

# Performance report | 28 February 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*	15.7%	50.3%	124.3%	176.3%	258.5%	140.8%	77.7%	32.8%	20.5%	1,033.7%
ASX All Ordinaries Accum. Index	3.3%	6.3%	3.6%	9.6%	15.8%	12.5%	12.1%	10.4%	9.0%	207.0%
ASX Small Ords. Accum. Index	-2.6%	1.5%	5.4%	17.5%	23.0%	14.9%	12.5%	6.6%	6.6%	129.6%

\* 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 +15.7% after fees in February. Global Indices were mixed: Nasdaq -2.3%, Russell 2000 +0.7%, Copper +9.9%, Gold +23.0%, Silver +25.2% and Lithium +6.7%. Local Indices were also mixed: All Ords AI +3.3%, Small Ords AI -2.6% and ASX300 Resources AI +8.4%. St Barbara, Aris, Equinox, K92, Blackrock Silver, Helius, San Lorenzo and Minaurum Silver performed well for the Fund. Paragon is pleased to report that since our March 2013 inception, the Fund has delivered investor returns of +1,033% (+11.33x) after fees, representing a +20.5% CAGR.

The US\$ was up +0.6% and US 10yr bonds fell -307bps. Oil was up +5.1%, Lithium was up +3.7%. Copper was up +1.4%, Silver +10.1% and Gold +7.9%, all marking consecutive monthly all-time highs. The strength in copper is being driven by the long-term supply concerns and increasing political tailwinds. The global copper market is entering a structural deficit in 2026 as demand growth outpaces a constrained and disrupted supply chain. India - the world's largest silver consumer and 2<sup>nd</sup> largest gold consumer - has raised equity mutual fund allocation limits in gold/silver (from money-market focus) from 0% to 35%, boosting demand from ~US\$1t fund pool. India has also mandated domestic spot pricing for Silver over LBMA from April 2026.

Unprecedented physical silver delivery demand continues to overwhelm COMEX warehouses, with longs standing for delivery at record levels in early 2026. February saw 25moz of physical delivery requests, versus a typical February range of just 3–5moz. This historic squeeze, with roughly 74moz delivered across January–February alone (over 80% of registered COMEX silver inventory), underscores silver's strategic scarcity. March 2026 COMEX silver delivery demand signals are intensifying physical tightness, with 52moz standing against just 86moz of registered inventory. This extreme physical silver tightness is seeing sustained price premiums in China over western LBMA & COMEX paper prices. Industrial Silver users (solar/EV) and institutions are increasingly bypassing paper markets.

Silver's long term deficit markets are structural, providing an excellent tailwind for Paragon's key stock picks.

### Portfolio Insights: *Kingsgate's prolific turnaround*

Kingsgate has executed a compelling turnaround, restarting its flagship 100%-owned Chatree gold mine in Thailand after an 8-year closure and resolving prior arbitration disputes with the government. From a highly leveraged, high-risk legal play, Kingsgate's Chatree has become a free cash-flowing gold producer with a solid medium-term growth profile. Chatree boasts extensive gold Resources with substantial life-of-mine and exploration upside. Kingsgate has seen a material equity re-rating, up 3x since Paragon's entry and with substantial upside remaining.

Chatree produced 75koz of gold and ~0.6moz of silver in FY25 and guiding to produce ~98koz in FY26, +30% YoY. Paragon views FY26 guidance as conservative, as mill throughput, gold grades and recoveries are all improving. Near term, Chatree should progressively get back towards mining Reserve grade of 0.79g/t gold (vs 0.57g/t in 4Q25 from processing low-grade stockpiles). Plant throughput continues to exceed nameplate capacity. Sustaining throughput at 6mpta (vs 5.7mpta in 4Q25) at reserve grade would imply 128koz of gold production in FY27. At spot gold this would see Kingsgate generate \$500m+ of FCF. Over the medium term, Chatree's SE Complex should come into the mine plan post permitting approval, boasting higher grades of ~1g/t and production potential of 160koz p.a. at higher margins. This should see Chatree grow production +30% compounded over the medium term at negligible capex.

Kingsgate also has its 100%-owned Nueva Esperanza (NE) Silver project in Chile. Ascribing US\$2/oz (peers >US\$3/oz) on NE's 107moz AgEq Chilean Silver Resource implies ~\$300m in asset value (vs >\$1b unrisks NPV at spot Silver) – likely to be realised via an asset sale or spin out. Kingsgate currently has ~\$200m in net cash. Kingsgate's current market cap is ~\$1.8b. Deducting both our conservative NE valuation and net cash implies the stock trades on an adjusted FY27 EV/FCF yield of ~40% – clear value on offer.

## Fund positioning and risk metrics

Feature	Information
Fund size	\$187m
Longs	41
Shorts	8
Net exposure	136%
Beta-adj net exposure/Average (rolling 12mths)	67%/65%
Gross exposure	185%
Cash	-32%
Index futures	0%
Global (as % FUM)	53%
Unlisted (as % FUM)	3.5%
Correlation	0.37
% positive months	60%
Up-down capture	119%/21%
Liquidity (% saleable inside 10BD)	82%

## Unit pricing

	\$
NAV (mid-price cum.)	\$8.4016
Entry price	\$8.4142
Exit price	\$8.3890

## Fund facts

Feature	Information
APIR code	PGF0001AU
Investment Manager <sup>1</sup>	Paragon IM Pty Ltd
Responsible Entity <sup>1</sup>	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](http://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



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<sup>1</sup> 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](mailto:client.experience@bennelongfunds.com).

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