



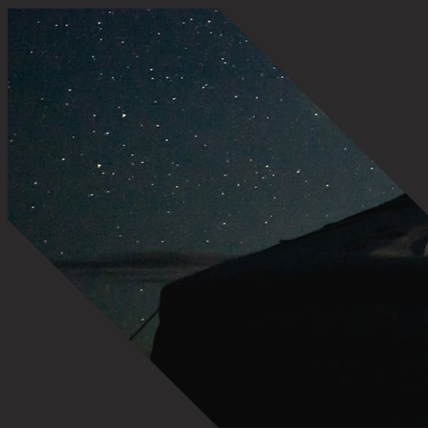
Alpha Plus Monthly Update

December 2025

No Santa Cheer

Jun Bei Liu, CFA

Founder / Lead Portfolio Manager



No Santa Cheer

The Alpha Plus Fund fell **-0.65%** in December, underperforming the **S&P/ASX 200**, which was up **1.30%**. It was a disappointing month for the fund, as it failed to leverage a modest rebound in the broader market after the November sell-off.

However, while the market did rebound, there was a sharp divergence in performance between value and growth styles which saw value outperform growth by 5.5% during the month. This was the result of a 7% gain in Materials / 3% gain in Financials and an 8% decline in Technology / 7% decline in Healthcare.

The growthier nature of the portfolio – despite having de-risked heading into December and more as the month progressed - was not enough to balance some extremely skewed sector performance and stock specific exposure within the technology and consumer discretionary sectors. After printing very solid returns through the first 10 months of the year, it was disappointing to give it all back – and then some – in the final months of the year.

We always approach the market with a degree of flexibility and aim to make money across all environments. This is why the final two months were particularly difficult from a performance perspective. As Australian growth stocks began to sell-off in November, we did not view this as a fundamental change in the outlook for this cohort. This was supported by the fact that neither US/Global growth and/or US/Global tech stocks were weak. As a result, our process and discipline was to hold firm and look through near term weakness.

Unfortunately, momentum and technical factors took many of these names down much further than our fundamental view would have suggested throughout November and weakness was accentuated by a sharp shift in expectations around the path of Australia’s cash rate a few weeks into December which took rate sensitive stocks lower. A one-two punch. From here, we remain positive on the market outlook but realize that remaining disciplined and trusting our fundamental process means accepting some near-term volatility.

	1 Month	3 Month	1 Year	2 Year p.a.	3 Years p.a.	5 Years p.a.	ITD p.a.
Alpha Plus*	-0.65	-6.09	3.35	9.48	9.48	9.92	10.84
Benchmark	1.30	-1.01	10.32	10.88	11.39	9.89	9.17
Value Added	-1.95	-5.07	-6.97	-1.40	-2.09	+0.03	+1.67

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

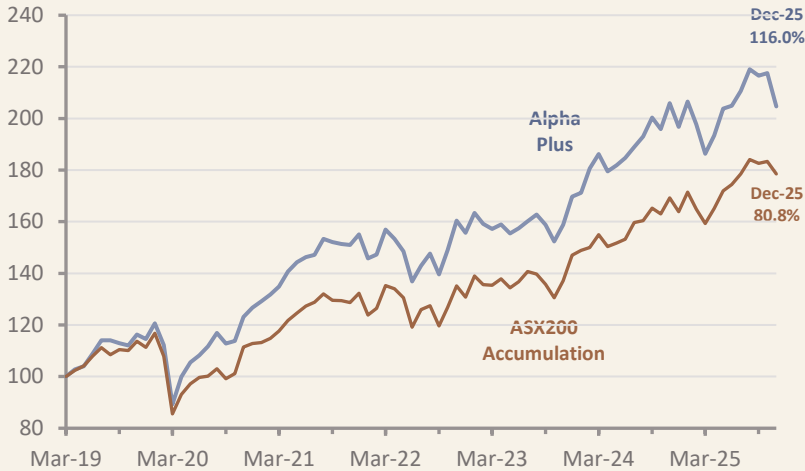
Lead Portfolio Manager

Jun Bei Liu, CFA



Alpha Plus vs ASX200 Accumulation Index

(Net Returns as at December 2025)



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

December Portfolio Commentary:

Disappointingly, December was another challenging month for the Alpha Plus Fund. While equities rebounded from a November slump, mid month saw a sharp rotation against the “growthier” end of the market as expectations around a February RBA rate rise increased sharply. This was another punch to the long duration / high multiple stocks as well as rate sensitive cyclicals which had already been in a sharp sell-off through November.

