

Performance report | 31 March 2026

Paragon Australian Long Short Fund

Net returns

| | 1 mth | 3 mths | 6 mths | Financial YTD | 1 yr | 2 yr p.a. | 3 yr p.a. | 5 yr p.a. | Net return p.a. | Total net return |
|---------------------------------|--------|--------|--------|---------------|-------|-----------|-----------|-----------|-----------------|------------------|
| Fund* | -30.3% | -14.6% | 14.7% | 92.7% | 98.5% | 97.5% | 57.0% | 25.2% | 17.1% | 690.7% |
| ASX All Ordinaries Accum. Index | -7.3% | -2.7% | -3.4% | 1.6% | 11.3% | 6.7% | 9.4% | 8.4% | 8.3% | 184.6% |
| ASX Small Ords. Accum. Index | -11.0% | -10.9% | -9.3% | 4.6% | 13.7% | 5.9% | 8.5% | 4.0% | 5.6% | 104.4% |

* Performance figures are net of fees and expenses. Total Net Return is since inception on 1 March 2013. Past performance is not indicative of future performance. While focusing on the resource and industrial sectors, the Fund has the flexibility to invest in a wide range of listed equities and derivatives across Australian and global equity market indexes and is not constrained to any benchmark or index.

Overview:

The Fund returned -30.3% after fees in March. Global Indices were down: S&P500 -5.1%, Russell2000 -5.2%, Copper -18.7%, Gold -20.8%, Silver -23.7% and Lithium -7.2%. Local Indices were also down: All Ords AI -7.3%, Small Ords AI -11.0% and Small Resources AI -15.0%. The Fund's overall portfolio was hit hard, impacted by the US-Israel-Iran war and the world's largest oil shock ever from the near closure of the Strait of Hormuz (~20% of global oil supply route). This drove a violent sell-off across global markets and particularly across Resources and precious metals stocks.

The war-driven liquidity shock together with short-term headwinds from a rallying US\$, spiking oil prices, higher US 10yr bonds yields and real rates, saw Gold, Silver and Copper prices experience material corrections. The US\$ was up +2.3%, Oil spiked +62.4% to US\$118/bbl, and US 10yr bonds rose +38bps. Gold fell -11.6% (-24% intra-month), its worst month since October 2008 at the depths of the GFC, while Silver fell -19.9% and Copper -6.5%. China took advantage of the sell-off, increasing its official gold reserves by 5t, 5x its recent monthly average. US government debt surpassed US\$39t, almost doubling since 2018, with ~US\$10t maturing and requiring refinancing over the next year. The Fed kept the cash rate on hold, with markets no longer pricing in rate cuts this year given rising inflation risks.

Portfolio Insights: *Gold's correction in context*

In Paragon's view, gold's sharp decline stems from short-term forced-selling and disrupted reserve flows, not weakened fundamentals. The Iran conflict has slashed energy revenues for Gulf states, stalling their sovereign gold purchases. Additionally, Turkey has sold ~10% of its gold reserves to defend its collapsing currency, as it has in prior crises before later resuming gold buying. Gold's current sell-off mirrors past stress events: 1) the 1st oil shock (1973 OPEC embargo) where gold fell -29% (Figure 1); 2) the 2nd oil shock (1978 Iran Revolution) where gold fell -22% (Figure 2) ; 3) 2008 GFC where gold fell -34% - where gold bottomed

after initial short-term 'risk-off' phases, then surging +100% to +300% (Figures 1 &2). Like prior oil shocks, gold is, in our view, well positioned to resume its structural bull market, further fuelled by rising stagflation risks.

Figure 1: Gold's correction then +100% rally amid the 1st Oil shock.

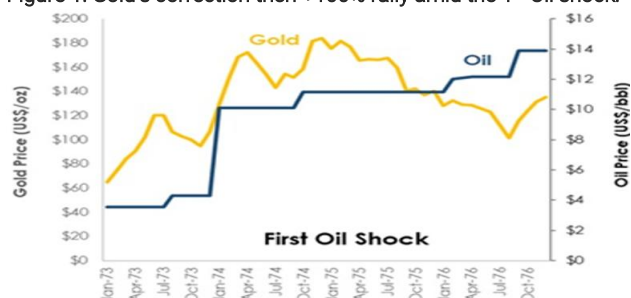


Figure 2: Gold's correction then +300% rally amid the 2nd Oil shock.

