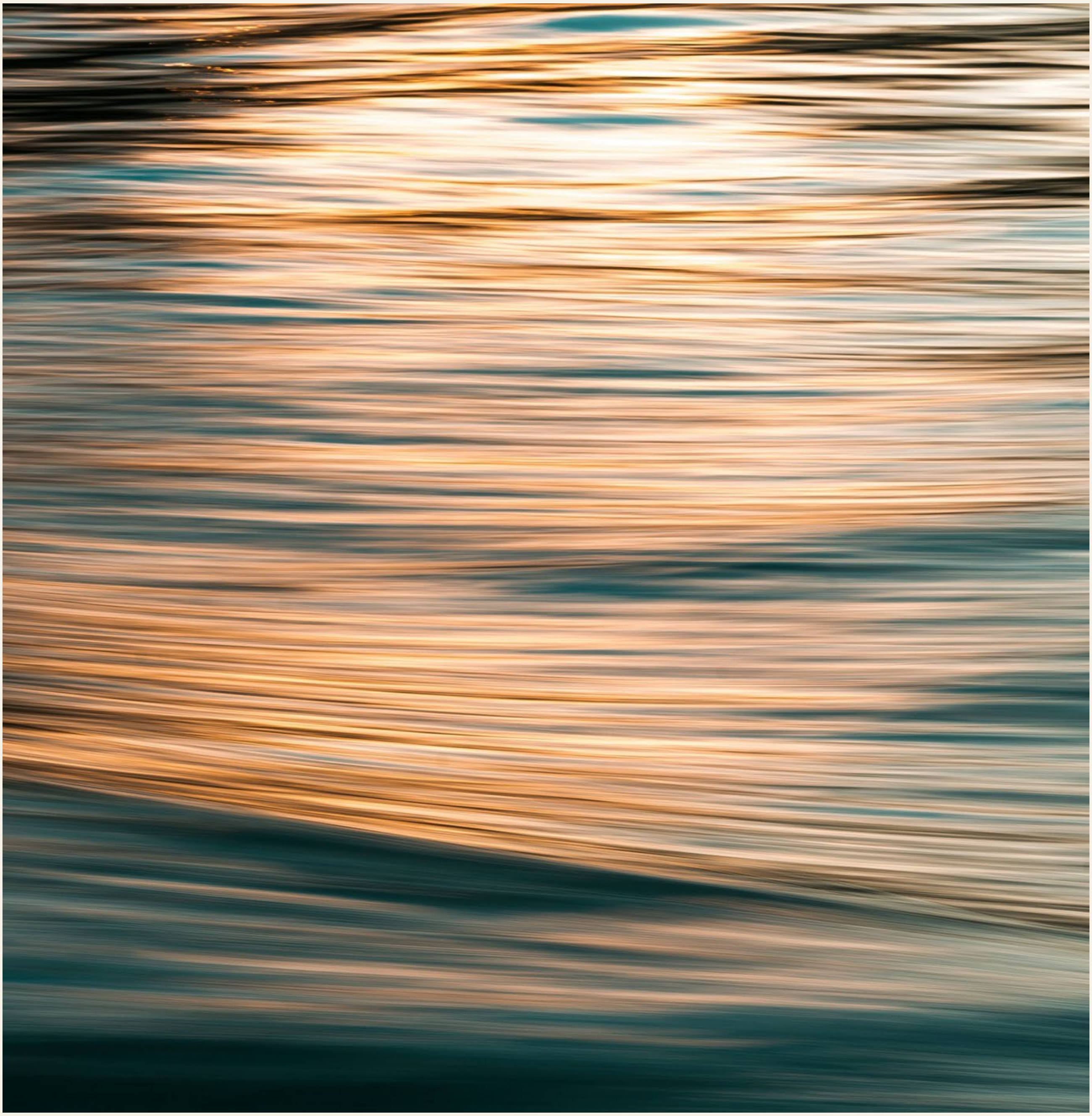
Alpha Plus Monthly Update

June 2026



A reversal beneath the surface

Jun Bei Liu, CFA
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TenCap

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June 2026

A reversal beneath the surface

The Alpha Plus Fund returned +0.50% in June, slightly underperforming the S&P/ASX 200, which gained +0.67%.

