

Performance report | 31 May 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*	13.6%	40.1%	56.0%	118.5%	100.7%	41.6%	19.0%	18.0%	12.9%	342.9%
ASX All Ordinaries Accum. Index	4.2%	4.1%	1.2%	11.6%	12.4%	13.1%	9.3%	12.2%	8.6%	176.0%
ASX Small Ords. Accum. Index	5.8%	3.8%	2.3%	11.3%	9.8%	10.3%	4.7%	6.8%	5.6%	93.8%

* 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 +13.6% after fees in May. Global Indices were up: S&P500 +6.2%, Russell 2000 +5.2%, Copper +8.8%, Gold +3.3% and Silver +5.9%. Local Indices were also up: All Ords AI +4.2%, Small Ords AI +5.8% and ASX300 Resources AI +3.1%. The Fund's gold, silver and copper holdings performed well, standouts being Adriatic (M&A target), Antipa, Firefly, Vizsla Silver, Many Peaks and Onyx.

The US\$ declined -0.2% and US 10yr bonds rose +24bps. Gold was flat, Silver +1.1%, Oil +1.2% & Copper +2.9%. China's Central Bank bought 2t of gold, despite near all-time high prices. Ballooning US national debt and deficits – likely to worsen under Trump's 'Big Beautiful Bill' - continue to be the key drivers for gold. Silver has since broken through the US\$35/oz barrier – a major resistance level - for the first time in 13 years. Significant silver supply deficits have persisted for four consecutive years, driven by strong industrial demand from the exponential growth in solar.

Market Insights: *Silver and Gold M&A update*

Silver equities have experienced a marked increase in M&A activity over the past year, driven by both major and mid-tier producers. In May, Pan American Silver acquired MAG Silver for US\$2.1b. MAG's CY25F attributable silver production is ~7moz, from its 44% interest in the Juanicipio mine in Mexico. The JV partner, Fresnillo, holds the remaining 56% and operates the mine. There is ongoing speculation that Fresnillo may make a counteroffer. In January, Coeur Mining acquired SilverCrest for US\$1.7b. SilverCrest's CY25F attributable silver production is ~5.5moz from its Las Chispas mine in Mexico. Earlier, in October 2024, First Majestic acquired Gatos for US\$970m. Gatos' CY25 attributable silver production ~10.5moz from its 70% interest in the Cerro Los Gatos mine in Mexico. **All three of these transactions were completed at ~1.7x P/NPV and ~15x cash flow multiples.**

May also saw Adriatic confirm it is under takeover discussions with Dundee Precious Metals. Since the announcement, Adriatic's share price has risen 43% to all-time highs of \$5.50/sh, equating to a \$1.9b market cap (US\$1.2b). Adriatic is currently ramping up its 100%-owned Vares Silver Project in Bosnia, targeting silver-equivalent production of 12moz+ p.a. The Fund's first investment in Adriatic was its March 2018 IPO at 20c (\$20m market cap), attracted to its brownfield exploration potential – discussed in [November 2018](#). The position was increased shortly after the IPO, following confirmation of discovery success and conviction that Vares would become a 'company-maker'. The position was exited in October 2021 at ~\$3/sh due to risk-reward considerations - funding, development, and commissioning risks. As Adriatic de-risked its operations and given a constructive outlook on silver, the Fund re-entered the stock in October 2024. High-margin silver growth assets with long mine lives are rare. Once ramped up, Adriatic's Vares is likely to be one of the highest-margin silver assets globally, boasting a 15+ year mine life and the potential to expand production to ~20moz p.a., which would rank it among the top five globally. Paragon has long considered Adriatic a prime takeover target, as it has traded at less than half the multiples of recent M&A transactions. Dundee's move on Adriatic comes as no surprise, and competing interest should not be ruled out.

The **Gold** sector has experienced even more M&A activity over the past year, highlighted by multi-billion-dollar local transactions. Notable deals include Gold Fields acquiring Gold Road for \$2.4b, Northern Star acquiring DeGrey for \$5b, and Ramelius acquiring Spartan for \$2.4b (held by the Fund). Paragon expects M&A to remain a key theme in the sector, and the Fund currently holds three near-term prime takeover targets - Predictive, Antipa, and St Barbara.

Despite the Fund's strong performance in FY25 to date, Paragon is equally excited about the year ahead due to significant near-term catalysts across its portfolio.

Fund positioning and risk metrics

Feature	Information
Fund size	\$77.5m
Longs	31
Shorts	5
Net exposure	146%
Beta-adj net exposure/Average (rolling 12mths)	65%/81%
Gross exposure	184%
Cash	-46%
Index futures	0%
Global (as % FUM)	34%
Unlisted (as % FUM)	4.9%
Correlation	0.42
% positive months	59%
Up-down capture	105%/54%
Liquidity (% saleable inside 10BD)	88%

Unit pricing

	\$
NAV (mid-price)	\$3.2917
Entry price	\$3.2967
Exit price	\$3.2868

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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