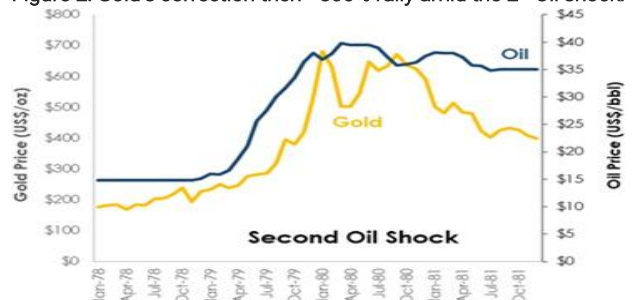


Figure 1 & 2 sources: GMR, Factset

Despite short-term oil cost hikes (at oil prices of ~US\$120/bbl, gold miners likely to see a 10-15% increase in their operating costs), history shows gold stocks thrive in bull markets via rising commodities. Whilst volatility will likely remain high amid the war - all wars pass - and the fundamentals for our key areas of focus are strengthening across Gold, Silver, Copper and Battery Minerals.

We have been selectively adding to our highest-conviction positions, including Aris, St Barbara and Kingsgate that are offering outstanding value and asymmetric risk/reward. Several holdings are currently trading at metrics last seen at COVID lows and nearing GFC lows, where select stockpicks returned multiples over the medium term.

Fund positioning and risk metrics

| Feature | Information |
|--|-------------|
| Fund size | \$128.6m |
| Longs | 40 |
| Shorts | 5 |
| Net exposure | 141% |
| Beta-adj net exposure/Average (rolling 12mths) | 90%/64% |
| Gross exposure | 186% |
| Cash | -41% |
| Index futures | 0% |
| Global (as % FUM) | 30% |
| Unlisted (as % FUM) | 6.2% |
| Correlation | 0.39 |
| % positive months | 59% |
| Up-down capture | 119%/37% |
| Liquidity (% saleable inside 10BD) | 79% |

Unit pricing

| | \$ |
|----------------------|----------|
| NAV (mid-price cum.) | \$5.8595 |
| Entry price | \$5.8683 |
| Exit price | \$5.8507 |

Fund facts

| Feature | Information |
|----------------------------------|--|
| APIR code | PGF0001AU |
| Investment Manager ¹ | Paragon IM Pty Ltd |
| Responsible Entity ¹ | Bennelong Funds Management Ltd |
| Strategy | Aust Equities L/S (long-bias), Fundamental, Concentrated. Global and unlisted permitted. |
| Objective | >10% p.a. over 5yrs |
| Structure | Unit trust |
| Domicile | Australia |
| Pricing/Applications/Redemptions | Monthly |
| Min. Investment | \$25,000 |
| Min. Additions | \$5,000 |
| Min. Redemptions | \$10,000 |
| Fund Administrator | MUFG Corporate Markets (formerly Link Fund Solutions) |
| Prime Broker/Custodian | Barrenjoey Markets |
| Global Custodian | Citigroup |

How to invest

The Fund is open to investors directly via the PDS. Applications can be made by completing an Application Form (available on BFML's website www.bennelongfunds.com or by contacting Client Experience) and forwarding it to the Administrator at the address shown on the Application Form.

Get in touch



paragonfunds.com.au



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1800 895 388 (AU) or 0800 442 304 (NZ)

¹ The Paragon Australian Long Short Fund was launched on 1 March 2013 by Paragon Funds Management Ltd, which acted as both Responsible Entity and Investment Manager of the Fund. The above performance data relates to this strategy. Bennelong Funds Management Ltd assumed responsibility as Responsible Entity on 18 December 2024 and appointed Paragon IM Pty Ltd as Investment Manager of the Fund. For performance history relating to this date, please contact Client Experience on 1800 895 388 (AU) or 0800 442 304 (NZ) or client.experience@bennelongfunds.com.

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