

Yarra Ex-20 Australian Equities Fund

Gross returns as at 28 February 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	7.28	0.10	-0.34	9.96	10.92	10.39	9.07	8.27
S&P/ASX 300 ex S&P/ASX 20 Accumulation Index [#]	7.65	-1.79	-0.63	13.19	10.69	8.95	N/A	N/A
Excess return (before fees) [‡]	-0.37	1.89	0.29	-3.23	0.23	1.44	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 28 February 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	6.32	0.03	-0.56	8.98	9.93	9.40	7.99	7.08
S&P/ASX 300 ex S&P/ASX 20 Accumulation Index [#]	7.65	-1.79	-0.63	13.19	10.69	8.95	N/A	N/A
Excess return (after fees) [‡]	-1.33	1.82	0.07	-4.21	-0.76	0.45	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 fell during the month of February.

The S&P/ASX 300 Ex-20 Accumulation Index returned -1.8% for the month, taking its 12-month return to +13.2%. The broader S&P/ASX 300 Accumulation Index returned +3.9%, whilst globally, the MSCI World Index delivered +1.0% for the month.

Materials (+4.4%) was the largest sector contributor driven by positive commodities sentiment. The sector was supported by gains across most stocks including Evolution Mining (EVN, +12.7%), Lynas Rare Earths (LYC, +27.4%) and lithium producer PLS Group (PLS, +21.0%).

Utilities (+4.5%) rose led by AGL Energy (AGL, +11.9%), with Origin Energy (ORG, +3.0%) and APA Group (APA, +3.8%) also contributing.

Industrials (+0.7%) contributed positively, with strength in Aurizon (AZJ, +12.5%) and NRW Holdings (NWH, +25.5%)

partly offset by Worley (WOR, -15.4%) and Austal (ASB, -25.9%).

Financials (-6.5%) was the largest detractor during the month. Weakness was broad across capital markets and insurance, with ASX Limited (ASX, -5.8%), HUB24 (HUB, -3.6%) and AMP (AMP, -22.1%) all falling. Domestic personal lines insurers Insurance Australia Group (IAG, -10.8%) and Suncorp Group (SUN, -13.0%) also detracted.

Health Care (-8.3%) detracted following a weak reporting season. Declines included Pro Medicus (PME, -29.2%) and Cochlear (COH, -26.0%). This was partially offset by Ramsay Health Care (RHC, +18.5%).

Consumer Discretionary (-7.4%) fell as Light & Wonder (LNW, -19.7%) and Flight Centre Travel (FLT, -20.4%) declined sharply, while IDP Education (IEL, -26.1%) also detracted. Lottery Corporation (TLC, +8.6%) and Tabcorp Holdings (TAH, +20.9%) provided some support.

Information Technology (-8.0%) was again a detractor as investors focused on AI led disruption within the sector,

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particularly software names. Stocks that fell sharply included WiseTech Global (WTC, -18.0%) and Xero (XRO, -11.3%), while NextDC (NXT, +4.2%) offered a modest offset.

Communication Services (-7.7%) was lower, with REA Group (REA, -12.3%) and Seek (SEK, -21.0%) weaker, partly offset by gains in Superloop (SLC, +28.3%).

Portfolio review

Key Contributors

Tabcorp (TAH, overweight) – the wagering operator outperformed during the period after a strong 1H26 result, delivering a material beat to consensus expectations. Lead indicators of TAH's growth strategy were also evident as the company captured market share, with progress on its in-venue, tote unification, international and media strategies evident. In our view TAH has continued to execute on its turnaround, leaving the company well placed to benefit from an improvement in the domestic wagering market and operating leverage, which appears to be nearing an inflection point.

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.

Cochlear (COH, underweight) – the underweight position in the medical hearing aid company contributed to performance over the period as the stock fell significantly following the release of a weak set of 1H26 accounts. Disappointingly, revenue missed expectations in a range of segments, including the core implant division. Notwithstanding a large unmet need for Cochlear's hearing devices, sales trajectory looks uneven, impacted by the demand for new product and affordability constraints. Trading at a PER of 29x, we continue to see superior risk-adjusted propositions elsewhere.

Key Detractors

Bapcor (BAP, overweight) – the automotive aftermarket supplier underperformed during the period following its 1H26 result and simultaneous discounted capital raise. Bapcor reported softening operating momentum, which saw another rebasing of the business, a buildup of inventory and an uncertain earnings outlook amid weaker trading across its Trade, Retail and Wholesale divisions. We remain somewhat cautious on the short-term outlook with the business still in turnaround but are of the view that value will be unlocked if BAP executes on its strategic initiatives.

Lynas Rare Earths (LYC, underweight) – the rare earth miner outperformed during February as NdPr prices rose 25% to US\$114/kg. While rare earths remain a complex and opaque commodity, we see material demand upside as the western world seeks to diversify away from China supply dominance. We remain underweight LYC as we struggle to identify value and prefer exposure to rare earths via peer Iluka Resources (ILU.AX).

Insurance Australia Group (IAG, overweight) – the general insurer underperformed during the period following the reporting of its first half results which were more complex than usual due to the acquisition of RACQ Insurance. Results highlighted modest gross written premium growth and increasing competitive intensity in motor insurance. We view IAG as a quality business with commanding positions across personal insurance lines and strong volatility cover, however it appears the margin cycle has now peaked out for the sector which warrants a higher level of caution.

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 ASX 200 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 the Communication Services, Utilities and Health Care sectors and underweight Industrials, Energy and Financials.

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	11.39	3.54	7.85
Consumer Discretionary	3.77	6.27	-2.50
Consumer Staples	1.92	2.58	-0.66
Energy	0.00	3.26	-3.26
Financials	9.37	12.50	-3.13
Health Care	12.19	9.20	2.98
Industrials	0.36	11.92	-11.55
Information Technology	8.35	5.53	2.81
Materials	29.96	31.63	-1.67
Real Estate	7.59	10.11	-2.52
Utilities	8.66	3.46	5.20

Top 3 holdings

	Portfolio %	Benchmark %	Active %
Northern Star	8.25	3.84	4.41
Origin Energy	5.74	1.86	3.89
ResMed	5.23	1.82	3.42

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
Northern Star	8.25	3.84	4.41
NextDC	4.88	0.79	4.09
Origin Energy	5.74	1.86	3.89
Underweights			
South32	0.00	1.83	-1.83
Scentre Group	0.00	1.77	-1.77
Lynas Rare Earths	0.00	1.56	-1.56

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	6.02	7.94	7.17	5.51
Distribution return	2.96	1.99	2.24	2.49

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\$126.1 mn as at 28 February 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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