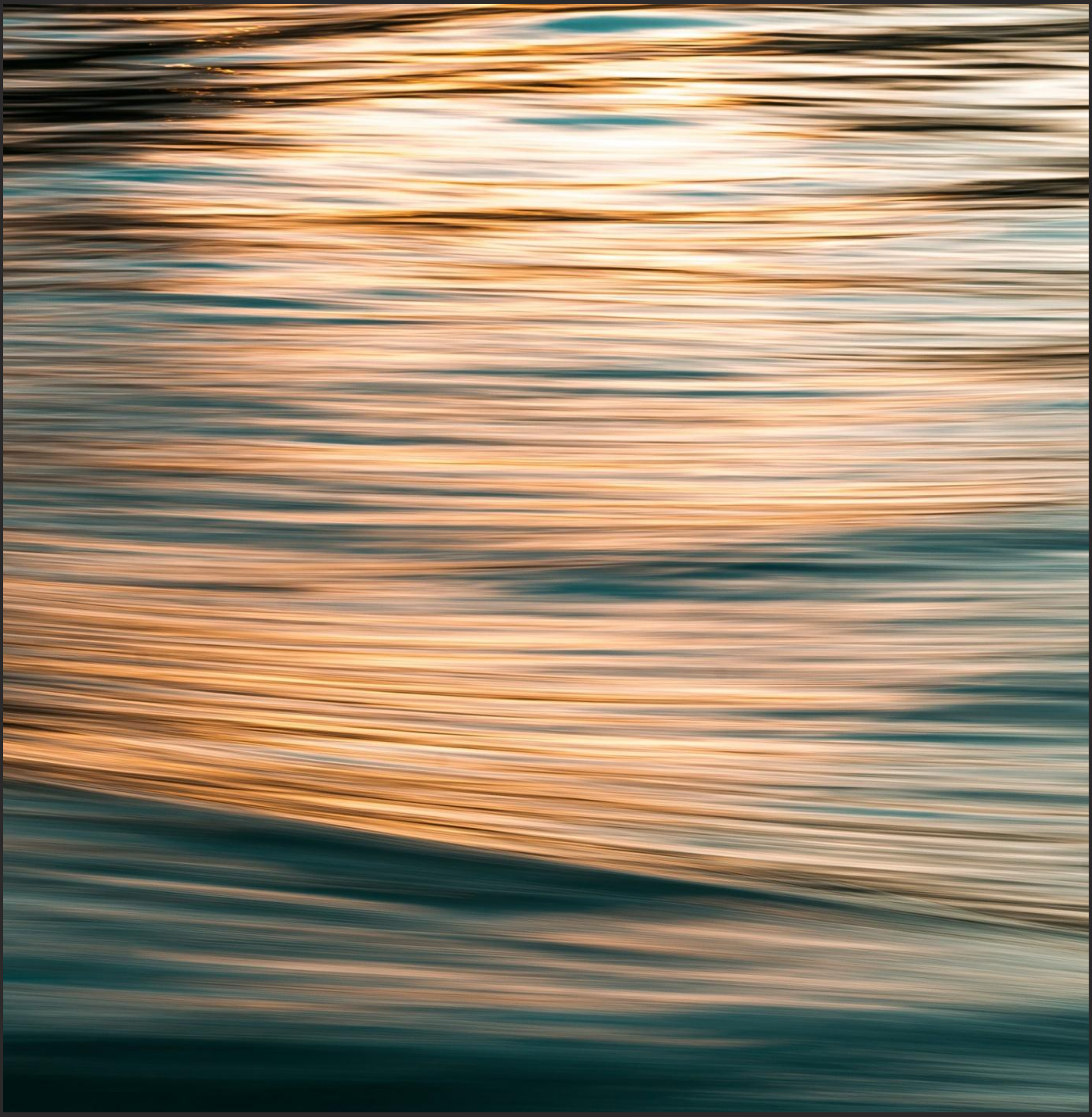
TCAP – ETF
August 2026



# Maintaining a long lens

Jun Bei Liu, CFA
Founder / Lead Portfolio Manager

# Maintaining a long lens

**The Alpha Plus Fund returned +1.74% in August, ahead of the S&P/ASX 200, which gained +1.54%.**

The ASX 200 set a record high of 9,272 on 6 August, then drifted back to close the month at 9,076. It was a record without much fanfare, and that tells you something. Step back and the index has been range-bound since mid 2025, trading roughly between 8,400 and 9,100, bouncing off the lows three times and meeting resistance four times. A record high in a market going nowhere says more about the absence of conviction than the presence of it.

