Investment Update

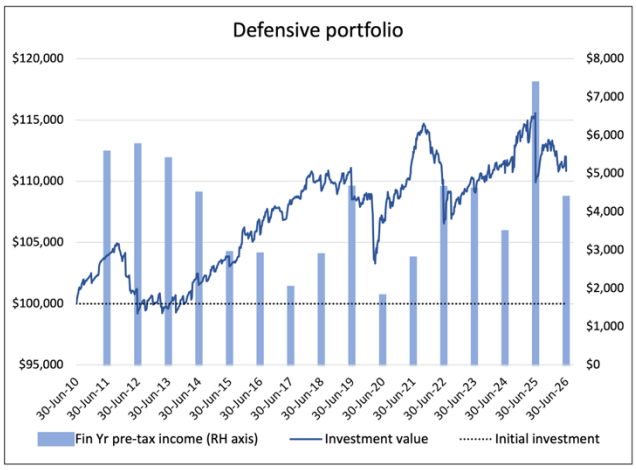
June 2026

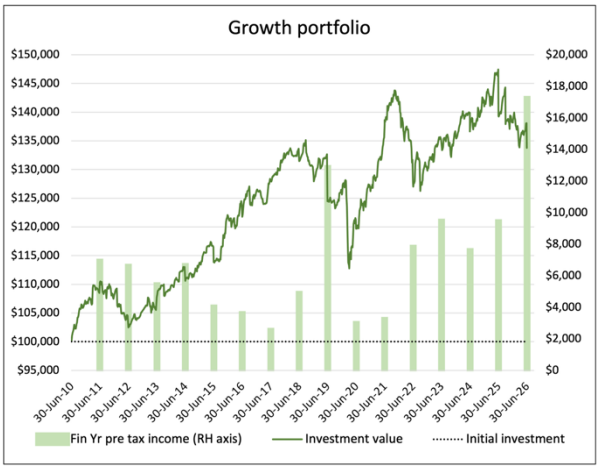
ARA INVESTMENT FUND RETURNS to 30 June 2026						
	3 Months %	1 Year %	3 Years % p.a.	5 Years % p.a.	10 Years % p.a.	Since Inception % p.a.
Defensive	1.8	4.6	4.9	4.1	3.8	4.5 (April 2003)
Growth	5.4	7.6	7.5	6.5	6.4	6.3 (April 2003)
Equities	7.3	10.1	9.9	7.9	7.4	7.2 (August 2003)
Long Term Income Builder	6.2	6.6	9.9	5.5	n/a	8.9 (March 2020)

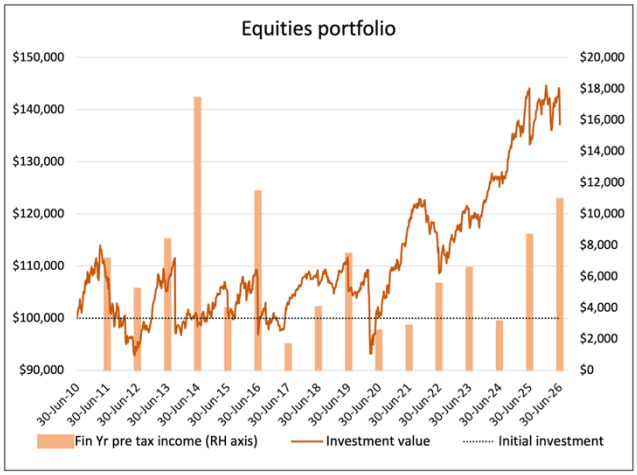
Returns in the table above exclude the value of franking credits. All ARA Investment Fund portfolios generated franking credits from investing in Australian shares, the benefit of which is realised by way of a credit against the investor's own tax liability. For an investor in the ARA Investment Fund for the full 2025/26 financial year, the value of the tax credit expressed as a percentage of their investment value was approximately:

