

# Yarra Australian Equities Fund

## Gross returns as at 31 October 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Australian Equities Fund	1.37	4.77	14.42	13.15	13.47	9.24	10.60
S&P/ASX 200 Accumulation Index†	0.39	2.70	12.46	13.07	12.63	9.67	9.43
Excess return (before fees)‡	0.98	2.07	1.96	0.08	0.84	-0.43	1.17

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 fees, meaning they do not reflect the deduction of any investment management fees 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 31 October 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Australian Equities Fund	1.30	4.56	13.51	12.18	12.48	8.26	9.60
S&P/ASX 200 Accumulation Index†	0.39	2.70	12.46	13.07	12.63	9.67	9.43
Excess return (after fees)‡	0.91	1.86	1.05	-0.89	-0.15	-1.42	0.17

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\* Inception date Yarra Australian Equities Fund: July 1996

† The benchmark for the Yarra Australian Equities Fund has been amended since the Fund's inception. Effective 28 February 2008 the benchmark is the S&P/ASX 200 Accumulation Index, replacing the S&P/ASX 200 ex Property Accumulation Index Monthly. Further information on changes to the Fund's benchmark is available upon request.

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

## Market review

The Australian equities market was relatively flat during October as a stronger CPI print and a more cautious tone from the Reserve Bank of Australia (RBA) weighed on sentiment.

The S&P/ASX 200 Accumulation Index returned +0.4% for the month, taking its 12-month return to +12.5%. The broader S&P/ASX 300 Accumulation Index returned +0.4% for the period whilst, globally, the MSCI World Index posted +3.2%.

Materials (+4.3%) was the largest sector contributor, led by iron ore names BHP (BHP, +2.2%), Fortescue (FMG, +14.0%) and Rio Tinto (RIO, +8.9%). Pilbara Minerals (PLS, +31.0%), James Hardie (JHX, +14.7%), and South32 (S32, +15.7%) also outperformed. PLS benefitted from robust commodity prices and strong earnings updates, while JHX outperformed on the back of stronger quarterly results. Lynas Rare Earths (LYC, -9.3%) and Ramelius Resources (RMS, -14.4%) both retreated as rare earth and mid-cap gold stocks weakened.

Financials (+1.5%) was the second largest sector contributor led by ANZ (ANZ, +10.4%) and Commonwealth Bank (CBA, +2.8%). National Australia Bank (NAB, -1.2%) and Westpac (WBC, -0.6%) both lagged. Stocks within the Capital Markets sub-sector, including HUB24 (HUB, +13.3%) and Pinnacle Investment Management (PNI, +10.1%), contributed to the sector's positive trend. Insurance stocks underperformed, with

Insurance Australia Group (IAG, -4.1%) and QBE Insurance (QBE, -3.6%) among the notable detractors.

Energy (+3.7%) was another strong sector, with Woodside Energy (WDS, +7.7%), Paladin Energy (PDN, +16.0%) and Whitehaven Coal (WHC, +9.3%) responding to higher commodity prices, while Santos (STO, -6.2%) lagged.

Consumer Discretionary (-6.8%) detracted from performance driven lower by broad-based consumer caution. Wesfarmers (WES, -8.7%) and Aristocrat Leisure (ALL, -9.5%) were notable detractors, while Eagers Automotive (APE, +18.8%), Domino's Pizza (DMP, +35.9%) each performed well.

Health Care (-4.8%) also lagged, with CSL (CSL, -9.9%) falling on guidance disappointment. Pro Medicus (PME, -14.5%) also detracted within this sector.

Information Technology (-8.4%) detracted from performance, particularly WiseTech Global (WTC, -23.4%) and Xero (XRO, -7.9%). WTC shares fell as ASIC launched an investigation into insider trading by several employees including its founder and executive Chairman.

## Portfolio review

### Key Contributors

**Wesfarmers (WES, underweight)** – the diversified conglomerate underperformed during the period following its AGM update, which saw relatively weaker Kmart and Officeworks trading updates offset improving Bunnings momentum. We retain an underweight position in the company as we believe that while WES's core retail businesses (Bunnings/Kmart) will trade reasonably well in the environment ahead, its non-retail exposures (e.g. lithium) will continue to dilute the quality of the broader group.

