



Navegar Defensive Portfolio Update – March Qtr. 2026

Portfolio performance

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (%)	2 yrs (%)	Since Inception (%)
Portfolio Total Return	-1.3	-0.3	0.1	2.8	3.7	4.2
Benchmark*	-1.4	0.0	0.8	3.2	3.6	3.8
CPI +1.5%	0.6	1.2	2.5	5.4	4.4	4.8

*Navegar Defensive 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.

Market review

Global equity markets experienced a volatile first quarter of 2026, marked by a sharp deterioration in sentiment toward quarter-end. Earlier in the quarter, markets were generally focussed on robust growth conditions and strong sentiment surrounding AI technology adoption. In March however, equity markets experienced broad based declines, following an escalation in geopolitical tensions in the Middle East, which prompted investors to reassess potential global growth and inflation risks. The MSCI World Index (hedged to AUD) returned -3.2% for the quarter.

U.S. equity markets underperformed broader developed markets over the quarter, with the S&P 500 returning -4.3%. In January, U.S. equities recorded modest gains but lagged other developed markets as market leadership broadened beyond mega-cap stocks and software companies weakened amid intensifying AI-related competition. In March, equities declined sharply as geopolitical risks escalated. With rising concerns of the inflationary impact of higher energy prices, expectations shifted toward the Federal Reserve maintaining current policy settings over the next 12 months.

European equity markets ended the quarter slightly lower, with the MSCI Europe Index (in EUR) declining 0.8%. January saw solid gains supported by strong contributions from Financials, Industrials and Technology. In March, European equities underperformed broader developed markets, largely driven by the region's heightened sensitivity to energy price volatility following the Middle East escalation. The ECB held rates steady throughout the quarter, while acknowledging increased uncertainty around both the inflation and growth outlook.

In Asia, South Korean and Taiwanese equities were much stronger earlier in the quarter, driven by semiconductor, memory and other AI-exposed technology stocks. In March, however, Asian equities reversed sharply, particularly across large net energy-importing economies. For example, Korean equities experienced a severe drawdown, ending the month down 20.6%.

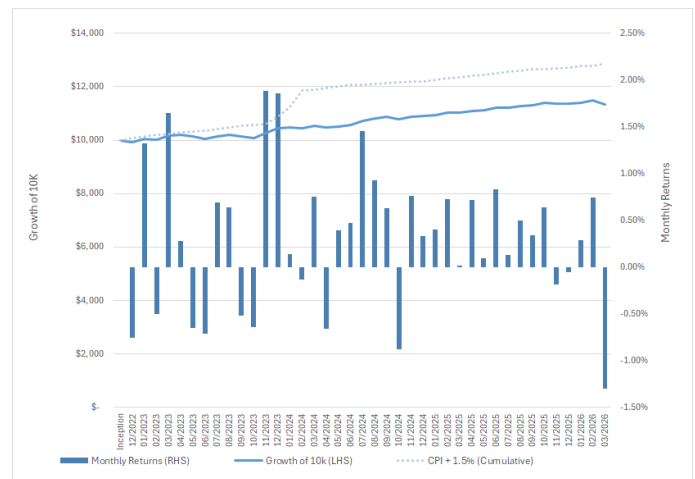
Australian equities delivered a negative return of -2.0% over the quarter. Sector performance was highly divergent, with Energy the strongest performer (+36.1%), while Information Technology lagged materially (-27.2%). Energy's relatively small index weight (less than 5% of the ASX 300) limited its overall impact on market performance.

The RBA raised the cash rate by 25 basis points at its early-February meeting and again in March, taking the cash rate to 4.10%, with markets pricing the potential for further tightening later in the year.

Bond markets were influenced by shifting inflation and monetary policy expectations over the quarter. Global bonds (AUD-hedged) and Australian bonds both declined by -0.3%.

The Australian dollar appreciated 2.7% against the U.S. dollar over the March quarter, likely supported by higher commodity prices, and expectations of further RBA tightening.

Cumulative performance



Source: Morningstar Direct

Performance Commentary

Over the March quarter, the portfolio returned -0.3%, underperforming both the benchmark and CPI+1.5% objective.

Performance contributors

Best 5 Performers (3 mths)

Fortlake Real-Income	1.4
iShares Core Cash ETF	0.9
Daintree Core Income Trust	0.4
Macquarie Income Opportunities	0.3
iShares Global Bond Index	-0.3

Worst 5 Performers (3 mths)

PIMCO Global Bond Institutional	-1.5
JPMorgan Global Bond I	-1.4
Bentham Global Income	-1.1
PIMCO Australian Bond Fund	-0.8
UBS Australian Bond Fund	-0.6

Source: Morningstar Direct



Portfolio structure

Fund	Weight %
iShares Australian Bond Index	15.0
Daintree Core Income Trust	12.0
Fortlake Real-Income	11.0
Macquarie Income Opportunities	11.0
iShares Global Bond Index	10.0
PIMCO Australian Bond Fund	9.0
UBS Australian Bond Fund	9.0
PIMCO Global Bond Institutional	8.0
JPMorgan Global Bond I	7.0
Bentham Global Income	6.0
iShares Core Cash ETF	1.0
Cash	1.0

Portfolio Changes

During the March quarter, there were no changes made to the portfolio.

Fund Increases

N/A

Fund Decreases

N/A

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 – The Fund's attribution was defined by Default Arb (+1 bps), Corporate Hedges (+14 bps), Corporate/Gov Bonds (+41 bps), Inflation (0bps) and Duration/Curve (+8 bps) contributing to overall (gross) return.

Daintree Core Income Fund – The Fund had positive performance for the quarter. Coupon was a positive contributor, while credit spreads, overlay and hedges weighed. The Fund continues to selectively engage in new issuance to optimise future income potential. Portfolio positioning and cash levels will enable portfolio managers to nimbly respond to the evolving market environment.

Worst contributors to performance (3 mths)

PIMCO Global Bond Fund – The Fund's detracted from returns as interest rate positioning was caught out by sharp rises in bond yields and market volatility during March. Overweight duration in the UK and Europe, along with US rate exposures, weighed on returns as rates sold off. Gains from Asian positioning partly offset these losses.

Bentham Global Income Fund – The Fund underperformed as rising interest rates and duration exposure weighed on returns throughout the quarter. Performance across credit segments was mixed, with gains from investment grade bonds, capital securities and loans offset by weakness in asset backed securities, high yield and broader bond holdings affected by rising yields.



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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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