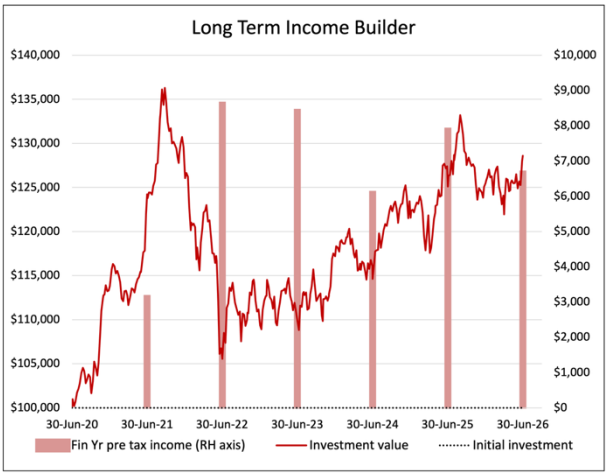
	Defensive	Growth	Equities	Long Term Income Builder
Impact of franking credits	0.1%	0.5%	0.8%	1.7%

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):









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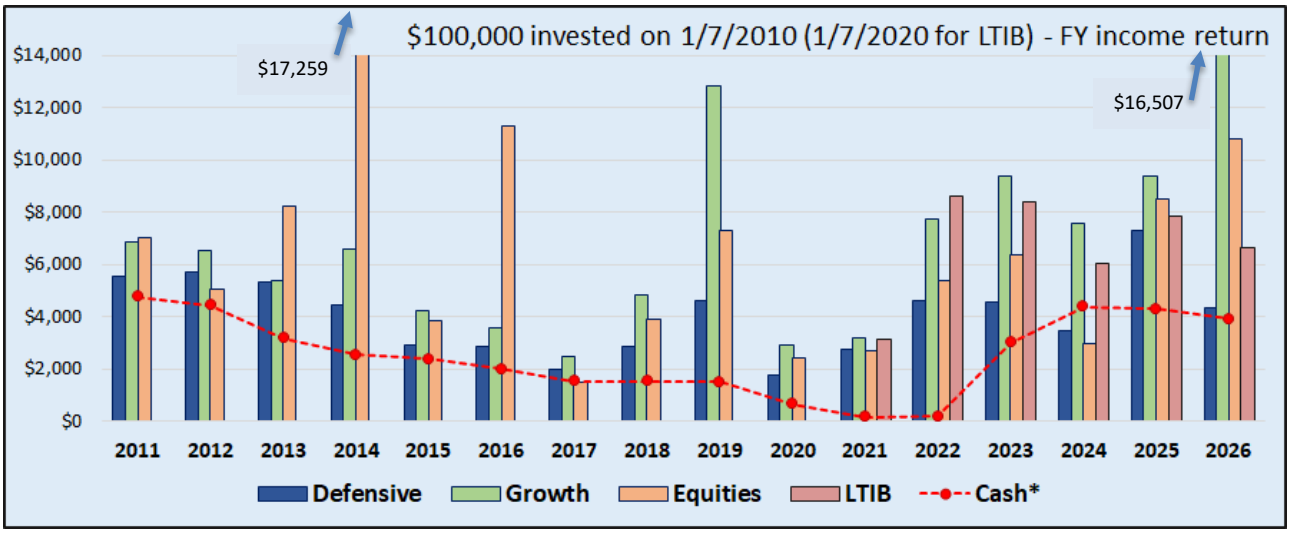
Alert investors will note that the income yield from all portfolios was again quite high this past year. Here's an updated chart showing just the income paid from each portfolio over the past 16 years, compared with bank deposits. While it's nice to note that all portfolios nearly always "beat the bank", it does raise some questions. Like why? And why do Equities and Growth usually yield better than Defensive, and fluctuate so much?



The distributions paid by the Investment Fund portfolios include two major components:

- Income earned by the fund's investments - interest from bank deposits and the like, and dividends from shares. These charts include the value of franking credits; plus
- Capital gains made upon the sale of assets. That is, if something is sold at a profit, that gain is paid out to investors.

