



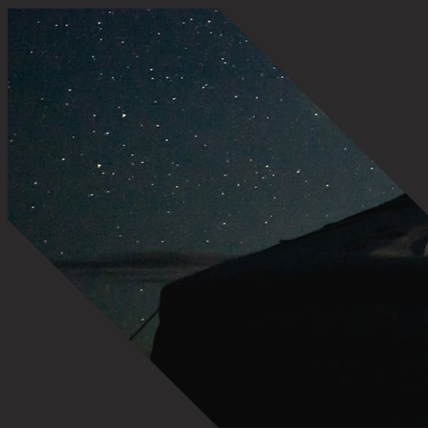
Alpha Plus Monthly Update

July 2025

Optimism Prevails

Jun Bei Liu, CFA

Founder / Lead Portfolio Manager



Optimism Prevails

The Alpha Plus fund rose 2.79% in July, outperforming the ASX200 Accumulation Index, which rose 2.36%, delivering 43bps of outperformance. This marks a strong start to the new financial year, with the portfolio benefiting from a rotation into domestic cyclicals and a more constructive stance on resources.

Australian equities managed to outperform global peers with gains led by consumer discretionary, healthcare, and selected tech stocks. Resources also showed signs of life, supported by firmer commodity prices driving FY26 earnings upgrades and some signs that China is loosening policy. On the other hand, rotation out of banks was stark, with the sector down close to 10%.

The rally in equities since April has been broadening and deepening, and we continue to view this strength as durable rather than speculative. While some commentators have pointed to elevated valuations as a constraint, we believe these are justified by resilient earnings, improving liquidity conditions, and the prospect of imminent policy rate cuts by the RBA.

Importantly, the market has shown a consistent willingness to look through near-term volatility, with investors continuing to “buy the dip” and rotate into under-owned cyclical and mid-cap exposures. This behavior reflects a shift in sentiment from caution to constructive optimism, and we believe it sets the stage for a more balanced and valuation-aware upswing into the second half of the year.

Our constructive stance is further supported by a favorable macroeconomic backdrop. In Australia, the combination of a solid labor market, rising real incomes, and moderating inflation is creating a strong tailwind for both risk (and real) assets. With the RBA expected to resume rate cutting in August, we see scope for further upside in rate-sensitive sectors such as property, consumer discretionary, and select industrials. Globally, while growth is slowing, it remains positive, and we believe the current rally is underpinned by improving fundamentals rather than exuberance. We remain confident in the market’s ability to absorb potential shocks and deliver further gains through year-end.

	1 Month	3 Month	1 Year	2 Year p.a.	3 Years p.a.	5 Years p.a.	ITD p.a.
Alpha Plus*	2.79%	8.92%	11.46%	14.69%	13.81%	13.53%	12.37%
Benchmark	2.36%	8.17%	11.81%	12.67%	12.33%	12.26%	9.72%
Value Added	0.43%	0.75%	-0.35%	2.02%	1.48%	1.27%	2.65%

ITD = Inception to date (Mar-19 when Jun Bei took over as Lead Portfolio Manager for the Alpha Plus Fund).
2, 3, 5-year returns are annualized. Benchmark is ASX200 Accumulation Index
* Net performance for Class A – based on month end unit prices in Australian dollars. Net return is after management and operating fees.
Past performance is not indicative of future performance

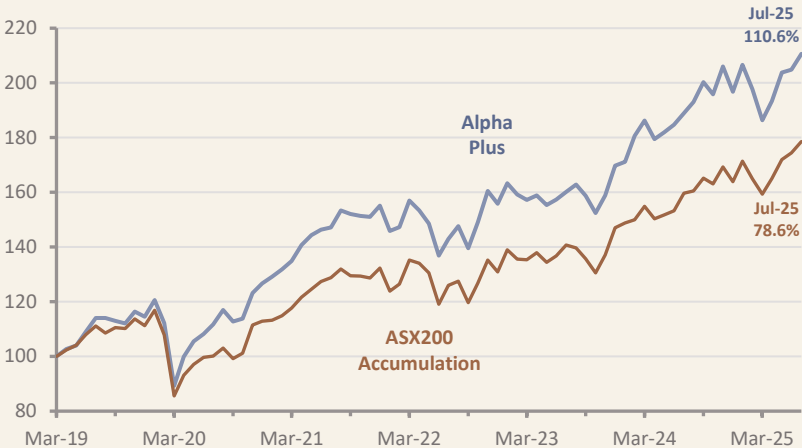
Lead Portfolio Manager

Jun Bei Liu, CFA



Alpha Plus vs ASX200 Accumulation Index

(Net Returns as at July 2025)



