Yarra Emerging Leaders Fund

Gross returns as at 30 April 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Emerging Leaders Fund	1.31	-6.45	3.82	3.87	11.36	8.77	10.75
Emerging Leaders Combined Benchmark†	2.60	-4.74	5.98	3.36	10.69	8.26	7.07
Excess return (before fees)‡	-1.29	-1.71	-2.16	0.51	0.67	0.51	3.68

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are gross of all management costs, meaning they do not reflect the deduction of any investment management fees and expenses which would reduce returns and assume reinvestment of all distributions. Investment in the fund is not available on a fee free basis and this should be factored into any analysis of past performance.

Net returns as at 30 April 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Emerging Leaders Fund	1.21	-6.73	2.53	2.59	9.99	7.43	9.45
Emerging Leaders Combined Benchmark†	2.60	-4.74	5.98	3.36	10.69	8.26	7.07
Excess return (after fees)‡	-1.39	-1.99	-3.44	-0.77	-0.71	-0.83	2.38

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are prepared on an exit to exit basis – they include all ongoing fees and expenses and assume reinvestment of all distributions.

* Inception date Yarra Emerging Leaders Fund: September 1997

† Comprising 50% S&P/ASX Midcap 50 Accumulation Index and 50% S&P/ASX Small Ordinaries Accumulation Index

‡ Excess return: The difference between the Fund's return and the benchmark return.

Market review

The Australian mid and small cap market strengthened during the month of April.

The Emerging Leaders Benchmark returned +2.6% for the month, taking its 12-month return to +6.0%. The broader S&P/ASX 300 Accumulation Index returned 3.6% for the period whilst globally, the MSCI World Index weakened, returning -0.4% for the month.

The Materials sector (+2.4%) was the largest contributor during the period with Lynas Rare Earths (LYC, +24.2%), Evolution Mining (EVN, +10.1%), De Grey Mining (DEG, +15.5%) and Capricorn Mining (CMM, +14.5%) gaining. Gold producers EVN, DEG and CMM all gained on the back of a rising gold price whereas LYC gained on news that China planned to ban exports of rare earths.

Within the Financials sector performance was mixed with some stocks such as Washington H. Soul Patterson (SOL, +8.6%) and Challenger Limited (CGF, +17.6%) gaining while others such as HMC Capital (HMC, -22.0%) and Perpetual (PPT, -14.5%) fell.

Stocks within the Real Estate sector (+4.0%) also rose on expectations of further rate cuts by the RBA. Vicinity Centres (VCX, +7.3%) and Dexus (DXS, +6.2%) both rose during the period.

Health Care (-0.9%) and Energy (-1.0%) detracted modestly during the period. Within Heath Care the primary detractor was Ansell (ANN, -10.5%) which retreated following the announcements of the impacts of US tariffs. Within Energy, Beach Energy (BPT, -18.1%) was the primary detractor.

Portfolio review

Key Contributors

Evolution Mining (EVN, overweight) – the gold producer outperformed with gold (+5.4%) rising during the month. We remain attracted to EVN's long-life assets, and meaningful leverage to copper production at the Ernest Henry and Northparkes mines. Continued drilling success across the portfolio should result in further resource/reserve increases over time.

Netwealth (NWL, overweight) – the leading independent wealth management platform outperformed during the period following the release of its quarterly update. Netwealth reported $3.5 billion in net flows for the quarter, up 29% on the prior corresponding period. NWL is set to continue delivering strong revenue growth for the foreseeable future, capturing an outsized level of funds under administration as Australia's wealth management industry fragments away from the historically dominant players. In our view, the company's multiple for FY26 does not capture its long-term growth opportunity, high incremental margins, conservative accounting, and strong cash flow generation.

Eagers Automative (APE, overweight) – the automotive retail group outperformed during the period on limited company specific news flow. We anticipate continued strong growth in the BYD Retail JV, driven by the introduction of popular new models like the BYD Shark and the expansion of the retail network. We also expect PBT margins to improve over the longer term, reflecting the quality of APE's dealer properties, growth in ancillary services, strong service revenue and delivery of productivity initiatives. While the sector faces a challenging new vehicle supply backdrop with instances of excess inventory, APE operates a diversified portfolio of brands that we expect will outperform as the market improves.

