

ALCapital

ALC Market Neutral Australian Equities Fund

Monthly report – April 2025

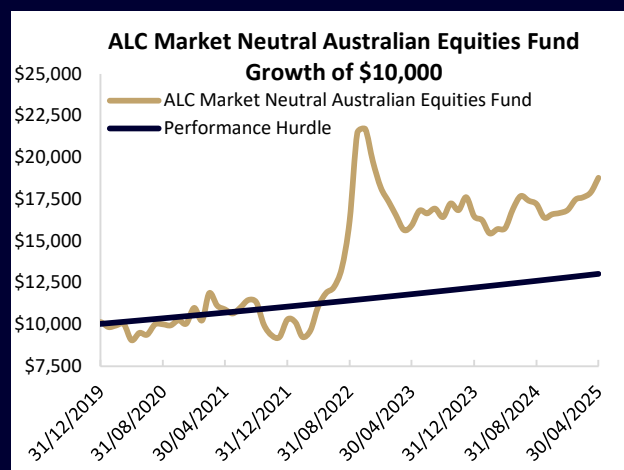
Returns	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	5 years p.a.	Since inception p.a.*
Fund	4.88%	7.42%	13.16%	19.12%	19.22%	15.69%	12.35%
Hurdle rate (5% p.a.)	0.40%	1.20%	2.45%	4.99%	5.00%	5.00%	5.00%
Outperformance	4.47%	6.22%	10.71%	14.13%	14.22%	10.69%	7.35%

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-drawdown 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.



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

Performance

The portfolio returned 4.88% in April against the benchmark hurdle rate of 0.40%. Both longs and shorts contributed positively through the month, with longs delivering 4.53%, and shorts delivering 0.33%.

The largest contributors were automotive retailer Eagers Automotive (APE, long, +182 bps), gold miner Regis Resources (RRL, long, +118 bps), and gold miner Evolution Mining (EVN, long, 64 bps).

The largest detractors were oil producer Beach Energy (BPT, short, -56 bps), medical software company Pro Medicus (PME, short, -22 bps), and packaging company Amcor (AMC, long, -22 bps).

April 2025	Total	Longs	Shorts	ASX200*
Total	4.88%	4.53%	0.33%	3.62%

*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, 68% of months have delivered a return within 1 standard deviation of the expected average return.

Portfolio Positioning

For May, our largest longs are Eagers Automotive (strong momentum and sentiment signals), The Lottery Corp (very strong quality signal), Qantas (very strong quality signal), Ramelius Resources (strong momentum signal), and Deterra Royalties (very strong quality signal).

Market Commentary

April was one of the most volatile months in recent memory. Most of these volatilities were driven by President Trump trade war headlines. Recession in the US in the coming quarters is becoming a real possibility looking forward.

ASX200 traded in a 10.66% range, ending higher by 3.62%
Nasdaq traded in a 15.28% range, ending the month up

0.85% as equities took on a more confident view as to how the global economy will handle life under Trump 2.0.

Credit markets however were far more cautious and April saw credit spreads widen to 100 during the month. By the end of the month spreads had roughly tighten by 2-3 bps. Australian 10-year government bonds fell by 25bps to 4.17%.

For all general enquiries, please contact our distribution team:



PHIL SMITH
HEAD OF DISTRIBUTION
Director
E: phil.smith@alcapital.com.au
P: +61 2 9228 1854
+61 410 478 848



REGINA JIANG
CLIENT RELATIONSHIP MANAGER
E: regina.jiang@alcapital.com.au
P: +612 9228 1890

AL Capital Holding Pty Ltd ("AL Capital") ABN 29 613 750 682, AFSL 523648, is the Trustee and Investment Manager for the ALC Market Neutral Australian Equities Fund ("the Fund").

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, 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 Investment Memorandum before making a decision about whether to invest in this product.