

HUB 24

HARBOURSIDE
INVESTMENT MANAGEMENT

SUPER & PENSION COMMENTARY

AS OF JUNE 2026



TABLE OF CONTENTS

☐ MACRO SUMMARY	1
☐ A CENTURY OF INVESTING	5
☐ DEBT MARKETS OVERVIEW AND THOUGHTS	10
☐ EQUITY MARKETS OVERVIEW AND THOUGHTS.....	20
☐ PROPERTY MARKETS OVERVIEW AND THOUGHTS	31
☐ INFRASTRUCTURE MARKET OVERVIEW AND THOUGHTS	32
☐ ALTERNATIVES OVERVIEW AND THOUGHTS	33
☐ HARBOURSIDE CONSERVATIVE	37
☐ HARBOURSIDE BALANCED	41
☐ HARBOURSIDE BALANCED PENSION.....	45
☐ HARBOURSIDE GROWTH	49
☐ HARBOURSIDE GROWTH PENSION	53



The Investment Committee is available to assist with the designing of any strategy you might be looking to put together.



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. Quarter 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 are 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.

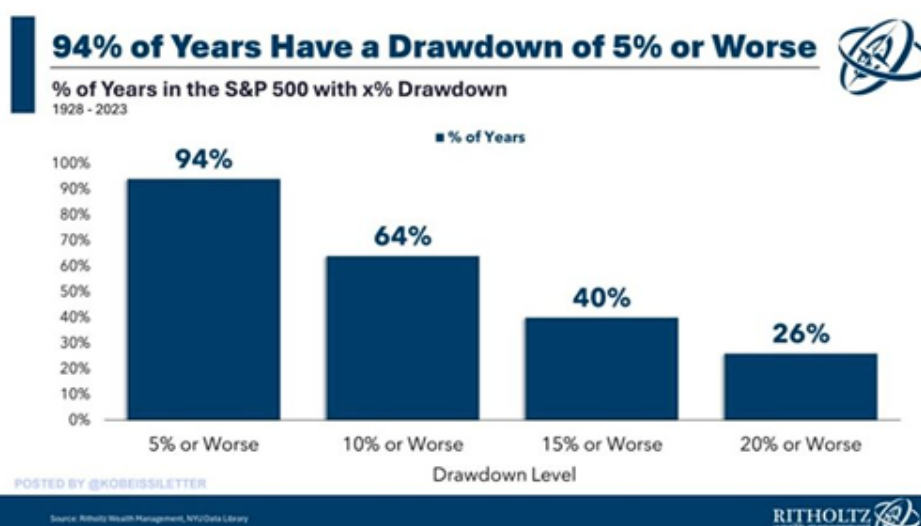
Best Asset Classes 

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)

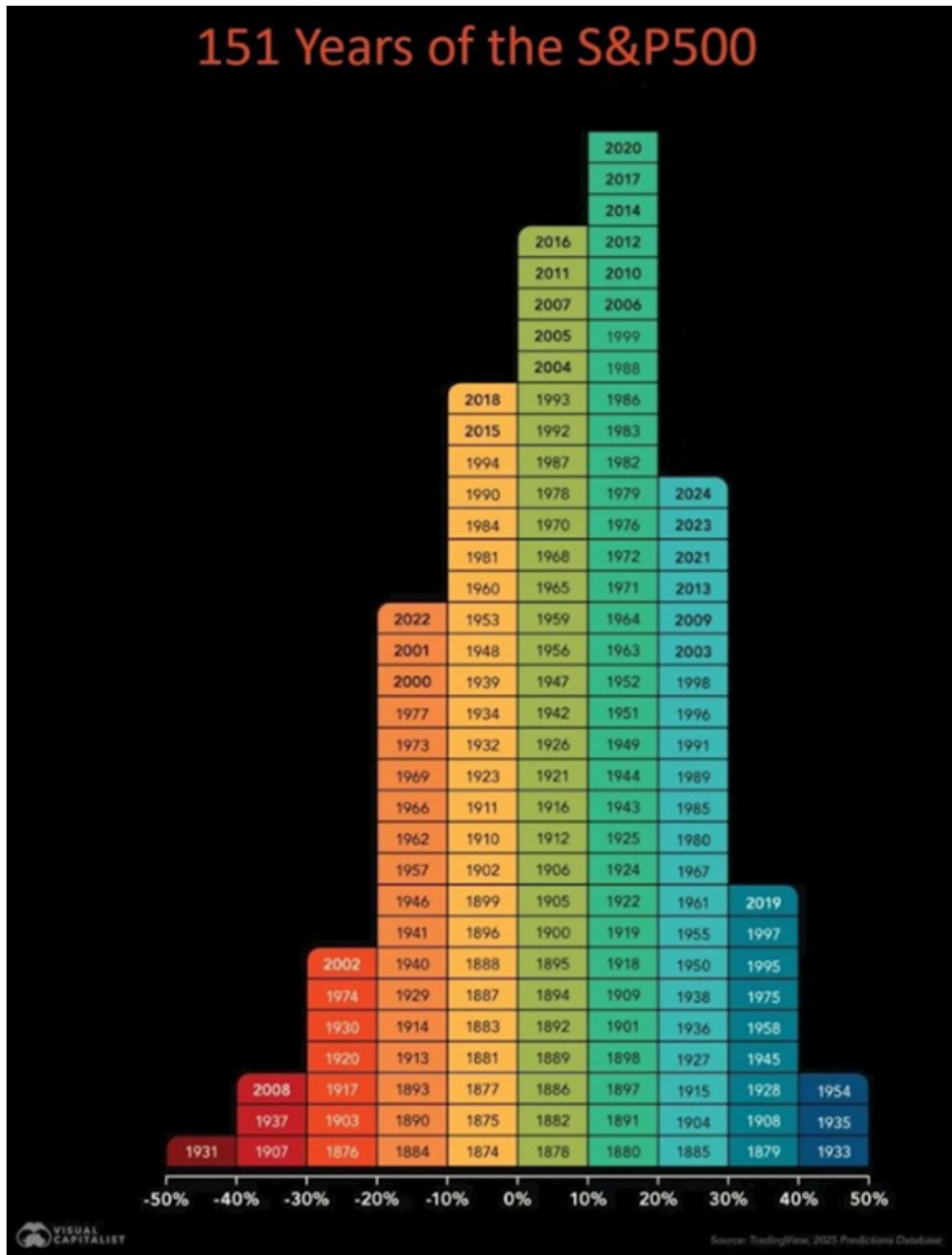
BY DECADE!

	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%

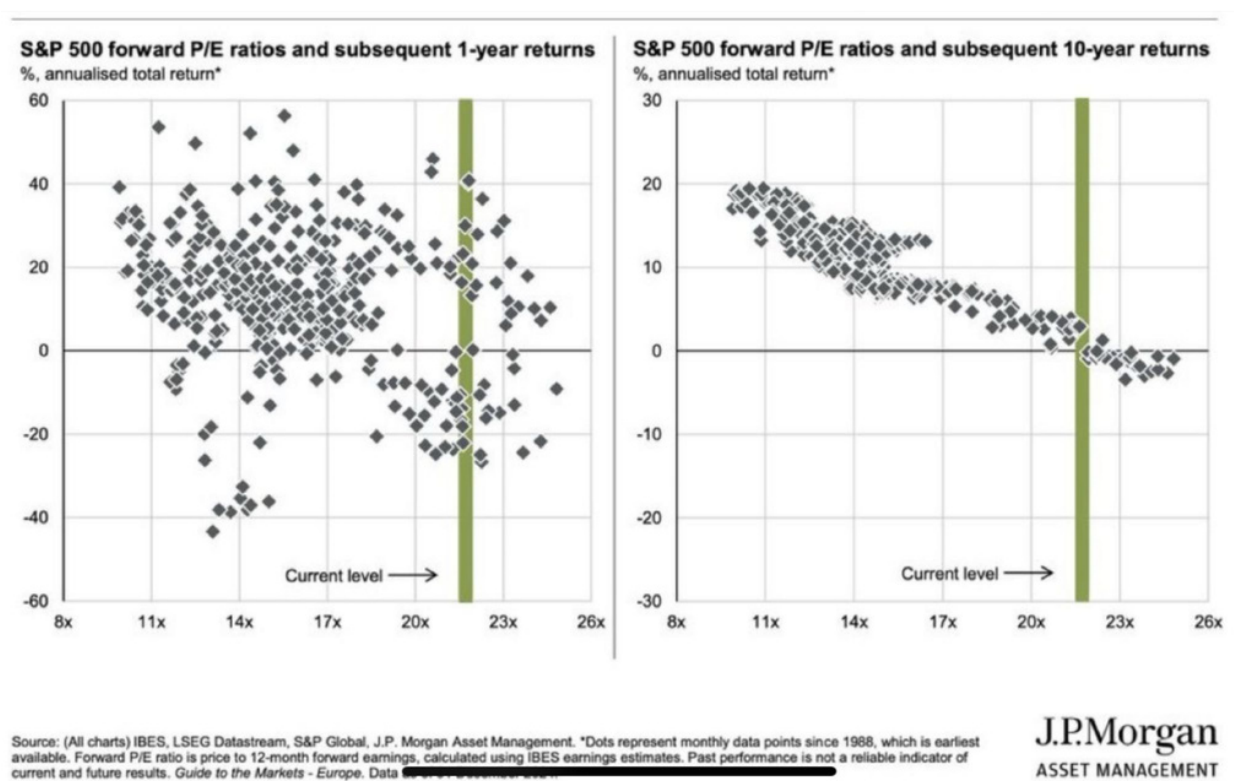
The chart below shows the probability of getting a drawdown in the S&P500 in any given year. Note that 1 in 4 years you can expect a drawdown of more than 20%.



