

ALCapital

ALC Active Australian Equities Fund

Monthly report – February 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	0.21%	3.79%	-1.38%	-1.41%	0.65%	8.14%	14.98%
ASX 200	-3.79%	-2.56%	2.77%	9.94%	9.24%	8.87%	10.30%
Outperformance	4.00%	6.35%	-4.16%	-11.34%	-8.59%	-0.72%	4.68%

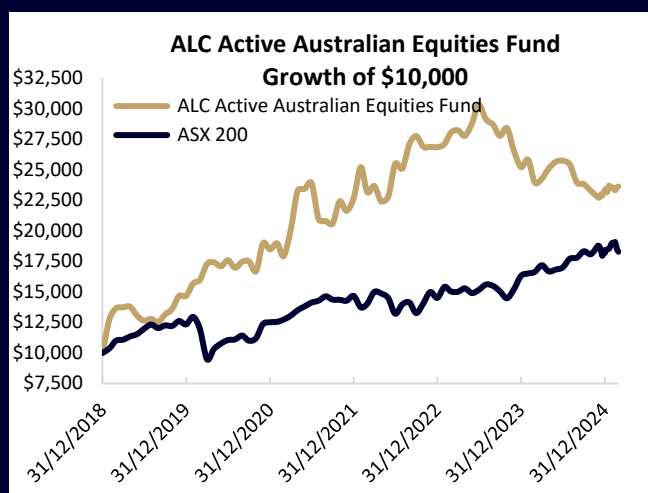
Performance is reported net of all fees. Returns greater than one year are annualized. Historical performance shows the ongoing performance both of a different fund previously managed by the AL Capital that operated with the same strategy as the ALC Active Australian Equities Fund, and the ALC Active 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 0.21% in February – a pleasing result in a market that was down -3.8%. Our long positions detracted 90 bps, while our short positions delivered +111 bps. It is not surprising that our shorts contributed more to the performance, given the falling market during the month.

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 were our long position in Heli Group (HLI, +144bps), our short position in Cochlear (COH, +48 bps), our long position in Lynas (LYC, +42 bps), and our short position in WiseTech (WTC, +31 bps).

The largest detractors were our long positions in Polynovo (PNV, -89 bps), Viva Energy (VEA, -60 bps), Goodman Group (GMG, -51 bps).

The current reporting season was the most volatile on record for the ASX, with many companies moving in excess of 10% up or down on the day of results announcement. The portfolio navigated these extreme movements, picking up some good positive movements while avoiding big drops.

Portfolio positioning

During the month we closed our longs in Lynas and Polynovo and shorts in ResMed and Hub24, among others.

At the end of the month, our largest positions were longs in Mineral Resources and Heli Group, and shorts in Computershare and CBA. The combined portfolio remained conservatively positioned, with a net long exposure of 40%, which has since been reduced further.

Market commentary

February saw markets driven by trade policy shifts, central bank actions, and key economic data releases. Notably, President Trump reaffirmed tariffs on Mexico and Canada and the EU which contributed to a greater sense of uncertainty in the global financial markets.

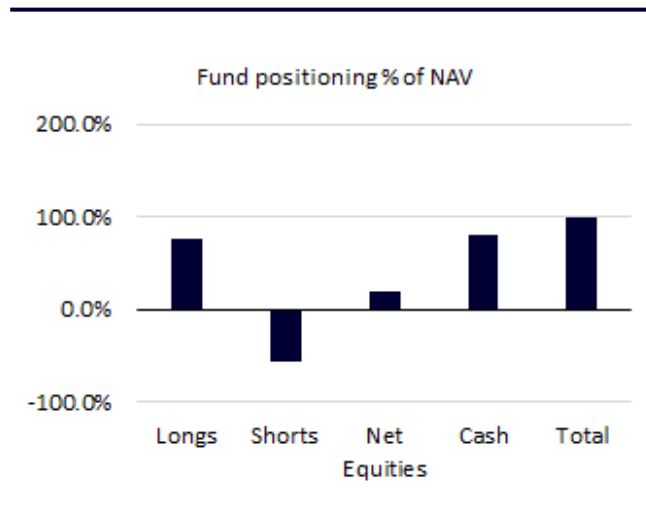
A lower-than-expected Consumer Price Index (CPI) reading in Australia saw the Reserve Bank of Australia (RBA) pushed to reduce the cash rate by 25 basis points to 4.10%, marking the first cut since 2020. However, the RBA's minutes reflected caution regarding further easing, noting uncertainties.

Australian 10-year government bond yields exhibited volatility, trading within a 23 bp range, before closing lower at 4.29%. Similarly, U.S. 10-year Treasury yields fluctuated between 4.25% and 4.62%, closing lower at 4.20%. Throughout the month, credit spreads widened by 2-3 basis points as investors absorbed a flurry of new issuances.

The ASX200 declined by 3.79% after the most volatile reporting season on record, with 20% of companies moving +/- 10% on their result, with many of the stocks that dropped

more than 10% despite providing either no change or a very little downward change to future earnings guidance.

Likewise in the US, the S&P 500 fell 1.30% while the tech-heavy NASDAQ fell 3.91%, its biggest monthly decline since April 2024, largely driven by concerns about slowing economic growth and looming tariff plans.



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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.