

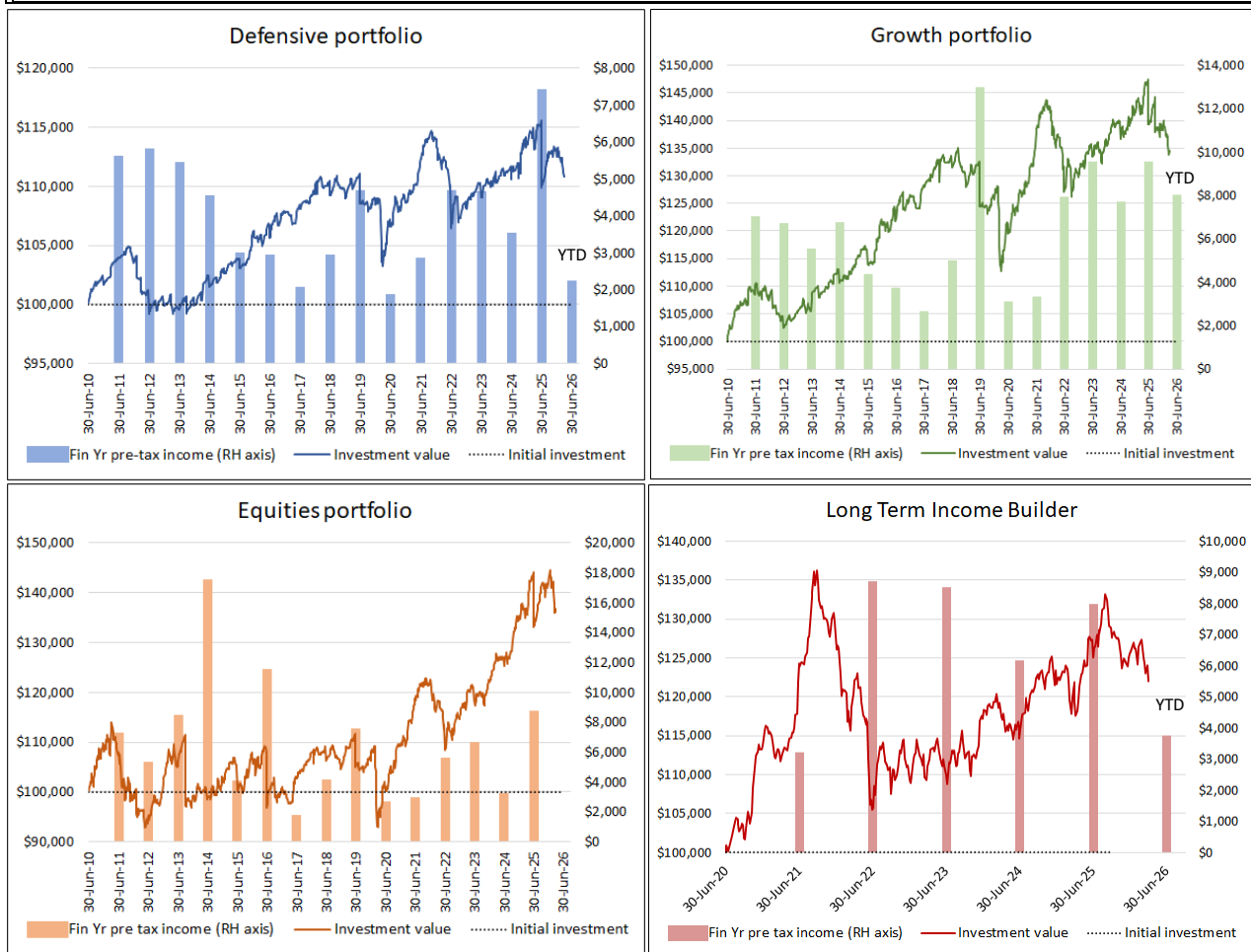
Investment Update

March 2026

ARA INVESTMENT FUND RETURNS to 31 March 2026

	3 Months %	1 Year %	3 Years % p.a.	5 Years % p.a.	10 Years % p.a.	Since Inception % p.a.
Defensive	-1.0	3.1	4.9	4.5	4.0	4.8 (April 2003)
Growth	-2.3	6.1	8.1	7.5	6.9	6.8 (April 2003)
Equities	-3.6	6.7	9.9	8.5	7.5	7.7 (August 2003)
Long Term Income Builder	-1.7	8.7	9.9	8.1	n/a	9.6 (March 2020)

