March 2026

March was a negative month for financial markets, as the conflict in the Middle East and rising geopolitical tensions decisively shifted the macro narrative, worsening the balance of risks and increasing the likelihood of stagflation (high inflation and low growth).

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.

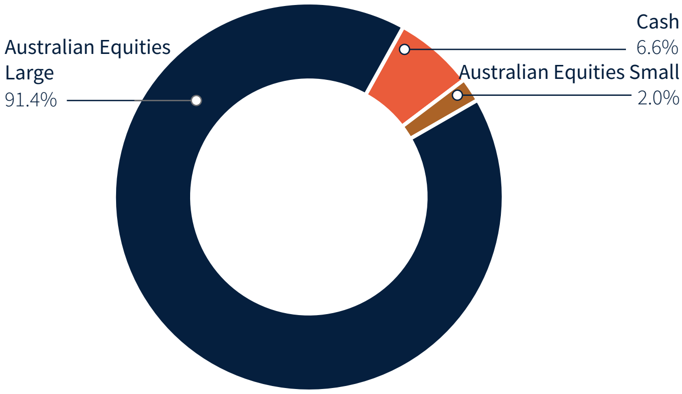
Asset Allocation by Industry

Industry	Weighting
Cash	6.6%
Materials	14.6%
Financials	31.9%
Health Care	11.8%
Industrials	7.9%
Energy	2.7%
Real Estate	8.1%
Information Technology	1.8%
Consumer Staples	4.3%
Communication Services	6.8%
Consumer Discretionary	3.4%

Top 5 Stock Holdings

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

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	-6.8%	-0.8%	2.5%	6.7%	6.0%	4.0%	5.9%	8.0%	527.9%
Benchmark^	-7.1%	-1.6%	2.0%	11.7%	9.5%	8.6%	9.4%	8.4%	586.7%

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 / ASX200 Accumulation Index

Portfolio Commentary

The portfolio returned -6.8% in March, outperforming its benchmark return of -7.1%. The key drivers of performance and the major portfolio changes are outlined in the tables below.

Positive Attributors	Portfolio Return	Comment
Telix Pharmaceuticals Limited (TLX.ASX)	36.6%	Telix Pharmaceuticals (TLX) was a positive contributor during March, driven by the realisation of several key stock catalysts. A key competitor result revealed continued market share gains for TLX, the release of TLX591 safety data and the resubmission of Pixclara to the FDA removed several stock overhangs and translated to an improved outlook for investor confidence.
Woolworths Group Ltd (WOW.ASX)	2.4%	Woolworths (WOW) contributed in March as investors rotated into the defensive consumer staples sector amid rising global uncertainty and recession fears.
PEXA Group Limited (PXA.ASX)	1.5%	PEXA Group (PXA) contributed positively following strong half-year results and the successful launch of NatWest on its UK PEXA platform.
Negative Attributors	**Portfolio Return**	**Comment**
Newmont Corporation Registered Chess Depositary Interests Repr 1 Sh (NEM.ASX)	-14.3%	Newmont (NEM) detracted in March, pressured by a stronger US Dollar and falling gold prices amid war-driven inflation concerns in the Middle East.
WiseTech Global Ltd. (WTC.ASX)	-19.8%	WiseTech (WTC) detracted in March as the conflict in the Middle East intensified inflationary pressures. This macro environment continues to weaken the sentiment on software sector, leading to a broader valuation pullback across tech equities.
National Australia Bank Limited (NAB.ASX)	-15.5%	National Australia Bank (NAB) detracted from performance in March, as rising oil prices and higher interest rate expectations weighed on sentiment toward the banking sector. Markets grew more cautious on the outlook for credit growth and asset quality, particularly given NAB's relatively higher exposure to more energy-sensitive sectors. While earnings remain supported in the near term, the risk of provisioning and slower growth has increased.

Portfolio Activity

Buy	Comment
No trades	
Sell	**Comment**
Newmont Corporation Registered Chess Depositary Interests Repr 1 Sh (NEM.ASX)	We reduced Newmont Mining (NEM) during the month following strong share price performance and in recognition of position risk management. The position was trimmed given its high sensitivity to the gold price, which has recently been supported by heightened geopolitical tensions, US dollar weakness, and concerns around Federal Reserve independence. We also note rising oil prices, driven by Middle East conflict, present a headwind, as fuel represents a meaningful portion of operating costs and may pressure margins if sustained.

Monadelphous Group Limited (MND.ASX)	During the month we reduced the portfolio position in Monadelphous (MND). While the operating environment remains supportive and management continues to execute well, we took the opportunity to lock in further profits and reduce portfolio risk. MND remains a core portfolio holding, with its growth outlook underpinned by a strong order backlog and improving earnings mix towards higher margin work.

Market Commentary

March was a negative month for financial markets. The conflict in the Middle East and rising geopolitical tensions have shifted the macro narrative decisively, with the balance of risks worsening and the chances of stagflation (high inflation, low growth) increasing. The world faces yet another energy shock. The war in the Middle East is affecting the region and well beyond, and dimming the outlook for economies that had recently shown signs of recovery from earlier crises.

