Yarra Emerging Leaders Fund

Gross returns as at 30 June 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	2.31	13.59	11.70	10.00	7.73	8.72	11.00
Emerging Leaders Combined Benchmark†	-0.30	4.69	7.14	9.79	5.07	8.77	7.27
Excess return (before fees)‡	2.61	8.90	4.55	0.21	2.66	-0.05	3.73

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 June 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	2.20	13.24	10.32	8.64	6.40	7.38	9.70
Emerging Leaders Combined Benchmark†	-0.30	4.69	7.14	9.79	5.07	8.77	7.27
Excess return (after fees)‡	2.51	8.55	3.17	-1.15	1.33	-1.40	2.42

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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 second quarter of 2026.

The Emerging Leaders Benchmark returned +4.7% for the quarter, taking its 12-month return to +7.2%. The broader S&P/ASX 300 Accumulation Index returned +4.1%, whilst globally, the MSCI World Index delivered +14.0% for the quarter.

Information Technology (+32.3%) was the largest contributor, supported by strong gains in Megaport (MP1, +208.2%), NextDC (NXT, +30.9%). Megaport rose following significant contract wins.

Industrials (+11.9%) also contributed strongly, driven by NRW Holdings (NWH, +41.2%) and SRG Global (SRG, +61.8%) following contract wins and positive updates.

Financials (+10.0%) added meaningfully, with strong gains in Block (XYZ, +36.3%) and Zip Co (ZIP, +109.0%). ZIP rose following upgraded earnings guidance and XYZ rallied on strong first quarter earnings.

Real Estate (+6.4%) contributed positively, led by Charter Hall Group (CHC, +24.1%), Goodman Group (GMG, +22.5%) and Vicinity Centres (VCX, +10.3%), while PEXA Group (PXA, -32.3%) detracted.

Health Care (+7.7%) was higher, supported by Pro Medicus (PME, +17.7%) and Neuren Pharmaceuticals (NEU, +50.3%). PME outperformed on US contract wins and renewals.

Consumer Discretionary (+2.3%) delivered modest gains, with JB Hi-Fi (JBH, +11.1%) and Guzman y Gomez (GYG, +31.5%) advancing, while IDP Education (IEL, -43.8%) lagged.

Energy (-17.0%) was the largest detractor, reflecting broad-based weakness including Whitehaven Coal (WHC, -17.5%), Santos (STO, -9.4%) and Yancoal Australia (YAL, -33.8%).

Communication Services (-7.0%) declined, led by Tuas (TUA, -62.7%) which fell following the collapse of its proposed acquisition of Singapore telecommunications operator M1 amid regulatory issues.

Consumer Staples (-4.0%) detracted, driven by a2 Milk (A2M, -21.8%), GrainCorp (GNC, -25.9%) and Elders (ELD, -26.4%), while Treasury Wine Estates (TWE, +28.3%) advanced.

Portfolio review

Key Contributors

Megaport (MP1, overweight) – the global compute and software defined network provider outperformed during the period supported by continued new customer additions. The global compute division won a number of new large clients across both CPU and GPU during the period supported by increasing AI driven demand. We remain positive on the outlook for MP1 across both the global compute and software defined networks, with strong market growth from AI as well as cloud and improving market share supported by new products and an enhanced go-to market strategy. The MP1 balance sheet remains in net cash position providing capacity to fund additional new customer wins.

Sims (SGM, overweight) – the scrap steel producer outperformed during the June quarter, as recycled cloud computing prices remained elevated, coupled with strong non-ferrous pricing. 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 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.

NextDC (NXT, overweight) – leading Australian data centre owner and developer NXT outperformed during the quarter 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 to 667MW, a 172% increase this financial year, with contracted EBITDA reaching $1bn. The scale of the growth had caused funding challenges for NXT, however multiple sub debt deals and a $1.5bn equity raising now sees the company well-placed to deliver the rapid build out.

Key Detractors

Judo Bank (JDO. overweight) – the SME lender underperformed during the period after downgrading earnings expectations. The key factor that led to the earnings downgrade was higher-than-expected bad debt outcomes which are expected to be above normal levels in both FY26 and FY27. Outside of debt outcomes, operating metrics remain positive with continued loan book growth above system (market share expansion), net interest margins in-line with long term expectations and further improvement in the cost to income ratio. Valuation metrics are now compelling with JDO trading at a 40% discount to book value and FY27 P/E of only 7.0-times.

Bellevue Gold (BGL, overweight) – the gold producer underperformed during the quarter as the gold price fell (-11%). While the company's long-term performance still depends on consistent production, cost control, and execution of its growth plans, the combination of an improved earnings outlook and favourable market conditions underpins our positive view on the stock.

Evolution Mining (EVN, overweight) – the gold and copper producer underperformed during the quarter following the release of its March quarterly production report which revealed higher-than-expected costs due to a recent flooding event at Ernest Henry. Gold prices (-11%) and copper prices (+9%) largely offset one another. 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.