June was a reversal beneath the surface. The headline move was modest, but underneath investors rotated hard into parts of the market they had spent the year avoiding. Health Care and Consumer Staples both rose around 12.5% and Consumer Discretionary gained close to 12%, while Materials fell about 8% and Energy lagged, unwinding much of the resources leadership that had carried the index through the first half.

The rebound in beaten-down defensives was the story of the month, with sharp bounces in Pro Medicus, A2 Milk, Cochlear and CSL, several of which remain heavily down over the year.

Australia continued to underperform its global peers, with offshore markets rewarding AI-led technology while the ASX stayed anchored to banks, resources and yield. Increasingly, the bigger swing factor for the local market is closer to home.

Tax policy moved to the front of investors' minds. From 1 July, changes to capital gains tax and negative gearing have now passed into law. While some measures carry future start dates, the shift is already weighing on sentiment towards housing and property exposed names, and we expect it to remain a focus through the second half.

The domestic economy stayed under pressure. The RBA has lifted the cash rate to 4.35% after 75 basis points of hikes this year, and the squeeze on households is showing up in soft consumer confidence and a cooling housing market. Some investors read June's rotation into discretionary names as positioning for a rate pivot, but with the RBA still leaning hawkish we think that call is early.

The backdrop leaves the market volatile and rangebound. Cost of living pressure, tighter policy and the new tax settings all argue for caution on rate sensitive domestic businesses, and we stay positioned towards quality and pricing power while taking both sides of the trade.

	1 Month	3 Month	1 Year	2 Year p.a.	3 Years p.a.	5 Years p.a.	ITD p.a.
Alpha Plus*	0.50%	4.54%	-3.43%	3.49%	7.94%	6.23%	9.66%
Benchmark	0.67%	4.05%	6.11%	9.89%	10.62%	7.76%	8.87%
Value Added	**-0.17%**	**0.49%**	**-9.54%**	**-6.40%**	**-2.69%**	**-1.54%**	**0.79%**

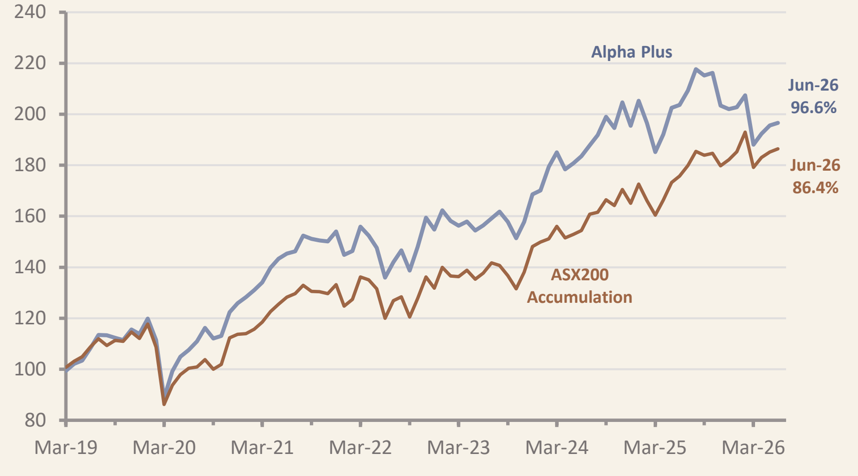
ITD = Inception to date (Mar-19 when Jun Bei took over as Lead Portfolio Manager for the Alpha Plus Fund).
2, 3, 5-year returns are annualized. Benchmark is ASX200 Accumulation Index
* Net performance for Class A – based on month end unit prices in Australian dollars. Net return is after management and 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 June 2026)



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

June Portfolio Commentary:

June was a broadly flat month on a relative basis, with strong stock selection in the long book offset by the sharp rotation into defensives that ran against the fund's short positioning. Underlying stock picking again did the work, even as sector moves masked it at the headline level.

