Performance report | 31 July 2026

Paragon 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**	-22.0%	-25.2%	-37.1%	-22.0%	57.7%	68.4%	40.5%	16.4%	14.5%	516.9%
ASX All Ordinaries Accum. Index	1.7%	3.3%	1.3%	1.7%	4.8%	8.3%	10.0%	7.6%	8.6%	200.9%
ASX Small Ords. Accum. Index	-3.2%	-3.2%	-13.2%	-3.2%	1.8%	6.6%	7.5%	2.2%	5.5%	104.6%

** The Fund changed its name from Paragon Australian Long Short Fund to Paragon Fund on 08/07/26 to accurately reflect the global nature of its investment strategy.*
*** 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 -22% after fees in July amid a highly volatile risk-off month for global markets, driven by a sharp escalation in the US-Iran conflict around the Strait of Hormuz, alongside a record selloff in AI-related equities. Global Indices were down: Nasdaq -7%, SOXX -21% (worst decline since 2001), KOSPI -22% (worst since its -23% in the GFC), Lithium -20%, Gold -2%, Silver -5% and ASX Small Resources AI -4%. The Fund's positions were broadly sold off with risk assets globally, however further impacted by short-term stock specific issues in Helius (opportunistic and weak 19yr-old claim on its gold asset) and Kingsgate (mechanical issues impacting one of its processing plants). Pleasingly, the Fund has had a strong start to August.

The war's escalation saw Brent crude sharply higher, 21% to US$88/bbl, re-igniting inflation concerns. The US$ was down -1%. Gold rose 1% and Silver fell -2%. Lithium fell -4% and Copper rose 4%. The Fed held rates however with a hawkish stance (three dissents for a hike), leaving bonds to tighten instead. 10yr bonds rose 26bps to 4.73% (highest since January 2025) and the 30yr rose to 5.2%, a level last seen before the GFC. Mortgage rates near 7% and rising debt-servicing costs mean something has to give: either austerity (highly unlikely) or the Fed eventually caps long-end bond yields via quantitative easing or yield curve controls. Both of which would supress real yields and be strongly bullish gold.

Central banks took advantage of gold's correction, buying a record 289t in 2Q26, up 74% YoY and a big recovery on the 57t purchased in 1Q26. China' PBOC also continues to buy the dip in gold, increasing its official gold reserves by 20t in July. See Figure 1 overleaf.

The US Treasury posted a US$120b budget deficit in June, taking the FY26 year-to-date (nine-month) deficit to US$1.4t. Adjusting for payment timing effects, the June deficit would have been US$170b. Given 4Q26 (Jul-Sep) typically carry higher spending (and this year, elevated interest costs and defence/Iran-conflict-related outlays), US Treasury itself is guiding to a debt-funded FY26 deficit of ~US$2t, which would clearly exceed FY25. Meanwhile, US Federal Debt is forecasts to hit US$40t in the next 3 months.

Portfolio Insights:

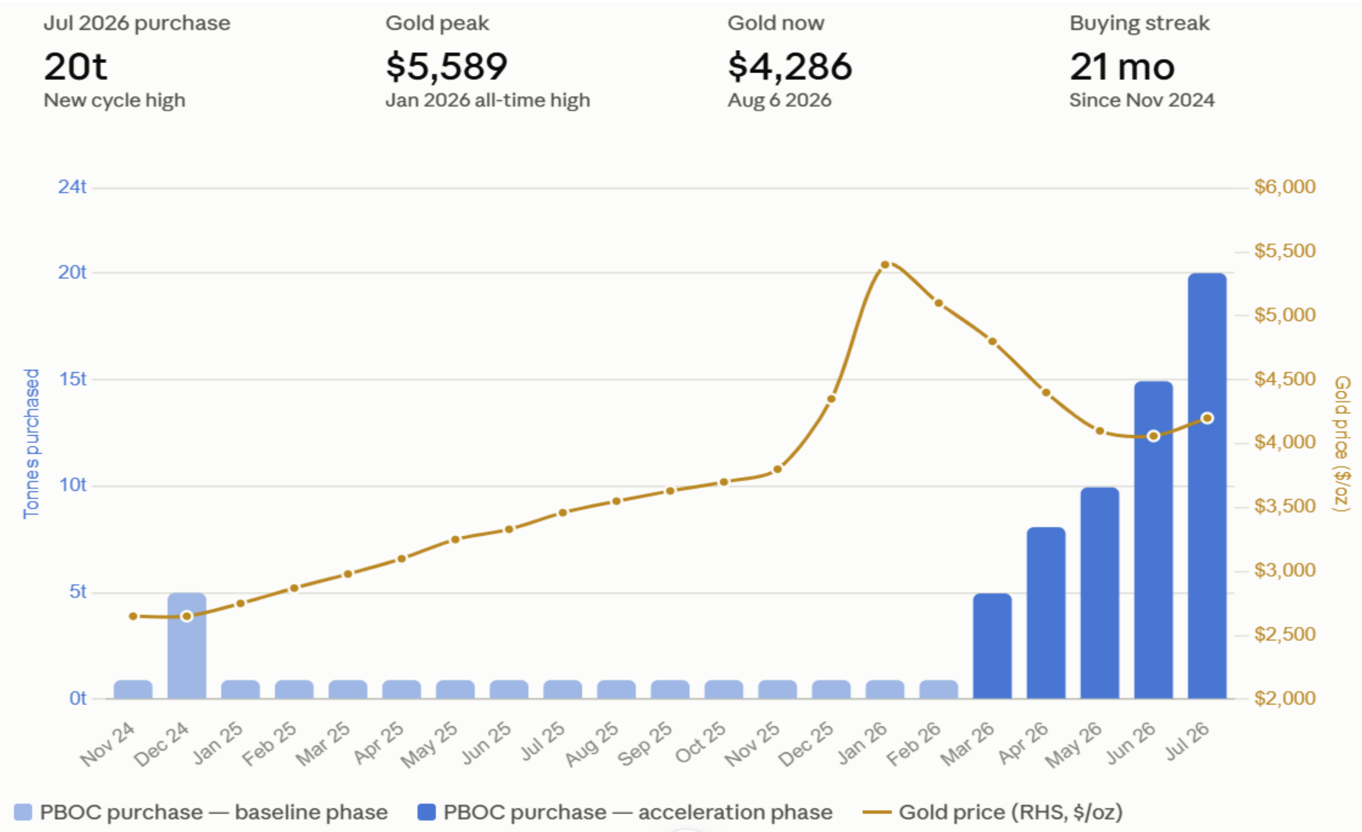
While the conflict has settled into a stalemate and uncertainty remains elevated, we believe this will pass and fundamentals will re-assert themselves across our key stock picks. Several core positions trade at material discounts to our valuations and to peers - a dislocation we expect to close as geopolitical risk recedes and sentiment normalises. A number of these stocks are also strengthening operationally, with catalysts in place to drive re-ratings independent of the underlying commodity price. We see asymmetric upside across our stock picks, with some trading at levels reminiscent of the GFC lows — a period that subsequently delivered outstanding medium-term returns.