Interest rate expectations did much of the work. A stronger-than-expected inflation print moved the market from debating when the RBA might ease to pricing the risk of another increase, on top of three rises already delivered. Long bond yields hit multi-decade highs due to a combination of factors – fiscal spending, inflation, real growth and AI issuance.

That is the pattern of this cycle. The trade war was on again and off again. AI was structural, then a bubble, then neither. Nothing has held a trend long enough for fundamentals to be rewarded.

Rate expectations have whipsawed just as violently. As recently as November last year the market was pricing further cuts, and it is still not clear the RBA is finished.

With no stable macro signal, leadership cannot settle. Healthcare rose 18.8% and Materials 12.0%, while Consumer Discretionary fell 8.1%, Banks 7.3% and Real Estate 7.0%. The banks that delivered almost the entire index return in July were the largest detractor in August. The best performing sector has now been different in 10 of the past 12 months.

Reporting season did little to settle things. Just 32% of companies beat on earnings and 19% missed, though dividends were stronger with 43% ahead of expectations. Healthcare delivered the broadest upside, with 60% of results beating. The market paid far more attention to disappointment than to delivery, as revenue misses underperformed by 5.7% on the day against 3.8% for beats, and FY27 growth expectations have since been cut to 8.9%. Volatility of this kind shortens time horizons precisely when the opposite is called for. The more sensible response is to stand back rather than lean in.

| | 1 Month | 3 Month | 6 Month | ITD |
|---|---|---|---|---|
| TCAP | 1.75% | 2.29% | -4.70% | 0.17% |
| Benchmark | 1.54% | 4.54% | 1.16% | 9.84% |
| **Value Added** | 0.20% | -2.25% | -3.87% | -9.67% |

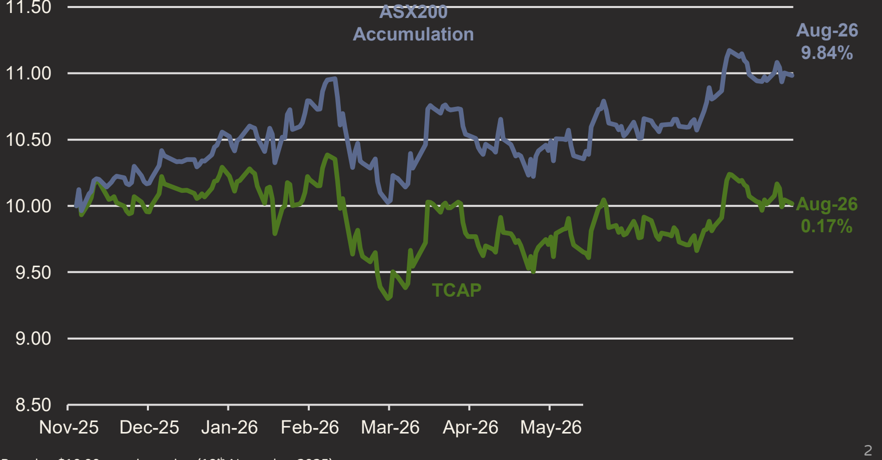
ITD = Inception to date (19th November 2025), Benchmark is ASX200 Accumulation Index. Past performance is not indicative of future performance. Returns as at August 31, 2026. Note that past performance is not a reliable indicator of future performance. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by Ten Cap or Ironbark Asset Management (Fund Services) Limited

## Lead Portfolio Manager

*Jun Bei Liu, CFA*

## TCAP vs ASX200 Accumulation Index

(Closing NAV Price - Aug 2026)




Based at $10.00 as at inception (19th November 2025)
TCAP Net of fees and transaction costs

## August Portfolio Commentary:

August was a positive month on both an absolute and a relative basis, with the Fund returning +1.74% against +1.54% for the index.

