PPM
PRIVATE PORTFOLIO MANAGERS

# Quarterly Market Commentary

**30 JUNE 2026**

# PORTFOLIO HOLDINGS & INDEX PERFORMANCE

30/06/2026

| | Price | % Chg - Qtr | % Chg - 1yr |
|---|---|---|---|
| **Indices** | | | |
| ASX All Ordinaries Accumulation Index | 119,826.60 | 4.00% | 5.69% |
| MSCI World Net Total Return Index | 15,582.84 | 13.76% | 21.34% |
| MSCI World Net Total Return Index (AUD) | 251,905.00 | 12.50% | 14.80% |
| S&P/ASX 200 A-REIT Total Return Index | 80,081.94 | 13.74% | -2.24% |
| S&P 500 Index | 7,499.36 | 14.87% | 20.86% |
| NASDAQ Composite Index | 26,213.72 | 21.41% | 28.69% |
| Philadelphia Semiconductor Index | 14,246.96 | 87.75% | 156.86% |
| Europe 600 Index | 641.73 | 10.05% | 18.54% |
| UK 100 Index | 10,497.12 | 3.15% | 19.82% |
| German Stock Index | 24,995.81 | 10.21% | 4.54% |
| Nikkei (Japan) 225 Index | 70,062.32 | 37.21% | 73.05% |
| Tokyo Stock Exchange Index | 3,994.76 | 14.21% | 40.03% |
| Hong Kong Index | 22,881.02 | -7.69% | -4.95% |
| China 50 Index | 15,701.97 | 7.74% | 15.97% |
| Singapore All Cap Index | 691.84 | 7.08% | 28.65% |
| **Currencies** | | | |
| AUD/USD | 0.692 | 0.28% | 5.14% |
| AUD/GBP | 0.522 | -0.21% | 8.87% |
| AUD/EUR | 0.606 | 1.44% | 8.51% |
| AUD/CHF | 0.559 | 1.40% | 7.17% |
| AUD/JPY | 112.484 | 2.71% | 18.67% |
| **Commodities** | | | |
| Iron Ore (US$/t) | 93.41 | -8.52% | 5.42% |
| Copper (US$/lb) | 6.25 | 9.34% | 18.69% |
| Gold (US$/oz) | 4,008.02 | -14.14% | 21.34% |
| Nickel (US$/t) | 16,193.02 | -5.91% | 2.11% |
| Zinc (US$/t) | 3,582.96 | 10.88% | 28.27% |
| Uranium (US$/oz) | 85.25 | 1.49% | 14.66% |
| Aluminium (US$/t) | 3,076.37 | -12.64% | 18.42% |
| Brent Oil (US$/bbl) | 72.92 | -38.39% | 7.85% |
| Newcastle Coal (US$/t) | 129.65 | -8.99% | 17.97% |
| Henry Hub Gas (US$/mBtu) | 3.28 | -0.76% | -22.25% |
| Corn (US$/bushel) | 4.13 | -9.83% | -1.84% |
| Eastern States Young Cattle Indicator (¢/kg cwt) | 10.10 | 21.83% | 41.65% |
| **Bond Yields** | **US** | **AUS** | |
| 10 Year Bonds | 4.47% | 4.72% | |
| 5 Year Bonds | 4.23% | 4.40% | |
| 1 Year Bonds | 3.97% | 4.51% | |
| **Rates** | | | |
| RBA Cash Rate | 4.35% | | |
| Fed Funds Rate (Mid Point of Target Range) | 3.63% | | |
| ECB Interest Rate | 2.25% | | |

