

# Performance report | 31 July 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*	-4.7%	0.4%	33.2%	-4.7%	79.7%	32.7%	21.4%	11.0%	11.6%	291.4%
ASX All Ordinaries Accum. Index	2.6%	8.4%	4.1%	2.6%	11.9%	12.6%	12.1%	12.4%	8.9%	187.3%
ASX Small Ords. Accum. Index	2.8%	9.7%	4.6%	2.8%	11.5%	10.4%	7.1%	7.7%	5.8%	100.9%

\* 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 -4.7% after fees in July. Global Indices were mixed: S&P500 +2.2%, Russell 2000 +1.7%, Copper -5.8%, Gold -0.4% and Silver -1.3%. Local Indices were mixed: All Ords AI +2.6%, Small Ords AI +2.8% and Small Resources AI -3.0%. Helius, Andean Silver and Predictive Discovery performed well for the Fund, however, were more than offset by declines in Antipa and across other gold holdings.

The US\$ was up +3.3% and US 10yr bonds +14bps. Gold was -0.3% lower, its first down month after six positive months in a row. Silver was up +1.8% to US\$36.03/oz, its highest monthly close since August 2011. Oil was up +7.3%. Copper declined by -13.7% after Trump unveiled 50% tariffs on copper products but not on the raw material itself. The FED kept rates on hold for its fifth consecutive meeting with markets pricing in 2 rate cuts this year. CBO reported a US\$229b federal budget deficit for July, well above consensus estimates of ~US\$150b. This takes the FY25td deficit to US\$1.63t, on track for the worst in 5yrs. Over 3Q25, US Treasury needs to refinance US\$3t in maturing Federal debt. This is part of a broader US\$11t debt wave falling due over the next 12 months - to be refinanced at much higher rates - likely to cost hundreds of billions of US\$ in additional interest.

### Portfolio Insights: *Exceptional turnaround stock*

**Helius Minerals** (TSXV: HHH) is spearheading the revival of the Serra Pelada gold and platinum group metals (PGM) project in the Carajas region of Brazil. Once among the world's richest gold mines, Serra Pelada produced 2.5moz+ in the 1980s, with grades rarely seen in today's markets. Serra Pelada was then left dormant for nearly two decades before first Vale and then Colossus Minerals took over the project and began formal redevelopment in 2010 to target a very high-grade underground (UG) gold resource. Serra Pelada has had

extensive drilling (>110km to 25m spacing), and includes spectacular assays including 43m @ 5,148g/t gold-equivalent (92% gold, PGM) and 7.3m @ 1,842g/t gold-equivalent (81% gold, PGM).

In 2011 Colossus peaked at a market cap of ~C\$800m for its 75% interest in Serra Pelada after investing about C\$300m in UG development capex. However, technical challenges (mainly flooding) and financial setbacks led to Colossus' collapse 3 years later - exacerbated by a 33% fall in the gold price to US\$1,200/oz.

Helius entered an option agreement with Colossus earlier this year to acquire its 75% stake in the asset, subject to financing, regulatory approval and due diligence. Paragon visited Serra Pelada in July 2023 and has been patiently waiting for its restructuring and development revival under an experienced, well-incentivised team. Helius is led by Australian geologist Chris Grainger, who holds a 20% interest (all paid for; Insiders hold ~30%) and did his PhD on Serra Pelada. Chris has a proven track record of major gold discoveries and successful project execution across South America. During its 12-month exclusivity period, Helius aims to address key legacy issues and local stakeholder arrangements. In Paragon's view, based on the scale of historical drilling, Serra Pelada has a conceptual 1.5-2moz UG mineable resource. Highly favourable UG orebody attributes likely support ~200koz p.a. production over a 7-10-year life-of-mine - in an environment where gold prices are almost 3x higher.

As with all turnaround stocks, there are risks. Paragon has assessed these individually and sized the investment accordingly - acquired at an average cost base of C\$0.54/share (C\$23m fully diluted market cap). Helius represents a compelling proposition: a tier-one gold and PGM asset acquired very cheaply. The prize is huge, and investment opportunities like this are rare. Whilst Helius has tripled since the Fund's entry, Paragon continues to see asymmetric reward-to-risk over the medium term.

## Fund positioning and risk metrics

Feature	Information
Fund size	\$64.9m
Longs	30
Shorts	4
Net exposure	149%
Beta-adj net exposure/Average (rolling 12mths)	70%/76%
Gross exposure	190%
Cash	-49%
Index futures	0%
Global (as % FUM)	74%
Unlisted (as % FUM)	5.0%
Correlation	0.40
% positive months	58%
Up-down capture	99%/54%
Liquidity (% saleable inside 10BD)	87%

## Unit pricing

	\$
NAV (mid-price cum.)	\$2.8989
Entry price	\$2.9032
Exit price	\$2.8945

## 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	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](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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[client.experience@bennelongfunds.com](mailto:client.experience@bennelongfunds.com)



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

<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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