

# ALCapital

## ALC Market Neutral Australian Equities Fund

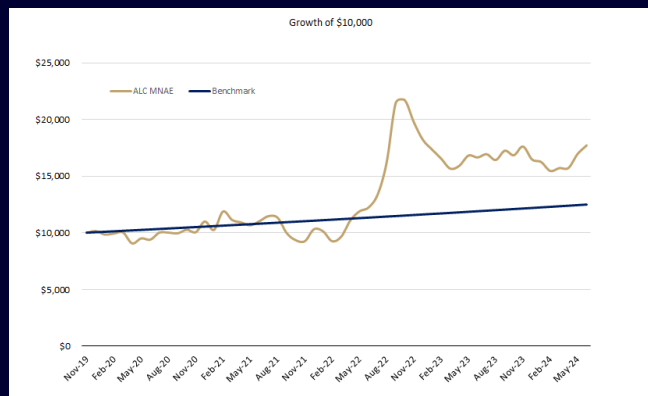
### Monthly report – June 2024

Returns	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	Since inception p.a.
Fund	4.5%	12.7%	7.5%	6.4%	17.1%	13.3%
Hurdle rate (5% p.a.)	0.4%	1.2%	2.5%	5.0%	5.0%	5.0%
Outperformance	4.1%	11.5%	5.1%	1.4%	12.1%	8.3%

Performance is reported net of all fees. Returns greater than one year are annualized. Historical performance shows the ongoing performance both of a different fund previously managed by the AL Capital that operated with the same strategy and investment management team as the ALC Market Neutral Australian Equities Fund. This information has been provided for illustrative purposes only. Past performance is not a reliable indicator of future returns.

The Fund is an algorithm-based portfolio that has been developed to generate a return from participating in the stock market, without being correlated with broader market movements. The algorithm is optimized for a high return-to-downside volatility-ratio.

The Fund uses a combination of factors to rank stocks according to their attractiveness. Currently, these factors relate to stock momentum, earnings momentum, value, quality, and cyclicity, but they could be updated in future algorithm upgrades. The resulting ranking is used to construct a portfolio by choosing long positions from the top of the list and short positions from the bottom. In this portfolio construction process, certain constraints are applied: there are limits on the number of stocks per sector, size of single-stock long position, size of single-stock short position, among others. The algorithm strives to attain as close to a sector-neutral position across all sectors as the ranking list permits. The algorithm is run and the portfolio is rebalanced once a month. No trading takes place during the month unless a previously defined stop-loss provision is triggered.



Past performance is no indication of future performance. Investments may rise and fall in value and returns cannot be guaranteed.

### Performance

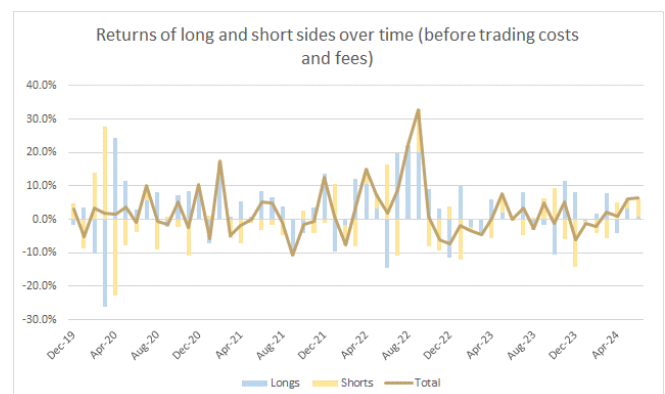
The portfolio returned 4.50% for the month. Both longs and shorts contributed, at +0.38% and +4.12% respectively. The overall market was up 1.01%, creating a reasonable backdrop for both longs and shorts to perform. The largest contributors were lithium miner Arcadian (LTM, short, +132 bps, stock was down 26%), Mineral Resources (MIN, short, +130 bps, stock was down 25%), and Telix Pharmaceuticals (TLX, long, +83 bps, stock was up 3%).

The largest detractors were Whitehaven Coal (WHC, long, -85 bps, stock was down 5%), ResMed (RMD, long, -75 bps, stock was down 7%) and Qantas (QAN, long, -40 bps, stock was down 5%).

June 2024	Total	Longs	Shorts	ASX200*
<b>Total</b>	<b>4.50%</b>	<b>0.38%</b>	<b>4.12%</b>	<b>1.01%</b>

\*ASX200 return shown for informational purposes only – the portfolio is not managed or measured against this index.

Overall, the fund continues to perform in line with the statistical parameters as predicted by the model. As an example, 65% of months have delivered a return within 1 standard deviation of the expected average return, and the correlation between the fund and the ASX is 0.016.



## July portfolio

For July, our largest longs are Aristocrat (driven by quality ranking), Perseus Mining (cheap, with good momentum), Whitehaven Coal (very cheap), New Hope Corp (attractive

across a range of factors), and Telix Pharmaceuticals (cheap with very good momentum as well as quality). The portfolio has a slight tilt to Technology and Energy (8% and 7% exposure respectively) but is otherwise balanced from a sector exposure point of view.

For all general enquiries, please contact our distribution team:



REGINA JIANG

CLIENT RELATIONSHIP MANAGER

E: [regina.jiang@alcapital.com.au](mailto:regina.jiang@alcapital.com.au)

P: +61 426 291 017

CLIENT SERVICES TEAM

E: [contact@alcapital.com](mailto:contact@alcapital.com)

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