VINCENTS

FY2027

Market Outlook

Kenneth Beanland, Louis Dooley & Marvin Babiano

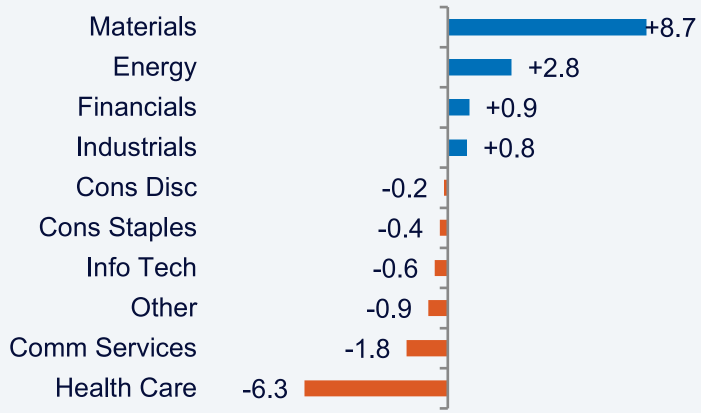
FY26 Review

Australian Equities

Balanced

TOTAL RETURN	VS ASX 200 ACCUM.
10.37%	+4.27%
TWR, year to 30-Jun-26	index +6.11%

Sector alpha (ppts)



New positions

CAR, COH, CWY, FLT, SGH, SGM, SUN

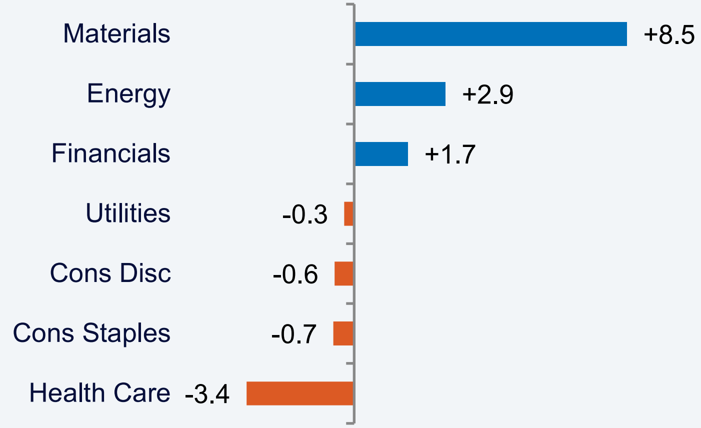
Full exits

ASX, BSL, JHX, PXA, SHL, WHC

Income

TOTAL RETURN	VS ASX 200 ACCUM.
16.12%	+10.01%
TWR, year to 30-Jun-26	index +6.11%

Sector alpha (ppts)



New positions

AMC, CSL, CWY, FLT, JIN, SUN

Full exits

ALX, APA, ASX, WHC, WOW

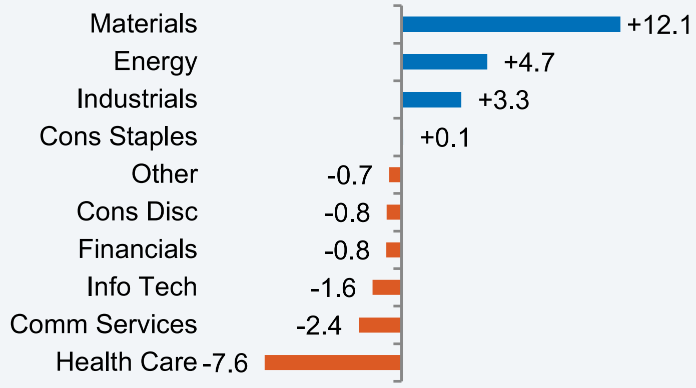
Round trips (in & out)

IPH

Growth

TOTAL RETURN	VS ASX 200 ACCUM.
13.72%	+7.61%
TWR, year to 30-Jun-26	index +6.11%

Sector alpha (ppts)



New positions

CAR, CAT, COH, CWY, FLT, LNW, NIC, SGH, SGM

Full exits

ATA, BSL, GDG, JHX, MTS, PLS, PXA, SHL, WHC

Round trips (in & out)

SKS

FY26 Review

What drove the result?

Balanced

- Materials did the heavy lifting (+8.7 ppts sector alpha) - BHP, NEM, RIO and WDS contributed +9.4 ppts of alpha against a market up just 6.1%.
- Health Care was the handbrake: CSL, RMD, SHL and COH cost -7.2 ppts of alpha; with REA (-2.0) the quality-growth cohort offset most of the resources win.
- Selling discipline added value - WHC round trip, JHX, BSL, PXA and ASX exits all avoided subsequent underperformance; proceeds-built positions in CAR, COH, SGH and SGM.

Income

- Resources overweight was the engine: BHP, RIO and WDS delivered +9.9 ppts of the +10.0 ppts of excess return, supported by bank income (ANZ, SUN, WBC, NAB all outperformed).
- Defensive income names lagged the rally - CSL, SHL, EDV and JIN cost a combined -4.3 ppts of alpha; CSL was trimmed into the position rebuild and remains the largest single drag.
- Rotation was executed well: APA, ALX, WOW and ASX exits funded FLT, CWY and SUN; the WHC round trip banked coal strength before the pullback.