Based at 100 as at inception (Mar-19)
Alpha Plus is Net of fees and transaction costs

Going forward, while July proved to be a hard month to navigate due to the twists and turns of market leadership, we are confident that the domestic backdrop will improve into 2H25, supported by rate cuts, a solid labor market and rising real consumer incomes. This should begin to provide a solid tailwind for cyclical and rate sensitive areas which have been under pressure from high inflation and a dramatic decline in real income growth in recent years.

July Portfolio Commentary:

The ASX200 posted another strong month, rising 2.36%, with gains led by consumer discretionary, healthcare, and select tech names. Resources also showed signs of life, supported by firmer commodity prices, earnings upgrades for FY26 and rising confidence that China is loosening policy. On the other hand, rotation out of banks was dramatic, with the sector down close to 10%.

Key Contributors:

- **Life360 (360):** Life360 continues to gain recognition for its attractive characteristics, with a steady stream of broker upgrades and initiations throughout the month. We see meaningful financial upside as user conversion improves, and advertising revenue is further monetized.

- **Pro Medicus (PME):** During the month Pro Medicus announced a 10-year, A\$170 million contract with UC Health which is its second-largest contract to date. The deal includes Visage Cardiology, marking PME's first material cardiology client. This news helped lift the share price, and we remain optimistic about future contract wins as the company expands its presence in both radiology and the cardiac imaging space.
- **Domino's Pizza (DMP):** We capitalized on a short-term price pullback following the resignation of CEO Mark Van Dyke. While DMP faces a long path to recover the Same Store Sales (SSS) growth required for operating leverage, we believe the underlying model holds value.

Key Detractors:

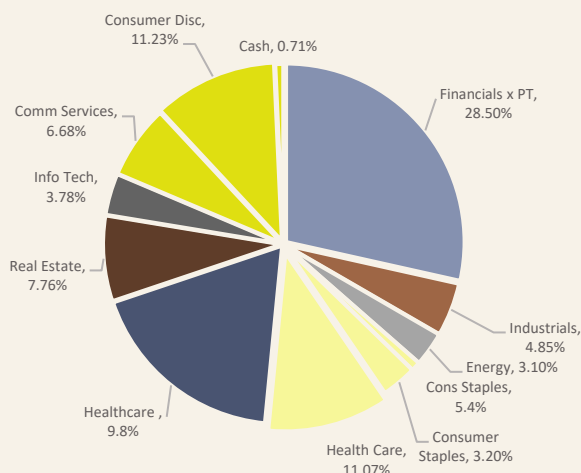
- **Lynas Rare Earth (LYC):** Trade tensions shifted in Lynas's favor last month after the US Department of Defense announced a US\$400 million investment in competitor MP Materials. The deal, structured as a 15% equity stake and supported by a price-backed supply agreement, boosted sentiment across the rare earths sector.

Net Portfolio Performance: Alpha Plus (as at July 2025)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Bench	Rel Perf
2025	5.0%	-4.3%	-5.7%	3.7%	5.4%	0.6%	2.8%						7.1%	9.0%	-1.9%
2024	0.9%	5.5%	3.1%	-3.6%	1.3%	1.6%	2.3%	2.2%	3.8%	-2.2%	5.2%	-4.5%	15.9%	11.4%	4.5%
2023	4.9%	-2.5%	-1.2%	1.1%	-2.2%	1.3%	1.8%	1.7%	-2.5%	-4.0%	4.2%	6.8%	8.9%	12.4%	-3.5%
2022	-6.0%	1.0%	6.6%	-2.3%	-3.1%	-7.9%	4.4%	3.3%	-5.5%	6.8%	7.7%	-2.9%	0.5%	-1.1%	1.5%
2021	1.9%	2.1%	2.3%	4.3%	2.6%	1.4%	0.6%	4.2%	-0.8%	-0.4%	-0.3%	2.7%	22.4%	17.2%	5.1%
2020	5.3%	-7.0%	-20.4%	11.9%	5.7%	2.6%	3.2%	4.7%	-3.6%	0.9%	8.2%	2.9%	10.6%	1.4%	9.2%
2019				2.7%	1.3%	4.8%	4.7%	0.0%	-1.0%	-0.8%	3.8%	-1.5%	14.6%*	11.3%*	3.3%*
Per annum since Inception*													12.4%	9.7%	2.7%

*ITD = Inception to date (Mar-19 when Jun Bei took over as Lead Portfolio Manager for the Alpha Plus Fund). * Returns from Mar-19

Alpha Plus Sector Allocations (As at month end Jul-25)



Source: Ten Cap, FactSet

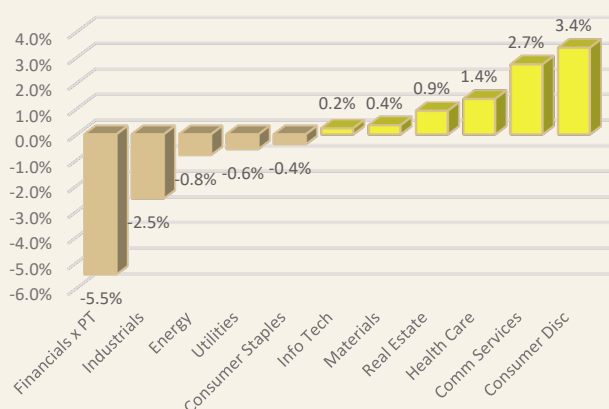
- **Sigma Healthcare (SIG):** Sigma came under pressure due to positioning ahead of the upcoming escrow unlock. Nonetheless, we remain constructive on the underlying business and see meaningful upside, particularly from the expansion of private label offerings and international growth opportunities.

Major Portfolio Changes

Increased Positions:

- **CSL Ltd (CSL):** After a period of underperformance driven by tariff uncertainty and earnings downgrades, we believe the risk-reward is now skewed to the upside. Expectations are low, and we anticipate a cost-out program to drive upgrades.
- **Clarity Pharmaceuticals (CU6):** We participated in a selective equity placement. The company is now fully funded through 2027, with strong clinical data and a promising trial readout expected.
- **Domino's Pizza (DMP):** We added to our position as the market became overly pessimistic. At 14x earnings, we see compelling value in the core Australian business, particularly as consumer spending improves with rate cuts.

Alpha Plus Sector Bets vs ASX200 (As at month end Jul-25)



Source: Ten Cap, FactSet

To fund these IPO participations, we modestly trimmed some of our recent winners including, Car Group (CAR) and Seven Group (SGH): Both stocks have performed well, and we took the opportunity to realize partial profits.

Decreased Positions:

- **Technology One (TNE):** We trimmed after a >60% rally since April. The company delivered a strong result, and analysts have upgraded forecasts, but we believe much of the good news is now priced in.
- **Xero (XRO):** We also trimmed Xero following its acquisition of Melio, which expands its US growth potential. The stock has rallied >20% since our post-Liberation Day increase.

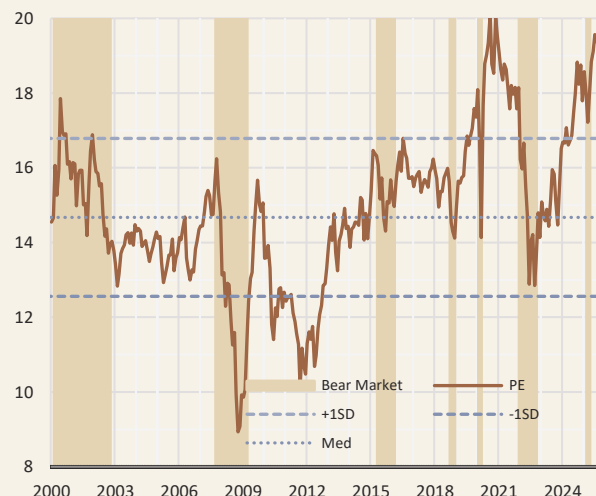
Portfolio Positioning & Outlook

As we enter FY26, we remain bullish on the broader market but expect a shift in sector leadership. We've taken profits in some of our growth leaders (TNE, XRO) and trimmed bank exposures following strong share price performance despite mediocre fundamentals.

We are cautiously re-entering the resources sector, where relative valuations are attractive and earnings upgrades are emerging for the first time in two years. Our overweight to cyclicals remains intact, and we've added to DMP as a high-conviction recovery play.

