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Navegar High Growth Portfolio Update - Sep Qtr. 2025

Portfolio performance

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (%)	2 yrs (%)	Since Inception (%)
Portfolio Total Return	0.9	4.8	11.7	9.9	13.5	11.9
Benchmark*	1.2	5.7	13.8	13.6	17.7	15.1
CPI +4%	0.6	1.9	3.6	6.8	6.8	7.3

*Navegar High Growth Long-Term Strategic Asset Allocation

Source: BT Panorama & Morningstar Direct. Performance history from 1 January 2023. Net of fees. Performance longer than 1 year is annualised.

* The Benchmark is the performance of the Long-Term Strategic Asset Allocation assuming no active management or fees. The Benchmark has been revised as of August and December 2024.

Market review

Global equity markets delivered a robust performance through the third quarter, continuing a months-long rally over the course of 2025. The MSCI World Index (hedged into AUD) returned 7.7% for the quarter.

The month of July saw improving sentiment as trade tensions cooled, with the USA announcing trade deals with the EU, Japan, and others. August was marked by a strong US earnings season and growing expectations of looser monetary policy, particularly in the USA, where weaker employment data led markets to anticipate rate cuts. September capped off the quarter with continued strength in global equities, driven by resilience in consumer spending and the continuation of the AI thematic in US markets.

US equity markets performed strongly, with the S&P500 returning 8.1% over the quarter. The Federal Reserve kept rates steady in July, resisting political pressure to cut, but by August, Chair Jerome Powell's dovish tone at the Jackson Hole Symposium shifted market expectations toward imminent rate cuts. Despite some signs of labour market softening, US GDP growth surprised to the upside, supported by resilient consumer spending.

European equities posted more modest gains, with the MSCI Europe Index (in EUR) returning 3.2% over the quarter. The European Central Bank left rates unchanged in July and September, following a series of cuts since late 2024; as policymakers weighed risks to growth and inflation from ongoing trade uncertainty.

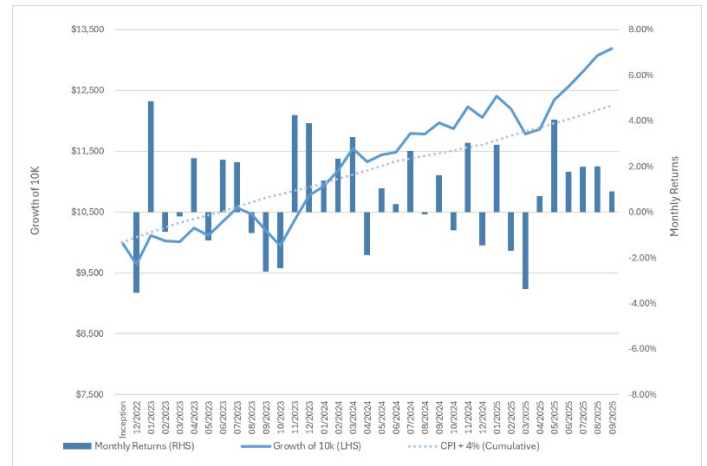
Asian equity markets were very strong over the quarter. Chinese, Taiwanese and Korean equities all posted double digit returns for the September quarter (in local currency). Stronger than expected GDP growth in China and very positive sentiment toward AI-thematic linked stocks were some key supports for major Asian equity markets.

Australian equities delivered a 5% return for the quarter, with the Materials sector a clear outperformer, returning 21.2%. In August, the RBA cut rates to 3.6%, its third cut of 2025, reflecting inflation that had moved closer to the target range. In September, the RBA elected to leave rates unchanged, however. The RBA considered some signs of some persistent inflation and moderate tightness in labour markets as sufficient reason to leave the cash rate at 3.6%.

Bond markets delivered mild positive returns over the quarter, with Australian and Global bonds returning 0.4% and 1% respectively. US bonds in particular, likely responded to weaker labour market data, along with expectations for more rate cuts from the US Federal Reserve.

The Australian Dollar rose 1.1% relative to the USD for the September quarter. The AUD's performance moderated after a period of heightened volatility in late 2024 and in the period surrounding Liberation Day.

