YARRA CAPITAL MANAGEMENT

Investment Commentary
Month to 31 March 2025

Yarra Global Share Fund

Net returns as at 31 March 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Global Share Fund#	-4.37	-2.33	13.97	13.27	14.71	12.56	8.90
MSCI All Countries World Index^	-4.15	-1.96	12.18	13.76	14.75	11.14	7.86
Excess Return‡	-0.22	-0.38	1.79	-0.49	-0.05	1.42	1.03

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 -4.37% (after fees) in March, to underperform the Index return of -4.15% by 22 basis points (bps). Over the longer term (10 years), the Fund's return of 12.56% per annum (p.a.) is 142 bps p.a. ahead of the Index return of 11.14% p.a.

Key contributors to relative performance:

- Cencora, Inc., a US pharmaceutical services company, saw its shares driven higher by impressive fiscal results and the sale of Walgreens Boots' stake in the company, which had been an overhang on the stock. The transaction, coupled with a favourable environment for defensive stocks, contributed to the share price rally.
- HDFC Bank Limited, one of India's largest private banks, had lagged over the past year amid integration of the HDFC Limited mortgage business. March saw renewed investor interest as the benefits of the merger became clearer and the macro-outlook improved. Expectations of looser risk-weight requirements from the Indian banking regulator also supported sentiment.
- Elevance Health, a major US health insurer, shares surged on positive analyst ratings and broader support for defensive stocks, there was no major company-specific news.
- Trip.com Group Ltd., a leading online travel agency, saw its shares climb following its successful 3.3 promotional campaign, which generated over 700 million impressions and boosted performance across multiple product lines. The company's innovative marketing strategies and expansion of promotional events were appreciated by investors and should lead to an acceleration in their top line.
- Sony Group Corporation, the Japanese tech and entertainment giant, continued to perform strongly, buoyed by positive news flow and solid financial performance, particularly in the gaming and music divisions, while management provided an upbeat outlook for 2025. Sony's innovative initiatives, such as the launch of a comprehensive blockchain-centric Web3 solution, have positioned it well in the tech space. The anticipation of new leadership with Hiroki Totoki taking over as President and CEO in April 2025 also added to the positive sentiment.

Key detractors from relative performance:

- Meta Platforms Inc., a leading global social media and technology company, shares were impacted by a broader sell-off in high-beta US stocks amid rising policy uncertainty around tariffs and government spending cuts. Ongoing challenges in its Reality Labs division and legal issues around AI initiatives also weighed on sentiment, despite continued strength in its core advertising business. NVIDIA Corporation (semiconductors and AI) and Amazon.com, Inc. (e-commerce and cloud services) also lagged, affected by anti-beta and shifting AI trade dynamics.
- Oracle Corporation, a major enterprise software and cloud services provider, shares came under pressure despite very strong bookings, as Q3 revenue and margins fell slightly short of market expectations. Investors are also bracing for a tougher spending environment among its enterprise clients.
- Interactive Brokers Group, Inc. a global electronic brokerage firm, gave back some of the gains of the prior six months, as weaker market performance raised concerns about account growth sustainability. Lower expectations for US growth led to a bond rally, as expectations for more cuts from the Fed grew, which would reduce interest income from client balances. Nevertheless, account

growth accelerated to 32% year-on-year in March, illustrating the value the platform provides to customers and the flywheel effect of this feeding into more word-of-mouth advertising.

- Samsonite Group S.A., a leading luggage and accessories brand, shares struggled to perform due to softer sales and continued supply chain disruptions. Recovery from pandemic impacts has been slower than expected, and sentiment was further dampened by technical overhang as the company prepares to relocate its listing to a US exchange.
- Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) and Broadcom Inc. also detracted from performance as high-beta US stocks sold off through the month.

Market review

Financial markets have also proven themselves to be a beacon of contrasts. As the call for US Exceptionalism reached a frenzy, a shift towards "America First" policies were assumed to strengthen the headwinds for economic growth in other parts of the world. However, March has been a stark reminder that risk and volatility are never far away, and fundamental shifts in policy can have unintended consequences, such as the galvanizing effect of Europe coming together to shore up their own borders.

By the end of the month, everything, everywhere, all at once had turned upside down, and the global benchmark declined 4.15% in March. The best-performing sectors were those that struggled prior such as Utilities and Healthcare. Though it wasn't just the defensive cohort that performed well, as Energy, Materials and Financials also outperformed. Unsurprisingly, the high beta sectors, which also happen to be heavily weighted to artificial intelligence (AI) – Consumer Discretionary, Communication Services and Information Technology – all materially underperformed.

The US market continued its period of underperformance, while Europe and the UK performed relatively well. European Commission President Ursula von der Leyen announced her proposal for close to Euro 800 billion of spending to boost the bloc's defence capabilities, while Germany's incoming chancellor Friedrich Merz is also loosening the purse strings with proposals to ease off the debt brake for defence spending with a new Euro 500 billion infrastructure spending plan, driving European markets higher. Emerging market equities significantly outperformed developed markets, with Hong Kong and Latam equities performing strongly.

Country / regional exposure

	Fund %	Benchmark %
United States	63.24	64.55
Japan	6.56	4.85
China	1.35	3.24
United Kingdom	5.41	3.39
Canada	0.00	2.78
Europe ex UK	10.35	11.54
Asia Pacific ex China & Japan	9.95	7.37
Emerging Europe, Middle East, Africa	0.00	1.54
Latin America	0.00	0.74
Cash	3.14	0.00

Sector exposure

	Fund %	Benchmark %
Communication Services	7.27	8.15
Consumer Discretionary	17.05	10.64
Consumer Staples	5.23	6.29
Energy	1.43	4.16
Financials	17.18	18.06
Health Care	18.05	10.32
Industrials	10.47	10.57
Information Technology	17.81	23.37
Materials	2.38	3.63
Real Estate	0.00	2.12
Utilities	0.00	2.69
Cash	3.14	0.00

Top 10 holdings (underlying Fund)

	Portfolio %	Benchmark %	Country
Microsoft Corp	4.82	3.49	United States
Amazon.com	4.43	2.37	United States
NVIDIA Corp	4.30	3.49	United States
Meta Platforms Inc	4.04	1.65	United States
Netflix, Inc	3.23	0.52	United States
Sony Group Corp	3.20	0.20	Japan
HDFC Bank Limited	2.93	0.16	India
Coca-Cola Europacific Partners plc	2.92	0.02	Netherlands
Intercontinental Exchange, Inc.	2.88	0.13	United States
Cencora, Inc.	2.77	0.06	United States

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	13.97	13.27	14.71	12.20
Distribution return	0.00	0.00	0.00	0.35

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$318 mn as at 31 March 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

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