During December we make several significant changes to our sector allocations as we moved to de-risk some stock specific exposures while also looking to position in areas where the sell-off had run further than fundamentals suggested. We reduced our growth stock exposure but maintained a preference for US over Australia consumer cyclicals where the latter is now cycling a more challenging rate outlook. We also reduced our domestic residential REIT exposure based off similar concerns. We added to the quality end of Financials (where we have high conviction) while raising Healthcare to our largest overweight on valuation grounds.

We are not shifting towards a defensive stance across the portfolio but the market is driving a greater focus on valuation and leaving less cushion for stocks that are trading expensively. Over the month, the main detractors were concentrated among a combination of high multiple growth stocks, including structural growth and quality leaders, which suffered from a shift towards cheaper segments of the market offering earnings

more attractive price.

On the positive side, the portfolio benefited from our Material’s allocation with specific focus on iron ore, gold and exposures. Other holdings offering a combination of defensive and or value-orientated earnings also delivered strong results despite the broader market rotation, while well positioned shorts also performed well.

Key Positive Contributors:

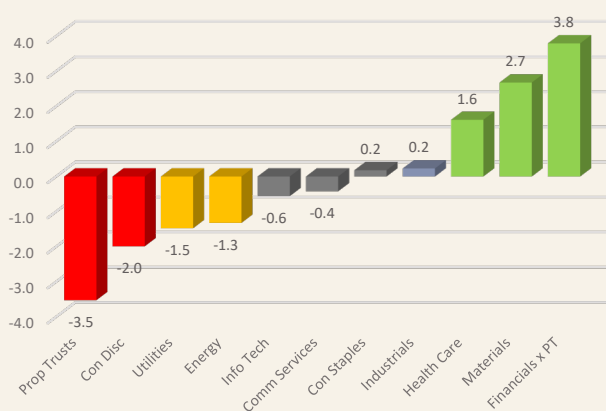
- **CSL Ltd (CSL):** CSL was a strong contributor to performance in December as the fund was underweight. At 20x PE, growing EPS at 6%, CSL was an example of a high multiple stock that the market continued to punish. Negative investor sentiment compounded due to disappointment over a delayed Seqirus divestment, which raised concerns over the business’ future growth.
- **ASX Ltd (ASX):** As the wider market capitulated, our short position in ASX contributed to fund performance, as ASIC hit the company with a \$150m capital charge. ASX’s share price plummeted as they were forced to slash its dividend payout ratio and medium-term ROE target range. This will remain an overhang until the ASX’s remediation actions are completed and Accelerate Program becomes clear.
- **Treasury Wines (TWE):** Our Treasury Wines short contributed positively to performance as global wine demand dynamics continued to worsen. This led TWE’s decision to write-down the US business & downgrade already extremely weak guidance for 1H26, which fell well short of market expectations.
- **Rio Tinto PLC (RIO):** RIO’s strong contribution to performance highlights the broader strength that is being seen in the commodities sector. We expect RIO and similar commodity names (like AAL, S32 & SFR) to be the beneficiary of stronger commodity prices and the transition from higher multiple growth sectors into the commodities segment.

Key Negative Contributors:

- **REA Group (REA):** REA’s price fall in December was caught up with the classified/tech sector sell-off as market participants continued to transition away from high multiple growth stocks.

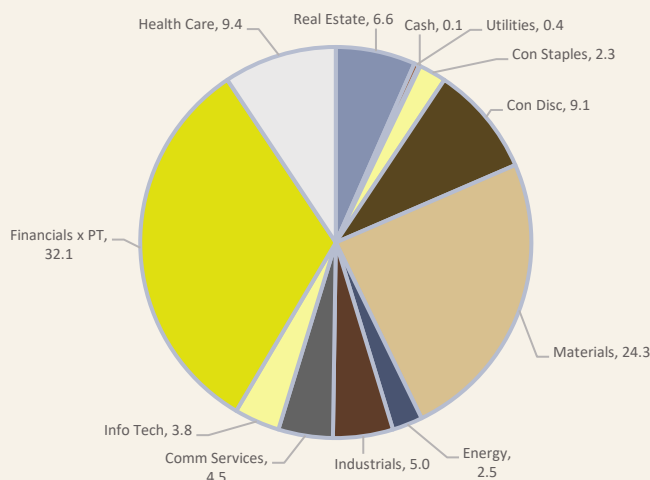
Alpha Plus Sector Allocation Changes

(Month end: Nov-25 to Dec-25)



