Investment Commentary
Month to 30 April 2026

Yarra Emerging Leaders Fund

Gross returns as at 30 April 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	5.17	-8.02	11.42	7.01	6.78	8.10	10.77
Emerging Leaders Combined Benchmark†	3.09	-9.08	12.58	8.83	5.57	8.93	7.26
Excess return (before fees)‡	2.08	1.07	-1.16	-1.82	1.20	-0.83	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 30 April 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	5.06	-8.30	10.05	5.69	5.46	6.77	9.47
Emerging Leaders Combined Benchmark†	3.09	-9.08	12.58	8.83	5.57	8.93	7.26
Excess return (after fees)‡	1.97	0.79	-2.54	-3.14	-0.11	-2.17	2.21

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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 April.

The Emerging Leaders Benchmark returned +3.1% for the month, taking its 12-month return to +12.6%. The broader S&P/ASX 300 Accumulation Index returned +2.2%, whilst globally, the MSCI World Index delivered +8.9% for the month.

Materials (+4.6%) was the largest contributor, driven by broad-based strength across metals, mining and lithium exposures. Standout performers included Liontown (LTR, +38.2%), Elevra Lithium (ELV, +62.4%), Mineral Resources (MIN, +18.8%) and Greatland Resources (GGP, +17.9%).

Information Technology (+14.4%) delivered strong gains, with renewed AI led enthusiasm for data centres and IT services. Codan (CDA, +33.3%), NextDC (NXT, +27.8%), Megaport (MP1, +26.3%) and Life360 (360, +7.6%) were key contributors. NextDC rose following a large contract win while Codan rose on another update to guidance.

Financials (+5.2%) also contributed meaningfully led by Zip (ZIP, +56.8%), Netwealth (NWL, +9.2%), Block (XYZ, +15.2%) and AMP (AMP, +11.5%). ZIP was the standout performer following strong results.

Industrials (+2.5%) added to returns, driven by construction, engineering and infrastructure stocks. NRW Holdings (NWH, +16.1%), SRG Global (SRG, +17.1%), Worley (WOR, +5.4%) and Atlas Arteria (ALX, +12.2%) were notable contributors.

Real Estate (+3.4%) also supported performance. Charter Hall Group (CHC, +8.2%) and Vicinity Centres (VCX, +7.3%) contributed positively, partly offset by weakness in PEXA Group (PXA, -17.5%).

Consumer Staples (-5.7%) was the largest drag on performance. Sharp declines in a2 Milk (A2M, -26.0%) outweighed gains from Treasury Wine Estates (TWE, +16.7%) and Cobram Estate Olives (CBO, +14.3%).

Health Care (-3.0%) detracted as weakness in equipment and healthcare technology weighed on returns. 4DMedical (4DX, -27.9%) and Ansell (ANN, -6.4%) offset gains in Telix Pharmaceuticals (TLX, +9.8%).

Portfolio review

Key Contributors

NextDC (NXT, overweight) – leading Australian data centre owner and developer NXT outperformed during the month after announcing its largest ever contract – a 250MW contract anchoring its S4 data centre with a AAA credit rated hyperscaler. NXT has now grown contracted capacity 667MW, a 172% increase this financial year, with contracted EBITDA now reaching $2bn. The scale of the growth has caused funding challenges for NXT, however multiple sub debt deals and a $1.5bn equity raising now see them well placed to deliver the rapid build out.

Iluka Resources (ILU, overweight) – the mineral sands producer delivered strong outperformance over April as rare earth prices (NdPr) increased 9%. 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.

Sims (SGM, overweight) – the scrap steel producer outperformed during April, as US and international (Turkey) scrap prices rose. Additionally, SGM hosted investor briefings in late March that helped quantify the potential upside from the company's SLS cloud computing recycling business. We are attracted to improving fundamentals in the scrap metals industry, particularly given the impacts of US tariffs on steel and copper imports, a positive for SGM's US domestic recycling businesses. The company's emerging cloud computing recycling business SLS is now growing strongly and will continue to drive earnings higher in our view. Longer term we see upside for scrap demand given its use in lower emissions Electric Arc Furnace steel making operations.

Key Detractors

Evolution Mining (EVN, overweight) – the gold and copper producer underperformed during the month following the release of its March quarterly production report. While production was largely in line, the impact of flooding at Ernest Henry contributed to higher-than-expected costs. Notwithstanding one soft quarter, we remain attracted to EVN's long-life assets, and meaningful leverage to copper production at the Ernest Henry and Northparkes mines. Continued drilling success across the portfolio should result in further resource/reserve increases over time.

Mineral Resources (MIN, underweight) – the diversified miner outperformed during April as lithium prices rallied (+6%, Platts 6% Spodumene). The company's March quarter production report was ahead of consensus expectations and included guidance upgrades across several assets. However, we remain underweight the stock, as we see both of the company's key commodities (lithium, iron ore) as unattractive at current levels.

Liontown Resources (LTR, underweight) – our underweight position in the lithium miner was a source of underperformance as lithium prices rose 6% (Platts SC6 spodumene) to remain at elevated levels around US$2,600/t on increased optimism in the battery metals sector. We are cautious on lithium prices which we view as excessive at spot levels above US$2,000/t (SC6). While EV demand has improved at the margin in recent months, and stationary energy storage (ESS) is growing off a low base, we believe there is sufficient supply, particularly from curtailed mines in Australia and Africa.