**Ansell Limited (ANN, overweight)** – the global protective equipment company outperformed during the period, supported by an upgrade to FY26 earnings guidance. The announcement highlighted recovering global demand, ongoing progress in innovation initiatives and offsetting the impact of US import tariffs and FX benefit. We maintain our positive view with an overweight position, as the stock's valuation at around 15-times P/E remains well below industrial peers, notwithstanding an attractive growth outlook. We see the potential for both modest earnings improvement and a P/E re-rating to drive further stock outperformance.

**TPG Telecom (TPG, overweight)** – the telecommunications company outperformed during the month following the announcement of a new \$600 million handset receivables financing structure and its upcoming \$2.4 billion capital return following its Enterprise, Government and Wholesale divestment to Vocus. The latter initially created a short-term overhang on the stock given the structure of its discounted reinvestment plan disincentivised minority shareholders from taking a position in the stock ahead of this event.

### Key Detractors

**ANZ Group (ANZ, underweight)** – the Australian bank outperformed during the month following the announcement of its refreshed "2030" strategy, which focuses on simplification, cost reduction, stronger risk management and execution. The update also addressed concerns around dividend sustainability, with management committing to halting the remaining \$800 million share buyback while maintaining dividend payouts, supported by a dividend reinvestment plan. We maintain an underweight position in the banking sector due to elevated valuations that we believe are not supported by the fundamental outlook.

**Treasury Wine Estates (TWE, overweight)** – the winemaker underperformed after withdrawing guidance for its flagship Penfolds label and pausing a planned \$200 million share buyback. Volumes have been impacted by weak demand for Penfolds China, while distribution disruptions in the U.S may be greater than expected. We believe the market is capitalising short-term issues such as Chinese government restrictions and US consumer weakness, resulting in the stock trading at a significant valuation disconnect relative to its 10-year average (11.4-times FY26 P/E vs 22.9 times 10-year average).

**Bapcor (BAP, overweight)** – the automotive aftermarket supplier underperformed following a profit downgrade for FY26, with underlying net profit expected to fall by around 30%. Weak first-quarter trading, softer demand across retail and trade segments raised concerns over execution. We remain somewhat cautious on the short-term outlook, with the business still in turnaround, but expect that value will be unlocked if BAP executes its strategic initiatives to simplify the business.

### Market outlook

The global theme of Mega Cap Technology continued to dominate equity markets in October. Indeed, the momentum behind the thematic accelerated. Global equities rose +3.1% in unhedged terms with returns bolstered by the -1% decline in the \$A/US\$ during the month.

Strong earnings results and excitement over deals announced between chip manufacturers and AI companies helped drive the rally. Additional support came via a firming of expectations for further US interest rate cuts during the month. The Federal Reserve re-emphasised its view that tariff-led inflation should be a one-off impact, while simultaneously expressing concern over a weaker labour market, leading to interest rate markets pricing for a further three rate cuts by mid-2026.

Global bonds returned -0.3% in October, underperforming a +0.4% gain for local fixed income with bills, government bonds, inflation-linked bonds and corporate bonds delivering very similar returns of +0.3% to +0.4% in the month. The exceptional run for gold continued in the month, rising a further +3.7% in October, however, the volatility during the month was extreme, surging by 13% in the month until October 20 before declining 8%. Similarly, crypto assets had a volatile month, with Bitcoin's recent decline eliminating all gains in the calendar year.

The main economic event in Australia during October came via the volatility in expectations for the RBA. A surprisingly high unemployment rate print encouraged interest rate markets to price for a November rate cut, only for a high September quarter CPI print later in the month to effectively eliminate any prospect of another rate cut in 2025.

