YARRA CAPITAL MANAGEMENT

Investment Commentary
Month to 31 March 2026

Yarra Global Share Fund

Net returns as at 31 March 2026

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Global Share Fund#	-5.17	-14.74	-10.09	8.95	6.56	11.72	8.21
MSCI All Countries World Index^	-3.42	-5.75	9.19	15.70	11.83	12.62	7.90
Excess Return‡	-1.75	-8.99	-19.28	-6.75	-5.27	-0.90	0.30

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 of Yarra Global Share Fund: November 1995.
The Fund gains exposure to global equities by investing in the Amova AM Global Equity Fund (Underlying Fund) (a sub-fund of the Amova AM Global Umbrella Fund which is an open ended investment company registered under Luxembourg law as a societe d'investissement, a capital variable).
^ Benchmark: MSCI All Countries World Index (with net dividends reinvested) expressed in Australian Dollars (unhedged).
‡ Excess return: The excess return figures shown represent the difference between the Fund's return and the benchmark.

Portfolio review

The Fund returned -5.17% (after fees) in March, underperforming the Index return of -3.42% by 175 basis points.

Key contributors to performance:

- Amazon.com outperformed as investors refocused on strong AWS growth, advertising momentum and upward earnings revisions despite headline AI capex concerns. Analysts highlighted accelerating cloud demand versus peers and confidence in long-term ROIC, while retail peers lagged amid weaker consumer data.
- Netflix, Inc. rallied after stepping away from the bidding war for Time Warner assets and announcing U.S. subscription price increases across all tiers, reinforcing pricing power and margin expansion. Positive commentary around ad-tier growth and live-sports monetisation contrasted with weaker sentiment toward legacy media peers, driving estimate upgrades and renewed momentum.
- NVIDIA Corporation outperformed following a period of under-performance and continued earnings upgrades after record Q4 results. The deal reinforced ecosystem dominance and sustained AI demand, while peers also rallied, validating sector-wide confidence after a brief correction.
- Linde plc gained on earnings beats, raised dividends and multiple broker upgrades, including a JPMorgan upgrade tied to tightening helium markets. Its defensive cash flows, record project backlog and pricing power contrasted with more cyclical chemicals peers, attracting investor interest.
- DBS Group Holdings outperformed as the Fed's rate pause supported bank net-interest margins and investors rotated into high-yield defensives. Strong capital returns, resilient fee income and bond-issuance activity reinforced confidence, with Singapore banks broadly outperforming regional peers.

Key detractors from performance:

- Coca Cola Europacific Partners lagged after FY25 results showed softer earnings versus expectations and cautious volume commentary, while FX headwinds weighed on guidance. Investor focus shifted to margin sustainability as peers delivered cleaner organic growth, while rising energy costs also weighed on the shares.
- HDFC Bank Limited underperformed sharply following the abrupt resignation of its non-executive chairman, triggering governance concerns and leadership uncertainty. Additional pressure came from rising Energy costs having a potential growth headwind for Indian businesses and consumers, thereby slowing the company's pivot to growth and rising returns.
- SMC Corporation weakened as FY26 earnings guidance implied only modest growth and margins below peak cycle levels, disappointing investors positioned for a faster automation rebound. The shares had also performed well into March and hence the potential growth shock from higher oil prices, also weighed heavily on this high beta industrial.
- Epiroc AB underperformed amid sector rotation out of capital goods and trimmed analyst price targets, despite order wins. Investors focused on their softer near-term construction demand and high valuation multiples. Sandvik AB also lagged after announcing restructuring actions in Machining and facing valuation concerns following strong prior gains.
- Intesa Sanpaolo fell alongside other European banks as the higher oil prices caused from the Iran War weighed heavily on growth within Europe. In addition, the Italian regulators imposed a fine related to a data-privacy breach, reviving operational-risk concerns, overshadowing recent strong

earnings, management's plans to return capital and prior strong share price gains.

Market review

March marked the 150th anniversary of Alexander Graham Bell's patent of the telephone, a fitting milestone as investors grapple with another technology that promises to reshape how the world operates. As a general-purpose technology (GPT), the telephone did not merely improve communication; it restructured commerce, altered labour markets, and compressed distance. Its impact was not driven by invention alone, but by a sustained capital-expenditure boom: networks had to be built, cities rewired, and infrastructure financed. The analogy to today is obvious. AI's real economic consequences depend on an industrial foundation. But the scale and impact of AI spending extends far beyond data centres, power generation and chips. Accounting for over half of US GDP growth and rising, it has become the principal driver of global growth, and investors know it.

