

ALCapital

ALC Market Neutral Australian Equities Fund

Monthly report – September 2025

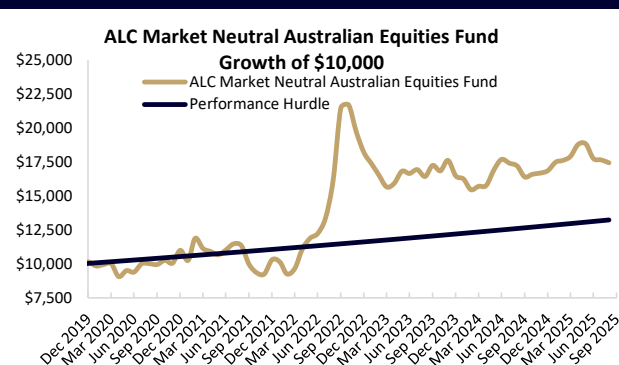
Returns	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	5 years p.a.	Since inception p.a.*
Fund	-6.41%	-8.08%	-8.87%	-3.20%	-0.48%	-8.74%	10.40%
Hurdle rate (5% p.a.)	0.40%	1.24%	2.48%	3.72%	5.00%	5.00%	5.00%
Outperformance	-6.81%	-9.32%	-11.35%	-6.91%	-5.48%	-13.74%	5.40%

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 cyclical, 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 ALC Market Neutral Australian Equities Fund returned -6.41% in September against the benchmark hurdle rate of 0.40%.

September 2025 was characterised by a more challenging environment for Australian equities, as renewed “higher-for-longer” rate expectations weighed on sentiment. Weakness in resources, financials, and property names offsetting strength in defensives and select global earners. Short positions provided some protection amid broader market softness, though performance dispersion remained wide across sectors.

Portfolio Positioning

At the end of September, the Fund was invested in a portfolio of 54 securities. There was a slight tilt towards Industrial, Financial and Consumer Discretionary sectors

The biggest positions of the Fund were Orora Ltd (ASX:ORA), Regis Resources Ltd (ASX:ORA) and ALS (ASX:ALS)

Market Commentary

Markets endured a challenging September as persistent hawkish signals from central banks reshaped expectations around the path of interest rates and reinforced the prospect of “higher for longer” policy rates. The RBA kept the cash rate at 3.60%, due to elevated inflation and stronger-than-expected demand against economic uncertainty.

The S&P/ASX 200 fell 0.32%, over the month. driven mainly by resource sector weakness and pressure on financials, reflecting concerns over China’s slowdown. Global equities saw broader gains, with the MSCI World Index rising 2.44% and the S&P 500 advancing 4.25%, with large-cap technology and consumer discretionary stocks leading gains.

Credit markets remained firm, with CDS spreads steady around 66bps, underscoring persistent demand for yield and confidence in corporate balance sheets. Australian government bond yields slightly increasing, with the 10-year yield ending at 4.29%, as investors priced in a slower and more gradual RBA policy response. In the U.S., the 10-year Treasury yield finished September at 4.15%.

As markets head into the final quarter of 2025, investors remain focused on the trajectory of inflation, the resilience of global growth, and further central bank guidance. Volatility is likely to remain elevated as markets navigate the balance between restrictive policy settings and the potential for slower economic activity into 2026.

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