

An unexpected bump in the road

Jun Bei Liu, CFA

Founder / Lead Portfolio Manager



An unexpected bump in the road

The Alpha Plus Fund declined 9.3% in March, underperforming the S&P/ASX 200, which fell 7.1%. It was a tough and disappointing month for the fund as the surprise onset of the Mid-East conflict upended our portfolio which had been tilted towards further cyclical improvement.

In addition, the conflict did not play out like other geopolitical shocks where risk aversion spikes and markets immediately gap lower. Instead, the market ground its way lower as the conflict progressed and this made it difficult to determine how defensive to become and whether doing so would then leave performance exposed to a rebound.

As crude oil spiked to more than US\$100/bbl, the Australia market was hit with a barrage of news reports that talked up the risk of economic recession, a prolonged energy crisis, an inflation spike and the need for additional RBA rate hikes. Consumer confidence collapsed almost immediately, and the equity market saw a further unwind in cyclicals and a strong rotation towards defensive and higher energy price

beneficiaries. What made the sell-off worse was the de-rating in many structural growth stocks that should have been immune to cyclical pressures.

The sell-off saw the 12-month forward price-to-earnings multiple for the ASX200 fall from 18.6x down to 16.7x which is not far from the long-term average of 14.7x which given the fundamental backdrop did feel extreme outside of a prolonged oil supply disruption.

Performance dispersion widened meaningfully across sectors and styles. Energy, Consumer Staples and Utilities outperformed as beneficiaries of higher commodity prices and defensive cash-flow profiles, while Materials, Financials and Information Technology were the largest detractors at the index level. Market performance also diverged by size, with large capitalisation stocks outperforming mid and small cap equities, reflecting a preference for liquidity, balance-sheet strength and earnings resilience. Factor leadership shifted decisively toward low volatility, yield and defensive characteristics, while growth and momentum factors underperformed.

	1 Month	3 Month	1 Year	2 Year p.a.	3 Years p.a.	5 Years p.a.	ITD p.a.
Alpha Plus*	-9.34	-6.92	1.55	0.81	6.38	7.02	9.33
Benchmark	-7.15	-1.61	11.67	7.17	9.54	8.63	8.59
Value Added	-2.19	-5.31	-10.12	-6.35	-3.16	-1.61	0.74

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

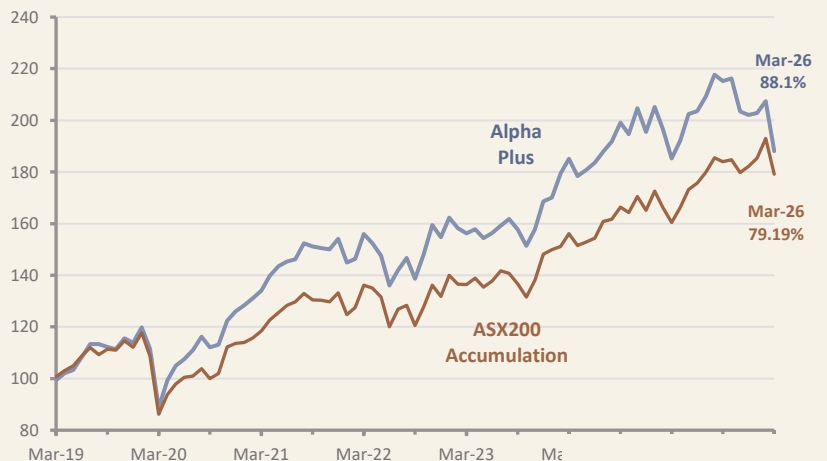
Lead Portfolio Manager

Jun Bei Liu, CFA



Alpha Plus vs ASX200 Accumulation Index

(Net Returns as at March 2026)



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

March Portfolio Commentary:

March was a challenging month for equities, with heightened uncertainty prompting a broad reassessment of earnings durability, balance-sheet strength and valuation across the market. As conditions deteriorated, investor focus shifted decisively toward businesses with resilient cash flows, defensible market positions and the ability to navigate a more volatile operating environment. Companies perceived as more economically sensitive or reliant on favourable funding and growth assumptions came under particular pressure.