At the sector level, Materials was the largest contributor as the gold complex re-rated sharply. Consumer Staples, Communication Services and Industrials all added through stock selection, and being underweight the Banks added further value.

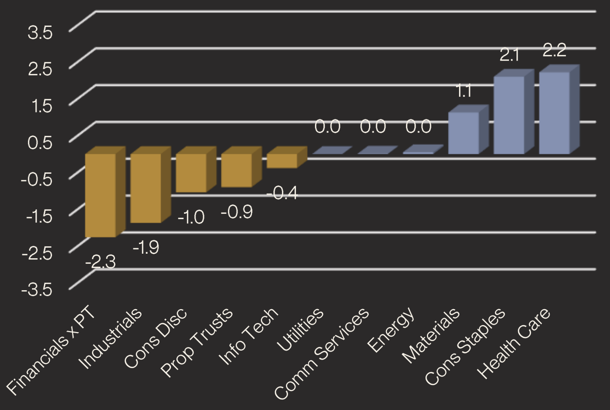
Real Estate was the largest detractor, driven by selection rather than our underweight. Our highest conviction positions were the ones that suffered, as investor apathy towards crowded names saw them sold down without any change to guidance.

The pattern is worth noting. Almost every detractor fell on positioning and sentiment rather than earnings, the type of dislocation that has historically reversed once results reaffirm the fundamental case.

### Key Positive Contributors:

- **Genesis Minerals (GMD):** Top contributor, up over 44%, as gold price strength flowed through to a well-received result. The acquisition of Vault Minerals makes Genesis the fourth largest gold miner in Australia, adding scale alongside more production growth.
- **CSL Limited (CSL):** Gained 40%, as a good result alleviated fears of a deteriorating business, with green shoots now evident across most divisions, and a much cheaper multiple that sets up significant further outperformance.

Alpha Plus Sector Allocation Changes
(Month end: Jul-26 to Aug-26)



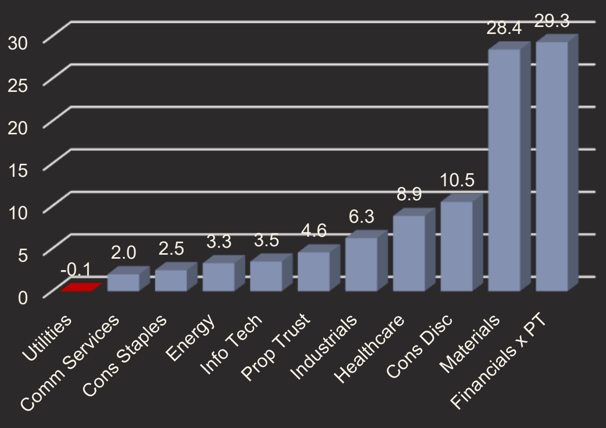

Source: Ten Cap, FactSet

- **Cuscal (CCL):** An off-benchmark holding that rose 10%, delivering a strong result underpinned by digital payment volume strength and the contribution from its recent acquisition, which reinforced the recurring nature of its earnings base.
- **Endeavour Group (EDV):** Our short position contributed as the stock fell almost 10%, with retail liquor volumes continuing to reflect a pressured domestic consumer and no improvement in the channel.
- **Domino's Pizza (DMP):** Up 12%, as the result and new management demonstrated that the turnaround is gaining traction and that the cost-out program is beginning to land.