Alpha Plus Sector Allocations

(As at month end Dec-25)



Source: Ten Cap, FactSet

- **ZIP (ZIP):** ZIP fell despite reporting a strong 1Q trading update that led to an upgrade in FY26 revenue growth guidance and margin expansion. ZIP is another example of a higher multiple growth stock that was punished as investors capitulated in December. We believe ZIP is a reasonably priced growth stock with resilient earnings that will bounce back from this capitulation.
- **HUB24(HUB):** HUB fell despite delivering market leading fund inflows in 1Q25, beating market expectations, which resulted in further earnings upgrades. HUB's share price reflected market participants transitioning away from higher valuations in the diversified financials sector in search of defensive equities. HUB showed no reason for investor concern, is supported by structural industry tailwinds, leading technology and a growing advisor network.

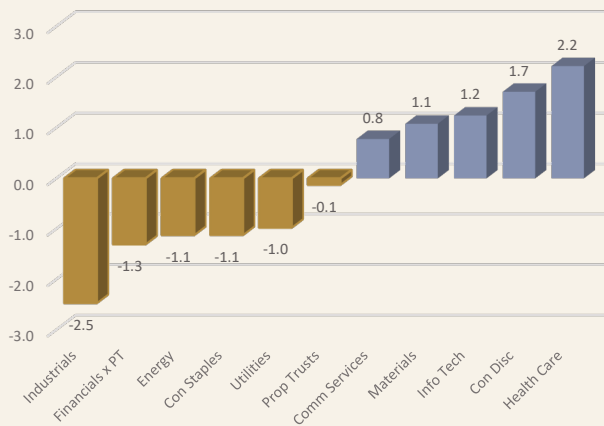
Major Portfolio Changes

Increased Positions:

- **Mineral Resources (MIN):** We have started adding to our current position in MIN as fundamentals continue to develop. Due to higher iron ore & lithium prices, MIN becomes a more compelling investment opportunity as it continues to deleverage at a faster pace. In addition, Onslow's continued production ramp-up and Wodgina's recovery underscore further fundamental support.

Alpha Plus Sector Bets vs ASX200 (%)

(As at month end Dec-25)



Source: Ten Cap, FactSet

- **South32 Ltd (S32):** We added to our position, taking advantage of tighter aluminum markets and higher prices. While providing strong aluminum exposure, S32 has a diversified commodities portfolio. S32's Cannington silver asset is changing the companies FCF profile, which in turn will translate to higher shareholder returns.
- **Flight Centre (FLT):** We continued to build our position in FLT as we built conviction on strengthening fundamentals. With Asia returning to profitability and the likeliness of material market share gains in the corporate travel market, we think that at 12x PE & significant EPS growth, FLT is a compelling investment opportunity.

Decreased Positions:

- **Norther Star Resources (NST):** We took profits in NST due its recent outperformance over gold peers. NST's valuation disparity between peers like NEM had recovered, which drove us to reassess our positioning. Additionally, we were cautious on NST's quarterly operations update in January.
- **REA Group (REA):** We reduced our REA exposure in the face of weakening listing volumes and a higher interest rate outlook.
- **JB Hi-Fi (JBH):** We decided to reduce our position in JBH, along with other consumer discretionary names. While topline sales growth was not under scrutiny, we have had concerns over prolonged discounting and the impact on gross margins.

