Yarra Emerging Leaders Fund

Gross returns as at 30 September 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	-0.51	9.92	14.35	16.14	12.02	10.43	11.25
Emerging Leaders Combined Benchmark†	1.91	12.90	19.58	15.52	11.48	11.26	7.67
Excess return (before fees)‡	-2.42	-2.98	-5.24	0.62	0.54	-0.83	3.58

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 September 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	-0.61	9.58	12.93	14.70	10.64	9.06	9.94
Emerging Leaders Combined Benchmark†	1.91	12.90	19.58	15.52	11.48	11.26	7.67
Excess return (after fees)‡	-2.52	-3.32	-6.65	-0.82	-0.84	-2.19	2.27

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* 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 delivered strong gains during the third quarter of 2025.

The Emerging Leaders Benchmark returned +12.9% for the quarter, taking its 12-month return to +19.6%. The broader S&P/ASX 300 Accumulation Index returned +5.0% whilst, globally, the MSCI World Index also rose, returning +4.7% for the quarter.

Materials (+38.1%) was by far the dominant sector, with exceptional performance across the Metals & Mining (+44.7%) sub-sector. Lynas Rare Earths (LYC, +95.2%), Mineral Resources (MIN, +90.8%) and Pilbara Minerals (PLS, +88.8%) all surged on commodity price strength. Gold miners were largely positive, with Ramelius Resources (RMS, +56.1%), Westgold Resources (WGX, +57.3%), Perseus Mining (PRU, +45.8%), Genesis Minerals (GMD, +37.0%) and Vault Minerals (VAU, +57.1%) all posting significant gains.

Information Technology (+20.2%) was the second largest contributor, with Life360 (360, +65.4%), SiteMinder (SDR, +62.8%) and Codan (CDA, +47.6%) all rallying strongly as enthusiasm for technology growth stories continued. NextDC (NXT, +16.7%) also contributed positively, though Technology One (TNE, -6.5%) retreated.

Within Industrials (+9.5%), DroneShield (DRO, +104.4%) continued its rally on defence sector momentum, while construction companies NRW Holdings (NWH, +58.1%) and Monadelphous (MND, +30.6%) benefited from strong infrastructure spending. ALS (ALQ, +17.8%) also performed well.

Consumer Discretionary (+10.4%) saw strong contributions from Eagers Automotive (APE, +69.5%), Harvey Norman (HVN, +40.0%), Tabcorp (TAH, +44.8%) and IDP Education (IEL, +80.6%), while Nick Scali (NCK, +28.3%) and Lovisa (LOV, +18.8%) also rose.

Real Estate (+8.6%) and Financials (+5.9%) both contributed positively. Within Financials, Zip Co. (ZIP, +44.0%), AMP (AMP, +33.3%) and HUB24 (HUB, +13.4%) performed well, though Washington H. Soul Pattinson (SOL, -7.1%) detracted.

Health Care (-8.8%) was the primary detractor, with Telix Pharmaceuticals (TLX, -40.3%) falling sharply, while Ramsay Health Care (RHC, -12.5%), EBOS Group (EBO, -26.1%) and Regis Healthcare (REG, -22.4%) all declined on sector headwinds. However, gains in Neuren Pharmaceuticals (NEU, +39.9%) and Mesoblast (MSB, +43.2%) provided some offset.

Portfolio review

Key Contributors

Evolution Mining (EVN, overweight) – the gold and copper producer outperformed during the period as gold prices rose (+17%). In addition, the company released its FY25 results, with net profit more than doubling to A$926 million on higher pricing and stronger output. 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.

Iluka Resources (ILU, overweight) – the mineral sands producer delivered strong outperformance following the announcement of an offtake agreement between the U.S. Department of Defence and US rare earths producer MP Materials. The agreed price of US$110/kg of Neodymium-Praseodymium (NdPr) is a meaningful tailwind for Australian rare earth producers in the context of weak China prices. We remain constructive on mineral sands markets in the medium term as the effects of EU anti-dumping tariffs, the potential for stimulus in China and US rate cuts support demand growth.

Eagers Automotive (APE, overweight) – the automotive retail group outperformed following the release of its 1H25 result. The company saw strong momentum across both new and used car deliveries and continued to take market share, achieving its full year turnover guidance in just six months and exceeding consensus expectations. Lead indicators were also positive in an environment where the automotive sector appears to have reached an inflection point, with industry margins bottoming in 1H25. APE operates a diversified portfolio of brands that we expect will continue to outperform, with clear value drivers including the scale/quality of the network, breadth of OEM brand partnerships and its unique assets (BYD JV/EasyAuto).

Key Detractors

Lynas Rare Earths (LYC, underweight) – the rare earth miner outperformed during the period as NdPr prices rose 26% to US$69/kg. The company undertook a A$750 million equity raise to fund expansion including via increased processing capacity and resource development. LYC holds a strong position as a major producer outside China. We remain underweight LYC as we struggle to identify value and prefer exposure to rare earths via peer Iluka Resources (ILU.AX).

Netwealth Group (NWL, overweight) – the leading independent wealth management platform underperformed following the release of its FY25 results, despite demonstrating strong flow momentum at the start of FY26 and strong guidance. Concerns around the implications of high-profile managed investment scheme failures have tempered sentiment toward the stock, notwithstanding the compelling long term structural growth opportunity available to NWL.