Key Detractors

Bellevue Gold (BGL, overweight) – the gold producer underperformed during the month following its updated production guidance and equity raising. The equity raise proceeds will help de-risk operations and provide working capital to close out near-term hedges - providing greater leverage to the gold price and stronger free cashflow generation. We retain our positive view on the company, and are attracted to the high-grade Bellevue Gold Mine, and upside to reserves and future production from further exploration.

Worley (WOR, overweight) – the leading professional engineering company underperformed during the period on limited company specific news. The underperformance is due to the announcement of U.S. tariffs which led to heightened fears of a global economic slowdown. Worley is well placed in the medium-long term with strong top-line growth prospects, operating leverage and upside to valuation.

Ansell (ANN, overweight) – the global Personal Protective Equipment (PPE) manufacturer and distributor underperformed during the period, following the announcement of U.S. reciprocal tariffs. ANN, like it's glove manufacturer peers, sources the majority of its gloves from Asian countries (i.e. Thailand, Malaysia) and has confirmed that it will need to pass on increased supply costs (tariffs) to end customers. Notwithstanding this, execution risk remains which caused the stock to pull back over the period. Longer-term, we are attracted to the cyclical rebound in the Industrial business, and structural growth opportunities in their healthcare vertical.

Market outlook

April 2025 recorded an extraordinary degree of financial market volatility. Steep equity market declines in the first half of April were met with an impressive recovery in the second half of the month, with measures of credit spreads and volatility also reflecting a sharp shift in risk appetite. Part of the rationale for the recovery is that financial markets were quick to sense that meaningful trade deals would be signed between the Trump Administration and major trading partners, rallying after each hint that a bilateral agreement was imminent.

However, no deals have yet been announced, and it appears that not only are negotiations with China still in their infancy, but the US also seems to be stepping back from the idea of pursuing a series of bilateral trade agreements altogether. In the interim, earnings downgrades have become more pronounced, and indicators from the real economy suggest that the US economy is moving toward stall speed, albeit the US labour market remains in balance for now. Nevertheless, it is evident both near term and some longer-term measures of inflation expectations are rising, driven by anticipated impact of tariffs. We expect heightened uncertainty to translate into much weaker employment growth and a rising unemployment rate in coming months.

Following the announcement of the tariff policy, we lowered our 2025 US growth forecast to just 1% and raised our 2025 core inflation outlook to 3.5%. While we have not yet concluded that a recession is inevitable, the three main channels that typically signal a recession are flashing red. Financial conditions have tightened, survey readings are consistent with consumer restraint and rising unemployment, and firms are indicating that they are preparing to right-size their operations for a changing economic climate.

Since the 1950s, the average bear market decline of the S&P500 during a US recession has been around -38%, with a median decline of -45%. In light of the rally in equity markets off the April lows, it is clear that financial markets are unlikely to have priced in a recession. Should a modest recession eventuate, equity markets are likely to retreat below the April lows. That said, we acknowledge that de-escalation can also occur quickly, and policy decisions are fluid with uncertainty of the size, scale and scope, and persistence of the tariff policy. In assessing these risks, we are mindful that President Trump needs the tariff revenue to fund his tax cut agenda. As such, any 'deal' will still leave substantive tariffs in place, thereby leaving a substantive risk of recession. From our perspective, Trump is likely to retain the bulk of his tariff measures in place until he is confident that his tax plans will be pass into law, likely around mid-year. While we have likely moved past peak volatility and peak panic, the real world consequences of these announcements will be felt for months to come.

Locally, Australia's fragile economic recovery is clearly at risk from the external shock of a trade war, particularly one which is primarily targeted at our region and our largest trading partners. Nascent private sector demand growth is at risk of being snuffed out by this global shock. However, it is worth remembering three things. First, the Australian dollar is playing its traditional role as a shock-absorber, which has been crucial in navigating prior shocks. Second, we expect the RBA will respond, and anticipate a further 100bps of interest rate cuts in 2025. Third, Australia benefits from having a relatively defensive equity market and a well-capitalised banking system within the region. In addition, the election result ensures that the policy status quo remains in place. Despite the strong result for the Australian Labour Party the policy agenda is not ambitious, providing a degree of certainty for Australian corporates and households.

From a cross-asset perspective, we are materially overweight fixed income and cash, neutral on credit and underweight equities and real assets. We are awaiting material revisions to both US growth expectations, inflation and earnings, along with any signs of a policy pivot by either President Trump or the Federal Reserve, before shifting to a more risk friendly stance.

