

Performance report | 30 September 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*	36.4%	68.0%	73.0%	68.0%	141.3%	77.4%	46.5%	24.4%	16.6%	589.3%
ASX All Ordinaries Accum. Index	-0.5%	5.3%	15.3%	5.3%	10.5%	16.2%	15.1%	12.9%	9.0%	194.7%
ASX Small Ords. Accum. Index	3.4%	15.3%	25.3%	15.3%	21.5%	20.1%	15.5%	9.3%	6.7%	125.3%

* 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 +36.4% after fees in September. Global Indices were up: S&P500 +3.5%, Russell 2000 +3.0%, Copper +16.3%, Lithium +10.0%, Gold +20.9% and Silver +23.3%. Local Indices were mixed: All Ords AI -0.5%, Small Ords AI +3.4% and ASX300 Resources AI +4.6%. St Barbara, Meeka, Unico, Argenta Silver, Equinox, SSRM and Kingsgate - were standout performers for the Fund.

The US\$ was flat, although down -10% CY25-to-date, and US 10yr bonds fell -7bps. Oil was down -1.6% and Lithium -7.8%. Copper was up +7.7%. Silver surged +17.4%, closing at US\$46.64/oz – its highest monthly close since August 2011 and a record quarterly close, surpassing the previous quarterly high of US\$37.64/oz. Silver is approaching its all-time high in January 1980 of US\$49.95/oz, supported by strong industrial and investment demand.

Gold advanced +11.8%, marking another record monthly close, driven by the ballooning US federal debt (now US\$37.5t and rising) and deficits (US\$345b in August; US\$1.97t FY25-to-date, tracking to be the third highest ever, following the Covid-impacted FY20 and FY21). Additional support came from the Federal Reserve's renewed easing cycle (a 25bp rate cut, with a further 100bp fully priced in over the next 12 months), ongoing central bank gold purchases (+15t net added in August), increased ETF inflows, and deteriorating US economic data.

Despite gold trading at all-time highs, investor positioning in gold equities—as measured by shares outstanding in the GDX ETF—has fallen by ~20% since the start of this year, nearing multi-year lows. Paragon attended the Beaver Creek and Denver Gold conferences in Colorado (leading global precious metals events). Attendance was higher this year, though resource-focused investors made up less than 10% of delegates at Beaver Creek, and generalist fund managers were scarce. We usually count it a win to find one new stock idea— we found four.

Portfolio Insights: *St Barbara's Simberi in play*

St Barbara's investment case was last discussed in [August 2024](#). The stock fell 34% after receiving a baseless ~\$200m tax claim on Simberi operations in December 2024. Despite the short-term setback, management continued executing their plan, and with the stock offering deep value and near-term catalysts, the weakness was used to double the Fund's position. St Barbara enjoyed a strong re-rate in September, rising +53% to a market cap of ~\$650m—now trading >2x our average cost base.

Paragon's primary interest has always been in the Simberi asset. Oxide production for FY26 is expected to be ~60koz, which, at spot gold prices will generate sufficient free cash flow to cover all expenditure before growth capex. The real prize is Simberi's mineable 5moz sulphide resource with strong exploration upside—an asset Paragon expects to be pursued by a major gold producer ultimately. St Barbara has recently confirmed unsolicited approaches for Simberi and engaged Macquarie to run a sale process. Simberi sulphides expansion project has production of ~225koz p.a. over 13 years, boasting an NPV of ~\$3b at spot gold and a <1-year payback on ~US\$300m capex. Paragon expects a competitive process to deliver a sizeable premium to the current stock price, with Newmont and Zijin—the world's two largest gold companies—likely to be the frontrunners. Given St Barbara's carry-forward tax losses, a Simberi asset sale would be largely tax-free.

St Barbara's remaining assets include ~\$100m in cash and investments, plus its Atlantic assets in Canada. With permitting pathways visibly improving, St Barbara should be able to restart processing gold stockpiles next year, generating over \$100m in free cash flow at spot gold prices. The real value lies in Atlantic's 2moz resource and likely production of ~100koz p.a. over 11 years, boasting an NPV of \$2b+ at spot gold and a ~1-year payback on ~\$250m capex. Significant upside remains for St Barbara.

Fund positioning and risk metrics

Feature	Information
Fund size	\$113.9m
Longs	36
Shorts	5
Net exposure	147%
Beta-adj net exposure/Average (rolling 12mths)	60%/72%
Gross exposure	186%
Cash	-47%
Index futures	0%
Global (as % FUM)	49%
Unlisted (as % FUM)	4%
Correlation	0.38
% positive months	59%
Up-down capture	109%/32%
Liquidity (% saleable inside 10BD)	85%

Unit pricing

	\$
NAV (mid-price cum.)	\$5.1081
Entry price	\$5.1158
Exit price	\$5.1004

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 ²	Barrenjoey Markets
Global Custodian ²	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 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.

2 Bennelong Funds Management Ltd appointed Barrenjoey Markets Pty Limited ABN 66 636 976 059 as Prime Broker and Custodian, replacing UBS AG and UBS Nominees Pty Ltd respectively, commencing 18 September 2025. Citigroup Pty Limited ABN 88 004 325 080 was appointed as Global Custodian, replacing UBS Nominees Pty Ltd, commencing 3 October September 2025. The Fund's PDS was re-issued on 22 September 2025 to reflect these changes in key service providers.

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