Last month we highlighted that financial markets were in effect easing conditions for the RBA – via strong asset price returns, lower yields and tighter bond spreads – and our Financial Conditions Index had moved to a neutral setting, 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. We still see the RBA easing rates from May 2026 as inflation likely remains well behaved, unemployment drifts higher and productivity recovers. However, for now, the RBA have shifted to a mode where they want to monitor the recovery in private demand rather than stimulate it further.

Australia appears 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. We remain constructive on the medium-term prospects of Australia's economic and financial market outlook.

We are most overweight stocks within the Communication Services, Materials and Utilities sectors, and are underweight Financials, Consumer Discretionary and Industrials.

## Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	8.75	3.85	4.90
Consumer Discretionary	4.56	7.53	-2.97
Consumer Staples	1.74	3.40	-1.66
Energy	5.10	3.61	1.49
Financials	22.66	34.39	-11.73
Health Care	9.46	7.41	2.05
Industrials	5.23	7.40	-2.17
Information Technology	5.96	3.15	2.81
Materials	25.23	21.04	4.19
Real Estate	5.90	6.78	-0.88
Utilities	4.71	1.43	3.28

## Top 3 holdings

	Portfolio %	Benchmark %	Active %
BHP Group	9.37	8.19	1.19
Commonwealth Bank of Australia	7.77	10.66	-2.90
Westpac Banking	7.00	4.92	2.08

## Key active positions

Overweights	Portfolio %	Benchmark %	Active %
Woodside Energy	5.10	1.75	3.35
TPG Telecom	2.92	0.09	2.83
ResMed	3.60	0.83	2.76
Underweights			
National Australia Bank	0.00	4.96	-4.96
Wesfarmers	0.00	3.54	-3.54
ANZ	0.71	4.06	-3.35

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	8.63	7.29	3.35	-0.56
Distribution return	4.88	4.89	9.13	8.82

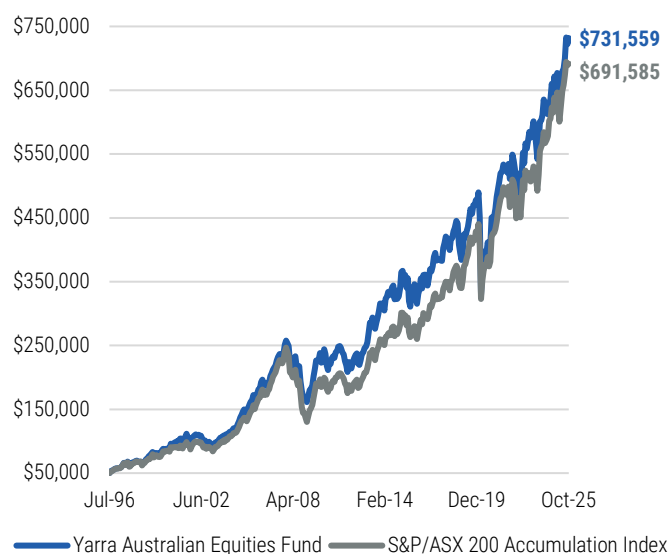
The Growth Return is measured by the movement in the Fund's unit price (inclusive of fees), ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders 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 companies listed on the Australian Securities Exchange. In doing so, the aim is to outperform the S&P/ASX 200 Accumulation Index over rolling 3-year periods.	
Recommended investment time frame	5 - 7 + years	
Fund inception	July 1996	
Fund size	A\$135.9 mn as at 31 October 2025	
APIR codes	JBW0009AU	
Estimated management cost	0.90% p.a.	
Buy/sell spread	+/- 0.15%	
Platform availability	Asgard Ausmaq BT Panorama BT Super Wrap FirstWrap GrowWrap	Hub24 IOOF Pursuit Macquarie Wrap Netwealth Oasis Powerwrap

## Investment performance comparison of \$50,000

After fees, since inception of the Yarra Australian Equities Fund, July 1996 to October 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 S&P/ASX 200 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. Note that the minimum initial investment amount for the Yarra Australian Equities Fund is \$10,000.

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## Applications and contacts

Investment into the Yarra Australian Equities Fund can be made by Australian and New Zealand resident investors only.

**Website** [www.yarracm.com](http://www.yarracm.com)

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