Illustration of income and capital returns received by an investor from an initial investment of \$100,000 since 1/7/2010 (or 1/7/2020 for the Long Term Income Builder)



ASX in \$300b wipeout

MARKET WRAP
Staff writers

Threats from US President Donald Trump to strike power plants in Iran prompted a sharp plunge in Australian shares yesterday before the market recovered, ending trade slightly lower after oil prices barely moved following Iran's vow to retaliate.

Since the start of March, the S&P/

The global sell-off in stocks, gold and bonds has deepened as the US and Iran harden their rhetoric and signal a potential escalation to their conflict, which is entering its fourth week.

Trump issued a 48-hour ultimatum to Tehran on Sunday to reopen the Strait of Hormuz - crucial for the flow of oil and gas from the Middle East - falling which the US will "obliterate" Iran's power

ASX edges higher on fragile optimism

MARKET WRAP
Staff reporter

The Australian sharemarket closed slightly higher yesterday, having trimmed its early gains as fragile optimism following comments by Donald Trump that the US and Iran were talking about an end to their war soon gave way to renewed caution and fears of further



ASX recovers as hopes rise over inflation and war end

MARKET WRAP

ref. while US West Texas Inter-

Street, with the S&P 500 climbing 11 per cent overnight for its best session since the war began on February 26.

However, an settlement seemed to have prompted a sharp rebound in the ASX, with the index ending the day up 0.1 per cent.

Three consecutive days' headlines from The Age Business section, from Tuesday March 24 to Thursday March 26. And regrettably, all too typical of the approach of the news media to financial reporting.

The problem here is the intense focus on short term – in this case daily – shifts in market prices. Something pretty much totally out of anyone's control, subject to the whims of "Who said what" and the way the wind is blowing.

Unless you're a day trader or market junkie, prices really only matter on two days – the day you buy, and the day you sell. Most people – certainly our investors – live primarily on the **income** produced by their portfolio – not daily prices. Selling need only be done to top up a shortfall between income generated and usual living costs, or to fund lumpy capital expenses, which can typically be planned for well in advance.

So daily prices and periods of volatility need not be a cause for concern or a prompt to "do something". The problem with this intense focus on price movements is that it promotes a dangerously misleading view about what investment risk really is in practice, which in turn can lead people to make poor decisions.

This is why in the charts on page 1 we make a point of highlighting the income generated each year (vertical bars).

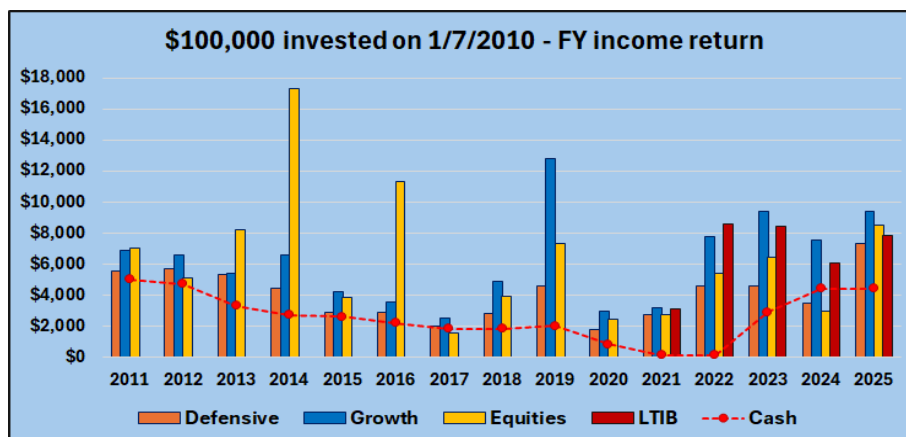
Yes, price volatility is there – the wriggly lines behind the bars, although the long term trend is clearly up – but for the vast majority of us the emphasis should be on the income.