Growth

- The strongest alpha stack: Materials +12.1 ppts and Energy +4.7 ppts, led by BHP, WHC, PLS, RIO and NST - the gold/resources tilt was the FY26 trade.
- Exits were exceptionally well timed: PLS sold Nov-25 (+196% from 01/07/25) and WHC sold Feb-26 (+61%) near their respective peaks; ATA, MTS and GDG exits recycled into CAT, CSC, NIC and LNW.
- Quality-growth was the drag (-10.1 ppts across CSL, REA, RMD, COH)

AU EQUITIES	Income	Balanced	Growth
1 Year	16.12%	10.37%	13.72%
vs Benchmark	*10.01%*	*4.27%*	*7.61%*
2 Year	12.88%	12.87%	11.46%
vs Benchmark	*2.99%*	*2.98%*	*1.57%*
3 Year	11.81%	11.80%	10.66%
vs Benchmark	*1.19%*	*1.17%*	*0.04%*
4 Year	13.02%	12.58%	12.49%
vs Benchmark	*1.37%*	*0.93%*	*0.84%*
5 Year	10.51%	8.29%	7.12%
vs Benchmark	*2.75%*	*0.53%*	*(0.64%)*
10 Year	10.79%	11.08%	11.76%
vs Benchmark	*1.35%*	*1.64%*	*2.32%*
Since Inception	12.45%	10.00%	12.14%
vs Benchmark	*4.11%*	*1.66%*	*3.81%*

FY26 Review

Multi Asset Portfolios

FY2026 was our first year running Multi-Asset Model Portfolios. While not a new strategy, it is pleasing to see the first year's relative returns demonstrate the alpha able to be generated through prudent tactical asset allocation decisions (in addition to the underlying investment selection).

- **Risk-on positioning rewarded.** Outperformance across all five profiles was underpinned by deliberate risk-on positioning through FY26 - portfolios carried 1–2% more growth exposure than benchmark, participating more fully in market gains while staying targeted across the sectors and asset classes we favor.
- **Floating-rate defensives.** Within the defensive allocation we favored floating-rate securities, which continued to deliver attractive income and capital stability as interest rates stayed elevated and rising. A counter consensus call we had made last year which provided meaningful relative alpha within our defensive sleeve.
- **Commodities contributed.** Meaningful commodity exposure added value, with resource markets supported by ongoing supply constraints and geopolitical uncertainty.
- **Hedged currency stance.** A predominantly hedged currency position reduced the impact of exchange-rate volatility as the AUD/USD moved around 10% higher through FY26.
- **Conviction through discomfort.** There were times during the year when risk-on felt uncomfortable, but earnings growth remained resilient - particularly in international markets.
- **Early success to build on.** It is pleasing to see early success, and we look forward to building on it as track records extend toward more meaningful, long-term horizons.

Asset Allocation	
VCM AA Model Portfolios	**1 Year**
VCM - *Conservative AA Model Portfolio	**7.14%**
vs Benchmark	*4.18%*
VCM - *Moderate AA Model Portfolio	**10.26%**
vs Benchmark	*4.48%*
VCM - Balanced AA Model Portfolio	**14.64%**
vs Benchmark	*6.33%*
VCM - *Growth AA Model Portfolio	**17.87%**
vs Benchmark	*7.34%*
VCM - Aggressive AA Model Portfolio	**21.69%**
vs Benchmark	*8.41%*
Morningstar Indices	
Morningstar Target ~ Conservative	2.97%
Morningstar Target ~ Moderate	5.78%
Morningstar Target ~ Balanced	8.31%
Morningstar Target ~ Growth	10.53%
Morningstar Target ~ Aggressive	13.29%

** Name adjusted to reflect the like-for-like portfolio benchmark.*

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Asset Allocation

FY27 Outlook

FY27 Q1 — Tactical asset allocation

Balanced is our neutral profile; tilts are then scaled by volatility across the risk spectrum

BALANCED — DELTA 1	TARGET	TACTICAL	VARIANCE	FACTOR
Cash	5.0%	**7.0%**	**+2.0%**	+40.0%
Australian Fixed Interest	19.0%	**30.0%**	**+11.0%**	+57.9%
Global Fixed Interest	14.0%	**0.0%**	**−14.0%**	−100.0%
Total Defensive	**38.0%**	**37.0%**	**−1.0%**	−2.6%
Australian Equities	24.0%	**25.0%**	**+1.0%**	+4.2%
Global Equities	24.0%	**27.5%**	**+3.5%**	+14.6%
Australian Listed Property	4.0%	**1.5%**	**−2.5%**	−62.5%
Global Listed Property	4.0%	**1.5%**	**−2.5%**	−62.5%
Infrastructure & Alternatives	6.0%	**7.5%**	**+1.5%**	+25.0%
Total Growth	**62.0%**	**63.0%**	**+1.0%**	+1.6%

Variance = tactical less target weight; factor = variance as a share of the target allocation.

