April 2026

April was an extraordinary month for global sharemarkets, powered by the American technology giants. US stocks closed at record highs.

Your **All Cap Australian Equities Fund**

clime
Clever investing made *easy*

About *your* All Cap Australian *Equities* Fund

Fund Facts

The Clime All Cap Australian Equities Fund ("Fund") is an actively managed, diversified portfolio providing an exposure to high quality companies across the large and small cap segments of the ASX. Its objective is to achieve returns in excess of the ASX200 Accumulation index.

Investor Suitability

The Fund is designed for wholesale investors who:

- are looking for a diversified portfolio across large, mid and small cap segments of the ASX;
- are seeking capital growth over the medium to long term;
- have a minimum of 3 to 5 years to invest.

Leo Economides
Chief Investment Officer

Fund Benefits

The Fund invests in companies that have good economics, strong balance sheets, significant growth prospects and where the share price trades at a sufficient discount to our assessment of value. The Fund is managed to generate a sound balance of capital growth and income. Our approach to portfolio management ensures investments are appropriately weighted according to their level of risk and reward. Position sizing reflects our assessment of the company's valuation, quality and execution of its business plan.

Risk Management

The Fund is intended to be a high risk rating investment. It has a diversified portfolio with exposure to both large and small cap companies. Clime's investment process seeks to mitigate risk by acquiring a part share in a range of high quality businesses whilst maintaining valuation discipline. The Fund can hold up to 50% cash should circumstances warrant. Market portfolio protection instruments can be held periodically to hedge liquidity and market risk.

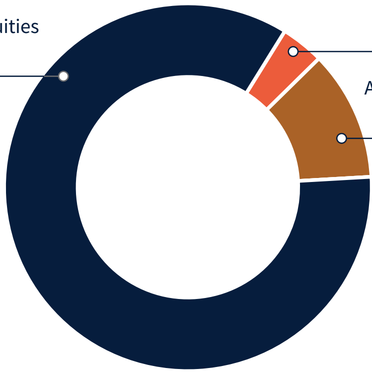
Asset Allocation by Industry

Industry	Weighting
Cash	11.5%
Materials	15.5%
Financials	30.6%
Health Care	8.8%
Industrials	8.1%
Energy	0.7%
Real Estate	3.3%
Information Technology	2.2%
Consumer Staples	5.7%
Communication Services	5.5%
Consumer Discretionary	8.1%

Top 5 Stock Holdings

Company	ASX
BHP Group Ltd	BHP
National Australia Bank Limited	NAB
ANZ Group Holdings Limited	ANZ
Macquarie Group, Ltd.	MQG
Commonwealth Bank of Australia	CBA

Asset Allocation by Market Cap



Performance

	1 Month	3 Months	Financial Year to Date (FYTD)	1 Year	3 Years p.a.*	5 Years p.a.*	10 Years p.a.*	Inception p.a.*	Inception Total
Portfolio Return	1.8%	-1.0%	4.3%	5.6%	6.2%	3.5%	6.1%	8.0%	539.1%
Benchmark^	2.2%	-1.2%	4.2%	10.1%	9.7%	8.4%	9.3%	8.4%	601.7%

Inception: 9 April 2002.

* Performance figures for more than 1 year are annualised, calculated after all applicable fees and taxes. Performance figures compare unit price to unit price for the given period. The returns exclude the impact of imputation. ^Benchmark refers to S&P / ASX 200 Accumulation Index

Portfolio Commentary

The portfolio returned 1.8% in April, underperforming its benchmark return of 2.2%. The key drivers of performance and the major portfolio changes are outlined in the tables below.

