Harbourside Investments
MDA Commentary

AS OF JUNE 2026

HARBOURSIDE
INVESTMENT MANAGEMENT

TABLE OF CONTENTS

Macro Summary

Global markets staged a historic rebound over the June quarter of 2026, as the shock that defined the March quarter began to unwind. The Iran conflict, which had driven a sharp sell-off in equities and a surge in energy prices earlier in the year, moved toward de-escalation following a ceasefire memorandum signed in mid-June.

Combined with resilient corporate earnings and a re-acceleration of the artificial intelligence capital expenditure cycle, this drove one of the strongest quarterly advances for equity markets in over five years.

Rather than a continuation of the stagflationary anxiety that characterised March, the period was defined by a rapid repricing of risk: a volatile and uncertain start in April gave way to a powerful, broadening rally through May and June, even as inflation remained stubbornly elevated and central banks turned more cautious on the pace of future easing. The quarter was defined by de-escalation, not resolution. The dominant theme of the June quarter was the gradual, uneven unwinding of the geopolitical shock that had rattled markets in the prior period. A ceasefire between the United States and Iran, agreed on 8 April and formalised through the Islamabad Memorandum of Understanding signed on 17 June, set in motion a 60-day negotiation period covering the Strait of Hormuz, sanctions relief, and Iran's nuclear programme. The de-escalation was not linear – renewed strikes around Beirut in early and mid-June briefly threatened to unravel the agreement – but the broad trajectory was one of reduced risk across energy and financial markets.

Brent crude, which had traded above US$120 per barrel in April, fell by roughly 30% over the quarter, the largest quarterly decline in oil since 2020, as shipping through the Strait gradually resumed. The unwinding of the energy shock allowed the disinflation narrative that had been disrupted in March to partially reassert itself, even as headline inflation readings remained elevated through the quarter on a lagged basis.

Equities: A Historic Rebound.

Global equity markets delivered one of their strongest quarters of the past two decades. U.S. large caps rose approximately 15%, their best quarterly performance since the second quarter of 2020, while the Nasdaq Composite returned in the order of 20–25% as the artificial intelligence trade returned to the fore. U.S. hyperscalers raised 2026 capital expenditure guidance for AI infrastructure to a combined figure approaching US$700 billion, and first-quarter earnings, reported through April and May, showed exceptional strength, with S&P 500 companies posting earnings growth of around 29% and roughly 85% of companies beating expectations.

Market leadership broadened materially as the quarter progressed. Having led the initial rebound off March lows, mega-cap technology names gave way to a wider rally: small caps, micro-caps and value benchmarks reached new highs, and the Philadelphia Semiconductor Index recorded its best quarter since inception in 1994, rising by more than 85%. Emerging markets were the standout region, surging around 24% in aggregate, their best quarterly gain since 2009, led by extraordinary moves in Korea and Taiwan on the back of semiconductor and memory-chip demand. European equities also performed strongly as falling energy prices supported sentiment, while the euro area's cyclically sensitive index posted its best quarter since 2020.

Australian Equities

Australian equities participated in the broader risk-on move, supported by firm commodity prices and steady domestic policy settings, though gains were more measured than in the U.S. or Asian markets. Materials and gold miners featured among the standout performers earlier in the quarter, while financials and resources both contributed as global sentiment improved, before some late-quarter volatility returned amid renewed uncertainty around the durability of the Iran ceasefire.

Fixed Income, Credit and Real Assets

Fixed income, credit, and real assets were gripped by flux in inflation expectations. Fixed income markets lacked clear direction over the quarter, as investors weighed the disinflationary impulse from falling energy prices against still-elevated core inflation and a more hawkish tone from central banks. Government bond returns were broadly muted, with the global aggregate index posting only a modest gain. Credit markets were a relative bright spot, with spreads tightening across both investment grade and high yield segments on the back of robust corporate earnings.

Real assets diverged sharply from the prior quarter's pattern. Having been a primary beneficiary of the energy shock and safe-haven demand in March, gold suffered its worst quarterly performance in thirteen years, falling from an all-time high near US$5,589 an ounce in January to under US$4,030 by quarter-end, as easing geopolitical risk reduced safe-haven demand. Broader commodities also declined as the energy complex reversed sharply, with oil's retreat outweighing continued firmness in industrial metals such as iron ore and copper, which remained supportive for resource-exporting economies including Australia. In contrast, listed property performed strongly whilst listed infrastructure performed well but couldn’t match the pace of surging equity returns.

Macro: Resilience amid a hawkish pivot.

Economic data proved more resilient than feared at the start of the quarter, when recession probabilities had risen materially amid the war and oil near US$100 a barrel. U.S. GDP growth for the first quarter was revised up to 2.1%, and the labour market rebounded strongly following February's conflict-driven job losses, with the strongest three-month run of payroll gains in over two years. Inflation, however, remained a persistent concern: U.S. headline CPI and core PCE both pushed higher through the quarter, with core PCE reaching 3.4% by May, driven in part by the lagged pass-through of higher energy costs into broader prices.

Against this backdrop, the U.S. Federal Reserve held rates steady across the quarter, but the tone shifted decisively hawkish following the transition to new leadership under Chair Kevin Warsh, who used his first meeting to scrap forward guidance and signal a higher path for rates, with markets moving to price a rate hike later in the year. In Japan, the Bank of Japan delivered a widely expected hike to 1.0% amid strong wage growth, while the People's Bank of China held its benchmark rates unchanged for a thirteenth consecutive month as domestic demand indicators remained soft despite policy support.

In Australia, the policy backdrop tightened further before pausing. The Reserve Bank raised the cash rate by a further 25 basis points to 4.35% in May, the third consecutive increase this year and a cumulative 75 basis points of tightening since February, before holding rates unanimously at its June meeting. Governor Bullock characterised the hold as a pause rather than a pivot, with underlying inflation still running above target and the Board explicit that a further hike could not be ruled out. Headline inflation eased modestly to 4.2% in April from 4.6% in March but remained well above the 2–3% target band, while the unemployment rate ticked higher and household consumption and housing market momentum continued to soften under the weight of higher borrowing costs.

Politics, Geopolitics, and a Fragile Peace.

Geopolitics remained a central driver of markets, though the direction of travel reversed from the prior quarter. The signing of the Islamabad Memorandum on 17 June, formalising the end of hostilities between the United States and Iran, was the single most consequential development of the period, triggering the sharp decline in oil prices and a broader recovery in risk sentiment. The agreement set out a 60-day negotiating window covering the future governance of the Strait of Hormuz, sanctions relief, and a proposed US$300 billion reconstruction fund for Iran, though neither side characterised it as a final settlement.

The peace remained fragile throughout the quarter. Renewed Israeli strikes in Lebanon in early and mid-June, and a subsequent brief re-closure of the Strait by Iran, underscored how quickly the situation could deteriorate, and the Gulf Cooperation Council called for guaranteed free access through Hormuz and further action on Iran's missile programme.

Elsewhere, political developments added further texture to the quarter: in the United Kingdom, a weakening Labour Party and the resignation of the prime minister fuelled speculation around fiscal policy and public debt, while in Australia, domestic budget measures affecting housing and taxation drew scrutiny from investors alongside the ongoing debate around monetary policy settings.

Asset Class performance – June Quarter 2026

Sector	Quarter movement	1-Year movement	CYTD movement
Australian Shares	4.05%	6.11%	2.37%
Australian Shares (Small)	3.32%	8.11%	-7.91%
Global Shares	13.62%	16.99%	7.08%
Global Shares hedged	13.98%	19.51%	8.38%
Global Emerging Markets	22.64%	35.75%	19.21%
Australian Property Securities	13.74%	-2.24%	-5.17%
Global Property Securities (unhedged)	9.71%	9.94%	8.06%
Global Property Securities (hedged)	8.60%	14.45%	9.51%
Global Infrastructure (unhedged)	1.40%	10.38%	6.95%
Global Infrastructure (hedged)	2.88%	17.55%	11.65%
Australian Fixed Interest	2.65%	1.53%	2.30%
International Fixed Interest	1.46%	2.94%	1.20%
Cash	1.07%	3.86%	1.99%

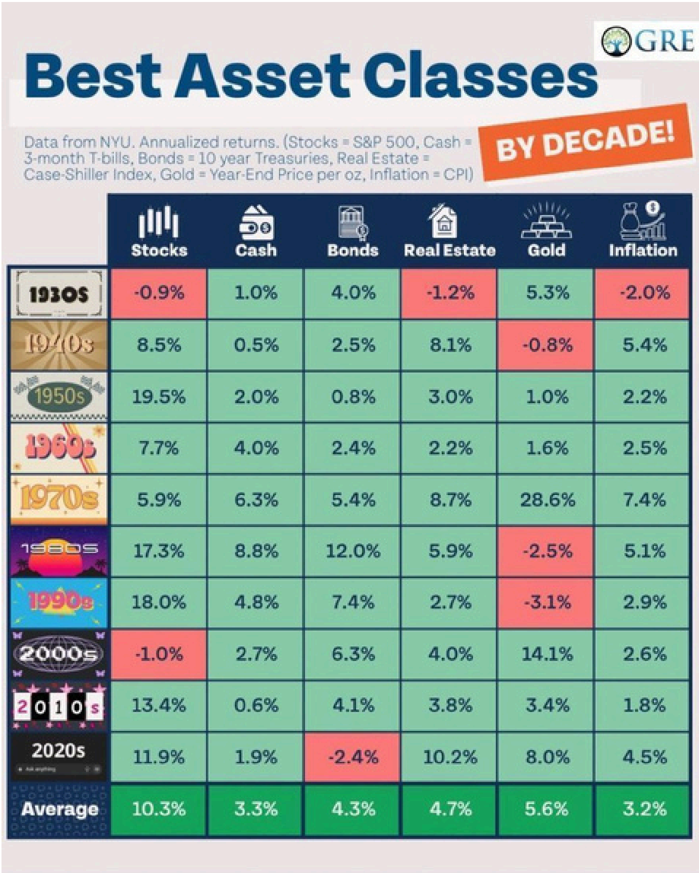
Source: Morningstar Direct

Indices:

Australian Shares	*S&P/ASX 200 TR AUD*
Australian Shares (Small)	*S&P/ASX Small Ordinaries TR AUD*
Global Shares	*MSCI ACWI NR AUD*
Global Shares hedged	*MSCI ACWI 100% Hdg NR USD*
Global Emerging Markets	*MSCI EM NR AUD*
Australian Property Securities	*S&P/ASX 200 A-REIT TR*
Global Property Securities (unhedged)	*FTSE EPRA NAREIT Global REITs TR AUD*
Global Property Securities (hedged)	*FTSE EPRA NAREIT Global REITs TR Hedged AUD*
Global Infrastructure (unhedged)	*FTSE Global Core Infra 50/50 TR AUD*
Global Infrastructure (hedged)	*FTSE Global Core Infra 50/50 TR Hedged AUD*
Australian Fixed Interest	*Bloomberg AusBond Composite 0+Y TR AUD*
International Fixed Interest	*Bloomberg Global Aggregate TR Hedged AUD*
Cash	*Bloomberg AusBond Bank 0+Y TR AUD*

A Century of Investing

Investors need to remember that asset classes will revert to the mean over time. Thinking that a particular asset class will continually perform “well” is a mistake often made by investors and is referred to as recency bias. There are long periods of time where each asset class will underperform inflation and hence our risk adjusted return methodology seeks to navigate those waters.

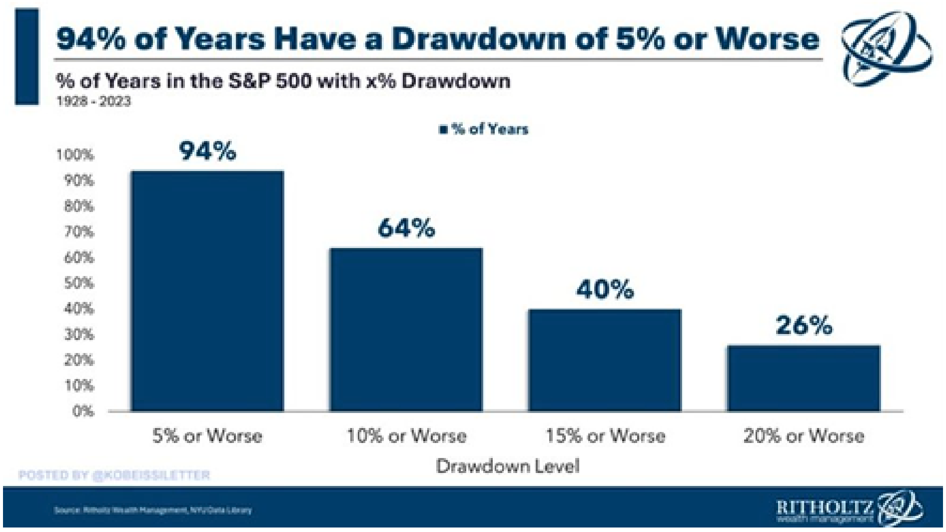


Best Asset Classes BY DECADE!

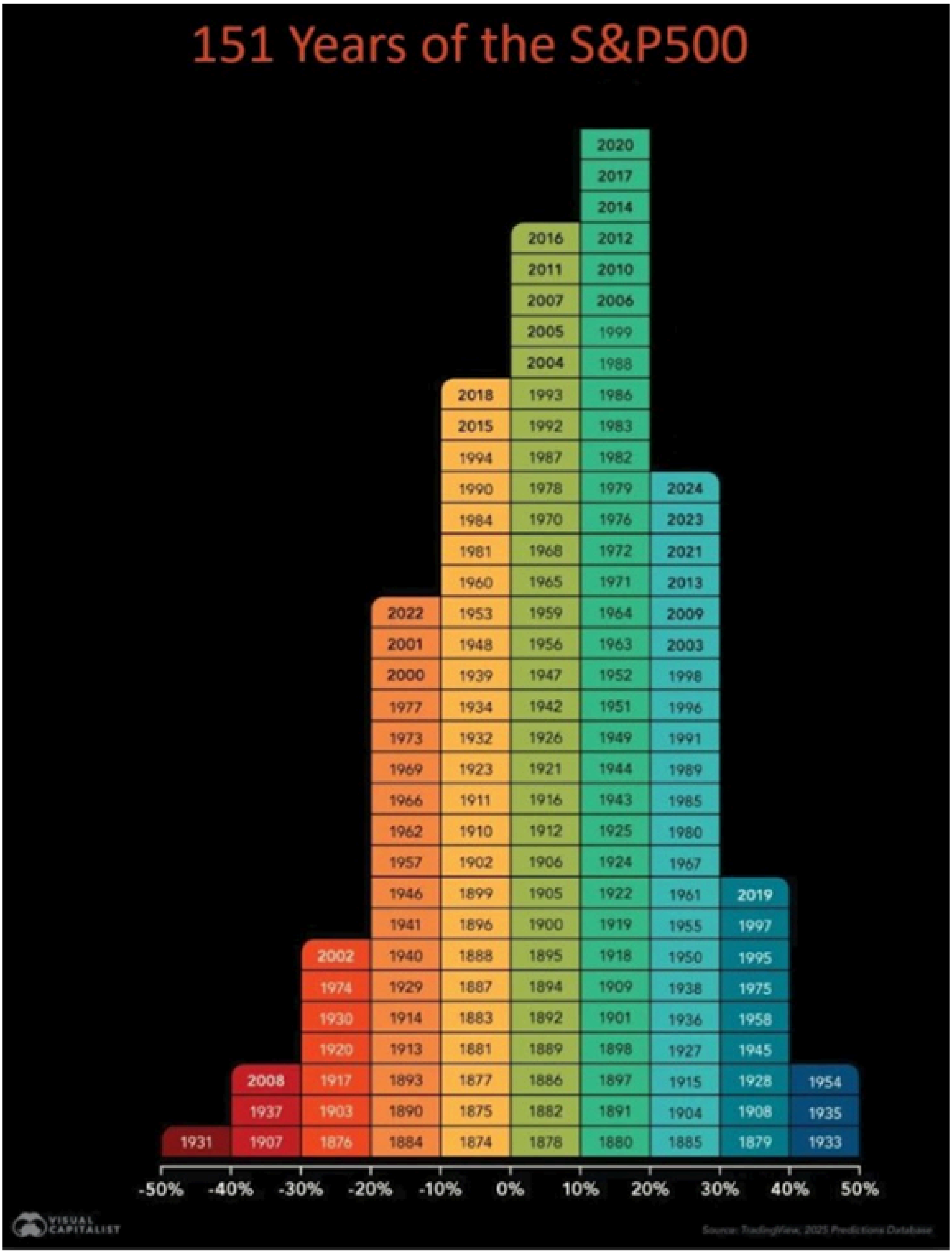
Data from NYU. Annualized returns. (Stocks = S&P 500, Cash = 3-month T-bills, Bonds = 10 year Treasuries, Real Estate = Case-Shiller Index, Gold = Year-End Price per oz, Inflation = CPI)

	Stocks	Cash	Bonds	Real Estate	Gold	Inflation
1930s	-0.9%	1.0%	4.0%	-1.2%	5.3%	-2.0%
1940s	8.5%	0.5%	2.5%	8.1%	-0.8%	5.4%
1950s	19.5%	2.0%	0.8%	3.0%	1.0%	2.2%
1960s	7.7%	4.0%	2.4%	2.2%	1.6%	2.5%
1970s	5.9%	6.3%	5.4%	8.7%	28.6%	7.4%
1980s	17.3%	8.8%	12.0%	5.9%	-2.5%	5.1%
1990s	18.0%	4.8%	7.4%	2.7%	-3.1%	2.9%
2000s	-1.0%	2.7%	6.3%	4.0%	14.1%	2.6%
2010s	13.4%	0.6%	4.1%	3.8%	3.4%	1.8%
2020s	11.9%	1.9%	-2.4%	10.2%	8.0%	4.5%
Average	10.3%	3.3%	4.3%	4.7%	5.6%	3.2%

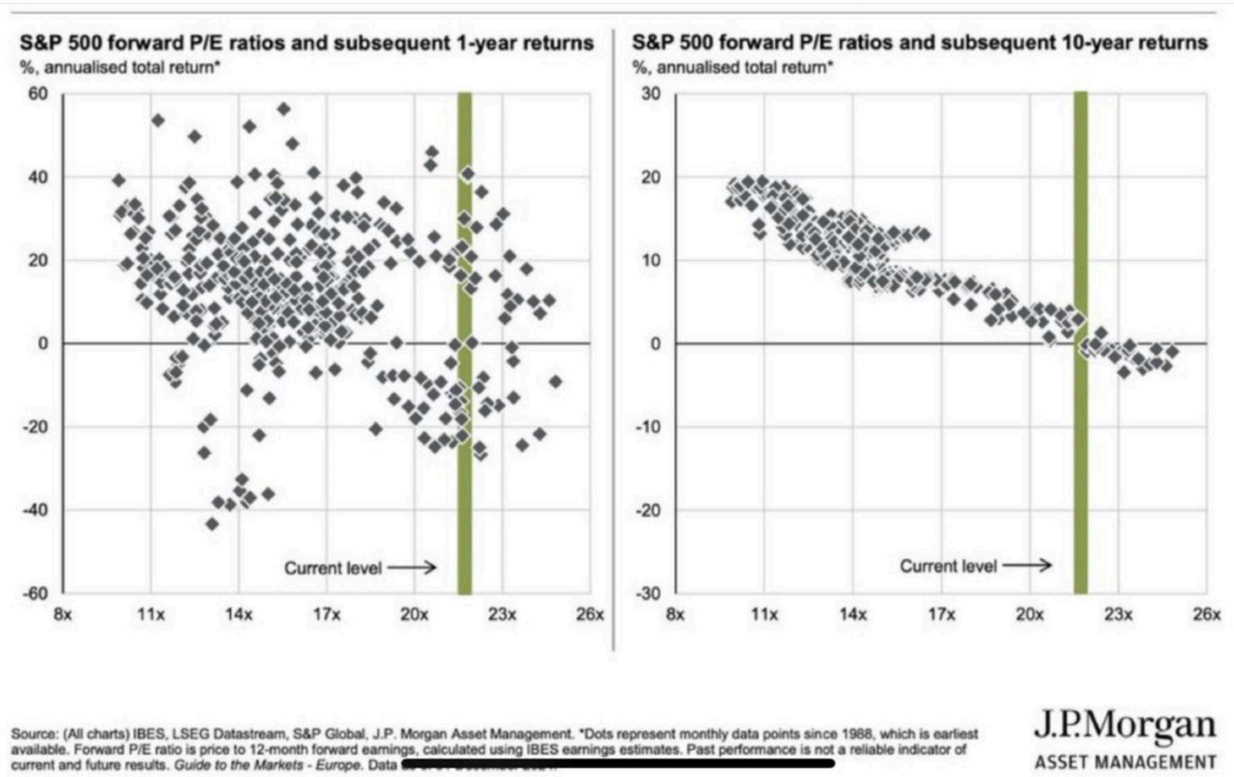
The chart below shows the probability of getting a drawdown in the S&P500 in any given year. Note that 1 in 4 years you can expect a drawdown of more than 20%.



This graph shows the distribution of annual returns for 151 years.



Importantly we have to understand that over the long term financial markets will revert to the mean. Therefore when we are buying assets that have higher valuations you can expect a lower return going forward. The above graph shows that over the short term (1 year) there is no correlation between valuations and returns but over the long term (10 years) the correlation is high.



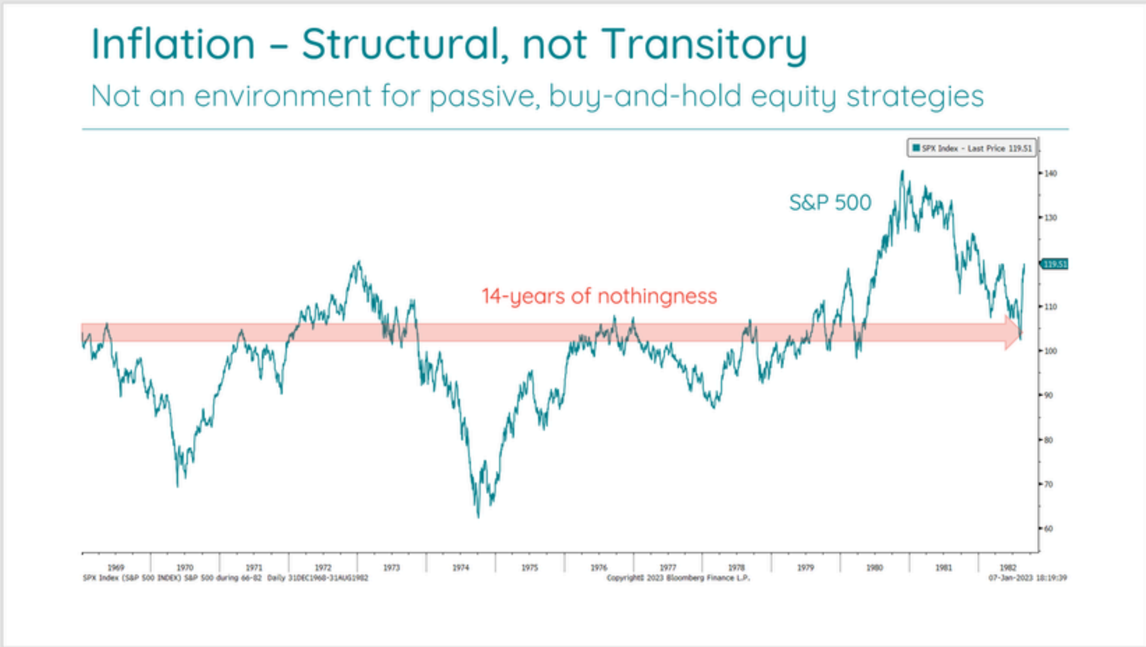
One of the most frequent mistakes we see investors making is believing that equity markets (or property markets) always go up. The first thing to consider is whether we are looking at nominal returns or real returns.

We need to look at real returns because we need to measure our investments against whether we are retaining our purchasing power with our wealth. It is possible to have positive nominal returns but negative real returns. This is just a way of saying that your “value” is increasing but NOT keeping up with inflation so you are actually going backwards.

In our lifetime Exhibit A is the Nikkei (Japanese stock market). Now Japan was not or is not a back water economy, it was the second largest economy in the world (now the fifth). As can be seen from the graph below it was a long wait to break even on the 1989 levels. Indeed, most retirees don't have a 35 year period of time to wait for such an outcome. Keep in mind this is in nominal terms NOT real terms (inflation adjusted) making the outcome considerably worse for investors.

Let's take a look at a specific example using the US share market.

In 1968 to 1982 interest rates went from around about 4% to a high of 20% over that period of time. It should be noted that over that time there was above trend economic growth in real terms with companies being a lot more profitable. This resulted in investors in the equity market achieving a return over this period of approximately zero in nominal terms and actually lost 70% in real terms. When including reinvested dividends, this results in a real return of nearly zero (although it is still negative).