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



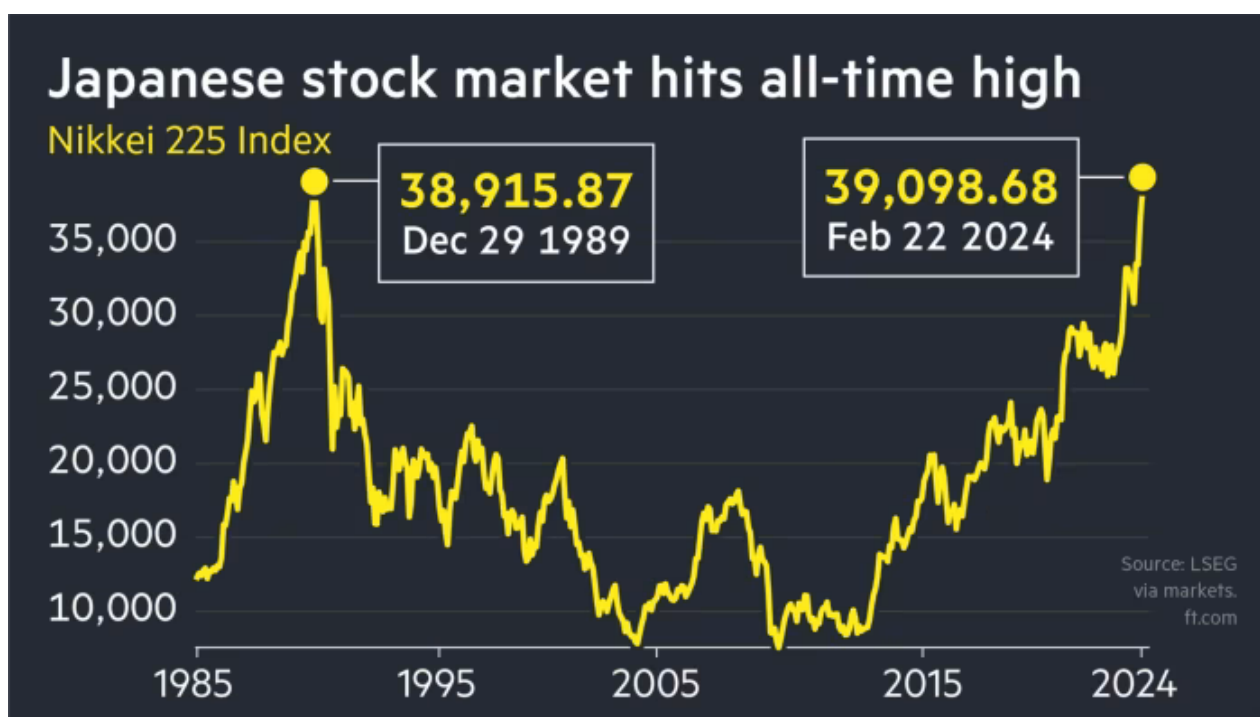
Importantly we have to understand that over the long term financial markets will revert to the mean. Therefore when we are buying assets that have higher valuations you can expect a lower return going forward. The above graph shows that over the short term (1 year) there is no correlation between valuations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



One of the most common mistakes we see investors make 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 include dividends being reinvested this gets back to a real return of nearly zero (although it is still negative).

Inflation – Structural, not Transitory

Not an environment for passive, buy-and-hold equity strategies



Some bear markets can be quite lengthy and severe in terms of the losses 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.

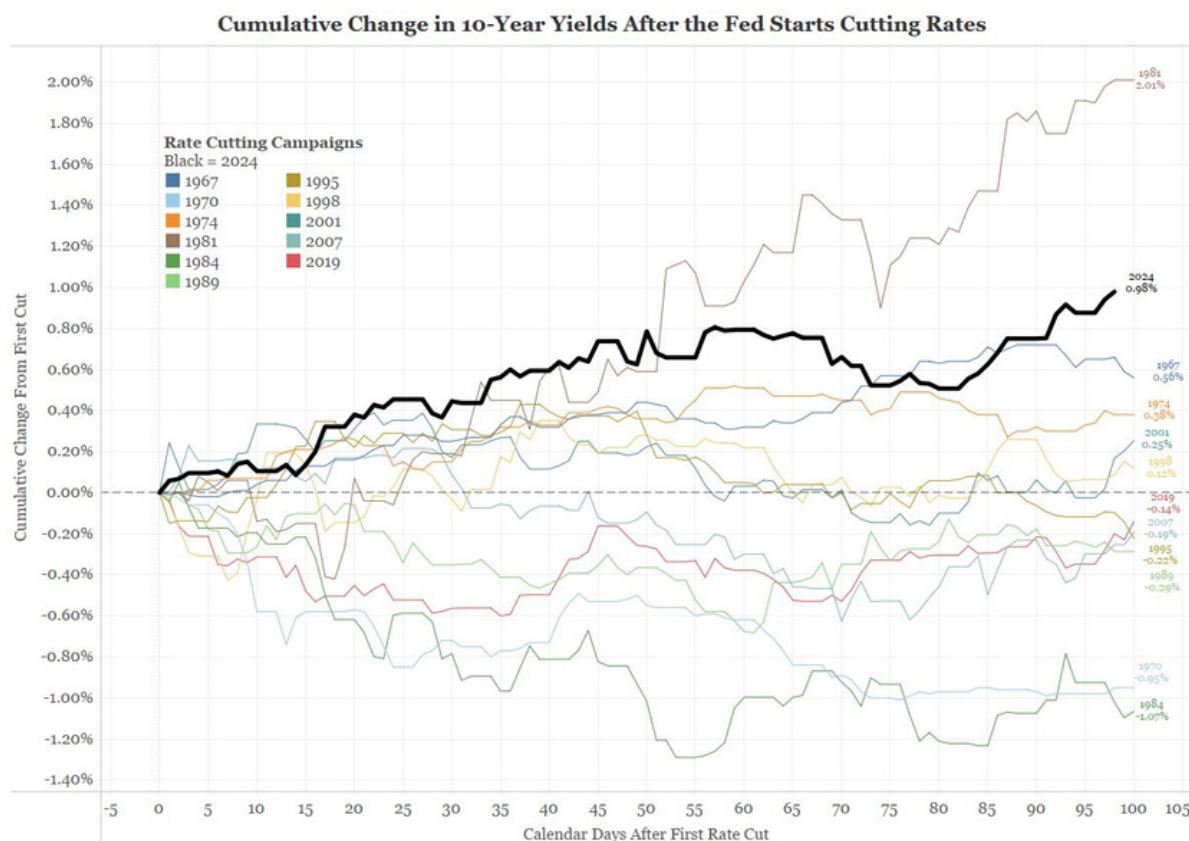
NOTE: The Great Depression went from Sep 1929-June 1932 and the market decreased 86.10% over that time from peak to trough.

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.

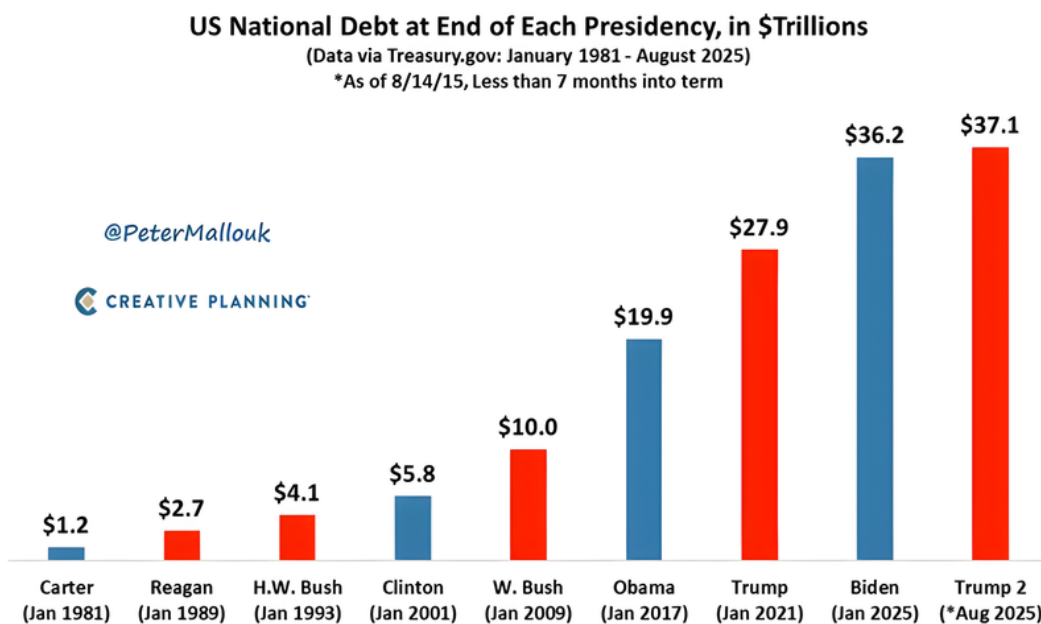


The 40 year bull market in bonds has appeared to have finished. This tailwind for asset market has now finished and may become a headwind.

