Paragon Fund

ARSN 161 565 920

Annual Report

For the year ended 30 June 2026

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These financial statements cover Paragon Fund as an individual entity.

The Responsible Entity of Paragon Fund (formerly known as Paragon Australian Long Short Fund) is Melbourne Securities Corporation Ltd (ACN 160 326 545) (AFSL 428289), appointed on 29 June 2026 upon the retirement of Bennelong Funds Management Ltd (ARSN 39 111 214 085) (AFSL 296806).

The Responsible Entity's registered office is:

Level 2
379 Collins Street
Melbourne, VIC 3000

Directors' Report

The Directors of Melbourne Securities Corporation Ltd (ACN 160 326 545) (AFSL 428289), the Responsible Entity of Paragon Fund (formerly known as Paragon Australian Long Short Fund), present their report together with the financial statements of Paragon Fund (the 'Fund') for the year ended 30 June 2026 and the auditor's report thereon.

Principal activities

The Fund's mandate is to invest primarily in Australian listed equities focusing on core competencies in the resource and industrial sectors in accordance with the Fund's Product Disclosure Statement and provisions of the Fund's Constitution. The Fund may also invest in foreign listed stocks and equities in unlisted Australian and foreign companies. The objective of the Fund is to produce absolute returns and capital growth for unitholders over a 5 year investment horizon.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

The various service providers of the Fund are detailed below:

Service	Provider
Responsible Entity	Melbourne Securities Corporation Ltd*
Investment Manager	Paragon IM Pty Ltd
Prime Broker and Custodian	Barrenjoey Markets Pty Limited
Global Custodian	Citigroup Pty Limited**
Statutory Auditor	Moore Australia
Administrator and Registrar	MUFG Corporate Markets

*On 29 June 2026, Melbourne Securities Corporation replaced Bennelong Funds Management Ltd as Responsible Entity of the Fund.

** 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.

Directors

The following persons held office as directors of Bennelong Funds Management Ltd 1 July 2025 until 29 June 2026:

Gillian Larkins
John Burke
Jeremy Cooper

The following persons held office as directors of Melbourne Securities Corporation Ltd from 29 June 2026 and up to the date of this report:

Michael Peter Fleming
Matthew James Fletcher
Shelley Brown
Ruth McClelland
Steven O'Connell

Review and results of operations

During the year, the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2026	30 June 2025
	$	$
Operating profit for the year	**63,022,106**	38,986,369
Distributions payable	**21,899,445**	246,723
Distributions (cents per unit)	**97.6890**	1.0880

Significant changes in the state of affairs

UBS AG has retired as Prime Broker, and UBS Nominees Pty Ltd has retired as Custodian. BFM has appointed Barrenjoey Markets Pty Limited as Prime Broker and Custodian. BFM has also appointed Citigroup Pty Limited as Global Custodian.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may have a significant effect on:

(i) the operations of the Fund in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of the Responsible Entity. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the law, the officers remain fully indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund by the Responsible Entity and its associates

Fees paid to the Responsible Entity and its associates out of the Fund's property during the year are disclosed in Note 16 to the financial statements.

Fees paid to and interests held in the Fund by the Responsible Entity and its associates (continued)

No fees were paid out of Fund property to the Directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 16 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 8 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors of Melbourne Securities Corporation Ltd.



Shelley Brown
Director
Melbourne, VIC
30 September 2026

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MELBOURNE SECURITIES CORPORATION LIMITED, THE RESPONSIBLE ENTITY OF PARAGON FUND

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2026, there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

ANDREW JOHNSON
Partner – Audit and Assurance
Moore Australia Audit (VIC)
Melbourne, Victoria
30 September 2026

Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants

Moore Australia Audit (VIC) ABN - 16 847 721 257. An independent member of Moore Global Network Limited - members in principal cities throughout the world.
Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Profit or Loss and Other Comprehensive Income

	Notes	Year ended **30 June 2026** **$**	30 June 2025 $
Investment income			
Interest income from financial assets at amortised cost		**565,891**	4,525
Dividend income		**923,689**	328,810
Net gains on financial instruments at fair value through profit or loss	5	**85,365,408**	42,093,005
Net foreign exchange gain/(loss)		**5,282,171**	(699,636)
Total investment income		**92,137,159**	41,726,704
Expenses			
Management fees	16	**2,006,087**	902,401
Performance fees	16	**22,842,335**	-
Interest expense		**2,468,487**	1,234,747
Custody fees		**1,608**	2,330
Transaction costs		**258,804**	168,582
Stock loan fees		**192,821**	64,050
Withholding tax on foreign dividends and interest		**2,286**	-
Short dividend expense		**1,081,203**	217,591
Expense reimbursement fees	16	**260,438**	150,432
Other operating expenses		**984**	202
Total operating expenses		**29,115,053**	2,740,335
Operating profit		**63,022,106**	38,986,369
Profit for the year		**63,022,106**	38,986,369
Other comprehensive income		**-**	-
Total comprehensive income for the year		**63,022,106**	38,986,369

