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Navegar Defensive Portfolio Update – Mar Qtr. 2025

Portfolio performance

	1mth (%)	3 mth (%)	6 mth (%)	1yr (%)	2 yrs (%)	Since Inception (%)
Portfolio Total Return	0.0	1.1	1.2	4.5	3.9	4.5
Benchmark*	-0.3	1.1	0.4	3.9	3.4	4.0
CPI +1.5%	0.4	1.3	1.9	3.9	4.5	4.8

*Navegar Defensive Long-Term Strategic Asset Allocation

Source: BT Panorama Performance history from 1 January 2023. Net of investment fees

* The Benchmark is the performance of the Long-Term Strategic Asset Allocation assuming no active management or fees.

Market review

Developed Market equities were negative over the March quarter, with the MSCI World ex-Australia Index (Hedged into AUD) returning -2.5%. Despite a strong start in January for both domestic and overseas equities, the subsequent months saw rising uncertainty around the potential impact of tariffs, deregulation, fiscal policy, and immigration under President Trump's administration. This uncertainty culminated in March, with equity markets generally weaker due to concerns about potential tariffs and their consequences. Following the end of the quarter, volatility increased materially, as the USA announced tariffs on a range of trading partners.

In the US, the S&P 500 was weaker than broader Developed Markets, returning -4.3% for the quarter. February and March were characterized by increased uncertainty around trade policy and some weaker economic data. The Federal Reserve held rates steady at 4.5% at its meetings during the quarter. At its March meeting, the board highlighted that uncertainty around the economic outlook had increased recently and it marginally lowered its expectation for economic growth for the year.

Asian markets experienced varied performance across the quarter. January saw positive returns across major indices, with Chinese equities particularly strong due to optimism around local advancements in Artificial Intelligence and government stimulus measures. However, March saw mixed performance, with Taiwanese equities materially weaker due to tariff linked concerns for semiconductor maker TSMC.

European equities outperformed the US market throughout the quarter. January saw European equities stronger, driven by a rotation out of US technology stocks and strong broad-based returns across major European geographies. This trend continued in February and March, with European equities benefiting from expectations of increased defence spending and ongoing progress in bringing inflation back to target.

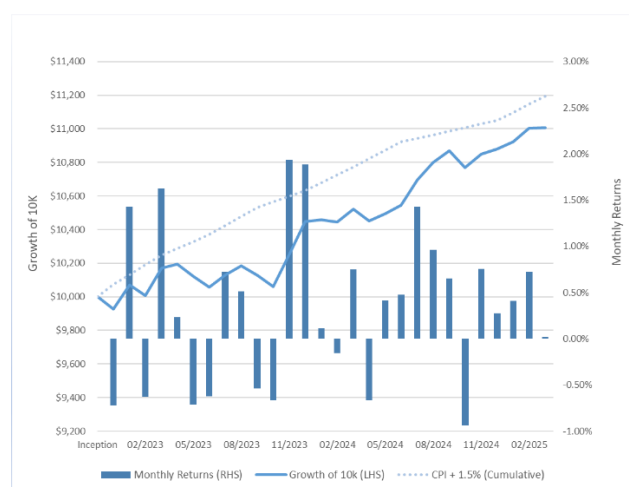
Australian equities were weaker over the previous 3 months, returning -2.9%. The Information Technology Sector materially underperformed the broader index, returning -18.2%. Utilities and Telecommunication Services were two of the strongest performing sectors. Following a CPI print in January that suggested inflation was gradually returning to target, the RBA elected to cut interest rates at its February meeting. Commentary surrounding the rate cut was hawkish however, with the RBA flagging it would maintain a cautious

stance on the potential for further rate cuts. During March, GDP data (to December) for Australia was released, showing that GDP growth had improved over the quarter and the 'per capita recession' had ended.

Both Australian and Global bonds delivered positive returns for the quarter, returning 1.3% and 1.1% respectively. Falls in US bond yields over the quarter likely reflected a marginal rise in uncertainty for the US economic outlook.

In currency markets, the AUD was moderately stronger relative to the USD, returning 0.6%. Most other major currencies were stronger relative to the USD over the quarter. It is likely that concerns surrounding trade policy marginally impacted US dollar weakness.