Some bear markets can be quite lengthy and large in regards to the amount of the falls sustained.

Table 1: S&P 500 bull and bear markets

S&P Bear Markets				S&P Bull Markets			
Start	**End**	**%Change**	**Days**	**Start**	**End**	**%Change**	**Days**
16/Sep/1929	13/Nov/1929	-44.6%	58	13/Nov/1929	10/Apr/1930	46.8%	148
10/Apr/1930	16/Dec/1930	-44.3%	250	16/Dec/1930	24/Feb/1931	25.8%	70
24/Feb/1931	2/Jun/1931	-32.9%	98	2/Jun/1931	26/Jun/1931	25.8%	24
26/Jun/1931	5/Oct/1931	-42.5%	101	5/Oct/1931	9/Nov/1931	30.6%	35
9/Nov/1931	1/Jun/1932	-61.8%	205	1/Jun/1932	7/Sep/1932	111.6%	98
7/Sep/1932	27/Feb/1933	-40.6%	173	27/Feb/1933	18/Jul/1933	120.6%	141
19/Jul/1933	19/Oct/1933	-29.4%	93	19/Oct/1933	6/Feb/1934	37.3%	110
6/Feb/1934	14/Mar/1935	-31.8%	401	14/Mar/1935	10/Mar/1937	131.6%	727
10/Mar/1937	31/Mar/1938	-54.5%	386	31/Mar/1938	9/Nov/1938	62.2%	223
9/Nov/1938	11/Apr/1939	-24.4%	153	11/Apr/1939	25/Oct/1939	26.8%	197
25/Oct/1939	10/Jun/1940	-31.9%	229	10/Jun/1940	7/Nov/1940	26.7%	150
7/Nov/1940	28/Apr/1942	-34.4%	537	28/Apr/1942	29/May/1946	157.7%	1492
29/May/1946	19/May/1947	-28.5%	335	19/May/1947	15/Jun/1948	23.9%	393
15/Jun/1948	13/Jun/1949	-20.6%	363	13/Jun/1949	2/Aug/1956	267.1%	2607
2/Aug/1956	22/Oct/1957	-21.6%	446	22/Oct/1957	12/Dec/1961	86.4%	1512
12/Dec/1961	26/Jun/1962	-28.0%	196	26/Jun/1962	9/Feb/1966	79.8%	1324
9/Feb/1966	7/Oct/1966	-22.2%	240	7/Oct/1966	29/Nov/1968	48.0%	784
29/Nov/1968	26/May/1970	-36.1%	543	26/May/1970	11/Jan/1973	73.5%	961
11/Jan/1973	3/Oct/1974	-48.2%	630	3/Oct/1974	28/Nov/1980	125.6%	2248
28/Nov/1980	12/Aug/1982	-27.1%	622	12/Aug/1982	25/Aug/1987	228.8%	1839
22/Aug/1987	4/Dec/1987	-33.5%	101	4/Dec/1987	24/Mar/2000	582.1%	4494
24/Mar/2000	21/Sep/2001	-36.8%	546	21/Sep/2001	4/Jan/2002	21.4%	105
4/Jan/2002	23/Jul/2002	-32.0%	200	23/Jul/2002	9/Oct/2007	96.2%	1904
9/Oct/2007	20/Nov/2008	-51.9%	408	20/Nov/2008	6/Jan/2009	24.2%	47
6/Jan/2009	9/Mar/2009	-27.6%	62	9/Mar/2009	19/Feb/2020	400.5%	3999
19/Feb/2020	23/Mar/2020	-33.9%	33	23/Mar/2020	3/Jan/2022	114.4%	651
3/Jan/2022	12/Oct/2022	-25.4%	282	12/Oct/2022	25/Aug/2025	84.1%	1048
	Average	**-35.1%**	**285**		**Average**	**114.4%**	**1011**

Source: BofA US Equity & Quant Strategy, Dartmouth University Data Library, Bloomberg, S&P, Morningstar. Returns in US dollars. You cannot invest in an index. Past performance is not a reliable indicator for future performance. Bull market starts when the market increases 20% following the most recent bear market. A Bear market starts when the market decreases 20% following the most recent bull market. Bull market average does not include the current market.

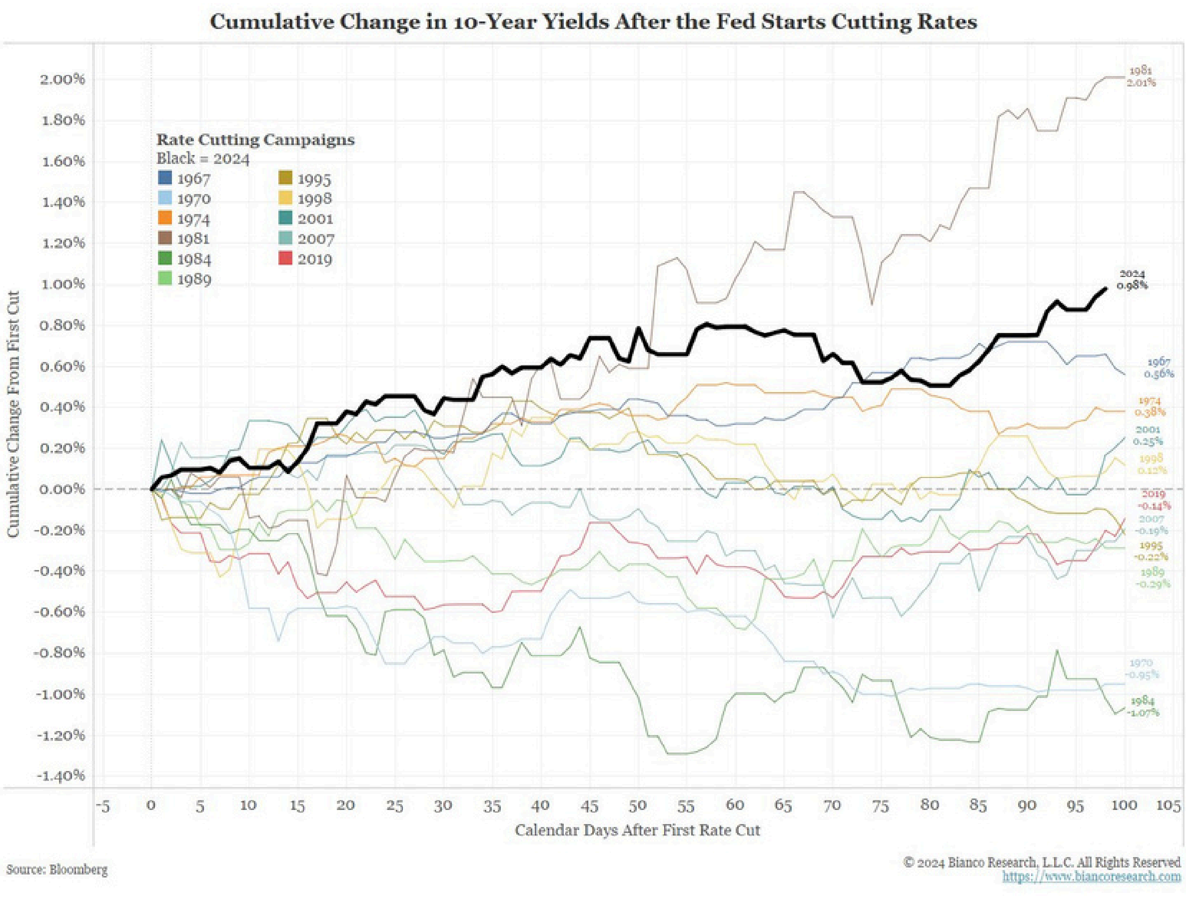
NOTE: The Great Depression went from Sep 1929-June 1932 and the market decreased 86.10% over that time from peak to trough.

Debt Markets

Fixed income markets lacked a clear directional trend over the June quarter, as investors weighed the disinflationary impulse from sharply lower oil prices against still-elevated core inflation readings and a more cautious tone from several major central banks. Government bond returns were broadly modest across most major markets.

Global central banks diverged in their approach. The US Federal Reserve held rates steady through the quarter, but the tone turned more hawkish following the transition to new leadership under Chair Kevin Warsh, who signalled a higher path for rates and scrapped prior forward guidance. In Australia, the RBA delivered one further rate increase in May before pausing in June, with the Board explicit that a further hike could not be ruled out given inflation remaining above target. Corporate credit spreads tightened over the quarter, supported by robust corporate earnings and improved risk appetite.

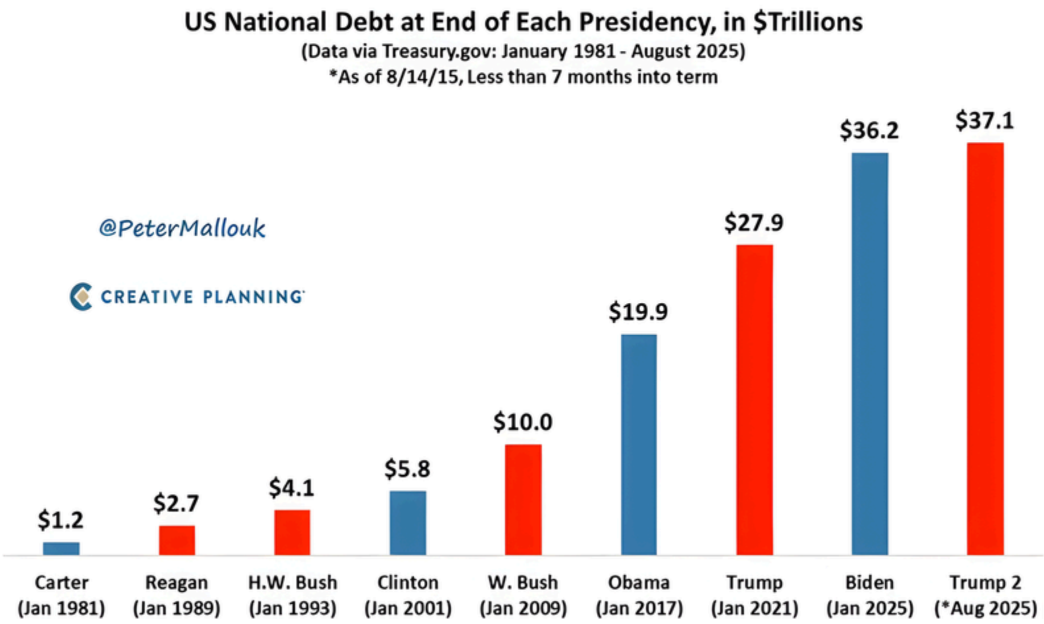
As per the graph below, the continued higher bond yields during the quarter and the volatility of the market is telling us that the market is again concerned about inflation. Historically, this situation has not happened too many times in the midst of interest rate cuts by Central banks.



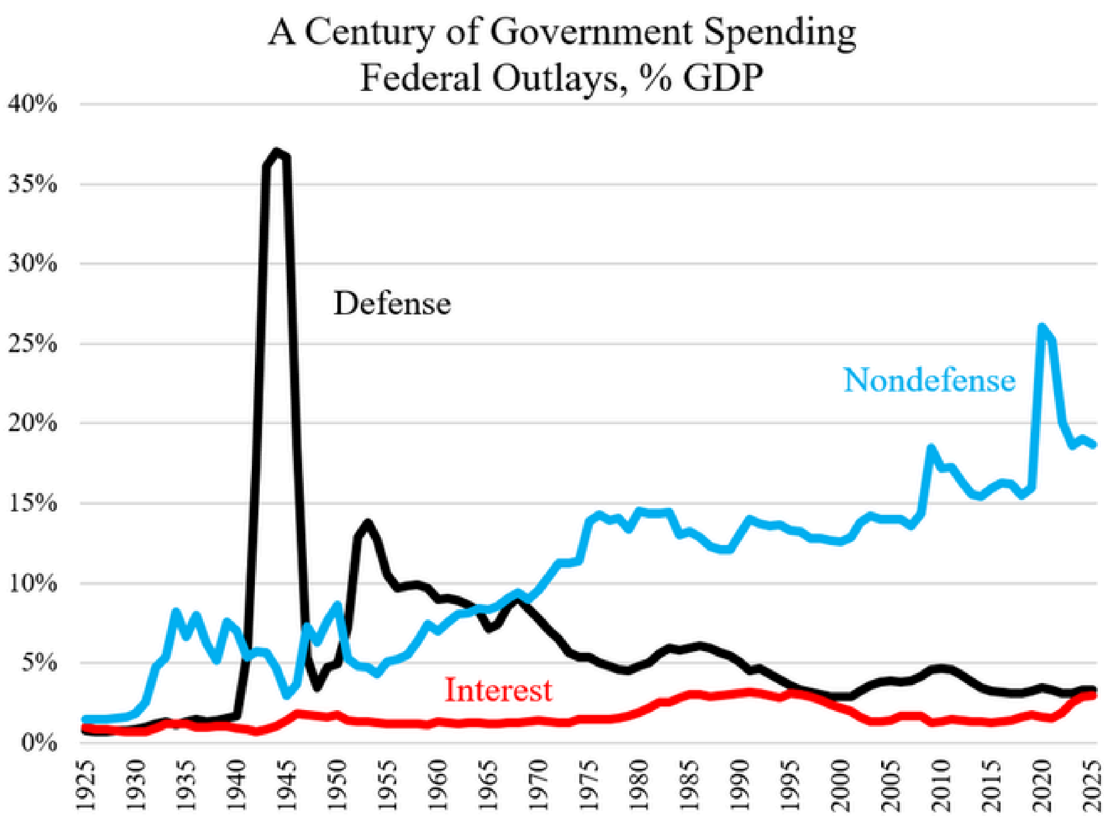
The 40 year bull market in bonds has appeared to have finished. This tailwind for asset market has now finished and may become a headwind.

The current US fiscal position has a debt to GDP of 120% and, according to many views, According to Reinhardt and Rogoff, who produced papers in 2010 and 2012, a level of debt-to-GDP above 90% leads to a dramatic worsening in growth outcomes for economies. It is important to note that the interest expense that needs to be met by the US has escalated with the increase in rates over the last couple of years. The interest expense has now surpassed the annual military defense spending. Renowned Economist and Historian Niall Ferguson has noted that historically this has marked the end of Empires.

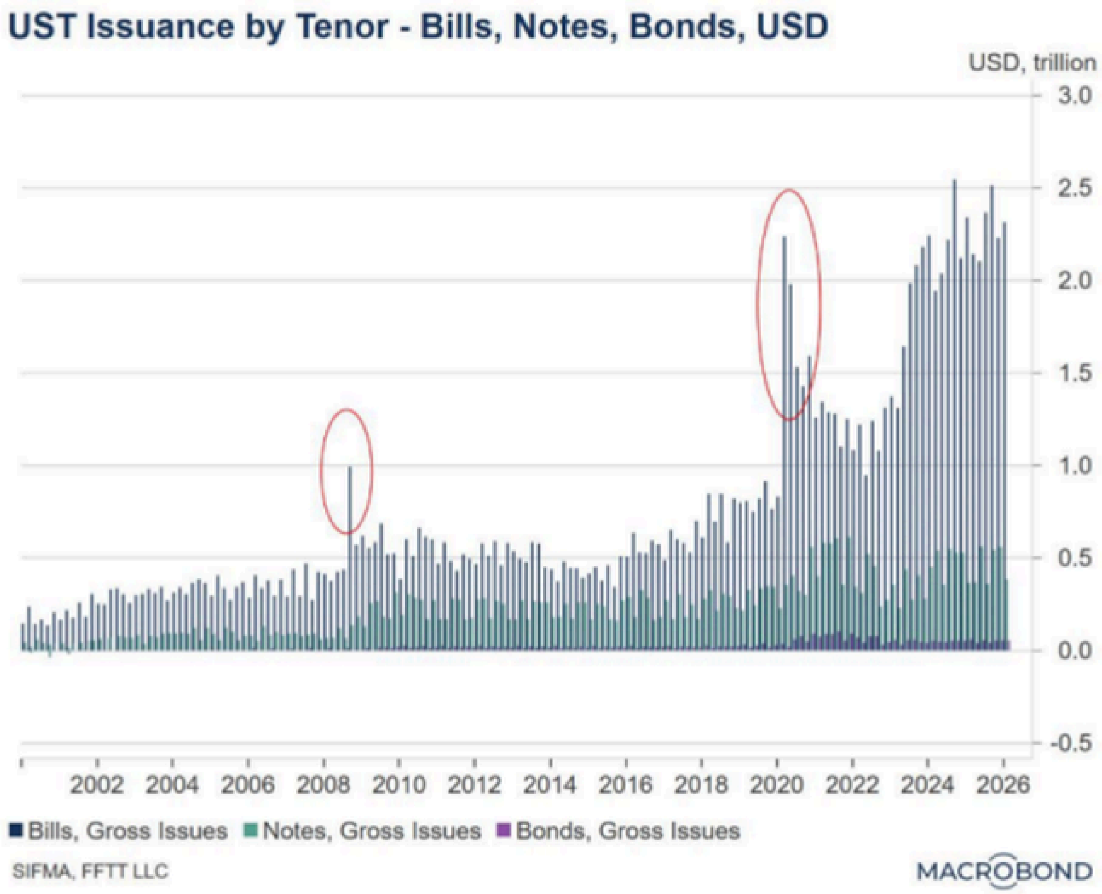
This has been a result of decades of increased spending from the US Government which now sees the US government debt not including unfunded liabilities at USD $39 Trillion.



There is no appetite in Washington from either political party to look at winding back Government expenditures.

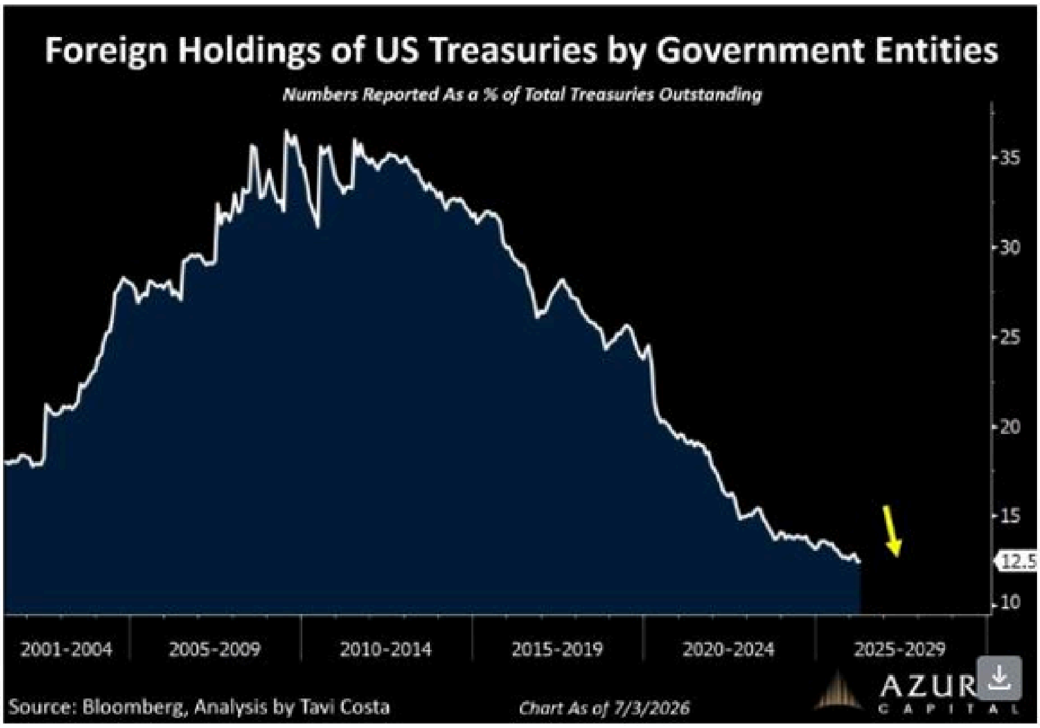


Treasury Secretary Scott Besant criticized past decisions of Janet Yellen where she was undertaking recent US financing being done at the short end of the curve which has contributed to some USD$10 Trillion worth of government debt maturing in 2026. This debt will be at the current interest rate which is considerably higher than it was 3- 5 years ago.



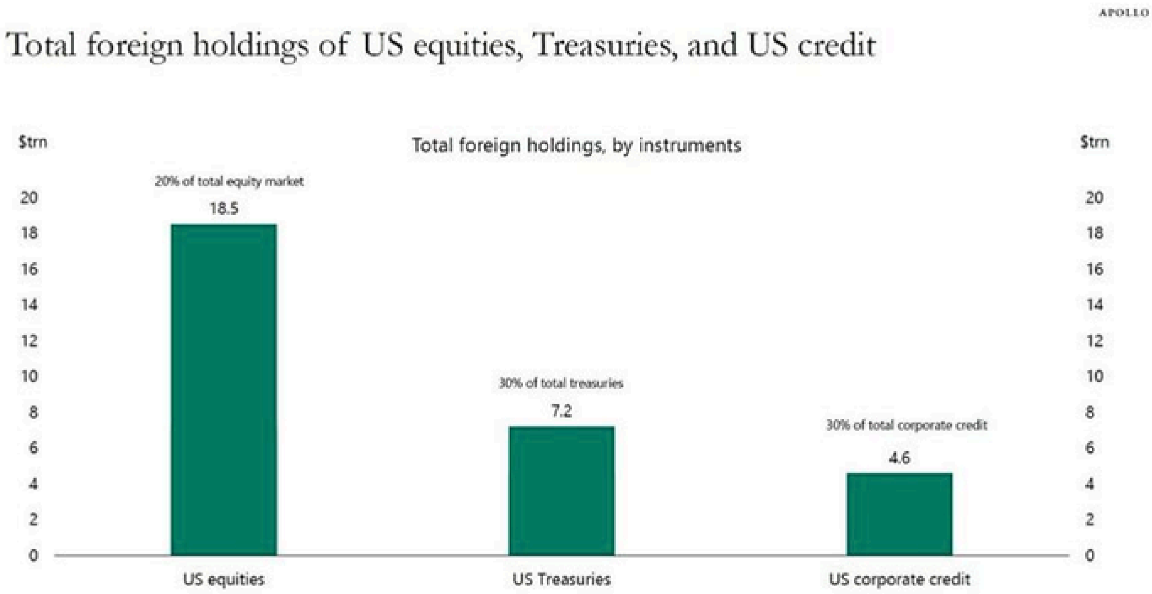
We believe that there will remain volatility in the debt markets as the deflationary view is supported by participants as rates are expected to decrease. However, within our strategies we remain concerned about the ability of interest rates to rise over the long term due to the re-emergence of inflation and the underlying demand and supply characteristics of the US Government debt and now the emergence of another war.

We also note that in the last few years that foreign Central banks demand for US bonds have not grown relative to the size of the debt issuance. This means the US government is effectively now crowding out the private sector.



Source: Tavi Costa, Azuria Capital

As discussed previously in these pages we believe that there is a very real risk that the policies of Donald Trump may see this de dollarisation process for other countries accelerate leaving less demand for US assets including Government bonds as other countries push back against the new America First regime. The war in Iran has also seen more countries paying for oil in Chinese Yuan as they try to get passage in the Strait for the black gold.



