



Alpha Plus Monthly Update

August 2025

# Navigating Volatility

Jun Bei Liu, CFA  
Founder / Lead Portfolio Manager



Navigating Volatility

The Alpha Plus fund rose 4.01% in August, outperforming the ASX200 Accumulation Index, which rose 3.10%, delivering 91bps of outperformance. This continues our strong start to the new financial year, with the portfolio now up 6.90% over the past 2 months.

It was an interesting month for active managers with the August reporting season the most volatile on record. Navigating this backdrop required flexibility alongside strong portfolio and risk management. We were not immune to stock specific disappointment – we suspect very few were, but a strong fundamental process and conviction in our positions underpinned what was a very strong month for the portfolio.

We entered the reporting season expecting it to set the tone but not act as a catalyst for a correction. This proved correct, but there were a number of key takeaways that are worth discussing. First, we saw pockets of strength and pockets of weakness across both domestically and international exposed companies. This reflected an economic backdrop that is soft, but not

collapsing. Second, we saw disappointment at a sales Offset by gains at a margin level. This fits with the idea that corporates are in “protection” mode where they are using whatever levers available to protect earning and add to earnings. Third, we saw the first signs of concerns around stretched valuations and a willingness to rotate out of expensive stocks and into cheaper stocks. This is consistent with a broadening out in the equity market rally, but many moves were extreme. Finally, we saw further cuts to aggregate earnings into FY26 – not unexpected – but consistent with an economy that is not likely to rebound sharply.

In sum, and while stocks jumped all over the place, the broad conclusions were not far from expectations when you are in the midst of a rate cut cycle and economic growth is bouncing around trough levels. While it was a lot to digest, we saw nothing that threatened our bullish market view and/or that would mark an end to the bull market. In fact, if this is the worst reporting season for the current cycle, we are encouraged that conditions had not deteriorated further.

	1 Month	3 Month	1 Year	2 Year p.a.	3 Years p.a.	5 Years p.a.	ITD p.a.
Alpha Plus*	4.01%	7.49%	13.47%	16.01%	14.07%	13.37%	12.89%
Benchmark	3.10%	7.03%	14.74%	14.82%	13.04%	12.32%	9.85%
Value Added	0.90%	0.46%	-1.27%	1.18%	1.03%	1.06%	3.04%

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

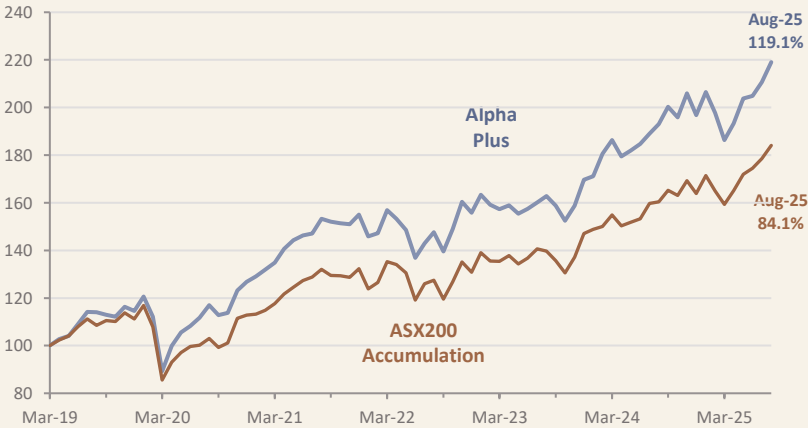
Lead Portfolio Manager

Jun Bei Liu, CFA



Alpha Plus vs ASX200 Accumulation Index

(Net Returns as at August 2025)



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

While August proved a hard month to navigate, 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 provide a stronger 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. In addition, we think there are signs of some green shoots coming from China which should add a tailwinds to more sustained resource performance.

## August Portfolio Commentary:

August reporting season was exceptionally volatile, with wide dispersion across sectors and single names. Against this backdrop, our stock selection (across both longs and shorts ) was the primary driver of returns, supported by disciplined risk management, a flexible approach and active positioning.

