

Yarra Ex-20 Australian Equities Fund

Gross returns as at 30 September 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	5.88	-5.25	0.84	-8.16	7.74	5.96	6.74	7.51
S&P/ASX 300 ex S&P/ASX 20 Accumulation Index [#]	6.50	-3.61	1.19	-6.25	9.06	4.75	N/A	N/A
Excess return (before fees) [‡]	-0.62	-1.64	-0.35	-1.91	-1.31	1.20	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 30 September 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	4.93	-5.32	0.61	-8.98	6.78	5.01	5.71	6.34
S&P/ASX 300 ex S&P/ASX 20 Accumulation Index [#]	6.50	-3.61	1.19	-6.25	9.06	4.75	N/A	N/A
Excess return (after fees) [‡]	-1.57	-1.71	-0.57	-2.73	-2.27	0.26	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

Australian equities advanced over the September quarter.

The S&P/ASX 300 Ex-20 Accumulation Index returned +1.2% for the quarter, taking its 12-month return to -6.3%. The broader S&P/ASX 300 Accumulation Index returned 1.3%, whilst globally, the MSCI World Index delivered 1.8% for the quarter.

Materials (+5.7%) was the largest contributor as the gold price and commodity prices rose during the quarter. The sector was led by South32 (S32, +31.8%), Newmont Corporation (NEM, +24.8%) and Genesis Minerals (GMD, +39.3%).

Energy (+18.8%) contributed strongly as the continued US-Iran conflict and the disruption of the Strait of Hormuz led to oil price increases. The sector was supported by Santos (STO, +21.9%), Ampol (ALD, +40.1%) and Viva Energy Group (VEA, +58.2%).

Health Care (+4.4%) added to performance, following a positive reporting season with sector earnings coming in 3% ahead of

expectations. The sector was led by Ramsay Health Care (RHC, +27.8%) and Ansell (ANN, +44.7%).

Financials (+1.7%) was modestly higher, supported by AMP (AMP, +64.0%) and ASX (ASX, +11.9%), while Zip Co (ZIP, -37.4%) and HUB24 (HUB, -12.8%) declined.

Utilities (+3.1%) and Consumer Staples (+0.7%) also advanced, led by APA Group (APA, +4.6%) and GrainCorp (GNC, +43.3%), respectively.

Information Technology (-9.4%) was the largest detractor, driven by NextDC (NXT, -25.7%), Xero (XRO, -21.2%) and Weebit Nano (WBT, -53.5%), while Codan (CDA, +50.0%) gained.

Real Estate (-6.2%) declined, reflecting weakness in Charter Hall Group (CHC, -17.5%), Scentre Group (SCG, -7.1%) and Centuria Capital Group (CNI, -34.5%).

Industrials (-3.5%) detracted, led by SGH (SGH, -18.9%), Qantas Airways (QAN, -12.0%) and Downer EDI (DOW, -13.1%).

Consumer Discretionary (-5.4%) weakened, driven by Lottery Corporation (TLC, -14.1%), JB Hi-Fi (JBH, -11.0%) and Eagers

AVAILABLE TO AUSTRALIAN RESIDENT INVESTORS ONLY

Automotive (APE, -12.5%), while Domino's Pizza Enterprises (DMP, +33.4%) advanced. Subdued consumer sentiment driven by interest rate rises and persistent inflationary pressures weighed on the sector.

Communication Services (-3.7%) was lower, reflecting declines in CAR Group (CAR, -11.6%), Superloop (SLC, -22.1%) and Nine Entertainment (NEC, -19.1%), partially offset by REA Group (REA, +14.3%).

Portfolio review

Key Contributors

Northern Star Resources (NST, overweight) – the gold producer outperformed during the September quarter as gold prices rose 4% due to a weaker U.S. dollar, falling bond yields, and the U.S. Treasury's decision to increase long-term bond buybacks. Despite recent operational challenges, the company's FY26 financial results and FY27 guidance were largely in-line and we believe that Northern Star has the most robust organic production growth profile in the gold sector.

Bapcor (BAP, overweight) – the automotive aftermarket supplier outperformed during the period after a better-than-expected FY26 result. BAP successfully de-gearred its balance sheet to 1.7-times Net Debt/EBITDA and reported better operating momentum in its Trade segment, having stabilised share in a challenging market environment. We remain somewhat cautious on the short-term outlook with the business still in turnaround but value can be unlocked if BAP executes on its strategic initiatives.