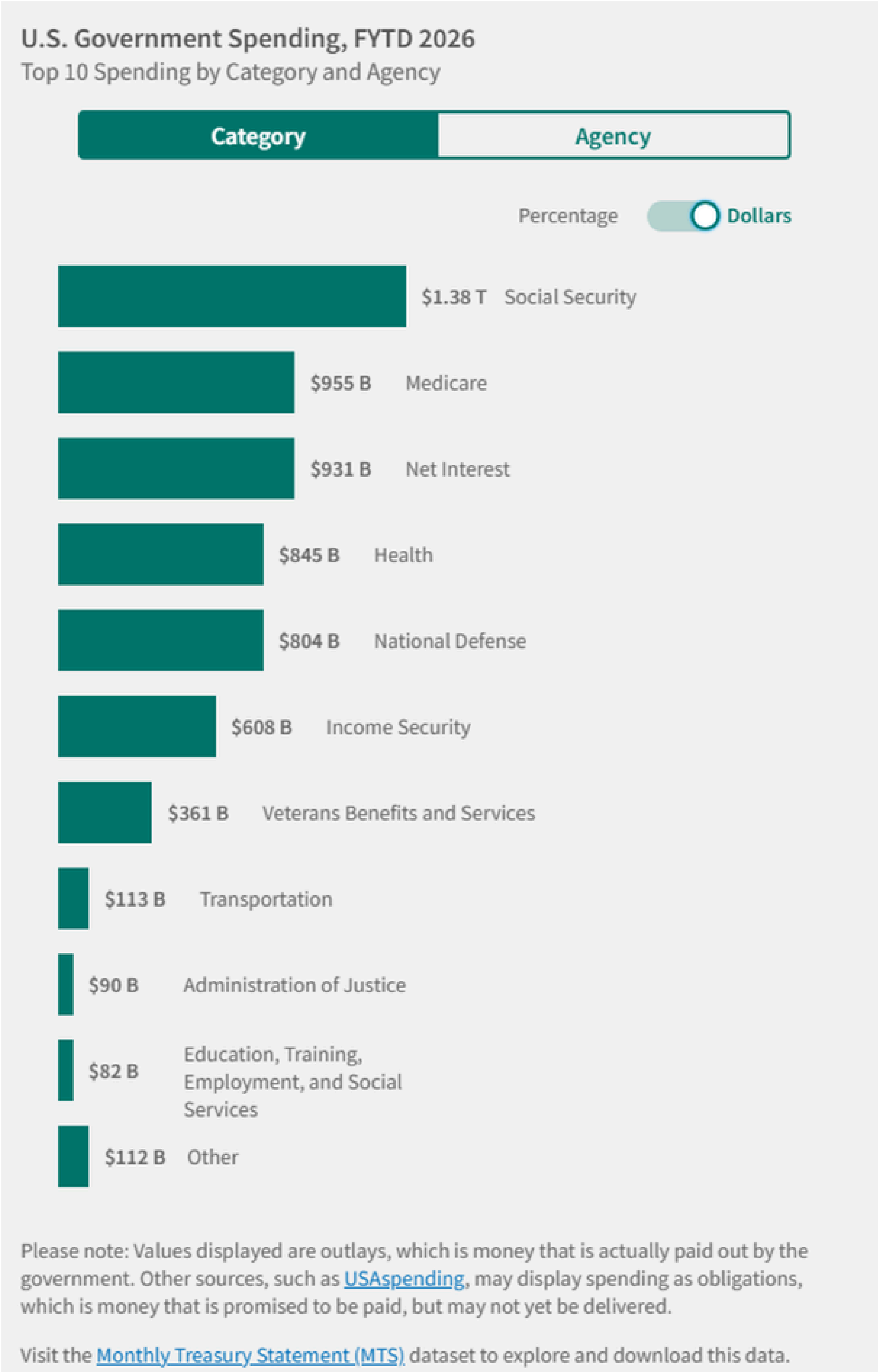
As expected in previous commentary, the DOGE initiative did not find the level of cost savings required to fundamentally move the needle on the US debt. As we have stated previously in our communication, unless they start looking at big ticket items such as military spending and entitlements like social security and Medicare, we don't think any meaningful progress will be made. We don't think that is likely for political and practical reasons, especially if the US might be in the middle of another lengthy and costly war.

The Trump administration and the market is now coming up with other narratives on how they will tackle this problem including growing the economy, revaluing the US gold reserve to current prices and the increased use of Stable coins. The gold revaluation strategy will see the US be able to free up about USD $1 trillion in cash so as to not go to debt markets which is really a short-term reprieve rather than a solution. The latter strategy is about coming up with another buyer of US debt given the lack of demand from other areas such as foreigners.

Currently the US has USD $40 Trillion in debt (not counting unfunded liabilities). We note that the average interest rate on this debt has risen and will continue to do so as debt rolls off existing arrangements and needs to be refinanced at current rates. There is an expected USD $10 Trillion of US debt to be refinanced in 2026.

In the context of the fact that tax receipts of USD $5.2 Trillion and the US spends over USD $1 Trillion on defense and USD $4.1 Trillion on other mandatory expenses none of these metrics look good.

The U.S. federal budget deficit reached approximately **$1.80 trillion** ($1,799 billion) for the first ten months of fiscal year 2026 (through July 2026).



This leaves the US with the following choice of how to deal with this issue;

1. Austerity (Cut spending)
2. Raise Taxes
3. Inflate away the debt

Politically the last option is more palatable and has been the course pursued by others in history faced with this predicament.

We believe that inflation is not yet beat which will make it difficult for the Central banks to reduce interest rates. Furthermore, historically as shown in our previous reports, inflation has traditionally come in waves, which will result in higher long-term bond rates.

Note: PIES data are the 10 percent trimmed mean and median of responses provided by firms through 2026 Q1. Data are plotted in the quarter in which the forecasts were collected. Shaded areas indicate NBER recessions.

Over the long term we remain concerned that the large levels of government debt (particularly in the US), the levels of annual deficits and the stickiness of inflation will see another period of financial repression. Furthermore, we believe that the Central bank will be forced to provide further liquidity be it through QE or other programs. This will enable the governments to inflate away the debt by undertaking yield curve control at lower rates than inflation. This would see investors who are holding the wrong type of fixed interest investments, namely long duration government bonds, losing massively in real terms over the short to medium term.


Government Debt by Country

Government debt in 2026 using both total debt in US dollars and debt as a share of GDP, showing the difference between the largest borrowers and countries carrying the heaviest debt burdens relative to their economies.

#	Country	Value of debt in US$	#	Country	Government debt as a share of GDP
1	United States	$40.7 Tn	1	Japan	204.4%
2	China	$22.3 Tn	2	Singapore	171.9%
3	Japan	$8.95 Tn	3	Sudan	169.1%
4	United Kingdom	$4.42 Tn	4	Bahrain	152.4%
5	France	$4.26 Tn	5	Italy	138.4%
6	Italy	$3.79 Tn	6	Greece	136.9%
7	Germany	$3.52 Tn	7	Senegal	132.3%
8	India	$3.46 Tn	8	Maldives	129.4%
9	Canada	$2.78 Tn	9	United States	125.8%
10	Brazil	$2.54 Tn	10	Ukraine	122.6%
11	Spain	$2.05 Tn	11	Bhutan	120.3%
12	Mexico	$1.33 Tn	12	St. Vincent & Grenadines	120.1%
13	Singapore	$1.13 Tn	13	France	118.4%
14	Australia	$1.08 Tn	14	Canada	110.7%
15	South Korea	$1.05 Tn	15	Belgium	109.2%
16	Belgium	$848 Bn	16	China	106.9%
17	Poland	$745 Bn	17	Mozambique	106.1%
18	Netherlands	$639 Bn	18	United Kingdom	103.6%
19	Indonesia	$639 Bn	19	Bolivia	102.7%
20	Austria	$512 Bn	20	Dominica	98.3%

Source: IMF, World Economic Outlook 2026

We note that upward movements in long-term interest rates are a global phenomenon, but nowhere is this more pronounced than in Japan.

Australia has also not escaped the grip of rising bond yields going through the 5% mark this quarter.

Equity Markets

Global Equities

Global equity markets rallied strongly over the June quarter, with major indices posting some of their best quarterly returns since 2020, as geopolitical de-escalation, falling energy prices and robust corporate earnings supported a broad-based recovery in risk appetite.

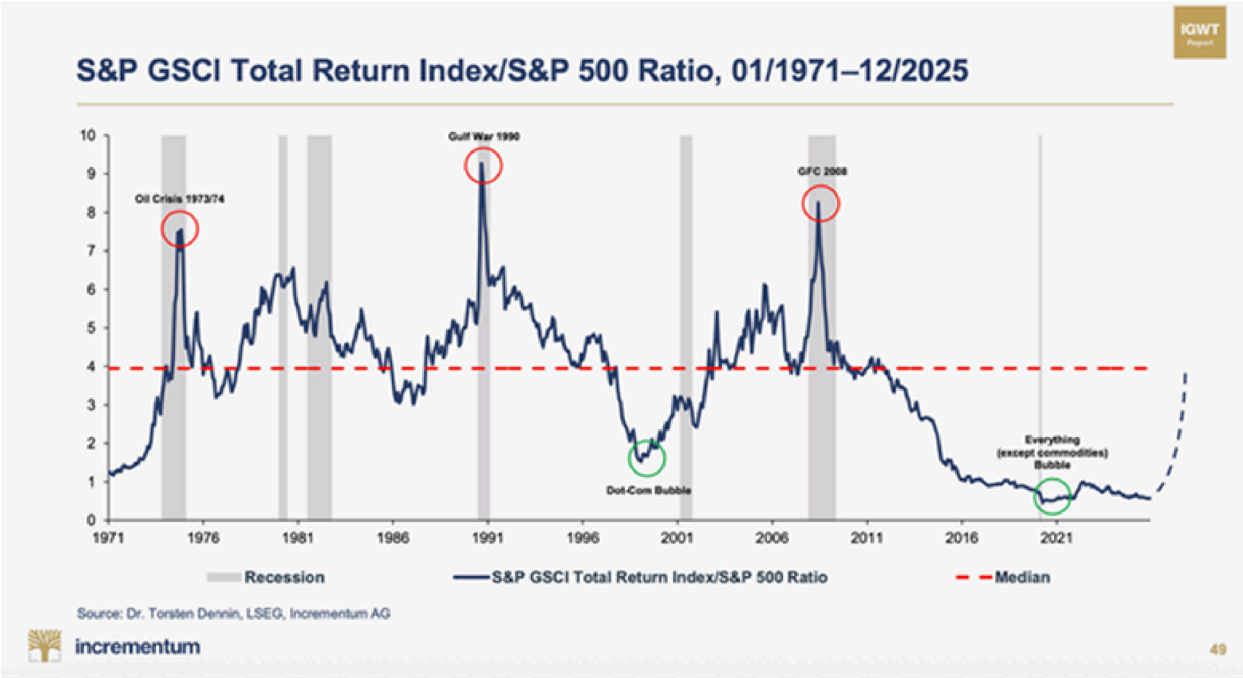
The improving trajectory of the Iran conflict was a key inflection point, with the easing of the naval blockade and reopening of the Strait of Hormuz driving a sharp fall in oil prices and reducing concerns around global growth and inflation. This dynamic created a supportive backdrop for equities, with the rally broadening from an initial concentration in large-cap technology names to encompass small caps, value and a wider range of sectors as the quarter progressed.

Performance within sectors was led by technology and semiconductors, as hyperscalers lifted 2026 artificial intelligence capital expenditure guidance and first-quarter earnings confirmed exceptionally strong demand for AI infrastructure. Growth outperformed value for most of the quarter, though value reasserted itself in June as investors rotated toward more economically sensitive exposures.

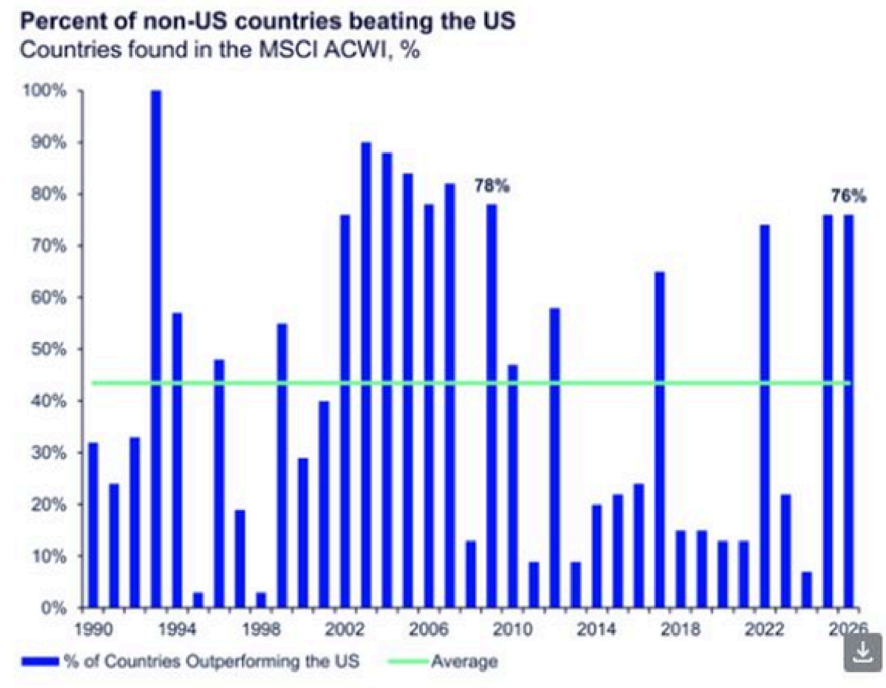
Regionally, the United States delivered one of its strongest quarters in over five years, while emerging markets outperformed all major regions, led by exceptional gains in Korea and Taiwan on the back of semiconductor and memory-chip demand. European equities also performed strongly as falling energy costs supported both sentiment and activity, while the United Kingdom lagged other developed markets amid a more defensive index composition and political uncertainty following weaker regional election results for the governing Labour Party.

We believe there is an opportunity for sectors and countries that have been “unloved” to provide some good value going forward as some of the enthusiasm of the more “loved” sectors in predominantly the US economy has a reality check with regards to expectations and valuations.

There are sectors that are looking reasonably priced, such as commodities.



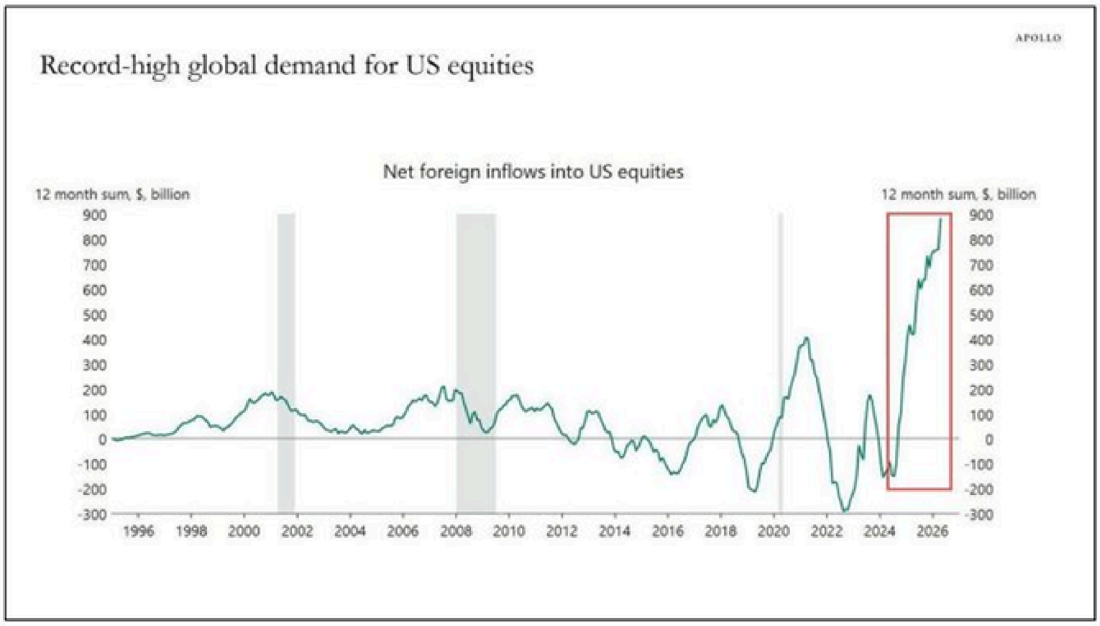
The US markets have outperformed all countries for quite some time as demonstrated in the graph below. However, this has started to change in recent times.



Source: State Street

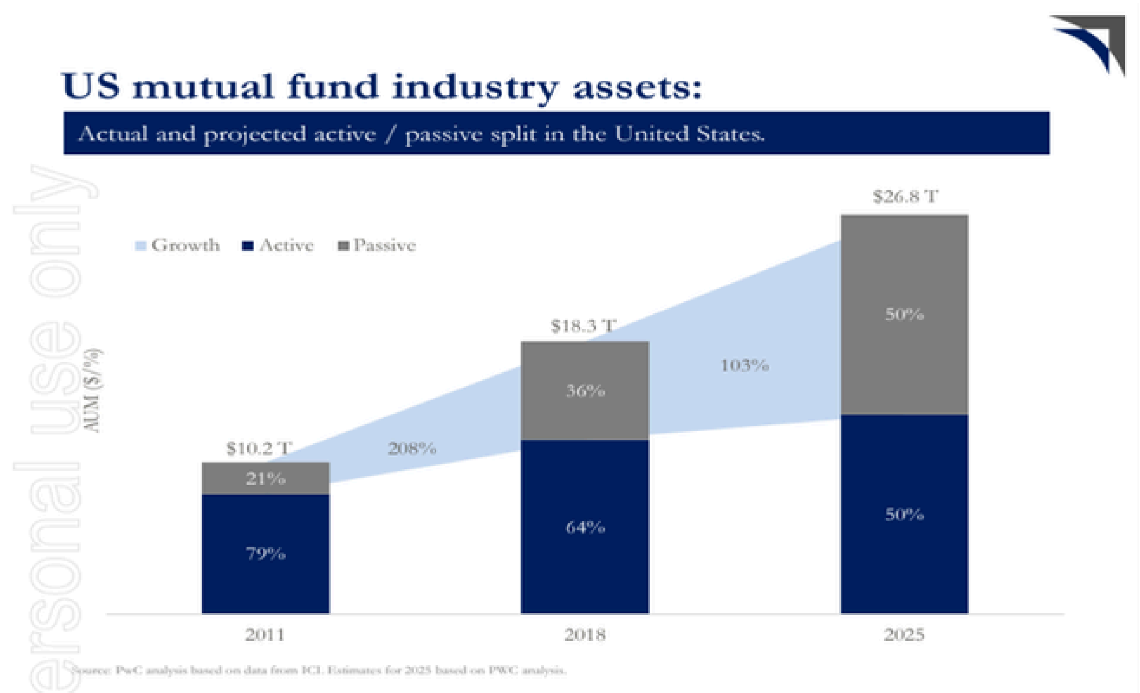
Notwithstanding, we have seen large US businesses getting large capital flows resulting in higher prices.

Net foreign inflows into U.S. equities hits record high.



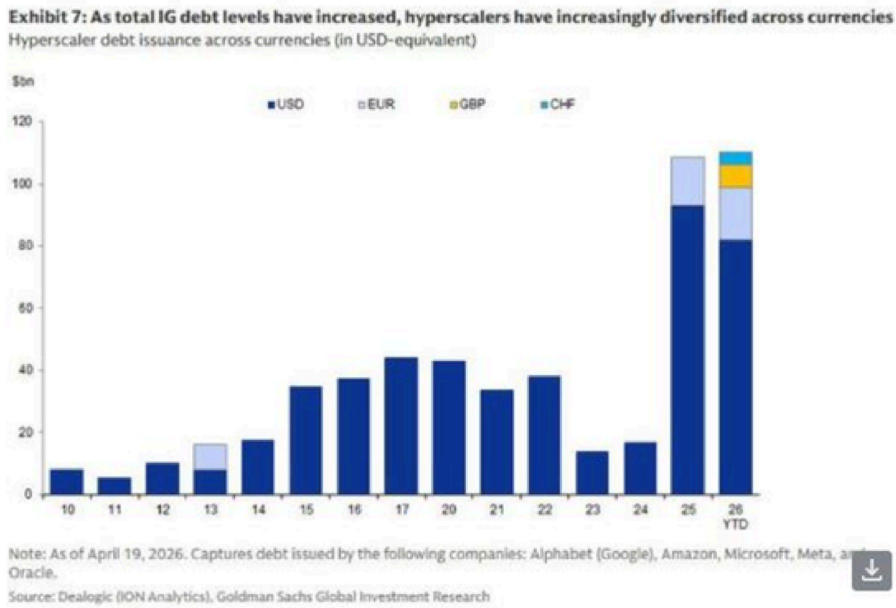
Source: Apollo

In our view these moves have been exacerbated by the “Passive investment Phenomenon” where it becomes a self-fulfilling prophecy and at some stage these markets will correct to reflect fundamentals.



The tech sector in the US looks weak and given its high correlation to Bitcoin that markets weakness also provides some insight. The AI investment is more and more being done from the use of debt not cash and all of this while China is making great progress at a far cheaper price point to its US competition.

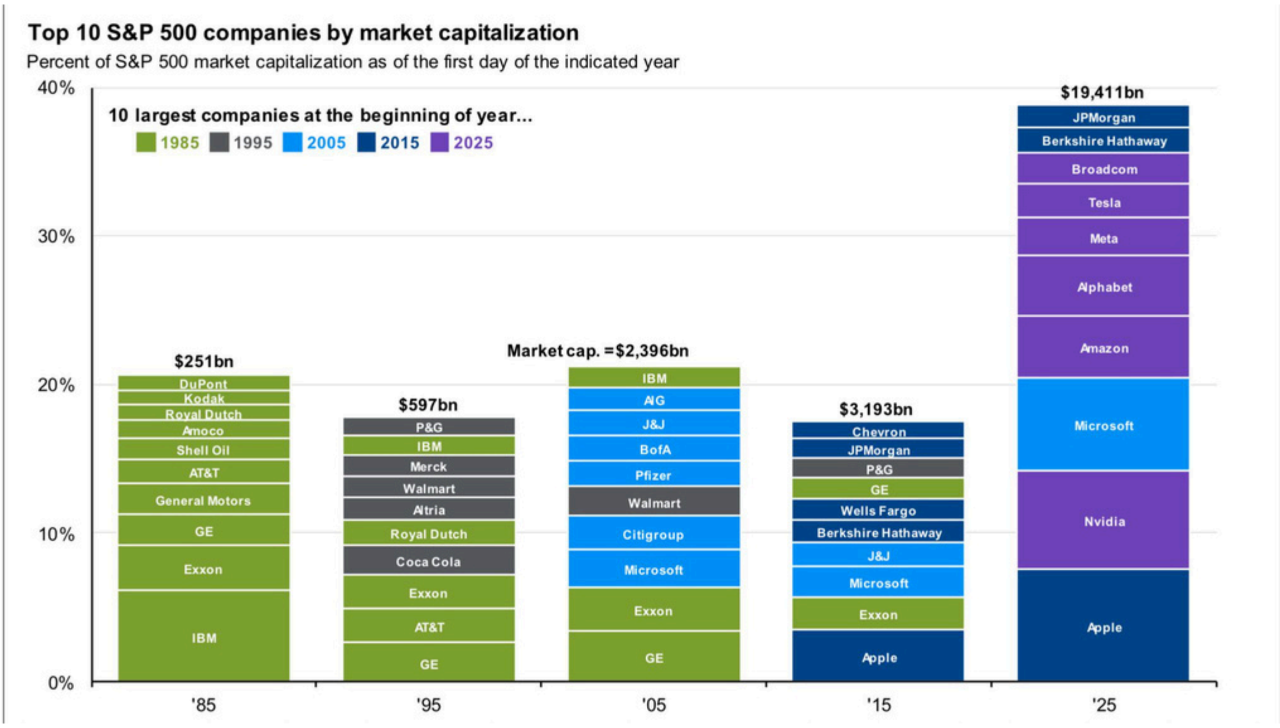
Hyperscaler public debt issuance



Source: Zerohedge

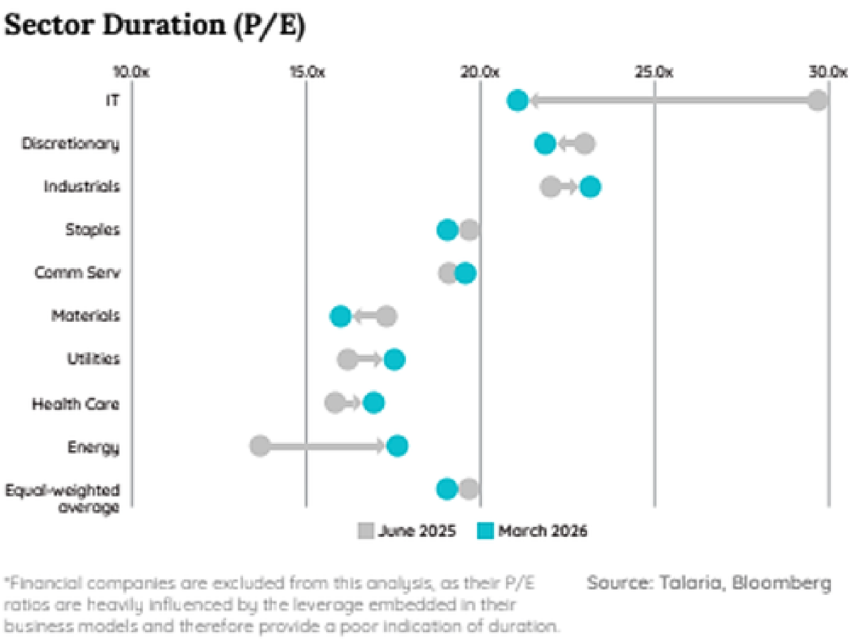
As mentioned in the previous section covering debt it is possible that as other countries adjust to the new environment including Trump's “America First Agenda” that funds may be repatriated or allocated outside the US where currently most of the funds are being put. With the domestic issues being faced by Japan at the moment market participants are keenly watching what happens as they are very large holders of US Treasuries and US equites. Japan currently holds about USD$3.5 Trillion of overseas assets above the liabilities owed to foreigners (Net International Investment Position).

At the moment there is an extraordinary amount of wealth tied up in the capitalisation of AI stocks in the US. This means that any dampening of the narrative will result in a dramatic rerate of these stocks.