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

	Notes	As at **30 June 2026** **$**	30 June 2025 $
Assets			
Cash and cash equivalents	11	**44,108,891**	47,183
Receivables	13	**1,997,205**	93,932
Due from brokers - receivable for securities sold		**7,262,900**	11,108,669
Financial assets at fair value through profit or loss	6	**212,518,876**	109,378,164
Total assets		**265,887,872**	120,627,948
Liabilities			
Borrowings	10	**101,240,888**	31,272,869
Distributions payable	9	**21,899,445**	246,723
Payables	14	**1,011,923**	290,102
Due to brokers - payable for securities purchased		**-**	3,834,344
Financial liabilities at fair value through profit or loss	7	**32,227,500**	16,030,750
Total liabilities		**156,379,756**	51,674,788
Net assets attributable to unitholders - Equity	8	**109,508,116**	68,953,160

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	Year ended	
	30 June 2026	30 June 2025
	$	$
Total equity at the beginning of the financial year	**68,953,160**	38,816,637
Comprehensive income for the year		
Profit for the year	**63,022,106**	38,986,369
Other comprehensive income	**-**	-
Total comprehensive income for the year	**63,022,106**	38,986,369
Transactions with unitholders		
Applications	**20,067,253**	2,432,000
Redemptions	**(20,756,229)**	(11,035,123)
Reinvestment of distributions	**121,271**	-
Distributions paid and payable	**(21,899,445)**	(246,723)
Total transactions with unitholders	**(22,467,150)**	(8,849,846)
Total equity at the end of the financial year	**109,508,116**	68,953,160

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Notes	Year ended **30 June 2026** **$**	Year ended 30 June 2025 $
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**459,002,888**	204,996,249
Payments for purchase of financial instruments at fair value through profit or loss		**(460,570,018)**	(207,723,585)
Interest income received from financial assets at amortised cost		**460,213**	3,641
Dividends received		**921,403**	328,810
Other income received		**(214)**	(202)
Management fees paid		**(1,923,679)**	(862,011)
Performance fees paid		**(24,513,725)**	-
Transaction costs paid		**(258,804)**	(168,582)
Stock loan fees paid		**(181,557)**	(59,864)
Custody fees paid		**(1,608)**	(2,330)
Expense reimbursement fees paid		**(258,350)**	(143,828)
Interest expense paid		**(2,331,426)**	(1,196,451)
Short dividends paid		**(1,081,203)**	(262,391)
Net GST amounts (paid)/received		**(126,205)**	(19,869)
Other operating expenses paid		**(769)**	-
Net cash outflow from operating activities	12(a)	**(30,863,054)**	(5,110,413)
Cash flows from financing activities			
Proceeds from applications by unitholders		**20,554,884**	2,477,631
Payments for redemptions by unitholders		**(20,754,860)**	(11,033,754)
Distributions paid to unitholders		**(125,452)**	-
Net cash outflow from financing activities		**(325,428)**	(8,556,123)
Net decrease in cash and cash equivalents		**(31,188,482)**	(13,666,536)
Cash and cash equivalents at the beginning of the year		**(31,225,686)**	(16,859,514)
Effects of foreign currency exchange rate changes on cash and cash equivalents		**5,282,171**	(699,636)
Cash and cash equivalents at the end of the year	10, 11	**(57,131,997)**	(31,225,686)
Non-cash financing activities	12(b)	**121,271**	-

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

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1 General information

These financial statements cover Paragon Fund (the 'Fund') as an individual entity. The Fund was constituted on 6 December 2012, registered with the Australian Securities and Investments Commission on 20 December 2012 and commenced operations on 1 March 2013. The Fund will terminate on 5 December 2092 unless terminated earlier in accordance with the provisions of the Fund's Constitution.

Paragon Fund is a registered managed investment scheme under the *Corporations Act 2001*.

The Responsible Entity of the Fund is Melbourne Securities Corporation Ltd (ABN 160 326 545) (AFSL 428289) (the 'Responsible Entity'). The change in Responsible Entity occurred on 29 June 2026. The Responsible Entity's registered office is Level 2, 379 Collins Street, Melbourne, VIC 3000. The Responsible Entity is incorporated and domiciled in Australia.

The Fund's mandate is to invest primarily in Australian listed equities focusing on core competencies in the resource and industrial sectors in accordance with the Fund's Product Disclosure Statement (PDS) and the provisions of the Fund's Constitution. The Fund may also invest in foreign listed stocks and equities in unlisted Australian and foreign companies. The objective of the Fund is to produce absolute returns and capital growth for unitholders over a 5 year investment horizon.

The financial statements of the Fund are for the year ended 30 June 2026. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors of the Responsible Entity on the date the Directors' Declaration was signed. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and liabilities and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholder’s option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards adopted by the Fund

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2025 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2026 and have not been early adopted in preparing this financial report. This includes AASB 18 *Presentation and Disclosure in Financial Statements*, effective for annual reporting periods beginning on or after 1 January 2027.

AASB 18 replaces AASB 101 *Presentation of Financial Statements*. It will not change the recognition and measurement of items in the financial statements but will affect presentation and disclosure in the financial statements, including introducing new categories and defined subtotals in the statement of profit or loss and other comprehensive income, requiring the disclosure of management-defined performance measures, and changing the grouping of information in the financial statements.

The Directors are in the process of assessing the impact on the financial report of the Fund.

