

ALCapital

ALC Active Australian Equities Fund

Monthly report – January 2025

Returns	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	5 years p.a.	Since inception p.a.*
ALC Active Australian Equities Fund	1.53%	1.32%	-7.28%	-8.73%	-2.22%	8.46%	15.04%
ASX 200	4.57%	5.11%	7.32%	15.17%	11.44%	7.97%	11.14%
Outperformance	-3.04%	-3.79%	-14.60%	-23.90%	-13.65%	0.49%	4.00%

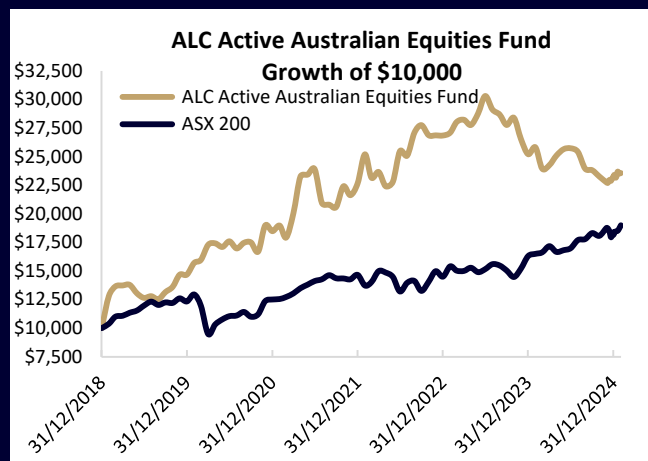
Performance is reported net of all fees. Returns greater than one year are annualized. Historical performance shows the ongoing performance both of a different fund previously managed by the AL Capital that operated with the same strategy as the ALC Active Australian Equities Fund, and the ALC Active 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 Active Australian Equities Fund is 28/07/2023, and inception date of the Strategy is 2/1/2019. Since inception performance is shown at the Strategy inception date, annualized.

The Fund seeks to generate positive absolute returns above the performance benchmark by investing in Australian-listed equities. The Fund employs a mixed strategy comprising of a high-conviction portfolio that is designed to deliver strong total returns, augmented by a short-term portfolio with a number of holdings that are expected to deliver short-term returns and provide risk-mitigation.

AL Capital employs a combination of in-depth top-down and bottom-up research to construct the high-conviction portfolio, led by our portfolio managers with strong track records. To achieve the desired net market exposure, as well as for risk control, the actively traded short-term portfolio is also utilised. Through this, AL Capital aims to achieve positive returns regardless of the overall market direction.

Risk management sits at the heart of the investment process, playing both a defensive role in helping AL Capital avoid losses in a leveraged structure as well as an offensive role in identifying shorts where risks are often mispriced.



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

Performance

The portfolio gained 1.53% in January. The High Conviction Portfolio (HCP) contributed 1.81%, while the Short-Term portfolio (STP) detracted -0.29%.

While the past 18 months have been challenging, the team are committed to ensuring the superior long term performance is maintained.

Largest contributors/detractors

The largest contributors in the HCP were our long positions in QBE (QBE, +92bps), Helia Group (HLI, +67 bps) and Medibank (MPL, +41 bps). We expect further upside for these stocks and they remain in the portfolio.

The largest detractors in the HCP were our short positions in Imdex (IMD, -31 bps), Cochlear (COH, -22 bps), and our long position in NRW Holdings (NWH, -21 bps). In a strong market it is not surprising that our shorts underperformed, while NRW Holdings responded to the tariff threats coming out of Washington.

Portfolio positioning

In our High Conviction portfolio, during the month we closed our long in Deterra and our short in South 32. We initiated a new position in Challenger. We reduced our short in NewWealth, and increased our short in Bank of Queensland.

At the end of the month, our largest positions in the HCP remained QBE, Helia and Medibank Private. The combined portfolio remains conservatively positioned, with a net long exposure of 20%.

Market commentary

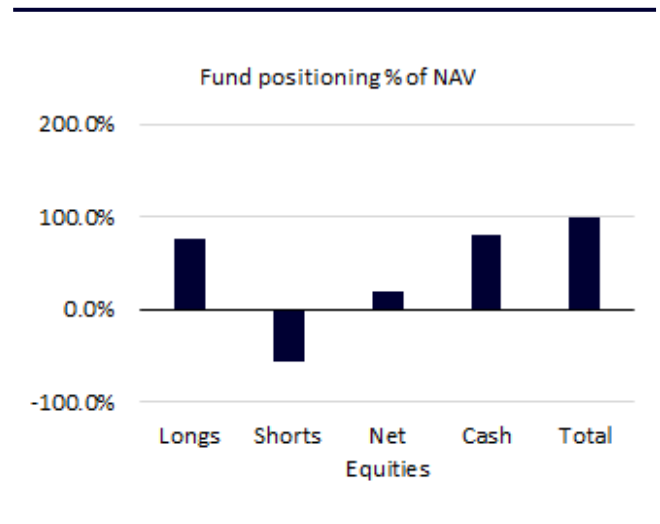
The new year kicked off with significant market movements driven by political transitions, central bank decisions, and key economic data releases. January saw the inauguration of

Donald Trump for his second term as U.S. President, with investors closely watching his early executive orders for potential market impact, largely focused on sweeping deregulation initiative aimed to boost economic growth. The Federal Reserve held interest rates steady at 4.25%-4.5% during its January meeting with Fed Chair Jerome Powell stating, "We feel like we don't need to be in a hurry to make any adjustments," indicating that the central bank may delay rate cuts this year. Domestically during the month, Australian CPI rose 2.4% year-over-year, in line with expectations indicating continued price pressures but within the Reserve Bank of Australia's target range, leading futures markets to almost fully price a cut to the Cash Rate in February.

Australian 10-Year government bond yields saw continued volatility, trading between 4.36% to 4.64% before closing higher to 4.43% by end of January. Likewise, US 10-Year government bond yields traded between 4.51% and 4.79% before closing lower at 4.54%. Australian corporate credit spreads initially widened by 4 to 5 basis points after a flurry of supply however ended the month between 2 to 3 basis points tighter.

The ASX 200 saw strong gains, rising 4.57% for the month. This was primarily driven by the Financial (+6.12%) and

Energy Sector (+3.00%). In the US, the S&P 500 Index closed up 2.93%, though not without challenges though including from the introduction of DeepSeek's advanced AI model raised concerns about increased competition in the AI sector. This saw NVIDIA experience a sharp decline of 16.51% on the day news broke, before finishing the month down 10.59%.



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Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the ALC Active Australian Equities Fund ("the Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

The Investment Manager for the Fund is AL Capital Holding Pty Ltd ("AL Capital") ABN 29 613 750 682, AFSL 523648. This publication has been prepared by AL Capital to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither AL Capital, Equity Trustees nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.

ALC Active Australian Equities Fund's Target Market Determination is available <https://www.eqt.com.au/insto>. A Target Market Determination describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.