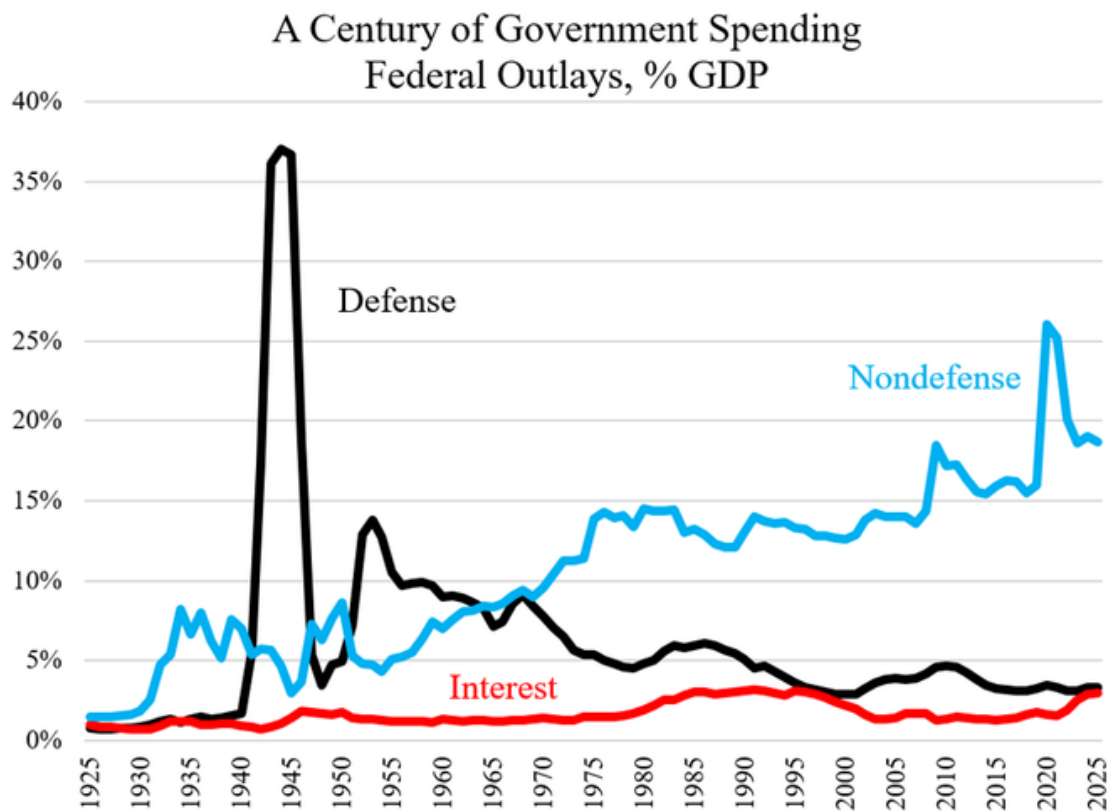


The current US fiscal position has a debt to GDP of 120% and, according to many views, Reinhart and Rogoff who produced papers in 2010 and 2012 a level of debt to GDP above 90% sees a dramatic worsening in growth outcomes for economies. It is important to note that the interest expense that needs to 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.

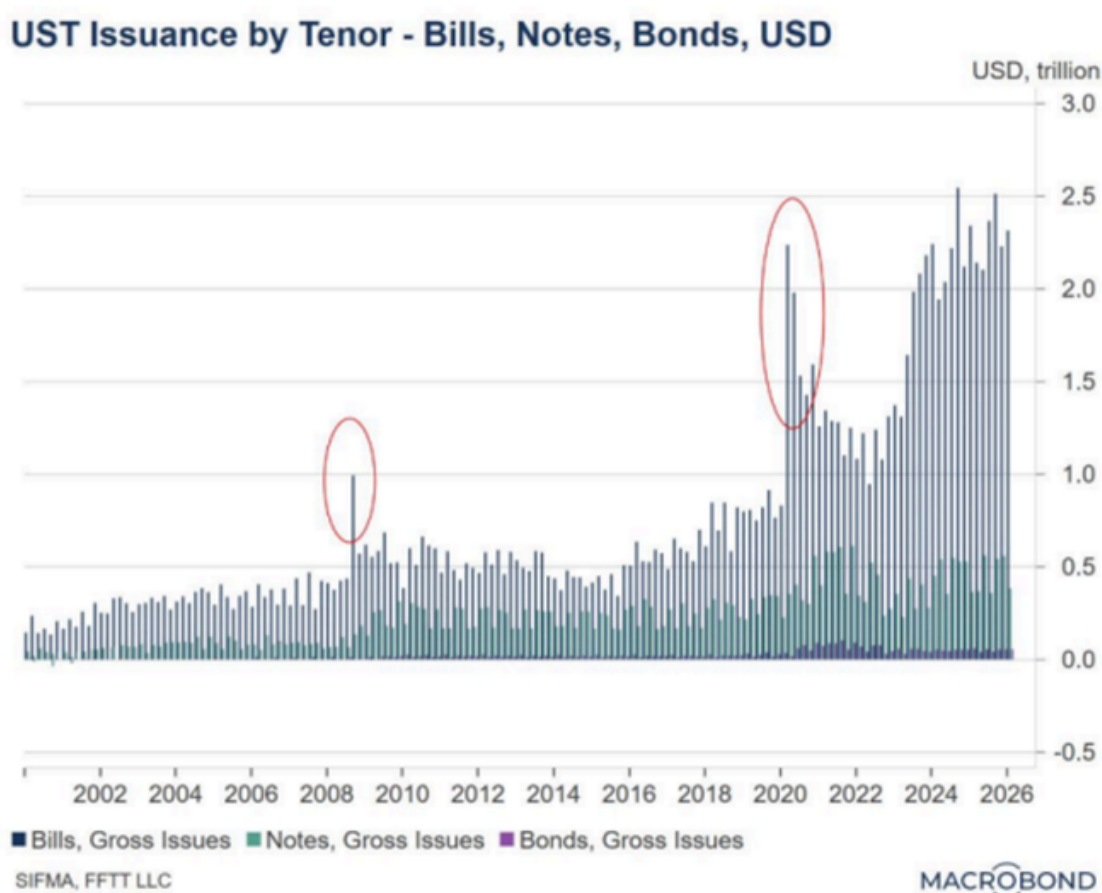
This has been a result of decades of increased spending from the US Government which now sees the US government debt not including unfunded liabilities at USD \$39 Trillion.



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

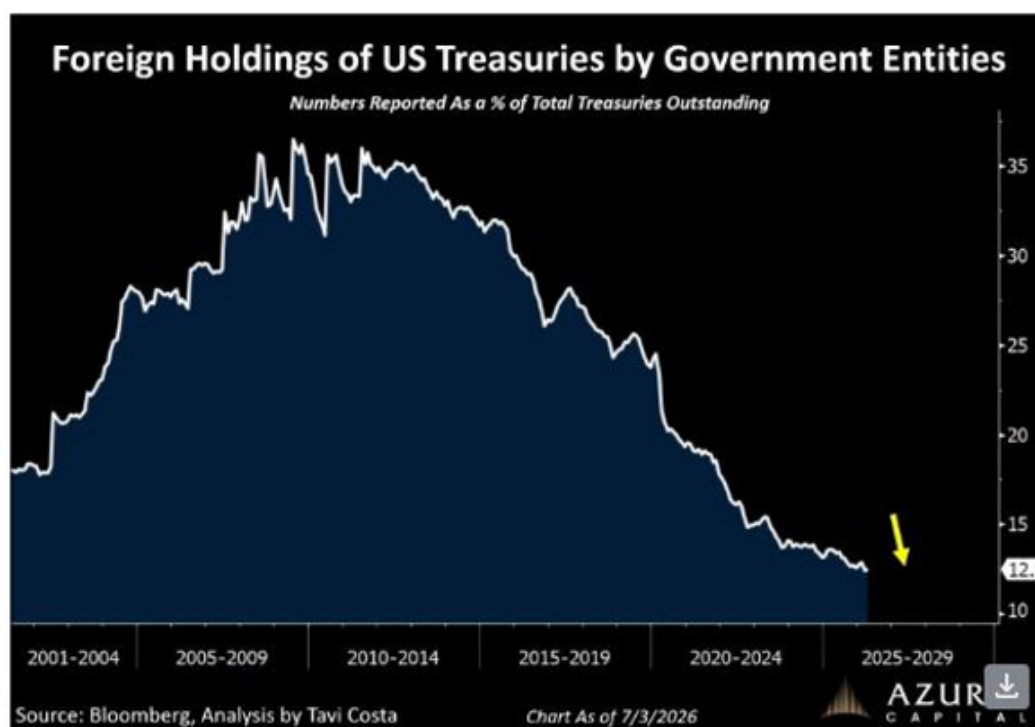


Treasury Secretary Scott Besant criticized past decisions of Janet Yellen where she was undertaking recent US financing being done at the short end of the curve which has contributed to some USD\$10 Trillion worth of government debt maturing in 2026. This debt will be at the current interest rate which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