At the recent investor sessions we showed the chart below to further highlight the income return earned by that hypothetical investor who deposited \$100,000 on 1/7/2010. Note:

- Annual income has never been negative (sounds obvious, but it's true, and is a counterpoint to the reporting of daily prices)
- Almost without exception the income return has been higher than the "safe" alternative to which investors might be tempted to flee – ie bank deposits as shown by the red dots. (Source: Vanguard Cash Index)
- This period was not without its challenges – global pandemic, presidential elections, record low interest rates, inflation spikes....

Right now there is absolutely no reason to suspect this situation will change or that there is unusual risk to your income return. And if your portfolio mix is designed around your near- and longer-term cash withdrawals (or "bucketised" – thank you, Duncan), there is nothing to fear from price volatility either.

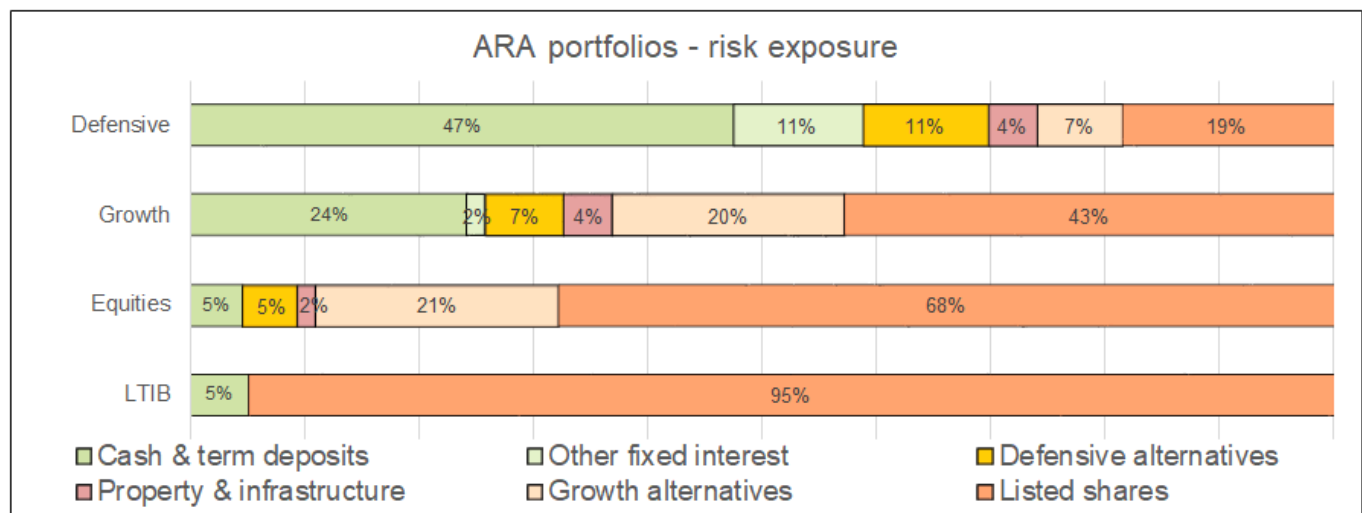
So, best to just move on to the sports pages. (Or, if you're an ~~Essendon~~ Richmond supporter, try the travel liftout



So, who’s got what?

The table below shows the ARAIF’s investments at the time of writing. Please note, the percentages refer to the proportion of each portfolio allocated to that investment, not its rate of return.