FY27 Q1 TILTS	DEFENSIVE	CONSERVATIVE	BALANCED	ASSERTIVE	AGGRESSIVE
Cash	28.6%	14.0%	**7.0%**	4.1%	1.0%
Australian Fixed Interest	49.7%	46.2%	**30.0%**	17.6%	0.0%
International Fixed Interest	0.0%	0.0%	**0.0%**	0.0%	0.0%
Total Defensive	**78.3%**	**60.2%**	**37.0%**	**21.7%**	**1.0%**
Australian Equities	7.3%	15.9%	**25.0%**	30.5%	37.4%
International Equities	7.8%	17.1%	**27.5%**	36.8%	52.1%
Australian Listed Property	0.9%	1.6%	**1.5%**	0.9%	0.0%
Global Listed Property	0.9%	1.6%	**1.5%**	0.9%	0.0%
Infrastructure & Alternatives	4.8%	3.7%	**7.5%**	9.3%	9.5%
Total Growth	**21.7%**	**39.8%**	**63.0%**	**78.3%**	**99.0%**

Balanced column (bold) is the anchor allocation; other profiles are scaled for total portfolio volatility.

The shape of the book:
Defensive risk is taken at home, a nil global fixed income weighting funds our largest overweight in Australian fixed interest and cash. Growth risk tilts modestly offshore, with listed property underweight in favour of infrastructure, alternatives and gold.

FY27 Q1 — Where we see value and risk

The reasoning behind each tilt

Cash
Liquidity retains real option value in a volatile economic and market environment, so we hold the overweight cash weighting.

Australian fixed interest
Our largest absolute and relative overweight, funded by a nil weighting to global fixed income. Offshore credit - the US in particular - is not paying investors for its risk: spreads sit near historic tights, and Treasury volatility remains a headwind o confident allocation.

Equities
Our preference has flipped to a modest global bias **over** the domestic market (both remain within range of neutral), with Australia's political and economic backdrop adding policy risk as a headwind.

Listed property
Global monetary-policy uncertainty, alongside the growing high-beta composition of property indices, has moved us underweight both Australian and global listed property.

Infrastructure, alternatives & gold
Partially offsetting the property underweight is an overweight infrastructure allocation, complemented by an increased allocation to gold following recent spot weakness — the metal's structural tailwinds remain intact.

FY27 Q1 TILT SUMMARY

▲	Cash	Overweight
▲	Australian Fixed Interest	Overweight
▼	Global Fixed Interest	Underweight
●	Australian Equities	Neutral
●	Global Equities	Neutral
▼	AU & Global Listed Property	Underweight
▲	Infrastructure & Alternatives	Overweight

Relative to strategic benchmark weights

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Investment Selection

FY27 Outlook

Fixed Interest

Are we there yet?

Home bias, justified.
We maintain an overweight domestic fixed income allocation with nil global fixed income. ACGBs offer a strong relative yield with no FX drag, AAA credit (one of only 11 sovereigns rated so) and the best yield-per-unit-duration (0.63) of the major markets.

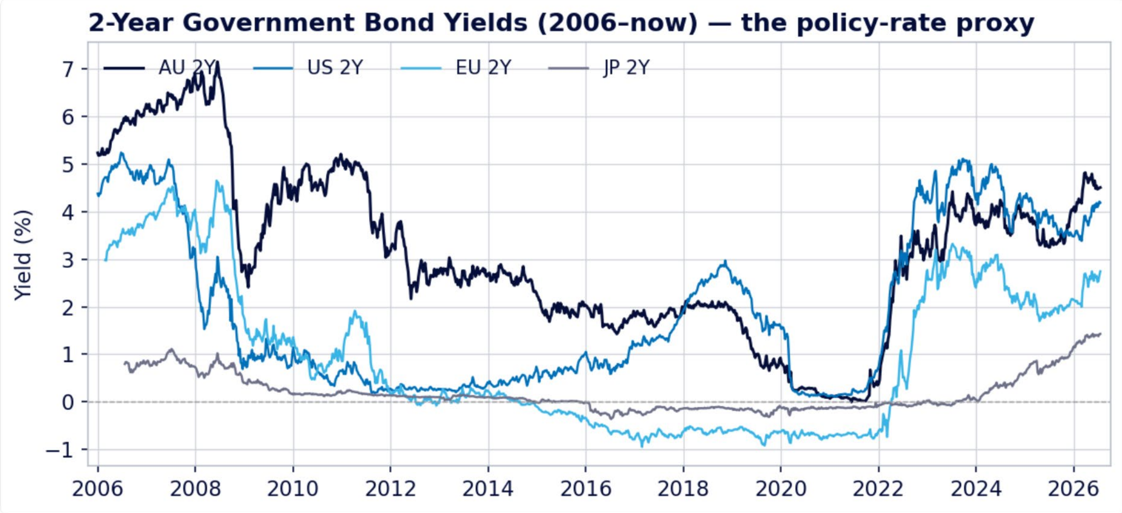
No reason to export duration.
With the AU–US spread at just +30bps, there is no yield case for exporting duration to the US on a hedged basis - accepting lower credit quality and higher volatility for it.

Adding duration locally.
We have begun selectively adding duration on the view that the hiking cycle is closer to its end than its start: consumer discretionary spending is deteriorating rapidly (as evidenced by the sharp decline in disposable income) and unemployment is rising. The market prices ~1 more hike by year end; we see growing evidence the RBA has already reached the medium-term high of this cycle.