Positive Attributors	Portfolio Return	Comment
Macquarie Group, Ltd. (MQG.ASX)	16.4%	Macquarie Group (MQG) contributed significantly in April, supported by strong results across all operating segments. The stock delivered a 16.4% total return for the period, underpinned by robust growth in Commodities and Global Markets and elevated performance fees in Asset Management. This broad-based momentum reinforced investor confidence in Macquarie's diversified earnings profile despite ongoing macroeconomic uncertainty.
Goodman Group (GMG.ASX)	15.8%	Goodman Group (GMG) contributed to portfolio returns in April, delivering a 15.8% total return. Performance was driven by strengthening market appetite for data centre assets, as investors increased their allocation to infrastructure capable of supporting the rapid expansion of AI and cloud computing.
Netwealth Group Ltd. (NWL.ASX)	9.2%	Netwealth Group (NWL) contributed to portfolio returns in April, delivering a 9.2% return. The performance was driven by a strong quarterly update, which highlighted sustained growth in Funds Under Administration (FUA) and Funds Under Management (FUM). While broader market volatility partially offset some of these gains, the underlying net inflows remained resilient, reinforcing investor confidence in the platform's operational momentum and ability to scale despite turbulent market conditions.

Negative Attributors	Portfolio Return	Comment
PEXA Group Limited (PXA.ASX)	-17.5%	PEXA Group (PXA) detracted in April with a -17.5% return. Investor sentiment weakened after the government signalled a shift away from pursuing interoperability, increasing the probability of PEXA being classified as a regulated asset. The market responded to the risk of tighter oversight and potential fee caps, which would constrain the company's long-term earnings growth. These regulatory headwinds overshadowed recent operational progress, leading to a compression in the stock's valuation.
Woolworths Group Ltd (WOW.ASX)	-5.5%	Woolworths Group (WOW) was a detractor in April, returning -5.5%. The company's third-quarter sales increased 4.5% to $18.1 billion, representing a decent volume result. However, performance was impacted by weaker guidance, with management indicating that full-year Australian Food EBIT growth will likely track in the mid-to-high single-digit range rather than at the upper end of prior expectations. This downward revision is driven by elevated fuel costs and ongoing price investments to maintain customer volumes amid inflationary pressures. The resulting risk of margin compression has lowered market expectations.
ResMed Inc. CHESS Depositary Interests on a ratio of 10 CDIs per ord.sh (RMD.ASX)	-7.4%	ResMed (RMD) detracted from performance in April with a -7.4% return. This decline followed a shift in investor sentiment across the globally exposed Australian healthcare sector. Sector leaders CSL and Cochlear (COH) experienced a sell-off, creating downward pressure that impacted ResMed's share price. Market participants rotated away from high-multiple healthcare names during the month as macroeconomic outlooks evolved.

Portfolio Activity

Buy	Comment
Computershare Limited (CPU.ASX)	We initiated a position in Computershare (CPU) to benefit from rising US interest rates and persistent inflation. The company earns margin income on client cash balances, which increases as US bond yields trend higher. A higher-for-longer rate environment supports earnings and serves as a hedge against inflationary pressure. This holding provides exposure to rising global rates and aligns the portfolio with the current yield trajectory.
Nick Scali Limited (NCK.ASX)	We have initiated a position in Nick Scali (NCK). The company maintains a history of high capital returns and operational discipline. Management's track record in the domestic market supports our confidence in their ability to scale the business effectively, which we believe the team will successfully execute the UK expansion by applying their established business model. This expansion does come with execution risk, but provides a growth runway that is not fully reflected in the current valuation.
Premier Investments Limited (PMV.ASX)	We initiated a position in Premier Investments (PMV). Much of the valuation is supported by its ownership of Breville (BRG). The current market price implies significant distrust in Smiggle's profitability, which we believe creates a valuation gap. We expect management's track record and the new leadership team to successfully execute a turnaround. This investment offers exposure to high-quality retail brands with disciplined capital management.
Smartgroup Corporation Ltd (SIQ.ASX)	We have initiated a position in Smartgroup (SIQ) as the conflict in the Middle East and resulting oil shock accelerate the transition to electric vehicles (EVs) by driving fuel prices higher. Government policy remains supportive through the phased extension of the Electric Car Discount, which provides a multi-year runway of Fringe Benefits Tax (FBT) exemptions for eligible vehicles. Smartgroup is a primary beneficiary of these incentives, as its novated leasing models allow consumers to utilise tax strategies to offset cost-of-living pressures. We believe the company is well-positioned to capture sustained volume growth as tax-effective financing remains a key driver of EV adoption in Australia.
Wesfarmers Limited (WES.ASX)	Wesfarmers (WES) is being introduced as a core holding, offering a resilient conglomerate model with a track record of quality compounding. Its dominant retail assets, Bunnings and Kmart, are well-positioned for the current cycle as cost-of-living pressures drive consumers toward value-oriented retailers. The company maintains an investment-grade balance sheet and superior capital discipline, consistently evolving its portfolio toward growth areas like healthcare. A significant upcoming tailwind is the launch of its lithium hydroxide plant, which diversifies earnings as the global energy transition accelerates. While Middle East tensions and oil price spikes create inflationary risks for retail margins, we view any resulting volatility as a strategic entry point to accumulate this high-quality business. Ultimately, Wesfarmers provides a stable, diversified earnings base and a sustainable dividend profile supported by disciplined operational execution.
Jumbo Interactive Limited (JIN.ASX)	We initiated a position in Jumbo Interactive (JIN), favouring its structural resilience and defensive qualities across all economic cycles. The current price offers an attractive valuation supported by a strong, fully franked yield. While margins have faced recent pressure, we expect the continued shift toward online lottery adoption to drive earnings growth and offset margin compression. JIN remains a high-quality, cash-generative business with a clear pathway for long-term scalability.