Market outlook

June delivered modest gains across Australian equities, but the broader message from markets and macro data is that Australia remains firmly in a late-cycle slowdown. The S&P/ASX 200 Index rose 0.7% in June after a 1.1% gain in May, partially recovering from April's sharp fall. The June quarter finished up 4.0%, with annual returns at 6.1%. Small caps were weaker, falling 2.0% in June and leaving calendar-year-to-date returns at -7.9%, a stark contrast to their 25% surge in 2025. The divergence between large and small caps continues to reflect tighter financial conditions and softer domestic growth expectations.

Global equities remained the standout. Unhedged global equities gained 3.1% in June and 13.4% for the quarter, while hedged global equities were down 0.7% in June but up 13.8% for the quarter. The difference was largely explained by currency: the Australian dollar fell 3.7% in June, extending April's 3.1% decline. Despite this, the Australian dollar is still up 5.1% over the year, supported by strong commodity prices, which remain 30.4% higher annually despite a sharp 9.9% fall in June.

Bond markets continue to price a weakening domestic economy. Australian fixed interest returned 1.0% in June and 2.6% for the quarter, despite the Reserve Bank of Australia (RBA) holding the cash rate at 4.35%. Global bonds fell 0.7% in June and remain barely positive over the year. REITs posted a 0.8% gain in June but are still down 6.3% annually, reflecting the pressure of higher real rates.

The macro backdrop is increasingly fragile. Real GDP grew just 0.3% in the March quarter, with per-capita GDP falling 0.1%, the first decline since early 2025. Forward indicators point to an ongoing slowdown over the year ahead. Household spending is weakening, business surveys have softened, and labour market momentum is fading. The resilience of the ASX 200 in the June quarter owes more to global equity strength and commodity support than to domestic fundamentals.

Inflation remains the RBA's central challenge. Headline CPI eased to 4.0% in May, but the trimmed mean rose to 3.6%, still above the 2–3% target band. This combination of slowing growth and sticky core inflation has forced the RBA into a holding pattern. The Board's June decision to keep rates at 4.35% underscores its reluctance to ease prematurely. Nevertheless, the RBA is starting to acknowledge downside risks to the economic outlook, restrictive financial conditions, a more balanced labour market, a weaker credit growth outlook post-Budget and declining oil price risks.

The Australian dollar's 3.7% fall in June reflects this tension. While strong commodities and Australia's yield differential have supported the currency over the past year, the near-term outlook is clouded by weaker domestic growth and the prospect of prolonged tight monetary policy. Taken together, June's data and market performance paint a picture of an economy at a late-cycle plateau: supported by global momentum and commodities, but constrained by softening domestic demand, sticky inflation and a cautious central bank. Against that backdrop, we see scope for further volatility for equity markets through the September quarter of 2026. More positive sentiment will likely await the end of the earnings downgrade cycle, more moderate inflation outcomes and the prospect of easier policy in 2027 coming into view.

We are most overweight stocks within Financials, Consumer Discretionary and Materials, and are underweight, Energy, Industrials and Real Estate.

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	5.74	4.29	1.45
Consumer Discretionary	9.58	6.80	2.78
Consumer Staples	4.10	4.19	-0.09
Energy	0.00	5.31	-5.31
Financials	15.34	11.62	3.73
Health Care	5.40	7.60	-2.20
Industrials	9.29	14.42	-5.13
Information Technology	8.59	7.83	0.76
Materials	28.72	26.62	2.09
Real Estate	6.48	10.56	-4.09
Utilities	0.00	0.77	-0.77

Top 3 holdings

	Portfolio %	Benchmark %	Active %
NextDC	5.52	1.70	3.82
Sandfire Resources	4.31	1.38	2.93
Sims Inc.	4.29	0.76	3.53

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
NextDC	5.52	1.70	3.82
Evolution Mining	3.59	0.00	3.59
Sims Inc.	4.29	0.76	3.53
Underweights			
Pro Medicus	0.00	1.73	-1.73
Mineral Resources	0.00	1.68	-1.68
Vicinity Centres	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	3.89	4.41	-0.18	3.15
Distribution return	6.43	4.23	6.58	4.22

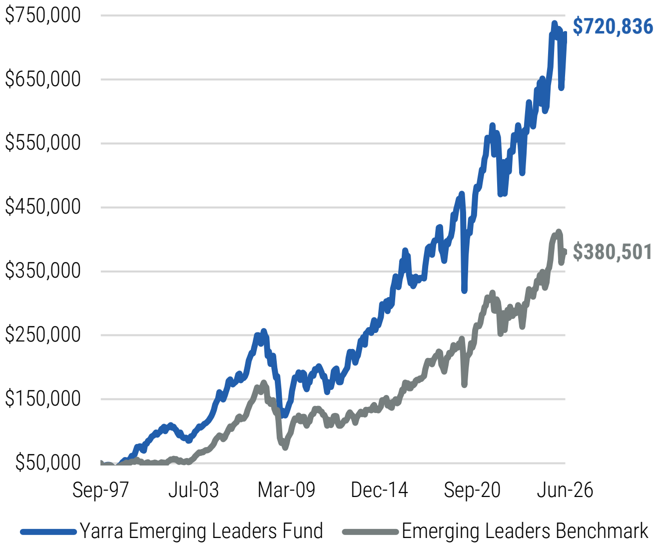
The Growth Return is measured by the movement in the Fund's unit price (inclusive of fees), ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders 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$115.5 mn as at 30 June 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 June 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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