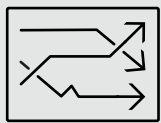


Fund performance



The Fund returned -1.43% over the review period, slightly underperforming the benchmark ASX 200 Index's return of -1.24%. This underperformance largely came amidst a rapid sell-off in quality names, which had outperformed, and a shift to defensive stocks.¹

We saw weakness in the financials, real estate, and healthcare sectors and saw some detractor from a lack of exposure to consumer staples. This was mitigated by positive contributions from the overweight and stock selection in communication services and strong stock selection in industrials.

At the stock level, solid stock performers included gold production and exploration company Northern Star Resources (NST), which rallied on the back of rising gold prices driven by geopolitical tensions and central bank demand. We believe that NST is a strong operator with a decent track record. The company has differentiated capabilities in terms of its technical team and its internal contractor arm, which is highly specialised. The company focuses on developing and running high-quality assets and its capital allocation framework is centred on generating sustainable cash, supporting a strong balance sheet and high returns. In addition, a preference for defensive names with stable cash flow and good dividend yield meant that our holding in telco Telstra Group outperformed. Across other sectors, property group Mirvac released a positive operational update, which resulted in its share price strength. ALS, a global testing, inspection, and certification company

Cumulative and annualized total return as of April 30, 2025 (%)

	NAV	Market Price	ASX 200 Net Index
10 Years (p.a.)	6.41	5.92	5.21
5 Years (p.a.)	12.39	12.21	11.39
3 Years (p.a.)	5.45	1.14	3.27
1 Year	13.81	11.08	7.95
Year to date	3.41	2.48	4.04
3 months	-1.43	-1.29	-1.24
1 month	6.32	3.47	6.40

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

Investment returns and principal value will fluctuate and shares, when sold, may be worth more or less than original cost. Current performance may be lower or higher than the performance quoted. NAV return data includes investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions.

The Fund is subject to investment risk, including the possible loss of principal. Returns for periods less than one year are not annualized.

serving the life science and commodities sectors, also performed well as it is well-positioned to benefit from the new PFAS regulation and will benefit from the recovery in spending on mineral exploration.

In contrast, our holding in Pro Medicus sold off on some profit-taking amid rising risk-off sentiment despite the healthcare company winning new contracts. Goodman Group also detracted after a capital raise announcement to expand its data centre business, which had seen dampened sentiment on concerns over slower tech demand and decreasing AI capex. Another underperformer was Viva Energy, as its share price fell on weak convenience and mobility segment business guidance.

¹The S&P/ASX 200 Index tracks the performance of the 200 largest stocks (by market capitalization) listed on the Australian Securities Exchange. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.



Market review

Australian equities fell during the quarter ended April, with the benchmark ASX 200 Index's performance down almost 1.2% in US dollar terms. Weakening commodity prices accounted for most of the fall, with the Reserve Bank of Australia's (RBA) Index of Commodity prices now down to levels last seen in 2021. That said, gold remains an outlier, rising 17% in US dollar terms and boosting returns of gold miners. Elsewhere, information technology was the other sector to weigh on returns, owing to economic growth concerns following US President Donald Trump's tariff announcement at the beginning of April.

The RBA finally joined the majority of its central bank counterparts in cutting rates in February. While the central bank paused in April, it is largely expected that this will be followed by a second cut to its policy rate in May. This is largely due to recent data that points to a softening domestic economy. For example, retail sales rose just 0.3% month on month in March, which was below expectations and highlighted that consumers are holding back spending in discretionary areas, with restaurants feeling the pinch. This aligned with waning consumer confidence and business sentiment, which is perhaps unsurprising given the current geopolitical environment.

While resilient labour market strength may have been the reason why the RBA maintained its policy rate six months ago, it is unlikely to be the case now, especially in the context of the latest inflation figures. Annual inflation for the first quarter of 2025, as measured by the change in the consumer price index, came in at 2.4% – well within the RBA's 2–3% target range – with the expiry of government electricity bill rebates a major contributor to a figure that would otherwise have been even softer.

Portfolio activity

Over the three months, we exited our positions in AUB Group, Pilbara Minerals, Car Group and Viva Energy in view of better opportunities elsewhere.

Outlook

Following the federal election on May 3, Australians re-elected the Australian Labor Party (ALP) into power, with leader Anthony Albanese winning a second term as Prime Minister. This outcome signalled a stunning turnaround for Albanese, who had been trailing in the polls two months ago and was driven partly by anger over Trump's disruptive trade war. The ALP has signalled that they would seek to negotiate the 10% tariff imposed on Australian exports to the US.

Meanwhile, the Reserve Bank of Australia (RBA) held its interest rates unchanged at 4.1% in April, as the central bank emphasised the uncertain global backdrop post-US tariffs. Its emphasis shifted from being "cautious on prospects for further policy easing" to "cautious about the outlook". While inflation was declining and wage pressures had eased, the RBA was cautious about the recent disinflation, given the labour market strength. The RBA also highlighted tariff risks, with China and commodity prices as the key channels of impact on the domestic economy, inflation and, more broadly, global growth. Against that would be some potential beneficiaries of supply chain disruptions and potential US domestic tax cuts, including companies with notable US exposure, such as our holdings in WiseTech, Aristocrat and James Hardie.

From a portfolio perspective, we will continue with our strategy to opportunistically take advantage of market movements to add to quality companies that are able to succeed when the impact of the above tailwinds shows tangible benefits whilst keeping a mindful eye on valuations. We remain biased towards businesses with strong pricing power and defensive business moats, and we favour businesses with clear growth prospects that are leveraged to long-term structural shifts.

Important Information

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the Fund. The net asset value (NAV) is the value of an entity's assets less the value of its liabilities. The market price is the current price at which an asset can be bought or sold. There is no assurance that the Fund will achieve its investment objective. Past performance does not guarantee future results.

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International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods; these risks are generally heightened for emerging market investments.

There are also risks associated with investing in Australia, including the risk of investing in a single-country Fund. Concentrating investments in the Australia region subjects the Fund to more volatility and greater risk of loss than geographically diverse funds.

Equity stocks of small and mid-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies.

Please see the Fund's most recent annual report for more information on risks applicable to the Fund.

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