful Bill Act (OBBB). At the end of March, the US futures market was pricing an approximately flat rate outlook for the rest of the year and the US S&P500 market was trading on 19.6x December 2026 Price/Earnings ratio.

Australian GDP is also expected to grow at ~2%[5] , aided by fiscal stimulus. The RBA's more 'hawkish' rate policy reflected in Australian futures market pricing of over two 25bp rate increases this year will be a headwind for the consumer and rate sensitive sectors. The duration of elevated fuel prices and inflation data will be important drivers of further changes to rate policy. Divergent rate outcomes between Australia and the USA should result in upward pressure on the AUD and support higher commodity prices. As at the time of writing, the S&P/ASX200 trades on 16.6x June 2026 Price/Earnings ratio.

The Fund is modestly overweight Materials. The Fund is overweight 'bulk' commodities including aluminium, via BHP and Fortescue, as Chinese demand is stimulated, via Alcoa. PLS is held as demand for lithium stabilises. Lynas is held for strategic rare earth opportunities. It is now underweight gold equities, via Newmont and Northern Star, following the commodity price becoming extended.

Financials are underweight, via Banks, but we have reduced the size of the underweight. Banks are trading on record valuations. However, despite fundamentals appearing to peak for some time now, we have been surprised at ongoing strength. The Bank underweight has been reduced following a better-than-expected CBA NIM and credit growth outcome, and ANZ quarterly trading update from a cost management perspective. The Fund is overweight insurers QBE and IAG as they benefit from an insurance hardening pricing cycle. The Fund holds Macquarie on solid earnings growth via their commodities trading business and asset realisations.

The Fund is positioned in selective Industrial stocks with what we have determined as, growing earnings and attractive valuation. These include Brambles as it continues to grow earnings and generate free cashflow, SGH (formerly Seven Group) where earnings are seemingly supported by a sustained equipment replacement cycle, and Qantas who enjoys robust domestic demand and pricing power.

The Fund holds overweight positions in Xero and Seek, following underperformance and becoming oversold on AI concerns that we conclude are now overdone.

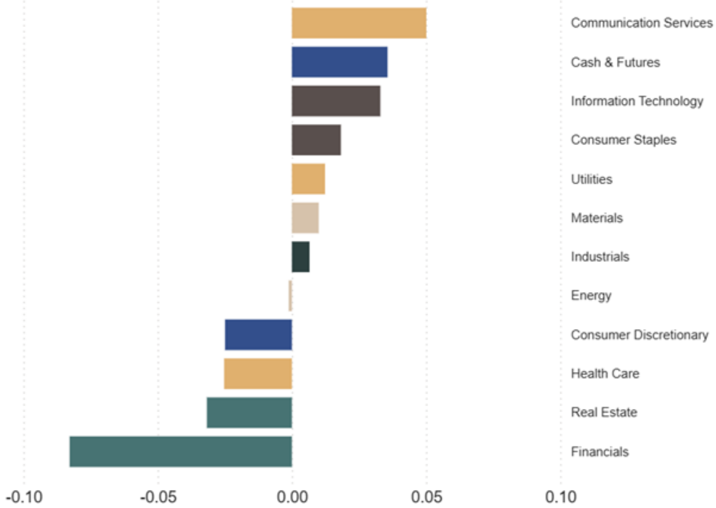
Within the Consumer sectors, the Fund is overweight A2 Milk and Treasury Wine. From our assessment, A2 is capitalising on market disruptions to grow market share and Treasury Wine has strong valuation support. The Fund also holds neutral positions in supermarkets.

The Fund is neutral Healthcare, via ResMed, as it continues to deliver strong earnings growth in a benign competitive environment.

The Fund holds some small caps where we see appreciable upside for idiosyncratic reasons.

The Fund is underweight Real Estate Investment Trusts where earnings growth remains soft.

The Fund's active positioning by sector[6] as of 31 March 2026 is as follows.



Top 5 active positions (Overweight)

- Newmont
- Insurance Australia
- Seek
- Xero
- BHP

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

5. Source: Bloomberg consensus.
6. 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.