Cumulative performance



Source: Morningstar Direct

Portfolio Commentary

Over the March quarter, the portfolio returned 1.1% and performed inline with the benchmark. However, the portfolio underperformed its CPI+1.5% investment objective in the quarter.

Performance contributors

Best 5 Performers (3 mths)

Fortlake Real-Income	2.5
PIMCO Global Bond Institutional	1.7
PIMCO Australian Bond Fund	1.6
Daintree Core Income Trust	1.4
Bentham Global Income	1.4

Worst 5 Performers (3 mths)

Cash	1.0
iShares Global Bond Index	1.1
JPMorgan Global Bond I	1.1
iShares Core Cash ETF	1.1
iShares Enhanced Cash ETF	1.1

Source: Morningstar Direct

We strongly recommend that potential investors read the product disclosure statement or investment statement.

Portfolio structure

Fund	Weight %
iShares Australian Bond Index	15.0
Macquarie Income Opportunities	10.0
iShares Global Bond Index	10.0
Daintree Core Income Trust	10.0
Bentham Global Income	10.0
PIMCO Australian Bond Fund	9.0
JPMorgan Global Bond I	8.0
PIMCO Global Bond Institutional	8.0
iShares Enhanced Cash ETF	7.0
iShares Core Cash ETF	6.0
Fortlake Real-Income	6.0
Cash	1.0

Portfolio Changes

During the March quarter, the following changes were made to the portfolio.

Fund Increases

Fortlake Real-Income	New Position
iShares Global Bond Index	Increased
PIMCO Australian Bond Fund	Increased

Fund Decreases

Daintree Core Income Trust	Reduction
iShares Enhanced Cash ETF	Reduction
Janus Henderson Global Multi-Strat Instl	Closed Position

The primary rationale for the changes during the quarter was to exit the Janus Henderson fund due to a loss of conviction in the strategy. Fortlake was included and the portfolio was slightly reweighted to increase the duration of the portfolio.

Portfolio objective

The Portfolio objective is to deliver outperformance of the stated benchmark over rolling three-year periods and to achieve the CPI +1.5% objective.

Benchmark: Navegar Defensive Long-term Strategic Asset Allocation.

Investment Philosophy

Navegar seeks to deliver outperformance of the benchmark over rolling three-year periods by:

- Robust investment profiles tailored to meet client objectives
- A diversified approach to portfolio construction, with a strong focus on risk
- Skilled active management at a reasonable cost to add value over and above the index to varying degrees in asset sectors
- Blending strategies with low correlations and non-directional strategies to achieve true diversification.

Best contributors to performance (3 mths)

Fortlake Real Income Fund – Fund performance over the period was defined by Default Arb (+1.3 bps), Corporate Hedges (-0.8 bps), Corporate/Gov Bonds (+1.6 bps), Inflation (0bps) and Duration/Curve (-0.1 bps) contributing to overall (gross) return.

PIMCO Global Bond – Main positive contributions came from strategic positioning in euro bloc rates, where curve steepener strategies capitalized on the long end underperforming relative to the rest of the curve. The Portfolio also benefited from positioning in Japanese rates, primarily through swap spread strategies. Within currencies, long exposure to select CEEMEA currencies, particularly the Polish zloty and South African rand, added value as these currencies appreciated against the U.S. dollar, outweighing detractors from short positions in DM FX and Asian EM FX, especially the Chinese yuan. Similarly, short exposure to the euro at the beginning of March detracted from alpha, given the euro's appreciation during that time.

Worst contributors to performance (3 mths)

JPMorgan Global Bond – FX overlay contributed to performance while duration and sector allocation detracted from performance. The fund was underweight US duration coming into the March. The Manager established US curve steepeners at the start of the month, which contributed positively as yields rallied amidst expectations of a rate cut. In sector allocation, the Fund was overweight in Agency MBS, which detracted from performance as spreads widened amidst increasing economic uncertainty.

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JANA Investment Advisers

JANA is Navegar's Investment Consultant and provides advice and guidance in relation to investment decisions for the portfolio.

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