The core risk.
Higher cyclical inputs - energy and fertiliser in particular - could pressure the central bank to tighten further. This is the key risk to our monetary policy outlook and is core to why we only staging into duration and doing so selectively.

What the front end says.
The 2Y yield is the market's policy-rate proxy. Australia's front end led the move higher as the RBA's hiking bias was priced in - positioning we have carried for the past 12 months. That trend is now reversing, with the AU 2Y contracting against upside momentum in the US 2Y.

	AUSTRALIA	UNITED STATES	EUROZONE	JAPAN
2Y yield	**4.51**	4.19	2.74	1.43
10Y yield	**4.89**	4.59	3.09	2.69
2s10s (bps)	**38**	40	34	126
10Y Δ 1yr (bps)	**54**	17	41	116
2Y Δ 1yr (bps)	**118**	32	91	65
10Y vol, 3y (bps)	**82**	90	69	48
Mod. duration	**7.8**	7.9	8.5	8.7
Rating (M / S&P)	**Aaa / AAA**	Aa1 / AA+	Aaa / AAA	A1 / A+



Sources: TradingView (weekly 2Y & 10Y closes to 13 Jul 2026); RBA, Fed, ECB and BoJ communications; Moody's, S&P and Fitch. Durations are par-bond approximations; hedge carry proxied via 2Y cross-market differentials.

Fixed Interest

Avoiding cockroaches - quality over credit

Quality first.
We maintain overweight bank and government exposure, keeping credit quality high within defensive allocations. Duration positioning - not credit risk - is the likely driver of fixed income alpha in the year ahead.

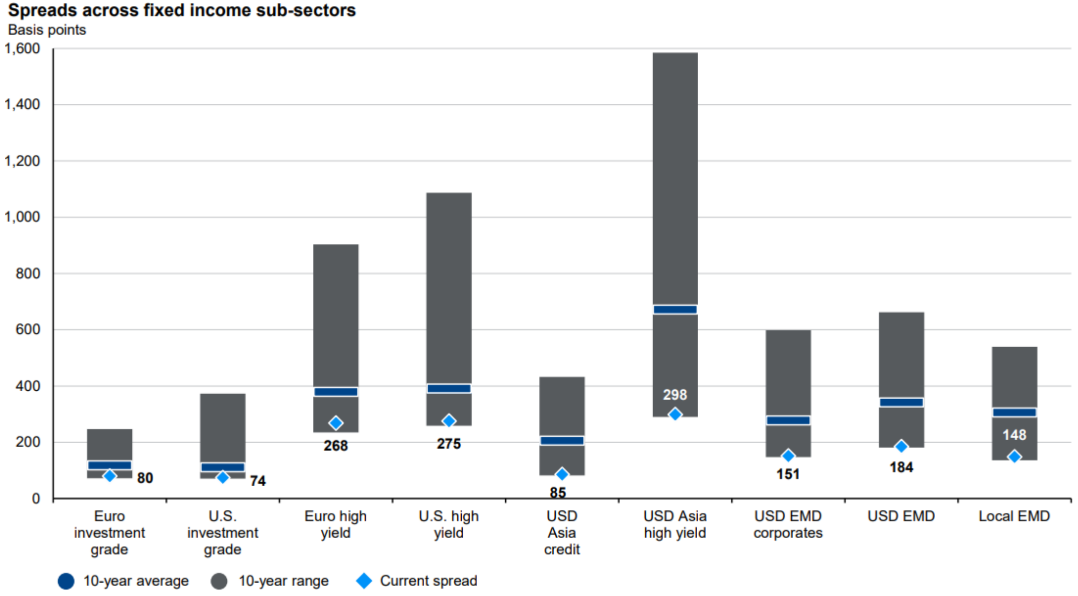
Spreads aren't paying you.
At near-historic lows, spreads are not adequately compensating investors for credit risk. This view holds across geographies.

Losses could surprise.
Borrowers have proven resilient to date, but with little-to-no flex left in household savings, drifting unemployment and early signs of SME stress - credit losses could surprise to the upside in FY27.

The bond case.
Equally, economic conditions could surprise to the downside and pull potential policy easing into FY27 - an environment traditionally supportive of bonds.

Private credit caution.
We have been actively reducing - in some cases removing - exposure to private credit. Fitch reported a record 6.0% US default rate in April 2026, and headline figures likely understate the stress. Add illiquidity, opaque valuations and a higher-rate environment squeezing floating-rate borrowers, and the asset class is approaching its first real cycle test.

Bottom line.
This is a time for defensive allocations to serve as a genuine volatility ballast and provide downside protection, not equity style returns through higher yields.



Source: Bloomberg L.P., FactSet, ICE BofA, J.P. Morgan Securities, J.P. Morgan Asset Management, Guide to the Markets — Australia. Data as of 10 Jul 2026. Past performance is not a reliable indicator of future results.

Record defaults, record-tight spreads. The disconnect between credit pricing and emerging borrower stress is why we would rather own duration than spread.

Preferred exposures:

OZBD | AGVT | BSUB | FSUB

Australian Equities

Boring old Australia - on a premium multiple

No margin of safety at the index level.
Stretched aggregate valuations (the dividend yield now sits below the 10Y ACGB yield), financials concentration and economic stagnation cap multiples and total returns for the year ahead.