At the sector level, the largest contributions came from Industrials and Financials, where high quality holdings and selective shorts both added value. Information Technology and Energy positioning also contributed, and Materials was modestly positive despite the resources sell off that weighed on the broader index.

The main drag came from Health Care and Consumer Staples, where the fund's underweight and short positioning worked against it as beaten-down defensives rebounded hard. Real Estate also detracted as housing exposed names softened on the tax and rate backdrop.

Key Positive Contributors:

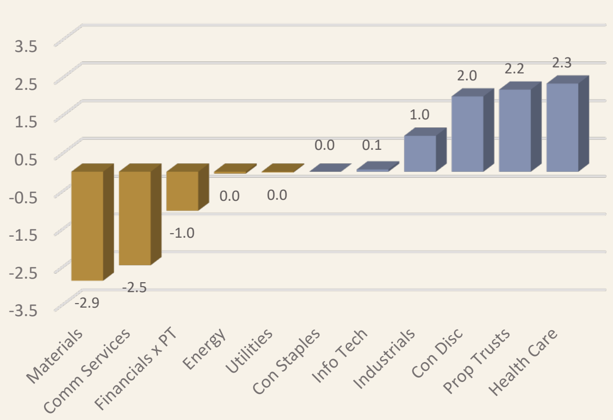
- **Zip Co (ZIP):** Strongest contributor as the stock rallied over 40%, with improving US volumes and a clear path to sustained profitability continuing to reward the long position.
- **Life360 (360):** Added meaningfully, up close to 38% as subscriber growth and monetisation continued to beat expectations for the location sharing platform.
- **Challenger (CGF):** Contributed strongly on firmer annuity flows and a supportive rate environment for the retirement income franchise, where earnings quality continues to improve.
- **QBE Insurance (QBE):** A solid contributor, with disciplined underwriting and firm pricing continuing to support the earnings outlook across the global book.
- **Reliance Worldwide (RWC):** Rallied over 20% as management reiterated earnings guidance and investors rotated back towards value, rewarding the quality plumbing products franchise at an undemanding valuation.
- **Aristocrat (ALL):** Contributed strongly, up over 20%, as the gaming and digital businesses continued to deliver, reinforcing the quality compounder thesis.

Key Negative Contributors:

- **CSL (CSL):** Detracted as the shares bounced around 18% off heavily oversold levels, even though the underlying earnings recovery remains slow and the valuation demanding.
- **Domino's Pizza (DMP):** Weighed on returns as the turnaround continued to disappoint, with same store sales staying soft across core markets.
- **Woolworths (WOW):** The underweight detracted as the stock rallied in the rotation into defensive Consumer Staples, recovering ground alongside the broader sector.
- **HUB24 (HUB):** Gave up ground after a strong run, with the platform re-rating lower alongside other high multiple growth names.
- **Mineral Resources (MIN):** Detracted as lithium and iron ore weakness weighed on the stock during the broader resources sell off.

Alpha Plus Sector Allocation Changes

(Month end: May-26 to Jun-26)



Source: Ten Cap, FactSet

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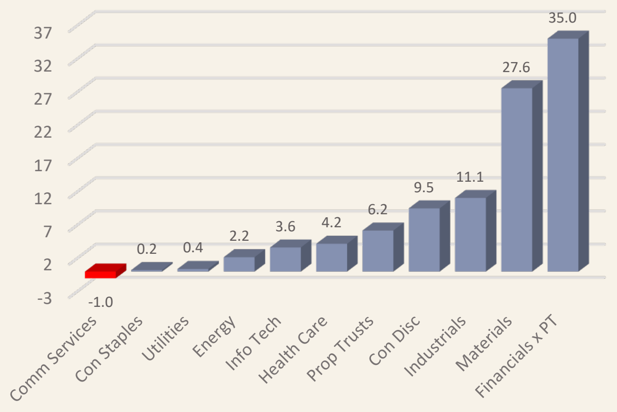
Alpha Plus Sector Allocations