### Key Negative Contributors:

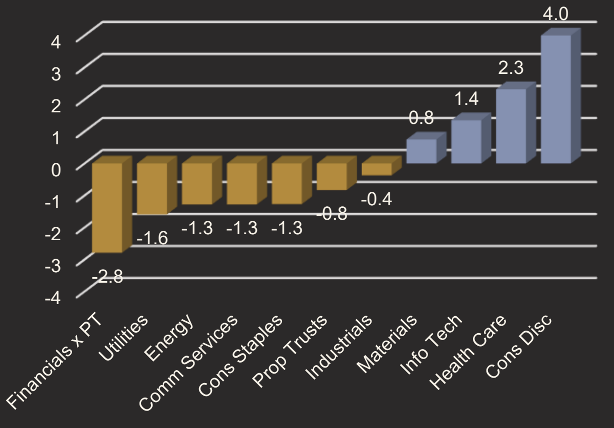
- **Charter Hall (CHC):** Fell 17% alongside the wider property complex, though the result was in line and guidance was reaffirmed. Funds under management held up and transaction activity is recovering, so the selling reflects sentiment rather than fundamentals. We retain the position.
- **Generation Development (GDG):** Declined 23%, giving back the prior month's gain as the market took a harsher view on the pace of the Evidentia integration. Nothing in the result changed the structural case. Flows into investment bonds and annuities continue to compound and we remain holders.
- **Goodman Group (GMG):** Down 7%, with the data centre pipeline discounted as long bond yields reached multi-decade highs mid month. The market is treating a duration-sensitive valuation as a deteriorating business. Work in progress sits at record levels and the position stands.
- **Sigma Healthcare (SIG):** With no change to the operating outlook, SIG fell 9% as investors took profit following a strong run. The Chemist Warehouse platform continues to take share and private label penetration remains low. We see a valuation reset, not a change in earnings.

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




Source: Ten Cap, FactSet

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




Source: Ten Cap, FactSet

### Major Portfolio Changes

**Increased Positions:**

- **Ansell (ANN):** Added materially through the month. The result confirmed the acquired protective equipment business is delivering synergies ahead of plan, with margins expanding and industrial glove demand recovering.
- **QBE Insurance (QBE):** Added on weakness after the stock fell almost 9%. QBE's sustainable insurance margin, conservative reserving, solid GWP growth and very strong balance sheet, coupled with upside risk from higher interest rates, are not reflected in the current multiple.
- **Lottery Corp (TLC):** Started a position. The stock was sold down on a soft jackpot cycle, which is inherently transient, while the underlying business is a regulated monopoly with annuity-like cashflows and inflation-linked pricing.
- **Treasury Wine (TWE):** Increased as the stock gained 11%. Penfolds demand is recovering and the premiumisation mix shift continues, while the Americas business is now being managed for value rather than volume.

**Decreased Positions:**

- **Wesfarmers (WES):** Trimmed the position. Bunnings remains an exceptional franchise, but the tax change and the policy induced slowdown in housing and consumer spending are direct headwinds, and the multiple leaves no room for disappointment.
- **BHP Group (BHP):** Trimmed into strength after a 10% gain in the month. Iron ore has held up better than expected, though we see limited further upside and prefer to hold resource exposure through gold and copper where the earnings leverage is greater.
- **Telstra (TLS):** Reduced position. The defensive appeal that supported the stock through the volatility has largely played out, and with mobile pricing growth moderating we see better value elsewhere.
- **National Australia Bank (NAB):** Trimmed. The banks delivered almost the entire index return in July and gave much of it back in August. Credit quality remains sound, but the sector trades well above historical multiples with limited earnings growth to support it.

## Key Portfolio Statistics*

| | Alpha Plus | ASX200 |
|---|---|---|
| Market Cap ($billion) | 113 | 110 |
| # of holdings | 104 | 200 |
| Dividend Yield (trailing) | 2.4 | 3.1 |
| Price to Earnings (FY1 est) | 19.4 | 18.3 |
| Price to Cashflow (trailing) | 12.9 | 12 |
| Forward EPS growth (3-5yr) | 2.4 | 2.5 |
| Return on Equity (ROE) | 15.9 | 14.6 |

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

### Sector outlook

A stronger-than-expected inflation print has pushed the rate cycle out. We now expect one further increase from the RBA this year, with the first cut well beyond our previous 2H27 timing. Offshore the risk is skewed the same way, and we would not rule out the US tightening later this year. That argues for elevated yields for longer.

We are positioned for the first leg of that. The portfolio is underweight the classic bond proxies across utilities, infrastructure and telcos, and within property we are long the growth and fund manager names while avoiding pure duration exposure. Insurers remain a preferred way to capture higher investment yields.

