



FY2026 Q4 / FIRST-YEAR REVIEW

A strong final quarter closes the first year.

The fund has completed its first full year with its strongest quarterly result since inception. The portfolio enters FY2027 with a broader mix of earnings drivers and a renewed 6% cash reserve.

15.54%

Q4 GROSS TOTAL RETURN

1 APRIL - 30 JUNE 2026

11.83%

BENCHMARK

+3.71 pts

OUTPERFORMANCE

18.79%

SINCE INCEPTION

Broad contributions, disciplined reallocation

Semiconductors were the largest source of gains, led by SK Hynix, ASML and TSMC. Performance also came from resources, aerospace, insurance, electrification and industrial infrastructure.

The quarter rebuilt the relative lead lost during the March quarter while providing a broader set of positive earnings drivers.

TOP PRICE-RETURN CONTRIBUTORS

SK Hynix	+4.45 pts
ASML	+2.00 pts
TSMC	+1.81 pts

FIRST-YEAR POSITION

A\$100 -> A\$118.79

Benchmark: A\$114.97

PORTFOLIO AT 1 JULY 2026

30 equities

6% cash | 20% Australia

REGIONAL ALLOCATION

United States	36%
Australia	20%
Europe	17%
Emerging markets	12%
Japan	9%
Cash	6%

NEW HOLDINGS

Macquarie Group	3%
TechnologyOne	3%
Schneider Electric	3%
Mitsubishi Heavy	3%
ICICI Bank	3%



QUARTER IN REVIEW

The strongest quarter of the first year

The fund returned 15.54% on a gross total-return basis in Australian dollars, compared with 11.83% for the benchmark. The price-only return was 15.13%, while eligible dividends and distributions added about 0.41 percentage points.

15.54%

GROSS TOTAL RETURN

11.83%

BENCHMARK

+3.71 pts

QUARTERLY EXCESS

16.38%

CONSTANT-CURRENCY TOTAL
RETURN

Where the quarter's return came from

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

SK Hynix

ASML

TSMC

Alphabet

BAE Systems

Intercontinental Exchange

Cheniere Energy

Munich Re

+4.45 pts

+2.00 pts

+1.81 pts

+1.20 pts

-0.72 pts

-0.66 pts

-0.48 pts

-0.35 pts

WHAT WORKED

SK Hynix was the largest contributor by a wide margin. ASML, TSMC and Alphabet also added strongly, while BHP, Aristocrat, GE Aerospace, QBE, Prysmian, Eaton and Broadcom broadened the sources of return.

The strongest feature of the quarter was therefore not simply the size of the gain, but that meaningful positive attribution came from several different business models.

WHAT HELD BACK RETURNS

BAE Systems and Intercontinental Exchange were the largest detractors. Cheniere Energy, Munich Re, Tencent and ResMed also weighed on performance.

Currency remained a modest headwind: the constant-currency price return was about 15.97%, compared with 15.13% after translation into Australian dollars.



FIRST-YEAR SCORECARD

A positive first year, but not a straight line

The fund finishes its first year ahead of the benchmark, but the path is as important as the headline return. Two strong opening quarters were followed by a difficult March quarter that erased almost the entire relative lead, before the final quarter rebuilt it.

18.79%

FUND GROSS TOTAL RETURN

14.97%

BENCHMARK TOTAL RETURN

+3.82 pts

FIRST-YEAR EXCESS

A\$118.79

A\$100 AT INCEPTION

Quarter-by-quarter path

PERIOD	FUND	BENCHMARK	EXCESS
Q1: Jul-Sep 2025	+7.84%	+6.13%	+1.71 pts
Q2: Oct-Dec 2025	+2.75%	+1.96%	+0.79 pts
Q3: Jan-Mar 2026	-7.22%	-4.99%	-2.22 pts
Q4: Apr-Jun 2026	+15.54%	+11.83%	+3.71 pts
FIRST YEAR	+18.79%	+14.97%	+3.82 pts

WHAT WENT WELL

Stock selection produced several exceptional contributors, particularly Alphabet, Tencent, TSMC and ASML early in the year, followed by SK Hynix, ASML, TSMC and a broader industrial/resource group in the final quarter.

