ALC Market Neutral Australian Equities Fund

Monthly report – November 2024

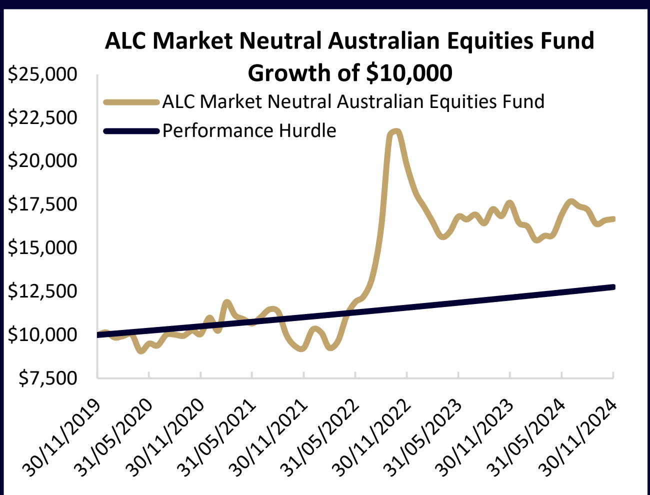
Returns	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	Since inception p.a.*
Fund	0.48%	-3.07%	-1.47%	-5.34%	21.68%	10.78%
Hurdle rate (5% p.a.)	0.40%	1.22%	2.47%	5.00%	5.00%	5.00%
Outperformance	0.08%	-4.29%	-3.94%	-10.34%	16.68%	5.78%

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 inception date of the ALC Market Neutral Australian Equities Fund is 31/01/2024, and inception date of the Strategy is 30/11/2019. Since inception performance is shown at the Strategy inception date, annualized.

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 cyclicality, 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.



Past performance is no indication of future performance. Investments may

Performance

The portfolio returned 0.48% in October. As one would expect in a rising market (the overall market was up 3.8%), longs contributed and shorts detracted.

The largest contributors were financial company ZIP Co (ZIP, long, +153 bps), location-sharing company Life360 (360, long, +146 bps), and airline Qantas (QAN, long, +86 bps). The largest detractors were health company Sigma Healthcare (SIG, -145 bps), gold miner Gold Road Resources (GOR, -58 bps), and gold miner Regis Resources (RRL, -50 bps).

Oct 2024	Total	Longs	Shorts	ASX200*
Total	0.48%	3.80%	-3.32%	3.79%

*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, 67% 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 0.0200.

Market commentary

Global markets posted strong gains in November in one of the best months of the year as stocks received a boost from Donald Trump's win in the US presidential election. In particular, the 'Trump trade' gained momentum during the month as investors priced in Trump's pro-business impact on certain sectors of the market. Australian equities gained +3.79% despite a heavy decline in the Resources sector (-3.30%), which reflects the potential impact of tariffs on China. As a result, the AUD/USD remained under pressure at 0.6527 despite the pickup in the inflation data seen during the month. The yield on Australian 10-year bonds closed

16bps lower to 4.34% after being hitting a 12 month high of 4.70% following the RBA meeting and Governor Bullock reiterating that core inflation remains elevated to consider rate cuts in the near term given core inflation picked up to 3.5% from 3.2% (above 2-3% target band). Markets are not expecting a full quarter point cut until May next year.

The US market finished November with the best monthly performance of the year as the S&P500 gained 5.87%. This reflects investor euphoria that Trump's win is particularly supportive of the economy and for US exceptionalism to continue. In addition, the rally continued into the Thanksgiving weekend as investors grew optimistic ahead of the holiday shopping season starting with Black Friday (into Cyber Monday). Earlier in the month, the Fed cut interest rates by 25 basis points to a target range of 4.50-4.75%, which looks to be supportive of equity prices in the near term. The US 10-year bond yield declined slightly to 4.17%.

In Europe, the flash PMI data showed the eurozone falling back into contraction as weakness in the struggling manufacturing sector and political uncertainty are weighing on demand and spreading to the broader services sector. Japan saw increased volatility as data showed Tokyo's inflation accelerated above 2%, which is fuelling speculation that the Bank of Japan may raise interest rates in December. USD/JPY declined significantly and fell towards the 150 handle, which pressured the Nikkei and Topix indexes.

Chinese markets continued to struggle as investor concern deepened on the potential impacts of US trade tariffs on the economy. Investors also remained frustrated over the lack of pace and scale of the fiscal stimulus so far. This kept overall commodity prices very subdued during the month.

China saw aggressive profit-taking as speculative investors withdrew following a seemingly innocuous press conference from the National Development and Reform Commission (NDRC) earlier in the month. Nonetheless, substantial fiscal, monetary, and housing measures enacted in September are too significant to overlook. This setback in China led to a sharp decline in Brent crude prices, despite rising tensions in the Middle East. Conversely, gold prices surged by 10.3%, supported by central bank purchases and geopolitical uncertainties that continue to bolster demand for gold.

December portfolio

For December, our largest longs are Qantas (cheap, with decent momentum and high quality), Northern Star Resources (attractive across all parameters), Zip Co (attractive across all parameters), Gold Coast Resources (attractive across all parameters), Life360 (cheap, with good momentum and earnings revisions), and Telix Pharmaceuticals (cheap, with good momentum and high quality).

The portfolio has a slight tilt to Technology (16% net exposure) but is otherwise balanced from a sector exposure point of view.

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