

Yarra Ex-20 Australian Equities Fund

Gross returns as at 31 January 2026

	From 25 June 2018 [^]	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception % p.a.*
Yarra Ex-20 Australian Equities Fund	7.35	1.57	-2.24	6.87	10.87	10.62	8.68	8.30
S&P/ASX 300 ex S&P/ASX 20 Accumulation Index [#]	7.99	1.94	0.49	11.36	10.76	9.36	N/A	N/A
Excess return (before fees) [‡]	-0.64	-0.37	-2.73	-4.49	0.10	1.26	N/A	N/A

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 January 2026

	From 25 June 2018 [^]	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception % p.a.*
Yarra Ex-20 Australian Equities Fund	6.38	1.49	-2.47	5.92	9.88	9.64	7.60	7.12
S&P/ASX 300 ex S&P/ASX 20 Accumulation Index [#]	7.99	1.94	0.49	11.36	10.76	9.36	N/A	N/A
Excess return (after fees) [‡]	-1.61	-0.44	-2.95	-5.44	-0.89	0.27	N/A	N/A

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.

[^] Effective 25 June 2018 the Fund's investment strategy, name and benchmark was changed. Performance prior to 25 July 2018 is provided here for consistency purposes only – the historical performance data shown relates to the previous strategy and should not be used to assess past or future performance of the Fund. Performance data relating to the previous strategy is available upon request. 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 Ex-20 Australian Equities Fund: August 2010.

[#] The benchmark for the Yarra Ex-20 Australian Equities Fund has been amended since the Fund's inception. Effective 25 July 2018, the benchmark is the S&P/ASX 300 ex S&P/ASX 20 Accumulation Index, replacing the S&P/ASX 300 Accumulation Index.

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

Market review

The Australian Ex-20 equities rose during the month of January.

The S&P/ASX 300 Ex-20 Accumulation Index returned +1.9% for the month, taking its 12-month return to +11.4. The broader S&P/ASX 300 Accumulation Index returned +1.7%, whilst globally, the MSCI World Index delivered +1.4% for the month.

Materials (+10.8%) led the market higher, supported by commodity price increases. South32 (S32, +29.8%), BlueScope Steel (BSL, +29.7%) and Lynas Rare Earths (LYC, +19.8%) were among the strongest performers, supported by Evolution Mining (EVN, +16.0%) and Northern Star Resources (NST, +8.3%).

Energy (+14.3%) delivered strong gains amid geopolitical tensions, led by uranium and coal producers. Deep Yellow (DYL, +54.3%), and Paladin Energy (PDN, +44.3%) were standout performers, alongside strength in Whitehaven Coal (WHC, +13.9%) and Yancoal Australia (YAL, +16.5%). These

gains were partly offset by declines in Ampol (ALD, -9.7%) and Viva Energy (VEA, -12.2%).

Industrials (+0.5%) recorded modest gains. Strength in ALS (ALQ, +11.8%) and Monadelphous Group (MND, +17.5%) supported the sector, while Worley (WOR, +6.7%) also contributed. This was offset by weakness in Computershare (CPU, -4.2%) and Qantas Airways (QAN, -3.0%).

Information Technology (-9.1%) was the weakest sector on concerns around AI disruption. Sharp declines in Xero (XRO, -17.8%), WiseTech Global (WTC, -15.3%) and Life360 (360, -18.2%) drove underperformance, partly offset by gains in Codan (CDA, +33.8%) and NextDC (NXT, +6.3%).

Communication Services (-4.2%) declined, with losses in online classifieds CAR Group (CAR, -10.3%) and Seek (SEK, -9.3%) also fell on AI disruption risk, outweighing gains in REA Group (REA, +3.5%) and TPG Telecom (TPG, +2.1%).

Real Estate (-3.7%) weakened, led lower by Charter Hall Group (CHC, -5.9%) and Stockland (SGP, -5.9%).

Financials (-1.3%) detracted modestly. Zip Co (ZIP, -19.5%) and Magellan Financial Group (MFG, -12.5%) weighed on returns, partly offset by strength in ASX (ASX, +11.4%) and HUB24 (HUB, +5.4%).

Portfolio review

Key Contributors

BlueScope Steel (BSL, overweight) – the diversified steel manufacturer outperformed during the month following news the company received a \$30/share conditional non-binding bid from a consortium led by US company Steel Dynamics. While BSL rejected this bid, the company's shares continue to trade close to the bid price.

Northern Star Resources (NST, overweight) – the gold producer outperformed during the period as gold prices rocketed 21% during the month to close at a record US\$5,305/oz. We remain attracted to the company's asset quality, cost control, and organic growth pipeline that will grow medium-term production from ~1.5Mozpa to ~2Mozpa.

Evolution Mining (EVN, overweight) – the gold and copper producer outperformed during January on the back of higher commodity prices. During the month gold increased by 21%, while copper rose by 9%. We remain attracted to EVN's long-life assets and meaningful leverage to copper production at the Ernest Henry and Northparkes mines.

Key Detractors

Xero (XRO, overweight) – the cloud-based accounting software company was an underperformer during the period as the market became increasingly cautious on the risk of incumbent software-as-a-service (SaaS) companies being disrupted by AI powered start-ups. The selloff in software names has been largely indiscriminate at this point as uncertainty has increased and it is likely to take some time to resolve the market's concerns. We believe that scale platform businesses that are highly integrated into customer workflows and are investing heavily into AI powered product enhancements such as XRO, are unlikely to be long term losers.

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%.

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.

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 the Communication Services, Utilities and Health Care sectors and underweight Industrials, Energy and Real Estate.

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	12.07	3.75	8.32
Consumer Discretionary	4.08	6.65	-2.57
Consumer Staples	2.30	2.54	-0.24
Energy	0.00	3.39	-3.39
Financials	10.83	13.17	-2.34
Health Care	11.71	9.82	1.88
Industrials	1.34	11.62	-10.28
Information Technology	7.73	6.00	1.73
Materials	30.92	29.67	1.25
Real Estate	7.03	10.15	-3.13
Utilities	7.75	3.25	4.50

Top 3 holdings

	Portfolio %	Benchmark %	Active %
Northern Star	9.06	3.59	5.47
ResMed	5.52	1.85	3.67
Origin Energy	4.78	1.76	3.02

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
Northern Star	9.06	3.59	5.47
ResMed	5.52	1.85	3.67
NEXTDC	4.37	0.74	3.63
Underweights			
Scentre Group	0.00	1.85	-1.85
South32	0.00	1.80	-1.80
Suncorp Group	0.00	1.60	-1.60

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	3.04	7.89	7.39	5.12
Distribution return	2.88	1.99	2.24	2.48

The Growth Return is measured by the movement in the Fund's unit price, 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 Australian Securities Exchange listed securities excluding the largest 20 by market capitalisation (as defined by the S&P/ASX 20 Index). In doing so, the aim is to outperform the S&P/ASX 300 ex S&P/ASX 20 Accumulation Index over rolling 3-year periods.	
Recommended investment time frame	5 - 7 + years	
Fund inception	August 2010	
Fund size	A\$124.5 mn as at 31 January 2026	
APIR code	JBW0052AU	
Estimated management cost	0.90% p.a	
Buy/sell spread	+/- 0.15%	
Platform availability	BT Panorama Hub24	Praemium

Applications and contacts

Investment into the Yarra Ex-20 Australian Equities Fund can be made by Australian resident investors only.

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