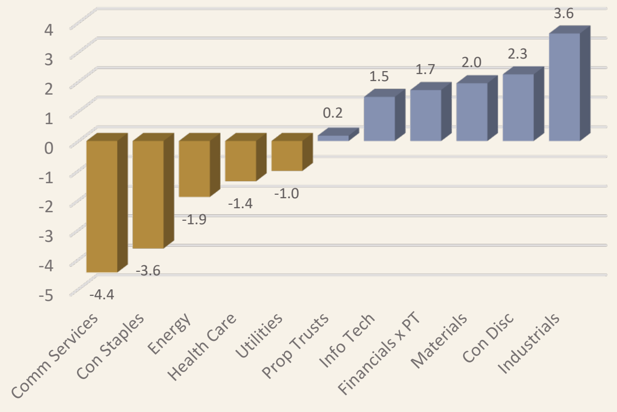
(As at month end Jun-26)



Source: Ten Cap, FactSet

Alpha Plus Sector Bets vs ASX200 (%)

(As at month end Jun-26)



Source: Ten Cap, FactSet

Major Portfolio Changes

Increased Positions:

- **Ramsay Health Care (RHC):** We added to RHC into the healthcare sell off, where a quality hospital franchise with durable demand now trades at a materially more attractive valuation relative to its long-term earnings power. The rebound in June reinforced our conviction in accumulating dislocated quality.
- **Aristocrat Leisure (ALL):** We increased ALL on continued momentum across its core gaming franchises, a growing contribution from the digital business and a disciplined approach to capital returns, all of which underpin the quality compounder thesis.
- **ResMed (RMD):** We added to RMD as a high-quality global franchise with structural demand drivers in sleep and respiratory care, trading at a more reasonable valuation after the broader healthcare weakness.
- **ALS Ltd (ALQ):** We increased ALQ on strong momentum across its geochemistry business, where rising sample volumes and firmer pricing are driving improving earnings. We see the stock as still at an early stage of its earnings upgrade cycle.

Decreased Positions:

- **Pilbara Minerals (PLS):** We took profits on PLS after a very strong run in the share price, trimming the position into strength while retaining exposure to the longer-term lithium thesis.
- **Fortescue (FMG):** We trimmed FMG into the resources sell off, reflecting a softer iron ore outlook and a preference for quality and diversification within the sector.
- **Westpac (WBC):** We reduced WBC in line with our cautious stance on the banks, where full valuations leave limited room for surprise as credit growth slows and margins compress.
- **Wesfarmers (WES):** We took profits on WES after strong recent performance, locking in gains while our longer-term view on the quality of the underlying portfolio is unchanged.

Key Portfolio Statistics*

	Alpha Plus	ASX200
Market Cap ($billion)	109	105
# of holdings	109	200
Div Yield (trailing)	2.5	3.2
Price to Earnings (FY1 est)	19.2	17.7
Price to Cashflow (trailing)	14.1	12.6
Forward EPS growth (3-5yr)	6.4	5.0
Return on Equity (ROE)	15.5	13.9

*All figures are harmonic weighted averages as at 30th June 2026

Sector outlook

Australian macro conditions remain mixed, and we expect the market to stay volatile and rangebound, with tight monetary conditions and elevated cost of living pressure weighing on the domestic consumer and business sentiment.

Against this backdrop we favour higher quality balance sheets, pricing power and resilient earnings over leverage and rate sensitivity. We also think the AI investment cycle and the broader electrification build out has time to run as a structural investment thematic.

