

Performance report | 31 January 2025

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*	25.0%	-20.6%	34.9%	45.0%	46.9%	13.7%	-1.2%	8.6%	9.5%	193.8%
ASX All Ordinaries Accum. Index	4.4%	4.9%	7.5%	11.6%	15.1%	11.1%	10.9%	8.3%	8.9%	176.0%
ASX Small Ords. Accum. Index	4.6%	2.7%	6.6%	10.3%	12.3%	7.1%	3.1%	4.3%	5.6%	92.0%

* 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 +25% after fees in January. Global Indices were largely up: S&P 500 +2.7%, Russell 2000 +2.6%, Copper -3.0%, Lithium +0.9%, Gold +14.9% and Silver +8.9%. Local Indices were up: All Ords AI +4.4%, Small Ords AI +4.6% and ASX300 Resources AI +3.5%. The overall portfolio performed well, with strong returns particularly in Gold and Silver holdings Ora Banda, Meeka, Antipa, Predictive Discovery and Andean Silver.

US inflation continued to trend lower. The US\$ was down -0.1% and US 10yr bonds -3bps. Gold was +6.6% higher, another record close at US\$2,798/oz. Silver was up +8.3%, Copper and Lithium up +6.3% and +1.4% respectively, and Oil was up +1.4%.

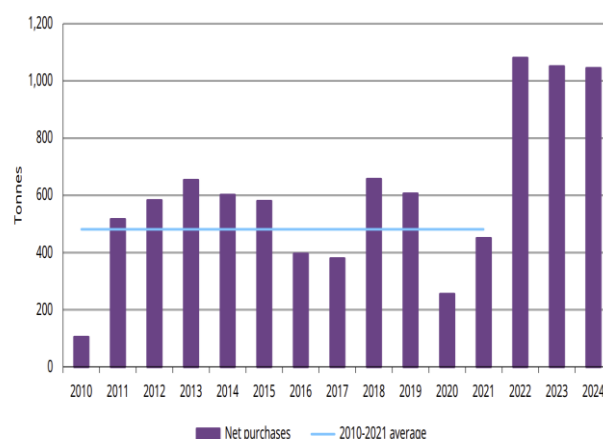
Gold's key drivers continue to strengthen. Central Banks purchases of physical gold accelerated in Q4 (333t) and CY24 (1,045t), marking its 3rd consecutive year of near record purchases (>1,000t). This far exceeds the CY10-21 annual average (473t). See Figure 1. Growing US debt, exceeding US\$36t, and expanding deficits are contributing to gold's attractiveness. The first four months (Oct24-Jan25) of FY25 saw a deficit of US\$838b (US\$2.5t annualised!). Whilst we commend DOGE's efforts to try to bring down US deficits by cutting spending, savings will be offset by rising interest costs (as ~30% of US debt matures in 2025 and needs to be refinanced at much higher rates) and revenues will be impacted as Trump pushes through ~US\$400b+ p.a. of tax cuts. The Silver Institute expects 2025 to be the 5th consecutive year of big deficits (~15%/180moz p.a.), driven by strength in Industrial (Solar) demand.

Portfolio Insights: *Meeka is on the cusp*

Meeka has been a strong performer for the Fund, advancing its brownfield-turnaround Murchison gold

project in WA. Development works are on budget and schedule and first production is expected mid-2025. Ore sources are well established and will see a combination of both high-grade open pit and underground operations over an already solid life-of-mine. Capital intensity is modest and fully funded with the company free cashflowing from 3Q25. Meeka is debt and gold-hedging free. A\$gold is breaking records at >A\$4,500/oz, providing scope for >100% cash margins. The first full year's production target of ~45koz appears conservative. Paragon believes it can grow by 50% as the two underground mines ramp up. At spot A\$gold, Meeka should generate strong free cashflows (FCF) of \$80m+ p.a. from FY26F. Despite the stock more than doubling on the Fund's initial cost base, it is still attractively priced at ~3x EV/FY26F FCF, at one third to a half its peers. FCF yields are staggering at >35%. The well-aligned management team have done it all before. Paragon expects the stock to perform very well.

Figure 1: Central banks net purchase of gold (t)



*Data to 31 December 2024.
Source: Metals Focus, Refinitiv GFMS, World Gold Council

Fund positioning and risk metrics

Feature	Information
Fund size	\$55m
Longs	25
Shorts	4
Net exposure	137%
Beta-adj net exposure/Average (rolling 12mths)	79%/87%
Gross exposure	175%
Cash	-37%
Index futures	0%
Global (as % FUM)	29%
Unlisted (as % FUM)	8%
Correlation	0.46
% positive months	59%
Up-down capture	104%/78%
Liquidity (% saleable inside 10BD)	83%

Unit pricing

	\$
NAV (mid-price)	\$2.1853
Entry price	\$2.1886
Exit price	\$2.1820

Fund facts

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

How to invest

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

Get in touch



paragonfunds.com.au



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

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

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