The past year has been another busy one for managers taking profits from things that have run hard or reached a happy selling point. Looking at the list of the Top 20 holdings later in the report, compared with that from June 2025, reveals that 6 of the 20 from last year have been sold or reduced to the point of being banished from the Top 20, making way for new entrants.

Changes in major holdings since June 2025	
Out	**In**
Direct Couriers	Sureway
RPI Infrastructure	Procal
SmartPay	Reece Plumbing
Gentrack	Data#3 Ltd
Westpac	IDP Education
Big River Industries	PWH Holdings

This crystallises significant profits, which are then available for distribution. As you might expect given their make-up, this happens to a greater extent in the more growth-oriented portfolios. And it will vary from year-to-year, depending on whether the markets are throwing up good selling opportunities. Whereas Defensive is more based on interest-bearing deposits with capital stability, and the Long Term Income Builder is more of buy-and-hold strategy focusing on dividend income and so is less inclined to fluctuate.

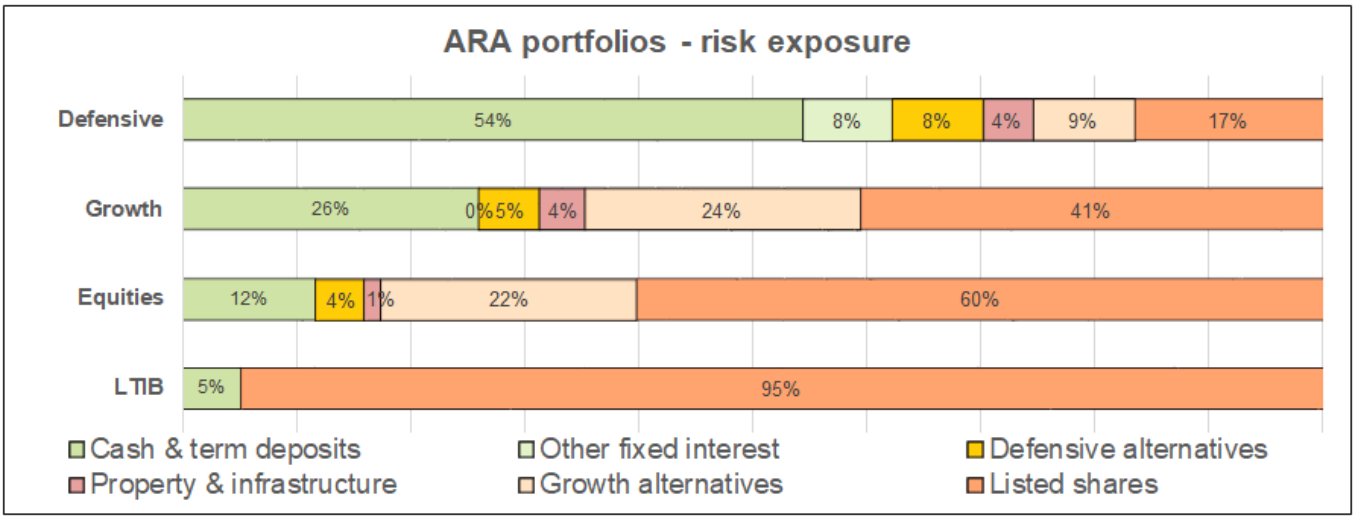
Turning over 6 out of 20 holdings in a year is a fair bit, more than you would normally expect. The fact that it happens though should be seen as a good thing, a natural consequence of a deliberate strategy of active management. It helps answer the question "Should I be buying or selling or switching?". The fund managers are on that, making those decisions for you every day.

Income payments and the extent to which they meet your short, medium and long term cash requirements are central to the philosophy we adopt in recommending the right portfolio mix for each individual investor – the "Buckets" approach. If it happens that larger than expected income payments have left you flush with cash, of course the option exists to tip some back in and re-balance the buckets. Give us a call if you want some advice on that one.