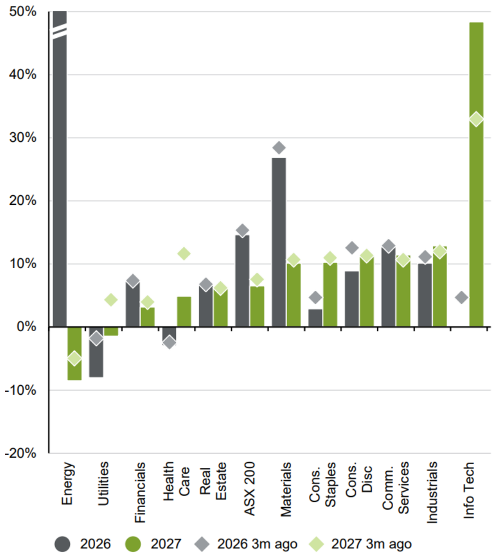
Beta looks hard-pressed.
Market beta is unlikely to deliver trend growth over the next 12 months, and aggregate EPS growth does little to justify current multiples. We maintain a hard tilt to security selection over passive exposure.

Growth likely to disappoint.
Unemployment is rising, compounded by a deflating wealth effect should property prices moderate under the new government's budget backdrop.

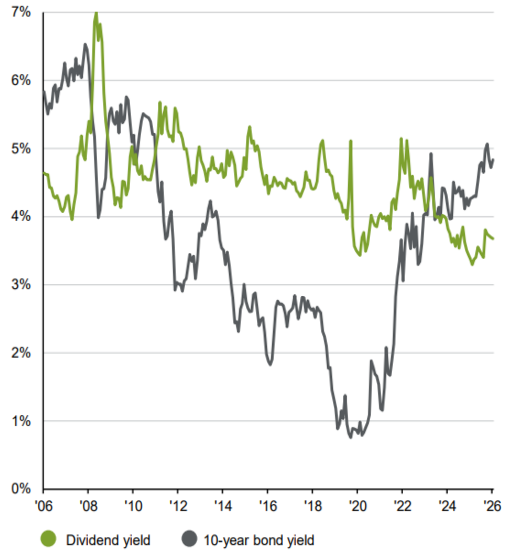
Underweight the majors.
As we have detailed before, we remain underweight the major banks - the Majors sit more than two standard deviations above long-run multiples on sub-5% EPS growth.

The consumer is the tell. Falling real disposable income and a drained savings buffer underpin both our cautious index view and our preference for adding domestic duration.

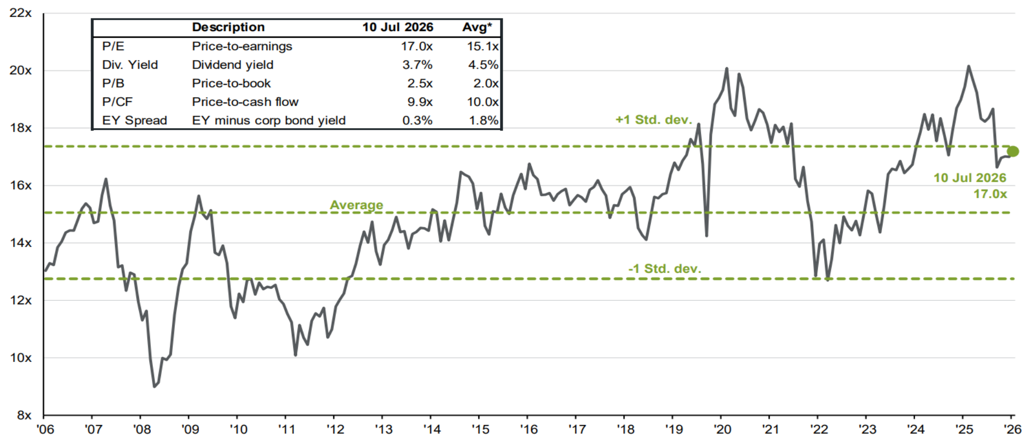
ASX 200 earnings per share growth estimates
Year-over-year



ASX 200 dividend yield vs. bond yield



ASX 200 Index: Forward P/E ratio



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management, Guide to the Markets — Australia. Data as of 10 Jul 2026.

Australian Equities

Beta unlikely to be compelling - be active

Stay cyclical.
We retain overweight cyclicals and commodities exposure.

Gold – the pullback is a gift.
Gold fell from ~US$5,400 to below US$4,000 on a hawkish Fed and easing war risk; sentiment has moved to the back burner. Producer AISC margins above ~US$3,200/oz will generate enormous free cash for the cohort.

Copper.
Structural growth themes remain intact and we maintain the allocation.

