Yarra Emerging Leaders Fund

Gross returns as at 28 February 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	-0.30	0.05	16.68	11.57	9.78	9.66	11.15
Emerging Leaders Combined Benchmark†	-1.34	0.60	20.88	12.37	8.77	10.72	7.61
Excess return (before fees)‡	1.04	-0.55	-4.19	-0.80	1.01	-1.06	3.54

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 28 February 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	-0.40	-0.25	15.24	10.19	8.42	8.30	9.85
Emerging Leaders Combined Benchmark†	-1.34	0.60	20.88	12.37	8.77	10.72	7.61
Excess return (after fees)‡	0.95	-0.85	-5.63	-2.18	-0.34	-2.41	2.23

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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 fell during the month of February.

The Emerging Leaders Benchmark returned -1.3% for the month, taking its 12-month return to +20.9%. The broader S&P/ASX 300 Accumulation Index returned +3.9%, whilst globally, the MSCI World Index delivered +1.0% for the month.

Materials (+2.9%) was the largest sector contributor driven by positive commodities sentiment. Strength was led by PLS Group (PLS, +21.0%) and Regis Resources (RRL, +17.1%) while Iluka Resources (ILU, +25.9%) also performed well.

Industrials (+1.7%) contributed, supported by NRW Holdings (NWH, +25.5%), Aurizon Holdings (AZJ, +12.5%) and Downer EDI (DOW, +6.7%), partly offset by Worley (WOR, -15.4%) and Austal (ASB, -25.9%).

Consumer Discretionary (-10.1%) was the largest detractor during the month. Weakness was concentrated in retail and leisure, led by Light & Wonder (LNW, -19.7%) and Flight Centre Travel (FLT, -20.4%). Bapcor (BAP, -43.9%) also detracted, while Tabcorp Holdings (TAH, +20.9%) provided some offset.

Communication Services (-5.0%) fell, with REA Group (REA, -12.3%) and News Corp (NWS, -13.7%) weaker, partly offset by Superloop (SLC, +28.3%).

Real Estate (-0.4%) was broadly flat, with gains in Aspen Group (APZ, +19.1%) and PEXA Group (PXA, +8.9%) offset by weakness across diversified and specialised REITs.

Financials (-5.7%) retreated, with pressure across consumer finance and insurance. Zip Co (ZIP, -27.9%) and HMC Capital (HMC, -33.8%) declined sharply, while AUB Group (AUB, -16.1%) and Steadfast Group (SDF, -15.9%) also weighed on returns. GQG Partners (GQG, +20.4%) offered a partial offset.

Energy (-5.6%) detracted, with weakness across uranium and energy names including Paladin Energy (PDN, -3.3%), Deep Yellow (DYL, -7.4%) and Whitehaven Coal (WHC, -11.1%).

Information Technology (-5.7%) detracted as investors focused on AI led disruption within the sector. Stocks that fell sharply included Megaport (MP1, -24.2%), Data#3 (DTL, -28.7%) and SiteMinder (SDR, -29.1%). NextDC (NXT, +4.2%) and Nuix (NXL, +11.0%) offered some offset.

Portfolio review

Key Contributors

Evolution Mining (EVN, overweight) – the gold and copper producer outperformed during February, notwithstanding lower commodity prices (gold -2%, copper -2%). The company reported a strong interim FY26 result, and announced three incremental growth projects 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.

Ramsay Healthcare (RHC, overweight) – Australia's largest private hospital player outperformed during the period following a stronger-than-expected 1H26 update with EBIT +4% ahead and improving operating margins across the domestic private hospital portfolio, something Ramsay and peers have struggled with in recent years. Additionally, the company continues to make progress on simplification with the announced exit, via an in-specie distribution, of its European hospital exposure (de Sante). Overall, we remain positive, driven by improved outlook domestically, simplification progress and future opportunities to strengthen the company's overall funding position.

Iluka Resources (ILU, overweight) – the mineral sands producer delivered strong outperformance in February as rare earth prices increased 25%. While the short term outlook remains challenged, we continue to like mineral sands markets long-term and favour ILU 's leverage as the world's largest zircon producer and fifth largest producer of titanium feedstocks. Iluka is moving into rare earths production through the Eneabba refinery and would be a critical component producer for the EV industry.

Key Detractors

Pls Group (PLS, underweight) – the lithium miner outperformed during the month as lithium prices remained elevated on increased optimism in the battery metals sector. We remain underweight the lithium sector as we view the market as well supplied for the remainder of the decade as we see mine restarts placing a cap on further upside to lithium prices in the near term, while incremental supply from new provinces including Nigeria, Mali and Zimbabwe will adequately balance markets in the longer term.

AUB Group (AUB, overweight) – the insurance broker underperformed during the period despite upgrading earnings guidance for FY26. The underperformance of AUB could in part be explained by a further moderation in the insurance premium rate cycle which fell to low single digit growth in the December quarter. We continue to hold the AUB position given defensive growth in Australian retail broking, international growth through the Tysers platform including into UK retail broking and hidden value in the high growth Bizcover business. AUB continues to trade at a material discount to global broker peers, offering significant valuation upside.

Megaport (MPL, overweight) – the global software defined network provider underperformed during the period consistent with the broader underperformance of the technology sector, despite being a beneficiary of AI adoption. The underperformance of MP1 could also be partly explained by the negative consensus earnings revisions from currency adjustments. We remain positive on MP1 within the core global software defined network business given accelerating demand supported by cloud and AI growth with upside from new products and improving go to market execution.