Key Portfolio Statistics*

	Alpha Plus	ASX200
Market Cap (\$million)	94.4	90.1
# of holdings	173	200
Div Yield (trailing)	2.2%	3.4%
Price to Earnings (FY1 est)	20.7	18.9
Price to Cashflow (trailing)	13.3	12.7
Forward EPS growth (3-5yr)	7.9	5.9
Return on Equity (ROE)	16.1	13.9

*All figures are harmonic weighted averages as at 31st December 2025

Sector Outlook:

Despite an ever-evolving interest rate backdrop in Australia, we remain constructive on domestic equities heading into 2026. Against this backdrop we have trimmed domestic cyclical exposure and increased allocations to U.S. cyclicals, where we find more supportive conditions. We have become more selective in the REITs and Financials targeting exposures with strong structural tailwinds, defensive earnings or upside via self-help opportunities. We have trimmed our exposure to higher multiple growth names, given the ongoing sector rotation.

Cyclicals: Our cyclicals positioning is now skewed toward U.S. equities, supported by a favorable interest rate backdrop, while domestic exposure has been trimmed to mitigate emerging upside risks in local rates.

- **James Hardie (JHX):** The anticipated recovery in U.S. housing starts and renovation spending, offers compelling upside for James Hardie, whose leadership in fiber cement and R&R provides powerful leverage to these trends.
- **Bluescope (BSL):** North Star's contribution now exceeds 50% of BSL's earnings, highlighting the strategic importance of its North American operations. This footprint provides powerful leverage to U.S. construction and manufacturing growth, offering compelling upside potential.

Resources: Our resource allocation strategy reflects a constructive outlook on the sector's strategic importance and chronic underinvestment in supply for key commodities. Copper remains central to our positioning, driven by structural demand from electrification and underinvestment in supply. To enhance diversification, we increased exposure to aluminum (via S32 & AAI), given its strong correlation with copper and tightening supply and demand fundamentals.

Our outlook on gold remains neutral, reflecting its defensive qualities in uncertain market conditions. To diversify exposure within the precious metals complex we added exposure to companies that contain silver within their commodity portfolio (via NEM & S32). While gold supports portfolio resilience, we are prioritizing incremental allocations to base metals, which provide superior leverage to structural themes such as global growth and the energy security.

This approach underscores our constructive stance on industrial metals as critical enablers of the energy transition and infrastructure expansion. We expect these commodities to remain central to energy security efforts and global growth, underpinning long-term demand and offering compelling investment prospects.

- **Newmont Corp (NEM):** We increased our NEM position, reallocating our gold exposure from NST. As one of the world's leading gold producers, NEM provides strong leverage to higher prices. Most importantly, on a fundamental level NEM is engaging in cost reduction initiatives across its asset suite, while pruning lower grade assets and returning sale proceeds to shareholders. We expect NEM to outperform other gold names.
- **Alcoa Corp (AAI):** We diversified our commodity exposure in base metals through adding exposure to Alcoa. Tighter aluminum supply and demand fundamentals are changing its earnings profile & creating the opportunity for outsized investor returns. We see supply disruptions and tariffs, along with China's production cap, as pressuring Aluminum prices higher in the near term.

Summary & Outlook

We remain constructive on the equity market outlook but as 2025 highlighted, we think there will be a large divergence in stock and sector performance which is likely to require a more flexible and pragmatic approach to stock and portfolio positioning.

Australia should continue to benefit from positive global tailwinds as economic growth tracks back closer to trend and as the Fed continues to loosen policy rates – albeit it remains close to the end of its rate cut cycle.

Australia stands in contrast to another global central banks with the next move in policy rates likely to be

higher ratehr than lower. We don’t think this leads to a meaningful slowdown in domestic cyclical activity but rather prevents some areas overheating. However, it does raise caution towards domestic cyclical areas that maybe priced for further upside surprises.

This is likely to see market volatility remain elevated with a particular focus on earnings deliverability and the price paid for this certainty. We remain focused on areas of structural growth despite the sell-off and with a more valuation continues bend towards the domestic market.

Jun Bei & the Investment Team

Net Portfolio Performance: Alpha Plus (as at December 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%	-1.2%	0.5%	-5.9%	-0.7%	3.4%	10.3%	-7.0%
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*													10.8%	9.2%	1.7%

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

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.

Investor Relations

Inception:	September 2006
Minimum Investment:	AUD \$25,000, no minimum for ASX:TCAP
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

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Material Matters:

On 29 September 2025, Ten Cap Investment Management Pty Ltd ACN 682 019 987, the investment manager of the Fund, was granted its application to vary its Australian financial services license, to provide general financial product advice to retail and wholesale clients. 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.

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