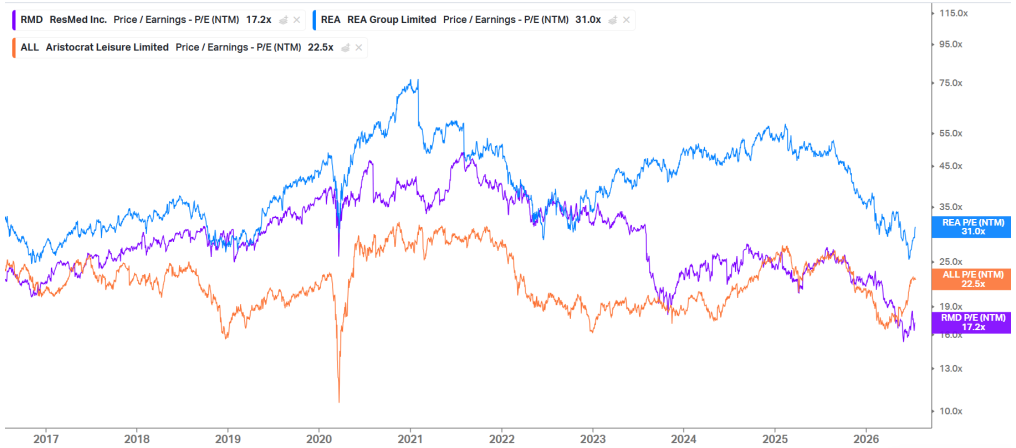
Energy.
The pullback has restored valuation support; we retain overweight allocations, albeit trimmed from prior levels.

Picks and shovels.
One of the few sectors set to benefit from recent government policy changes. Policy uncertainty may be a short-term headwind, but as settings are formalised we expect supply to be unlocked through new construction - a major tailwind for the few remaining listed quality operators.

Quality growth - oversold.
Selling pressure looks materially overdone. We acknowledge idiosyncratic risks in each, but valuations support current pricing and quality capital management should steer these businesses to recovery.

Healthcare.
High-quality providers are a compelling opportunity for the year ahead being currently priced on multi-decade lows with seemingly no expectation for genuine operational improvements from the rollout of emerging AI technologies.

Source: TradingView.



Source: Koyfin (S&P Capital IQ).

Preferred exposures:

NEM | BHP | WDS | SGH | ALL | RMD | NST | CSC | SGM | REA

US Equities

How high can the bar be raised – and still cleared?

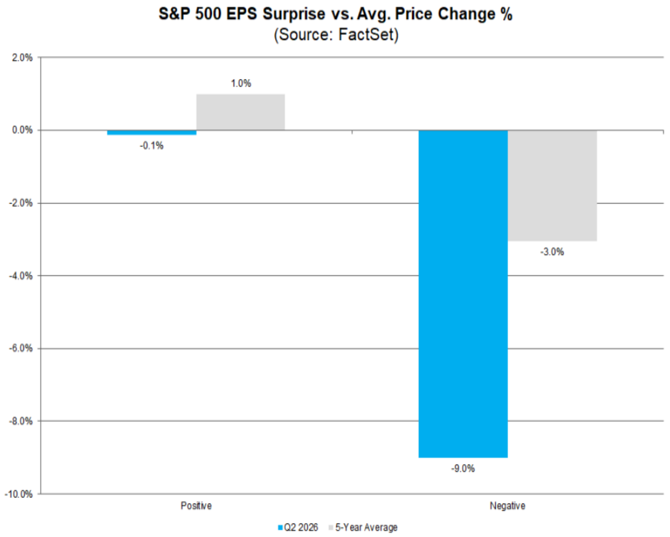
Selective, not absent.
We remain selective in US equity allocations, with concerns over growing leverage, declining free cash flow and earnings growth rates that must eventually mean-revert - despite being priced for persistent, near-perpetual growth.

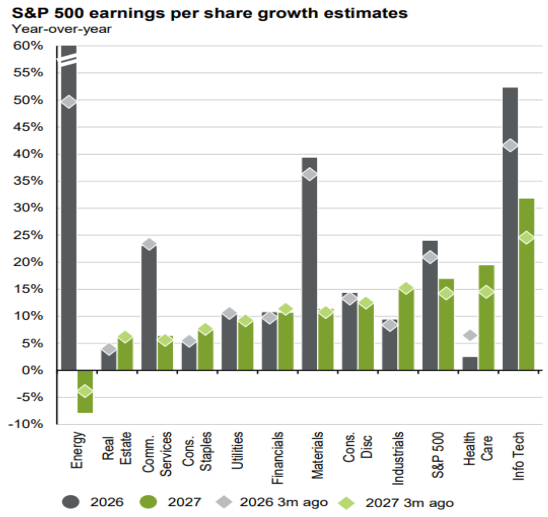
The market is rewarding less and punishing more.
Early in reporting season, FactSet notes even beats are returning −0.1% versus a five-year average of +1%, while misses are being oversold at three times the five-year average (−9%).

Sentiment is a contrarian signal.
Overly bullish positioning - BofA's Fund Manager Survey shows cash at just 3.6% - flags overconfidence, and historically high market leverage reinforces it. Momentum can carry this further, but the factor turns quickly; we caution investors against following the herd in this regime.

The takeaway.
The case for active management is seldom more compelling.

Leverage at highs, cash at lows. When the marginal buyer is fully invested and margined, the reward for owning the index shrinks - and the reward for selection grows.