Beyond the human toll, the war has caused serious disruption to the economies of the most directly affected countries, including damage to their infrastructure and industries that could become long-lasting.

Meanwhile, large energy importers in Asia and Europe are withstanding the worst of higher fuel and input costs: approximately 25 to 30% of global oil and 20% of liquefied natural gas pass through the Strait of Hormuz, feeding demand not only in Asia but also in Europe. Economies heavily dependent on oil imports in Africa and Asia are finding it increasingly hard to access the supplies they need, even at inflated prices. Australia, despite its resource wealth, finds itself vulnerable to this energy shock.

The inflationary impact is concerning. The cost of energy is the main transmission channel. The de facto closure of the Strait of Hormuz and damage to regional infrastructure have produced the largest disruption to the global oil market in history, according to the International Energy Agency. For fuel importing economies like Australia, the effect is that of a large, sudden tax on income.

The shock is global, yet asymmetric. Energy importers are more exposed than exporters, poorer countries more than richer ones, and those with meagre buffers more than those with ample reserves. Although the war could shape the global economy in diverse ways, all roads lead to higher prices and slower growth. The inflation consequences of oil prices depend on a sustained increase, not a spike. The only good news is that the world has become less oil dependent to produce economic activity.

Supply Chains

The war is also reshaping supply chains for non-energy and critical inputs. Rerouting tankers and container ships raises freight and insurance costs and lengthens delivery times. Air traffic disruptions around key Gulf hubs affect global tourism while adding another layer of complexity to trade.

In addition to higher commodity prices, countries, companies, and consumers already face the effects of these supply chain complications. With shipments of fertilizer—of which about one-third passes through the Strait of Hormuz—disrupted, concerns about food prices are mounting. The interruption of crop-nutrient supplies from the Gulf threatens yields and harvests, pushing food prices higher.

As usual, the most vulnerable will bear the heaviest burden. People in low-income countries are most at risk when prices rise because food accounts for about 36% of consumption on average, compared with 20% in emerging market economies and 9% in advanced economies. That makes any spike in fertilizer and food prices not just an economic problem but a socio-political one, especially where fiscal resources to cushion the blow are limited.

Global Shares

Global equities sold off through the month, with most major markets down between 5%-13%. The S&P 500 index fell ~5.0%, the Dow Jones was down ~5.2%, and Nasdaq was off ~5.0%. Japan fell 11%-13%, the UK was down ~6.7%, France was off ~8.9%, and Germany down ~10.3%. China's Shanghai index fell ~6.9%. The ASX 200 fell ~7.8%.

US inflation continues to run above the Federal Reserve's target and labour markets are still firm. Despite this, the Federal Reserve had delivered multiple rate cuts under significant political pressure. The appointment of Kevin Warsh as Chair, due to take over from Jay Powell in May, introduces policy uncertainty: markets debate whether institutional orthodoxy or executive preference will dominate.

Australia: Expect Higher Inflation

Australian inflation stays uncomfortably above the target amid tight labour market and expansionary fiscal settings at both Commonwealth and State levels. The RBA's February hike reflected concern that the prior 2025 easing was premature, but in retrospect it might have been better to observe how the energy shock affects the economy. Policy credibility now hinges on re-anchoring expectations without inducing an abrupt slowdown.

We will have to wait and see how long the disruption to fuel supplies lasts. There has been a rapid pass-through of higher fuel and other oil-derived product prices into other prices in Australia. It is likely that the RBA will respond to this pricing behaviour by tightening monetary policy by more than would have been needed absent that pass-through.

The halving of fuel excise, announced by National Cabinet at month end, reduces the near-term outlook for headline CPI inflation, but a peak of above 5% year-on-year in the June quarter is still likely. The announcement also does not affect prices of other oil-related products, including aviation fuel and various plastics, or any price increases from damage to gas and other production facilities in non-combatant Gulf states. Much of the second-round pass-through of prices is therefore likely to remain in place, and we continue to expect trimmed mean inflation to peak around 4% later this year.

The higher cash rate profile will weigh on Australia's economic outlook. Growth will be slower, especially consumption, and the labour market will be softer.

Commodities, Bonds and Currencies

Commodities were mixed across March, with crude oil up around 45%-50%, Brent up around 55%-65%, while Gold, Silver and Platinum all declined relative to February. Copper was slightly weaker, but iron ore managed to stay above US$100/t.

In our view, the medium-term thesis for firm commodity prices remains 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 began to factor in the inflationary pressures from the energy shock. US 10-year Treasuries ended March at 4.32% (up 36bp), Australian 10-year yields at 4.97% (up 36bp), UK gilts at 4.92% (up 69bp), and German bunds at 3.01% (up 36bp). With the uncertainty created by the war in the Middle East, we expect rising volatility in bond markets as oil prices, inflationary pressures, hits to confidence, and the course of the war play a part in market volatility.

The Australian dollar fell against a resurgent USD and dropped to below US$0.70, ending the month at US$0.69.

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.

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