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	Cash & Tier 1 Fixed Interest	10.5%	7.0%	11.7%	5.2%
Bank Term Deposits		3.1%	3.0%	0.0%	
Challenger Life Guaranteed Annuities		33.1%	14.0%	0.0%	
First Sentier Cash Fund		3.9%	0.0%	0.0%	
Mutual Cash Fund		3.8%	1.9%	0.0%	
Coolabah Active Credit Fund	Other Fixed Interest	7.7%	0.0%	0.0%	
Sterling Equity	Listed Securities	8.1%	9.5%	6.3%	
Anacacia Wattle Fund		6.3%	10.8%	5.2%	
Dimensional Sustainability Aust		0.0%	0.4%	11.1%	
Vanguard World Ex-US ETF		1.6%	2.6%	7.9%	
Anacacia Global Fund		0.7%	1.8%	1.8%	
Dimensional Sustainability Gbl Unhedged		0.0%	7.9%	10.2%	
Dimensional Sustainability Gbl Hedged		0.0%	7.7%	10.9%	
Ironbark Apis Global Small Companies		0.0%	0.0%	4.2%	
Aoris International Fund		0.0%	0.0%	2.6%	
Listed Investment Companies		0.0%	0.0%	0.0%	74.2%
Vanguard Aust Shares High Yield ETF		0.0%	0.0%	0.0%	20.6%
Anacacia Capital	Alternative assets (Growth)	3.8%	15.3%	10.8%	
Polaris Marine		1.6%	2.2%	0.7%	
Morrison Utilities Trust		4.3%	4.1%	1.4%	
Proserpine Resources Trust		0.3%	0.6%	0.1%	
Performance Equity Mgrs Fund 4		2.2%	3.8%	3.1%	
US Opportunities Fund		0.0%	0.0%	2.4%	
Luxury Escapes		1.1%	2.1%	1.5%	
Cheesecake Shop		0.0%	0.0%	2.0%	
The Memo Fund		0.0%	0.0%	1.9%	
Infradebt	Alternative assets (Defensive)	4.2%	4.2%	3.7%	
Quota Trust		3.7%	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
MGI Golf	Private company	Golf equipment	4.2%	4.4%	4.3%
Infradebt	Private trust	Infrastructure lending	4.2%	4.2%	3.7%
Opteon	Private company	Property services	0.0%	3.7%	2.3%
Sureway	Private company	Employment services	0.0%	2.3%	1.4%
Polaris Marine	Private company	Marine services	1.6%	2.2%	0.7%
Luxury Escapes	Private company	Travel agency	1.1%	2.1%	1.5%
Florabelle	Private company	Homewares	0.7%	1.9%	1.5%
Uber	US listed company	Rideshare/Tech	1.6%	1.9%	1.3%
Google	US listed company	Technology	1.4%	1.6%	1.7%
Procal	Private company	Dairy manufacture & dist'n	0.6%	1.7%	1.3%
Reece	ASX listed company	Plumbing supplies	1.0%	1.1%	0.8%
Perth Airport	Infrastructure	Transport hub	1.1%	1.1%	0.4%
Cogstate	ASX listed company	Healthcare	0.6%	1.1%	0.5%
Transgrid	Infrastructure	Electricity transmission	1.0%	1.0%	0.3%
Schaffer	ASX listed company	Diversified industrial	0.8%	0.9%	0.6%
Quota trust	Private trust	Statutory fishing rights	3.4%	0.9%	0.5%
Data#3 Ltd	ASX listed company	IT services	0.4%	0.9%	0.4%
IDP Education	ASX listed company	Education services	0.7%	0.8%	0.6%
PWH Holdings	ASX listed company	Automotive technology	0.4%	0.8%	0.3%
Duncan Technologies	Private company	Parking technology	0.0%	0.7%	0.5%

Returns quoted in this report are after all costs, and before the application of management fee rebates. Return figures are pre-tax and assume the re-investment of distributions. 3-month return figures are for the period to 30 June 2026 and are not annualized. Data source ARA Consultants Pty Ltd & Context Capital (except where indicated)

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