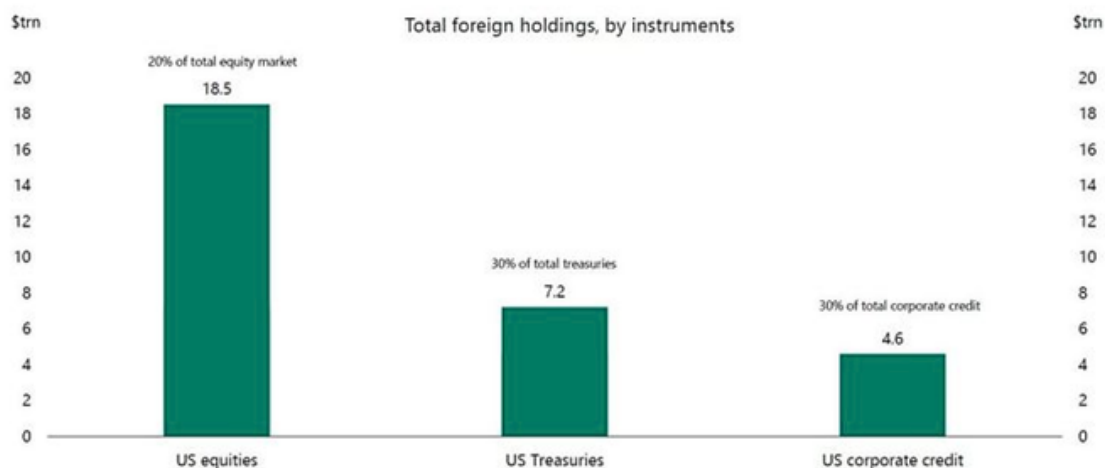


Source: Tavi Costa, Azuria Capital

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.

Total foreign holdings of US equities, Treasuries, and US credit

APOLLO



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.

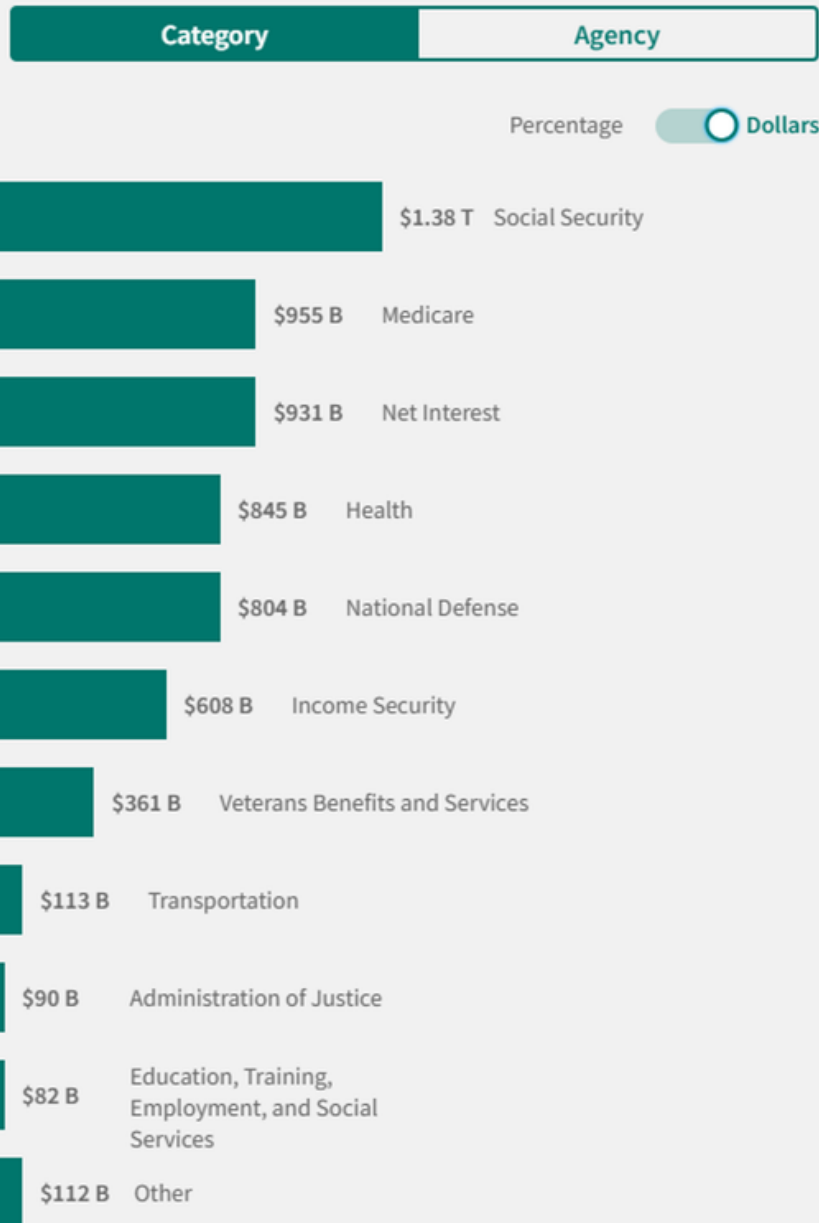
Currently the US has USD \$40 Trillion in debt (not counting unfunded liabilities). We note that the average interest rate on this debt has risen and will continue to do so as debt rolls off existing arrangements and needs to be refinanced at current rates. There is an expected USD \$10 Trillion of US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

U.S. Government Spending, FYTD 2026

Top 10 Spending by Category and Agency



Please note: Values displayed are outlays, which is money that is actually paid out by the government. Other sources, such as [USAspending](#), may display spending as obligations, which is money that is promised to be paid, but may not yet be delivered.

Visit the [Monthly Treasury Statement \(MTS\)](#) dataset to explore and download this data.

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.



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.

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.



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.

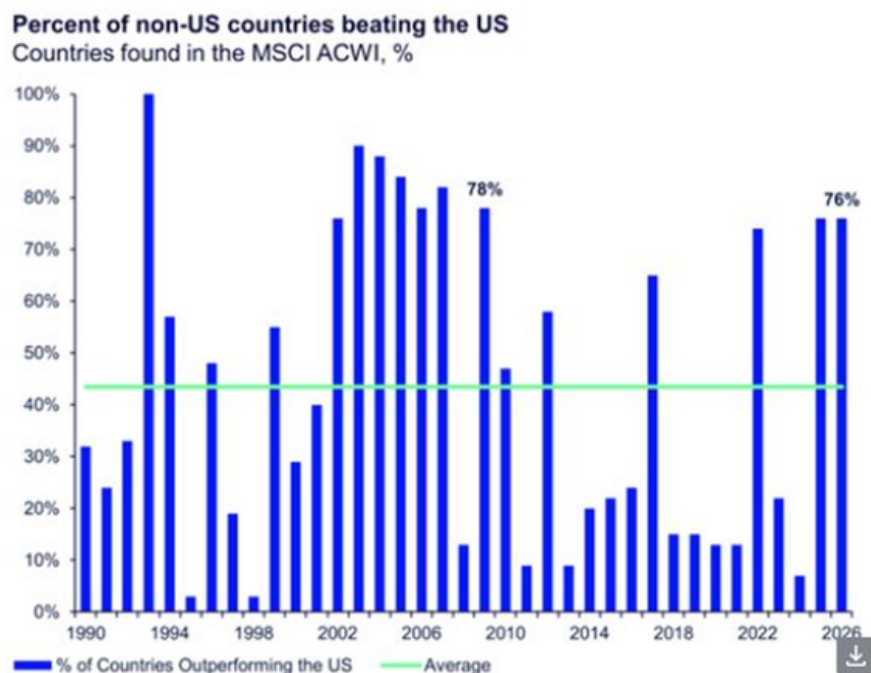
Regionally, the United States delivered one of its strongest quarters in over five years, while emerging markets outperformed all major regions, led by exceptional gains in Korea and Taiwan on the back of semiconductor and memory-chip demand. European equities also performed strongly as falling energy 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.