Ridley Corporation Limited (RIC.ASX)	We have initiated a position in Ridley Corporation (RIC) as population growth continues to support demand for Australian agricultural and livestock products. This structural driver supports margins in Ridley's Bulk Stockfeeds and Fertiliser segments, which benefit from resilient volumes in ruminant and monogastric feed. The company's focus on yield-enhancing inputs provides defensive earnings tied to the global protein supply chain. At current levels, the valuation offers an entry point with a consistent fully franked yield.
JB Hi-Fi Limited (JBH.ASX)	We have initiated a position in JB Hi-Fi (JBH) as the recent share price decline offers an entry point into a high-quality business at an attractive valuation. Australia's sustained population growth provides a structural tailwind for sales volumes, which should support long-term revenue resilience and market share. While the retail sector navigates broader cost pressures, as well as the impact of weakening macroeconomic sentiment, the company's operational history and cash-generative profile remain fundamentally sound. At current levels, the stock looks attractive relative to its historical multiples and long-term growth outlook.

Sell	Comment
Breville Group Limited (BRG.ASX)	We have exited our position in Breville Group (BRG) as we prefer to capture the underlying value of the business through our holding in Premier Investments (PMV). With PMV maintaining a ~25% stake in Breville, we believe this structure provides a more capital-efficient way to maintain exposure to BRG's global innovation while benefiting from PMV's broader retail assets. This consolidation allows us to leverage BRG's market position while simultaneously accessing the valuation gap and turnaround potential within the PMV portfolio.
Dexus (DXS.ASX)	We have exited our position in Dexus (DXS) as the outlook for office REITs remains challenged by the structural shift toward work-from-home (WFH) practices. Persistent vacancy rates and evolving tenant preferences are weighing on long-term demand, while a rising interest rate environment increases funding costs. Additionally, escalating construction and maintenance expenses further compress development margins and free cash flow. At current levels, the stock's valuation outlook remains negative.
PEXA Group Limited (PXA.ASX)	We have exited our position in PEXA Group (PXA). The decision to abandon the interoperability program has shifted regulatory focus toward a "regulated asset base" (RAB) model. This utility-style framework introduces significant risk to pricing power and long-term profitability through potential fee caps and margin compression. The transition from a tech platform to a regulated utility fundamentally alters the earnings profile. The stock's outlook remains negative as the market re-rates the business.
Straker Ltd (STG.ASX)	We have exited our position in Straker (STG) as the rapid advancement of AI necessitates a significant pivot in the company's business model. This transition entails substantial execution risk as the firm shifts toward AI-driven translation services amidst declining revenues and margin compression. Concerns regarding capital management and recent leadership changes further challenge the strategic outlook. At current levels, the stock's outlook remains negative given the structural disruption and uncertainty surrounding the success of its AI integration.
Telix Pharmaceuticals Limited (TLX.ASX)	We have exited our position in Telix Pharmaceuticals (TLX). Downward revisions to consensus EPS estimates and widening loss projections for FY26 indicate a slower-than-expected path to profitability. Furthermore, the absence of major regulatory catalysts until the September FDA decision leaves the high-beta stock exposed to broader Australian healthcare sector weakness and valuation compression. At current levels, the stock's outlook remains negative as market sentiment shifts away from speculative growth names.