The market drawdown created significant dispersion in outcomes, reflecting differing views on near-term earnings risk and longer-term business quality. In many cases, share price moves were driven less by changes in underlying fundamentals and more by rapid shifts in sentiment and risk tolerance. Against this backdrop, relative performance was shaped by how individual holdings were positioned in terms of earnings visibility, cost structures and balance-sheet flexibility.

Key Positive Contributors:

- **Santos (STO):** Rising oil prices drove share prices higher. We continue to like the name as it has >30% production growth and strong free cash flow generation in the coming years.
- **Stockland (SGP):** Stockland remained under pressure in March, with higher mortgage rates reinforcing our short thesis. Settlement risk remains back-end loaded into 2H26, while persistent inflation and rising input costs add further downside risk.

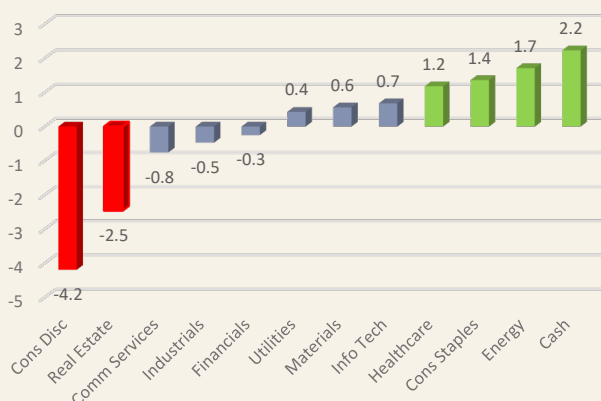
- **A2 Milk Company (A2M):** A2M continues to be a consistent outperformer, with March no exception. Balance sheet strength and ongoing share gains in China underpin a resilient earnings outlook despite global volatility.
- **Dexus (DXS):** Our Dexus short contributed positively in March, with the stock pressured by weak earnings growth and higher interest rates. Elevated gearing, ongoing development commitments and asset valuation risk continue to weigh, particularly as the company seeks to divest assets.

Key Negative Contributors:

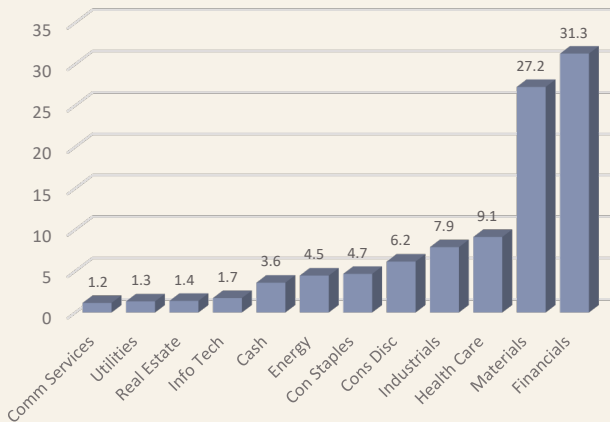
- **Northern Star (NST):** NST downgraded in March due to operational issues at KCGM and lower productivity at Jundee. While disappointing, particularly following a January downgrade, the recent sell-off has left NST trading at an attractive valuation relative to large-cap peers.
- **James Hardie (JHX):** JHX sold off with US housing names as long-end bond yields rose on oil price volatility. While risks to US housing remain, we see the move as overdone, with earnings holding up and valuation becoming increasingly attractive.
- **Suncorp (SUN):** After four months of positive contribution, our Suncorp short gave back some gains in March, as the market rotated into insurers as an inflation hedge. We remain underweight given earnings risk from higher claims inflation, pressure on premium rates and uncertainty ahead of the July reinsurance renewal.
- **Dominos (DMP):** Domino's remained under pressure in March as investors reduced exposure to consumer discretionary. We believe the company's focus on profitable growth for franchisees comes at the right time, with corporate cost efficiencies expected to continue driving earnings improvement.