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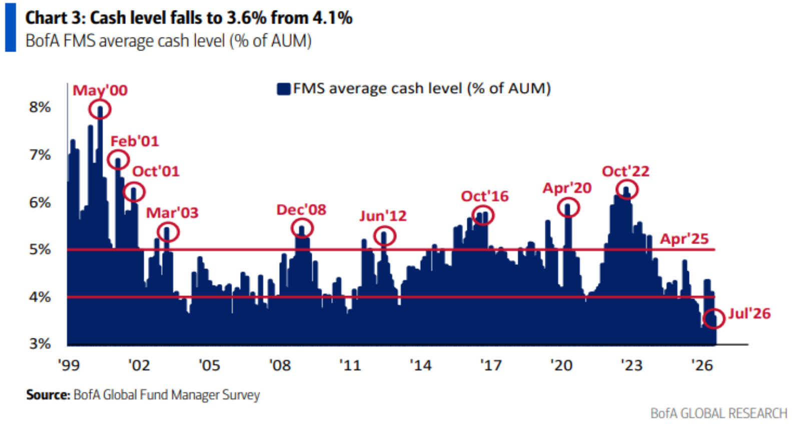
Bloomberg; BofA Global Fund Manager Survey.



BofA FMS cash level dropped from 4.1% to uber-low 3.6% of AUM (lowest since Feb'26), triggering a sell signal on the BofA Global FMS Cash Rule ("sell" when cash at or below 4.0%).

US Equities

The rollout is the new buildout

The under-appreciated layer.
The application and distribution layers look aggressively under-appreciated in the AI complex - the spotlight remains on the buildout, not the rollout. We expect the transition of investor focus to be a defining theme of FY27 in the US market.

Follow the deployment race.
The question is who is winning deployment and generating genuine business outcomes through AI. If those winners don't emerge, expect downward pressure on the builders regardless - predicated on an inability to convert capex into cash flow.

Two ways to win, one way priced.
If deployment succeeds, the application layer re-rates; if it doesn't, the builder's de-rate first. Either path favours rotating spotlight-to-shadow.

Selective on the hardware leaders.
Headline-level caution is undoubtedly warranted, but there are clear winners in hardware. Sustaining historic earnings growth requires prudent selection, and we back the leaders to be constructive with FCF reinvestment - converting traditionally cyclical cash flow into a structural growth case that extends the runway.

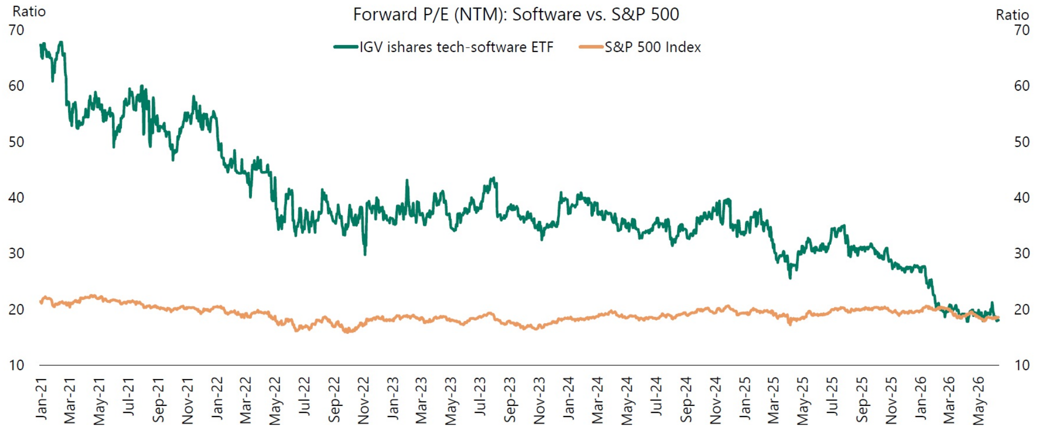
Watch free cash flow, not announcements. Hyperscaler FCF is already bending under the capex cycle - conversion, not capacity, decides the winners in the next leg.

Preferred exposures:

CRM | UBER | SPOT | NVDA | ASML | CRWD | NFLX | TSM

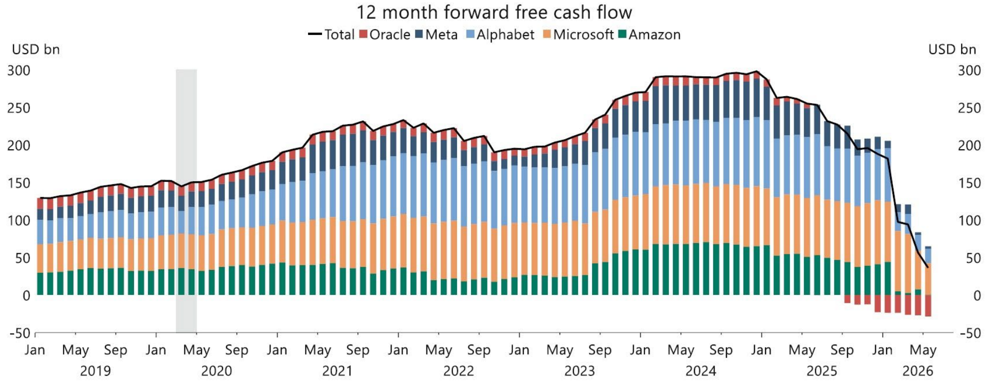
APOLLO

Software trades at its lowest relative valuation in years



APOLLO

Hyperscaler free cash flow coming down



Source: Bloomberg, Macrobond, Apollo Chief Economist.

