



*Since inception - 1 March 2013

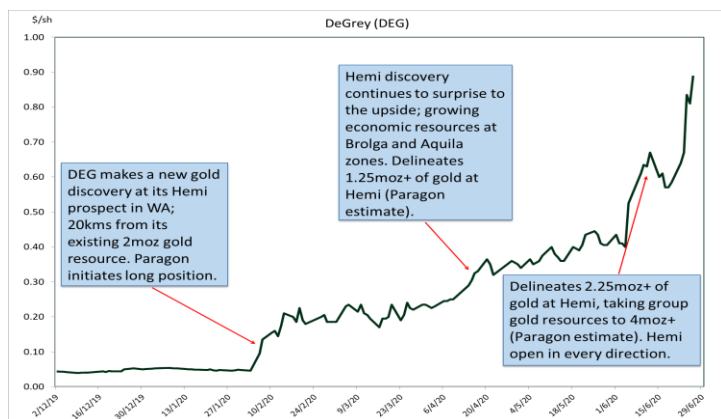
PERFORMANCE DATA (after fees)	1 month	3 months	6 months	Financial YTD	1 year	2 year p.a.	3 year p.a.	5 year p.a.	Net Return p.a.	Total Net Return*
Paragon Aust. Long Short Fund	+5.9%	+51.2%	+7.5%	+15.7%	+15.7%	+0.4%	+8.3%	+6.5%	+10.3%	+105.1%
ASX All Ordinaries Accum. Index	+2.3%	+17.7%	-10.4%	-7.2%	-7.2%	+1.5%	+5.4%	+6.2%	+6.5%	+58.8%
ASX Small Ords. Accum. Index	-2.0%	+23.9%	-9.2%	-5.6%	-5.6%	-1.9%	+6.1%	+7.9%	+4.4%	+36.9%

OVERVIEW

The Fund delivered another solid performance in June, returning +5.9% after fees. Global markets experienced volatility caused by concerns of a 2nd-wave of COVID-19 amid restarting of global economies. Global Indices finished down -1.1% (S&P500) to -3.1% (Nasdaq), and locally +2.3% (All Ords AI) to -2.0% (Small Ords AI). Positive contributors for the Fund were from our gold holdings, with De Grey a particular standout, and our polymetallic holdings Aurelia and Adriatic (both ~50/50 precious/base metals). US\$ gold continued to break 8yr highs at \$1,771/oz, only 8% off its all-time high (US\$1,921/oz; Sept 2011), as US real yields (negatively correlated and a key driver for gold) continued to fall to -0.63% reaching new cycle lows.

PORTFOLIO INSIGHTS: De Grey's gold discovery at Hemi looking 'world-class'

With our bullish view on gold, we continue to actively research the entire ASX gold sector. De Grey is one of the most exciting gold 'discovery-delineation' stocks globally. As illustrated below, it has rapidly grown from a \$60m micro-cap to a \$1b+ mid-cap. De Grey was initially an unloved gold micro-cap with ~2moz of gold across its Mallina gold project in the Pilbara WA, which we viewed as lacking scale and economics to underwrite development capex. Then in early February, following a focus on intrusion-related gold targets (known for scale), De Grey made an outstanding discovery at its Hemi prospect, at which point we bought in.



Gold mineralisation has since been delineated across two adjacent zones (Broлга and Aquila), adding another 2moz+ of gold resources (based on our estimates) and open in every direction. Further adjacent zones discovered (Crow and Broлга South) are equally exciting.

Group resources are already >4moz of gold and within a 25km radius and a likely central processing hub at Hemi. Whilst De Grey is still in resource 'discovery-delineation phase', we can see a large-scale project (300koz+ p.a. high-margin production) eventuating in the medium term. Metallurgic test work is underway, and any refractory gold can be dealt with as part of the process design given the benefits of scale. We have seen this within other globally significant orebodies across the Carlin trend in the USA, Alacer's Copley in Turkey and at Northern Star and Saracen's Super Pit in WA. Using comparable gold projects to derive capex and opex estimates, our EV/Resource and DCF valuations show solid risk-reward for De Grey. We have taken initial profits to manage De Grey's position size.

Paragon has a strong track record of picking thematic-led stocks early that prove to be super-performers and sector-specific leaders. To name a few over the years: 1) LNG (greenfield LNG energy boom); 2) ORE (Greenfield Lithium - JV with Toyota) & KDR (discovery-delineation - takeover by Wesfarmers) – both amid Electric Vehicle/Lithium boom; 3) XRO (cloud accounting disruption); and 4) AQQ (turnaround, takeover by SSR), WAF (new gold production) – gold bull market. Our differentiation is finding companies making economic discoveries with world-class projects, that not only present considerable value, but are so compelling that the rest of the market and ultimately majors will have to own. The Fund is currently invested in several stocks expected to drive strong returns in the medium to long-term.

FUND POSITIONING & RISK METRICS

Fund Size	\$32.0m
Longs	23
Shorts	4
Net exposure	138%
Gross exposure	161%
Index futures	0%
Cash	-38%
Beta-adj net exposure/ Average since inception	67%/71%
Correlation	0.58
% Positive Months	61%
Up/Down Capture	95%/60%

UNIT PRICING

NAV (Mid-Price)	\$1.9044
Entry Price	\$1.9072
Exit Price	\$1.9015

FUND FACTS

APIR Code	PGF0001AU
Responsible Entity & Investment Manager	Paragon 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
Administrator	Link Fund Solutions
Prime Broker/Custodian	UBS

* Changes from 1 July 2020
See announcement on 4th June 2020