Lynas Rare Earths (LYC, underweight) – the rare earth miner underperformed during 3Q26 as rare earths (NdPr) prices drifted 2% lower. While rare earths remain a complex and opaque commodity, we see material demand upside as the western world seeks to diversify from China supply dominance. We are underweight LYC as we struggle to identify value and prefer exposure to rare earths via peer Iluka Resources (ILU).

Key Detractors

NextDC (NXT, overweight) – the leading Australian data centre owner and developer detracted during the quarter as the market remained cautious on the quantum of new data centre announcements in Australia and the ability of NXT to fund its next leg of growth. Despite these concerns NXT remains our preferred listed data centre exposure with a strong track record of project delivery and returns on capital.

Nine Entertainment (NEC, overweight) – Australia's largest media company underperformed during the quarter following its August result where weakness in the cyclical parts of NEC's business that are most exposed to advertising, (total TV and out of home) became evident. The ad market remains soft, pressured by a restrictive cash rate and weak consumer confidence. We stay cautious in the near term but constructive over the medium term as portfolio simplification shifts the mix toward growth assets such as Outdoor, Stan and Publishing.

On FY27 basis, NEC trades on a 10.1% dividend yield and a 4.4% FCF yield.

Xero (XRO, overweight) – the cloud-based accounting software company was an underperformer during the period with the stock tracing the underperformance of key global comparable Intuit, despite XRO having a very different set of fundamental drivers. XRO's lack of tangible progress around AI product rollout and monetisation relative to peers has weighed on sentiment, however this is consistent with other SME facing businesses where adoption will lag enterprise customers.

Market outlook

September was a more difficult month for growth assets as higher oil prices, rising sovereign yields and renewed central-bank tightening lifted the cost of capital. The S&P/ASX 200 Index fell 2.4% including dividends, underperforming global equities, while the MSCI World Index declined 1.2% in US-dollar terms. Australian investors received some protection from the weaker currency, with unhedged international equities outperforming hedged exposures.

Market leadership remained unusually narrow. US mega-cap technology and AI-related stocks supported the Nasdaq, but the broader S&P 500 Index eased and the Dow fell sharply. Europe and Australia lagged as higher discount rates pressured banks, resources, property and other cyclical or rate-sensitive sectors. The key signal was not a wholesale retreat from risk, but a market increasingly unwilling to look through higher funding costs.

Bond markets drove the cross-asset adjustment. Long-dated government yields rose across the United States, Europe and Japan as investors absorbed stronger data on activity, heavier fiscal borrowing and a less forgiving inflation outlook. The US dollar index gained around 2%, while the Australian dollar fell by 3.1%, amplifying offshore returns for unhedged Australian investors. Credit also weakened, as wider spreads compounded the rise in government yields.

Commodities reinforced the inflation shock. Brent crude rose more than 10% and traded above US\$100 a barrel as US-Iran tensions and uncertainty around Middle East supply intensified. Gold reversed part of August's surge, falling more than 6% as higher real yields and a stronger US dollar outweighed safe-haven demand. The combination of firmer energy prices and rising bond yields was particularly damaging for long-duration assets.

The Federal Reserve delivered its first increase in around three years, lifting the federal funds target range by 25 basis points to 3.75%–4.00%. The unanimous decision reflected resilient domestic spending, robust capital investment and elevated inflation. Chairman Kevin Warsh delivered a firm message: policymakers would act to deliver price stability and financial conditions were not restrictive, leaving markets to price in a meaningful risk of another increase before year-end.

The tightening was global. The European Central Bank (ECB) raised its deposit rate by 25 basis points to 2.50%, citing

energy-driven inflation and an economy that was proving to be more resilient than expected. The Bank of Japan also lifted its policy rate to 1.25%, while the Bank of England held at 3.75%. Collectively, September marked a sharp reversal from earlier expectations that the next coordinated move by major central banks would be toward easing.

Locally, the Reserve Bank of Australia (RBA) unanimously raised the cash rate by 25 basis points to 4.60%, its fourth increase of 2026 and the highest rate since 2011. The Board judged that upside inflation risks were materialising through higher global energy prices, stronger-than-expected domestic inflation and persistent capacity pressures. Yet the late-cycle trade-off is becoming more severe: unemployment has risen to 4.6%, housing prices and new lending are weakening, and consumer spending is slowing. We expect growth to fall below 1% into early 2027. The RBA may retain a tightening bias, but September's move is likely to prove the final hike before an easing cycle begins around mid-2027.

