



SECOND QUARTER / OCTOBER - DECEMBER 2025

A second positive quarter, with a narrower but still effective return mix.

The fund has completed its first six months with another positive absolute return and a second consecutive quarter ahead of its benchmark. The portfolio is being rebalanced for the new quarter.

2.75%

Q2 GROSS TOTAL RETURN

1 OCTOBER - 31 DECEMBER 2025

1.96%

BENCHMARK

+0.79 pts

OUTPERFORMANCE

+10.81%

SINCE INCEPTION

Semiconductors and healthcare offset broader weakness

SK Hynix was the standout contributor, while Alphabet, Eli Lilly, Intuitive Surgical and TSMC also added strongly. The quarter was less broad than the fund's first three months, with several Australian and defensive holdings detracting.

Currency was again a meaningful headwind. Gross total return was approximately 4.82% in constant currency, but 2.75% in Australian dollars after translation and eligible dividends.

TOP PRICE-RETURN CONTRIBUTORS

SK Hynix	+2.22 pts
Alphabet	+1.30 pts
Eli Lilly	+1.17 pts

SIX-MONTH POSITION

A\$100 -> A\$110.81

Benchmark: A\$108.21

PORTFOLIO AT 1 JANUARY 2026

30 equities

5% cash | 17% Australia

REGIONAL ALLOCATION

United States	41%
Europe	18%
Australia	17%
Emerging markets	14%
Japan	5%
Cash	5%

NEW HOLDINGS

Amphenol	3%
Micron Technology	3%
Uber Technologies	2%
ResMed	2%

KEY CHANGES TODAY

BHP 3% -> 5%
Aristocrat 4% -> 5%
CSL exit
CAR / Copart / MELI exit

PERFORMANCE REVIEW

Another quarter ahead of the benchmark

The fund returned 2.75% in Australian dollars during the December quarter, including eligible dividends and distributions, compared with 1.96% for the benchmark. The result lifts gross total return since inception to 10.81%, versus 8.21% for the benchmark.

2.75%

GROSS TOTAL RETURN

1.96%

BENCHMARK

+0.79 pts

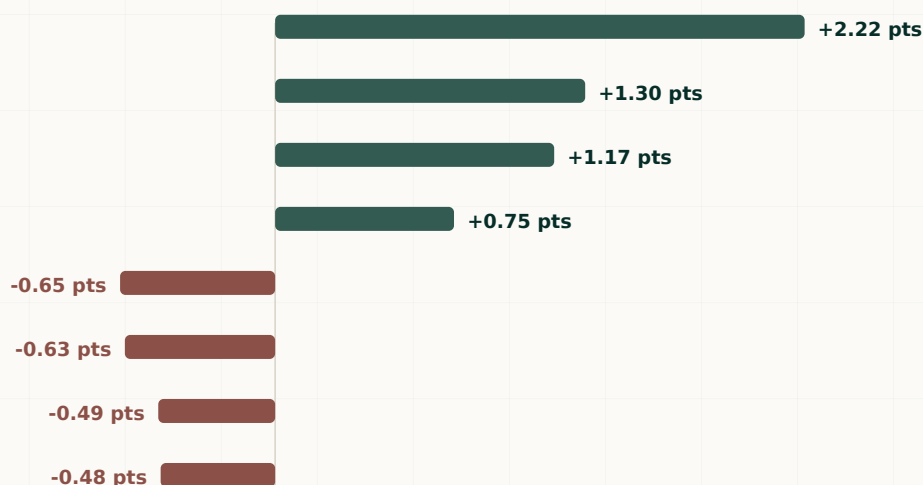
QUARTERLY EXCESS

+2.60 pts

CUMULATIVE EXCESS

Where the quarter's return came from

Holding-level contribution is price return after FX; dividends are added separately to the headline total return.

SK Hynix
Alphabet
Eli Lilly
Intuitive Surgical
Aristocrat Leisure
Tencent
CAR Group
RELX

WHAT WORKED

SK Hynix dominated attribution as high-bandwidth-memory demand and improving memory economics drove a very strong rerating. Alphabet also delivered another strong quarter, while Eli Lilly and Intuitive Surgical rewarded the healthcare additions made in October.

TSMC, AstraZeneca, S&P Global, Evolution Mining and BHP added further positive contribution.

WHAT HELD BACK RETURNS

Aristocrat, Tencent, CAR Group, RELX and Copart were the largest detractors. Microsoft, CSL, BAE Systems, Eaton and MercadoLibre also weighed on performance.

The Australian dollar strengthened against several portfolio currencies. That reduced a 4.69% constant-currency price return to 2.62% in Australian dollars before dividends.

QUARTER IN REVIEW

The return mix became more concentrated

The second quarter remained positive, but the pattern underneath the headline return changed. A smaller group of strong winners did more of the work, while several holdings experienced meaningful drawdowns.

CONCENTRATION OF WINNERS

SK Hynix rose roughly 74% in Australian-dollar terms and contributed about 2.22 percentage points on its 3% starting weight.