	Asset Type	Defensive Portfolio	Growth Portfolio	Equities Portfolio	L/T Income Builder	
National Australia Bank Cash account		4.4%	4.4%	4.6%	5.2%	
Bank Term Deposits		3.0%	3.2%	0.0%		
Challenger Life Guaranteed Annuities	Cash & Tier 1 Fixed Interest	32.4%	14.6%	0.0%		
First Sentier Cash Fund		3.8%	0.0%	0.0%		
Mutual Cash Fund		3.8%	2.0%	0.0%		
Coolabah Active Credit Fund		Other Fixed Interest	11.4%	1.6%	0.0%	
Sterling Equity		9.7%	12.5%	8.7%		
Anacacia Wattle Fund		6.8%	12.1%	6.4%		
Dimensional Sustainability Aust		0.0%	0.4%	15.1%		
Vanguard World Ex-US ETF		1.3%	2.4%	7.7%		
Anacacia Global Fund	Listed Securities	0.7%	1.8%	2.0%		
Dimensional Sustainability Gbl Unhedged		0.0%	6.1%	10.0%		
Dimensional Sustainability Gbl Hedged		0.0%	7.5%	11.3%		
Ironbark Apis Global Small Companies		0.0%	0.0%	3.8%		
Aoris International Fund		0.0%	0.0%	2.7%		
Listed Investment Companies		0.0%	0.0%	0.0%	73.0%	
Vanguard Aust Shares High Yield ETF		0.0%	0.0%	0.0%	21.8%	
Anacacia Capital		2.4%	11.1%	8.3%		
Polaris Marine	1.7%	2.3%	0.7%			
Morrison Utilities Trust	4.2%	4.3%	1.6%			
Proserpine Resources Trust	Alternative assets (Growth)	0.3%	0.6%	0.1%		
Performance Equity Mgrs Fund 4		2.2%	4.0%	3.5%		
US Opportunities Fund		0.0%	0.0%	2.7%		
Luxury Escapes		1.0%	2.3%	1.6%		
Cheesecake Shop		0.0%	0.0%	2.2%		
The Memo Fund		0.0%	0.0%	2.1%		
Infradebt		Alternative assets (Defensive)	4.2%	4.4%	4.3%	
Fortlake Higher Income Fund			3.0%	1.3%	0.0%	
Quota Trust	3.6%		1.1%	0.5%		
		100.0%	100.0%	100.0%	100.0%	



Major Holdings – diversified portfolios

Apart from bank deposits and other interest-bearing accounts, Defensive, Growth and Equities portfolios invest in a range of assets through the fund managers listed in the table above. If we drill through to the assets selected and overseen by those managers, there are in fact over a hundred individual securities providing diversification of risk and exposure to a wide range of opportunities.

The table below shows the 20 largest individual holdings and what proportion of each portfolio they represent. These are the investments that will have the biggest impact on the portfolios' returns.

Investment	Type	Principal Activity	Defensive Portfolio Exposure	Growth Portfolio Exposure	Equities Portfolio Exposure
Infradebt	Private trust	Infrastructure lending	4.2%	4.4%	4.3%
MGI Golf	Private company	Golf equipment manufacture	1.4%	3.8%	3.0%
Opteon	Private company	Property services	0.0%	2.6%	1.8%
Uber	US listed company	Rideshare/Tech	1.9%	2.4%	1.7%
Polaris Marine	Private company	Marine services	1.6%	2.3%	0.7%
Luxury Escapes	Private company	Travel agency	1.0%	2.3%	1.6%
Google	US listed company	Technology	1.4%	2.0%	2.0%
Florabelle	Private company	Homewares	0.6%	1.5%	1.2%
IDP Education	ASX listed company	Education services	1.2%	1.5%	1.2%
Reece Plumbing	ASX listed company	Plumbing supplies	1.2%	1.5%	1.0%
Procal	Private company	Dairy manufacture & dist'n	0.5%	1.3%	1.1%
Sureway	Private company	Employment services	0.0%	1.2%	0.8%
Schaffer	ASX listed company	Diversified industrial	1.0%	1.2%	0.9%
Perth Airport	Infrastructure	Transport hub	1.1%	1.1%	0.4%
Quota trust	Private trust	Statutory fishing rights	3.4%	1.0%	0.5%
Transgrid	Infrastructure	Electricity transmission	1.0%	1.0%	0.4%
Cogstate	ASX listed company	Healthcare	0.5%	0.9%	0.4%
PWH Holdings	ASX listed company	Automotive technology	0.5%	0.9%	0.4%
Duncan Technologies	Private company	Parking technology	0.0%	0.8%	0.5%
ARB	ASX listed company	Automotive components	0.4%	0.8%	0.4%

Returns quoted in this report are after all costs, and before the application of management fee rebates. Return figures are pre-tax, and include the value of franking credits from franked dividends. Total return figures assume the re-investment of gross distributions including franking credits. 3-month return figures are for the period to 31 March 2026 and are not annualized. Data source ARA Consultants Pty Ltd & Context Capital (except where indicated)

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