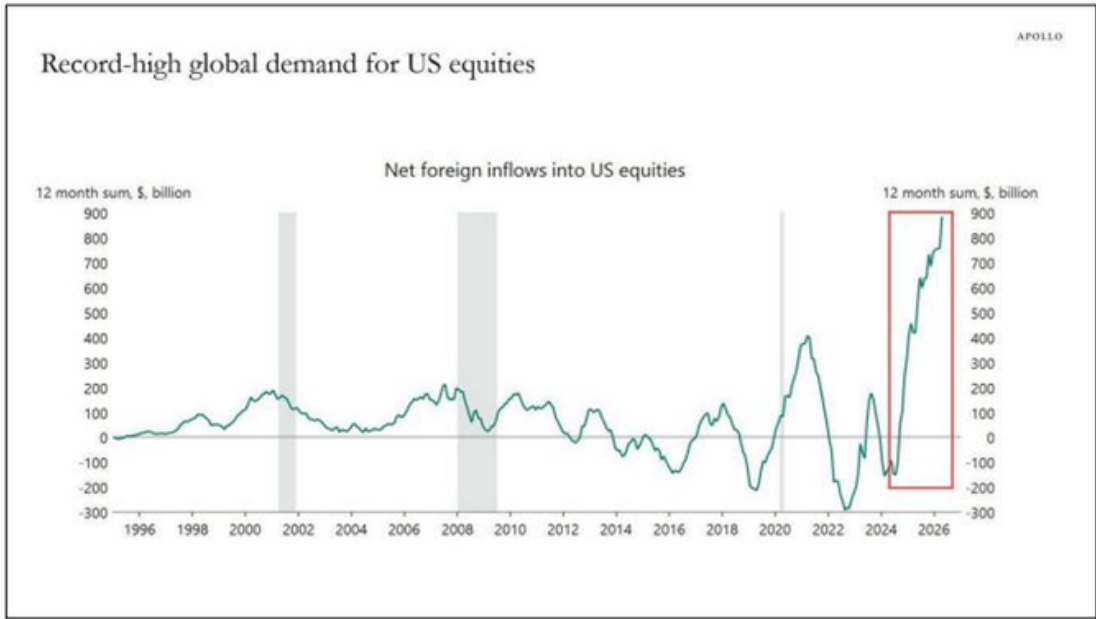
The US markets have outperformed all countries for quite some time as demonstrated in the graph below. However, this has started to change in recent times.



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.

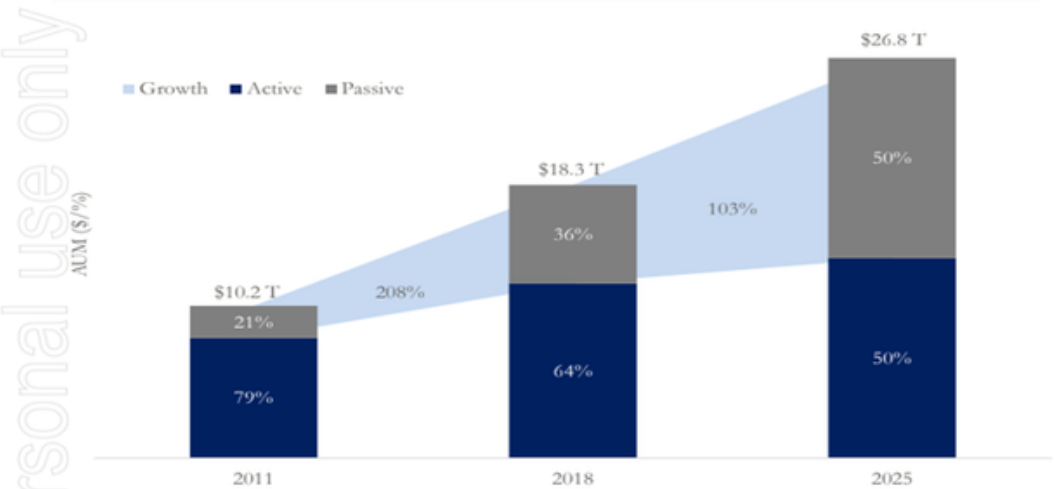


Source: Apollo

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.

US mutual fund industry assets:

Actual and projected active / passive split in the United States.

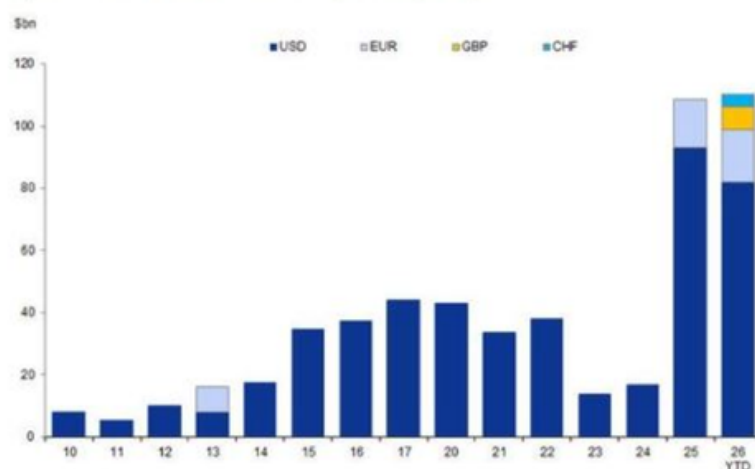


Source: PwC analysis based on data from ICI. Estimates for 2025 based on PwC analysis.

The tech sector in the US looks weak and given its high correlation to Bitcoin that market's 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

Exhibit 7: As total IG debt levels have increased, hyperscalers have increasingly diversified across currencies
Hyperscaler debt issuance across currencies (in USD-equivalent)



Note: As of April 19, 2026. Captures debt issued by the following companies: Alphabet (Google), Amazon, Microsoft, Meta, and Oracle.
Source: Dealogic (ION Analytics), Goldman Sachs Global Investment Research

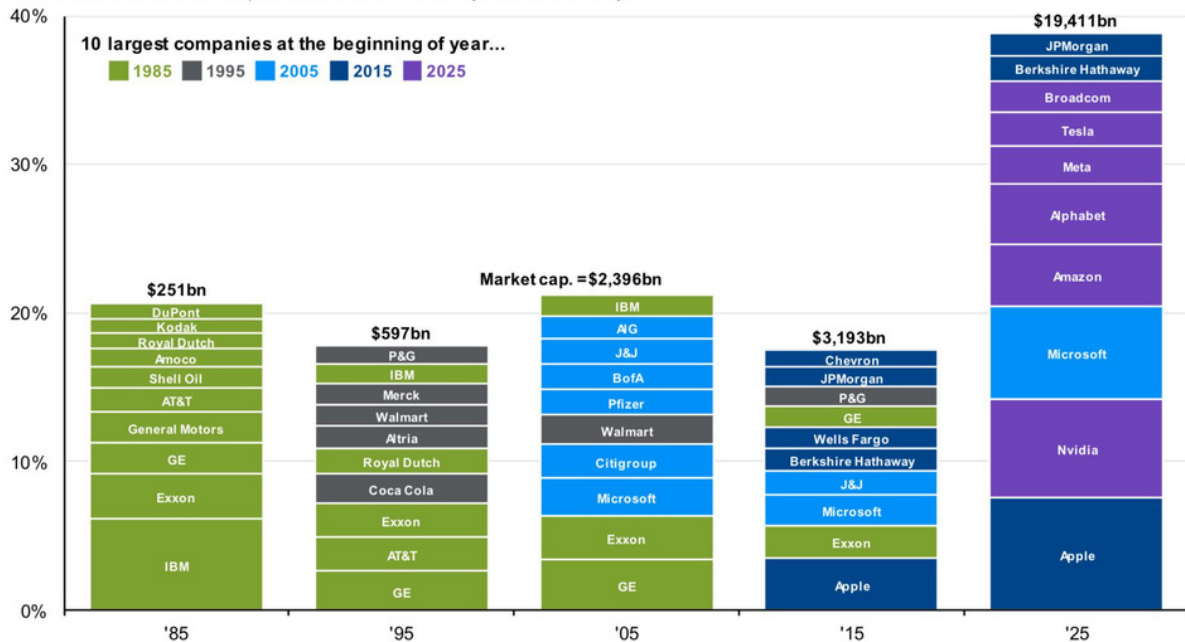
Source: Zerohedge

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 equities. 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.

Top 10 S&P 500 companies by market capitalization

Percent of S&P 500 market capitalization as of the first day of the indicated year



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.

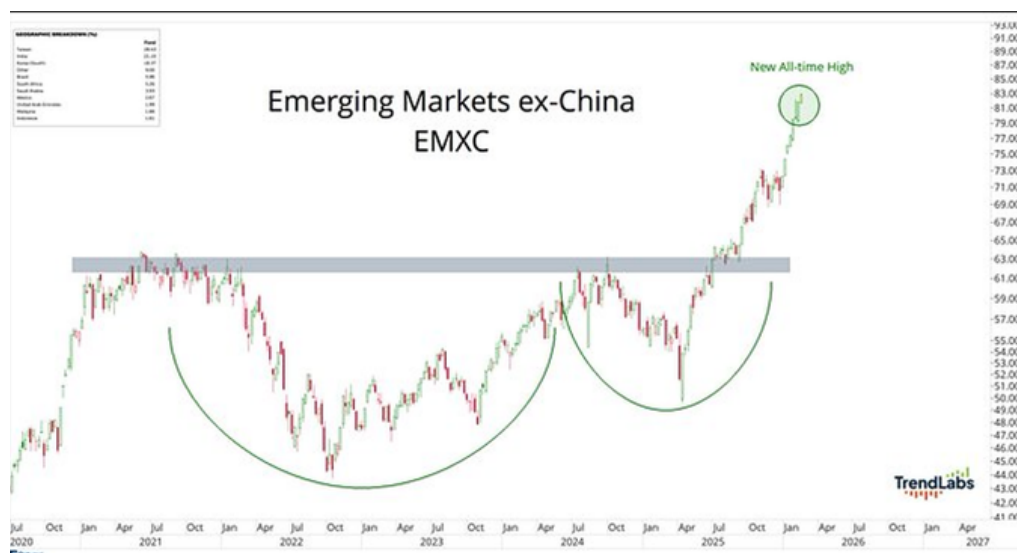
Sector Duration (P/E)



