

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	-2.32	-1.43	20.17	14.24	16.35	14.32
S&P/ASX 200 Total Return Index	-3.79	-2.56	9.94	9.24	8.87	7.52
Excess Return	1.47	1.13	10.23	5.00	7.48	6.80

*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	117.75
Short	-22.82
Net	94.93

SECTOR ALLOCATION

Communication Services	6.38 %	
Consumer Discretionary	5.51 %	
Consumer Staples	7.19 %	
Energy	1.79 %	
Financials	25.77 %	
Health Care	15.33 %	
Industrials	3.31 %	
Information Technology	1.56 %	
Materials	24.79 %	
Real Estate	-1.24 %	
Utilities	4.56 %	
Cash ³	5.07 %	

KEY DETAILS

Number of Holdings	86
Portfolio Dividend Yield	2.69%
Fund Size (AUD)	\$ 164M
Redemption Price	\$1.5016

TOP 10 POSITIONS

WEIGHT %

BHP Group Ltd.	7.58
Resmed Inc	6.79
Macquarie Group, Ltd.	5.34
Block, Inc.	4.81
Origin Energy Ltd.	4.56
QBE Insurance Group Ltd.	4.54
Alcoa Corporation	4.20
CSL Ltd.	3.57
Newmont Corporation	3.51
Seek Ltd.	3.43

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

The Fund fell 2.32% in February outperforming the Index¹ which fell 3.79%. Our Long book delivered the majority of alpha in the month, outperforming the benchmark. Holdings in A2 Milk, Nanosonics, Greatland Gold and Origin Energy were the key contributors in the month. A large position in XYZ was a disappointing large detractor in the month. While their 2024 result was in line with expectation, soft guidance statements have meant the company needs to accelerate earnings growth. We have maintained the position and are building conviction in the new products that will deliver the growth. The Short book narrowly underperformed the Index in the month which contributed to performance. Successful shorts in Technology, Industrials and Real Estate were offset by losses in Financials and Consumer Discretionary.

MARKET WRAP

February delivered the semi-annual results season. At an aggregate level, earnings per share beat FY25 consensus forecasts by c2%, but led to -1% downgrades for FY26, with energy, healthcare and technology driving the bulk of the downgrades. There was significant bifurcation of share price reactions within each sector, with expectations leading into the results and investor positioning the key determinants of share price moves despite minimal earnings revisions. For example, within Financials, Insurance names Medibank and NIB reacted with share price moves of more than 10%, whilst NAB and IAG share prices declined by more than 10%.

LOOKING FORWARD

Policy uncertainty in the US has swiftly impacted consumer confidence. This uncertainty is weighing on the share market, as investors look to understand if the weakening confidence will manifest into slower economic growth and ultimately lower corporate earnings. In our opinion, this is currently the key question for investors. With that in mind, our research team is embarking on several investor trips to Europe, US and China with the aim of understanding any demand impacts from global events. The valuation starting point for Australian and global equities is relatively high, and thus our current positioning is slightly more cautious.

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

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