

# Navegar Australian Equity Large Cap Portfolio (PROC01LGE)

## Portfolio performance - March 2026

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	S.I. (% pa)
Portfolio Total Return	-5.7	-2.8	-3.0	8.5	5.9
Benchmark*	-7.2	-1.6	-2.6	11.7	8.0

Source: BT. Performance history from 1 September 2018. Net of fund manager fees

\* The Benchmark is the performance of the S&P/ASX 200 TR AUD

## Market review

Global share markets declined over the March quarter, with a positive start to the year reversing as conditions weakened sharply late in the period. Early support from resilient economic conditions, easing inflation in some regions and solid earnings was overtaken by escalating geopolitical tensions in the Middle East, centred on coordinated US–Israeli strikes on Iranian targets. The resulting disruption to key energy supply routes drove a sharp rise in oil prices, increasing inflation concerns and prompting a reassessment of interest rate expectations. This shift led to a broad risk-off environment, with higher yields and increased volatility weighing on markets.

Australian shares were volatile over the quarter, ultimately finishing lower, with the S&P/ASX 200 Index declining  $-1.6\%$ . Early gains were supported by firmer commodity prices and strength in materials, alongside resilient earnings in financials. However, these gains were offset by a pullback in March, with weakness across most sectors, particularly growth and interest-sensitive sectors such as technology and real estate. Energy was a notable exception, benefiting from higher oil prices. Smaller companies underperformed, with the S&P/ASX Small Ordinaries Index falling  $-10.9\%$ , reflecting their greater sensitivity to shifts in risk appetite and economic expectations.

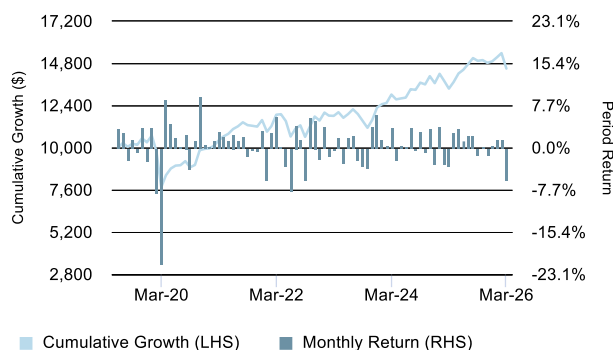
International shares declined across most regions, with the MSCI All Country World Index falling  $-5.8\%$  unhedged and  $-2.7\%$  hedged. Losses were broad-based, with the US, Europe and China all finishing lower, while Japan was a notable exception. Weakness in technology shares weighed on performance as investors reassessed AI-related valuations. Emerging markets also declined, with the MSCI Emerging Markets Index down  $-2.8\%$ , reflecting weaker sentiment and higher energy prices that impacted China and India in particular. Global small companies were more resilient, with the MSCI World ex Australia Small Cap Index declining  $-1.0\%$ .

Property and infrastructure delivered positive returns over the quarter. Global listed property rose modestly, with the FTSE EPRA NAREIT Developed Index (hedged) up  $+1.0\%$ , supported by gains earlier in the period. Infrastructure outperformed broader share markets, with the FTSE Global Core Infrastructure 50/50 Index (hedged) rising  $+8.3\%$ , reflecting strong early gains and its more

defensive characteristics, which helped it hold up relatively well during the March sell-off.

Fixed interest markets were relatively resilient despite volatility. Bond yields declined in February before rising again in March as higher oil prices lifted inflation expectations. Global bonds declined modestly, with the Bloomberg Global Aggregate Bond Index (hedged) down  $-0.3\%$ , while Australian fixed interest also eased, with the Bloomberg AusBond Composite 0+ Yr Index down  $-0.3\%$ . Credit markets were mixed, with global credit declining modestly and high yield underperforming, while Australian credit delivered positive returns, with the Bloomberg AusBond Credit FRN 0+ Yr Index up  $+1.0\%$ , supported by income and relatively stable domestic conditions.

## Cumulative performance



## Performance contribution (3 Months)

### Leading Contributors

	3 Months
Merlon Concentrated Australian Share I	0.20%
BT Platform Cash	0.01%

### Leading Detractors

	3 Months
Chester High Conviction I	-1.25%
Airlie Australian Share	-0.90%
Acadian Australian Equity Long Short	-0.42%
BetaShares Australia 200 ETF	-0.35%

Performance contribution measures the absolute contribution of each constituent asset class to the total performance of the portfolio.

## Portfolio Commentary

Australian shares were volatile over the quarter, ultimately finishing modestly lower. **Merlon Concentrated Australian Share (+1.0%)** outperformed, driven by exposure to materials and energy. **Acadian Australian Equity Long Short (-3.0%)** declined, with weaker stock selection in healthcare, energy and materials outweighing positive sector allocation.

**Airlie Australian Share (-4.6%)** was weighed down by sentiment-driven selling in companies exposed to AI-risk and quality growth stocks, despite solid earnings delivery and opportunistic portfolio additions supporting returns. **BetaShares Australia 200 ETF (-1.4%)** tracked the S&P/ASX 200 lower. **Chester High Conviction (-6.2%)** underperformed, with real estate weakness partly offset by materials and health care.

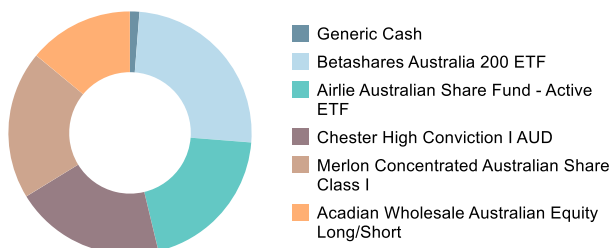
## Portfolio structure

Holding	Weight
<b>Australian Shares</b>	<b>98.7%</b>
Acadian Australian Equity Long Short	14.0%
Airlie Australian Share	19.7%
BetaShares Australia 200 ETF	24.3%
Chester High Conviction I	20.2%
Merlon Concentrated Australian Share I	20.6%
<b>Cash</b>	<b>1.3%</b>
BT Platform Cash	1.3%

## Portfolio changes

No changes were made during the quarter.

## Asset allocation breakdown



## Investment strategy/objective

### Portfolio objective

To deliver outperformance of the benchmark over rolling three-year periods, net of indirect fees.

**Benchmark:** S&P/ASX 200 TR Index AUD.

### Investment Philosophy

- The guiding principles underpinning the portfolio management process are:
- **Evidence-based investing** — We are investors, not speculators. Making investment decisions based on fundamental analysis and empirical evidence rather than short-term noise delivers better long-term investment outcomes.
- **Valuation is important** — Markets can experience inefficiency and mispricing. The entry price of an investment is a key determinant of long-term returns and the risk of financial loss.
- **Risk management is multi-dimensional** — We invest in an environment of uncertainty where economic, geo-political and market developments can materially change the investment landscape. We seek to create portfolios that are robust to a range of environmental scenarios and assess risk from a broad set of metrics that consider liquidity, country, sector, style, credit, environmental, social and governance risks.
- **Diversification** — Diversification is spreading investments across fund managers within different asset classes. Diversification cannot eliminate the risk of loss, but it is a powerful tool for managing risk.
- **Simplicity and transparency** — The security of our investors' wealth is paramount. We will only invest in the highest quality underlying fund managers and securities and will not accept overly complex or opaque investments.
- **Fees and taxes matter** — We only allocate fees to active fund managers where we believe — with a high degree of conviction — investors will benefit from paying a higher fee. Where appropriate, we will also utilise low-cost passive fund managers. We also consider the tax consequences of underlying portfolio strategies.

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