WiseTech Global Ltd. (WTC.ASX)	We are progressively exiting our position in WiseTech Global (WTC). The company faces structural headwinds as artificial intelligence threatens traditional seat-based software revenue and risks accelerating commoditisation. Additionally, corporate governance remains deficient due to concentrated founder influence and poor risk oversight, which historically correlates with lower risk-adjusted returns. Given WTC's high valuation multiples, low dividend yield, and long-term structural threats, the overall downside risk outweighs the potential upside. We will reduce our holding gradually, capitalising on short-term price strength driven by shifting market sentiment.

Market Commentary

April was an extraordinary month for global sharemarkets, powered by the American technology giants. US stocks closed their best month since 2020 at record highs as investors bet the AI boom will deliver a windfall to America's tech behemoths.

The S&P 500 (the most significant global sharemarket bellwether) climbed 10% in April – its biggest monthly jump since the November 2020 Covid-19 vaccine breakthrough – as the market rebounded from the sell-off triggered by spiking energy prices as the Middle East conflict erupted.

US Tech Booming

Technology stocks have powered the global equity comeback, sending the tech-heavy Nasdaq index surging 15% in April, its best month since April 2020. Analysts revised their profit forecasts to new highs, banking on booming AI infrastructure spending by the Magnificent 7 to support economic growth, with earnings upgrades extended across multiple sectors; even the Dow Jones rose by 7%.

Mega-cap tech continues to deliver exceptional earnings growth, and investors focused on revenues as an indicator of return on AI investment spending. Amazon, Alphabet, Meta and Microsoft have reported collective revenue growth of 20% and earnings growth of 60% this quarter (although "other income" driven by private equity investments contributed a record 1/3 of those profits). Within this group, share price performance mirrored revenue results and guidance. These four companies (GOOGL, MSFT, AMZN, and META) represented close to $12 trillion in market cap – larger than the equity markets of the United Kingdom, France, the Netherlands and Australia combined.

The AI capex boom shows no sign of slowing. Analyst estimates for 2026 AI hyperscaler capex spending total $700 - $750 billion, 80% above spending in 2025. The surge in spending estimates is driving a similar rise in earnings estimates for AI infrastructure companies, helping lift the earnings outlook for the broad market and skewing risks to S&P 500 earnings estimates to the upside.

Global Equities

The Iran war will continue to be a principal factor in markets. Despite the ongoing and fragile ceasefire, the situation stays fluid and oil flows through the Strait of Hormuz remain extremely low, with risks to economies and markets growing the longer these supply disruptions continue.

Globally, market expectations are for real GDP growth of ~3.1% year-on-year in 2026 amid growing headwinds from higher energy prices. Global core inflation is expected to decline to ~2.4% by the end of 2026, reflecting a fading tariff boost and further normalisation in housing and wages inflation but boosted by higher energy prices.

Continued earnings growth in the US could drive equity market appreciation through to year-end. Tactically, however, sharply narrowing breadth, with most gains concentrated in the tech giants, has historically indicated equity market risk. Elevated equity investor positioning today adds to that risk.

Nevertheless, the enthusiasm was widespread with many other countries experiencing exceptional gains: Japan up 16%, Germany +7%, China +8% and France +4%. Australia and Britain dragged the chain with gains of only 2%.

We expect the Fed to deliver at least one, and maybe two 25bp cuts this year for a terminal rate range of 3-3.25%, although the risks to this forecast are probably tilted toward a longer pause.

In the Euro area, markets predict below-potential real GDP growth of 0.9% in 2026, reflecting higher energy prices and tighter financial conditions owing to the Iran conflict. We expect core inflation to rise in 3Q26 and remain there for the rest of the year amid higher energy prices, and the ECB to deliver further rate hikes to combat inflation before cutting back in 2027.

In China, real GDP growth of 4.5-5.0% in 2026 is likely, as resilient export growth, continued government policy easing, and a decreasing drag from the ongoing property market downturn offset headwinds from higher energy prices and sluggish domestic demand.