Cumulative performance



Source: Morningstar Direct

Portfolio Commentary

Over the September quarter, the High Growth portfolio returned 4.8% underperforming its benchmark but outperforming the CPI+4% annual investment objective.

Performance contributors

Best 5 Performers (3 mths)

Macquarie Australian Small Companies	17.4
Schroder Global Value Fund (Hedged) - WC	8.9
Ironbark Robeco Glb Dev Enh Idx Eq H H	7.6
iShares Hedged International Equity Idx	7.5
Arrowstreet Global Equity No.2 Class I	6.6

Worst 5 Performers (3 mths)

Cash	0.9
iShares Core Cash ETF	0.9
DNR Capital Aus Eq High Conviction R	1.3
Airlie Australian Share	1.4
ATLAS Infrastructure Global Fd AUD Hgd	1.8

Source: Morningstar Direct

Portfolio structure

Fund	Weight %
iShares Australian Equity Index	12.0
iShares Hedged International Equity Idx	10.0
Airlie Australian Share	8.0
DNR Capital Aus Eq High Conviction R	8.0
Macquarie Core Australian Equity Act ETF	8.0
Ironbark Robeco Glb Dev Enh Idx Eq H H	7.0
JPMorgan Global Rsrch Enh Eqt I	6.0
Arrowstreet Global Equity No.2 Class I	5.0
ATLAS Infrastructure Global Fd AUD Hgd	5.0
Resolution Capital Global Property Secs	5.0
Alphinity Global Equity	4.0
FSSA Global Emerg Markets Focus Fund	4.0
Macquarie Australian Small Companies	4.0
Smarter Money Long-Short Credit Instl	4.0
BNP Paribas C WorldWide Global Eq Trust	3.0
Schroder Global Value Fund (Hedged) - WC	3.0
Perpetual Pure Equity Alpha	2.0
iShares Core Cash ETF	1.0
Cash	1.0

Portfolio changes

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

Fund Increases

Fund	Action
FSSA Global Emerg Markets Focus Fund	New Position
Resolution Capital Global Property Secs	Increase

Fund Decreases

Fund	Action
GQG Partners Emerging Markets Equity Z	Exit
Cash	Trim

FSSA Global Emerging Markets Focus Fund was switched into the portfolio for GQG Partners Emerging Markets Fund. The Investment Committee made this decision to lower the risk within the portfolio. GQG is a benchmark agnostic portfolio that can produce wildly different outcomes to the market..

Portfolio objective

The Portfolio objective is to deliver outperformance of the stated benchmark over rolling three-year periods and to achieve the CPI +4% objective.

Benchmark: Navegar High Growth 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)

Macquarie Australian Small Companies Fund - Key contributors to relative performance included overweight positions in Vault Minerals (VAU), Pantoro Gold (PNR) and Regis Resources (RRL). Key detractors from relative performance included overweight positions in Super Retail Group (SUL) and Regis Healthcare (REG) an underweight position in Dronesield Limited (DRO).

Schroders Global Value Fund (Hedged) – There were few headwinds over the quarter, though an overweight and lagging stock selection in the more defensive Utilities sector detracted as the sector didn't keep pace with the broader market rally. Elsewhere, the portfolio incurred slight headwinds from positioning in deeper value UK Homebuilders and US Energy Infrastructure names.

Worst contributors to performance (3 mths)

DNR Capital Australian High Conviction - Materials (+4.6%) was the best performing sector, as uncertainty surrounding the US Federal Reserve independence as well as mounting pressure to ease interest rates saw gold prices surge (Rio Tinto (RIO +5.7%), Northern Star Resources (NST +27.2%)). Energy (-10.55%) was the worst performing sector, as Abu Dhabi National Oil Co withdrew its takeover offer for sector heavyweight Santos (STO -13.6%). Weaker oil prices also dragged on the sector (Woodside Energy Group (WDS -12.8%)).

Airlie Australian Share Fund - The bulk of the underperformance in the period came from active positions in EBOS (-27%) and CSL (-16%), where soft earnings results (and relatively modest negative EPS revisions) were met with sharp multiple de-rates. Offsetting these detractors was strong performance from several key holdings including Nick Scali (+28%), Charter Hall (+19%), Ampol (+18%) and Aspen Group (+18%).

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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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