(b) Financial instruments

(i) Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents, due from brokers and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, management fee payable, other payables and due to brokers).

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(ii) Recognition and derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

(iii) Measurement

- *Financial instruments at fair value through profit or loss*

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statement of Profit or Loss and Other Comprehensive Income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Profit or Loss and Other Comprehensive Income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise. Dividend expense on short sales of securities, which have been classified at fair value through profit or loss, is presented as expense in the Statement of Profit or Loss and Other Comprehensive Income.

For further details on how the fair value of financial instruments is determined, please see Note 4 to the financial statements.

(iv) Impairment

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets at amortised cost (cash and cash equivalents, due from brokers and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when the Fund has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the Statement of Financial Position.

(c) Net assets attributable to unitholders

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;

2 Summary of material accounting policies (continued)

(c) Net assets attributable to unitholders (continued)

- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributed to the puttable financial instrument over the life are based substantially on the profit or loss.

The Funds' units are classified as equity as they satisfied all the above criteria.

(d) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

(e) Income tax

The Fund has elected into the Attribution Managed Investment Trusts rules, such that the determined trust components of the Fund will be taxable in the hands of the beneficiaries (the unitholders) on an attribution basis.

Accordingly, deferred taxes have not been recognised in the financial report in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains/losses which could arise in the event of a sale of investments for the amount at which they are stated in the financial report.

Realised capital losses are not attributed to unitholders but instead are retained within the Fund to be offset against realised capital gains. The benefit of any carried forward capital losses is also not recognised in the financial report. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income attributed to unitholders as noted above.

(f) Distributions

The Funds distribute their distributable income adjusted for amounts determined by the Responsible Entity in accordance with the Funds' Constitutions, to unitholders by cash or reinvestment.

(g) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. The Funds' distributions are classified as distributions paid/payable in the statements of changes in equity.

(h) Foreign currency translation

(i) Functional and presentation currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

2 Summary of material accounting policies (continued)

(h) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments at fair value through profit or loss and which is due to changes in foreign exchange rates. Such fluctuations are included with the net gains/(losses) on financial instruments at fair value through profit or loss.

(i) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

(j) Applications and redemptions

Unit application and redemption prices are determined by reference to the net assets of the Fund divided by the number of units on issue, adjusted for buy/sell spreads.

(k) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial services, investment management fees and performance fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%; hence investment management fees, performance fees, custodial fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

(l) Use of estimates

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments like the unlisted equity securities, are fair valued using valuation techniques using certain unobservable data. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

The Fund estimates that the resultant expected credit loss derived from using impairment model has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

For more information on how fair value is calculated please refer to Note 4 to the financial statements.

2 Summary of material accounting policies (continued)

(m) Significant judgements made in the application of accounting policies

Related party relationship and control - managed investment schemes

While the Responsible Entity controls the financial and operating activities of the Fund in accordance with the Fund's Constitution and PDS, the Responsible Entity's fiduciary obligations to the unitholders of the Fund prevent it from benefiting directly from the activities of the Fund. Instead, the Responsible Entity governs the financial and operating activities of the Fund for the sole purpose of fulfilling its fiduciary obligation of acting in the best interest of the unitholders in its capacity as the Responsible Entity. Accordingly, the Directors do not consider that the Responsible Entity controls the Fund as defined in AASB 10: *Consolidated Financial Statements*.

However, for the purpose of AASB 124: *Related Party Disclosures*, the Directors consider that the Responsible Entity is a related party of the Fund as it is the management entity that provides key management personnel services to the Fund. Accordingly, both the Responsible Entity and its Directors are considered to be key management personnel of the Fund. Refer to Note 15 for additional detail on related party transactions.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's PDS and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund invests in a diversified portfolio of long and short stocks comprising equities that are listed on the Australian Securities Exchange ('ASX'). The Fund may use exchange traded derivatives to gain exposure to the underlying physical investments and for hedging purposes. Derivatives are not used speculatively. The Fund may also invest a portion of the Fund's assets in foreign equities listed overseas as well as equities of unlisted Australian and foreign companies, to limits as prescribed in the PDS.

The investment objective of the Fund is to produce absolute returns and capital growth for unitholders over a 5 year investment horizon before taking into account Fund fees and expenses.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of market risk and ratings analysis for credit risk.

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the Fund's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Responsible Entity intends to limit this risk by ensuring strict adherence to the Fund's investment guidelines.

(i) Price risk

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchange. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Other market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

As the majority of the Fund's investments are carried at fair value with fair value changes recognised in the Statement of Profit or Loss and Other Comprehensive Income, all changes in market conditions will directly affect net investment income.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

All investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

The Fund mitigates this price risk through diversification, in terms of company, industry, sector, and selection of securities in accordance with the Fund's investment guidelines.

The Fund has built in procedures to ensure adherence to the Fund's investment guidelines at all times.

At 30 June, the overall net market exposures were as follows:

	As at	
	30 June 2026 $	30 June 2025 $
Australian equity securities and trusts	**128,434,888**	71,007,489
International equity securities	**84,083,988**	38,370,675
Australian equity securities and trusts sold short	**(32,227,500)**	(16,030,750)
Total	**180,291,376**	93,347,414

The Fund manages its exposure to price risk by analysing the investment portfolio by industry sector. The table below is a summary of the significant sector concentrations within the equity portfolio, net of securities sold short.

