



**Report:**

**Monthly  
Commentary**

August 2025

**Paradice Australian  
Equities Fund**



# **Paradice Australian Equities Fund August 2025 Commentary**

## **Market Review**

The S&P/ASX 200 Total Return Index continued to strengthen, up by 3.1% over August 2025. The S&P500 Total Return Index meanwhile rose 2.0% (in USD) during the month.

Gold stocks were some of the best performers. Growing expectation that the Fed would ease policy, the weaker US Dollar (-2.2%), plus concerns about growing fiscal deficits have continued to support the gold price.

Within the ASX200, Materials (+9.2%) and Consumer Discretionary (+7.6%) led sector gains. Healthcare was (again) the worst performer, with a fall of 13.2%.

There were some very strong factor moves over reporting season, with Small Caps outperforming Large by +5.3%<sup>1</sup>. A domestic rate cutting cycle could continue to bolster earnings of small cap industrials and support this rotation.

## **Outlook**

We are moderately cautious on markets in the short-term due to poor seasonality and extended positioning in equities. Recent moves in the long end of the yield curve and gold prices also portend some level of risk off / aversion may be pending. However, growing expectations of rate cuts in the US could support a continuation of the equities rally.

In Australia the economic picture is relatively more resilient with signs of the domestic consumer emerging in good shape from an 18-month period of cost-of-living increases. We are seeing signs of job ad declines moderating and consumer discretionary spending increasing which all point to a consumer in reasonable shape. We anticipate more domestic interest rate cuts will also support an acceleration in economic growth.

## **Performance**

The Paradise Australian Equities Fund was up 530bps net of fees for the month of August 2025. Top 3 contributors were Newmont (overweight), CSL (underweight) and CBA (underweight). Top 3 detractors were Westpac (underweight), Xero (overweight) and ANZ (underweight).

## **Reporting season wrap:**

August's earnings season delivered plenty of volatility for Australian equities. Approximately a third of stocks that reported had an on-day share price reaction of more than 3 standard deviations. A number of 'blue chips' suffered near-record on-day declines, particularly CSL, JHX and WOW. Dramatic moves to the upside were also a regular feature of the season, with BXB, COL and QAN all gaining 9%+ on-day.

Downgrades dominated the reporting season, led by Technology (WTC) and Healthcare (CSL, RHC). Financials (WBC) and Real Estate were the only 2 sectors to post positive EPS revisions.

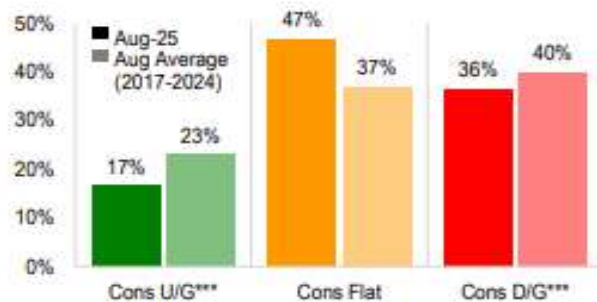
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<sup>1</sup> S&P/ASX Small Ordinaries Total Return Index versus the S&P/ASX 200 Total Return Index - August 2025.

The malaise has particularly impacted those with US exposures, including AMC, CSL, JHX, REH and RWC. Stocks with exposure to the domestic Australian consumer exhibited greater resilience e.g. JBH, COL, WES.

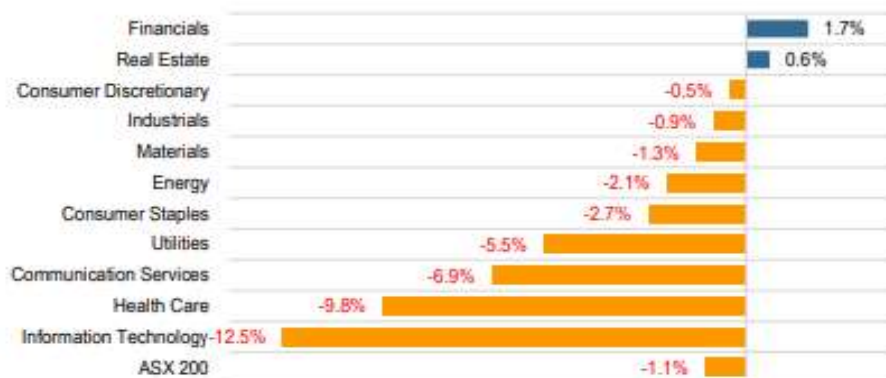
In our opinion, we continue to see excellent stock picking opportunities given the wide dispersion between “safe haven” stocks with minimal growth trading at high multiples, and fast growing, under-recognised stocks trading at a discount.

#### Upgrade/ Downgrade Ratio\*



Source: J.P. Morgan estimates, Bloomberg Finance L.P.  
 \*Note: Based on +/-2 threshold for upgrades and downgrades

#### JPMc FY26 EPS Revisions (MTD)



Source: J.P. Morgan estimates.

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