As relative interest rates converge across the developed world and as the economic growth outlook tapers towards the end of 2026, the A\$ is expected to underperform. If our prediction for the RBA to commence easing around mid-2027 proves to be correct then not only will the A\$ depreciate more than most suspect, but a sector rotation in the equity market back towards interest rate sensitive sectors and away from commodity exposure is likely into the end of 2026 and first phase of 2027.

We are most overweight stocks within the Communication Services, Materials and Utilities sectors and underweight Industrials, Financials and Real Estate.

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	13.57	3.30	10.27
Consumer Discretionary	5.92	5.32	0.60
Consumer Staples	3.28	2.41	0.88
Energy	4.23	6.19	-1.95
Financials	8.37	14.41	-6.05
Health Care	6.43	9.88	-3.45
Industrials	0.00	11.89	-11.89
Information Technology	6.51	5.81	0.70
Materials	34.70	27.97	6.73
Real Estate	3.52	9.22	-5.70
Utilities	9.23	3.60	5.64

Top 3 holdings

	Portfolio %	Benchmark %	Active %
Origin Energy	5.93	1.79	4.14
ResMed	5.37	1.73	3.64
Evolution Mining	4.95	2.57	2.38

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.

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
Origin Energy	5.93	1.79	4.14
Northern Star	3.89	0.00	3.89
Block	4.20	0.37	3.83
Underweights			
Computershare	0.00	2.10	-2.10
Suncorp Group	0.00	2.01	-2.01
IAG	0.00	1.76	-1.76

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	-11.80	4.55	2.78	3.21
Distribution return	2.82	2.23	2.23	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\$128.3 mn as at 30 September 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.

Website www.yarracm.com

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

Disclaimers

Yarra Funds Management Limited (ABN 63 005 885 567, AFSL 230 251) ('YFM') is the issuer and responsible entity of a range of registered managed investment schemes, which includes those named in this document ('Funds'). YFM is not licensed to provide personal financial product advice to retail clients. The information provided contains general financial product advice only. The advice has been prepared without taking into account your personal objectives, financial situation or particular needs. Therefore, before acting on any advice, you should consider the appropriateness of the advice in light of your own or your client's objectives, financial situation or needs. Prior to investing in any of the Funds, you should obtain and consider the product disclosure statement ('PDS') and target market determination ('TMD') for the relevant Fund by contacting our Investor Services team on 1800 034 494 or from our website at www.yarracm.com/pdsupdates/. The information set out has been prepared in good faith and while Yarra Funds Management Limited and its related bodies corporate (together, the "Yarra Capital Management Group") reasonably believe the information and opinions to be current, accurate, or reasonably held at the time of publication, to the maximum extent permitted by law, the Yarra Capital Management Group: (a) makes no warranty as to the content's accuracy or reliability; and (b) accepts no liability for any direct or indirect loss or damage arising from any errors, omissions, or information that is not up to date. No part of this material may, without the Yarra Capital Management Group's prior written consent be copied, photocopied, duplicated, adapted, linked to or used to create derivative works in any form by any means.

YFM manages each of the Funds and will receive fees as set out in each PDS. To the extent that any content set out in this document discusses market activity, macroeconomic views, industry or sector trends, such statements should be construed as general advice only. Any references to specific securities are not intended to be a recommendation to buy, sell, or hold such securities. Past performance is not an indication of, and does not guarantee, future performance. Information about the Funds, including the relevant PDSs, should not be construed as an offer to any jurisdiction other than in Australia. With the exception of some Funds that may be offered in New Zealand from time to time (as disclosed in the relevant PDS), we will not accept applications from any person who is not resident in Australia or New Zealand. The Funds are not intended to be sold to any US Persons as defined in Regulation S of the US federal securities laws and have not been registered under the U.S. Securities Act of 1933, as amended.

References to indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only and do not imply that the portfolio will achieve similar results. Holdings may change by the time you receive this report. Future portfolio holdings may not be profitable. The information should not be deemed representative of future characteristics for the strategy. There can be no assurance that any targets stated in this document can be achieved. Please be advised that any targets shown are subject to change at any time and are current as of the date of this document only. Targets are objectives and should not be construed as providing any assurance or guarantee as to the results that may be realized in the future from investments in any asset or asset class described herein. If any of the assumptions used do not prove to be true, results may vary substantially. These targets are being shown for informational purposes only.

© Yarra Capital Management, 2026.