

Performance report | 31 March 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*	26.0%	69.4%	39.4%	96.6%	96.3%	39.6%	7.2%	24.0%	12.1%	298.4%
ASX All Ordinaries Accum. Index	-3.5%	-3.3%	-4.1%	3.4%	2.2%	8.4%	5.2%	13.6%	8.1%	155.7%
ASX Small Ords. Accum. Index	-3.6%	-2.0%	-3.0%	3.3%	-1.3%	6.0%	-0.8%	10.2%	5.0%	79.9%

* 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 +26.0% after fees in March. Global Indices were mostly down with the exception of precious metals and Copper: Nasdaq -7.7%, Russell 2000 -7.0%, S&P500 -5.8%, Copper +0.2%, Gold +15.7% and Silver +13.6%. Local Indices were also mostly down: All Ords AI -3.5%, Small Ords AI -3.6% and ASX300 Resources AI +0.5%. Spartan (takeover offer by Ramelius), Ora Banda (growing discovery at Little Gem), Meeka, Andean Silver, Rox and a short in Ramelius (profits taken into its weakness) performed well for the Fund.

The US\$ declined -3.2% and US 10yr bonds were flat. Gold was +9.3% higher, a record monthly close at US\$3,124/oz. Silver was up +9.3%, Oil +2.7% and Copper +11.5%. Central Banks (CB) reported 24t of net purchases in February, with China's CB continuing its gold buying spree by adding 3t to its reserves in March.

Portfolio Insights: *Spartan takeover*

The 'Spartan is in play' thesis was covered in [June 2024](#), outlining the stock's exceptional high-grade underground (UG) Gold discovery in WA, attracting Ramelius who acquired almost 20% through a share raid. Spartan's UG gold resource has grown substantially since to 2.3moz at an impressive grade of 9.2 g/t, supporting very high-margin medium-term production of ~220koz p.a. At spot gold prices, Paragon expects this would generate strong free cashflows (FCF) of ~\$450m p.a. Ramelius has now made a cash-and-scrip takeover bid for the remaining Spartan shares it doesn't already own.

Spartan has been a big winner for the Fund. Initially bought in July 2023 for ~20c (yellow arrow in Figure 1). Whilst some profit taking was done at ~\$1.60/sh (red arrows in Figure 1), the majority of the position remained in anticipation of a takeover offer. In Paragon's view,

Ramelius has always been the logical acquirer due to its proximity, medium-term production hole, and clear synergies - including the ability to accelerate Spartan's high-grade UG ore. Ramelius has demonstrated strong operational capability, consistently exceeding guidance for four consecutive years, generating sector-leading FCF, and delivering solid returns from its acquisitions.

Figure 1: Spartan's (SPR) price chart. Source: Bloomberg, Paragon



The Ramelius-Spartan proforma merger ('mergeCo') should have a cash balance of ~\$1b (no debt) by financial close (~3Q25). This positions mergeCo for self-funded growth to ~450koz p.a. from FY28F over a solid ~10-year mine-life. With a proforma market cap of ~\$4.5b, mergeCo would trade at an attractive EV/FCF multiple of ~4x FY28F. Paragon anticipates further re-rating potential for mergeCo and supports accepting Ramelius' cash-and-scrip bid. However, given the strength of the Gold bull market, heightened M&A across the sector, Spartan's desirable 2.5mtpa plant, high-grade resources & exploration upside, a competing bid can't be ruled out.

Fund positioning and risk metrics

Feature	Information
Fund size	\$73.6m
Longs	32
Shorts	5
Net exposure	146%
Beta-adj net exposure/Average (rolling 12mths)	70%/86%
Gross exposure	184%
Cash	-46%
Index futures	0%
Global (as % FUM)	40%
Unlisted (as % FUM)	5.4%
Correlation	0.41
% positive months	59%
Up-down capture	104%/54%
Liquidity (% saleable inside 10BD)	84%

Unit pricing

	\$
NAV (mid-price)	\$2.9627
Entry price	\$2.9671
Exit price	\$2.9582

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 BFML'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



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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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