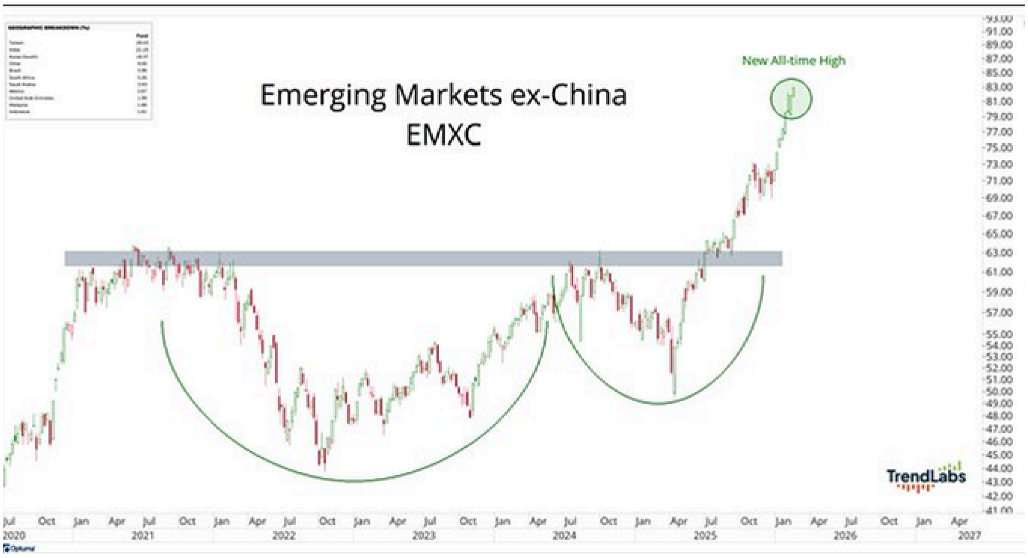


This set up seems to be very similar to the internet boom and then bust at the turn of the century.

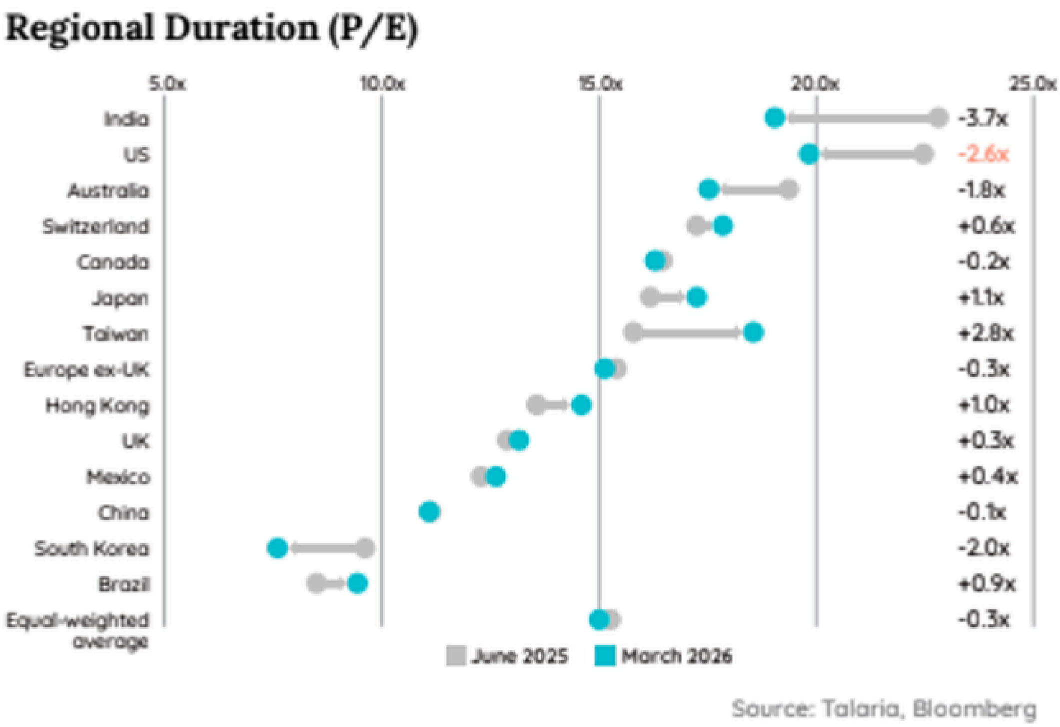
Furthermore, different countries provide opportunities for investors that are willing to search for more attractive valuations. This is why we have skewed our portfolio to an active approach as opposed to a low-cost passive approach. Presently the US share market has over 70% of the total value in global share markets. The top 10 companies in the US are worth more than all of the total share markets of each country in the world.



We continue to like countries outside the US such as those represented by Emerging Markets.



The US share market is the most expensive on a range of valuation metrics.



The “Warren Buffett metric” was made famous by Warren Buffett in a December 1999 Fortune Magazine article that reviewed a speech Buffett had given in July of that year to corporate executives. The message was that Total Equity Market Cap, divided by GDP, was in his view the best rule of thumb for when the stock market was overvalued. Luke Gromen from Forest for the Trees research that we subscribe to and follow religiously said that the “Warren Buffett metric” needed to be adjusted to reflect this reality by subtracting Federal debt from US equity market cap before dividing by GDP, because if push came to shove, the Fed would print money to monetize US Federal debt.

We just hit an all-time high.

It should be noted that there are valuation issues with the large capitalisation end of the Australian market as well.

Source: Bloomberg, LSEG, Betashares. Global Equities: MSCI All-Country World Index. Global Bonds: Bloomberg Global Aggregate Bond Index ($A hedged). You cannot invest directly in an index. Past performance is not an indicator of future performance.

The chart below is interesting in that it shows that foreigners holding of US equities are high by historical standards. We will be interested to watch how Trump's policies of America First may potentially lead to other countries repatriating their funds back home or to elsewhere. We believe this has started to happen this year. This would mean that the massive amount of capital in US Share markets (representing over 70% of the global share) would seek refuge in other markets.

In saying this we are aiming to invest in shares that will provide us with growth over the long term. We would note that a lot of the growth in the US share market over the last couple of years has happened in a group of tech companies and we are skeptical that these valuations will hold for the long term. We have therefore positioned our holdings so as to reduce exposure to those sectors we see as overvalued.

Should our view be right then capital will leave that part of the market and seek opportunity elsewhere in different countries or sectors.

Australian Equities

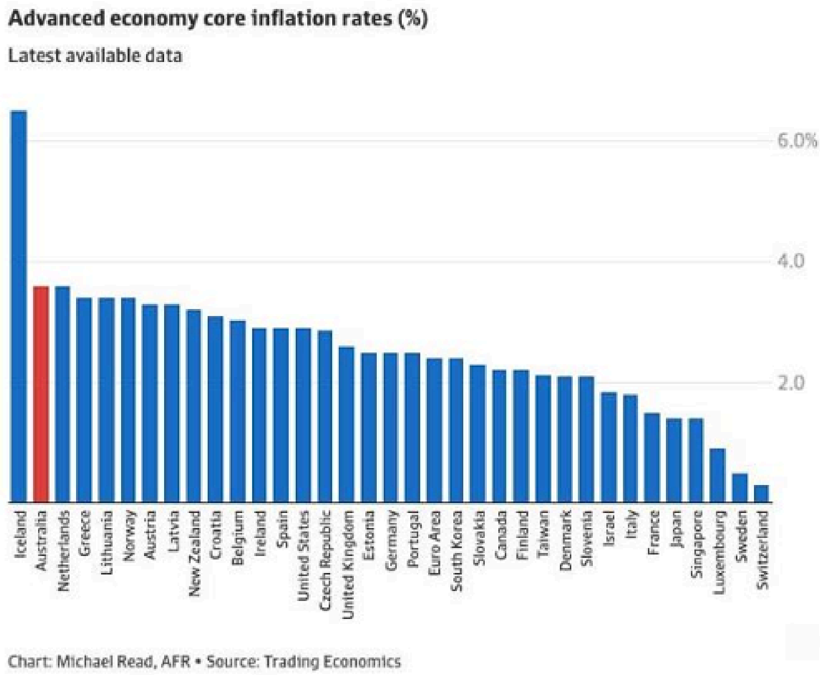
The S&P/ASX 200 Index AUD rose (4.05%) for the quarter and rose 6.11% for the year.

The S&P/ASX Small Ordinaries Index AUD rose (3.32%) for the quarter and rose 8.11% for the year.

Australian equities rose over the June quarter, with performance increasingly supported by improving global risk appetite alongside resilient domestic fundamentals. Falling energy prices, a stabilising bond market and firmer global equity markets all contributed to a recovery in valuations following the weakness of the March quarter. Sector performance remained mixed. Resources continued to benefit from firm iron ore and copper prices, while gold miners were a standout for parts of the quarter as bullion prices remained elevated by historical standards, even as gold itself declined from its January peak. Financials were broadly supportive, with major banks aided by improving sentiment, although margin pressures and scrutiny around budget-related tax changes weighed at the margin.

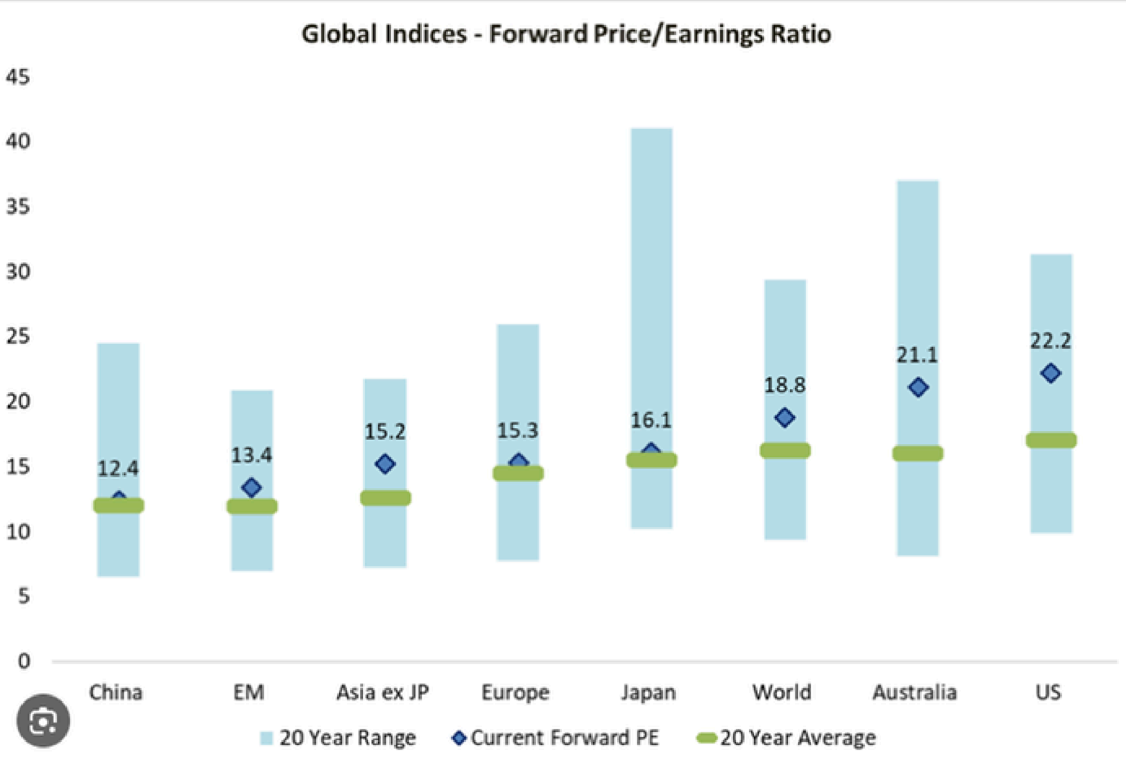
By contrast, interest-rate-sensitive sectors such as real estate faced a more mixed environment, with early-quarter caution around the RBA's May rate rise giving way to a recovery in listed property later in the quarter as global bond yields stabilised. Small and mid-cap stocks staged a meaningful recovery alongside the broader improvement in risk appetite and reduced financial-market volatility, reversing some of the underperformance recorded in the March quarter.

By global standards Australia is not doing well in the fight against inflation. This could lead to tighter policy settings from the RBA which would have an impact on residential property prices and the equity markets.



Source: AFR

Australian valuations are not cheap by global standards.



Property

Listed property markets recovered over the quarter, as the stabilisation in bond yields following the March-quarter shock provided relief for long-duration assets. Global listed infrastructure again delivered a resilient result, supported by its defensive characteristics, though returns moderated somewhat as the risk-on rotation favoured cyclical and growth-oriented equities over more defensive alternatives.

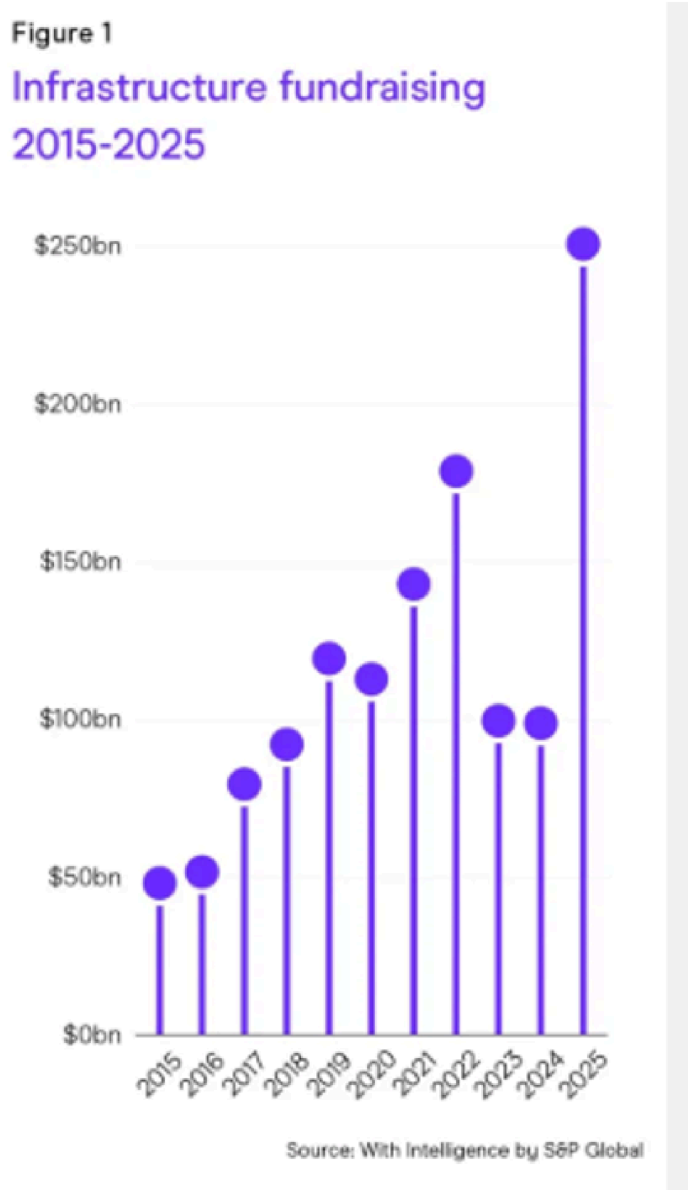
Australian A-REITs staged a recovery after a sharp March-quarter decline, aided by improving sentiment toward rate-sensitive assets as the RBA signalled a pause following its May increase. Global REITs also improved, benefiting from a broadly stable global rate environment through the quarter.

We have a diversified approach to this sector which includes office, industrial, retail and specialised properties. We have exposure to this asset class through both listed and unlisted property maximizing the opportunity set whilst reducing the volatility of the portfolio.

Infrastructure

Global listed infrastructure remained supported by its defensive characteristics and, in some cases, by continued exposure to energy markets, although the scale of the pull-back in oil prices weighed on energy-linked infrastructure exposures relative to the March quarter. Regulated utilities continued to provide relatively stable earnings amid the broader shift in market leadership toward cyclical and growth assets.

We believe over the long term that infrastructure will be a beneficiary of higher inflation as the developing world in particular continues to build infrastructure for the increase in living standards being demanded by their population. We have exposure to this asset class through both listed and unlisted infrastructure maximizing the opportunity set whilst reducing the volatility of the portfolio.



Alternatives

This part of the portfolio is looking for assets that will generate uncorrelated returns from traditional equity and bond markets.

In the alternates space we hold precious metals as a hedge against money printing and inflationary expectations moving forward driven by the end of cheap energy, cheap labour and cheap money.

Gold has a low correlation with bonds and equities which makes it ideal to decrease portfolio volatility.

IGWT Report

Gold Shines When The Equity Bear Eats!

Performance of the S&P 500 vs. Gold during S&P 500 Bear Markets

Date of the Market High	Date of the Market Low	S&P 500 Return	Gold Return	Gold Relative to S&P500
09/16/1929	06/01/1932	-86.19%	0.29%	86.48%
08/02/1956	10/22/1957	-21.63%	-0.11%	21.52%
12/12/1961	06/26/1962	-27.97%	-0.06%	27.91%
02/09/1966	10/07/1966	-22.18%	0.00%	22.18%
11/29/1968	05/26/1970	-36.06%	-10.50%	25.56%
01/11/1973	10/03/1974	-48.20%	137.47%	185.67%
11/28/1980	08/09/1982	-27.27%	-45.78%	-18.51%
08/25/1987	10/20/1987	-35.94%	1.38%	37.32%
07/16/1990	10/11/1990	-20.36%	6.81%	27.17%
07/17/1998	10/08/1998	-22.29%	1.71%	24.00%
03/24/2000	10/10/2002	-50.50%	11.18%	61.68%
10/11/2007	03/06/2009	-57.69%	25.61%	83.30%
09/21/2018	12/26/2018	-20.21%	5.59%	25.80%
02/19/2020	03/23/2020	-35.41%	-3.63%	31.78%
01/03/2022	09/26/2023*	-10.90%	5.56%	16.46%
	Mean	-34.85%	9.03%	43.89%
	Median	-27.97%	1.38%	27.17%

Source: Cornerstone Macro, Bloomberg, Reuters Eikon (*Lowest closing price since 01/03/2022), Incrementum AG

incrementum

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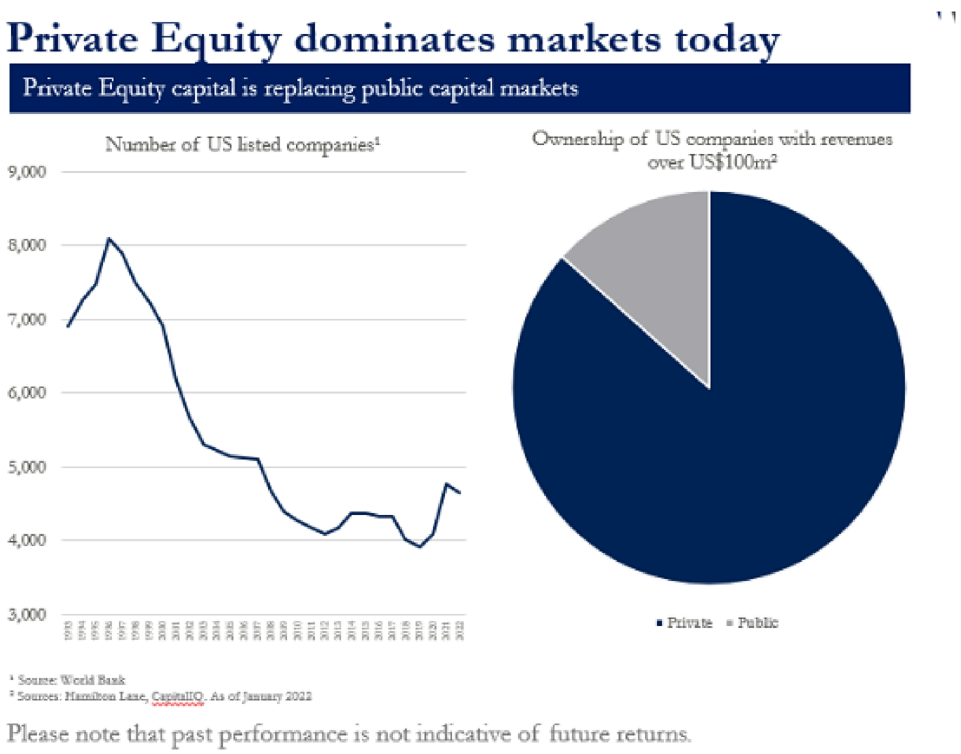
We also believe the breaking of the traditional correlation between Gold and real interest rates is telling us that there is a new dynamic within markets.

Interestingly, the equity market when measured by gold not nominal dollars has actually fallen in value quite considerably.

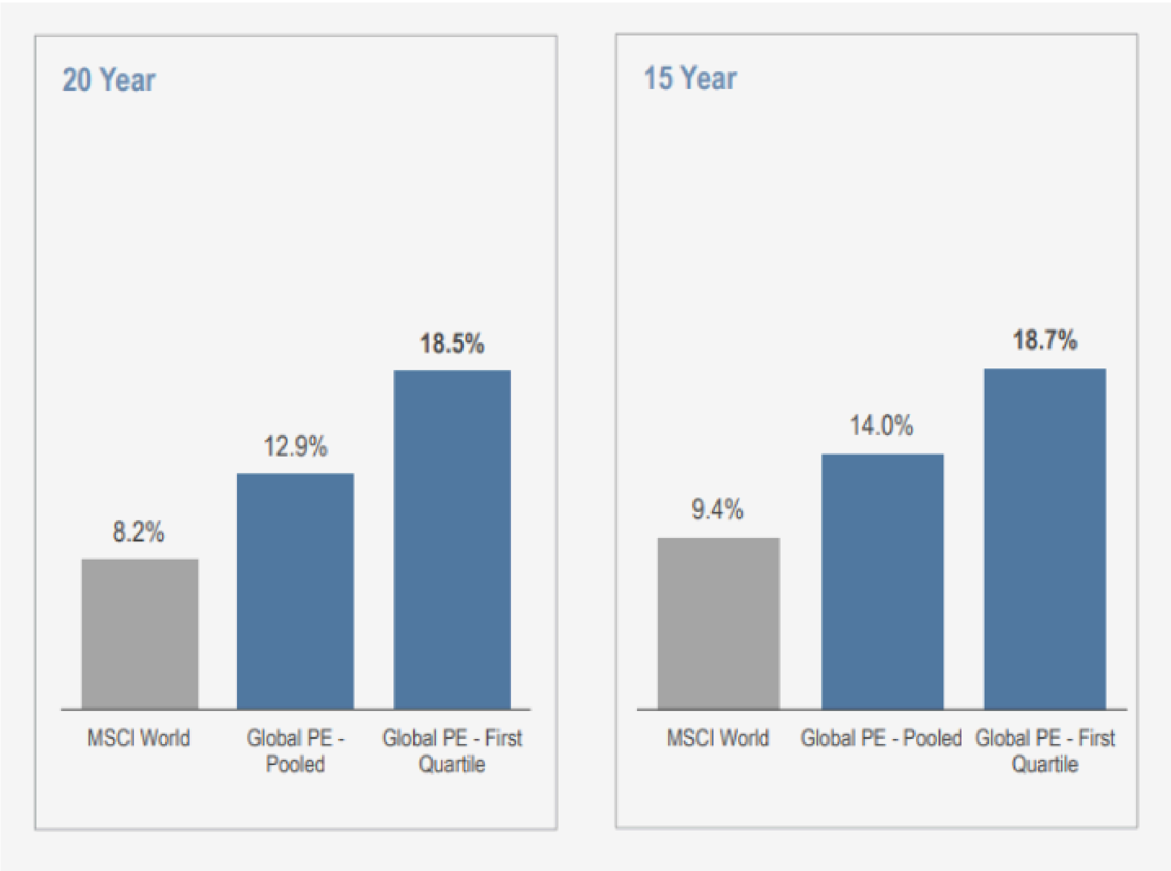
Notwithstanding the recent strength in gold over the last few years mean you compare the value in gold relative world equities this ratio remains at very low levels and about 4.5 times lower than the spike that occurred in 1980.

Source: Global X ETFs, Bloomberg data as of February 2026

Another large part of this strategy involves accessing opportunities that are not available through public markets be they equities or bonds. As we can see from the graph below the private part of these markets has had considerable growth and comprises a large range of opportunities. According to The Centre of Middle Market in 2023 more than 86% of US Companies that had revenue greater than US$100mio was held in private hands.



Whilst these investments are not liquid like the share market investors have been previously rewarded with higher returns to compensate them.



Source: Private equity data from Burgiss. Represents pooled horizon IRR and first quartile return for Global Private Equity as of 2025 Q1, which is the latest data available. Public market data sourced from Neuberger Berman as of 2025 Q1. Past performance is no guarantee of future results.

Harbourside Gerroa Moderately Conservative

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for Moderately Conservative investors through a diversified portfolio of assets including debt, equity, property, infrastructure and Alternatives. We do this through the risks that we accept and those that we mitigate.

This portfolio will have access to unlisted or closed ended funds.

We discuss our view regarding each of these asset classes in their respective part of this report.