Global Equities

When beating expectations is the expectation – time to broaden out

The case for broadening.
Violent single-day moves in key technology and AI-adjacent names point to crowded AI trades, valuation fatigue and a "beating expectations is the expectation" standard - warranting diversified sources of alpha through secular and geographic positioning.

Asia - own the users of AI.
We are refining our Asian allocation with a firmer bias toward China, Taiwan and Hong Kong - specifically the users of AI, trading at attractive multiples – as we look to recycle profits from South Korean memory, Samsung (SMSN LI, trimmed), which we believe is overcrowded.

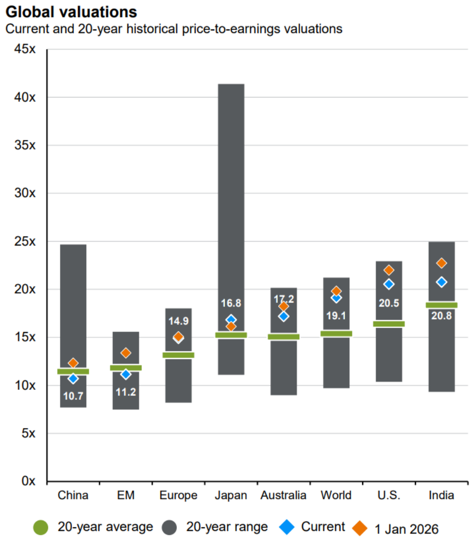
Europe - oversold industrials.
Parts of the European industrial complex look oversold against core tailwinds in the rearmament and electrification thematics.

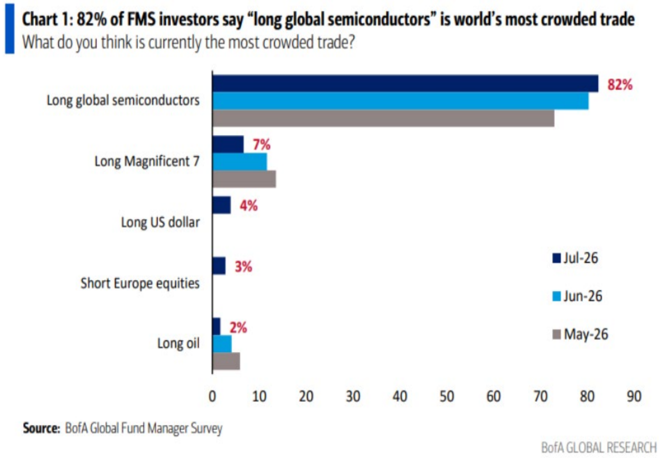
Luxury - the K-shaped consumer.
The K-shaped economy is a tailwind for high-quality luxury retail, with inelastic demand from the upper leg of the K - a through-the-cycle support.

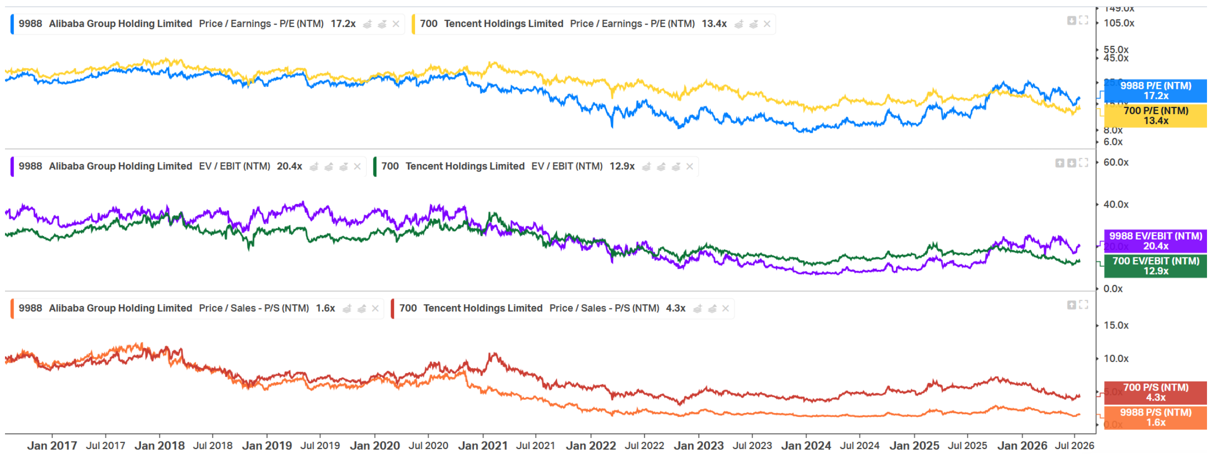
The expectations bar is the risk. When beating is the expectation, even good results get sold. Broadening lowers the bar enough for ordinary execution to surprise and provide genuine upside.

Preferred exposures:

9988.HKE | RACE | SIE.ETR | 0700.HKE | MC







Sources: BofA FMS, Koyfin, J.P. Morgan Asset Management, Guide to the Markets — Australia; FactSet; MSCI. Data as of 10 Jul 2026.

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