

**Since inception - 1 March 2013*

PERFORMANCE DATA <i>(after fees)</i>	1 month	3 months	6 months	Financial YTD	1 year	2 year p.a.	3 year p.a.	5 year p.a.	Net Return p.a.	Total Net Return*
Paragon Aust. Long Short Fund (est)	-8.1%	-0.1%	-17.2%	-12.2%	-12.2%	-3.9%	-11.7%	+2.7%	+6.4%	+102.7%
ASX All Ordinaries Accum. Index	+0.7%	-1.2%	+4.2%	+12.5%	+12.5%	+13.6%	+6.1%	+7.6%	+8.3%	+147.3%
ASX Small Ords. Accum. Index	-1.4%	-4.5%	+2.8%	+9.3%	+9.3%	+8.9%	-1.5%	+3.7%	+5.0%	+74.1%

OVERVIEW

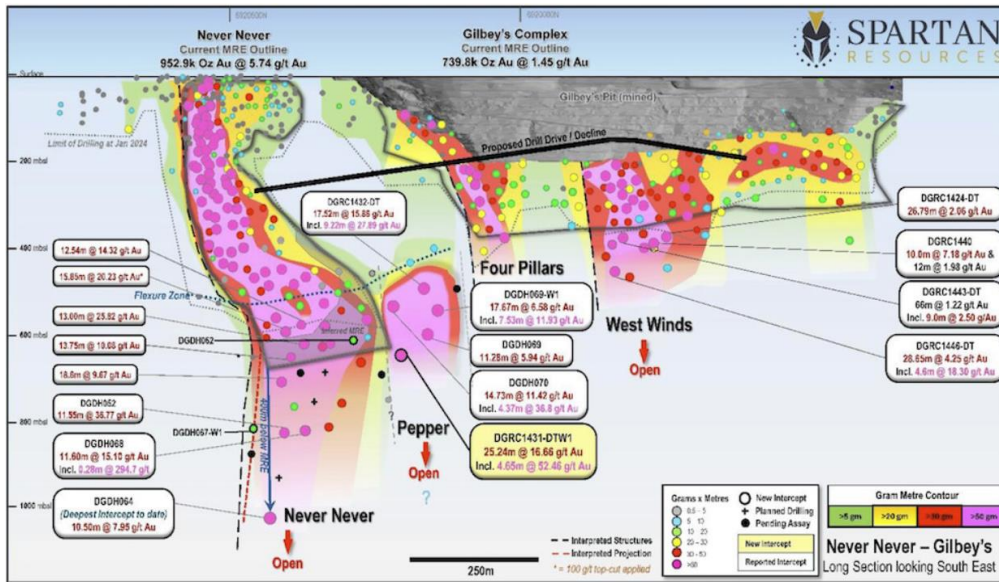
The Fund returned an estimated -8.1% after fees in June. Global Indices were significantly down: Russell -1.1%, Lithium -22%, Uranium -10%, Copper -6%, Gold -6% and Silver -10%. Local Indices were mixed: All Ords AI +0.7%, Small Ords AI -1.4%, Small Resources -8.0%. Spartan, Mitre and Atlas Arteria (short) performed well for the Fund. However, these were more than offset by falls in Patriot, Lotus and most of our remaining Longs, impacted by the 'risk-off' sell-off across Resources.

US CPI was lower again, with 2x US rate cuts now expected this year. The US\$ rose +1.1% and US 10yr bonds fell 10bps. Gold was unchanged while Silver was -4.2%. Falls occurred in Copper -4.6%, Uranium -3.5% and Lithium -5.5%. Oil was up +5.9%.

Portfolio insights: Spartan's in play

Spartan's Never Never (NN) gold discovery at its Dalgara project in WA continues to surprise to the upside. As we discussed in April, NN is one of the best underground (UG) gold discoveries in WA in years - boasting very high grade, consistency and scale. We initially acquired Spartan a year ago early in its NN discovery. Fast forward, we're expecting a 1moz+ Reserve at NN this quarter. Adjacent to NN, Spartan has also discovered a new high-grade zone called Pepper, and along with several other nearby solid grade UG shoots, offers solid exploration upside - illustrated in red and pink zones below:

Figure 1: Long section of Spartan's high-grade UG gold discoveries – all open at depth.



Source: Spartan Resources

Spartan boasts a relatively new 2.5mtpa processing plant sitting idle on care and maintenance (\$300m+ sunk capex & 2yrs+ to build today). We're expecting a near-term restart processing largely high-grade UG ore sources for production of 160koz+ p.a. over a solid mine life. This would generate ~\$250m p.a. of free cashflows (FCF), implying Spartan is trading at ~4x 2yr forward FCF. As expected, Spartan has attracted corporate interest. Nearby Ramelius' has acquired an 18% stake through a share raid. Ramelius has a material production hole to fill in 2 years' time and Spartan would be an ideal combination. With growing M&A in the broader region, the likelihood of competing interest is high. Takeover offers for strategic growth assets are typically at a minimum premium of 30%. Spartan's management are well aligned and doing an excellent job. Given Spartan is well funded and progressing very well, they are unlikely to accept a takeover at less than a full premium.

DISCLAIMER: This report has been prepared without taking account of your personal objectives, financial situation or needs and should not be relied upon as the basis of an investment decision. You should seek independent professional advice before making any decisions regarding the content of this report, including a decision to invest. The Product Disclosure Statement for the Paragon Australian Long Short Fund is available from our website. There is no guarantee against loss resulting from an investment in the Fund and past performance is not a reliable indicator of future performance.

FUND POSITIONING & RISK METRICS

Fund Size	\$38.9m
Longs	34
Shorts	4
Net exposure	140%
Beta-adj net exposure/ Average (rolling 12mths)	84%/91%
Gross exposure	181%
Cash	-40%
Index Futures	0%
Global (as % FUM)	35%
Unlisted (as % FUM)	12%
Correlation	0.52
% Positive Months	58%
Up/Down Capture	96%/88%
Liquidity (% saleable inside 10BD)	78%

UNIT PRICING*

NAV (Mid-Price)	\$1.5082
Entry Price	\$1.5104
Exit Price	\$1.5059

* Based on our estimated return.

Official UP to be issued ~BD8 by the Fund's Administrator.

FUND FACTS

APIR Code	PGF0001AU
Responsible Entity & Investment Manager	Paragon Funds Management Ltd
Strategy	Aust Equities L/S (long-bias), Fundamental, Concentrated. Global and unlisted permitted.
Objective	>10% p.a. over 5yrs
Structure	Unit trust
Domicile	Australia
Pricing/Applications/ Redemptions	Monthly
Min. Investment	\$25,000
Min. Additions	\$5,000
Min. Redemptions	\$10,000
Administrator	Link Fund Solutions
Prime Broker/Custodian	UBS