

Yarra Emerging Leaders Fund

Gross returns as at 31 January 2026

	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	2.01	-0.89	13.32	11.81	10.01	9.37	11.20
Emerging Leaders Combined Benchmark†	1.88	1.37	17.96	11.57	9.08	10.99	7.68
Excess return (before fees)‡	0.13	-2.26	-4.64	0.25	0.94	-1.62	3.51

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 31 January 2026

	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	1.90	-1.20	11.92	10.43	8.65	8.01	9.89
Emerging Leaders Combined Benchmark†	1.88	1.37	17.96	11.57	9.08	10.99	7.68
Excess return (after fees)‡	0.02	-2.57	-6.04	-1.13	-0.42	-2.98	2.20

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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 equities market rose during the month of January.

The Emerging Leaders Benchmark returned +1.9% for the month, taking its 12-month return to +18.0%. The broader S&P/ASX 300 Accumulation Index returned +1.7%, whilst globally, the MSCI World Index delivered +1.4% for the month.

Materials (+7.2%) performed strongly, supported by broad-based strength in metals and mining. Greatland Resources (GGP, +25.4%) led performance, with Ramelius Resources (RMS, +13.5%) and Westgold Resources (WGX, +14.3%) also strong.

Energy (+14.7%) also performed well amid geopolitical tensions. Strong moves across uranium-exposed names including Deep Yellow (DYL, +54.4%) and Paladin Energy (PDN, +44.3%) helped. These gains were partly offset by weakness in Viva Energy (VEA, -12.2%) and Ampol (ALD, -9.7%).

Industrials (+1.9%) advanced, underpinned by strength in contractors and services including Monadelphous (MND, +17.5%) and ALS (ALQ, +11.8%). This was partly offset by declines in Silex Systems (SLX, -19.1%) and Virgin Australia (VGN, -10.6%).

Real Estate (-3.8%) was the largest sector drag, led lower by declines in listed property REITs including Charter Hall Group (CHC, -5.9%) and Vicinity Centres (VCX, -3.9%). This was partly offset by gains in Lifestyle Communities (LIC, +10.1%).

Financials (-2.1%) detracted, led by weakness in consumer and investment-related exposures including Zip Co (ZIP, -19.5%) and Block (SQ2, -10.4%). Offsetting this was strength in HUB24 (HUB, +5.4%), Judo Capital (JDO, +5.2%) and Bendigo & Adelaide Bank (BEN, +4.3%).

Health Care (-2.7%) declined, with weakness across biotech and pharmaceutical names including Neuren Pharmaceuticals (NEU, -10.3%), alongside Ansell (ANN, -6.8%) and Mesoblast (MSB, -7.0%). This was partly offset by gains in Ramsay Health Care (RHC, +5.8%) and Fisher & Paykel Healthcare (FPH, +3.1%).

Information Technology (-1.5%) declined on weakness across software on concerns around AI disruption. Codan (CDA, +33.8%) outperformed, while Qoria (QOR, -42.7%) and Life360 (360, -18.2%) were among the weakest performers.

Portfolio review

Key Contributors

Evolution Mining (EVN, overweight) – the gold and copper producer outperformed during January on the back of higher commodity prices, as gold rallied 21% and copper rose 9% 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.

Sandfire Resources (SFR, overweight) – the pure play copper producer outperformed as copper prices increased by 9% during the month. We continue to favour SFR as the best exposure to copper on the ASX, a highly attractive commodity given declining and increasingly expensive supply and its demand leverage to electrification as a key material in batteries and electric motors.

JB Hi-Fi (JBH, underweight) – the consumer electronics retailer underperformed over the period, reflecting deteriorating interest rate expectations and weaker consumer confidence. This is expected to weigh on discretionary sales, placing gross margins at risk in an environment of elevated promotional activity. The business has otherwise seen strong performance from its core JB Hi-Fi Australia business offset by a relatively weaker contribution from its other exposures (The Good Guys, NZ and E&S), with competitor HVN also starting to retake share in the category.

Key Detractors

CAR Group (CAR, overweight) – the online vehicle classifieds company underperformed following heightened market fixation on the risk of disruption from AI search. There is no evidence of disruption to market leading online marketplaces from online search anywhere globally to date, and we note the embedded nature of CAR's products in industry ecosystems, strong proprietary data advantage and investment ahead of the curve in AI powered product should offer meaningful protection. We view CAR's now discounted valuation of 13.6 times FY27 EBITDA as more than capturing this risk.

Block, Inc (XYZ, overweight) – the payments technology company underperformed during the month, as technology stocks were generally pressured. XYZ has provided the market with FY26 and FY28 guidance, backed by a broad pipeline of product initiatives. XYZ trades on an appealing cash flow yield of 7.4% which we view as highly attractive for a company growing earnings above 30%.

Ansell (ANN, overweight) – our overweight position in the global glove and protective equipment company detracted over the period following the announcement in January that the company's CEO, Neil Salmon, would be retiring. The transition to a new CEO is planned, with his retirement effective 16 February 2026 as part of the succession to Nathalie Ahlström. The news came as a surprise to investors, with Neil having served only a little over four years as CEO, amid strong business momentum supported by a number of successful operating and acquisition initiatives.