EBOS (EBO, overweight) – the healthcare and pharmaceutical distributor underperformed after delivering weaker-than-expected FY25 results presented by the new CEO, pressured by softer healthcare distribution margins and restructuring costs. The share price was further impacted by a material uplift in depreciation costs following an extensive capital reinvestment program, with net profit guidance coming in below expectations. We have retained our modest position in the company, as we believe it offers attractive, compounding structural growth in their key healthcare and animal health categories, along with the ability to redeploy free cash flow into adjacent acquisitions.

Market outlook

September 2025 stood out as mega-cap technology and growth stocks powered global equity gains, while a sharp +11.9% jump in gold prices boosted returns across ASX small-caps and the resources sector.

The ASX 200 Index declined 0.8% in the month of September compared to a +3.4% return for ASX Small Caps Index, extending the outperformance of Small Caps relative to Large Caps to an extraordinary +10.6% for the September quarter. Global equities returned a strong +3.2% in the month of September in US$ terms and +2.1% in Australian dollar terms, with the A$/US$ rising 1.1% in the month. We continue to expect the combination of a rising A$, easier financial conditions and rising domestic economic growth momentum to support Small and Micro Caps out performance through the remainder of 2026.

Global bonds returned +0.7% in the month September, eclipsing the +0.1% return from Australian fixed interest, as weakening US employment data helped build expectations of a deeper interest rate cutting cycle in the US. Although the US shutdown may delay the formal publication of key US labour market data, we continue to stress that the US labour market will likely continue to weaken and, should the current slow pace of hiring transition to rising layoffs in coming weeks, then US recession fears could easily rebuild as a market thematic and prompt a reassessment of risk assets.

The main economic event in Australia during September took place at the end of the month. The Reserve Bank of Australia (RBA) effectively removed its near-term easing bias amid concerns that September quarter inflation may exceed its forecasts and due to signs that financial markets were, in effect, easing conditions for the RBA, via strong asset price returns, lower yields and tighter bond spreads.

Indeed, our Financial Conditions Index has now moved to a neutral setting which is consistent with achieving a trend like pace of economic growth over the next 12-18 months. As such we have removed our forecast for a November interest rate cut, with the case for near-term interest rate easing resting on a material rise in the unemployment rate or a surprisingly low print in the September quarter CPI. We still see the RBA easing rates through 2026 on the basis that inflation remains on check, unemployment drifts higher and productivity recovers. However, for now, the RBA appears to have shifted to a mode where they want to monitor the recovery in private demand rather than stimulate it further.

Although October can be a volatile month for risk assets and valuations are stretched, Australia looks relatively well-placed to benefit from an economic and financial market perspective. Australia is emerging from a much lower starting point in the economic cycle, has low direct exposure to the US tariff shock and Australia's policy easing has a more immediate impact upon demand relative to its peers. Tactically, bonds may outperform equities in coming weeks, however, we remain constructive on the medium-term prospects of Australia's economic and financial market outlook.

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

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	6.91	4.44	2.47
Consumer Discretionary	6.30	9.96	-3.66
Consumer Staples	3.49	4.66	-1.16
Energy	0.00	4.88	-4.88
Financials	16.99	14.64	2.35
Health Care	9.05	5.36	3.68
Industrials	12.83	14.47	-1.64
Information Technology	7.07	6.99	0.08
Materials	24.48	23.65	0.83
Real Estate	10.33	10.17	0.16
Utilities	0.00	0.77	-0.77

Top 3 holdings

	Portfolio %	Benchmark %	Active %
NEXTDC	4.89	1.58	3.31
Sandfire Resources	4.65	0.96	3.70
Evolution Mining	4.00	0.00	4.00

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
Evolution Mining	4.00	0.00	4.00
Sandfire Resources	4.65	0.96	3.70
CAR Group	3.59	0.00	3.59
Underweights			
Lynas Rare Earths	0.00	2.24	-2.24
JB Hi-Fi	0.00	1.85	-1.85
Life360	0.00	1.81	-1.81

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	8.26	10.06	4.78	5.23
Distribution return	4.68	4.65	5.86	3.84

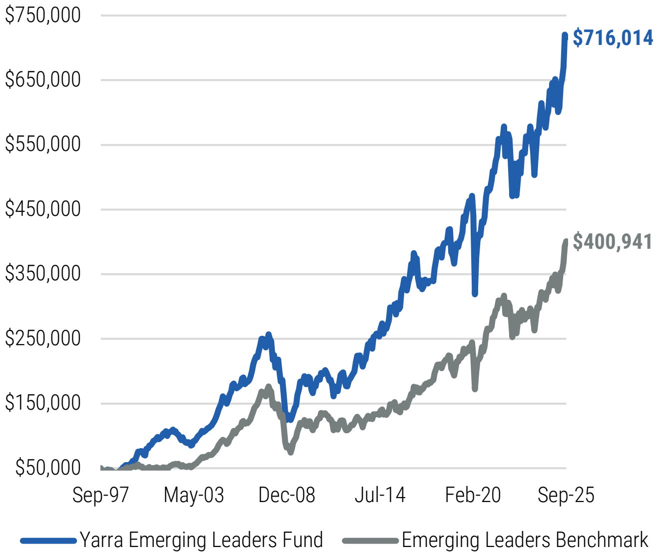
The Growth Return is measured by the movement in the Fund's unit price (inclusive of fees), ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders 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$108.8 mn as at 30 September 2025
APIR code	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 September 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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