	As at 30 June 2026 Fund's equity portfolio (%)	As at 30 June 2025 Fund's equity portfolio (%)
Sector		
Information technology	**20.6**	-
Financial services	**1.3**	2.5
Energy	**(12.2)**	1.2
Consumer staples	**-**	(3.8)
Materials	**96.0**	103.4
Telecommunications services	**(5.7)**	-
Industrials	**-**	(3.3)
Total	**100.0**	100.0

The table in Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the assumption that the markets in which the Fund invests move by +/- 15% (2025: +/- 15%).

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

The Fund invests in equities listed outside Australia and holds both monetary and non-monetary assets and liabilities denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk.

The Fund's foreign exchange risk is managed by monitoring the actual level of exposure at any point in time, and typically the overall risk/reward for a stock held in a foreign currency will far outweigh any currency risk related to that stock. Furthermore, the offsetting liability for a investment is also held in the same foreign currency, resulting in a 'natural hedge'. Currency exposure may be actively hedged if deemed appropriate by the Investment Manager.

The table below summarises the Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

As at 30 June 2026	**US Dollar A$**	**Canadian Dollar A$**
Payables	**(264,204)**	**-**
Margin accounts	**(37,437,503)**	**(63,803,288)**
Financial assets held at fair value through profit or loss	**25,582,766**	**56,195,722**
Due from brokers - receivable for securities sold	**7,030,535**	**162,421**
Net exposure	**(5,088,406)**	**(7,445,145)**

As at 30 June 2025	US Dollar A$	Canadian Dollar A$
Payables	(127,143)	-
Margin accounts	(12,646,643)	(16,829,527)
Financial assets held at fair value through profit or loss	13,821,622	22,243,553
Net exposure	1,047,836	5,414,026

The table in Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the Australian dollar weakened and strengthened by 15% (2025: 15%) against the material foreign currencies to which the Fund is exposed.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

As at 30 June 2026	**Floating interest rate $**	**Fixed interest rate $**	**Non-interest bearing $**	**Total $**
Assets				
Cash and cash equivalents	**44,108,891**	**-**	**-**	**44,108,891**
Receivables	**-**	**-**	**1,997,205**	**1,997,205**
Due from brokers - receivable for securities sold	**-**	**-**	**7,262,900**	**7,262,900**
Financial assets at fair value through profit or loss	**-**	**-**	**212,518,876**	**212,518,876**
Total assets	**44,108,891**	**-**	**221,778,981**	**265,887,872**
Liabilities				
Borrowings	**(101,240,888)**	**-**	**-**	**(101,240,888)**
Distributions payable	**-**	**-**	**(21,899,445)**	**(21,899,445)**
Payables	**-**	**-**	**(1,011,923)**	**(1,011,923)**
Financial liabilities at fair value through profit or loss	**-**	**-**	**(32,227,500)**	**(32,227,500)**
Total liabilities (excluding net assets attributable to unitholders)	**(101,240,888)**	**-**	**(55,138,868)**	**(156,379,756)**
Net exposure	**(57,131,997)**	**-**	**166,640,113**	**109,508,116**

As at 30 June 2025	Floating interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
Assets				
Cash and cash equivalents	47,183	-	-	47,183
Receivables	-	-	93,932	93,932
Due from brokers - receivable for securities sold	-	-	11,108,669	11,108,669
Financial assets at fair value through profit or loss	-	1,033,452	108,344,712	109,378,164
Total assets	47,183	1,033,452	119,547,313	120,627,948

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

As at 30 June 2025	Floating interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
Liabilities				
Borrowings	(31,272,869)	-	-	(31,272,869)
Distributions payable	-	-	(246,723)	(246,723)
Payables	-	-	(290,102)	(290,102)
Due to brokers - payable for securities purchased	-	-	(3,834,344)	(3,834,344)
Financial liabilities at fair value through profit or loss	-	-	(16,030,750)	(16,030,750)
Total liabilities (excluding net assets attributable to unitholders)	(31,272,869)	-	(20,401,919)	(51,674,788)
Net exposure	(31,225,686)	1,033,452	99,145,394	68,953,160

The table in Note 3(b) summarises the impact of an increase/decrease in interest rates on the Fund's operating profit/(loss) and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 75 basis points (2025: +/- 75 basis points) from the year end rates with all other variables held constant.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit/(loss) and net assets attributable to unitholders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate having regard to a number of factors, including historical levels of changes in interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variances in the risk variables.

	Impact on operating profit/(loss)/ Net assets attributable to unitholders			
	Price risk		**Interest rate risk**	
	-15%	**+15%**	**-75bps**	**+75bps**
	$	**$**	**$**	**$**
30 June 2026	**(27,043,706)**	**27,043,706**	**(428,490)**	**428,490**
30 June 2025	(14,002,112)	14,002,112	(234,193)	234,193

3 Financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

	Impact on operating profit/(loss)/ Net assets attributable to unitholders Foreign exchange risk			
	-15% US Dollar A$	+15% US Dollar A$	-15% CAN Dollar A$	+15% CAN Dollar A$
30 June 2026	**(4,600,676)**	**4,600,676**	**(9,546,130)**	**9,546,130**
30 June 2025	(1,916,068)	1,916,068	(2,524,429)	2,524,429

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of on-balance sheet financial assets and liabilities as they are carried at fair value. The total credit risk for on-balance sheet items, other than derivatives, is therefore limited to the amount carried on the Statement of Financial Position.