The process also showed a willingness to resize successful positions rather than allowing performance alone to determine future weights.

WHAT HAD TO IMPROVE

The March quarter exposed hidden factor concentration. Different sectors shared the same premium-growth, duration and technology-capex sensitivities.

Some sizing decisions were also wrong. Aristocrat and Cochlear are clear examples where the portfolio had to distinguish between a valuation opportunity and a genuine deterioration in the investment case.



PORTFOLIO CONSTRUCTION

The April restructuring broadened the return mix

The April rebalance was designed to reduce hidden factor concentration by adding insurance, aerospace, LNG, exchanges, grid infrastructure, industrial exposure and Indian banking while retaining selected AI and semiconductor positions.

APRIL ADDITIONS THAT WORKED

QBE Insurance +18.7%

Insurance provided a different earnings stream and added about +0.93 pts before dividends.

GE Aerospace +31.5% AUD

Aftermarket and backlog economics added about +0.94 pts.

Prysmian +44.1% AUD

Grid and transmission exposure contributed about +0.88 pts.

APRIL ADDITIONS THAT STRUGGLED

Intercontinental Exchange -1.9% AUD

The share price fell sharply, but the exchange/clearing/data thesis remains intact.

Cheniere Energy -15.9% AUD

LNG exposure was weak and is being reduced rather than exited.

Xero -3.9%

The position is being exited because acquisition complexity and alternatives have changed the relative case.

EXISTING HOLDINGS THAT MATTERED

SK Hynix +222.6% AUD

A 2% starting weight still contributed about +4.45 pts.

ASML +49.9% AUD

The April increase from 2% to 4% was a major contributor.

BHP +17.9%

Resources added diversification, though project-capital risk now warrants a lower weight.



1 JULY 2026 REBALANCE

Five new holdings enter for FY2027

The new positions broaden the Australian allocation, deepen exposure to recurring software and electrification, add another strategic-industrial route into defence and power, and refresh the Indian banking exposure.

Macquarie Group

3%

Macquarie returns to the portfolio after FY2026 earnings recovered across multiple divisions. Asset management, commodities and markets, infrastructure and capital markets provide a diversified Australian financial exposure. A 3% weight recognises the quality of the franchise without assuming transaction-driven earnings will be smooth.

TechnologyOne

3%

TechnologyOne introduces a cleaner recurring SaaS growth profile within Australia. ARR, profit growth and customer retention remain attractive, while the business provides technology exposure that is driven more by enterprise software adoption than semiconductor capital spending.

Schneider Electric

3%

Schneider broadens the portfolio's electrification exposure across energy management, industrial automation and data-centre power. It complements Eaton and Siemens Energy while reducing reliance on a narrower transmission-only exposure.

Mitsubishi Heavy Industries

3%

Mitsubishi Heavy adds defence, gas turbines, power systems and industrial engineering. Its mix fits the objective of diversifying by economic driver and broadens Japanese exposure beyond banking and Hitachi.

ICICI Bank

3%

ICICI replaces HDFC Bank as the preferred Indian financial exposure. Loan growth, margins, provisioning and asset-quality trends support the relative case, while India remains an attractive long-duration banking opportunity.



REBALANCE DECISIONS

Successful holdings are being trimmed as well as added to

The rebalance is based on the amount of current capital each opportunity deserves today. Strong recent performance does not guarantee a higher weight, and weak performance does not automatically lead to an exit.

INCREASES

Microsoft	4% -> 6%
Nvidia	3% -> 4%
GE Aerospace	3% -> 4%
Hitachi	2% -> 3%

The increases favour earnings visibility, AI monetisation, recurring aerospace aftermarket economics and a broader Japanese industrial profile.

REDUCTIONS

BHP	6% -> 4%
QBE	5% -> 4%
Alphabet	5% -> 4%
Eaton	4% -> 3%
ASML	4% -> 3%
BAE Systems	4% -> 3%
Cheniere	3% -> 2%
Tencent	3% -> 2%

EXITS

Xero	2% -> 0%
Munich Re	3% -> 0%
Prysmian	2% -> 0%
HDFC Bank	2% -> 0%

Xero leaves as Melio increases integration complexity. Munich Re is removed as reinsurance pricing softens. Prysmian is replaced by broader electrification exposure, while ICICI becomes the preferred Indian bank.