### Key Positive Contributors:

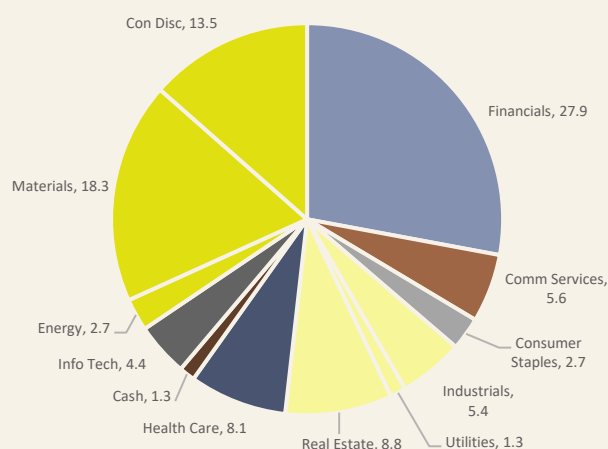
- **A2 Milk (A2M)** Delivered a strong FY25 result, highlighted by a capital return and the successful streamlining of its long-awaited supply chain. These developments strengthen the company's operating platform and reinforce our conviction in its growth trajectory.
- **Cuscal (CCL)** Solid FY25 results were overshadowed by the acquisition of Indue, which we view as a core pillar of the investment case. The deal is highly accretive and materially enhances Cuscal's growth runway over the next five years.
- **Tuas (TUA)** The highly accretive acquisition of M1 was the key catalyst for the month, driving notable share price gains. We see the integration broadening the customer base, reinforcing scale advantages, and strengthening the company's value proposition.
- **Seek (SEK)** delivered solid result but we see significant upside beyond the headline numbers. FY26 guidance appears conservative, particularly given the Asia segment's outperformance and the early signs of a domestic recovery. With rate cuts on the horizon and job volumes poised to rebound, we believe SEK is structurally positioned to capture cyclical tailwinds while continuing to leverage its dominant platform.
- **ASX (Underweight)** ASX is an expensive defensive, revenue momentum is slowing and cost pressures weigh on profitability. We expect EPS growth to turn negative in FY26, and persistent operational challenges leave us cautious.

## Net Portfolio Performance: Alpha Plus (as at August 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%	4.0%					11.3%	12.3%	-1.0%
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*													12.9%	9.9%	3.0%

\*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 Aug-25)



Source: Ten Cap, FactSet

### Key Negative Contributors:

- **Wisetech (WTC)**, FY25 was a slight miss, and FY26 guidance was tempered by slower product uptake. While this created near-term disappointment, our thesis remains intact: the breadth of the product suite and the multi-year penetration opportunity continue to support attractive long-term upside.
- **Pro Medicus (PME)** Delivered a solid result, underpinned by a strong and expanding pipeline into new product areas. However, this was not enough to match broader market performance during the month, leading to relative underperformance despite a positive fundamental outlook.

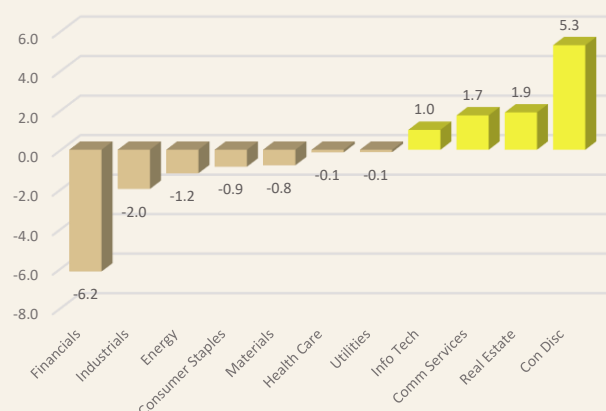
### Major Portfolio Changes

We remain positioned for lower interest rates and an improving growth backdrop. The portfolio is tilted toward cyclical and rate-sensitive exposures that should benefit from as the RBA lowers rates and real incomes rise. We are balancing this with high-quality structural growers where we see durable earnings power. Within this framework, our activity in August focused on recycling capital out of names that had rallied hard and adding to stocks with more attractive risk-reward.

### Increased Positions:

- **Seven Group (SGH)** We increased our position to reflect rising conviction in the earnings trajectory

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



Source: Ten Cap, FactSet

- management's execution. In our view, SGH offers visible medium-term growth and solid cash generation, providing attractive exposure to a domestic investment cycle that should strengthen as conditions improve.
- **Sigma Healthcare (SIG)** We continued to add to SIG as operational progress supports an earnings recovery with operating leverage. We see improving execution and scale benefits underpinning a multi-year margin rebuild, with scope for upside as the operating environment normalizes.
- We added to **JB Hi-Fi (JBH)** and **Adairs (ADH)**, consistent with our tilt toward domestic cyclicals. Both companies exhibit disciplined cost control, solid balance sheets, and the potential for operating leverage as demand stabilizes.
- **Tuas (TUA)** We initiated a long in Tuas, where the highly accretive acquisition of M1 broadens the customer base and enhances scale economics. We see a multi-year growth runway supported by operational synergies and a strengthened value proposition.

### Decreased Positions:

- **CSL (CSL)**, We took profit ahead of the result following ~15% outperformance in July, consistent with our discipline around event risk and position sizing in a volatile reporting season.

## ASX200 Price Index

(As at September 1)



Source: Bloomberg

### Capital markets activity picking up

Capital markets remained active through August, with a steady flow of corporate raisings across mining, biotech, and defense - sectors that are inherently capital - and growth-intensive. The standout transaction was Tuas' large equity raising, where we participated as a cornerstone investor, reinforcing our conviction in the company's strategic trajectory.

We view this level of activity as a healthy sign of market confidence, supported by a robust pipeline of deals expected over the coming months. Importantly, there is ample liquidity on the sidelines - institutional and retail—that is ready to be deployed. This dynamic provides an additional layer of support for equity markets, particularly as investors seek opportunities in a backdrop of easing policy and improving fundamentals.