In fact, for Australia, we believe the AI build out is an underappreciated trade. The market too often defines AI narrowly as offshore chips and hyperscalers, but AI is a physical build out of data centres, power, grid, cooling and copper. Australia sits directly in the path of that spend. Deployable data centre capacity is forecast to more than double to 3,100 megawatts by 2030, attracting over $26 billion of investment.

Materials are a key structural exposure. Copper is the hidden AI trade, embedded across grid connection, transformers, cabling and cooling, and BHP estimates data centre copper demand could grow sixfold by 2050. We hold selective exposure to diversified miners and quality copper producers, while firmer iron ore pricing as Chinese activity stabilises acts as a further support.

Capital Goods and Industrials are the picks and shovels of the build out. Electrical contractors, switchboard makers and power distributors carry order books, physical assets and tangible cash flows rather than speculative multiples. Holdings such as Seven Group and BlueScope, alongside names like Southern Cross Electrical and GenusPlus, give diversified exposure to the physical AI and electrification spend.

Within growth and Technology, the focus stays on the infrastructure owners that sit closest to the centre of the build out rather than speculative software names. Goodman Group is the clearest expression, having evolved from a logistics property owner into a genuine data centre developer, with a large global power bank that positions it to convert powered land into contracted capacity as demand for compute grows. Powered land in the right location is becoming one of the scarcest inputs in the AI build out, and that scarcity underpins long term earnings visibility.

Beyond the infrastructure names we retain selective exposure to quality growth businesses with proven models and self-funding economics. Life360 continues to compound subscriber growth and monetisation across its location sharing platform, while TechnologyOne offers durable, recurring software earnings underpinned by high customer retention and disciplined execution. Across the book we are willing to add on weakness where valuations reset without the underlying thesis changing.

Financials warrant caution. Banks trade at full valuations with limited room for surprise as credit growth slows and margins compress, and bank earnings growth is set to decelerate through the cycle. We remain selectively underweight.

Domestic Consumer Discretionary stays a source of shorts. Cost of living pressure, softer housing wealth effects and stretched households weigh on spending, so exposure is selective and actively managed through underweights and shorts.

Healthcare offers selective value after the sell off, though we are mindful it remains the weakest sector on earnings revisions. Quality global franchises such as Ramsay and ResMed now trade at more attractive valuations relative to their long-term earnings power, and we are accumulating selectively where fundamentals remain intact.

Summary & Outlook

We expect the market to stay volatile and rangebound as the tug-of-war between softer domestic fundamentals come up against a solid global growth backdrop. The RBA has lifted the cash rate to 4.35% and whether a further 25bps hike is needed, we can expect a period of tight monetary conditions to persist, and in turn weigh on both consumer and business sentiment for a while yet.

Parts of the index still face genuine earnings risk. Bank earnings growth is set to decelerate, healthcare remains the weakest sector on revisions, and consumer sectors still face earnings pressures.

We still favour quality balance sheets, pricing power and resilient earnings over leverage, discretionary exposure and rate sensitivity, with valuation an important driver for how aggressively we are positioned.

We are leaning heavily into the data centre build out with a multi year demand cycle expected across copper, powered land and capital goods, with earnings power largely independent of the domestic cycle.

Jun Bei & the Investment Team

Net Portfolio Performance: Alpha Plus (as at June 2026)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Bench	Rel Perf
2026	0.4%	2.3%	-9.3%	2.2%	1.8%	0.5%							**-2.7%**	**2.4%**	-5.1%
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			-0.6%	2.7%	1.3%	4.8%	4.7%	0.0%	-1.0%	-0.8%	3.8%	-1.5%	**13.8%***	**12.1%***	1.7%*
Per annum since Inception*													9.66%	8.87%	0.79%

*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.

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) Limited*
Custodian & Admin:	*J.P. Morgan Chase Bank N.A. (Sydney Branch)*
Auditor:	*KPMG*

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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