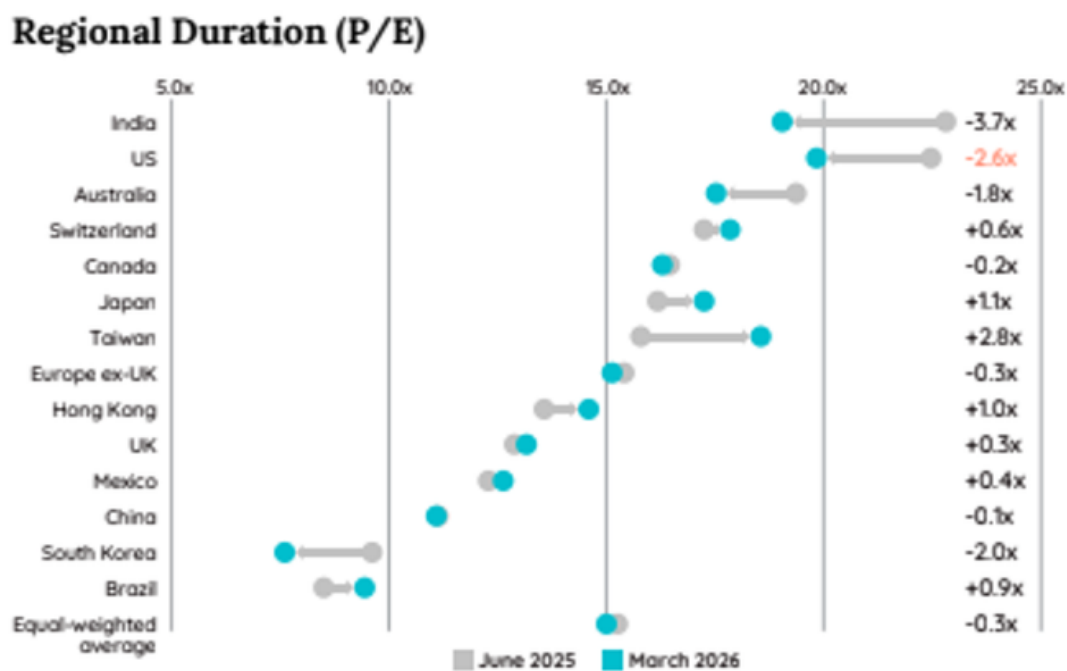
*Financial companies are excluded from this analysis, as their P/E ratios are heavily influenced by the leverage embedded in their business models and therefore provide a poor indication of duration.

Source: Talaria, Bloomberg

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.



Source: Talaria, Bloomberg

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.



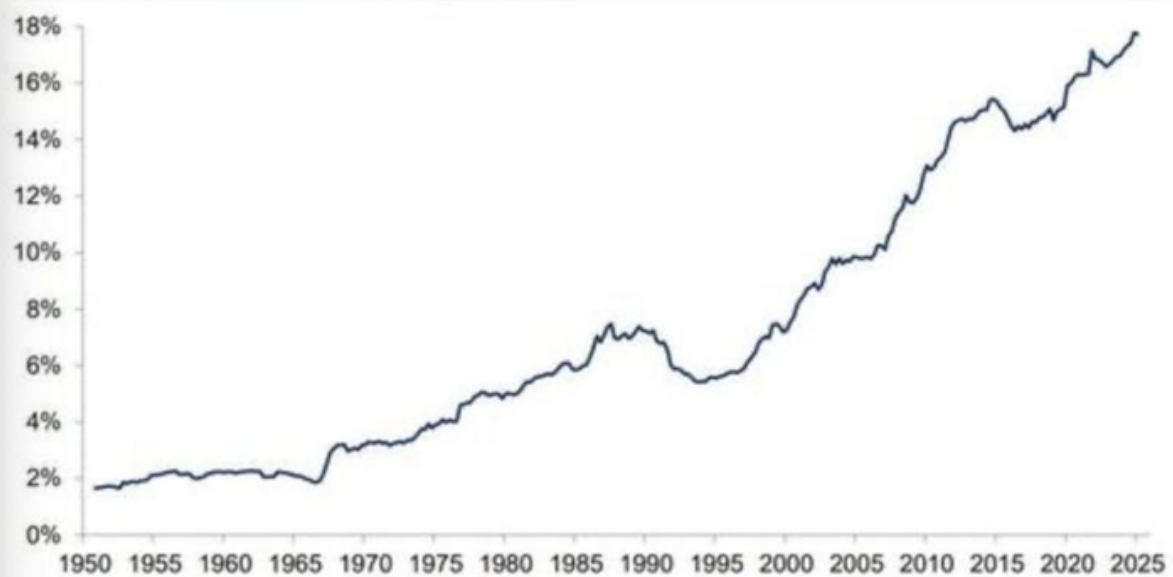
It should be noted that there are valuation issues with the large capitalisation end of the Australian market as well.



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.

US Corporate equities held by Foreign investors: Foreigners holdings of US corporate equities is record high at 18%



Source: FRED, Fitch Analytics, Deutsche Bank.
Deutsche Bank

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.

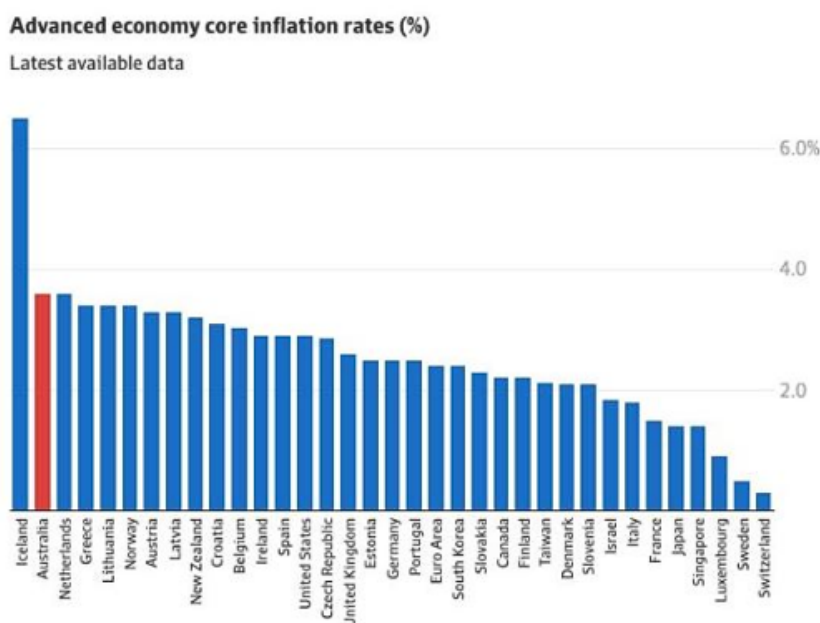
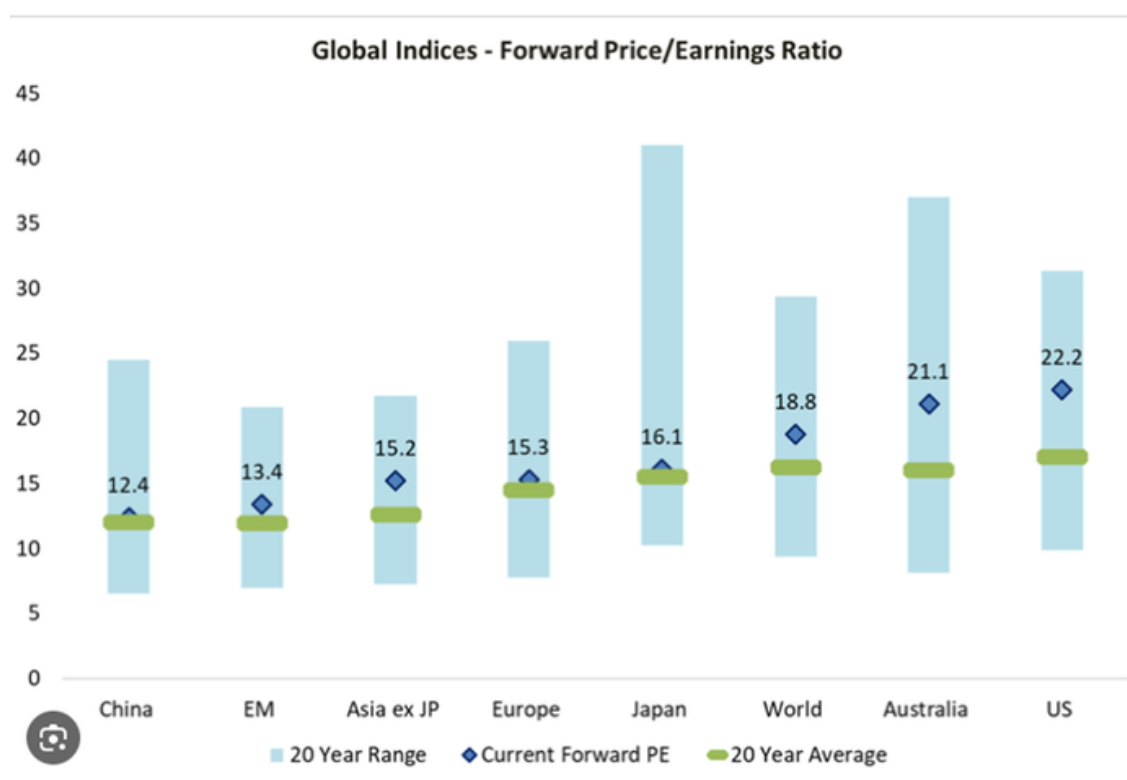


Chart: Michael Read, AFR • Source: Trading Economics

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.