### Sector Outlooks:

We maintain a cyclical tilt within the portfolio, continuing to add to sectors poised to benefit from an improving domestic backdrop and easing monetary policy. Our positioning reflects confidence in rate-sensitive exposures, while remaining disciplined on valuation and earnings visibility.

### Cyclicals

We remain constructive on discretionary names as real incomes recover and rate cuts filter through. Our exposure spans market leaders **JB Hi-Fi (JBH)** and **Harvey Norman (HVN)**, complemented by smaller format retailers such as Universal and Adairs (ADH). These businesses combine strong balance sheets, disciplined cost control, and operating leverage, positioning them well for a cyclical upswing.

We continue to hold **Seek (SEK)** and **REA Group (REA)**, both of which offer structural growth layered on cyclical recovery potential. We see upside as employment advertising and housing activity normalize, supported by policy easing and improving sentiment.

### Resources

We have taken some profits in select resource names following strong performance but remain overweight the sector, with a focus on large, diversified miners offering low-cost positions, strong cash generation, and disciplined capital allocation. Early signs of stabilization in China reinforce our constructive stance, while valuation support provides downside protection.

### Interest Rate Beneficiaries

We continue to hold companies positioned to benefit from falling interest rates, particularly within property trusts. Our focus remains on housing and retail-exposed names, including **Gemlife (GLF)**, **Ingenia (INA)**, and **Scentre Group (SCG)**, which offer attractive leverage to lower funding costs and improving consumer confidence. These exposures provide a complementary balance to our cyclical tilt, adding income resilience and valuation support as monetary policy eases.

### Summary & Outlook

We remain positive on Australian equities. Though we acknowledge that September is seasonally a softer month as markets consolidate strong gains from July and August. Historically, this period often sees profit-taking and position rebalancing, which can introduce short-term volatility.

We view this as healthy and potentially opportunistic. Any pullback in September is likely to be tactical rather than structural, given the supportive backdrop of rate cuts, improving real incomes, and early signs of stabilization in China.

In our view, such weakness could present attractive entry points in sectors aligned with our core themes—domestic cyclicals, select structural growth names, and high-quality resources.

Our playbook remains unchanged: buy into weakness, maintain valuation discipline, and stay focused on earnings visibility and catalysts into FY26.

Jun Bei & the Investment Team

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.

Key Portfolio Statistics\*

	Alpha Plus	ASX200
Market Cap (\$million)	95.4	100.0
# of holdings	87	200
Div Yield (trailing)	2.6%	3.1%
Price to Earnings (FY1 est)	22.0	20.2
Price to Cashflow (trailing)	13.3	12.7
Forward EPS growth (3-5yr)	4.0	5.7
Return on Equity (ROE)	14.9	14.2

\*All figures are harmonic weighted averages as at 29th August, 2025

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

Sydney

Level 4, 151 Macquarie Street, Sydney  
NSW 2000, Australia  
+61 2 7241 4388

Investor Relations

info@tencap.com.au  
tencap.com.au

Material Matters:  
There have been no material changes to the Fund in terms of key service providers, the risk profile, investment strategy or changes to individuals in the investment team who play a key role in the investment decisions of the Fund. The Fund is classified as a hedge fund in accordance with the Australian Securities and Investments Commission, Regulatory Guide 240 ‘Hedge funds: Improving disclosure’. This classification is based on the fact that the Fund currently exhibits two or more characteristics of a hedge fund, being: 1) complexity of investment strategy or structure; 2) use of leverage; 3) use of derivatives; 4) use of short selling; 5) charges a performance fee. This information contains general information only and is not intended to represent specific investment or professional advice. The information does not take into account an individual’s personal financial circumstances, objectives or needs. Before making an investment decision, you should consider obtaining professional investment advice that takes into account your personal circumstances and should read the current target market determination and offer document before making an investment decision to acquire or to continue to hold units in the Fund.

This material is issued by Ten Cap Investment Management Pty Ltd ACN 682 019 987 Australian Financial Services Authorized Representative (AFSAR No. 001313169) of Tribeca Investment Partners Pty Ltd ABN 64 080 430 100 AFSL 239070 (‘Ten Cap’). Ironbark Asset Management (Fund Services) Limited ABN 63 116 232 154 AFSL 298626 (‘Ironbark’) is the responsible entity for the Fund referred to in this document. The product disclosure statement (PDS) and target market determination (TMD) for the Fund is available from <https://ironbarkam.com/trustee/managed-funds/> or by calling MUFG on 1800 883 072. This material contains general information only. It is not intended to provide you with financial product advice and does not take into account your objectives, financial situation or needs. Past performance is no indication of future performance. This publication is based on information considered to be reliable. Opinions constitute our judgement at the time of issue and are subject to change. No representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this document. Except for liability which cannot be excluded, Ten Cap and Ironbark, and each of its directors, employees, agents and related bodies corporate, disclaim all liability in respect of any error or inaccuracy in, or omission from, this document and any person’s reliance on it.