Alpha Plus Sector Allocation Changes

(Month end: Feb-26 to Mar-26)

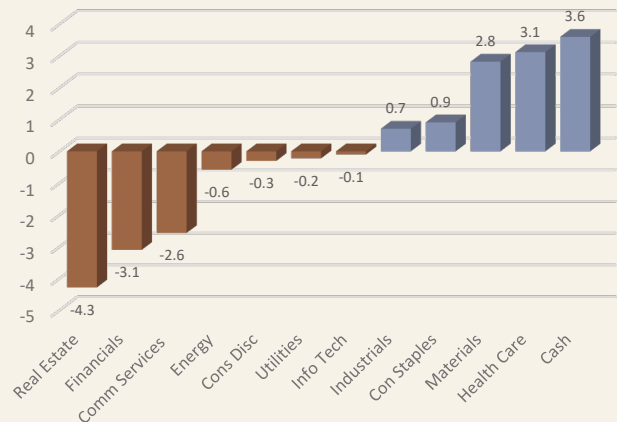


Alpha Plus Sector Allocations (As at month end Mar-26)



Source: Ten Cap, FactSet

Alpha Plus Sector Bets vs ASX200 (%) (As at month end Mar-26)



Source: Ten Cap, FactSet

Major Portfolio Changes

Increased Positions:

- **Sigma (SIG):** Sigma remains a consistent performer, with the March sell-off creating a compelling entry point into a high-growth, resilient business.
- **Sandfire (SFR):** We used the March commodity sell-off to add to preferred exposures, particularly copper. Tight supply-demand dynamics, combined with electrification and energy security tailwinds, continue to support the long-term thesis. We added to SFR, given its consistent operations and exploration upside.
- **BHP (BHP):** In line with our copper view, we added to BHP. The stock de-rated from ~7.5x to ~6.0x EV/EBITDA, creating an attractive entry point. BHP offers strong copper exposure, underpinned by resilient iron ore cash flows and a strengthening balance sheet.
- **Alcoa (AAI):** We added to AAI, as the Middle East conflict has disrupted aluminium supply, with over 5% of global production impacted. This is expected to push the market into deficit, with Alcoa well positioned to benefit from higher aluminium prices.

Decreased Positions:

- **Orica (ORI):** ORI has performed strongly since our initial purchase in March 2025, and we used the opportunity to reduce our position as valuation became more stretched. We also note some near-term pressure from feedstock sourcing issues in certain markets, which are expected to weigh on costs.
- **Judo (JDO):** We reduced our JDO long, as rising fuel costs and shifting macro conditions pose risks to its SME lending portfolio, particularly in Agri and Transport.
- **Stockland (SGP):** We increased our SGP short, with higher interest rates, rising input costs and slowing residential settlements driving downside earnings risk, particularly with settlements back-end loaded into 2H26.
- **Ampol (ALD):** We took profits in Ampol following a period of strong share price performance. While we remain positive on the near-term earnings outlook, we see more attractive opportunities elsewhere.

Key Portfolio Statistics*

	Alpha Plus	ASX200
Market Cap (\$million)	105	99.6
# of holdings	107	200
Div Yield (trailing)	2.6	3.2
Price to Earnings (FY1 est)	21.9	20.4
Price to Cashflow (trailing)	11.3	12.1
Forward EPS growth (3-5yr)	7	6.1
Return on Equity (ROE)	14.7	13.7

*All figures are harmonic weighted averages as at 31st March 2026

Sector outlook

March volatility has temporarily disrupted a number of the structural thematic we remain focused on, including electrification and the long-term demand outlook for key commodities such as copper. However, rather than changing the underlying thesis, the dislocation has created attractive entry points across the Materials sector, and we have used the weakness to meaningfully increase our exposure.

We have focused on copper and aluminium, where supply-demand dynamics remain tight and are supported by structural tailwinds. Copper continues to benefit from electrification demand driven by energy transition, grid investment and data centre growth, while supply remains constrained. Aluminium has also seen a step change in fundamentals, with geopolitical disruption impacting global supply. We believe these dynamics will continue to support higher prices over the medium term.

In contrast, consumer-facing sectors are under increasing pressure. Rising interest rates and the oil price shock have driven a sharp decline in consumer confidence. Feedback from our company engagement highlights rapidly escalating freight costs for furniture retailers, alongside weakening demand. We remain

underweight discretionary retailers, particularly those with domestic exposure, while favouring more defensive growth names such as Sigma and Tabcorp.