UNCHANGED CORE

TSMC	5%
SK Hynix	2%
Broadcom	3%
ICE	3%
Eli Lilly	3%
ResMed	2%
Visa	2%
AstraZeneca	3%
Siemens Energy	3%
MUFG	3%
Evolution	3%
Aristocrat	3%
LSEG	2%

CASH

8% -> 6%

Two percentage points of cash are redeployed while preserving a meaningful reserve after a strong quarter and a large first-year rebound.



PORTFOLIO AFTER REBALANCE

The portfolio entering FY2027

The new portfolio contains 30 equities plus 6% cash. Australia returns to the 20% strategic target, the United States is 36%, and the portfolio remains diversified across technology, industrials, financials, healthcare, resources, consumer exposure and energy.

REGIONAL ALLOCATION

United States	36%
Australia	20%
Europe	17%
Emerging markets	12%
Japan	9%
Cash	6%

SECTOR ALLOCATION

Information Technology	26%
Industrials	22%
Financials	20%
Health Care	8%
Materials	7%
Communication Services	6%
Consumer Discretionary	3%
Energy	2%
Cash	6%

Holdings and target weights

AUSTRALIA

BHP Group	4%
QBE Insurance	4%
Evolution Mining	3%
Aristocrat Leisure	3%
Macquarie Group	3%
TechnologyOne	3%

JAPAN

Mitsubishi UFJ	3%
Hitachi	3%
Mitsubishi Heavy	3%

UNITED STATES

Alphabet	4%
Microsoft	
Nvidia	
Broadcom	
Eaton	
GE Aerospace	
Cheniere Energy	
Intercontinental Exchange	
Eli Lilly	3%
ResMed	3%
Visa	3%

EUROPE

ASML	3%
AstraZeneca	3%
BAE Systems	3%
London Stock Exchange Group	2%
Siemens Energy	3%
Schneider Electric	3%

EMERGING MARKETS

Taiwan Semiconductor	5%
Tencent Holdings	2%
SK Hynix	2%
ICICI Bank	3%

CASH

6%



FIRST-YEAR PERSPECTIVE

The first year ends ahead, with a more disciplined portfolio process

A\$100 invested at inception has grown to approximately A\$118.79 on a gross total-return basis, compared with A\$114.97 for the benchmark. The result is positive, but the more important outcome is that the process has already been forced to adapt.

WHAT WE ARE WATCHING

- AI capital expenditure remains one of the portfolio's largest structural opportunities, but the return on that spending increasingly needs to justify the scale of investment.
- Power and electrification remain important through Eaton, Schneider Electric, Siemens Energy, Hitachi and Mitsubishi Heavy, with valuations requiring continued execution.
- Interest rates, inflation and capital-market conditions remain relevant across financials and long-duration equities.
- Geopolitical risk remains important in Taiwan, China, defence and energy markets, which continues to influence position sizing.

LESSONS FROM YEAR ONE

- No company has a permanent right to remain in the portfolio. Every scheduled rebalance is a fresh competition for capital.
- A strong share price can justify a trim or exit even when the business remains excellent; Pysmian is the clearest current example.
- A falling share price does not automatically signal failure. ICE and ResMed are retained despite weak quarters because the underlying thesis remains intact.
- Diversification is assessed by earnings driver and factor sensitivity, not simply by the sector label attached to a company.

PERFORMANCE AND METHODOLOGY NOTES

- Performance basis: The 15.54% quarterly and 18.79% first-year figures are gross total returns in Australian dollars, including eligible dividends and distributions. Returns are 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. The first-year benchmark return was 14.97%.
- Attribution: Holding-level contribution figures are based on price returns translated to Australian dollars. Dividends and distributions are added separately to calculate headline gross total return.
- Rebalancing: New target weights are applied to the fund's current net asset value. Proceeds from trims and exits remain inside the fund and are reallocated across the portfolio; only the explicit 6% cash allocation remains uninvested.
- First-year compounding: Returns are compounded through the portfolio's net asset value. The 1 July 2026 target weights therefore apply to the full current value of the fund, including accumulated gains and losses from the first year.