St Barbara is arguably the cheapest gold growth producer globally - near full cash backing (~A$500m, debt-free) against 4.5moz of economic resources, a dynamic not seen since the GFC lows, and a risked P/NPV <0.2x despite being fully funded for both growth assets. At spot gold (~25% off highs), its New Simberi project is set to generate ~$100m of cashflow in FY27. St Barbara's production is set to grow materially, towards 200koz+ p.a. over the medium-term (~$500m p.a. FCF) - peer-leading production growth of over 200%. In Paragon's view, St Barbara is a clear M&A target.

Selkirk Copper is redeveloping the past-producing Minto copper-gold-silver mine in Yukon, Canada, targeting a CY28 restart for 30ktpa of copper production.[1] Resources stand at ~750kt of contained copper-equivalent, clearly exceeding their targeted 15 years of mine life. Insiders continue to make material purchases of stock, led by CEO Colin Joudrie. Copper's fundamentals remain very strong, with spot prices trading near record highs. Selkirk trades at a modest market cap of ~$325m. Various peers have been acquired at >$1b.

Lindian is on track to become the world's 3rd significant and highly strategic non-Chinese rare earths producer, underpinned by a world-class resource whilst derisking its downstream value-add potential. From December, Lindian ramps up its Stage 1 20ktpa upstream production. Focus then turns to its Stage 2 120ktpa expansion, generating EBITDA of ~$1b, implying a very low EV/EBITDA of ~1.5x.

Figure 1: China's PBOC materially ramping up its gold buying through recent price weakness.



Source: SAFE/PBOC official reserve, Bloomberg

Fund positioning and risk metrics

Feature	Information
Fund size	$101.3m
Longs	28
Shorts	4
Net exposure	143%
Beta-adj net exposure/ Average (rolling 12mths)	95%/80%
Gross exposure	187%
Cash	-43%
Global (as % FUM)	41%
Unlisted (as % FUM)	3.9%
Correlation	0.38
% positive months	59%
Up-down capture	109%/37%
Liquidity (% saleable inside 10BD)	65%

Unit pricing

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NAV (mid-price cum.)	$3.8097
Entry price	$3.8154
Exit price	$3.8039

Fund facts

Feature	Information
APIR code	PGF0001AU
Fund Manager[1]	Paragon IM Pty Ltd
Responsible Entity[1]	Melbourne Securities Corporation Ltd
Strategy	Aust & Global Equities Long Short (Long-bias). Fundamental, Concentrated. 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
Prime Broker/Custodian[2]	Barrenjoey Markets

How to invest

The Fund is open to investors directly via the PDS. Applications can be made by completing an Application Form (available from Paragon's website at www.paragonim.com.au) and forwarding it to the Administrator at the address shown on the Application Form.

Paragon and the RE of the Fund strongly recommend that you read and consider the Fund's PDS and TMD in their entirety, and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund before making any decision whether to invest in the Fund.

Contact Paragon at:

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1 The Paragon Fund was launched on 1 March 2013 by Paragon Funds Management Ltd, which acted as both Responsible Entity (RE) and Fund Manager of the Fund. The above performance data relates to this strategy since inception. Bennelong Funds Management Ltd (BFML) assumed responsibility as RE on 18 December 2024 and appointed Paragon IM Pty Ltd (Paragon) as Investment Manager of the Fund. Melbourne Securities Corporation Ltd replaced BFML as RE of the Fund on 29 June 2026. Paragon remains as Fund Manager. The Fund changed its name from Paragon Australian Long Short Fund to Paragon Fund from 8 July 2026 to accurately reflect the global nature of its investment strategy. The Fund's constitution, PDS and TMD have been reissued to reflect these changes.

2 Barrenjoey Markets Pty Limited ABN 66 636 976 059 was appointed prime broker and custodian of the Fund in September 2025 and subsequently replaced Citigroup as custodian for the Fund's global stocks from June 2026.