| Domestic | Ccy | Share Price | % Chg - Qtr | % Chg - 1yr |
|---|---|---|---|---|
| **Consumer Discretionary** | | | | |
| JBH | AUD | 80.48 | 11.13% | -27.07% |
| HVN | AUD | 4.82 | -2.23% | -8.54% |
| **Consumer Staples** | | | | |
| ELD | AUD | 5.14 | -28.61% | -18.41% |
| WOW | AUD | 40.03 | 9.94% | 28.67% |
| **Financials** | | | | |
| CGF | AUD | 10.00 | 20.77% | 23.76% |
| NOL | AUD | 1.19 | -1.24% | -21.71% |
| SDF | AUD | 5.10 | 20.00% | -15.14% |
| ANZ | AUD | 35.35 | -1.72% | 21.23% |
| AUB | AUD | 28.64 | 17.86% | -19.28% |
| **Industrials** | | | | |
| JHX | AUD | 38.19 | 46.32% | -8.42% |
| VNT | AUD | 6.19 | 18.36% | 19.50% |
| ORI | AUD | 23.68 | 18.05% | 21.50% |
| RDX | AUD | 3.97 | 20.30% | 83.80% |
| **Energy** | | | | |
| ORG | AUD | 10.98 | -11.31% | 1.76% |
| **Materials** | | | | |
| RIO | AUD | 172.51 | 6.86% | 61.03% |
| **Technology Media & Telecomunication** | | | | |
| DDR | AUD | 12.58 | 47.48% | 55.89% |
| WTC | AUD | 33.00 | -13.20% | -69.73% |
| XRO | AUD | 72.22 | -3.86% | -59.83% |
| **Healthcare** | | | | |
| RMD | AUD | 28.88 | -10.20% | -26.61% |
| **Property** | | | | |
| DXS | AUD | 5.40 | -8.78% | -18.80% |
| SCG | AUD | 3.86 | 16.27% | 8.43% |

| Global | Country | Ccy | Share Price | % Chg - Qtr | % Chg - 1yr |
|---|---|---|---|---|---|
| **Consumer Discretionary** | | | | | |
| AMZN | US | USD | 238.34 | 14.44% | 8.64% |
| ULTA | US | USD | 450.98 | -13.72% | -3.60% |
| ABNB | US | USD | 143.10 | 13.32% | 8.13% |
| DHI | US | USD | 162.88 | 18.70% | 26.34% |
| **Consumer Staples** | | | | | |
| PG | US | USD | 146.64 | 1.52% | -7.96% |
| **Diversified Financials** | | | | | |
| ALV | Germany | EUR | 412.60 | 13.76% | 19.52% |
| UBSG | Switzerland | EUR | 40.06 | 30.36% | 49.20% |
| 2318 | China | HKD | | -15.76% | 1.59% |
| **Banks** | | | | | |
| LLOY | UK | GBP | 111.10 | 20.32% | 44.85% |
| WFC | US | USD | 82.64 | 3.81% | 3.15% |
| SAN | SP | EUR | 12.08 | 27.33% | 71.97% |
| **Healthcare** | | | | | |
| DXCM | US | USD | 67.35 | 7.25% | -22.84% |
| **Industrials** | | | | | |
| HON | US | USD | 223.90 | -5.50% | -2.65% |
| DE | US | USD | 634.33 | 12.61% | 24.75% |
| URI | US | USD | 1132.89 | 55.50% | 50.37% |
| UBER | US | USD | 72.16 | 0.32% | -22.66% |
| SIE | Germany | EUR | 281.00 | 32.77% | 28.72% |
| **Technology Media & Telecomunication** | | | | | |
| MSFT | US | USD | 373.02 | 0.77% | -25.01% |
| SAP | Germany | USD | 135.08 | -8.88% | -47.63% |
| GOOG | US | USD | 353.33 | 23.17% | 99.18% |
| META | US | USD | 563.29 | -1.55% | -23.68% |
| INTU | US | USD | 261.00 | -39.64% | -66.86% |

## OVERVIEW: Hugh MacNally

Global equity markets recovered strongly during the quarter, with the MSCI Index (an index of global stocks) up 12.5% in Australian dollar terms and 14.8% for the last 12 months. Investors looked beyond geopolitical tensions and refocused on the earnings performance of major companies. Attention was concentrated on AI infrastructure (data centres and associated facilities) and the semiconductor ecosystem (chip fabricators and designers, such as Nvidia), where earnings growth has been extremely strong. This resulted in significant outperformance from a relatively small group of technology and semiconductor companies. As a result of the market performance of these stocks the valuations have become excessive. We have taken the view that the risks are no longer justified in this sector and have over the last year sold investments in these companies. We were early investors in this sector when the pricing was attractive, and our departure reflects what are now speculative conditions.

