

Yarra Global Share Fund

Net returns as at 31 December 2024

	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#	2.56	12.71	16.02	38.17	9.74	14.06	13.99	9.06
MSCI All Countries World Index [^]	2.73	10.94	13.86	29.48	11.22	12.88	12.38	8.00
Excess Return [‡]	-0.17	1.77	2.15	8.69	-1.48	1.18	1.60	1.06

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 société 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 2.56% (after fees) in December, underperforming the Index return of 2.73% by 17 basis points (bps). This brings the Fund's 2024 calendar year-to-date return to 38.17%, outperforming the Index return of 29.48% by 869 bps.

Key contributors to relative performance:

- **Broadcom Inc.**, a leading global technology company, saw its shares rise significantly after posting strong results for the last quarter, driven by a substantial increase in demand for its AI solutions. Revenue grew by 51% year-over-year, with AI revenue rising by 220%. Management also provided an optimistic outlook for AI revenue through to 2027.
- **Sony Group Corporation**, a multinational conglomerate known for its consumer electronics, gaming, entertainment, and financial services, saw its shares trade higher largely due to positive investor sentiment in the Technology sector. While there was no significant stock-specific news, management highlighted an improved margin outlook for its gaming business.
- **Amazon.com**, a multinational technology company focused on e-commerce, cloud computing, and artificial intelligence, and **Meta Platforms**, a leader in social media and digital advertising, both benefited from improving sentiment in IT and Internet stocks during the month. Neither company made any material announcements, although Amazon's AWS re:Invent conference provided positive updates on its AI initiatives.
- **Taiwan Semiconductor Manufacturing Co.**, the world's largest dedicated independent semiconductor foundry, providing advanced chip manufacturing services to a wide range of industries, performed well, along with other global semiconductor stocks. The company reported a 34% year-over-year increase in monthly sales in the early part of the

month, indicating healthy ongoing demand, despite some end markets remaining relatively weak.

Key detractors from relative performance:

- Shares in **Tesla Inc.**, an electric vehicle and clean energy company, and **Apple Inc.**, a leading technology company known for its consumer electronics, both performed well. As a result of the Fund's nil holding in these two Magnificent 7 stocks, they were among the largest detractors for the month. We do not believe either company qualifies as a Future Quality investment and do not anticipate this view changing in the immediate future.
- **Ryan Specialty Holdings**, a US-based provider of wholesale brokerage and underwriting services, shares traded lower. The stock had been a strong performer throughout the year but gave up some of those gains during the month as markets weakened. The insurance industry, in general, was relatively weak over the month.
- **Uber Technologies**, a global ride-hailing and transportation company, saw its shares fall during the month. Negative sentiment regarding the timing of Tesla's entry into the Autonomous Vehicle (AV) rideshare industry continues to weigh on the stock, particularly following the Trump election win. Investors are still trying to understand the potential role Uber will play in the AV industry if AV regulation becomes more favourable and the technology is rolled out faster than anticipated. Additionally, the decision by Waymo to enter the Miami market but not use the Uber app was seen as a negative.
- **Cencora, Inc.**, a global pharmaceutical distribution company, saw its shares sold-off, along with the healthcare sector in general. There was no major stock-specific news.
- **Progressive Corporation.**, a leading US-based insurer, saw its share price fall, despite posting very strong November numbers, with gross premiums growing 18% and a better-

than-expected combined ratio due to improved loss ratios.

Market review

Investors didn't need tradition to ring in 2024, given a second consecutive year of strong equity returns. This Fund also had a solid year, outperforming global markets and, more importantly, recovering from a poor prior year. However, the final month was somewhat disappointing, with global indices falling 2.4% (in USD) and the strategy mirroring this decline. That said, returns were still positive for unhedged Australian investors, thanks to foreign currency gains against the falling Australian dollar.

A market correction might suggest that defensive sectors would be the safe haven, yet rising real rates dampened this theory, with real estate, utilities, healthcare, and consumer staples all falling more than 4% (USD) over the month. Some cyclical sectors, such as financials and industrials, which had recently gained after the US election, also dropped sharply, as did both the materials and energy sectors. Companies in those sectors will be glad to see the end of 2024.

Despite AI dominating performance throughout the year, the information technology and communication services sectors continued to outperform in December, driven largely by the Magnificent 7, but also bolstered by stellar results from Broadcom. The consumer discretionary sector was the top performer, supported by both Tesla and Amazon.com.

The regions that struggled the most were commodity-rich Australia and Canada. In contrast, emerging markets and Hong Kong were the best performers, buoyed by expectations of continued policy support from Chinese authorities in response to their property crisis, suggesting that Chinese consumer confidence may have reached its lowest point.

Country / regional exposure

	Fund %	Benchmark %
United States	67.28	66.05
Japan	6.39	4.93
China	1.47	2.81
United Kingdom	6.39	3.16
Canada	0.00	2.75
Europe ex UK	5.48	10.63
Asia Pacific ex China & Japan	10.30	7.56
Emerging Europe, Middle East, Africa	0.00	1.45
Latin America	0.00	0.66
Cash	2.70	0.00

Sector exposure

	Fund %	Benchmark %
Communication Services	7.16	7.76
Consumer Discretionary	17.62	11.06
Consumer Staples	6.03	6.08
Energy	1.31	3.94
Financials	15.93	17.20
Health Care	14.53	9.92
Industrials	10.00	10.47
Information Technology	22.60	25.39
Materials	2.13	3.53
Real Estate	0.00	2.10
Utilities	0.00	2.55
Cash	2.70	0.00

Top 10 holdings (underlying Fund)

	Portfolio %	Benchmark %	Country
NVIDIA Corp	5.77	4.27	United States
Microsoft Corp	5.39	3.76	United States
Amazon.com	5.08	2.47	United States
Meta Platforms	4.08	1.58	United States
Broadcom Inc.	3.50	1.08	United States
Netflix, Inc.	3.07	0.48	United States
HDFC Bank Limited	2.83	0.15	India
Compass Group PLC	2.76	0.08	United Kingdom
Taiwan Semiconductor Manufacturing Co.	2.74	0.91	Taiwan
Sony Group Corporation	2.71	0.18	Japan

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	38.17	9.74	14.06	13.58
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\$340 mn as at 31 December 2024	
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

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