If January and February were characterised by a continued de-rating of long-duration assets, particularly those perceived to face structural threats from AI. March was dominated by geopolitics, with the MSCI ACWI declining 3.42% (in AUD terms), as escalating tensions involving Iran and the effective weaponisation of the Strait of Hormuz, through which roughly one-fifth of global crude exports pass, triggered a sharp repricing across markets. The Energy sector was unequivocally the standout performer for the month. As supply risks were rapidly re-priced, energy equities rose by more than 10% over the month, while global equity markets declined by over 7%. Given our zero holdings in the sector, this was by far the largest contributor to March's underperformance.

Markets initially assumed that political incentives would favour a short, symbolic conflict. As the month progressed, that assumption looked increasingly fragile, as investors sought relative safety in large-cap laggards such as NVIDIA and Amazon.com, while the AI-driven defensive sector, Utilities, also performed well. By contrast, more cyclical areas that had delivered strong year-to-date returns, including Industrials, Materials and parts of the consumer complex, fell sharply. Rising energy prices were increasingly recognised as a drag on confidence, margins and household purchasing power. The portfolio was not immune, as a broad range of cyclical holdings, including SMC, Epiroc, Intesa Sanpaolo, L'Oréal and Coca-Cola Europacific Partners, underperformed over the month.

The asymmetry caused by the war has been stark. Energy-importing economies such as Europe, Japan, China and India underperformed meaningfully, while energy-rich regions, including the US, Canada and much of Latin America, proved relatively resilient. Although the United States remains relatively insulated due to domestic energy production, higher fuel prices are now visible at the pump, a politically sensitive issue even for an administration that emphasises energy independence.

From a style perspective, the first quarter saw a decisive rotation. Value stocks rose 1.3% while growth stocks fell 8.4%, reflecting a combination of wealth transfer into direct AI beneficiaries, AI-related disruption concerns across 'intelligence'-based stocks, and the energy-induced growth shock. In March, technology stocks initially showed relative resilience as investors sought perceived quality amid uncertainty. Nonetheless, even this refuge was not immune, with the sector declining 6.6% over the month.

The message was clear: in an environment shaped by rising geopolitical risk and inflation uncertainty, duration is no longer free, and hard assets were in favour.

Country / regional exposure

	Fund %	Benchmark %
Asia Pacific ex China & Japan	5.30	8.53
Canada	0.00	3.17
China	2.40	2.90
Emerging Europe, Middle East, Africa	0.00	1.36
Europe ex UK	17.20	11.47
Japan	8.44	5.05
Latin America	2.39	0.95
United Kingdom	2.77	3.40
United States	58.60	63.17
Cash	2.89	0.00

Sector exposure

	Fund %	Benchmark %
Communication Services	3.41	8.44
Consumer Discretionary	11.88	9.39
Consumer Staples	7.79	5.42
Energy	0.00	4.65
Financials	21.51	16.88
Health Care	13.00	8.89
Industrials	12.89	11.28
Information Technology	24.08	26.41
Materials	2.54	4.03
Real Estate	0.00	1.77
Utilities	0.00	2.85
Cash	2.89	0.00

Top 10 holdings (underlying Fund)

	Portfolio %	Benchmark %	Country
NVIDIA Corporation	7.85	4.72	United States
Microsoft Corporation	5.49	2.91	United States
Amazon.com, Inc.	5.49	2.23	United States
Broadcom Inc.	3.59	1.55	United States
Netflix, Inc.	3.46	0.45	United States
Coca-Cola Europacific Partners plc	2.82	0.02	Netherlands
Compass Group PLC	2.81	0.05	United Kingdom
US Foods Holding Corp.	2.72	0.00	United States
Mastercard Incorporated Class A	2.70	0.47	United States
Linde plc	2.58	0.26	United States

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	-10.09	8.95	6.56	11.65
Distribution return	0.00	0.00	0.00	0.08

Fund growth return is the change in redemption prices over the period. Fund distribution return equals total Fund return minus Fund growth total return. Total Fund returns are post fees, pre tax using redemption prices and assume reinvestment of distributions.

Features

Investment objective	The Fund aims to achieve capital growth over the long term, with total returns (before fees) 3% above the MSCI All Countries World ex-Australia Index (with net dividends re-invested) expressed in Australian Dollars (unhedged) over rolling three-year periods.	
Recommended investment time frame	5+ years	
Fund inception	November 1995	
Fund size	A$285 mn as at 31 March 2026	
APIR code	SUN0031AU	
Estimated management cost	0.99% p.a.	
Buy/sell spread	+/- 0.15%	
Platform availability	AMP North Asgard BT Panorama Hub24 IOOF Wrap	Macquarie Wrap MLC Navigator Netwealth Praemium

Applications and contacts

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

Website www.yarracm.com

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