Market outlook

Australian equity markets rebounded in April 2026, stabilising after March's sharp sell-off as investors looked through ongoing volatility in the Middle East and refocused on earnings delivery and the AI capex cycle. The S&P/ASX 200 Index rose 2.2% over the month, recouping a portion of March's losses, with leadership concentrated in growth/technology and domestically-oriented defensives while energy and parts of resources lagged as oil price volatility eased from early-month extremes.

Global equities staged a powerful recovery in April as strong US corporate results and renewed enthusiasm for AI-related investment outweighed lingering geopolitical concerns. The S&P 500 Index surged 10.5% for the month, with broader risk appetite improving across developed and emerging markets. For Australian-based unhedged investors, currency moves again mattered: the Australian dollar strengthened versus the US dollar over April (reducing the translation benefit from offshore equities), partially offsetting the strong increase in global equity prices within unhedged return outcomes.

Bond markets steadied in April as the inflation impulse from the Middle East energy shock became better understood and risk sentiment improved. Global fixed income posted a modestly positive month (the Bloomberg Global Aggregate was up around 1.2%), supported by tighter credit spreads even as headline inflation risks remained elevated. Commodity performance remained energy-led: Brent crude was highly volatile but stayed elevated on continued disruption risk around the Strait of Hormuz, while gold eased modestly over the month (down ~1.1%) after March's sharp drawdown.

Looking forward, the trajectory of the Iran conflict and the path of oil and freight markets remain the key swing factors for near-term risk pricing. April's rally highlighted markets' willingness to look through uncertainty when earnings and liquidity conditions are supportive; however, with the Strait of Hormuz still a focal point for supply disruption risk, the probability of renewed inflation volatility remains material.

Domestically, the Reserve Bank of Australia's (RBA) May decision delivered a further 25bp increase in the cash rate target to 4.35%, with the Board emphasising that inflation risks remain tilted to the upside, and a further rate hike cannot be ruled out. The Statement on Monetary Policy placed particular weight on the inflation impulse from higher fuel and related commodity prices and the risk of second-round pass-through into broader goods and services prices, especially given underlying inflation had already picked up around the start of 2026 amid ongoing capacity pressures. The Board also noted that short-term measures of inflation expectations have risen and judged that inflation is likely to remain above target for some time, warranting a tighter policy stance despite heightened uncertainty around the growth outlook. However, the RBA also observed that financial conditions have tightened further via higher wholesale rates, bond yields and a firmer exchange rate, and noted that financial conditions are now likely restrictive. As demand slows (as we expect in coming months) we expect the RBA will likely remain on hold for the balance of 2026 before easing policy in mid-2027.

For markets, the June quarter is likely to remain volatile as investors weigh geopolitics against earnings delivery and the evolving path of global policy, with currency moves continuing to play an outsized role in unhedged returns. Our base case remains gradual de-escalation in Iran and near-term earnings downgrades in Australia. Against that backdrop, we see scope for further volatility for equity markets through the remainder of the June quarter and September quarter of 2026. More positive sentiment is likely following the end of the earnings downgrade cycle, lower energy prices and the prospect of easier policy in 2027 coming to fruition.

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

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	7.91	4.82	3.09
Consumer Discretionary	9.02	6.79	2.23
Consumer Staples	2.53	4.12	-1.59
Energy	0.00	6.44	-6.44
Financials	16.31	11.17	5.14
Health Care	8.64	5.49	3.15
Industrials	8.45	15.26	-6.81
Information Technology	7.58	6.68	0.90
Materials	28.05	27.87	0.18
Real Estate	9.02	10.45	-1.43
Utilities	0.00	0.90	-0.90

Top 3 holdings

	Portfolio %	Benchmark %	Active %
NextDC	6.18	1.70	4.48
Ramsay Health Care	4.40	1.16	3.24
Sandfire Resources	3.97	1.18	2.78

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
NextDC	6.18	1.70	4.48
Evolution Mining	3.94	0.00	3.94
Ramsay Health Care	4.40	1.16	3.24
Underweights			
Mineral Resources	0.00	1.76	-1.76
ALS	0.00	1.69	-1.69
Vicinity Centres	0.00	1.54	-1.54

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	5.79	1.75	-0.04	3.07
Distribution return	4.26	3.94	5.49	3.70

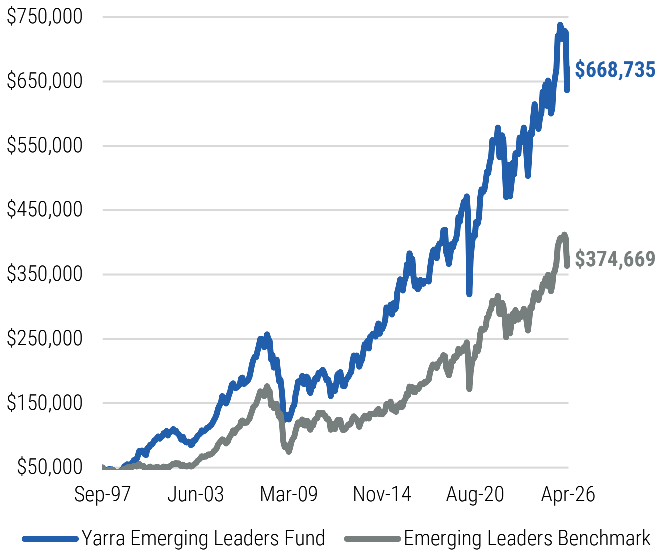
The Growth Return is measured by the movement in the Fund's unit price (inclusive of fees), ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders 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$104.0 mn as at 30 April 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 April 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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