Alphabet contributed about 1.30 points and the October healthcare additions, Eli Lilly and Intuitive Surgical, together added roughly 1.92 points.

The result validates several individual stock decisions, while also reminding us that a portfolio can outperform even when the majority of holdings are not rising together.

BREADTH OF DETRACTORS

Aristocrat, Tencent, CAR Group, RELX, Copart, Microsoft, CSL and BAE Systems each detracted materially.

Some declines reflect weaker fundamentals or a less attractive expectation set. Others have improved prospective returns by lowering valuation without damaging the core case.

The January rebalance therefore distinguishes between price weakness and thesis weakness rather than treating every loser the same way.

October additions: a deliberately mixed scorecard

The nine new positions introduced at the October rebalance did not move as a group, which is useful evidence that the portfolio was not simply adding one hidden factor.

HOLDING	Q2 RETURN	CONTRIBUTION	1 JANUARY DECISION
Eli Lilly	+39.0% AUD	+1.17 pts	Held at 3%.
Intuitive Surgical	+24.9% AUD	+0.75 pts	Held at 3%.
Evolution Mining	+17.1%	+0.34 pts	Increased to 3%.
S&P Global	+12.0% AUD	+0.36 pts	Held at 3%.
London Stock Exchange Group	+2.4% AUD	+0.10 pts	Reduced to 3%.
Cochlear	-6.7%	-0.20 pts	Increased to 4%.
Copart	-14.1% AUD	-0.42 pts	Exited.
MercadoLibre	-15.0% AUD	-0.30 pts	Exited.
CAR Group	-16.4%	-0.49 pts	Exited.

PROCESS TAKEAWAY

Current prices, updated fundamentals and competing opportunities determine the new weights; the portfolio is not ranked by the previous quarter's winners.



STOCK-LEVEL REVIEW

Weak share prices lead to different decisions

The January rebalance shows why price performance alone cannot determine capital allocation. Some falling holdings are being increased because prospective returns have improved; others are being exited because the relative investment case has weakened.

WEAKNESS, INCREASED

Aristocrat 4% -> 5%

The share price fell sharply, but recurring gaming economics, cash generation and the long-term franchise remain attractive at a better entry point.

Cochlear 3% -> 4%

A weaker quarter improved valuation while the installed base, clinical position and recurring processor/service economics remain intact.

Eaton 2% -> 3%

The quarter was weak, but electrification, grid and data-centre demand continue to support a stronger forward opportunity set.

STRENGTH, STILL INCREASED

BHP 3% -> 5%

A positive quarter did not exhaust the opportunity. Low expectations, copper optionality and balance-sheet strength justify a larger allocation.

Evolution Mining 2% -> 3%

Operating improvement and the gold backdrop remain supportive despite the share-price gain.

BAE Systems 2% -> 3%

The quarter was weak in AUD terms, but structural defence demand and backlog visibility improve the relative case.

EXITED AFTER REASSESSMENT

CSL 3% -> 0%

After a second weak quarter, the recovery case no longer ranks highly enough against alternatives given execution and earnings uncertainty.

CAR / Copart 3% -> 0%

Both remain quality franchises, but valuation, execution and near-term expectations make the opportunity cost too high.

MercadoLibre 2% -> 0%

The long-term ecosystem remains strong, but credit, reinvestment, currency and valuation risks reduce relative conviction.



1 JANUARY 2026 REBALANCE

Four new holdings add different sources of growth

The new positions expand the portfolio across AI infrastructure, memory, digital marketplaces and recurring healthcare. Each enters at a measured weight because the upside is balanced by valuation, cyclicity or execution risk.

Amphenol

3%

Amphenol adds exposure to high-performance interconnects and connectors used across data centres, communications, industrial systems, defence and transportation. The business combines strong organic demand with a long record of disciplined acquisitions. A 3% weight reflects attractive structural growth while acknowledging a stronger valuation and cyclical end-market exposure.

Micron Technology

3%

Micron provides direct exposure to the memory layer of AI infrastructure through DRAM and high-bandwidth memory, while NAND adds a separate cyclical earnings driver. Improving industry discipline and AI demand strengthen the setup, but memory remains inherently cyclical, which keeps the initial position at 3%.

Uber Technologies

2%

Uber's mobility and delivery networks are increasingly producing operating leverage and cash flow, while its scale creates optionality across advertising, logistics and autonomous-vehicle partnerships. Regulation, competition and the evolving economics of autonomy justify a smaller 2% position.

ResMed

2%

ResMed adds a resilient global healthcare franchise built around sleep-apnoea devices, masks and recurring replacement demand. Its installed base and consumables model provide a different earnings profile from the portfolio's technology exposure. Competitive and treatment-evolution risks support a measured 2% weight.

Why only four additions?

The October rebalance already broadened the fund materially. The January review is more selective: four positions leave and four new positions enter, while most capital is reallocated by resizing existing holdings.

The aim is not to maximise turnover. It is to keep every position competing for capital against the full opportunity set available at today's prices.