Market outlook

Australian equity markets delivered a strong performance in February 2026, underpinned by robust corporate earnings, supportive commodity prices, and renewed confidence in domestic growth momentum. These positives outweighed the headwind from the Reserve Bank of Australia (RBA) with equity markets reaching fresh record highs and the Australian dollar appreciating further over the month. The S&P/ASX 200 Accumulation Index returned 4.1% in February, completing the strongest two month start to a calendar year since 2019. Large resource companies led the gains, rising with the S&P/ASX 200 Resources and Small Resources producing returns of 8.7% and 0.9%, respectively. The S&P/ASX 100 outperformed the Small Ordinaries by 7.4%.

In comparison, global equities returned 0.7% in February; however, for unhedged investors, the 2.2% rise in the Australian dollar during the month resulted in a decline of 1.4%. This is the third month of sequential declines for unhedged global equity holders.

Bond holders had a solid month of returns in February, with returns of 0.9% m/m for domestic fixed income, while global bonds returned 1.1%. Rising inflation concerns in Australia ultimately encouraged the RBA to act on its tightening bias in February with a 25bp hike, and this helped underpin demand for inflation-linked bonds which returned 1.1% in February. Strength in commodity prices also stoked inflation concerns, with commodity prices rising 2.4% in February, following a 9.8% surge in January. A 7.9% rise in gold prices during the month was a main contributor to the rise.

Rising concerns over a potential conflict with Iran became evident later in the month and overshadowed February's reporting season which exceeded consensus expectations overall. Earnings upgrades outnumbered downgrades, particularly in the resources and financial sectors. Consumer exposed sectors showed more mixed results as cost-of-living pressures weighed on volumes.

Looking forward, the escalation of the Iran conflict will dominate near term market movements, however, rising solvency concerns over some private credit funds and the escalation of disruption fears from AI are also important developments. From Australia's perspective, the combination of a rapid decline in the economy's dependence upon crude oil and the rise in the Australian dollar should contain the economic shock of higher oil prices to a relatively modest jump in retail fuel prices. A $10 per barrel rise in oil prices translates to a 6c rise in retail petrol prices. Given petrol has a 3.4% weighting in the CPI, the initial impacts of oil prices stabilising around $95 per barrel are quite small. The overall economic impacts are even less, given Australia's large export presence in LNG markets which benefit from oil-price linkage contracts.

Domestically, the main focus has been that strong upward revisions to Australia's GDP growth have collided with the RBA's fear that Australia was already growing in excess of its 'potential' economic growth. Despite the RBA noting that most of the inflationary pressure in Australia is currently one-off sector specific pressures that will soon moderate, they are increasingly concerned that future inflation may be higher than projected particularly should inflation expectations become unanchored. At this stage, there is no evidence that longer term inflation expectations have moved but there is evidence that consumer confidence has fallen precipitously. The risk of a further hike in May can't be dismissed; however, financial conditions have tightened sharply during the past month, and we expect both activity and labour market data to cool in coming months.

Our forecast for the Australian dollar to exceed US75c by mid-2026 will further tighten financial conditions and ultimately, we think that this will contribute to the reason why the RBA will remain on hold. In concert with our forecast for two rate cuts by the U.S. Federal Reserve in 2H26 and solid consensus earnings growth expectations, we remain of the view that equity markets will provide around a 10% return in 2026, albeit if most of those gains occur late in the calendar year. Volatility across financial markets is likely to persist through the June quarter, however, we expect financial markets to focus more on earnings than geopolitics as a driver of returns as the year progresses.

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	5.21	3.64	1.57
Consumer Discretionary	6.55	8.85	-2.31
Consumer Staples	2.74	4.30	-1.57
Energy	0.00	5.60	-5.60
Financials	15.67	10.96	4.71
Health Care	12.04	5.18	6.86
Industrials	9.80	15.29	-5.50
Information Technology	6.42	4.63	1.79
Materials	30.09	29.89	0.20
Real Estate	8.83	10.79	-1.96
Utilities	0.00	0.85	-0.85

Top 3 holdings

	Portfolio %	Benchmark %	Active %
NextDC	5.18	1.28	3.90
Sandfire Resources	5.07	1.34	3.73
Evolution Mining	5.05	0.00	5.05

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
Evolution Mining	5.05	0.00	5.05
NextDC	5.18	1.28	3.90
Sandfire Resources Inc.	5.07	1.34	3.73
Underweights			
PLS Group	0.00	2.28	-2.28
ALS	0.00	1.87	-1.87
Light & Wonder	0.00	1.55	-1.55

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	10.79	6.09	2.77	4.55
Distribution return	4.46	4.10	5.65	3.75

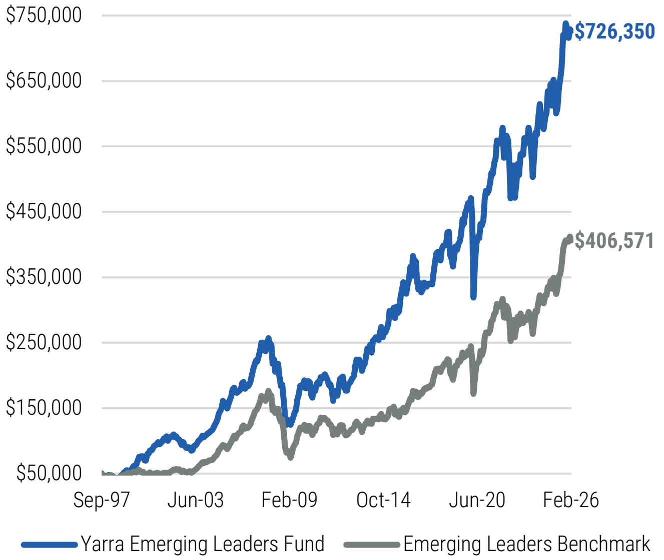
The Growth Return is measured by the movement in the Fund's unit price (inclusive of fees), ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders 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$111.7 mn as at 28 February 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 February 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.

Website www.yarracm.com

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