Yarra Global Share Fund

Net returns as at 31 January 2025

	1 month %	3 months %	6 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Global Share Fund#	2.52	11.38	15.63	34.05	12.59	13.63	13.75	9.13
MSCI All Countries World Index^	2.59	9.93	12.41	27.94	12.89	12.61	12.32	8.08
Excess Return‡	-0.08	1.45	3.23	6.11	-0.30	1.03	1.43	1.05

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 of Yarra Global Share Fund: November 1995.

Effective 20 March 2023, the Fund was renamed from the Nikko AM Global Share Fund to the Yarra Global Share Fund. There was no change to the Fund's investment team, philosophy or process. The Fund gains exposure to global equities by investing in the Nikko AM Global Equity Fund (Underlying Fund) (a sub-fund of the Nikko AM Global Umbrella Fund which is an open ended investment company registered under Luxembourg law as a societe d'investissement, a capital variable).

^ Benchmark: MSCI All Countries World Index (with net dividends reinvested) expressed in Australian Dollars (unhedged).

‡ Excess return: The excess return figures shown represent the difference between the Fund's return and the benchmark.

Portfolio review

The Fund returned 2.52% (after fees) in January, to underperform the Index return of 2.59% by 8 basis points (bps). Over the longer term (5 years), the Fund's return of 13.63% per annum (p.a.) is 103 bps p.a. ahead of the Index return of 12.61% p.a.

Key contributors to relative performance:

- Interactive Brokers Group, Inc. shares rose, driven by strong results and a 61% year-on-year increase in Daily Average Revenue Trades (DARTs). The company also reported a 30% rise in client accounts compared to the previous year. The firm's robust trading platform and competitive pricing in strong markets should support continued growth.
- Meta Platforms Inc. saw its shares rise after releasing impressive fourth-quarter results, including a notable increase in daily active users and revenue growth that exceeded expectations. The company's strategic focus on AI innovations, particularly through its open-source Llama AI model, is expected to drive strong growth and market share gains in the advertising business. CEO Mark Zuckerberg emphasised the importance of AI over the next two years, highlighting exciting opportunities ahead for the company. Despite considerable losses within its Labs business, this provides management with multiple levers to drive CFROI growth in the future.
- Cencora Inc., a global pharmaceutical services and supply chain solutions company, saw its shares perform well after confirming the completion of the RCA acquisition and raising its Fiscal Year 2025 guidance for adjusted EPS. The company also highlighted the strength of its U.S. Healthcare Solutions business. Given the management team's conservative approach to guidance, the manager expects further upside potential throughout 2025.
- Netflix Inc. continued its strong performance, with its stock rising significantly following the release of its fourth-quarter earnings. The company's ability to consistently deliver popular content, such as "Ad Vitam" and "The Breakthrough," has maintained robust subscriber growth. Its dominant position in the streaming market, bolstered by strong content, has enabled the platform to gradually raise prices and reduce attrition, leading to continued earnings upgrades, which the manager expects to continue throughout the year.
- There was no specific news flow driving Amazon.com Inc.'s share price higher, although two analysts raised their target prices and issued bullish research reports. The company also benefited from the DeepSeek announcement, as investors looked to identify those who would benefit most from cheaper, more scalable AI solutions.

Key detractors from relative performance:

- HDFC Bank Limited shares traded lower following the bank's third-quarter results, which showed a marginal 2% year-on-year increase in net profit, falling short of market expectations. Analysts pointed to slower credit growth and a slight decline in asset quality as contributing factors. However, the manager believes HDFC is well-positioned to perform, now that the merger is complete, allowing management to focus on delivering merger synergies and achieving best-in-class returns in the coming quarters.
- Broadcom Inc. and NVIDIA Corporation shares came under pressure following the release of DeepSeek. Until now, the fortunes of AI chip providers, hyperscalers, and those involved in building AI infrastructure have been closely linked. DeepSeek has raised questions about this correlation, as users are expected to benefit from greater efficiency and lower costs, while AI capex providers may experience reduced returns. There is still much uncertainty

regarding DeepSeek, but it is highly likely that its suggested efficiency improvements will lead to increased AI adoption and an acceleration in demand for computing power. However, at present, nothing is certain and given the strong performance of both stocks in 2024, the market was quick to take profits.

- Booking Holdings Inc. saw its stock decline, despite a positive earnings outlook for the upcoming quarter. The stock underperformed due to broader market trends and investor concerns about the impact of economic uncertainties on travel demand. The manager remains confident that Booking.com will continue to gain market share and improve returns in the year ahead.
- Haleon plc, a consumer healthcare company, saw its shares struggle following its recent earnings report, which revealed difficulties in sustaining growth momentum, with revenue growth falling short of analyst expectations. However, this should be viewed in the context of the challenging conditions affecting all consumer staples stocks, alongside Haleon's strong performance in 2024. The manager remains confident that Haleon is well-positioned to achieve above-market growth, reduce debt, and enhance returns in 2025.