The Fund's maximum credit risk exposure at balance date in relation to each class of recognised financial asset, other than equity and derivative financial instruments, is the carrying amount of those assets as indicated in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk is the carrying amount of these balances as at the reporting date.

The Fund uses Barrenjoey Markets Pty Limited as its prime broker. Barrenjoey Markets Pty Limited has a rating of A+ by S&P as at 30 June 2026 (30 June 2025: UBS AG, Australia Branch A+).

(i) Derivative financial instruments

For derivative financial instruments, the Responsible Entity/Investment Manager has established limits such that transactions only take place with participants of ASX.

(ii) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligations.

(iii) Cash and cash equivalents

In accordance with the Fund's policy, the Investment Manager monitors the Fund's credit position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

(iv) Other

The Fund is not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

3 Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to monthly cash redemptions of redeemable units. It therefore primarily holds investments that are traded in an active market and can be readily disposed.

The Fund will always comprise of asset classes whereby at least 70% of the Fund's total assets can reasonably be expected to be realised within ten days at all times.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Fund did not reject or withhold any redemptions during 2026 and 2025.

(i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June 2026	**Less than 1 month $**	**1-6 months $**	**6-12 months $**	**1-2 years $**
Borrowings	**101,240,888**	**-**	**-**	**-**
Distributions payable	**21,899,445**	**-**	**-**	**-**
Payables	**1,011,923**	**-**	**-**	**-**
Due to brokers - payable for securities purchased	**-**	**-**	**-**	**-**
Financial liabilities at fair value through profit or loss	**32,227,500**	**-**	**-**	**-**
Contractual cash flows	**156,379,756**	**-**	**-**	**-**

As at 30 June 2025	Less than 1 month	1-6 months	6-12 months	1-2 years
Borrowings	31,272,869	-	-	-
Distributions payable	246,723	-	-	-
Payables	290,102	-	-	-
Due to brokers - payable for securities purchased	3,834,344	-	-	-
Financial liabilities at fair value through profit or loss	16,030,750	-	-	-
Contractual cash flows	51,674,788	-	-	-

4 Fair value measurement

The Fund measures and recognises the following financial assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (see Notes 6 and 7)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

4 Fair value measurement (continued)

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities) is based on their quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets and financial liabilities held by the Fund is the last trade price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Significant observable inputs (level 2)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all material inputs required to fair value an instrument are observable, the instrument is included in level 2.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

(iii) Significant unobservable inputs (level 3)

The fair value of financial instruments that are determined using valuation techniques that rely on material inputs that are not observable are included in level 3 and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Specific valuation techniques using observable inputs used to value financial instruments include:

- Private market securities are valued using valuation techniques such as reference to the current fair value or recent transaction prices of substantially similar instruments, market multiples techniques using the applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer or discounted cash flow techniques.
- Securities which are suspended from trading are valued using the last traded price or other valuation techniques (described above) where the investment manager determines that the last traded price no longer reflects the fair value of the securities.

4 Fair value measurement (continued)

(iv) Recognised fair value measurements

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 30 June.

As at 30 June 2026	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Australian equity securities and trusts	**127,656,712**	**778,176**	**-**	**128,434,888**
International equity securities	**75,321,439**	**5,643,139**	**3,119,410**	**84,083,988**
Convertible debenture	**-**	**-**	**-**	**-**
Total financial assets	**202,978,151**	**6,421,315**	**3,119,410**	**212,518,876**
Financial liabilities				
Australian equity securities and trusts sold short	**32,227,500**	**-**	**-**	**32,227,500**
Total financial liabilities	**32,227,500**	**-**	**-**	**32,227,500**
As at 30 June 2025				
Financial assets				
Australian equity securities and trusts	70,313,172	-	694,317	71,007,489
International equity securities	35,031,723	-	2,305,500	37,337,223
Convertible debenture	-	-	1,033,452	1,033,452
Total financial assets	105,344,895	-	4,033,269	109,378,164
Financial liabilities				
Australian equity securities and trusts sold short	16,030,750	-	-	16,030,750
Total financial liabilities	16,030,750	-	-	16,030,750

4 Fair value measurement (continued)

(iv) Recognised fair value measurements (continued)

As at 30 June 2026, the Fund's Level 3 investments comprise the following:

(1) Xryma (previously ISX Financial EU Plc)

The Fund holds an unlisted equity interest in Xryma (previously ISX Financial EU Plc), a Cyprus-incorporated public company formed following the demerger from Southern Cross Payments Ltd (formerly iSignthis Ltd). Xryma provides financial technology and regulatory compliance solutions under its Probanx brand, including core banking systems, identity verification, onboarding, card processing, and digital wallets. The company is licensed and regulated in the European Union and the United Kingdom, with shares issued to Southern Cross Payments shareholders at a ratio of 1:10 as part of the demerger.