Consumer Staples, including Coles and Woolworths, have been beneficiaries of this environment. Cost-of-living pressures are driving increased in-home consumption and higher supermarket foot traffic, alongside some pantry stocking behaviour. Our overweight in Woolworths has performed strongly year to date, and we have added to Coles as its valuation has de-rated to more attractive levels, with potential earnings upside

Healthcare remains out of favour with investors. We continue to see challenging operating conditions for CSL, with ongoing risk to earnings despite the recent downgrade. In contrast, we have increased our overweight in Cochlear, where our thesis remains intact, supported by a strong product cycle and expected earnings growth beyond a transition year in 2026. We have also added to Sonic Healthcare and Ansell, where recent weakness has created attractive entry points.

Within growth, we remain selective. The market is increasingly focused on near-term earnings certainty, with less willingness to pay for long-duration growth and high multiples. We favour businesses with strong earnings visibility and resilient business models, including Hub24, Technology One and REA Group.

The banking sector continues to operate in a relatively supportive environment, with low bad debts and resilient earnings. However, the oil shock is beginning to pressure consumers and small businesses, particularly in more vulnerable sectors. We are actively stress testing our exposures and expect mortgage-focused banks to outperform those with greater SME exposure in the near term.

Summary & Outlook

Geopolitical shocks are always hard to navigate but history tells us that these events do not have a lasting impact on markets, and we don't think the current one will be an exception. We have already seen positive developments that include a ceasefire and the willingness to open the Strait. We think the market will quickly move on from the latest shock even if it has longer-dated implications for energy supplies, the consumer, inflation and potentially rates.

We think equity market fundamentals are solid. The Australian economy was operating above potential heading into the war, and we don't see a major or

prolonged hit to growth or corporate earnings. On this basis, we have already been adding risk but are mindful that a full-blown risk-on tilt is premature.

It is always hard to time the market, but we believe many stocks have been overly discounted relative to the earnings hit and we have been active in further reducing defensive exposures. It might be a bumpy outlook, but we are confident markets will be trading higher in the months ahead and we are positioning for this backdrop.

Jun Bei & the Investment Team

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Bench	Rel Perf
2026	0.4%	2.3%	-9.3%										-6.9%	-1.6%	-5.3%
2025	5.0%	-4.3%	-5.7%	3.7%	5.4%	0.6%	2.8%	4.0%	-12%	0.5%	-5.9%	-0.7%	3.4%	10.3%	-7.0%
2024	0.9%	5.5%	3.1%	-3.6%	13%	16%	2.3%	2.2%	3.8%	-2.2%	5.2%	-4.5%	15.9%	11.4%	4.5%
2023	4.9%	-2.5%	-12%	1%	-2.2%	13%	18%	17%	-2.5%	-4.0%	4.2%	6.8%	8.9%	12.4%	-3.5%
2022	-6.0%	10%	6.6%	-2.3%	-3.1%	-7.9%	4.4%	3.3%	-5.5%	6.8%	7.7%	-2.9%	0.5%	-1.1%	15%
2021	19%	2.1%	2.3%	4.3%	2.6%	14%	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%	14%	9.2%
2019			-0.6%	2.7%	13%	4.8%	4.7%	0.0%	-10%	-0.8%	3.8%	-15%	13.8%*	12.1%*	1.7%*
Per annum since Inception*													9.3%	8.6%	0.7%

*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

Investor Relations

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:	<i>September 2006</i>
Minimum Investment:	<i>AUD \$25,000, no minimum for ASX:TCAP</i>
Subscriptions:	<i>Daily</i>
Redemptions:	<i>Daily</i>
Management Fee:	<i>0.97% per annum</i>
Performance Fee:	<i>20% of return above the fund benchmark</i>
Responsible Entity:	<i>Ironbark Asset Management (Fund Services) Ltd</i>
Custodian & Admin:	<i>J.P. Morgan Chase Bank N.A. (Sydney Branch)</i>
Auditor:	<i>PwC</i>

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:

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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