We are most overweight stocks within Communication Services, Financials and Health Care, and are underweight Consumer Discretionary, Energy and Consumer Staples.

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	9.77	5.29	4.48
Consumer Discretionary	5.66	10.81	-5.15
Consumer Staples	0.00	3.93	-3.93
Energy	0.00	4.62	-4.62
Financials	19.57	14.32	5.24
Health Care	10.48	6.84	3.65
Industrials	14.49	14.32	0.18
Information Technology	5.39	6.54	-1.15
Materials	22.68	21.25	1.43
Real Estate	9.72	11.00	-1.27
Utilities	0.00	1.09	-1.09

Top 3 holdings

	Portfolio %	Benchmark %	Active %
Evolution Mining	6.67	2.64	4.03
CAR Group	4.48	0.00	4.48
Block Inc.	4.28	0.78	3.50

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
CAR Group	4.48	0.00	4.48
Evolution Mining	6.67	2.64	4.03
Block Inc.	4.28	0.78	3.50
Underweights			
REA Group	0.00	2.17	-2.17
JB Hi-Fi	0.00	1.92	-1.92
Washington H. Soul Pattinson and Co.	0.00	1.58	-1.58

Portfolio holdings may not be representative of current or future investments. The securities discussed may not represent all of the portfolio's holdings and may represent only a small percentage of the strategy's portfolio holdings. Future portfolio holdings may not be profitable.

Income and growth

	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
Growth return	1.13	-4.53	4.85	3.93
Distribution return	1.40	7.12	5.14	3.50

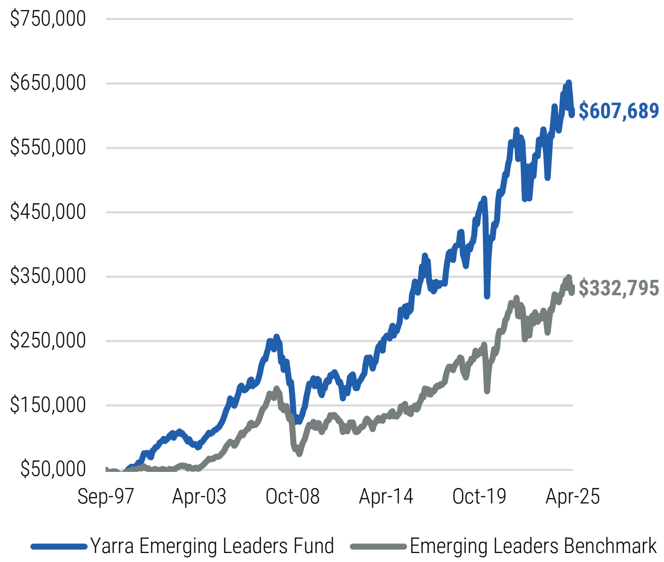
The Growth Return is measured by the movement in the Fund's unit price (inclusive of fees), ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders by way of income distribution in a 12-month period. It does not include capital distributions.

Features

Investment objective	To achieve medium-to-long term capital growth through exposure to small and medium sized Australian companies that are considered to possess strong capital growth potential. In doing so, the aim is to outperform the benchmark over rolling 3-year periods.	
Recommended investment time frame	5 - 7 + years	
Fund inception	September 1997	
Fund size	A$97.2 mn as at 30 April 2025	
APIR codes	JBW0010AU	
Estimated management cost	1.25% p.a.	
Buy/sell spread	+/- 0.20%	
Platform availability	Asgard Ausmaq BT Panorama BT SuperWrap Financial Index	Hub24 Macquarie Wrap Mason Stevens MLC Wrap OneVue

Investment performance comparison of $50,000

After fees, since inception of the Yarra Emerging Leaders Fund, September 1997 to April 2025.



For illustrative purposes only. Past performance does not guarantee future results, which may vary. The total net fund returns shown are prepared on an exit to exit basis (i.e. they include all ongoing fees and expenses and assume reinvestment of all distributions). They do not take personal taxation into account. The comparison with the benchmark (comprising 50% S&P/ASX Midcap 50 Accumulation Index and 50% S&P/ASX Small Ordinaries Accumulation Index) is for comparative purposes only. Index returns do not allow for transactional, management, operational or tax costs. An index is not managed and investors cannot invest directly in an index.

Applications and contacts

Investment into the Yarra Emerging Leaders Fund can be made by Australian resident investors only.

Website www.yarracm.com

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