Previously, we increased the duration in the portfolio to protect against a decrease in interest rate decreases. In saying that we were still underweight in duration to protect against the fact that long term interest rates may continue to rise for reasons discussed in the Debt Markets Overview contained in this report:

- Bentham Global Income Fund which has interest rate duration of 4.63 years with a yield to maturity of 6.03% and returned 2.17% for the quarter.

- Macquarie Dynamic Bond Fund which has interest rate duration of 5.5 years with a yield to maturity of 5.7% and returned 1.69% for the quarter.

- Yarra Enhanced Income Fund – Class A has interest rate duration of 1.79 years and a yield to maturity of 5.73%. This fund returned 2.27% for the quarter.

- PM Capital Enhanced Yield Fund which has an interest rate duration of 0.93 years and an average term to maturity of 1.54 years. The fund returned 1.49% for the quarter.

- The Realm High Income Fund has an interest rate duration of 1.47 year and a yield to maturity of 5.95%. The fund returned 2.39% for the quarter.

Over the long term we remain concerned that the large levels of government debt (particularly in the US), the levels of annual deficits and the stickiness of inflation will see another period of financial repression. This will enable the governments to inflate away the debt by undertaking yield curve control at lower rates than inflation. This would see investors who are holding the wrong type of fixed interest investments namely government bonds losing massively in real terms over the short to medium term.

Accordingly, we have exposure to a number of actively traded positions whose performance is not reliant on the direction of interest rates namely;

- Smarter Money Long Short Credit Fund which returned 2.18% for the quarter.

- JCB Dynamic Alpha Bond Fund designed as an absolute return product, that aims to deliver stable and consistent returns over time - regardless of share and bond market movements. This fund returned 1.39% over the quarter.

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets and aim to reduce the market risk associated with the portfolio. This means that our relative performance should be less in both rising and falling markets. As above we are concerned with current valuations and the increasing interest rates that this will see to a correction in equity markets. This is reflected in our holdings within equities of the following;

- Sage Capital Absolute Return Fund is a market neutral fund that has no to minimal exposure to the underlying direction of the market. This investments performance will be purely dictated by the skill of the manager and the impact of the results of the short positions relative to the long positions. Sage has returned 0.90% over the quarter.

- Talaria Global Equity Income Fund has an investment process that takes a high conviction, value biased approach to construct a portfolio of high quality, large cap companies from around the globe. Besides owning underlying shares the Fund sells exchange traded options to generate option premiums which add to the Fund’s return. Put option sales are always fully cash backed and call option sales are always fully equity backed. As a result, the Fund does not take on leverage from its use of options. The fund has returned 2.77% for the last quarter.

- Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund. Companies in the portfolio possess management teams that focus on creating value for shareholders through consistent and rational capital allocation policies with an emphasis on cash dividends, share repurchases and debt reduction — the key components of shareholder yield. The fund has returned 11.29% for the last quarter.

- Gyrostat Class A fund. This fund will provide returns that are lowly correlated with the share market through using options and hedging strategies. This fund returned 0.58% over the quarter.

This strategy includes both listed and unlisted property as it is not able to be traded on a daily basis making it less volatile. At the end of the day the assets within the unlisted and listed space are the same and their valuation over time should get to the same place. In saying that is not how markets behave and the fact the returns of the two ways of accessing property are not correlated is beneficial for portfolio construction.

- MVA – low cost equal weighted ETF to capture movements in ASX 200 AREIT. The investment had a return of 8.74% over the last quarter.

In this strategy we have exposure to both unlisted and listed exposures to infrastructure. As for property the different ways to access the same assets provides correlation benefits in portfolio construction.

- Atlas Infrastructure Australia Feeder Fund aims to provide investors with real, long term returns in excess of inflation through investment in a high conviction portfolio of the highest quality listed infrastructure companies across developed markets . Presently, this fund is holding about 63% of the portfolio in Europe (against a benchmark of 18%). Over the last quarter the fund returned 3.59%.

In this strategy we are looking to hold assets that will behave differently to traditional bond and equity markets. These assets are known as Alternatives. In the perfect world this portfolio will perform well when equity markets are struggling. This low correlation will take the volatility out of the portfolio making it an easier ride for the investor.

In this strategy we have the following investments in the Alternates space.

- NUGG is backed by physically allocated metal in the Perth Mint. The fund returned -13.69% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Cash	**13%**
Fixed Interest	
Bentham Global Income Fund	**8%**
Macquarie Dynamic Bond Fund	**9%**
Yarra Enhanced Income Fund	**5%**
JCB Dynamic Alpha Fund	**5%**
Smarter Money Long Short Credit	**5%**
Realm High Income Fund	**5%**
PM Capital Enhanced Yield	**9%**
Millbrook Credit Fund	**2%**
Msquared Mortgage Income Fund	**5%**
Australian Shares	
MVW - Market Vectors Equal Weight ETF	***2%***
Allan Gray Australian Equity Fund Class B	***3%***
Sage Capital Absolute Return Fund	***3%***
Gyrostat (Class A) Fund	***3%***
Plato Australian Shares Income Fund	***3%***
International Shares	
GQG Partners Global Quality Dividend Income Fund	***2%***
Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund	***2%***
Talaria Global Equity Fund	***3%***
Property	
VanEck Property ETF (MVA)	***2%***
Alternatives/Infrastructure	
Dexus Core Infrastructure	***3%***
Atlas Infrastructure Australian Feeder fund (unhedged)	***3%***
VanEck Gold Bullion ETF (NUGG)	***5%***

Harbourside Gerroa Balanced

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- Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund. Companies in the portfolio possess management teams that focus on creating value for shareholders through consistent and rational capital allocation policies with an emphasis on cash dividends, share repurchases and debt reduction — the key components of shareholder yield. The fund has returned 11.29% for the last quarter.
- Gyrostat Class A fund. This fund will provide returns that are lowly correlated with the share market through using options and hedging strategies. This fund returned 0.58% over the quarter.
- Artisan Discovery Global Fund. The Fund typically avoids exposure to the largest companies, it may offer portfolio diversification and complementary exposure if used alongside other 'large company' benchmark-aware global equity funds and Australian equity strategies. This fund returned 17.04% over the quarter.

- GQG Partners Emerging Markets Fund. GQG Partners seeks to invest in high-quality, attractively priced companies exhibiting competitive advantages. Our investment process aims to evaluate each business with a focus on financial strength, sustainability of earnings growth, and quality of management. This will give us more exposure to smaller companies (given the excessive valuations at the larger end of the spectrum) and a higher exposure in markets outside the USA primarily through Emerging markets where we like the growth characteristics and underlying valuations. This fund returned 2.00% over the quarter.

This strategy includes both listed and unlisted property as it is not able to be traded on a daily basis making it less volatile. At the end of the day the assets within the unlisted and listed space are the same and their valuation over time should get to the same place. In saying that is not how markets behave and the fact the returns of the two ways of accessing property are not correlated is beneficial for portfolio construction.

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In this strategy we have the following investments in the Alternates space;

- NUGG is backed by physically allocated metal in the Perth Mint. The fund returned -13.69% over the last quarter.

- Aspect Futures Diversified Class A look to generate significant medium-term capital growth independent of overall movements in traditional stock and bond markets within a rigorous risk management framework. The fund returned 0.94% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Cash	3%
Members Equity – At Call Account	0%
Fixed Interest	
Bentham Global Income Fund	9%
Macquarie Dynamic Bond Fund	7%
Yarra Enhanced Income fund	7%
JCB Dynamic Alpha Fund	9%
Smarter Money Long Short Credit	4%
Millbrook Credit Fund	2%
MSquared Mortgage Income Fund	4%
Australian Shares	
MVW - Market Vectors Equal Weight ETF	*7%*
Allan Gray Australian Equity Fund Class B	*3%*
Gyrostat (Class A) Fund	*5%*
DNR Capital Australian Emerging Companies Fund	*2%*
International Shares	
GQG Partners Global Quality Dividend	*2%*
Epoch Gobal Equity Shareholder Yield Fund (Unhedged)	*4%*
Talaria Global Equity Fund	*2%*
Artisan Discovery Global Fund	*3%*
GQG Partners Emerging Markets Fund	*2%*
Property	
Dexus Wholesale Property	*6%*
Invesco Direct Property	*3%*
VanEck Australian Property ETF (MVA)	*2%*
Alternatives/Infrastructure	
Atlas Infrastructure Australian Feeder Fund (Unhedged)	*2%*
Aspect Diversified Futures Fund - Class A	*2%*
VanEck Gold Bullion ETF (NUGG)	*10%*

Harbourside Gerroa Balanced Pension

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Previously we had increased the duration in the portfolio to protect us against a decrease in interest rate decreases. In saying that we were still underweight in duration to protect against the fact that long term interest rates may continue to rise for reasons discussed in the Debt Markets Overview contained in this report.

- Bentham Global Income Fund which has interest rate duration of 4.63 years with a yield to maturity of 6.03% and returned 2.17% for the quarter.

- Macquarie Dynamic Bond Fund which has interest rate duration of 5.5 years with a yield to maturity of 5.7% and returned 1.69% for the quarter.

- Yarra Enhanced Income Fund – Class A has interest rate duration of 1.79 years and a yield to maturity of 5.73%. This fund returned 2.27% for the quarter.

Over the long term we remain concerned that the large levels of government debt (particularly in the US), the levels of annual deficits and the stickiness of inflation will see another period of financial repression. This will enable the governments to inflate away the debt by undertaking yield curve control at lower rates than inflation. This would see investors who are holding the wrong type of fixed interest investments namely government bonds losing massively in real terms over the short to medium term.

Accordingly, we have exposure to a number of actively traded positions whose performance is not reliant on the direction of interest rates namely:

- Smarter Money Long Short Credit Fund which returned 2.18% for the quarter.

- JCB Dynamic Alpha Bond Fund designed as an absolute return product, that aims to deliver stable and consistent returns over time - regardless of share and bond market movements. This fund returned 1.39% over the quarter.

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets and aim to reduce the market risk associated with the portfolio. This means that our relative performance should be less in both rising and falling markets. As above we are concerned with current valuations and the increasing interest rates that this will see to a correction in equity markets. This is reflected in our holdings within equities of the following;

- Talaria Global Equity Income Fund has an investment process that takes a high conviction, value biased approach to construct a portfolio of high quality, large cap companies from around the globe. Besides owning underlying shares the Fund sells exchange traded options to generate option premiums which add to the Fund's return. Put option sales are always fully cash backed and call option sales are always fully equity backed. As a result, the Fund does not take on leverage from its use of options. The fund has returned 2.77% for the last quarter.

- Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund. Companies in the portfolio possess management teams that focus on creating value for shareholders through consistent and rational capital allocation policies with an emphasis on cash dividends, share repurchases and debt reduction — the key components of shareholder yield. The fund has returned 11.29% for the last quarter.

- Gyrostat Class A fund. This fund will provide returns that are lowly correlated with the share market through using options and hedging strategies. This fund returned 0.58% over the quarter.

- Investors Mutual Australian Income Fund. The Fund focuses on providing investors with a reliable, and relatively high, income stream, as well as capital growth, with lower volatility than the ASX 300. It does this by investing in high-yielding listed Australian and NZ companies and hybrids, as well as conservative options trading to take advantage of the share market's natural volatility. This fund returned 3.43% over the quarter.

- GQG Partners Emerging Markets Fund. GQG Partners seeks to invest in high-quality, attractively priced companies exhibiting competitive advantages. Our investment process aims to evaluate each business with a focus on financial strength, sustainability of earnings growth, and quality of management. This will give us more exposure to smaller companies (given the excessive valuations at the larger end of the spectrum) and a higher exposure in markets outside the USA primarily through Emerging markets where we like the growth characteristics and underlying valuations. This fund returned 2.00% over the quarter.

During the quarter we bought the following investments;

- Started a position in Investors Mutual Australian Income Fund. The Fund focuses on providing investors with a reliable, and relatively high, income stream, as well as capital growth, with lower volatility than the ASX 300. It does this by investing in high-yielding listed Australian and NZ companies and hybrids, as well as conservative options trading to take advantage of the sharemarket's natural volatility.

- Started a position in GQG Partners Emerging Markets Fund. GQG Partners seeks to invest in high-quality, attractively priced companies exhibiting competitive advantages. Our investment process aims to evaluate each business with a focus on financial strength, sustainability of earnings growth, and quality of management. This will give us more exposure to smaller companies (given the excessive valuations at the larger end of the spectrum) and a higher exposure in markets outside the USA primarily through Emerging markets where we like the growth characteristics and underlying valuations.

This strategy includes both listed and unlisted property as it is not able to be traded on a daily basis making it less volatile. At the end of the day the assets within the unlisted and listed space are the same and their valuation over time should get to the same place. In saying that is not how markets behave and the fact the returns of the two ways of accessing property are not correlated is beneficial for portfolio construction;

- MVA – low cost equal weighted ETF to capture movements in ASX 200 AREIT. The investment had a return of 8.74% over the last quarter.

In this strategy we have exposure to both unlisted and listed exposures to infrastructure. As for property the different ways to access the same assets provides correlation benefits in portfolio construction.

- Atlas Infrastructure Australia Feeder Fund aims to provide investors with real, long term returns in excess of inflation through investment in a high conviction portfolio of the highest quality listed infrastructure companies across developed markets . Presently, this fund is holding about 63% of the portfolio in Europe (against a benchmark of 18%). Over the last quarter the fund returned 3.59%.

In this strategy we are looking to hold assets that will behave differently to traditional bond and equity markets. These assets are known as Alternatives. In the perfect world this portfolio will perform well when equity markets are struggling. This low correlation will take the volatility out of the portfolio making it an easier ride for the investor.

In this strategy we have the following investments in the Alternates space;

- NUGG is backed by physically allocated metal in the Perth Mint. The fund returned -13.69% over the last quarter.

- Aspect Futures Diversified Class A look to generate significant medium-term capital growth independent of overall movements in traditional stock and bond markets within a rigorous risk management framework. The fund returned 0.94% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Cash	2%
Members Equity – At Call Account	0%
Fixed Interest	
Bentham Global Income Fund	6%
Macquarie Dynamic Bond Fund	7%
Yarra Enhanced Income fund	8%
JCB Dynamic Alpha Fund	8%
Smarter Money Long Short Credit	5%
Realm High Income Fund	2%
Millbrook Credit Fund	2%
MSquared Mortgage Income Fund	4%
Australian Shares	
MVW - Market Vectors Equal Weight ETF	*6%*
Plato Australian Share Income Fund	*6%*
Investors Mutual Australian Income Fund	*7%*
Gyrostat Class A Fund	*6%*
International Shares	
GQG Partners Global Quality Dividend	*3%*
Epoch Gobal Equity Shareholder Yield Fund (Unhedged)	*2%*
GQG Partners Emerging Markets Fund	*2%*
Talaria Global Equity Fund	*3%*
Property	
Dexus Wholesale Property	*3%*
Invesco Direct Property	*2%*
VanEck Australian Property ETF (MVA)	*4%*
Alternatives/Infrastructure	
Atlas Infrastructure Australian Feeder Fund (Unhedged)	*2%*
Aspect Diversified Futures Fund - Class A	*2%*
VanEck Gold Bullion ETF (NUGG)	*10%*

Harbourside Gerroa Growth

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for Growth investors. We do this through the risks that we accept and those that we mitigate.

This portfolio will have access to unlisted or closed ended funds.

Previously we had increased the duration in the portfolio to protect us against a decrease in interest rate decreases. In saying that we were still underweight in duration to protect against the fact that long term interest rates may continue to rise for reasons discussed in the Debt Markets Overview contained in this report.

- Bentham Global Income Fund which has interest rate duration of 4.63 years with a yield to maturity of 6.03% and returned 2.17% for the quarter.

- JCB Dynamic Alpha Bond Fund designed as an absolute return product, that aims to deliver stable and consistent returns over time - regardless of share and bond market movements. This fund returned 1.39% over the quarter.

Over the long term we remain concerned that the large levels of government debt (particularly in the US), the levels of annual deficits and the stickiness of inflation will see another period of financial repression. This will enable the governments to inflate away the debt by undertaking yield curve control at lower rates than inflation. This would see investors who are holding the wrong type of fixed interest investments namely government bonds losing massively in real terms over the short to medium term.

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets and aim to reduce the market risk associated with the portfolio. This means that our relative performance should be less in both rising and falling markets. As above we are concerned with current valuations and the increasing interest rates that this will see to a correction in equity markets. This is reflected in our holdings within equities of the following;

- Sage Capital Absolute Return Fund is a market neutral fund that has no to minimal exposure to the underlying direction of the market. This investments performance will be purely dictated by the skill of the manager and the impact of the results of the short positions relative to the long positions. Sage has returned 0.90% over the quarter.

- Artisan Discovery Global Fund. The Fund typically avoids exposure to the largest companies, it may offer portfolio diversification and complementary exposure if used alongside other ‘large company’ benchmark-aware global equity funds and Australian equity strategies.

- GQG Partners Emerging Markets Fund. GQG Partners seeks to invest in high-quality, attractively priced companies exhibiting competitive advantages. Our investment process aims to evaluate each business with a focus on financial strength, sustainability of earnings growth, and quality of management. This will give us more exposure to smaller companies (given the excessive valuations at the larger end of the spectrum) and a higher exposure in markets outside the USA primarily through Emerging markets where we like the growth characteristics and underlying valuations.

This strategy includes both listed and unlisted property as it is not able to be traded on a daily basis making it less volatile. At the end of the day the assets within the unlisted and listed space are the same and their valuation over time should get to the same place. In saying that is not how markets behave and the fact the returns of the two ways of accessing property are not correlated is beneficial for portfolio construction.

In this strategy we have exposure to both unlisted and listed exposures to infrastructure. As for property the different ways to access the same assets provides correlation benefits in portfolio construction.

- Atlas Infrastructure Australia Feeder Fund aims to provide investors with real, long term returns in excess of inflation through investment in a high conviction portfolio of the highest quality listed infrastructure companies across developed markets . Presently, this fund is holding about 63% of the portfolio in Europe (against a benchmark of 18%). Over the last quarter the fund returned 3.59%.

In this strategy we are looking to hold assets that will behave differently to traditional bond and equity markets. These assets are known as Alternatives. In the perfect world this portfolio will perform well when equity markets are struggling. This low correlation will take the volatility out of the portfolio making it an easier ride for the investor.

In this strategy we have the following investments in the Alternates space;

- NUGG is backed by physically allocated metal in the Perth Mint. The fund returned -13.69% over the last quarter.

- Aspect Futures Diversified Class A look to generate significant medium-term capital growth independent of overall movements in traditional stock and bond markets within a rigorous risk management framework. The fund returned 0.94% over the last quarter.

- Barwon Global Listed Private Equity invests in publicly-traded stocks that offer exposure to the equity and debt of private equity-backed companies. The strategies span private equity buyouts, private debt, growth equity and venture capital. The portfolio typically consists of 20 to 25 securities at any one time, seeking the best opportunities from the investment universe while providing diversification across geographies, deal stages and vintages. The fund returned 5.36% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Cash	4%
Fixed Interest	
Bentham Global Income Fund	6%
Yarra Enhanced Income Fund	3%
JCB Dynamic Alpha Fund	4%
Millbrook Credit Fund	3%
MSquared Mortgage Income Fund	2%
Realm High Income Fund	2%
Australian Shares	
MVW - Market Vectors Equal Weight ETF	*6%*
Allan Gray Australian Equity Fund Class B	*6%*
Sage Capital Absolute Return Fund	*6%*
UBS Microcap Fund	*3%*
DNR Capital Australian Emerging Companies fund	*4%*
International Shares	
Vanguard International (hedged)	*12%*
Artisan Discovery Global Fund	*4%*
GQG Partners Global Equity Fund	*5%*
PGF - PM Capital Global Opportunities Fund	*5%*
GQG Partners Emerging Markets Fund	*2%*
Property	
Dexus Wholesale Property	*4%*
Invesco Direct Property	*3%*
Alternatives/Infrastructure	
Atlas Infrastructure Fund	*2%*
Barwon Global Listed Property	*2%*
Aspect Diversified Future Funds	*2%*
VanEck Gold Bullion ETF (NUGG)	*10%*

Harbourside Gerroa Growth Pension

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for Growth investors who are in pension phase. We do this through the risks that we accept and those that we mitigate.

This portfolio will have access to unlisted or closed ended funds.

Previously we had increased the duration in the portfolio to protect us against a decrease in interest rate decreases. In saying that we were still underweight in duration to protect against the fact that long term interest rates may continue to rise for reasons discussed in the Debt Markets Overview contained in this report.

- Bentham Global Income Fund which has interest rate duration of 4.63 years with a yield to maturity of 6.03% and returned 2.17% for the quarter.

- Macquarie Dynamic Bond Fund which has interest rate duration of 5.5 years with a yield to maturity of 5.7% and returned 1.69% for the quarter.

Over the long term we remain concerned that the large levels of government debt (particularly in the US), the levels of annual deficits and the stickiness of inflation will see another period of financial repression. This will enable the governments to inflate away the debt by undertaking yield curve control at lower rates than inflation. This would see investors who are holding the wrong type of fixed interest investments namely government bonds losing massively in real terms over the short to medium term.

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets and aim to reduce the market risk associated with the portfolio. This means that our relative performance should be less in both rising and falling markets. As above we are concerned with current valuations and the increasing interest rates that this will see to a correction in equity markets. This is reflected in our holdings within equities of the following;

- Talaria Global Equity Income Fund has an investment process that takes a high conviction, value biased approach to construct a portfolio of high quality, large cap companies from around the globe. Besides owning underlying shares the Fund sells exchange traded options to generate option premiums which add to the Fund's return. Put option sales are always fully cash backed and call option sales are always fully equity backed. As a result, the Fund does not take on leverage from its use of options. The fund has returned 2.77% for the last quarter.

- Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund. Companies in the portfolio possess management teams that focus on creating value for shareholders through consistent and rational capital allocation policies with an emphasis on cash dividends, share repurchases and debt reduction — the key components of shareholder yield. The fund has returned 11.29% for the last quarter.

- GQG Partners Emerging Markets Fund. GQG Partners seeks to invest in high-quality, attractively priced companies exhibiting competitive advantages. Our investment process aims to evaluate each business with a focus on financial strength, sustainability of earnings growth, and quality of management. This will give us more exposure to smaller companies (given the excessive valuations at the larger end of the spectrum) and a higher exposure in markets outside the USA primarily through Emerging markets where we like the growth characteristics and underlying valuations. This fund returned 2.00% over the quarter.

- Gyrostat Class A fund. This fund will provide returns that are lowly correlated with the share market through using options and hedging strategies. This fund returned 0.58% over the quarter.

- Investors Mutual Australian Income Fund. The Fund focuses on providing investors with a reliable, and relatively high, income stream, as well as capital growth, with lower volatility than the ASX 300. It does this by investing in high-yielding listed Australian and NZ companies and hybrids, as well as conservative options trading to take advantage of the share market's natural volatility. This fund returned 3.43% over the quarter.

This strategy includes both listed and unlisted property as it is not able to be traded on a daily basis making it less volatile. At the end of the day the assets within the unlisted and listed space are the same and their valuation over time should get to the same place. In saying that is not how markets behave and the fact the returns of the two ways of accessing property are not correlated is beneficial for portfolio construction.

In this strategy we have exposure to both unlisted and listed exposures to infrastructure. As for property the different ways to access the same assets provides correlation benefits in portfolio construction.

- Atlas Infrastructure Australia Feeder Fund aims to provide investors with real, long term returns in excess of inflation through investment in a high conviction portfolio of the highest quality listed infrastructure companies across developed markets . Presently, this fund is holding about 63% of the portfolio in Europe (against a benchmark of 18%). Over the last quarter the fund returned 3.59%.

In this strategy we are looking to hold assets that will behave differently to traditional bond and equity markets. These assets are known as Alternatives. In the perfect world this portfolio will perform well when equity markets are struggling. This low correlation will take the volatility out of the portfolio making it an easier ride for the investor.

In this strategy we have the following investments in the Alternates space;

- NUGG is backed by physically allocated metal in the Perth Mint. The fund returned -13.69% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	Holding %
Cash	
Cash	3%
Fixed Interest	
Bentham Global Income Fund	6%
Macquarie Dynamic Bond Fund	3%
Yarra Enhanced Income Fund	3%
JCB Dynamic Alpha Fund	5%
Millbrook Credit Fund	5%
MSquared Mortgage Income Fund	2%
Realm High Income Fund	2%
Australian Shares	
YMAX - Top 20 Dividend Paying ETF	6%
Plato Australian Share Income Fund	6%
Investors Mutual Australian Income Fund	5%
Gyrostat Class A Fund	6%
International Shares	
Vanguard International (hedged)	5%
Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund	4%
PGF - PM Capital Global Opportunities Fund	5%
Talaria Global Equity Fund (hedged)	6%
GQG Partners Emerging Markets Fund	1%
GQG Partners Global Equity Fund	1%
Property	
Dexus Wholesale Property	4%
Invesco Direct Property	4%
Alternatives/Infrastructure	
Clearbridge Infrastructure Fund (Class A)	6%
Atlas Infrastructure Australian Feeder Fund (unhedged)	2%
VanEck Gold Bullion ETF (NUGG)	10%

Harbourside Lorne Moderately Conservative

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for Moderately Conservative investors. We do this through the risks that we accept and those that we mitigate. This portfolio will not have access to unlisted or closed ended funds.