At 30 June 2026, the investment is classified as Level 3 and fair valued at $2,305,000. The valuation remains unchanged and is supported by continuing revenue growth. Management valued the investment using an EBITDA multiple methodology, ascribing a 30x EBITDA multiple (~27% discount to its comparable listed peers) on a forecast EBITDA of €23m / AUDEUR FX of 0.618 /110m shares = $10.00/sh. Well in excess of the carrying value of $5.30/share.

Xryma received approval for publication of its IPO prospectus in July 2026 and the IPO is now scheduled for 1Q27 on the Euronext Paris Stock Exchange.

The directors consider the carrying value at reporting date to be appropriate.

(2) Southern Sky Resources Corp

At 30 June 2026, the investment is classified as Level 3 and fair valued at CAD$800k.
Paragon participated in a 40c, C$3.5m preIPO round in May 2026, valuing the company at C$28m (70m fully diluted shares x 40c capital raising price). In September 2026 Southern Sky is raising another 75c C$8m final preIPO round at 75c. Well in excess of the carrying value of $0.40/share.

Southern Sky is due to list on the TSX November 2026, and to also list on the ASX in February 2027.
The directors consider the carrying value at reporting date to be appropriate.

(v) Transfers between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

4 Fair value measurement (continued)

(vi) Fair value measurements in an inactive market (Level 2) and using significant unobservable inputs (Level 3)

The following table presents the movement in level 2 and level 3 instruments for the year ended 30 June 2026 and 30 June 2025 by class of financial instrument.

As at 30 June 2026	**Unlisted equity securities**		
	Level 2	**Level 3**	**Total**
	$	**$**	**$**
Opening balance - 1 July	-	4,033,269	4,033,269
Transfers in/(out)	-	-	-
Purchases	3,463,538	810,377	4,273,915
Sales	-	(1,045,300)	(1,045,300)
Gains/(losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income	2,957,777	(678,936)	2,278,841
Closing balance	**6,421,315**	**3,119,410**	**9,540,725**
As at 30 June 2025			
Opening balance - 1 July	-	4,905,577	4,905,577
Transfers in/(out)	-	332,479	332,479
Sales	-	(32,606)	(32,606)
Gains/(losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income	-	(1,172,181)	(1,172,181)
Closing balance	-	4,033,269	4,033,269

(vii) Financial instruments not carried at fair value

The carrying values of receivables and payables are assumed to approximate their fair values.

Net assets attributable to unitholders' carrying value does not differ from its fair value (deemed to be redemption price for individual units) due to no differences in valuation inputs.

5 Net gains on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities at fair value through profit or loss:

	Year ended	
	30 June 2026	30 June 2025
	$	$
Financial assets		
Net realised gain/(loss) on financial assets at fair value through profit or loss	**57,606,158**	13,645,348
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	**34,524,382**	29,361,760
Total net gains/(losses) on financial assets at fair value through profit or loss	**92,130,540**	43,007,108

5 Net gains on financial instruments at fair value through profit or loss (continued)

	Year ended	
	30 June 2026	30 June 2025
	$	$
Financial liabilities		
Net realised gain/(loss) on financial liabilities at fair value through profit or loss	**(7,782,255)**	(1,068,198)
Net unrealised gain/(loss) on financial liabilities at fair value through profit or loss	**1,017,123**	154,095
Total net gains/(losses) on financial liabilities at fair value through profit or loss	**(6,765,132)**	(914,103)
Total net gains on financial instruments at fair value through profit or loss	**85,365,408**	42,093,005

6 Financial assets at fair value through profit or loss

	As at	
	30 June 2026	30 June 2025
	$	$
Australian equity securities and trusts	**128,434,888**	71,007,489
International equity securities	**84,083,988**	37,337,223
Convertible debenture	**-**	1,033,452
Total financial assets at fair value through profit or loss	**212,518,876**	109,378,164

7 Financial liabilities at fair value through profit or loss

	As at	
	30 June 2026	30 June 2025
	$	$
Australian equity securities and trusts sold short	**32,227,500**	16,030,750
Total financial liabilities at fair value through profit or loss	**32,227,500**	16,030,750

8 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	Year ended		Year ended	
	30 June 2026 Units	**30 June 2026 $**	30 June 2025 Units	30 June 2025 $
Opening balance	**22,677,014**	**68,953,160**	25,751,971	38,816,637
Applications	**3,520,129**	**20,067,253**	1,103,696	2,432,000
Redemptions	**(3,819,518)**	**(20,756,229)**	(4,178,653)	(11,035,123)
Reinvestment of distributions	**39,883**	**121,271**	-	-
Profit/(loss) for the half-year	**-**	**63,022,106**	-	38,986,369
Distributions paid and payable	**-**	**(21,899,445)**	-	(246,723)
Closing balance	**22,417,508**	**109,508,116**	22,677,014	68,953,160

As stipulated in the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets in the Fund.

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that net assets attributable to unitholders are classified as an equity. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Fund is subject to monthly applications and redemptions at the discretion of unitholders.

Applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on at minimum a monthly basis by the Investment Manager. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

9 Distributions to unitholders

The distributions declared during the year were as follows:

			Year ended	
	30 June 2026 $	**30 June 2026 CPU***	30 June 2025 $	30 June 2025 CPU*
Distributions payable	**21,899,445**	**97.6890**	246,723	1.0880
Total distributions	**21,899,445**	**97.6890**	246,723	1.0880

* Distribution is expressed as cents per unit amount in Australian Dollar.

10 Borrowings

	As at	
	30 June 2026	30 June 2025
	$	$
Borrowings	**101,240,888**	31,272,869
	101,240,888	31,272,869

Borrowings comprise of a cash advance (overdrawn balance) provided by the prime broker under a formal prime brokerage agreement, up to a maximum credit limit as determined by the prime broker. Interest expense is calculated on the daily overdrawn balance. The interest rate charged is as set out in the prime brokerage agreement and can be changed by the prime broker from time to time. The Fund's assets are granted as security under a general security deed to the prime broker for all liabilities owing, and the maximum credit limit provided is subject to a margin calculation of the Fund's assets held less liabilities owing, and any shortfall in margin can be immediately called upon.

The weighted average interest rate of the Fund's borrowings as at 30 June 2026 is 4.49% (2025: 4.86%).

11 Cash and cash equivalents

	As at	
	30 June 2026	30 June 2025
	$	$
Cash at bank	**44,108,891**	47,183
	44,108,891	47,183

12 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2026	30 June 2025
	$	$
Profit for the year	**63,022,106**	38,986,369
Proceeds from sale of financial instruments at fair value through profit or loss	**459,002,889**	204,996,249
Payments for purchase of financial instruments at fair value through profit or loss	**(460,570,018)**	(207,723,585)
Net (gains)/losses on financial instruments at fair value through profit or loss	**(85,365,408)**	(42,093,005)
Effects of foreign currency exchange rate changes on cash and cash equivalents	**(5,282,171)**	699,636
Net change in receivables and other assets	**(1,903,273)**	(20,753)
Net change in payables and other liabilities	**232,821**	44,676
Net cash outflow from operating activities	**(30,863,054)**	(5,110,413)

12 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

(b) Non-cash financing activities

	Year ended	
	30 June 2026	30 June 2025
	$	$
The following distribution payments to unitholders were satisfied by the issue of units under the distribution reinvestment plan	**121,271**	-
Total non-cash financing activities	**121,271**	-

As described in Note 2(g), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

13 Receivables

	As at	
	30 June 2026	30 June 2025
	$	$
Interest receivable	**106,747**	1,069
GST receivable	**1,890,458**	92,863
Total receivables	**1,997,205**	93,932

14 Payables

		As at	
		30 June 2026	30 June 2025
	Notes	**$**	$
Management fee payable	16	**174,078**	91,670
Inflows from applications received pending allotment		**536,000**	47,000
Interest payable		**264,204**	127,143
Other payables		**37,641**	24,289
Total payables		**1,011,923**	290,102

15 Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended	
	30 June 2026	30 June 2025
	$	$
Moore Australia		
Audit and other assurance services		
Audit and review of financial statements	**41,500**	13,000
Audit of compliance plan	**4,500**	5,000
Total remuneration for audit and other assurance services	**46,000**	18,000
Taxation services		
Tax compliance services	**10,475**	9,975
Total remuneration for taxation services	**10,475**	9,975
Total remuneration of Moore Australia	**56,475**	27,975

	Year ended	
	30 June 2026	30 June 2025
	$	$
Deloitte Touche Tohmatsu		
Audit and other assurance services		
Audit and review of financial statements	**-**	35,370
Audit of compliance plan	**-**	4,180
Total remuneration for audit and other assurance services	**-**	39,550
Taxation services		
Tax compliance services	**-**	-
Total remuneration for taxation services	**-**	-
Total remuneration of Deloitte Touche Tohmatsu	**-**	39,550

The auditors' remuneration is borne by the Responsible Entity.

Fees are stated net of GST.

16 Related party transactions

The Responsible Entity of Paragon Fund is Melbourne Securities Corporation Ltd (ABN 160 326 545) (AFSL 428289). Accordingly, transactions with entities related to Melbourne Securities Corporation Ltd are disclosed below.

The Responsible Entity has contracted services to UBS AG, Australia Branch to act as Prime Broker and MUFG Corporate Markets to act as Administrator for the Fund. The contracts are on normal commercial terms and conditions.

(a) Directors

The following persons held office as directors of Bennelong Funds Management Ltd from 1 July 2025 until 29 June 2026:

Gillian Larkins
John Burke
Jeremy Cooper

The following persons held office as directors of Melbourne Securities Corporation Ltd from 29 June 2026 and up to the date of this report:

Michael Peter Fleming
Matthew James Fletcher
Shelley Brown
Ruth McClelland
Steven O'Connell

(b) Other key management personnel

There were no other persons, aside from the Directors, with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

(c) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

(d) Key management personnel compensation

Key management personnel are paid by Melbourne Securities Corporation Ltd. Payments made from the Fund to Melbourne Securities Corporation Ltd do not include any amounts directly attributable to the compensation of key management personnel.

(e) Key management personnel loans

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

(f) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

16 Related party transactions (continued)

(g) Responsible Entity and Investment Manager's fees and other transactions

Under the terms of the PDS, the Investment Manager is entitled to receive management fees of up to 1.5% per annum (inclusive of GST net of RITC), calculated by reference to the monthly net assets value of the Fund and payable monthly by the Fund.