NEW-POSITION SIZING

Amphenol and Micron enter at 3% each. Uber and ResMed enter at 2% each, reflecting a higher degree of execution, regulatory or competitive uncertainty.



REBALANCE DECISIONS

Capital is reallocated across the whole portfolio

All target weights are percentages of the fund's current net asset value after the quarter's gains and losses. Trimming a winner does not remove capital from the fund: proceeds are reallocated to other holdings or to the explicit cash allocation.

INCREASES

Aristocrat	4% -> 5%
Cochlear	3% -> 4%
BHP	3% -> 5%
Evolution	2% -> 3%
Eaton	2% -> 3%
BAE Systems	2% -> 3%

REDUCTIONS

TSMC	6% -> 5%
Microsoft	5% -> 4%
Tencent	5% -> 4%
AstraZeneca	5% -> 4%
Munich Re	5% -> 3%
LSEG	4% -> 3%

EXITS

CSL	3% -> 0%
CAR Group	3% -> 0%
Copart	3% -> 0%
MercadoLibre	2% -> 0%

UNCHANGED CORE

Alphabet	5%
Meta Platforms	3%
Visa	3%
S&P Global	3%
Eli Lilly	3%
Intuitive Surgical	3%
RELX	3%
MUFG	3%
SK Hynix	3%

CASH

4% -> 5%

A modest increase preserves flexibility after six positive months and a market environment where valuation dispersion remains significant.



PORTFOLIO AFTER REBALANCE

The portfolio entering the March quarter

The portfolio remains at 30 equities, with cash increased from 4% to 5%. The United States rises to 41% of the fund as Amphenol, Micron, Uber and ResMed enter, while the Australian allocation remains within its strategic range at 17%.

REGIONAL ALLOCATION

United States	41%
Europe	18%
Australia	17%
Emerging markets	14%
Japan	5%
Cash	5%

PORTFOLIO CHARACTERISTICS

30	EQUITY HOLDINGS
5%	CASH
17%	AUSTRALIA
5%	LARGEST POSITION
14%	EMERGING MARKETS

Holdings and target weights

AUSTRALIA

Aristocrat Leisure	5%
BHP Group	5%
Cochlear	4%
Evolution Mining	3%

JAPAN

Mitsubishi UFJ Financial Group	3%
Sony Group	2%

UNITED STATES

Alphabet	5%
Microsoft	
Meta Platforms	
Visa	
S&P Global	
Eli Lilly	
Intuitive Surgical	
Eaton	
Amphenol	
Micron Technology	
Booking Holdings	
Prologis	
Uber Technologies	
ResMed	

EUROPE

AstraZeneca	4%
Munich Re	3%
London Stock Exchange Group	3%
RELX	3%
BAE Systems	3%
ASML	2%

EMERGING MARKETS

Taiwan Semiconductor Manufacturing	5%
Tencent Holdings	4%
SK Hynix	3%
Trip.com Group	2%

CASH

5%

OUTLOOK

Starting 2026 with a broader opportunity set

The fund begins 2026 with a positive six-month record, but the second quarter reinforces the need to stay disciplined. Market leadership can narrow quickly, currency can materially alter reported returns, and high-quality companies can still become poor investments when expectations become too demanding.

WHAT WE ARE WATCHING

- The durability of AI infrastructure spending and whether demand broadens from compute into memory, connectivity, power and enterprise deployment.
- Global monetary conditions and the path of inflation, growth and interest rates after the easing already delivered in several major economies.
- Whether Chinese policy support can translate into stronger domestic activity rather than remaining uneven across sectors.
- The interaction between elevated equity valuations, tariff and trade uncertainty, and the earnings expectations embedded in market leaders.

PORTFOLIO PRIORITIES

- Keep structural growth exposure while ensuring no single narrative becomes the portfolio's only source of return.
- Use weakness selectively. Aristocrat, Cochlear, Eaton and BAE are being increased because the forward case improved relative to price, not simply because they fell.
- Continue to trim or exit where expectations, execution or opportunity cost have become less attractive, even when the business remains high quality.
- Retain cash as an active allocation rather than a residual balance, with 5% available for future dislocations or higher-ranked opportunities.

PERFORMANCE AND METHODOLOGY NOTES

- Performance basis: The 2.75% headline quarter return is gross total return in Australian dollars, including eligible dividends and distributions. It is before fees, transaction costs, withholding tax, investor tax, franking credits and cash interest.
- Benchmark: 80% MSCI ACWI ex Australia Net Return AUD plus 20% S&P/ASX 200 Total Return, fixed from inception and rebalanced quarterly.
- Attribution: Holding-level contribution figures are based on price returns translated to Australian dollars. Dividends and distributions are added separately to the headline gross total return.
- Rebalancing: New target weights are applied to current portfolio net asset value. Proceeds from trims and exits remain inside the fund and are reallocated across the new portfolio; only the explicit 5% cash weight remains uninvested.
- Pricing convention: Quarter-end and new-entry references use the last valid traded close available at the relevant market close, with local-market calendar differences respected.