Previously we had increased the duration in the portfolio to protect us against a decrease in interest rate decreases. In saying that we were still underweight in duration to protect against the fact that long term interest rates may continue to rise for reasons discussed in the Debt Markets Overview contained in this report.

- Bentham Global Income Fund which has interest rate duration of 4.63 years with a yield to maturity of 6.03% and returned 2.17% for the quarter.

- Macquarie Dynamic Bond Fund which has interest rate duration of 5.5 years with a yield to maturity of 5.7% and returned 1.69% for the quarter.

- Yarra Enhanced Income Fund – Class A has interest rate duration of 1.79 years and a yield to maturity of 5.73%. This fund returned 2.27% for the quarter.

Over the long term we remain concerned that the large levels of government debt (particularly in the US), the levels of annual deficits and the stickiness of inflation will see another period of financial repression. This will enable the governments to inflate away the debt by undertaking yield curve control at lower rates than inflation. This would see investors who are holding the wrong type of fixed interest investments namely government bonds losing massively in real terms over the short to medium term.

Accordingly, we have exposure to a number of actively traded positions whose performance is not reliant on the direction of interest rates namely;

- Smarter Money Long Short Credit Fund which returned 2.18% for the quarter.
- JCB Dynamic Alpha Bond Fund designed as an absolute return product, that aims to deliver stable and consistent returns over time - regardless of share and bond market movements. This fund returned 1.39% over the quarter.

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets and aim to reduce the market risk associated with the portfolio. This means that our relative performance should be less in both rising and falling markets. As above we are concerned with current valuations and the increasing interest rates that this will see to a correction in equity markets. This is reflected in our holdings within equities of the following;

  - Sage Capital Absolute Return Fund is a market neutral fund that has no to minimal exposure to the underlying direction of the market. This investments performance will be purely dictated by the skill of the manager and the impact of the results of the short positions relative to the long positions. Sage has returned 0.90% over the quarter.

  - Talaria Global Equity Income Fund has an investment process that takes a high conviction, value biased approach to construct a portfolio of high quality, large cap companies from around the globe. Besides owning underlying shares the Fund sells exchange traded options to generate option premiums which add to the Fund's return. Put option sales are always fully cash backed and call option sales are always fully equity backed. As a result, the Fund does not take on leverage from its use of options. The fund has returned 2.77% for the last quarter.

  - Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund. Companies in the portfolio possess management teams that focus on creating value for shareholders through consistent and rational capital allocation policies with an emphasis on cash dividends, share repurchases and debt reduction — the key components of shareholder yield. The fund has returned 11.29% for the last quarter.

  - Gyrostat Class A fund. This fund will provide returns that are lowly correlated with the share market through using options and hedging strategies. This fund returned 0.58% over the quarter.

This strategy includes listed property and infrastructure.

- MVA – low cost equal weighted ETF to capture movements in ASX 200 AREIT. The investment had a return of 8.74% over the last quarter.

- Atlas Infrastructure Australia Feeder Fund aims to provide investors with real, long term returns in excess of inflation through investment in a high conviction portfolio of the highest quality listed infrastructure companies across developed markets . Presently, this fund is holding about 63% of the portfolio in Europe (against a benchmark of 18%). Over the last quarter the fund returned 3.59%.

In this strategy we have the following investments in the Alternates space:

- NUGG is backed by physically allocated metal in the Perth Mint. The fund returned -13.69% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Cash	12%
Fixed Interest	
Bentham Global Income Fund	10%
Macquarie Dynamic Bond Fund	11%
Yarra Enhanced Income Fund	11%
JCB Dynamic Alpha Fund	9%
Smarter Money Long Short Credit	7%
PM Capital Enhanced Yield Fund	9%
Australian Shares	
Sage Capital Absolute Return Fund	*6%*
Gyrostat (Class A) Fund	*5%*
Plato Australian Shares Income Fund	*4%*
International Shares	
GQG Partners Global Quality Dividend Income Fund	*2%*
Talaria Global Equity Fund	*3%*
Epoch Global Share Yield (hedged) Fund	*2%*
Property	
VanEck Australian Property ETF (MVA)	*2%*
Alternatives/Infrastructure	
4D Infrastructure Fund (Hedged)	*4%*
VanEck Gold Bullion ETF (NUGG)	*6%*

Harbourside Lorne Balanced

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for Balanced investors. We do this through the risks that we accept and those that we mitigate.

This portfolio will not have access to unlisted or closed ended funds.

Previously we had increased the duration in the portfolio to protect us against a decrease in interest rate decreases. In saying that we were still underweight in duration to protect against the fact that long term interest rates may continue to rise for reasons discussed in the Debt Markets Overview contained in this report.

- Bentham Global Income Fund which has interest rate duration of 4.63 years with a yield to maturity of 6.03% and returned 2.17% for the quarter.

- Macquarie Dynamic Bond Fund which has interest rate duration of 5.5 years with a yield to maturity of 5.7% and returned 1.69% for the quarter.

- Yarra Enhanced Income Fund – Class A has interest rate duration of 1.79 years and a yield to maturity of 5.73%. This fund returned 2.27% for the quarter.

Over the long term we remain concerned that the large levels of government debt (particularly in the US), the levels of annual deficits and the stickiness of inflation will see another period of financial repression. This will enable the governments to inflate away the debt by undertaking yield curve control at lower rates than inflation. This would see investors who are holding the wrong type of fixed interest investments namely government bonds losing massively in real terms over the short to medium term.

Accordingly, we have exposure to a number of actively traded positions whose performance is not reliant on the direction of interest rates namely:

- Smarter Money Long Short Credit Fund which returned 2.18% for the quarter.

- JCB Dynamic Alpha Bond Fund designed as an absolute return product, that aims to deliver stable and consistent returns over time - regardless of share and bond market movements. This fund returned 1.39% over the quarter.

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets and aim to reduce the market risk associated with the portfolio. This means that our relative performance should be less in both rising and falling markets. As above we are concerned with current valuations and the increasing interest rates that this will see to a correction in equity markets. This is reflected in our holdings within equities of the following;

- Talaria Global Equity Income Fund has an investment process that takes a high conviction, value biased approach to construct a portfolio of high quality, large cap companies from around the globe. Besides owning underlying shares the Fund sells exchange traded options to generate option premiums which add to the Fund's return. Put option sales are always fully cash backed and call option sales are always fully equity backed. As a result, the Fund does not take on leverage from its use of options. The fund has returned 2.77% for the last quarter.

- Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund. Companies in the portfolio possess management teams that focus on creating value for shareholders through consistent and rational capital allocation policies with an emphasis on cash dividends, share repurchases and debt reduction — the key components of shareholder yield. The fund has returned 11.29% for the last quarter.

- Gyrostat Class A fund. This fund will provide returns that are lowly correlated with the share market through using options and hedging strategies. This fund returned 0.58% over the quarter.

- Artisan Discovery Global Fund. The Fund typically avoids exposure to the largest companies, it may offer portfolio diversification and complementary exposure if used alongside other 'large company' benchmark-aware global equity funds and Australian equity strategies. This fund returned 17.04% over the quarter.

- GQG Partners Emerging Markets Fund. GQG Partners seeks to invest in high-quality, attractively priced companies exhibiting competitive advantages. Our investment process aims to evaluate each business with a focus on financial strength, sustainability of earnings growth, and quality of management. This will give us more exposure to smaller companies (given the excessive valuations at the larger end of the spectrum) and a higher exposure in markets outside the USA primarily through Emerging markets where we like the growth characteristics and underlying valuations. This fund returned 2.00% over the quarter.

This strategy includes listed property and infrastructure.

- MVA – low cost equal weighted ETF to capture movements in ASX 200 AREIT. The investment had a return of 8.74% over the last quarter.

- 4D Global Infrastructure Fund (hedged) is a fund that has a diverse holding of infrastructure in the developed world and Emerging markets (about 30%). This fund is hedged in AUD so it will not be subject to currency movements. This fund returned 0.73% over the last quarter.

In this strategy we have the following investments in the Alternates space

- NUGG is backed by physically allocated metal in the Perth Mint. The fund returned -13.69% over the last quarter.

- Aspect Futures Diversified Class A look to generate significant medium-term capital growth independent of overall movements in traditional stock and bond markets within a rigorous risk management framework. The fund returned 0.94% over the last quarter.

- Barwon Global Listed Private Equity invests in publicly-traded stocks that offer exposure to the equity and debt of private equity-backed companies. The strategies span private equity buyouts, private debt, growth equity and venture capital. The portfolio typically consists of 20 to 25 securities at any one time, seeking the best opportunities from the investment universe while providing diversification across geographies, deal stages and vintages. The fund returned 5.36% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Cash	5%
Members Equity – At Call Account	0%
Fixed Interest	
Bentham Global Income Fund	11%
Macquarie Dynamic Bond Fund	8%
Yarra Enhanced Income Fund	8%
JCB Dynamic Alpha Fund	9%
Smarter Money Long Short Credit	6%
Australian Shares	
MVW - Market Vectors Equal Weight ETF	***8%***
Allan Gray Australian Equity Fund Class B	***5%***
Artisan Discovery Global Fund	***2%***
Gyrostat Class A Fund	***5%***
GQG Partners Emerging Markets Fund	***2%***
International Shares	
Bell Global Emerging Companies Fund	***3%***
Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund	***3%***
Talaria Global Equity Fund	***3%***
Property	
VanEck Australian Property ETF (MVA)	***4%***
Alternatives/Infrastructure	
4D Infrastructure Fund (hedged)	***4%***
Barwon Global Listed Private Listed	***2%***
Aspect Diversified Futures Fund – Class A	***2%***
VanEck Gold Bullion ETF (NUGG)	***10%***

Harbourside Lorne Growth

Performance measurements including the long term performance relative to benchmark is contained within the "MDA Quarterly Performance" report. The economic news and happenings of the quarter is contained within the "Quarterly Market Commentary" report.

Please note that each client may have different performance and you should use the actual performance data for each client's portfolio.

This portfolio is aimed to deliver risk adjusted returns for Growth investors. We do this through the risks that we accept and those that we mitigate.

This portfolio will not have access to unlisted or closed ended funds.

Previously we had increased the duration in the portfolio to protect us against a decrease in interest rate decreases. In saying that we were still underweight in duration to protect against the fact that long term interest rates may continue to rise for reasons discussed in the Debt Markets Overview contained in this report.

- Bentham Global Income Fund which has interest rate duration of 4.63 years with a yield to maturity of 6.03% and returned 2.17% for the quarter.

- Macquarie Dynamic Bond Fund which has interest rate duration of 5.5 years with a yield to maturity of 5.7% and returned 1.69% for the quarter.

- Yarra Enhanced Income Fund – Class A has interest rate duration of 1.79 years and a yield to maturity of 5.73%. This fund returned 2.27% for the quarter.

- JCB Dynamic Alpha Bond Fund designed as an absolute return product, that aims to deliver stable and consistent returns over time - regardless of share and bond market movements. This fund returned 1.39% over the quarter.

Over the long term we remain concerned that the large levels of government debt (particularly in the US), the levels of annual deficits and the stickiness of inflation will see another period of financial repression. This will enable the governments to inflate away the debt by undertaking yield curve control at lower rates than inflation. This would see investors who are holding the wrong type of fixed interest investments namely government bonds losing massively in real terms over the short to medium term.

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets and aim to reduce the market risk associated with the portfolio. This means that our relative performance should be less in both rising and falling markets. As above we are concerned with current valuations and the increasing interest rates that this will see to a correction in equity markets. This is reflected in our holdings within equities of the following;

- Sage Capital Absolute Return Fund is a market neutral fund that has no to minimal exposure to the underlying direction of the market. This investments performance will be purely dictated by the skill of the manager and the impact of the results of the short positions relative to the long positions. Sage has returned 0.90% over the quarter.

This strategy includes listed property and infrastructure.

- MVA – low cost equal weighted ETF to capture movements in ASX 200 AREIT. The investment had a return of 8.74% over the last quarter.

- 4D Global Infrastructure Fund (hedged) is a fund that has a diverse holding of infrastructure in the developed world and Emerging markets (about 30%). This fund is hedged in AUD so it will not be subject to currency movements. This fund returned 0.73% over the last quarter.

- Artisan Discovery Global Fund. The Fund typically avoids exposure to the largest companies, it may offer portfolio diversification and complementary exposure if used alongside other 'large company' benchmark-aware global equity funds and Australian equity strategies. This fund returned 17.04% over the last quarter.

- GQG Partners Emerging Markets Fund. GQG Partners seeks to invest in high-quality, attractively priced companies exhibiting competitive advantages. Our investment process aims to evaluate each business with a focus on financial strength, sustainability of earnings growth, and quality of management. This will give us more exposure to smaller companies (given the excessive valuations at the larger end of the spectrum) and a higher exposure in markets outside the USA primarily through Emerging markets where we like the growth characteristics and underlying valuations. This fund returned 2.00% over the last quarter

In this strategy we have the following investments in the Alternates space.

- NUGG is backed by physically allocated metal in the Perth Mint. The fund returned -13.69% over the last quarter.

- Aspect Futures Diversified Class A look to generate significant medium-term capital growth independent of overall movements in traditional stock and bond markets within a rigorous risk management framework. The fund returned 0.94% over the last quarter.

- Barwon Global Listed Private Equity invests in publicly-traded stocks that offer exposure to the equity and debt of private equity-backed companies. The strategies span private equity buyouts, private debt, growth equity and venture capital. The portfolio typically consists of 20 to 25 securities at any one time, seeking the best opportunities from the investment universe while providing diversification across geographies, deal stages and vintages. The fund returned 5.36% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Cash	4%
Fixed Interest	
Bentham Global Income Fund	9%
Macquarie Dynamic Bond Fund	3%
Yarra Enhanced Income Fund	3%
JCB Dynamic Alpha Fund	3%
Australian Shares	
Sage Capital Absolute Return Fund	10%
Allan Gray Australian Equity Fund Class B	4%
DNR Capital Australian Emerging Companies Fund	4%
USB Microcap Fund	3%
International Shares	
Vanguard International (hedged)	11%
Artisan Discovery Global Fund	4%
GQG Partners Global Equity Fund	5%
PGF - PM Capital Global Opportunities Fund	5%
GQG Partners Emerging Markets Fund	5%
Property	
VanEck Australian Property ETF (MVA)	10%
Alternatives/Infrastructure	
4D Infrastructure Fund (hedged)	2%
Barwon Global Listed Private Equity	3%
Aspect Diversified Futures Fund	2%
VanEck Gold Bullion ETF (NUGG)	10%

Harbourside Fixed Interest

Performance measurements including the long term performance relative to benchmark is contained within the "MDA Quarterly Performance" report. The economic news and happenings of the quarter is contained within the "Quarterly Market Commentary" report.

Please note that each client may have different performance and you should use the actual performance data for each client's portfolio.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure to fixed income and interest rate securities. We do this through the risks that we accept and those that we mitigate. The focus is on investing in high grade government and corporate debt through specialist managers.

This portfolio will not have access to unlisted or closed ended funds.

We discuss our view regarding each of these asset classes in their respective part of this report.

Previously we had increased the duration in the portfolio to protect us against a decrease in interest rate decreases. In saying that we were still underweight in duration to protect against the fact that long term interest rates may continue to rise for reasons discussed in the Debt Markets Overview contained in this report.

- The Western Asset Aust Bond Fund has an interest rate duration of 5.08 years and a yield to maturity of 4.99%. The fund returned 2.81% for the quarter.

- The PIMCO Global Bond Fund has an interest rate duration of 6.77 years and a yield to maturity of 5.91%. The fund returned 2.25% for the quarter.

- PM Capital Enhanced Yield Fund which has an interest rate duration of 0.93 years and an average term to maturity of 1.54 years. The fund returned 1.49% for the quarter.

- The Realm High Income Fund has an interest rate duration of 1.47 year and a yield to maturity of 5.95%. The fund returned 2.39% for the quarter.

- The Arculus Fixed Income Fund has an interest rate duration of 0.79 years and a yield to maturity of 4.92%. The fund returned 1.22% for the quarter.

Over the long term we remain concerned that the large levels of government debt (particularly in the US), the levels of annual deficits and the stickiness of inflation will see another period of financial repression. This will enable the governments to inflate away the debt by undertaking yield curve control at lower rates than inflation. This would see investors who are holding the wrong type of fixed interest investments namely government bonds losing massively in real terms over the short to medium term.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Xplore - At Call Account	**2%**
Fixed Interest	
PM Capital Enhanced Fund	**18%**
Arculus Fixed Income Fund	**20%**
Western Asset Australian Bond Fund	**20%**
PIMCO Global Bond Fund	**20%**
Realm High Income Fund	**20%**

Harbourside Strategic Fixed Interest

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure to fixed income and interest rate securities. We do this through the risks that we accept and those that we mitigate. Unlike the Fixed Interest Strategy this strategy is unconstrained and will look for opportunities outside high grade government and corporate debt through specialist managers and direct investment. This portfolio is unconstrained in nature and will have access to unlisted or closed ended funds.

We discuss our view regarding each of these asset classes in their respective part of this report.

Previously we had increased the duration in the portfolio to protect us against a decrease in interest rate decreases. In saying that we were still underweight in duration to protect against the fact that long term interest rates may continue to rise for reasons discussed in the Debt Markets Overview contained in this report.

- Bentham Global Income Fund which has interest rate duration of 4.63 years with a yield to maturity of 6.03% and returned 2.17% for the quarter.

- Macquarie Dynamic Bond Fund which has interest rate duration of 5.5 years with a yield to maturity of 5.7% and returned 1.69% for the quarter.

- Yarra Enhanced Income Fund – Class A has interest rate duration of 1.79 years and a yield to maturity of 5.73%. This fund returned 2.27% for the quarter.

- Private Credit Debt transactions secured by real estate at rates greater than 7% per annum.

Over the long term we remain concerned that the large levels of government debt (particularly in the US), the levels of annual deficits and the stickiness of inflation will see another period of financial repression. This will enable the governments to inflate away the debt by undertaking yield curve control at lower rates than inflation. This would see investors who are holding the wrong type of fixed interest investments namely government bonds losing massively in real terms over the short to medium term.

Accordingly, we have exposure to a number of actively traded positions whose performance is not reliant on the direction of interest rates namely;

- Smarter Money Long Short Credit Fund which returned 2.18% for the quarter.

We have also moved some exposure out of the developed markets;

- Colchester Emerging Market Bond Fund which aims to generate income and increase the amount invested in a globally diversified portfolio of government bonds and currencies in emerging markets. This fund returned 3.27% for the quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Cash	**3%**
Fixed Interest	
Bentham Global Income Fund	**15%**
Macquarie Dynamic Bond Fund	**14%**
Yarra Enhanced Income Fund	**14%**
JCB Dynamic Alpha	**14%**
Smarter Money Long Short Credit	**14%**
Direct Mortgages / Private Credit	**2%**
Millbrook Credit Fund	**4%**
MSquared Mortgage Income Fund	**14%**
Colchester Emerging Market Bond Fund	**6%**

Harbourside Australian Share Direct Core

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure to a low cost diversified holding of direct ASX shares. We do this through the risks that we accept and those that we mitigate.

We discuss our view regarding each of these asset classes in their respective part of this report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

The following shares were sold over the Quarter

Holding Name		Holding (%)
CSL Limited	CSL	2%
Woolworths Group Ltd	WOW	2%

The following shares were bought over the Quarter

Holding Name	
National Australia Bank Ltd	NAB
TechnologyOne Ltd	TNE

Indicative Holdings (holdings may vary per client portfolio)		
Holding Name		**Holding %**
Cash		
Xplore - At Call Account		**4%**
Australian Shares		
WOW - Woolworths Group	*Consumer Staple*	**4%**
MQG - Macquarie Group Limited	*Financials*	**6%**
GPT - GPT Group	*Real Estate*	**7%**
CSL - CSL Ltd	*Biotechnology*	**3%**
WDS - Woodside Energy Group Ltd	*Energy*	**4%**
WOR - Worley Limited	*Industrials*	**6%**
BHP - BHP Group Limited	*Materials*	**6%**
ANZ - ANZ Group Holdings Limited	*Financials*	**4%**
RIO - Rio Tinto Limited	*Materials*	**6%**
NEM - Newmont Corporation	*Materials*	**6%**
RMD - Resmed Inc	*Health Care Equipment*	**7%**
ALD - Ampol Limited	*Energy*	**5%**
TLS - Telstra Group Limited	*Communication Services*	**4%**
ALL - Aristocrat Leisure Limited	*Consumer Discretionary*	**6%**
TCL - Transurban	*Industrials*	**6%**
SDF - Steadfast Group Limited	*Financials*	**6%**
NAB - National Australia Bank Ltd	*Financials*	**6%**
TNE - Technology One Ltd	*Technology*	**4%**

Harbourside Australian Share Direct Satellite

Performance measurements including the long term performance relative to benchmark is contained within the "MDA Quarterly Performance" report. The economic news and happenings of the quarter is contained within the "Quarterly Market Commentary" report.

Please note that each client may have different performance and you should use the actual performance data for each client's portfolio.

This is a direct portfolio of equities that is managed on a momentum basis and the underlying fundamentals of the business or the shares are not considered. The holdings will be outside the ASX100 and the strategy will go to cash when momentum has turned negative. The turnover of this portfolio is high and this should be considered for taxation consequences.

This strategy is ideal to be blended with the strategy which is a long only strategy.

We discuss our view regarding each of these asset classes in their respective part of this report.

The following shares were held at the end of the Quarter

The following shares were held at the end of the Quarter.

No shares were held, **currently sitting 100% in cash.**

Harbourside Australian Share Growth

Performance measurements including the long term performance relative to benchmark is contained within the "MDA Quarterly Performance" report. The economic news and happenings of the quarter is contained within the "Quarterly Market Commentary" report.

Please note that each client may have different performance and you should use the actual performance data for each client's portfolio.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure that focuses on capital growth and moderate franked dividends through specialist investment managers. We do this through the risks that we accept and those that we mitigate.

This portfolio will not have access to unlisted or closed ended funds.

We discuss our view regarding each of these asset classes in their respective part of this report.

In this portfolio we remain concerned about the potential volatility within Australian equity markets. In saying this we are aiming to invest in shares that will provide us growth over the long term.

To this end we have taken some very active positions to reduce the amount of market risk (or Beta) that we are taking in the portfolios. The holdings which fit into this category include;

- Sage Capital Absolute Return Fund is a market neutral fund that has no to minimal exposure to the underlying direction of the market. This investments performance will be purely dictated by the skill of the manager and the impact of the results of the short positions relative to the long positions. Sage has returned 0.90% over the quarter.

- Australian Eagle Trust which is a long short fund that returned -1.21% over the quarter. This fund uses leverage to ramp up returns should they wish.

We have a low cost “passive” exposure and will capture the movements of the Australian share market through the following exposures;

- AFI – low cost Listed Investment Company based on the ASX 200.

- MVW – low cost equal weighted ETF to capture movements in ASX 200 but it has an underweight position for financials (banks) and resources. The fund returned 5.70% over the last quarter.

We have “active” exposure to the ASX200 through the following exposures;

- Allan Gray which is a deep value manager. This product only has fees payable if they beat their benchmark. The fund returned 1.41% over the last quarter.

- First Sentier Ex20 Aust Shares which focuses on small to mid sized companies. This fund has achieved return of 13.83% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Members Equity - At Call Account	**4%**
Australian Shares	
Sage Capital Absolute Return Fund	**19%**
AFIC Australian Foundation Investment Company	**19%**
MVW - Market Vectors Equal Weight ETF	**19%**
Allan Gray Aust Equity Fund (Class B)	**9%**
Australian Eagle Trust	**15%**
First Sentier Ex20 Australian Shares	**15%**

Harbourside Australian Share Income

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure that focuses on franked dividends and income through specialist investment managers. We do this through the risks that we accept and those that we mitigate.

This portfolio will not have access to unlisted or closed ended funds.

We discuss our view regarding each of these asset classes in their respective part of this report.

In this portfolio we remain concerned about the potential volatility within Australian equity markets. In saying this we are aiming to invest in shares that will provide us a reliable income stream and share growth over the long term.

To this end we have taken some very active positions to reduce the amount of market risk (or Beta) that we are taking in the portfolios. The holdings which fit into this category include;

- Gyrostat Class A fund. This fund will provide returns that are lowly correlated with the share market through using options and hedging strategies. This fund returned 0.58% over the quarter.