In addition, the Investment Manager is entitled to a performance fee calculated at the end of each month, monthly in arrears and paid at the end of each half year period ending 30 June and 31 December. The performance fee is calculated as 20% (inclusive of GST net of RITC) of the Fund's out-performance subject to a 5% hurdle rate and a high-watermark. At 30 June 2026, there was $22,842,335 performance fee (30 June 2025: $nil) recorded in the Fund.

Transactions with related parties have taken place in the ordinary course of business. The transactions during the year and amounts payable at year end between the Fund and the Responsible Entity and the Investment Manager were as follows:

	Year ended	
	30 June 2026 $	30 June 2025 $
Management fees for the year	**2,006,087**	902,401
Performance fees for the year	**22,842,335**	-
Aggregate amounts payable to the Investment Manager at the end of the reporting period	**174,078**	91,670
Fees earned by the Responsible Entity in respect of investments by the Fund	**260,438**	150,432
Aggregate amounts payable to the Responsible Entity at the end of the reporting period	**17,077**	14,989

(h) Related party unitholdings

Parties related to the Fund (including Melbourne Securities Corporation Ltd, Paragon IM Pty Ltd and its related parties and other schemes managed by Melbourne Securities Corporation Ltd), held units in the Fund as follows:

As at 30 June 2026 **Unitholders**	**No. of units held opening**	**No. of units held closing**	**Fair value of investment ($)**	**Interest held (%)**	**No. of units acquired**	**No. of units disposed**	**Distributions paid/payable by the Fund ($)**
Deniz Pty Ltd ATF The Deniz Family Trust	**535,640**	**537,557**	**2,621,988**	**2.40**	**1,917**	**-**	**525,134**
John & Prudence Deniz ATF Deniz Superannuation Fund	**476,884**	**491,087**	**2,395,326**	**2.19**	**14,203**	**-**	**479,738**
DAP1000 Pty Ltd*	**-**	**85,204**	**415,591**	**0.38**	**85,204**	**-**	**83,235**
	1,012,524	**1,113,848**	**5,432,905**	**4.97**	**101,324**	**-**	**1,088,107**

As at 30 June 2025 Unitholders	No. of units held opening	No. of units held closing	Fair value of investment ($)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund ($)
Deniz Pty Ltd ATF The Deniz Family Trust	638,575	535,640	1,626,257	2.36	97,210	200,145	5,828
H Deniz Super Pty Ltd <H Deniz Superannuation Fund>*	245,164	157,467	478,083	0.69	-	87,699	1,713

16 Related party transactions (continued)

(h) Related party unitholdings (continued)

As at 30 June 2025 Unitholders	No. of units held opening	No. of units held closing	Fair value of investment ($)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund ($)
John & Prudence Deniz ATF Deniz Superannuation Fund	464,546	476,884	1,447,868	2.10	12,338	-	5,188
Hillier Deniz*	84,859	52,640	159,820	0.23	-	32,220	573
Sicksamba Pty Ltd ATF Sicksamba Super Fund*	243,640	243,640	739,715	1.07	-	-	2,651
Heidi Sick ATF Sick Family Trust*	57,358	57,358	174,145	0.25	-	-	624
Paragon Funds Management Ltd*	97,210	-	-	0.00	-	97,210	-
SHM Capital Pty Ltd*	923,134	768,573	2,333,468	3.39	-	154,560	8,362
HD Investing Co Pty Ltd*	180,838	180,838	549,042	0.80	-	-	1,967
	2,935,324	2,473,040	7,508,398	10.89	109,548	571,834	26,906

* The parties listed above are no longer related parties of the Fund following the appointment of Paragon IM Pty Ltd as the Fund's investment manager, as they are not directors of Paragon IM Pty Ltd.

(i) Investments

The Fund did not hold any investments in Melbourne Securities Corporation Ltd or its related parties during the year (2025: nil).

17 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2026 and 30 June 2025.

18 Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 30 June 2026 or on the results and cash flows of the Fund for the year ended on that date.

Directors' Declaration

The directors of the Responsible Entity declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial report is in compliance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board interpretations and International Financial Reporting Standards as stated in note 2 to the financial report;

(c) in the directors' opinion, the attached financial report and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 295(5) of the Corporations Act 2001.



Shelley Brown
Director
Melbourne, VIC
30 September 2026

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INDEPENDENT AUDIT REPORT
TO THE UNITHOLDERS OF THE PARAGON FUND

Opinion

We have audited the financial report of Paragon Fund (the Fund), which comprises the statement of financial position as at 30 June 2026, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

(i.) giving a true and fair view of the Fund's financial position as at 30 June 2026 and of its financial performance for the year ended; and

(ii.) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Fund, would be in the same terms if given to the directors of Melbourne Securities Corporation Limited (the "Responsible Entity") as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Director's report for the year ended 30 June 2026 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Directors of the Responsible Entity for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf
This description forms part of our auditor's report.

ANDREW JOHNSON
Partner – Audit and Assurance
Moore Australia Audit (VIC)
Melbourne, Victoria
30 September 2026

Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants