MARKET AND PORTFOLIO UPDATE

Managed Portfolios: Strategic Index

Quarter to 31 March 2026

Macroeconomic views and asset allocation positioning

Topic	Market highlights	Portfolio positioning
Attack on Iran introduces significant volatility in markets	○ Global share markets experienced extreme volatility in the March quarter, starting strong – particularly in Emerging Markets, Asia and Europe – followed by a sharp drawdown following the commencement of a joint Israel/US attack on Iran. By the end of March, global equities had suffered significant losses with an estimated US$10 trillion in value wiped out. ○ This has led to a belief that central banks will be required to raise interest rates where many had been in a position where they were considering easing. There is also renewed concern about stagflation, or a period where high inflation is combined with stagnant economic growth and elevated unemployment.	○ We are currently modestly overweight to US and developed markets and overweight to emerging market equities. ○ Emerging market flows were driven by attractive valuations and the value of diversification as well as a weaker US dollar. ○ In MAGS and MAGS Plus we added downside equity protection on the Australian market, this allows upside participation in markets but provides some protection against a modest portion of the portfolio and provided benefit during the volatility we have experienced in March.
AI influences performance and view of tech and Magnificent 7 companies	○ Magnificent 7 companies underperformed benchmarks during the quarter. Nvidia's fourth-quarter numbers showed a significant growth in revenue, margins and income but the share price dropped nearly 5%, leaving analysts worried about an AI bubble and capex requirements. ○ AI has been cited as a reason for massive layoffs through tech and software companies. Oracle announced significant job cuts at the end of the quarter – an expected 30,000 people – as they seek to cut costs and shift responsibilities to AI. They follow the lead of Block, the parent company of Square, which announced 4,000 people would be made redundant; Australian software giants Atlassian and WiseTech also announced AI-related cuts (1,600 and 2,000 respectively).	○ We're yet to see how large global thematics like artificial intelligence play out, with US markets likely to benefit from improved productivity. In emerging markets, investors have become more optimistic on AI-linked producers including chipmakers in Taiwan and South Korea.
Australian markets outperform early; RBA raises rates	○ Australian markets were hit by extreme volatility in the quarter. January and February performed reasonably well, carrying momentum from the end of 2025. Gains were wiped out by geopolitical shock that overwhelmed quarterly returns, leaving Australian equities down for the quarter overall. March was the worst month on the ASX since 2022, falling significantly on surging inflation expectations and more tightening measures from the Reserve Bank of Australia (RBA). ○ The RBA raised interest rates twice in the quarter; the first was widely expected after high inflation figures and strong employment figures at the close of 2025 called for proactive moves to limit spending. Markets are pricing in three more hikes this year.	○ As credit spreads widened at the end of March, we added to high-yield debt, halving our underweight versus our long-term positioning target.

Portfolio performance at 31 March 2026 (%)

Russell Investments Strategic Index Managed Portfolios	1 month	3 months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (cumulative)
Diversified 50	-4.36	-2.83	6.66	-	-	6.66
Balanced	-5.39	-3.70	8.28	-	-	8.28
Growth	-6.30	-4.55	10.02	-	-	10.02
High Growth	-6.58	-4.19	10.85	-	-	10.85
Geared 120	-8.31	-5.33	11.58	-	-	11.58

This performance is net of management fees for both the Managed Portfolio and the underlying managers' fees and costs. It does not take into account any third party platform fees charged to individual investors or transaction costs (including buy/sell spreads and brokerage fees). It assumes income is reinvested without any tax deduction. It is for RIML's preferred model portfolio of holdings. A holding in the preferred model portfolio may be restricted or replaced with another similar asset in the Managed Portfolio on different platforms if the preferred holding is not available. Different platforms may also charge different management fees for the Managed Portfolio. This can result in variances in performance of the Managed Portfolio between platforms. An individual investor's performance will differ, according to the investor's actual exposures to Managed Portfolio holdings and other factors (including transaction timing, transaction costs, actual underlying manager fees and costs and whether income is paid in cash). Platforms will have their own methodology for calculating performance, at both a platform level and an individual investor level. Past performance is not a reliable indicator of future performance. Please contact the platform operator(s) for performance or current holdings in the Managed Portfolios.

Asset class allocations at 31 March 2026 (%)

Asset class	Diversified 50	Balanced	Growth	High Growth	Geared 120
Growth assets	**54.4**	**73.9**	**92.9**	**98.7**	**120.3**
Australian equity	18.8	27.2	34.1	38.6	48.5
Global equity	29.6	39.2	51.8	49.3	59.9
Australian property	1.5	3.1	2.5	3.0	2.7
Global property	2.5	2.5	3.5	3.6	4.1
Infrastructure	1.0	1.0	1.0	4.2	5.0
Growth alternatives	0.0	0.0	0.0	0.0	0.0
Extended credit	0.9	0.9	0.0	0.0	0.0
Defensive assets	**45.6**	**26.1**	**7.1**	**1.3**	**1.6**
Loans & absolute return credit	0.0	0.0	0.0	0.0	0.0
Australian fixed income	22.0	13.1	3.4	0.0	0.0
Global fixed income	13.3	7.3	1.9	0.0	0.0
Defensive alternatives	0.0	0.0	0.0	0.0	0.0
Short-term credit	0.0	0.0	0.0	0.0	0.0
Cash	10.3	5.7	1.8	1.3	1.6

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