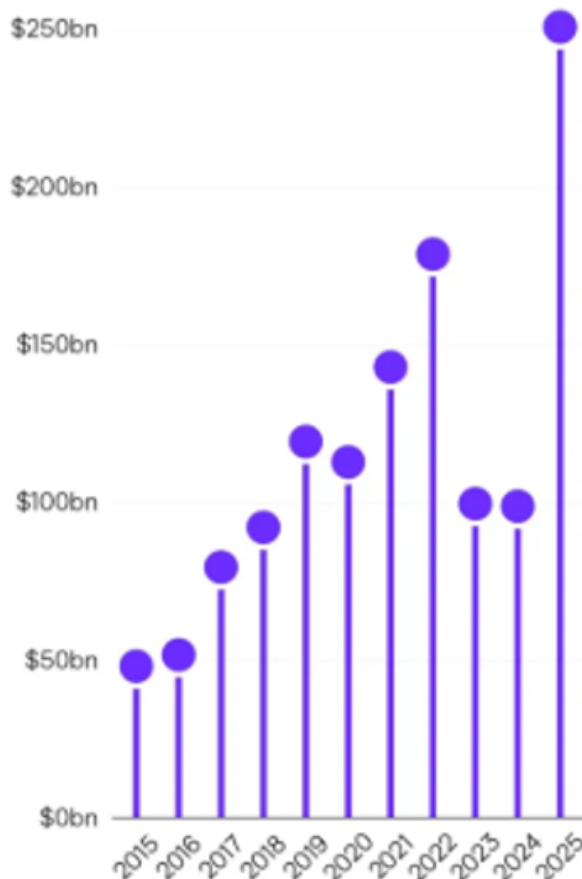
Infrastructure

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.

Figure 1

Infrastructure fundraising 2015-2025



Source: With Intelligence by S&P Global

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.

Gold Shines When The Equity Bear Eats!

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

IGWT
Report

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**

30

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 when you compare the value of gold relative to world equities, this ratio remains at very low levels and about 4.5 times away from the spike that occurred in 1980.

Gold to World Equities Ratio

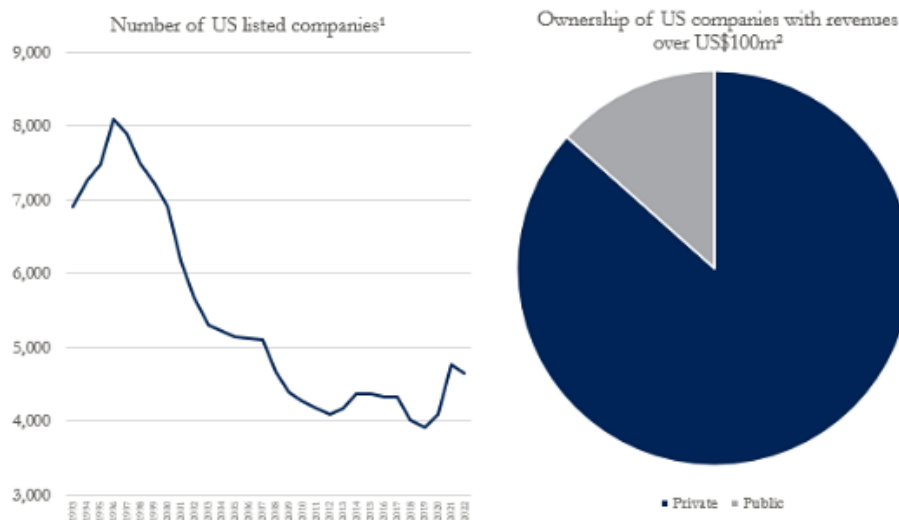


Source: Global X ETFs, Bloomberg data as of February 2026

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.

Private Equity dominates markets today

Private Equity capital is replacing public capital markets

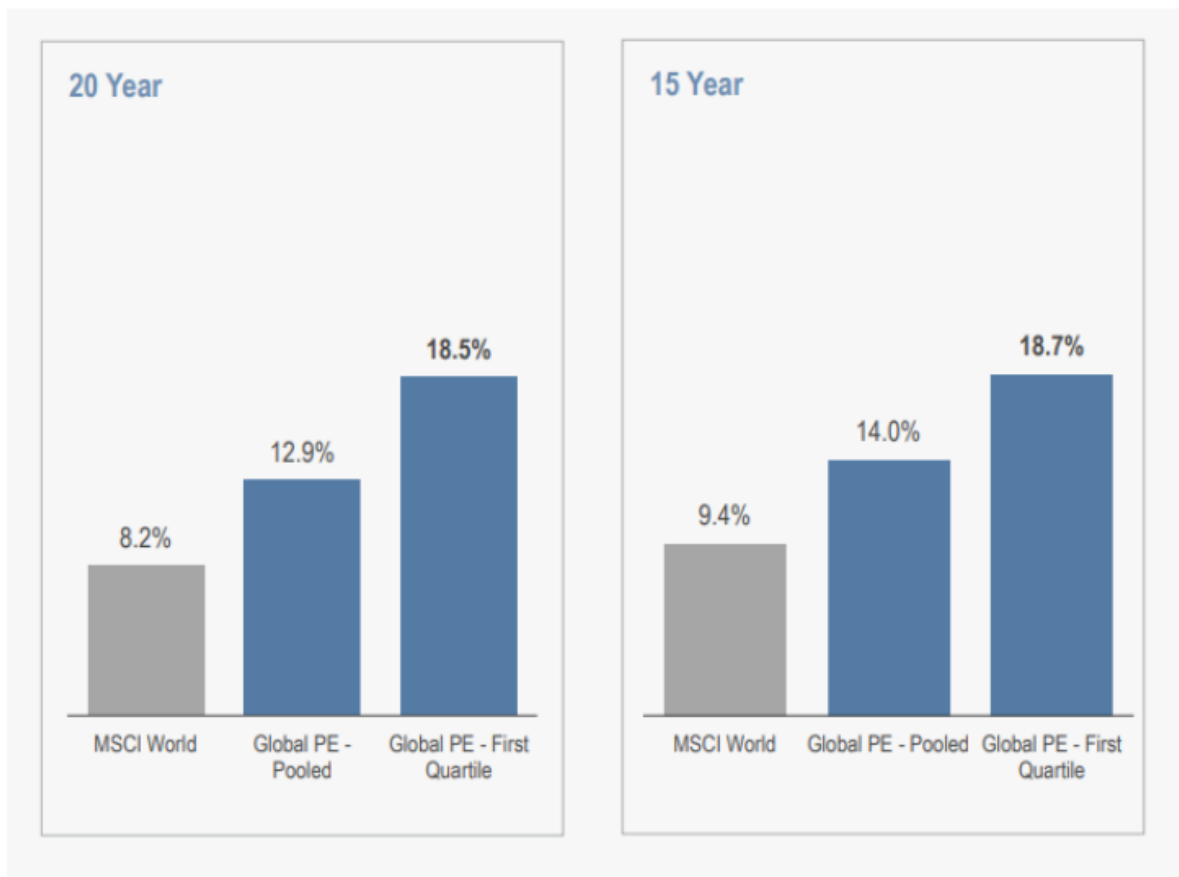


¹ Source: World Bank

² Sources: Hamilton Lane, [CapitolIQ](#). As of January 2022

Please note that past performance is not indicative of future returns.

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 Conservative

Performance measurements including the long term performance relative to benchmark is contained within the “Hub 24 Super and Pension Quarterly Performance Report”. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report. Both of these reports are accessible in SWAN.

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.

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

We have increased the duration in the portfolio to protect us against falling interest rates. 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.

The other investments in the portfolio include;

- 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 1.52% for the quarter.
- The Arculus Fixed Income Fund has an interest rate duration of 0.79 and a yield to maturity of 4.92%. The fund returned 1.22% 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.
- 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.

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets 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.
- 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 “active” exposure to global equities through the following exposures;

- 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



This strategy includes listed property and infrastructure.

- 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.