We have a low cost “passive” exposure and will capture the movements of the Australian share market through the following exposures;

- YMAX – low cost ETF which is an index of the ASX 20 high yielding stocks. Over 60% of this portfolio in Materials and financials. This fund returned 2.28% over the quarter.

We have “active” exposure to the ASX200 through the following exposures;

- Plato Australian Share Income Fund is designed to provide an annual gross yield including franking credits that exceed the yield of the benchmark. This product has returned 4.40% over the last quarter.

- Solaris Australian Equity Income Fund - The Fund aims to provide investors with access to an actively managed portfolio of listed Australian securities (as well as securities expected to be listed on an Australian exchange) with a focus on providing income. This fund returned 5.73% over the last quarter.

- Investors Mutual Australian Income Fund. The Fund focuses on providing investors with a reliable, and relatively high, income stream, as well as capital growth, with lower volatility than the ASX 300. It does this by investing in high-yielding listed Australian and NZ companies and hybrids, as well as conservative options trading to take advantage of the share market’s natural volatility. This fund returned 3.43% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Cash	**4%**
Australian Shares	
YMAX Betashares Top 20 Equity Yield ETF	**20%**
Plato Australian Shares Income Fund	**20%**
Investors Mutual Australian Income Fund	**18%**
Gyrostat Class A Fund	**20%**
Solaris Australian Equity Income Fund	**18%**

Harbourside Australian Share Smaller Companies

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure that focuses on capital growth and moderate franked dividends through specialist investment managers outside large capitalisation Australian shares. We do this through the risks that we accept and those that we mitigate.

This portfolio will not have access to unlisted or closed ended funds.

We discuss our view regarding each of these asset classes in their respective part of this report.

In this space we believe that active management has consistently shown to add value so we don’t have a passive exposure.

We have “active” exposure through the following exposures;

- Microequities Value Income Fund invests in a concentrated portfolio of micro capitalized companies. This product has achieved performance of 8.87% over the last quarter.
- UBS Microcap Fund which invests in a portfolio of 35-65 micro capitalized companies. This product has achieved performance of 12.72% over the last quarter.
- DNR Emerging Companies Fund which invests in a portfolio of 20-45 small capitalization companies. This product has achieved performance of -5.72% over the last quarter.

We would note that the valuation discrepancy between large companies and smaller companies globally are at historic high levels. Any reversion to the mean will see the smaller end of the market increasing relative to the larger end of town.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Xplore - At Call Account	**3%**
Australian Shares	
Microequities Value Income Fund	**32%**
UBS Microcap Fund	**32%**
DNR Emerging Companies	**33%**

Harbourside International Share Growth

Performance measurements including the long term performance relative to benchmark is contained within the "MDA Quarterly Performance" report. The economic news and happenings of the quarter is contained within the "Quarterly Market Commentary" report.

Please note that each client may have different performance and you should use the actual performance data for each client's portfolio.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure that focuses on capital growth and moderate dividend income from international equities through specialist investment managers. We do this through the risks that we accept and those that we mitigate.

This portfolio will not have access to unlisted or closed ended funds.

We discuss our view regarding each of these asset classes in their respective part of this report.

In this portfolio we remain concerned about the potential volatility within international equity markets in particular with valuations in certain sectors like technology. In saying this we are aiming to invest in shares that will provide us a reliable share growth over the long term.

We have a low cost "passive" exposure and will capture the movements of the international share market through the following exposures;

- Vanguard (hedged) – low cost exposure of the MSCI index ex Australia. The fund returned 13.87% over the quarter

To this end we have taken some very active positions to reduce the amount of market risk (or Beta) that we are taking in the portfolios.

We have “active” exposure through the following exposures;

- T Rowe Price Global Equity fund that invests in international companies including emerging markets. This fund currently has 35% in the technology sector. This fund is not hedged in AUD so it will also be subject to currency movements. The fund returned 16.82% for the last quarter.

- GQG Partners Global Equity fund that invests in international companies including emerging markets. This fund currently has 15% in the Healthcare sector and 24% in Financials. This fund is not hedged in AUD so it will also be subject to currency movements. The fund returned -4.54% for the last quarter.

- PGF invests in international companies including emerging markets. This fund does manage the AUD exposure so it will also be subject to currency movements of varying degrees depending on strategy of the manager. The fund returned 10.47% for the last quarter and has large positions in materials/commodities (21%) and financials (34%).

- Pzena Emerging Markets Value Fund seeks to invest in stocks that sell at a substantial discount to their intrinsic value but have solid long-term prospects. The fund's objective is to achieve long-term growth of capital by investing in a portfolio of equity securities of companies in non-developed countries.

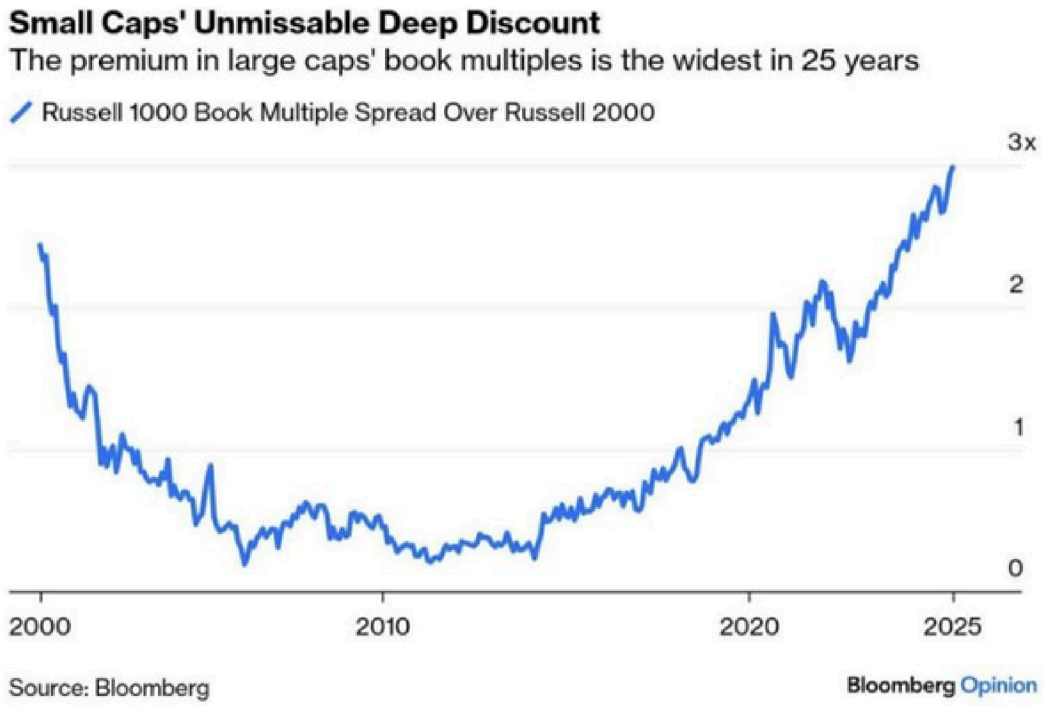
- GQG Partners Emerging Markets Fund seeks to invest in high-quality, attractively priced companies exhibiting competitive advantages. Our investment process aims to evaluate each business with a focus on financial strength, sustainability of earnings growth, and quality of management.

As noted in our Macro summary we believe there are opportunities to get access to cheaper valued opportunities in the Emerging markets. The last 2 investments above will give us more exposure to smaller companies (given the excessive valuations at the larger end of the spectrum) and a higher exposure in markets outside the USA primarily through Emerging markets where we like the growth characteristics and underlying valuations (see below).

	NASDAQ	MSCI Emerging Markets	MSCI Emerging Markets discount
P/E	43	15	-65%
EV/EBITDA	22	9	-59%
EV/Sales	4,5	1,7	-62%
P/FCF	45	23	-49%
Average discount			**-59%**
Expected 12-month EPS growth	28%	19%	

Source: Bloomberg; Michal Stupavsky, CFA

We tilted the portfolio towards the smaller capitalisation space as there are more reasonable valuations in that space.



Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Xplore - At Call Account	**5%**
International Shares	
Vanguard International (hedged)	**25%**
Artisan Discovery Fund	**9%**
T Rower Price Global Equity	**10%**
GQG Partners Global Equity Fund	**17%**
PGF - PM Capital Global Opportunities Fund	**20%**
Pzena Emerging markets Value Fund	**7%**
GQG Partners Emerging Markets Equity Fund	**7%**

Harbourside International Share Income

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure that focuses on income from international equities through specialist investment managers. We do this through the risks that we accept and those that we mitigate.

This portfolio will not have access to unlisted or closed ended funds.

In this portfolio we remain concerned about the potential volatility within international equity markets in particular with valuations in certain sectors like technology. In saying this we are aiming to invest in shares that will provide us a reliable income stream and capital growth over the long term. We are continuing to position ourselves to be able to take advantage of the rotation out of these stocks once the air is eventually released from the tech bubble.

To this end we have taken some very active positions to reduce the amount of market risk (or Beta) that we are taking in the portfolios. The holdings which fit into this category include;

- Talaria Global Equity Income Fund has an investment process that takes a high conviction, value biased approach to construct a portfolio of high quality, large cap companies from around the globe. Besides owning underlying shares the Fund sells exchange traded options to generate option premiums which add to the Fund’s return. Put option sales are always fully cash backed and call option sales are always fully equity backed. As a result, the Fund does not take on leverage from its use of options. The fund has returned 2.77% for the last quarter.

- Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund. Companies in the portfolio possess management teams that focus on creating value for shareholders through consistent and rational capital allocation policies with an emphasis on cash dividends, share repurchases and debt reduction — the key components of shareholder yield. The fund has returned 11.29% for the last quarter.

- Clearbridge Infrastructure Fund (hedged) invests in listed infrastructure assets that provides inflation protection growth and consistent income. This fund is hedged in AUD so it will not be subject to currency movements. The fund returned 2.01% for the last quarter.

- GQG Partners Global Quality Value fund that invests in international companies including emerging markets that pay dividends. This fund is not hedged in AUD so it will also be subject to currency movements. The fund returned -5.58% for the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Xplore - At Call Account	**5%**
International Shares	
GQG Partners Global Quality Dividend Income Fund	**23%**
Clearbridge Infrastructure Fund (class A)	**18%**
Epoch Global Equity Shareholder Yield Fund (Unhedged) Fund	**24%**
Talaria Global Equity Income Fund	**30%**

Adansonia Global Opportunities

Performance measurements including the long term performance relative to benchmark is contained within the “Quarterly MDA Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is a high conviction, directly invested, long only global equities portfolio reported in Australian Dollars.

The product employs a structured and disciplined investment process that seeks fundamental value, recognising that growth is a key determinant of a company’s valuation. The investment strategy marries top-down investment idea generation with bottom-up valuation support and explores both revenue and margin drivers of listed equities. The results of which provide more robust valuations and insight into the investment outlook. The portfolio typically holds between 10 and 30 companies, with a strong bias towards blue-chip multinational businesses within sectors expected to deliver long-term revenue growth above nominal GDP; and which are highly profitable and cash generative. The portfolio favours investing in listed equities on developed market stock exchanges.

We discuss our view regarding each of these asset classes in their respective part of this report.

Performance To 30 June 2026	Portfolio Return After Expenses	MSCI World Net Index AUD	Outperformance
1 Month	0.9%	3.0%	-2.1%
3 Months	13.3%	13.4%	-0.1%
6 Months	-5.0%	5.7%	-10.7%
12 Months	7.6%	15.4%	-7.8%
3 Years (pa)	15.5%	17.7%	-2.2%
5 Years (pa)	11.7%	13.3%	-1.6%
7 Years (pa)	13.8%	13.9%	-0.1%
Since Inception* (pa)	**15.2%**	**15.0%**	**+0.2%**

Indicative Holdings (Holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Members Equity - At Call Account	8%
International Shares	
AMZN - Amazon.com Inc	
BN - Brookfield Corp	
CMCSA - Comcast Corporation	
GOOGL - Alphabet Inc Class A	
JPM - JP Morgan Chase & Co	
MC - Louis Vuitton	
MSFT - Microsoft Corp	
TSM - Taiwan Semiconductor	
UBER - Uber Technologies Inc	
UMG - Universal Music Group	
V - Visa Inc	
P911 - Dr ING HC F Porsche AG Preference	
TMO - Thermo Fisher Scientific Inc	

Harbourside Listed Property

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure that focuses on income investing in Australian REITS by direct investment and through specialist investment managers. We do this through the risks that we accept and those that we mitigate.

This portfolio will not have access to unlisted or closed ended funds.

We discuss our view regarding each of these asset classes in their respective part of this report.

We have a low cost “passive” exposure and will capture the movements of the Australian share market through the following exposures;

- MVA – low cost equal weighted ETF to capture movements in ASX 200 AREIT. The investment had a return of 8.74% over the last quarter.

We have “active” exposure to the ASX200 through the following exposures;

We have direct holdings in AREIT’s that we like the fundamentals and are collection of rent vehicles.

- GDI – Bulk of the assets are office property and are located in Perth with 85% occupancy and debt well managed. Currently yielding approximately 5.43% per annum and returned 5.04% for the quarter.

- GPT – Diversified property holding with reasonable Gearing levels providing a dividend yield of 5.2% per annum and returned 10.43% for the quarter.

- VCX – Retail portfolio where occupancy improved to 99.1% up from 98.8%, the highest level since the start of COVID-19. Weighted average lease expiry of the portfolio rose to 3.6 years from 3.3 years. Solid tenant sales are supporting leasing spreads, which averaged positive 3.3% in the half. Most new leases have fixed annual escalators of at least 4%. Looking to yield approximately 5.1% per annum and it returned 10.26% for the quarter.

- COF – 90% in A grade office with WALE of 4.4 years. Debt levels high at 40% but no debt maturing until FY2026. Currently yielding approximately 8.10% per annum and returned -1.59% for the quarter.

- CLW – A strong portfolio of blue chip tenants with long leases. Debt level are higher (not maturing for some time) but longer WALE protects against this. Looking to yield approximately 8.10% per annum and returned 10.86% for the quarter.

- CQR - The CQR portfolio continues to be strategically weighted towards high quality major convenience retail tenants. Major tenants Woolworths, Coles, bp, Wesfarmer, Aldi, Ampol and Gull represented 57% of rental income. The total portfolio WALE is 7.1 years and majors WALE is 10.5 years. Current dividend yield is 6.6% per annum and returned 4.57% for the quarter.

- TOT -A high quality portfolio of commercial property in diverse locations that is trading at a 30% discount to NTA. Looking to yield approximately 7.5% and returned 4.38% for the quarter.

- DXC – The portfolio is leased to leading Australian and international convenience retail customers. It has a long-weighted average lease expiry, benefitting from contracted annual rent increases, providing a high level of income security. DXC has a conservative approach to capital management with a target gearing range of 25–40%. DXC's portfolio of convenience retail assets are located in Queensland, New South Wales, Western Australia, South Australia and Victoria.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Xplore - At Call Account	**4%**
Australian Listed Property	
MVA - VanEck Property ETF	**36%**
GDI - GDI Property Group	**8%**
TOT - 360 Capital REIT	**5%**
GPT - GPT Group	**8%**
VCX - Vicinity Centres	**8%**
COF - Centuria Office REIT	**8%**
CLW - Charter Hall long WALE REIT	**8%**
CQR - Charter Hall Retail REIT	**8%**
DXC - Dexus Convenience Retail REIT	**7%**

Harbourside Unlisted Property

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure that focuses on income through specialist investment managers in property. We do this through the risks that we accept and those that we mitigate.

This portfolio will have access to unlisted or closed ended funds.

This portfolio behaves differently to listed property as it is not able to be traded on a daily basis making it less volatile. At the end of the day the assets within the unlisted and listed space are the same and their valuation over time should get to the same place. In saying that is not how markets behave and the fact the returns of the two ways of accessing property are not correlated is beneficial for portfolio construction.
We discuss our view regarding each of these asset classes in their respective part of this report.

We have “active” exposure to Australia direct property and REITs through the following exposures;

- Dexus Wholesale Australian Property Fund is a fund that has a diverse holding of direct property in Australia and AREIT’s. The fund has returned 1.50% over the quarter.

- Corval Property Income Fund is a fund that has a diverse holding of direct property in Australia.

We have “active” exposure to International direct property and REIT’s through the following exposures;

- Invesco Direct Property Fund is a fund that has a diverse holding of direct property in International (US, Europe and Asia) and REITS. The fund has returned 2.16% over the quarter.

During the quarter we added an additional exposure through;

- Newmark Property Income Fund is a fund that has a diverse holding of direct property and listed property securities in Australia.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Xplore - At Call Account	**15%**
International Unlisted and Listed Property	
Dexus Wholesale Australian Property Fund	**14%**
Corval Property Fund	**18%**
Invesco Direct Property Fund	**34%**
Newmark Property Income Fund	**19%**

Harbourside Infrastructure

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

This portfolio is aimed to deliver risk adjusted returns for investors that are looking for exposure that focuses on income through infrastructure through specialist investment managers. We do this through the risks that we accept and those that we mitigate. This portfolio will have access to unlisted or closed ended funds.

We discuss our view regarding each of these asset classes in their respective part of this report.

In this portfolio we have exposure to both unlisted and listed exposures to infrastructure. As for property the different ways to access the same assets provides correlation benefits in portfolio construction.

We have “active” exposure to Australia direct infrastructure and listed infrastructure through the following exposures;

- Dexus Core Infrastructure Fund is a fund that has a diverse holding of direct infrastructure in Australia. The fund returned -1.13% over the quarter.

The unlisted component of the portfolio comprises Australia Pacific Airports Corporation (APAC) (Melbourne and Launceston Airports), Powerco, AquaTower, SA Schools, Port Hedland International Airport (PHIA), ConGlobal (formerly ITS ConGlobal), London Luton Airport (LLA), Australian National University Student Accommodation (ANU), Macarthur Wind Farm, Auckland South Corrections Facility (ASCF), Royal Adelaide Hospital (RAH), Dexus Diversified Infrastructure Trust, InfraBridge Global Infrastructure Fund and InfraBridge Global Infrastructure Fund II.

It was announced during the quarter that this investment will be closing, which is disappointing. We are liaising with management on why this is the case and then we will be planning how we transfer out of this asset into its replacement.

We have “active” exposure to Australian and International listed infrastructure through the following exposures;

- Atlas Infrastructure Australia Feeder Fund aims to provide investors with real, long term returns in excess of inflation through investment in a high conviction portfolio of the highest quality listed infrastructure companies across developed markets . Presently, this fund is holding about 63% of the portfolio in Europe (against a benchmark of 18%). Over the last quarter the fund returned 3.59%.

- Clearbridge Infrastructure Fund (hedged) invests in listed infrastructure assets that provides inflation protection growth and consistent income. This fund is hedged in AUD so it will not be subject to currency movements. The fund returned 2.01% for the last quarter.

- 4D Global Infrastructure Fund (hedged) is a fund that has a diverse holding of infrastructure in the developed world and Emerging markets (about 30%). This fund is hedged in AUD so it will not be subject to currency movements. This fund returned 0.73% over the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Xplore - At Call Account	**17%**
International Unlisted and Listed Infrastructure	
Dexus Core Infrastructure Fund	**15%**
Atlas Infrastructure Australia Feeder Fund	**28%**
Clearbridge Infrastructure Income Fund (Class A)	**20%**
4D Global Infrastructure Fund	**20%**

Harbourside Alternatives

Performance measurements including the long term performance relative to benchmark is contained within the “MDA Quarterly Performance” report. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report.

Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

In this portfolio we are looking to hold assets that will behave differently to traditional bond and equity markets. In the perfect world this portfolio will perform well when equity markets are struggling. This low correlation will take the volatility out of the portfolio making it an easier ride for the investor.

This portfolio will have access to unlisted or closed ended funds.

We discuss our view regarding each of these asset classes in their respective part of this report.

The holdings currently in the strategy include;

- PMGOLD/NUGG – We are holding a claim on gold bullion held in the Perth Mint. This is also secured by the Western Australian Government. Gold provides correlation benefits to the portfolio and protection against “money printing” from Central banks. The gold price settled the quarter at a USD high of $4,340 per ounce. The investment returned -13.69% over the last quarter and 55.04% over the last 12 months.

Gold Shines When The Equity Bear Eats!

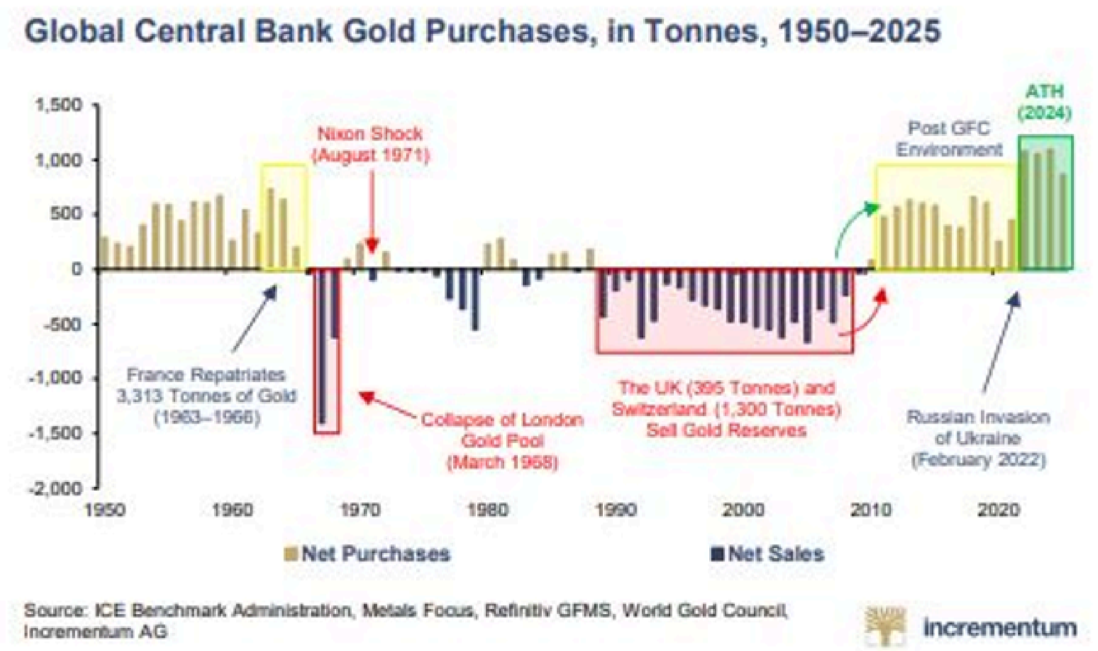
Performance of the S&P 500 vs. Gold during S&P 500 Bear Markets

Date of the Market High	Date of the Market Low	S&P 500 Return	Gold Return	Gold Relative to S&P500
09/16/1929	06/01/1932	-86.19%	0.29%	86.48%
08/02/1956	10/22/1957	-21.63%	-0.11%	21.52%
12/12/1961	06/26/1962	-27.97%	-0.06%	27.91%
02/09/1966	10/07/1966	-22.18%	0.00%	22.18%
11/29/1968	05/26/1970	-36.06%	-10.50%	25.56%
01/11/1973	10/03/1974	-48.20%	137.47%	185.67%
11/28/1980	08/09/1982	-27.27%	-45.78%	-18.51%
08/25/1987	10/20/1987	-35.94%	1.38%	37.32%
07/16/1990	10/11/1990	-20.36%	6.81%	27.17%
07/17/1998	10/08/1998	-22.29%	1.71%	24.00%
03/24/2000	10/10/2002	-50.50%	11.18%	61.68%
10/11/2007	03/06/2009	-57.69%	25.61%	83.30%
09/21/2018	12/26/2018	-20.21%	5.59%	25.80%
02/19/2020	03/23/2020	-35.41%	-3.63%	31.78%
01/03/2022	09/26/2023*	-10.90%	5.56%	16.46%
	Mean	-34.85%	9.03%	43.89%
	Median	-27.97%	1.38%	27.17%

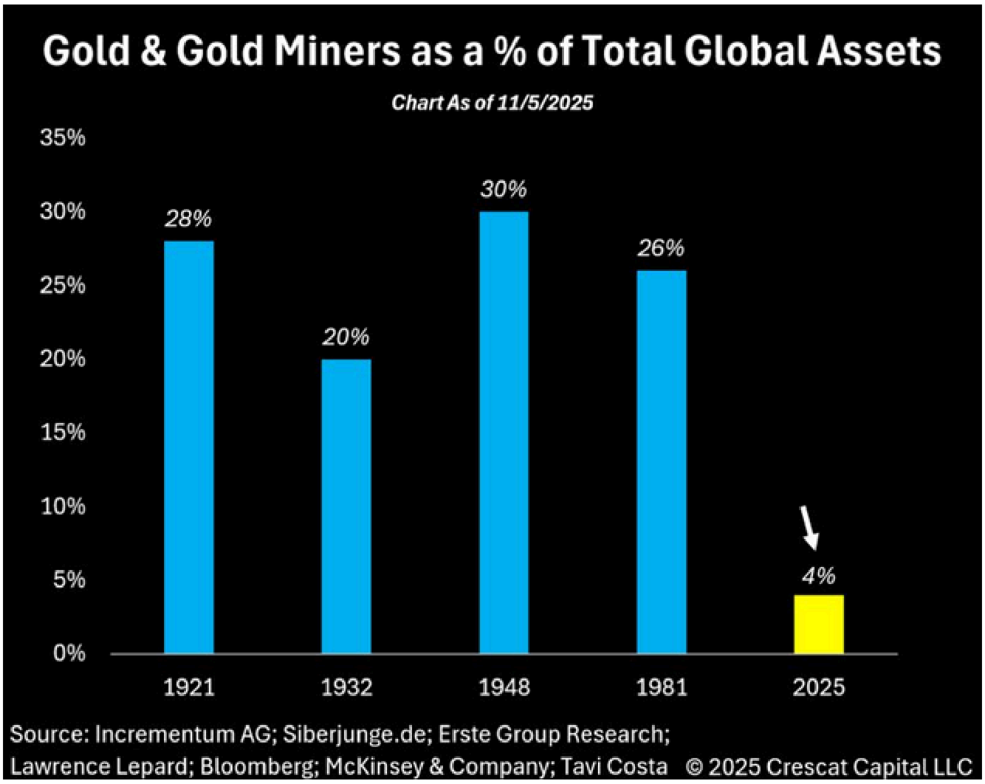
Source: Cornerstone Macro, Bloomberg, Reuters Eikon (*Lowest closing price since 01/03/2022), Incrementum AG

Incrementum

The increasing price of Gold has been delivered on the back of strong Central Bank demand for bullion particularly in Emerging Market economies.



