

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	5.05	8.79	31.83	13.98	15.34	15.32
S&P/ASX 200 Total Return Index	3.79	5.47	23.42	9.55	8.28	8.40
Excess Return	1.26	3.32	8.41	4.43	7.06	6.92

*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.

KEY DETAILS

Number of Holdings	83
Portfolio Dividend Yield	2.73%
Fund Size (AUD)	\$ 160M
Redemption Price	\$1.5271

TOP 10 POSITIONS

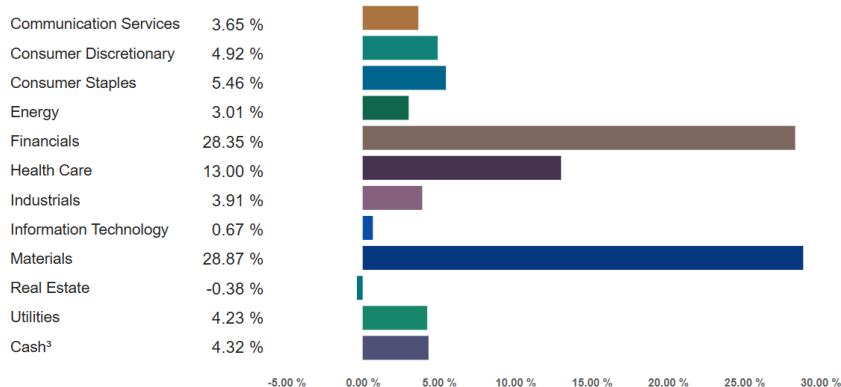
WEIGHT %

BHP Group Ltd.	7.98
Resmed Inc	5.64
Macquarie Group, Ltd.	5.52
Alcoa Corporation	5.30
QBE Insurance Group Ltd.	5.18
Block, Inc.	4.93
Brambles Ltd.	4.46
Origin Energy Ltd.	4.23
CSL Ltd.	3.92
ANZ Group Holdings Ltd.	3.63

MARKET EXPOSURES

Long	116.60
Short	-20.92
Net	95.68

SECTOR ALLOCATION



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 rose 5.05% in November outperforming the Index¹ which lifted 3.79%. Our Long book was the key driver of outperformance. Positive contributors were Block, which rose on expectations of faster growth under Trump policies that may encourage financial innovation; QBE on a solid trading update and a benign hurricane season; Alcoa on the Chinese removing their export rebate, which moves the Aluminium cost curve to a higher Western world level; and Catapult Group who delivered another result with strong top line momentum and expanding margins. The Short book narrowly outperformed the Index in the month, detracting to the return of the Fund.

MARKET WRAP

The S&P/ASX 300 Total Return Index¹ rose 3.7%, boosted by Banks which rose 7.1%. Three Retail Banks reported results that were fractionally better, with low loan losses again. This drove net 1.3% EPS upgrades for FY25 (from a 2.7% EPS decline year on year, to a smaller 1.4% fall). Pre-Provision Operating Profits were revised up a negligible 0.3%, meaning that expectations for lower loan losses next year drove most of the upgrades. Despite that, Bank valuation multiples expanded another 0.8x multiple points. Trading updates from consumer-land were mixed. Woolworths, Endeavour and Dominos cited a soft consumer, margin pressures, and competition challenges. Coles though showcased their Ocado facility and appear to be outperforming peers. Aristocrat released earnings and flagged growth opportunities for their new Phoenix Link game. Consumer Staples rose 1.1% in the month, and Discretionary 6.6%. Materials fell 2.8%, with quarterlies highlighting some weaker than expected production and cost headwinds. The Bloomberg Commodities Index was stable at just 0.4% up (in USD). Gold fell 3.7% following the US election result while JKM (Asia) LNG rose 9.6% on a colder start to the European winter (both in USD).

LOOKING FORWARD

Pockets of the share market appear extremely stretched in terms valuation, noticeably Banks and some large capitalisation stocks. Price momentum has been a key driver of returns, with Technology and Consumer Discretionary shares large beneficiaries. Considering this backdrop, we are approaching 2025 with a degree of caution and continue to find companies where we can invest in quality businesses with supportable valuations.

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For the purposes of comparison, commentary is quoted in Australian dollar terms and Australian sector returns refers to the S&P/ASX 300 Total Return Index unless stated otherwise.

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