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 %
<i>Cash</i>	
Cash	3%
<i>Fixed Interest</i>	
<i>Bentham Global Income Fund</i>	17%
<i>Arculus Preferred Income Fund</i>	12%
<i>JCB Dynamic Alpha Fund</i>	11%
<i>Realm Short Term Income Fund</i>	10%
<i>Yarra Enhanced Income Fund</i>	11%
<i>Australian Shares</i>	
<i>Sage Capital Absolute Return</i>	4%
<i>Gyrostat Absolute return Income Fund</i>	4%
<i>Plato Australian Shares Income Fund</i>	3%
<i>International Shares</i>	
<i>WDIV - SPDR Global Dividend Fund</i>	2%
<i>ZYUS - ETFS S&P500 Yield</i>	3%
<i>Talaria Global Equity Fund</i>	3%
<i>Property</i>	
<i>MVA - Equal Weight Property</i>	5%
<i>Alternatives/Infrastructure</i>	
<i>Dexus Core Infrastructure</i>	3%
<i>4D Global Infrastructure Fund Hedged</i>	4%
<i>VanEck Gold Bullion ETF (NUGG)</i>	5%



Harbourside Balanced

Performance measurements including the long term performance relative to benchmark is contained within the “Hub 24 Super and Pension Quarterly Performance Report”. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report. Both of these reports are accessible in SWAN.

This portfolio is aimed to deliver risk adjusted returns for Balanced 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.

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

We have increased the duration in the portfolio to protect us against falling interest rates. 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.

The other investments in the portfolio include;

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

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets 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;

- 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;

- MVW – low cost Listed Investment Company with a broad portfolio.

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.
- Yarra Australian Equity Income Fund aims to provide a tax effective income stream that exceeds the yield on the ASX 200 with capital growth over the long term. This fund returned 2.13% over the 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 have a low cost “passive” exposure and will capture the movements of the Australian share market through the following exposures;

- WDIV – low cost ETF which is an exposure to global dividend paying shares.
- ZYUS – low cost ETF which is an exposure to S&P 500 companies that pay a dividend.

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

- 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

This strategy includes listed property and infrastructure.

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

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 %
<i>Cash</i>	
Cash	1%
<i>Fixed Interest</i>	
Bentham Global Income Fund	15%
Arculus Preferred Income Fund	10%
JCB Dynamic Alpha Fund	7%
Yarra Enhanced Income Fund	7%
<i>Australian Shares</i>	
MVW - Australian Equal Weight ETF	8%
Plato Australian Shares Income Fund	4%
DNR Capital Australian Emerging Companies Fund	2%
Gyrostat Absolute Return Income Equity Fund	3%
<i>International Shares</i>	
WDIV - SPDR Global Dividend Fund	3%
ZYUS - ETFS S&P500 Yield	4%
Talaria Global Equity Fund	7%
<i>Property</i>	
MVA – Equal Weighted Property	10%
<i>Alternatives/Infrastructure</i>	
Dexus Core Infrastructure	3%
Aspect Diversified Futures Fund	3%
4D Global Infrastructure Fund Hedged	3%
VanEck Gold Bullion ETF (NUGG)	10%



Harbourside Balanced Pension

Performance measurements including the long term performance relative to benchmark is contained within the “Hub 24 Super and Pension Quarterly Performance Report”. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report. Both of these reports are accessible in SWAN.

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 that are looking to generate an income. 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.

We have increased the duration in the portfolio to protect us against falling interest rates. 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.

The other investments in the portfolio include;

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

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets 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.

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

- WDIV – low cost ETF which is an exposure to global dividend paying shares.
- ZYUS – low cost ETF which is an exposure to S&P 500 companies that pay a dividend.

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.
- Tyndall Australian Share Income Fund aims to provide a tax effective income stream that exceeds the yield on the ASX 200 with capital growth over the long term. This fund returned 2.13% 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.



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

- 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

This strategy includes listed property and infrastructure.

- 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.

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 (which includes infrastructure);

- 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 %
<i>Cash</i>	
Cash	2%
<i>Fixed Interest</i>	
<i>Bentham Global Income Fund</i>	12%
<i>Arculus Preferred Income Fund</i>	12%
<i>JCB Dynamic Alpha Fund</i>	7%
<i>Yarra Enhanced Income Fund</i>	7%
<i>Australian Shares</i>	
<i>Plato Australian Shares Income Fund</i>	7%
<i>Tyndall Australian Share Income Fund</i>	7%
<i>Gyrostat Absolute Return Fund</i>	7%
<i>International Shares</i>	
<i>WDIV - SPDR Global Dividend Fund</i>	2%
<i>ZYUS - ETFS S&P500 Yield</i>	2%
<i>Talaria Global Equity Fund</i>	5%
<i>Property</i>	
<i>VanEck Equal Weighted Property (MVA)</i>	10%
<i>Alternatives/Infrastructure</i>	
<i>Dexus Core Infrastructure Fund</i>	3%
<i>Barwon Global Listed Private Equity</i>	2%
<i>Aspect Diversified Futures Fund Class A</i>	3%
<i>4D Global Infrastructure Fund (Hedged)</i>	2%
<i>VanEck Gold Bullion ETF (NUGG)</i>	10%



Harbourside Growth

Performance measurements including the long term performance relative to benchmark is contained within the “Hub 24 Super and Pension Quarterly Performance Report”. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report. Both of these reports are accessible in SWAN.

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 not reliant on generating income. 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.

We have increased the duration in the portfolio to protect us against falling interest rates. 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.

The other investments in the portfolio include;

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

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets 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.

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.
- 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.
- 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.
- UBS Australian Small Companies Fund - The Fund is an actively managed fund investing in a portfolio of 30–60 Australian small company equity securities across a range of industry sectors. The fund returned 14.19% over the quarter.



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

- Vanguard International (hedged) – low cost ETF which is an exposure to global shares but is hedged in AUD.

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

- PM Capital Global Companies Fund invests in international companies including emerging markets. This fund does manage the AUD exposure so it will be also subject to currency movements of varying degrees depending on strategy of the manager. The fund returned 10.73% for the last quarter.
- GQG Partners Global Equity fund that invests in international companies including emerging markets. This fund currently has 24% in the Healthcare sector. This fund is not hedged in AUD so it will be also subject to currency movements. The fund returned -4.54% for the quarter.
- WCM Quality Global Growth Fund which focuses on global opportunities in companies. This investment returned 19.46% for the quarter.

This strategy includes listed property and infrastructure.

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

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 %
<i>Cash</i>	
Cash	2%
<i>Fixed Interest</i>	
Bentham Global Income Fund	5%
Arculus Preferred Income Fund	2%
JCB Dynamic Alpha Fund	4%
Yarra Enhanced Income Fund	4%
<i>Australian Shares</i>	
Allan Gray - Australian Equity (Class B)	9%
Sage Capital Absolute Return Fund	7%
UBS Australian Small Companies Fund	3%
DNR Capital Australian Emerging Companies Fund	4%
<i>International Shares</i>	
Vanguard International Shares (hedged)	10%
GQG Partners Global Equity Fund (Class A)	5%
PM Capital Global Companies Fund	5%
WCM Quality Growth Fund (Unhedged)	6%
<i>Property</i>	
VanEck Equal Weighted Property (MVA)	15%
<i>Alternatives/Infrastructure</i>	
Dexus Core Infrastructure - Class A	4%
VanEck Gold Bullion ETF (NUGG)	11%
Barwon Global Listed Private Equity	2%
Aspect Diversified Futures Fund Class A	2%



Harbourside Growth Pension

Performance measurements including the long term performance relative to benchmark is contained within the “Hub 24 Super and Pension Quarterly Performance Report”. The economic news and happenings of the quarter is contained within the “Quarterly Market Commentary” report. Both of these reports are accessible in SWAN.

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.

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

We have increased the duration in the portfolio to protect us against falling interest rates. 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.

The other investments in the portfolio include;

- 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 1.52% for the quarter.
- The Arculus Fixed Income Fund has an interest rate duration of 0.79 and a yield to maturity of 4.92%. The fund returned 1.22% 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.
- 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.

Given the risks discussed earlier in this report, we are looking to be very selective in equity markets 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.

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 with a broad portfolio.

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.
- Tyndall Australian Share Income Fund aims to provide a tax effective income stream that exceeds the yield on the ASX 200 with capital growth over the long term. This fund returned 2.13% over the quarter.
- UBS Australian Small Companies Fund - The Fund is an actively managed fund investing in a portfolio of 30–60 Australian small company equity securities across a range of industry sectors. The fund returned 14.19% over the quarter.



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

- WDIV – low cost ETF which is an exposure to global dividend paying shares.
- ZYUS – low cost ETF which is an exposure to S&P 500 companies that pay a dividend.

This strategy includes listed property and infrastructure.

- 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.

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 %
<i>Cash</i>	
Cash	2%
<i>Fixed Interest</i>	
Bentham Global Income Fund	4%
Arculus Preferred Income Fund	2%
JCB Dynamic Alpha Fund	3%
Yarra Enhanced Income Fund	3%
Realm Short Term Income Fund	3%
<i>Australian Shares</i>	
AFI - Australian Foundation Investment Co.	7%
Tyndall Australian Share Fund	8%
Plato Australian Shares Income Fund	8%
UBS Small Companies Fund	3%
<i>International Shares</i>	
WDIV - SPDR Global Dividend Fund	5%
ZYUS - ETFS S&P500 Yield	5%
Talaria Global Equity Fund (hedged)	10%
<i>Property</i>	
VanEck Equal Weighted Property (MVA)	19%
<i>Alternatives/Infrastructure</i>	
Aspect Diversified Futures Fund Class A	3%
Dexus Core Infrastructure Fund Class A	2%
VanEck Gold Bullion ETF (NUGG)	11%
Barwon Global listed Private Equity	2%



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.