YARRA CAPITAL MANAGEMENT

Investment Commentary
Month to 31 May 2026

Yarra Global Share Fund

Net returns as at 31 May 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#	1.02	-0.45	-9.93	9.37	6.57	11.42	8.33
MSCI All Countries World Index^	5.08	6.51	16.52	18.04	13.09	12.87	8.21
Excess Return‡	-4.05	-6.96	-26.45	-8.67	-6.52	-1.45	0.13

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 1.02% (after fees) in May, to underperform the Index return of 5.08% by 405 basis points (bps).

Key contributors to performance:

- Compass Group outperformed following solid interim results, with organic growth driven by strong pricing, net new business wins, and resilient demand across sectors. Management upgraded guidance, highlighting margin progression and continued outsourcing tailwinds. Analysts pointed to durable volume growth in North America and improving returns in Europe, while positive news flow around contract wins and inflation pass-through reinforced confidence in earnings visibility.
- IQVIA Holdings outperformance was driven by robust quarterly results, particularly in its Technology & Analytics Solutions segment, alongside resilient demand for outsourced clinical research. Management pointed to a stabilisation in biotech funding and improving RFP activity. Analysts turned more constructive on medium-term growth visibility, citing margin expansion and backlog strength, while AI-enabled data offerings reinforced the long-term structural growth narrative.
- Although they lagged the rise in semiconductors and IT hardware, May saw the software sector continue to recover some of the ground lost in February, based on fears over AI's impact on the sector. The catalyst last month was Nvidia CEO Jensen Huang's reiteration of his previous comments that this was "an incredible time" to be a software company, based on his belief that AI agents will need to use more software tools, not fewer. This helped to propel Microsoft higher.
- Keyence Corporation continued to build on the strength seen in late April, when the company reported exceptionally strong quarterly results and proposed plans to permit share buybacks. There is rising confidence that automation companies like Keyence will benefit from the investment spending needed to build out AI infrastructure in the coming years.
- ASM International outperformed on strong order intake and margin resilience, with results indicating continued strength in advanced logic and foundry demand. Management commentary emphasised AI-related semiconductor investment as a key tailwind, particularly in deposition technologies. Positive news flow on semiconductor capex recovery and customer spending plans reinforced sentiment.

Key detractors from performance:

- US Foods Holding results disappointed, with margins coming in weaker than expected, reflecting cost inflation and mix pressures, despite solid top-line growth. Management signalled continued near-term margin headwinds, particularly in independent restaurant demand. Negative sentiment was reinforced by concerns over slowing foodservice volumes and intensified competition limiting pricing power.
- Rakuten Bank underperformed despite solid growth, as valuation concerns and profit-taking followed a strong prior run. Results showed steady deposit and loan expansion, but margin pressures from rising funding costs raised concerns. Analysts flagged intensifying competition in Japanese digital banking and limited near-term upside. Broader weakness in fintech sentiment and rising rate volatility also weighed on the shares.
- SMC Corporation delivered strong results, with guidance suggesting top-line growth is accelerating; however, it also indicated that it would step up spending on sales teams, leading to slower earnings growth. Management also delayed its intention to restructure its balance sheet in favour of using the current end-market strength to acquire adjacent technologies over the coming months. The

shares gave up gains made over the prior months.

- **Netflix** underperformed after results highlighted slower net subscriber additions relative to heightened expectations following prior strong quarters. Management commentary pointed to normalising growth and increased content spend. Mixed news flow around engagement trends and monetisation initiatives underwhelmed investors despite solid profitability.
- **Nu Holdings** shares weakened after results showed strong growth but signs of moderating margin expansion as funding costs rose. Management highlighted ongoing investment in customer acquisition and new products, weighing on near-term profitability. Broader risk-off sentiment towards emerging markets and fintech further pressured the stock.

Market review

Markets remained constructive in May following April's strength, as investors continued to price in geopolitical de-escalation. Developed markets rose by around 5%, while emerging markets significantly outperformed, driven by exceptional gains in Korea and Taiwan. These markets continue to benefit from their central role in the AI supply chain, with hyperscaler-led capital expenditure sustaining demand for advanced semiconductors. However, beneath this healthy headline performance, market leadership became increasingly narrow and concentrated.

The defining feature of May was the extreme lopsidedness of returns. Technology was the only sector to outperform, rising more than 17%, while every other sector lagged the broader index. Even within Information Technology, leadership was highly concentrated in a small subset of names tied to AI infrastructure.

Defensive and commodity-linked sectors, including Energy, Utilities, Consumer Staples and Real Estate, delivered negative absolute returns, while regions with similar exposures such as the UK, Australia and Canada lagged the broader market. In contrast, Asia was the only region to deliver meaningful outperformance. The result is a market increasingly driven by a single theme, with investors rewarding AI-linked cyclicality while largely ignoring other parts of the opportunity set.

Taken together, May was another reminder that liquidity remains abundant and risk appetite elevated. Valuations across a wide range of assets, from equities to fine art, continue to reflect optimism, with record auction prices and premium launches in luxury markets underscoring the broader backdrop. While such conditions can persist, the narrowness of leadership leaves markets more fragile than headline indices suggest. For now, investors appear comfortable believing in unicorns, but history would suggest that such periods do not endure indefinitely.

Country / regional exposure

	Fund %	Benchmark %
Canada	0.00	2.96
EM - Asia	4.16	10.31
EM - Europe, Middle East, Africa	0.00	1.23
EM - Latin America	2.01	0.81
Europe ex UK	18.08	10.69
Israel	0.00	0.25
Japan	8.25	5.00
Pacific ex Japan	3.35	2.18
United Kingdom	2.98	3.07
United States	58.94	63.50
Cash	2.22	0.00

Sector exposure

	Fund %	Benchmark %
Communication Services	2.81	8.34
Consumer Discretionary	12.24	9.12
Consumer Staples	7.13	4.70
Energy	0.00	3.73
Financials	19.90	15.63
Health Care	11.56	7.79
Industrials	13.39	10.72
Information Technology	28.40	32.21
Materials	2.35	3.72
Real Estate	0.00	1.63
Utilities	0.00	2.42
Cash	2.22	0.00

Top 10 holdings (underlying Fund)

	Fund %	Benchmark %	Country
NVIDIA	8.62	4.95	United States
Amazon.com	6.46	2.51	United States
Microsoft	6.05	3.07	United States
Broadcom	4.70	1.94	United States
ASM International N.V.	3.11	0.05	Netherlands
Compass Group	2.98	0.05	United Kingdom
Netflix	2.81	0.35	United States
Coca-Cola Europacific Partners	2.55	0.02	United Kingdom
CaixaBank SA	2.53	0.05	Spain
Mastercard	2.42	0.40	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	-9.93	9.37	6.57	11.34
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$283 mn as at 31 May 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

Investor Services Team 1800 034 494 (Australia) +61 3 9002 1980 (Overseas) IST@yarracm.com