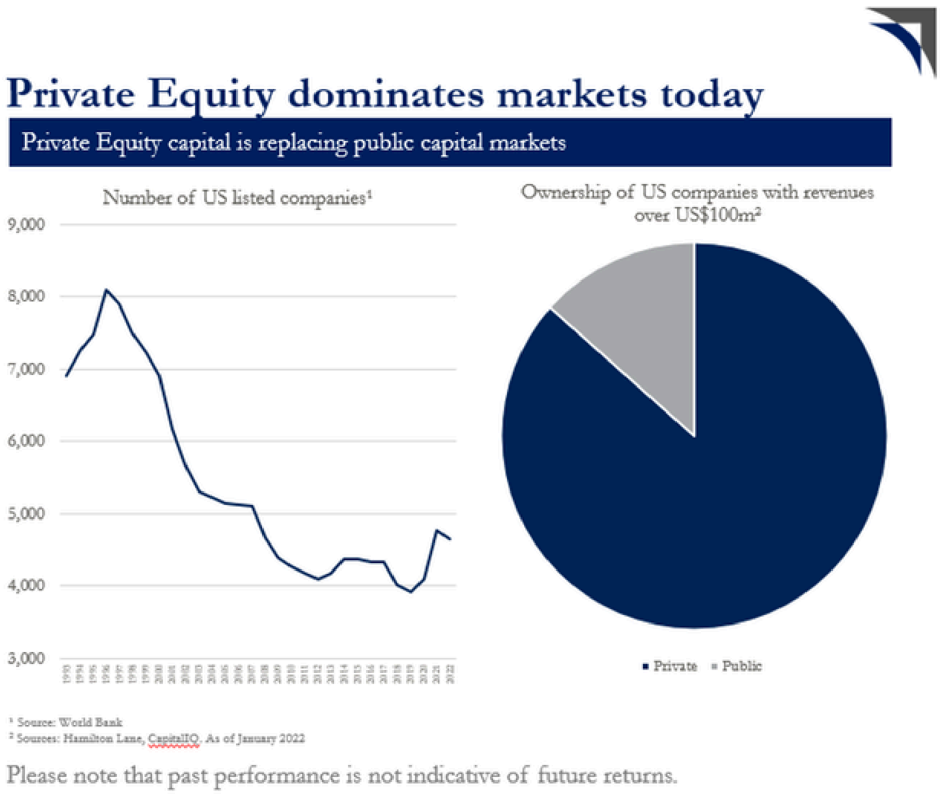
We would also note that by historical standards the amount of wealth held by investors in gold is at historically low levels.



- ETPMAG:ASX, which gives investors exposure to silver metal.
- ROYL: This ASX-listed ETF provides exposure to global companies that earn a substantial portion of their revenue from royalty related income and intellectual property incomes. The fund returned 8.22% for the last quarter.
- Aspect Futures Diversified Class A look to generate significant medium-term capital growth independent of overall movements in traditional stock and bond markets within a rigorous risk management framework. The fund returned 0.94% over the last quarter.
- The Schroder Specialist Private Equity Fund (the Fund, or the Australian feeder Fund) invests substantially all of its assets in the Schroders Capital Semi-Liquid Global Private Equity, a Luxembourg fund (the Underlying Fund). The fund returned 0.26% for the last quarter.
- LEND gives investors exposure to a portfolio of 25 of the largest listed companies involved in private credit. The fund returned 2.66% over the last quarter.

- Barwon Global Listed Private Equity invests in publicly-traded stocks that offer exposure to the equity and debt of private equity-backed companies. The strategies span private equity buyouts, private debt, growth equity and venture capital. The portfolio typically consists of 20 to 25 securities at any one time, seeking the best opportunities from the investment universe while providing diversification across geographies, deal stages and vintages. The fund returned 5.36% over the last quarter.

- Partners Group Global Value Fund invests in private equity. The fund returned -1.82% over the last quarter.



- P/E FX Global Alpha Fund Aims to generate long-term total returns by investing in exchange-traded futures providing exposure to currencies and gold. The fund returned 2.86% for the last quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Xplore - At Call Account	5%
Alternatives	
ROYL	12%
PM Gold or NUGG	16%
Aspect Futures Diversified Class A	10%
ETPMAG	6%
Schroder Special Private Equity	11%
LEND	11%
Barwon Global Listed Private Equity	10%
Partners Group Global Value Fund	9%
P/E FX Global Alpha Fund	10%

Harbourside Special Situations

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Please note that each client may have different performance and you should use the actual performance data for each client’s portfolio.

In this portfolio we are looking to hold assets that provide compelling opportunities over the short or long term. This should be included as part of your international equity exposure as it will be highly correlated to that sector.

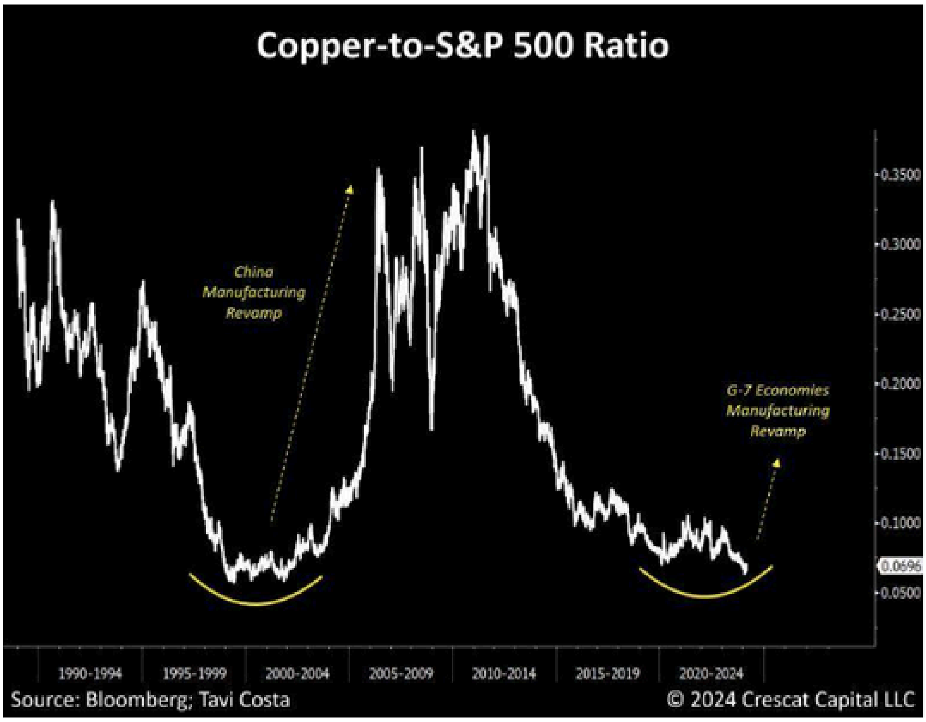
This portfolio will have access to unlisted or closed ended funds.

The holdings currently in the strategy include;

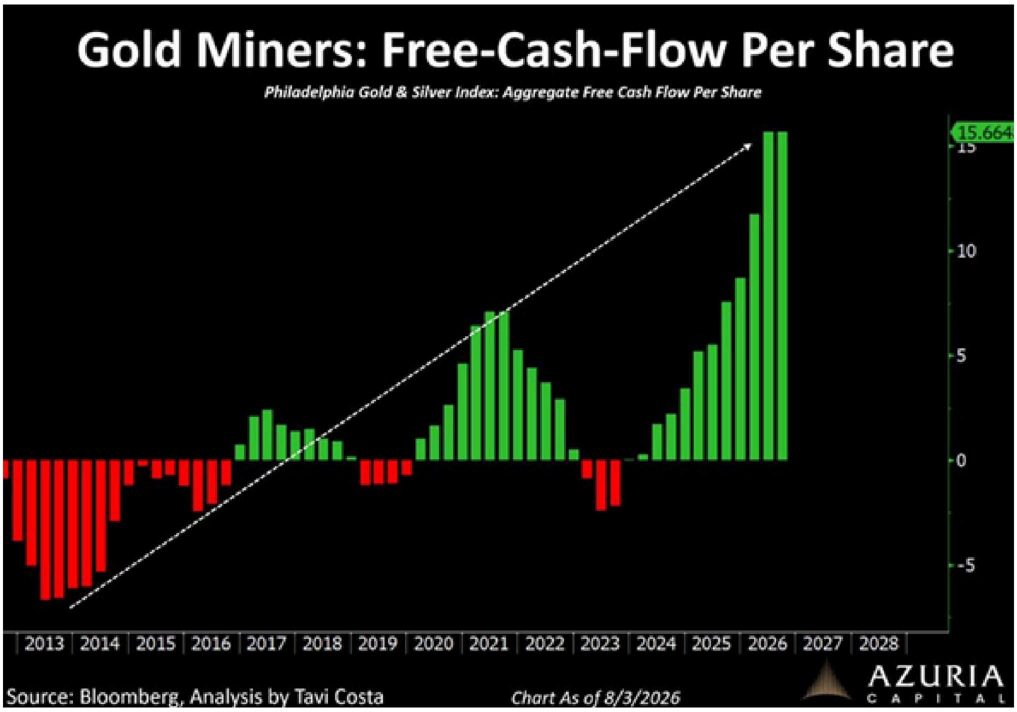
- WIRE – This is a leveraged play on the Copper price. WIRE provides access to a global basket of copper miners which stand to benefit from being a key part of the value chain facilitating growth in major areas of innovation such as technology, infrastructure and clean energy. The fund returned 2.72% over the last quarter.

h Grade Copper Sep '25 (HGU25)
5.8715 +0.0520 (+0.89%)
CHART PANEL
Full Screen Chart
Notes
My Charts
Alerts
Watch
Actions
Help
Daily Nearby
None
Indicators
Compare
Templates
HGU25
barchart
1D
5D
1M
2M
3M
6M
9M
1Y
2Y
3Y
5Y
10Y
20Y
Max
log

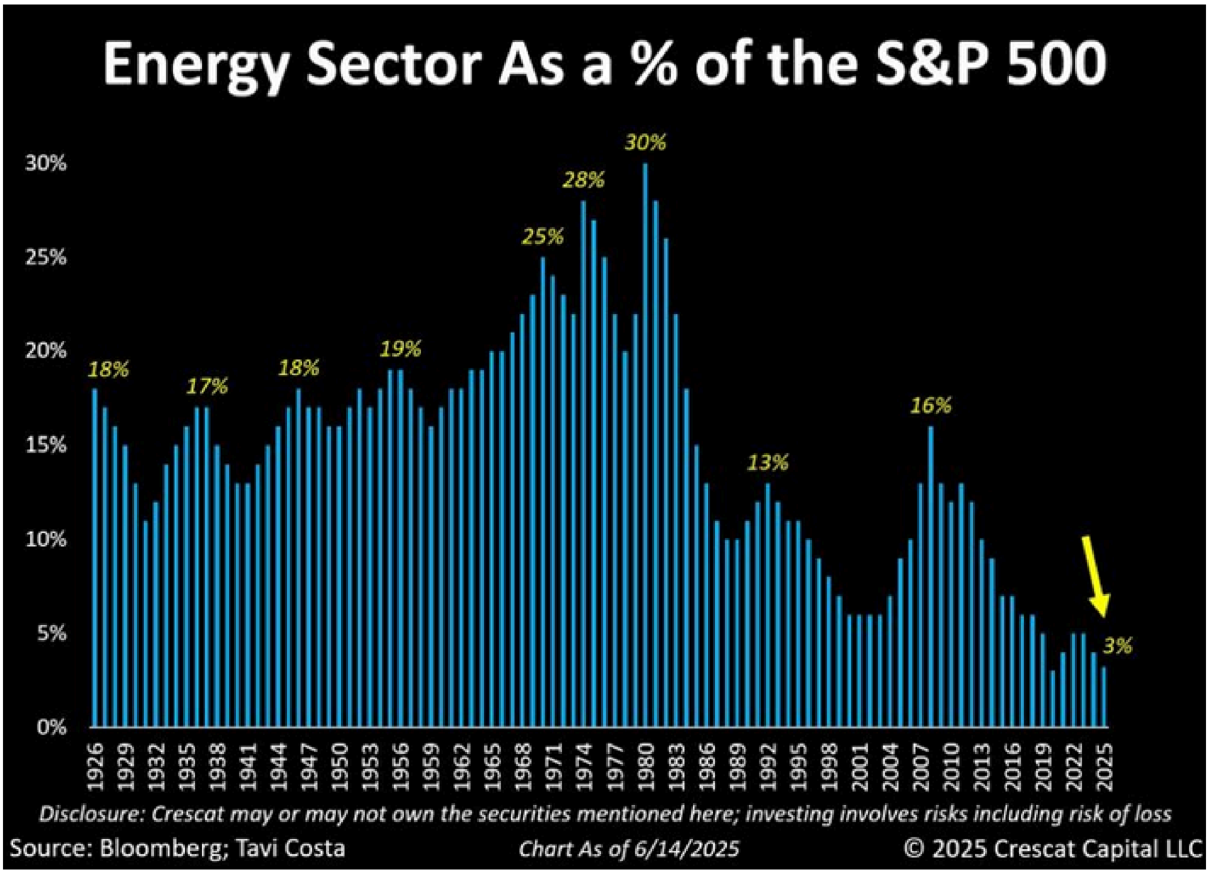
The copper pricing is moving up and the valuations of copper companies to the S&P 500 look very attractive.



- GDX – This is a leveraged play on gold. If the price of gold increases, then by definition the profits of gold miners will increase (at a much greater rate than the gold price assuming their costs stay the same). Furthermore, by historical standards, companies are trading at a lower rate relative to the underlying gold price (refer to diagram below). GDX increased by -17.93% over the quarter.

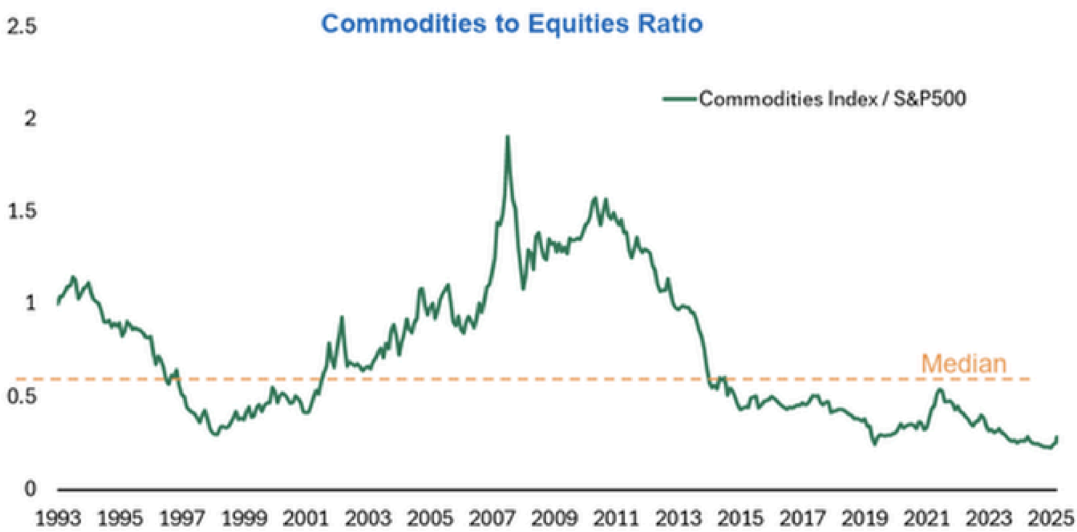


- (FUEL) Betashares Global Energy Companies ETF – a diverse holding of international energy companies hedged into Australian dollars. We believe the demand for energy increases each year and there is potential supply constraints coming due to an underinvestment as a result of climate change related policies and actions. Over the last Quarter this investment returned -11.05%.



- L1 Catalyst Fund is a high conviction, activist fund that seeks to deliver positive catalysts that unlock major share price upside for investors. It invests in a small number of companies at any one time, ensuring the team has market-leading company and industry knowledge and is fully focused on providing value-adding opportunities to company boards and management teams. The fund returned 15.31% for the last quarter.

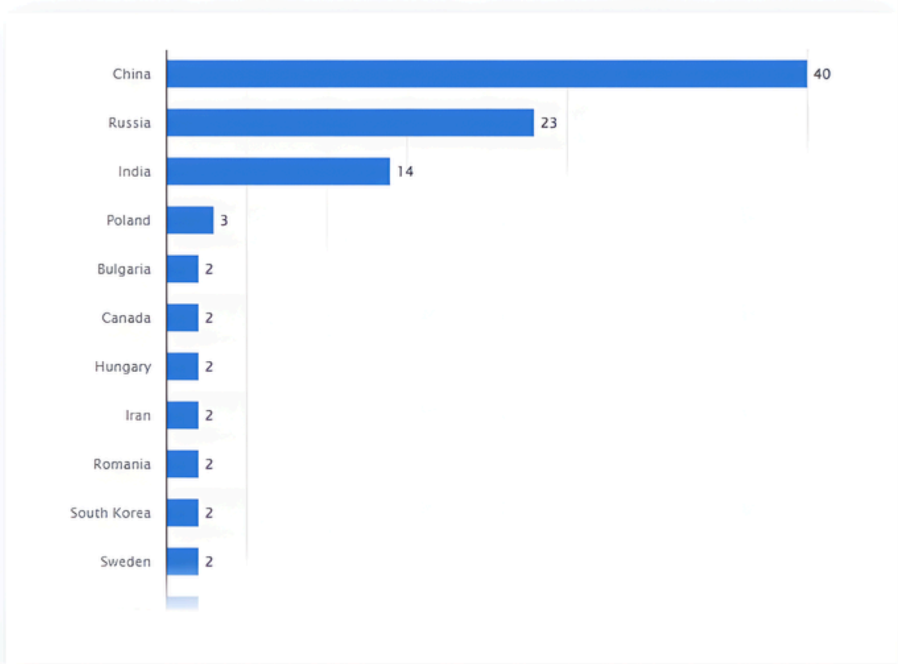
- Perennial Natural Resources Trust. The aim of the Trust is to grow the value of your investment over the long term by investing in a portfolio of listed and unlisted companies exposed to commodity production. The fund returned 0.45% for the last quarter.



- ASIA aims to track the performance of an index (before fees and expenses) comprising the 50 largest technology and online retail stocks in Asia (ex-Japan), including technology giants such as Alibaba, Tencent, Baidu and JD.com. The fund returned 61.85% over the last quarter.

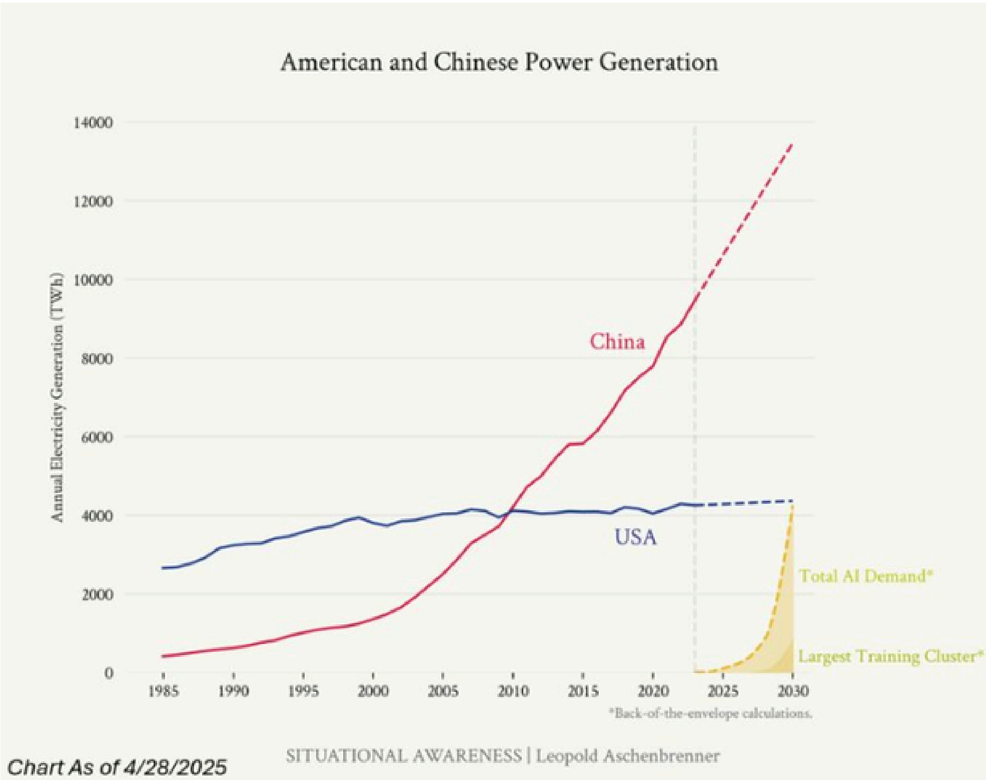
- URNM aims to track the performance of an index (before fees and expenses) that provides exposure to a portfolio of leading companies in the global uranium industry. The fund returned -14.80% over the last quarter.

Number of planned nuclear power reactors worldwide



- TOT A high quality portfolio of commercial property in diverse locations that is trading at a 30% discount to NTA and paying a yield of 7.5%. The fund returned 4.38% over the last quarter.

- IZZ The fund aims to provide investors with the performance of the FTSE China 50 Index, before fees and expenses. The index is designed to measure the performance of 50 of the largest and most liquid Chinese companies which trade on the Hong Kong Stock Exchange. The fund returned -10.52% over the last quarter.



- SLVM – This a leveraged play on the silver price. Silver miners offer greater upside participation through operating leverage, with miners benefiting as higher price levels improve profitability and project viability. The fund returned -14.24% over the quarter.

- Pzena Emerging Markets Value Fund. The fund seeks to invest in stocks that sell at a substantial discount to their intrinsic value but have solid long-term prospects. The fund's objective is to achieve long-term growth of capital by investing in a portfolio of equity securities of companies in non-developed countries. The fund returned -0.65% over the quarter.

- GQG Partners Emerging Markets Fund. GQG Partners seeks to invest in high-quality, attractively priced companies exhibiting competitive advantages. Our investment process aims to evaluate each business with a focus on financial strength, sustainability of earnings growth, and quality of management. The fund returned 2.00% over the quarter.

Indicative Holdings (holdings may vary per client portfolio)	
Holding Name	**Holding %**
Cash	
Xplore - At Call Account	**2%**
Australian Shares	
L1 Catalyst Fund	**10%**
International Shares	
Perennial Natural Resources Trust	**4%**
Pzena Emerging Markets Value Fund	**8%**
GQG Emerging Markets	**6%**
WIRE - Global X Copper Miners ETF	**8%**
GDX - VanEck Gold Miners ETF	**18%**
ASIA - BetaShares ASIA Technology Tigers ETF	**7%**
URNM - BetaShares Global Uranium ETF	**7%**
FUEL - BetaShares Global Energy Companies	**9%**
IZZ - iShares FTSE China Large Cap ETF	**8%**
ETPMAG - Global X Physical Silver Structured	**4%**
TOT - 360 Capital REIT	**4%**
SLVM - Global X Silver Miners ETF	**5%**

DISCLAIMER

This information is general advice and does not take account of investors objectives, financial situation or needs. Before acting on this general advice, investors should therefore consider the appropriateness of the advice having regard to their objectives, financial situation or needs.

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