Market review

The MSCI All Countries World Index gained 2.59% (AUD, unhedged) in January. In regional and style terms, 2025 began in contrast to the trends seen throughout most of 2024, with European and UK markets performing significantly better than US equities, and value stocks easily outperforming their growth counterparts. There are reasons behind this reversal, such as slightly improved European PMI figures or, in the UK, further devaluation of the pound, but the rotation is likely to be temporary. Most emerging market equities struggled, with China and India among the weaker markets, while South Korea and Brazil bucked the trend.

The month's best performing sectors were communication services, healthcare, financials and materials, while the information technology sector was the main detractor and the only sector with a negative return. Among the major benchmark constituents, Meta Platforms (16.8%), JP Morgan Chase (11.3%) and GE Aerospace (21.1%) were some of the top performers, while Nvidia Corp (-11.2%), Apple Inc (-6.4%) and Broadcom (-5.3%) were among the key laggards over the month.

The return of President Trump to the White House, along with his 'America First' policy agenda, proved supportive for US equities, but the emergence of Chinese AI company DeepSeek called into question the US technology sector's ability to deliver against lofty expectations. NVIDIA Corp's market value alone fell by nearly USD600 billion on January 27, the largest one-day wipeout in US stock market history. Although the damage was focused on AI infrastructure plays, capex guidance from the hyperscalers continued to be revised higher, suggesting the time of reckoning isn't just yet. Nevertheless, perhaps this is a warning shot of things to come?

Despite more positive domestic economic data, Chinese, Hong Kong, and Asian markets underperformed global indices on fears of increased tariffs from the US. Japanese equities also underperformed despite the Bank of Japan's increased confidence in the sustainability of domestic wage growth and a subsequent 25 basis point rate hike.

Country / regional exposure

	Fund %	Benchmark %
United States	64.68	66.41
Japan	6.34	4.75
China	1.42	2.68
United Kingdom	5.09	3.15
Canada	0.00	2.68
Europe ex UK	8.84	10.73
Asia Pacific ex China & Japan	10.05	7.46
Emerging Europe, Middle East, Africa	0.00	1.45
Latin America	0.00	0.69
Cash	3.59	0.00

Sector exposure

	Fund %	Benchmark %
Communication Services	7.82	8.60
Consumer Discretionary	17.52	11.45
Consumer Staples	3.73	5.78
Energy	1.31	3.79
Financials	16.23	17.21
Health Care	17.07	9.97
Industrials	10.64	10.34
Information Technology	19.91	24.87
Materials	2.17	3.51
Real Estate	0.00	2.01
Utilities	0.00	2.46
Cash	3.59	0.00

Top 10 holdings (underlying Fund)

	Portfolio %	Benchmark %	Country
Amazon.com	5.27	2.80	United States
Microsoft Corp	5.07	3.66	United States
Meta Platforms Inc.	4.60	1.88	United States
NVIDIA Corp	4.54	3.68	United States
Netflix, Inc.	3.22	0.52	United States
Taiwan Semiconductor Manufacturing Co.	2.78	1.07	Taiwan
Broadcom Inc.	2.77	1.23	United States
Compass Group plc	2.75	0.07	United Kingdom
Sony Group Corp	2.69	0.17	Japan
HDFC Bank Limited	2.56	0.14	India

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	34.05	12.59	13.63	13.34
Distribution return	0.00	0.00	0.00	0.41

Fund growth return is the change in redemption prices over the period. Fund distribution return equals total Fund return minus Fund growth total return. Total Fund returns are post fees, pre tax using redemption prices and assume reinvestment of distributions.

Features

Investment objective	The Fund aims to achieve capital growth over the long term, with total returns (before fees) 3% above the MSCI All Countries World ex-Australia Index (with net dividends re-invested) expressed in Australian Dollars (unhedged) over rolling three-year periods.	
Recommended investment time frame	5+ years	
Fund inception	November 1995	
Fund size	A$347 mn as at 31 January 2025	
APIR code	SUN0031AU	
Estimated management cost	0.99% p.a.	
Buy/sell spread	+/- 0.15%	
Platform availability	AMP North Asgard BT Panorama Hub24 IOOF Wrap	Macquarie Wrap MLC Navigator Netwealth Praemium

Applications and contacts

Investment into the Yarra Global Share 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