ASX300 Forward PER

(As at July 31)



Source: Macquarie Research, FactSet

Capital markets activity picking up

Equity capital markets remain active, with a healthy pipeline of raisings and IPOs. This is a positive signal for investor confidence and corporate reinvestment. One standout was Clarity Pharmaceutical (CU6), which raised capital from a select group of investors. With cutting-edge technology, strong clinical data, and full funding through 2027, we believe CU6 is well-positioned to outperform. Notably, it has been heavily shorted ahead of a potential ASX200 deletion, but we now expect it to rank highly in the index.

Sector Outlooks:

We do not expect the upcoming reporting season to act as a catalyst for market correction. Instead, we anticipate the key theme to be a demonstration of resilient demand alongside easing inflationary pressures. We believe further rate cuts and incremental trade clarity will support positive outlook commentary from corporates.

We expect to see a continuation of market leadership rotation, with cyclical sectors gaining traction. This rotation is likely to be funded by the banking sector, which faces earnings headwinds due to margin compression and limited scope for capital management initiatives.

Property: The property sector stands out as a key beneficiary of falling interest rates, particularly those with residential and retail exposure. We have recently increased our exposure through the IPO investment in GemLife, a fast-growing retirement living provider. Additionally, we have taken profits in Vicinity Centres (VCX) and rotated back into Scentre Group (SCG), reflecting our view on relative performance.

China & Resources: We maintain a pragmatic stance on the China/resources sector. While US-China trade details remain unclear, key commodity prices are holding up, and incremental trade clarity is emerging. The sector has meaningfully underperformed over the past 18 months, and we believe a valuation re-rate is likely, especially as this reporting season may deliver the first earnings upgrades in years. We remain overweight large, quality diversified miners, with selective exposure to copper names.

Growth: Our core growth holdings, Pro Medicus (PME) and Life360, continue to deliver strong performance. We have tactically taken profits in select names to create room for increased exposure to cyclically leveraged businesses.

Cyclicals: We continue to build our list of Australian cyclically exposed companies. In addition to our core holdings in JB Hi-Fi (JBH) and Temple & Webster (TPW), we have added Harvey Norman (HVN) and Domino's Pizza (DMP), where we have been tactical in capturing short-term price dislocations.

Summary & Outlook

We remain positive on Australian equities. We believe the combination of supportive policy settings, resilient earnings, and evolving market leadership provides a durable foundation. While risks persist, the market has repeatedly demonstrated its capacity to adjust rapidly. The August reporting season is unlikely to be a pivotal test. Evidence of margin stability and incremental improvement in key sectors should be sufficient to sustain the rally toward year-end.

We think the Australian equity market will continue to grind its way higher through year end and has the potential to finish with mid "teen" returns. This will be

driven by a combination of earnings upside as well as multiple expansion – particularly in the commodity and laggard cyclical related areas.

In fact, we believe investors will be surprised by how resilient equity markets are to ongoing risks and volatility. The desire to reposition and add to equity allocations appears strong with Australia well insulated from global trade concerns. Alongside further policy rate cuts by the RBA, we think there are reasonable tailwinds coming from the global economy even against a slowing backdrop. We urge investors to keep the faith.

Jun Bei & the Investment Team

Key Portfolio Statistics*

	Alpha Plus	ASX200
Market Cap (\$million)	95.6	100.0
# of holdings	91	200
Div Yield (trailing)	2.9%	3.2%
Price to Earnings (FY1 est)	20.9	20.2
Price to Cashflow (trailing)	12.6	12.2
Forward EPS growth (3-5yr)	4.5	4.5
Return on Equity (ROE)	13.3	13.1

*All figures are harmonic weighted averages as at 31th July, 2025

Fund Information

The Ten Cap Alpha Plus Fund (ARSN 120 567 544) is an Australian Equity, long/short strategy with the typical asset classes held by the Fund being cash and cash equivalent instruments, Australian listed shares and other equity like securities and exchange traded Derivatives.

The Fund aims to achieve positive returns in excess of the Fund Benchmark, before fees and expenses, over the long term by taking both Long Positions and Short Positions in selected Australian shares.

Inception:	September 2006
Minimum Investment:	AUD \$25,000
Subscriptions:	Daily
Redemptions:	Daily
Management Fee:	0.97% per annum
Performance Fee:	20% of return above the fund benchmark
Responsible Entity:	Ironbark Asset Management (Fund Services) Ltd
Custodian & Admin:	J.P. Morgan Chase Bank N.A. (Sydney Branch)
Auditor:	PwC

Let’s Keep Talking

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