

EQUITY ALPHA PLUS FUND

PARADICE
INVESTMENT MANAGEMENT

PERFORMANCE NET (%)	1 MONTH	3 MONTH	1 YEAR	3 YEAR	SI* P.A.
Equity Alpha Plus Fund	-0.65	8.14	7.91	13.27	13.09
S&P/ASX 200 – Total Return Index	0.79	9.39	10.64	9.32	7.01
Excess Return	-1.44	-1.25	-2.73	3.95	6.08

*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

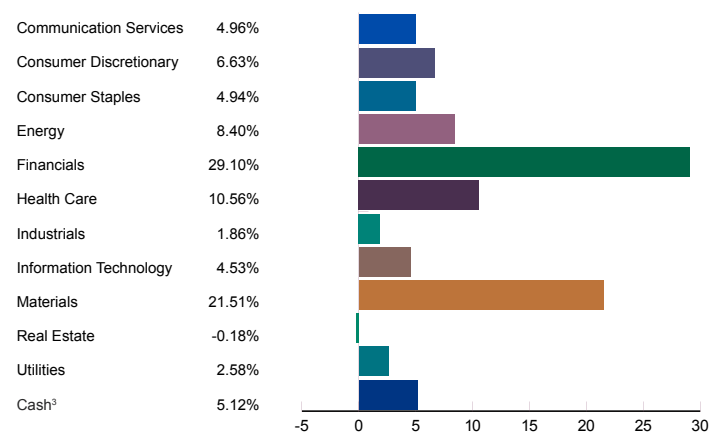
FUND OVERVIEW

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	117.97
Short	-23.09
Net	94.88

SECTOR ALLOCATION



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KEY DETAILS

Number of Holdings	81
Portfolio Dividend Yield	3.59%
Fund Size (AUD)	\$148M
Redemption Price	\$1.2942

TOP 10 POSITIONS

TOP 10 POSITIONS	WEIGHT %
BHP Group Ltd.	13.20
National Australia Bank Ltd.	6.23
CSL Ltd.	5.06
Resmed Inc.	4.91
ANZ Group Holdings Ltd.	4.75
Commonwealth Bank of Australia	4.55
Block, Inc.	4.33
Telstra Group Ltd.	4.32
QBE Insurance Group Ltd.	4.07
Brambles Ltd.	4.03

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.

PERFORMANCE

The Fund fell 0.65% in February, underperforming the Index which rose 0.79%. The Long book underperformed the Index¹ with key contributions coming from Block (SQ2), Wesfarmers (WES) and A2 Milk (A2M). Block surpassed expectations at their quarterly result, delivering on cost control while maintaining revenue growth and an exciting product development pipeline. The company remains one of the Fund's largest active positions. A2 Milk delivered a good result in a difficult external environment. We continue to see upside and remain invested. In our view, Wesfarmers are executing very well, particularly in K-Mart which appears to have structurally reset margins higher. Despite the quality of the result, we have sold our overweight position as valuation has become stretched. The Short book detracted from performance in the month as a handful of positions delivered better than expected results.

MARKET WRAP

The market² moved higher in February with Technology the best performing sector. Resources and Energy were the weakest sectors as lacklustre China data weighed on commodity prices. The February reporting season in Australia saw aggregate earnings downgraded by a small amount driven by Banks and Resources. Outside these two sectors the market delivered earnings upgrades which were rewarded with share price rallies.

LOOKING FORWARD

Australia and offshore markets have re-rated in anticipation of stabilised economic growth, sustained disinflation, and a peak in interest rates. Rate cut expectations have been reduced since the beginning of the year as employment has remained strong, however market expectations continue to price in nearly 100bp of cuts in the US in 2024. With pockets of exuberance becoming evident in multiple markets – Technology, Crypto, Credit – a Fed easing cycle could pour fuel on the fire. While upside risks are clear in this environment, valuations have become stretched in multiple sectors and are susceptible to any bad news.

¹ Index is the S&P/ ASX 200 - Total Return Index.

² The market refers to the Index.