Australian Inflationary Pressures

In Australia, the Q1 CPI report provided the first official estimate of the impact on local prices of the Middle East conflict. Headline inflation accelerated sharply to 4.6% year-on-year on the back of a 33% surge in auto fuel prices in March alone. Fortunately, a portion of this spike has since unwound following the fuel excise cut, although fuel prices are still materially above the pre-conflict level.

While there were signs of price pressures across home-building, vehicle repair and insurance, it is too early to find evidence of pass-through. That said, the underlying trimmed mean inflation rose 0.8% in Q1, with annual growth at 3.5% year-on-year, a full percentage point above midpoint of the target range. Notably, March's data pre-dates the wide range of price increases reported for building products and other items which came into effect in April.

Following the CPI release, the futures markets expect the RBA to increase cash rates by 25bps to 4.35% at the May policy meeting. The combination of an elevated starting point for inflation and risk of pass-through will likely compel the RBA to act pre-emptively to hold inflation. This is notwithstanding the Budget to be delivered on 12 May, which could have significant consequences for future monetary policy.

Australian Business and Consumer Sentiment

The Westpac–Melbourne Institute Consumer Sentiment Index fell heavily in April, declining 12.5%. This is a sobering data point and highlights the despondency affecting Australian households amid rising petrol prices, increasing food costs and the threat of higher interest rates.

Coming in quick succession was the double blow to confidence: first the collapse in consumer sentiment, followed shortly after by a plunge in business sentiment. The business survey by NAB, the first since the war in the Middle East broke out, also showed confidence collapsing. Business confidence recorded the second largest monthly fall on record.

The poor sentiment measures are common across virtually all major industrialised economies, even as business investment and consumer spending have generally held up.

How to Reconcile Poor Sentiment but Resilient Spending?

This widespread despondency among both business and household sentiment measures suggests "confidence" is collapsing under the burden of unaffordable prices, war, tariffs, rising oil prices, climate anxiety, inter-generational resentment, and toxic political leadership. Yet US consumers absorbed tariffs through lowering their savings rates and are increasing spending; German retail sales are higher than pre-pandemic levels; the same is true in Australia and the UK.

Perhaps part of the answer lies in the spread of social media, with the combination of fake news and negative sensationalism. "Doom-scrolling" through the news feed on phones is commonplace. That informs the sentiment numbers of business media report; however, it seems increasingly likely that consumers have also recalibrated their spending patterns. When it comes to economic actions, perhaps most people can distinguish what they see on their phones from reality.

Commodity Markets

The World Bank's Commodity Markets Outlook, published in late April, presents a detailed picture of one of the Middle East war's most important global economic consequences, namely its impact on supplies and prices of major commodities including oil, LNG, fertilizer, sulphur, refined petroleum products and much else.

The blockage of the Strait of Hormuz created a historic shock to commodity markets, and resulted in the largest monthly oil supply loss on record in March. Assuming the most acute phase of commodity trade disruptions ends in May or June, with shipping volumes transiting through the Strait of Hormuz gradually returning to near pre-war levels by October, the World Bank projects average commodity prices to rise by 16% this year - the first annual increase since 2022. This would leave prices about 25% higher than expected in January 2026.

Commodity prices were mixed across April, with Crude Oil up around 4%, Brent up around 7%, while Gold, Silver and Platinum all fell slightly. Copper was up 7%, and iron ore managed to stay above US$100/t.

In our view, the medium-term thesis for firm commodity prices is still intact: fiscal expansion, rearmament, electrification, AI-related infrastructure build-out and currency debasement dynamics are supportive of real assets.

Global sovereign yields rose over the month as markets factored in the inflationary pressures from the energy shock. US 10-year Treasuries ended April at 4.37% (up 6bps), Australian 10 years at 5.01% (up 9bps), UK gilts at 5.01% (up 16bps), and

German bunds at 3.04% (up 4bps). With the uncertainty created by the war, we expect rising volatility in bond markets as oil prices, inflationary pressures, hits to confidence, and supply disruptions endure.

The Australian dollar was higher against the USD and ended the month at US$0.72.

Conclusion

As always, we suggest a prudent policy of asset class diversification, a focus on quality and sustainable yield, and a strategy of riding out short-term market volatility by focusing on long-term performance.