We are watching for the turn rather than pre-empting it, and that turn now sits further out. Rate-sensitive names typically lead the market by a quarter or two ahead of the first cut. With the three-year yield still near 4.5%, being early carries a real cost.

The AI build out remains an underappreciated Australian trade. It is a physical build out of data centres, power, grid and cooling, and deployable capacity is forecast to more than double to 3,100 megawatts by 2030.

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. We stay selective, as the October and November trading updates look likely to put further downward pressure on the Industrials earnings cycle.

Within growth and Technology, the focus stays on infrastructure owners and proven compounders rather than speculative software. Goodman Group is the clearest expression, having evolved from a logistics property owner into a genuine data centre developer, and powered land is becoming one of the scarcest inputs.

Property is where the change in view matters most. We had been preparing to rebuild the rate-sensitive trusts, and with another increase now likely that work is on hold. The tax changes are driving a material slowdown in housing, and the banks used results season to flag more cautious mortgage and credit demand. We hold our AREIT underweight and stay with the growth and fund manager names, where earnings rather than duration drives the outcome.

Consumer is where we have taken risk down. We reduced our consumer exposure through the month as the tax changes fed through to housing-related and discretionary spending. Across the sector, discretionary exit rates weakened, downgrades outnumbered upgrades, and a higher-for-longer rate outlook keeps us cautious. Supermarkets and value-oriented spending remain resilient, so we stay selective, and added Lottery Corp where regulated earnings are defensive.

Financials warrant caution. Banks trade at full valuations as credit growth slows and margins compress. After leading the market in July they fell around 7% in August, yet valuations still leave little room for error, so we remain selectively underweight.

Healthcare offers selective value after prolonged weakness. We added to Ansell during the month, where quality global franchises now trade at attractive valuations against their long-term earnings power. Healthcare delivered the broadest upside this reporting season, and we are adding where fundamentals are clearly intact.

## Summary & Outlook

The rate cycle has further to run and just how far will be contingent on the evolution of inflation data. While Australia might be further through its rate hike cycle than other developed economies, that may not mean its is closer to rate cuts.

The next six months will see the economic and earnings impacts of tighter financial conditions alongside a weaker housing market and stagnant productivity growth. The good news is that the equity market has adjusted to a lot of these concerns. Valuations outside the large miners and banks are the most attractive in years. The index multiple of 18.3x is flattered by resources near the top of their ten-year range, while healthcare sits near its historic lows.

We continue to favour quality balance sheets, pricing power and resilient earnings. Positioning rather than fundamentals drove returns in August, and we have not chased the rotation. Themes are getting harder to position for (outside of the AI value chain) and it is valuation and earnings transparency that is a key driver of positioning. With another interest rate increase likely, we are holding our underweight to the rate-sensitive parts of the market.

We doubt the market is ready to look towards rate cuts, and so it is likely that the volatility seen through 2026 remains. This requires patience but the rewards are rising.

Jun Bei & the Investment Team

## Net Portfolio Performance: Alpha Plus (as at August 2026)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year | Bench | Rel Perf |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2026 | 0.3% | 2.3% | -9.3% | 2.2% | 1.7% | 0.5% | 0.0% | 1.7% | | | | | **-1.0%** | **6.3%** | **-7.3%** |
| 2025 | | | | | | | | | | | 1.8% | -0.6% | 1.2% | 3.3% | -2.2% |
| Per annum since Inception* | | | | | | | | | | | | | 0.2% | 9.8% | -9.7% |

*ITD = Inception to date (19th November 2025) Benchmark is ASX200 Accumulation Index. Past performance is not indicative of future performance. Returns as at August 31st 2026. Historic performance for the Ten Cap Alpha Plus Fund – Class A units may be used as a reference for the listed Ten Cap Alpha Plus Complex ETF. Note that past performance is not a reliable indicator of future performance. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by Ten Cap or Ironbark Asset Management (Fund Services) Limited

## 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.

| | |
|---|---|
| **Minimum Investment:** | *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

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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 licence, 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.