Market outlook

The month of January 2026 was notable for an escalation in geopolitical events, including the US capture of the Venezuelan President, the seizure of Venezuelan oil tankers by the US, threats to invade Greenland, protests inside the US over tactics used against illegal immigrants and the greatest political uprising in Iran since 1979.

Against this backdrop, it was remarkable that global equities rallied +2.2% in the month of January while Australian equities returned +1.8%. Part of this can be traced to the seasonal optimism in financial markets that often attends the start of the calendar year and evidence that both the US and Australia finished 2025 with good economic growth momentum.

Nevertheless, financial markets became increasingly nervous during the month after a series of announcements from Mega Cap Tech companies of larger-than-expected capital expenditure plans and rising fears that AI will disrupt the business models of many well-held growth companies in the SaaS sector.

In our 2026 outlook pieces we flagged that emerging market equities, commodities and small companies would likely do well in 2026. All three had a very good January, returning +8%, +10% and +2.7% respectively in the month. We also suggested that the A\$ would appreciate through 70c in early 2026 and after ending 2025 at 66.7c the A\$ finished the month at 69.6c. This 4.4% rise ate into the returns of unhedged offshore investments, with offshore unhedged equities returning -2% in January following on from -1% in December. Fixed income had a relatively modest return of +0.2% in Australia, although global bonds fared better, returning +0.9% in January.

The biggest news locally was the shift in the Reserve Bank of Australia's (RBA) interest rate expectations. This followed an employment report that saw the unemployment rate decline more than expected and the December CPI print which printed mildly above expectations. As such, financial markets finished the month priced for a 70% probability of a February rate hike.

Although we have been very constructive on the Australian economic outlook into 2026, we do note that the rise in the A\$ has contributed to a sharp tightening in Australian financial conditions. In our view, there are a number of quirks in both the employment and inflation data that suggest the RBA should refrain from engaging in a renewed and sustained tightening cycle.

We expect a somewhat bumpy but overall positive ride for equities in 2026. Our forecasts are for total return of +9% for the US, +12% for Emerging Markets, and +10% for Australia. Within interest rate markets, we expect yield curve steepening to be back in vogue in 1H26 in anticipation of a dovish Federal Reserve and stubbornly high US government debt. We also expect a weaker US\$ to again become a dominant theme in 2026, helping to propel the A\$/US\$ towards 75c by mid-2026.

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

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	5.49	3.76	1.73
Consumer Discretionary	6.93	9.68	-2.75
Consumer Staples	2.83	4.28	-1.45
Energy	0.00	5.82	-5.82
Financials	15.72	11.45	4.28
Health Care	11.42	5.13	6.29
Industrials	10.56	14.84	-4.28
Information Technology	5.61	5.00	0.61
Materials	30.11	28.57	1.54
Real Estate	8.94	10.70	-1.76
Utilities	0.00	0.78	-0.78

Top 3 holdings

	Portfolio %	Benchmark %	Active %
Sandfire Resources	6.05	1.31	4.74
Evolution Mining	4.77	0.00	4.77
NEXTDC Inc.	3.99	1.22	2.77

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
Evolution Mining	4.77	0.00	4.77
Sandfire Resources	6.05	1.31	4.74
Dyno Nobel Inc.	3.91	0.82	3.09
Underweights			
Light & Wonder	0.00	1.92	-1.92
PLS Group	0.00	1.88	-1.88
ALS	0.00	1.79	-1.79

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	7.60	6.32	2.99	4.27
Distribution return	4.33	4.11	5.66	3.74

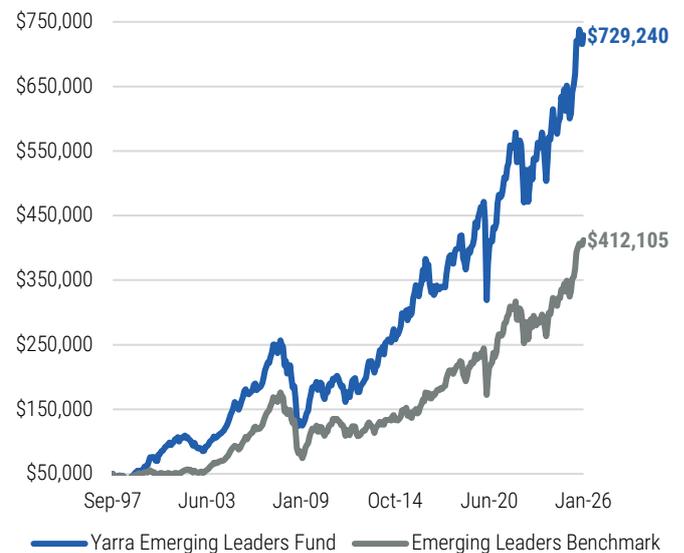
The Growth Return is measured by the movement in the Fund's unit price (inclusive of fees), ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders 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\$111.8 mn as at 31 January 2026	
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 January 2026.



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.

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