After five years of very high global equities returns, increased discipline in weighing risk against return is required. This doesn't mean there aren't opportunities; markets have ignored many sectors, and identifying value in these areas has been our focus.

The Australian equity market performance, lacking any significant exposure to AI infrastructure or chip manufacture, lagged significantly. The All-Ordinaries Accumulation Index rose 4.0% during the June quarter and 5.7% for the financial year, well below its global peers. Software and services, being the main technology exposures, compounded the problem, as they have been viewed as likely victims of AI. The brightest spot was the performance of major resource companies. The banking sector, which had performed extremely well in a share price sense in 2025, finally succumbed to the weight of excessively high valuations, except for the ANZ Bank.

While the Australian market's performance was well below that of other developed markets, this relative weakness has created opportunities, particularly across services industries where valuations have become increasingly attractive. In many cases, share prices now appear to reflect an overly pessimistic view of the earnings outlook.

The Australian dollar, which had risen 12% to May, started to retreat, finishing the year up 5% against the US$. A combination of stronger commodity prices (which are traditionally beneficial for the A$) and rising cash rates in contrast to other developed economies were major factors.

As is covered in more detail below, inflation for the Australian economy is proving more persistent than was widely expected, resulting in the RBA choosing to raise rates earlier than central banks in other developed economies. There is widespread concern that the forces contributing to inflationary pressures are structural; most disturbing is the lack of growth in labour productivity, accompanied by increased wage growth expectations.

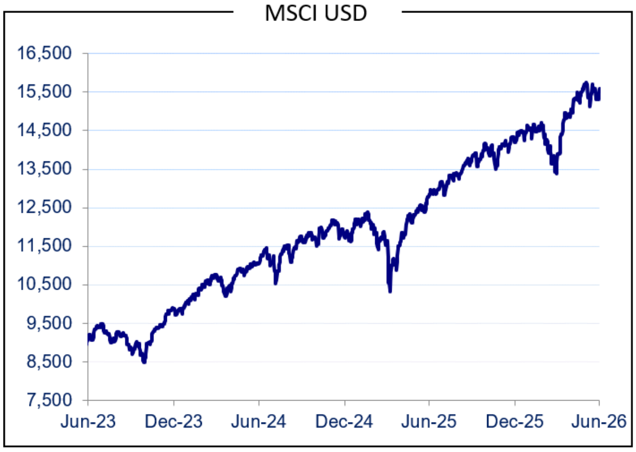
The A-REIT sector rebounded strongly, supported by improving financing conditions and the return of institutional capital, which drove a pickup in commercial real estate transaction activity. Industrial and retail assets both benefited from strong operating performance, resilient occupancy, and steady rental income growth. A continued flight to quality also supported premium office, which outperformed the rest of the office sector.

Details for other markets can be found in the accompanying "*Portfolio Holdings & Index Performance*" data sheet.

Global inflationary pressures persisted during the June quarter as higher energy prices delayed expectations for rate cuts and reinforced a higher-for-longer interest rate outlook. Central banks remained cautious, with Australia standing out after the RBA raised rates further before pausing to assess the impact of tighter policy. Other major central banks largely maintained restrictive settings, balancing slowing economic growth against ongoing inflation risks. Bond yields remained elevated as markets adjusted to a prolonged period of higher rates, creating short-term volatility but improving long-term return prospects across fixed income as investors are better compensated for duration risk.

## GLOBAL EQUITIES: Hugh MacNally

**International Equities Performance**




**Source:** Bloomberg

Global markets rebounded during the June 2026 quarter, posting a very strong return of 12.5% in Australian dollar terms. This brings the return for the financial year to 14.8%.

The recurrence of Middle East conflict has again raised inflationary expectations as a flow on from energy and other commodity price increases. How this current conflict will play out is difficult to predict, however, placing too much emphasis on this as the cause of inflationary pressures is probably a mistake (however politically convenient this explanation might be).

Returning to the performance of companies and industries:

The focus of markets has firmly been on AI infrastructure and chip manufacture, demand for which has been extremely high and the earning of companies in these sectors have increased dramatically. So have their share prices, to the point where they reflect a high level of speculation. It must be remembered that this is an extremely cyclical industry, and one given to excesses that are comparable to resource booms. The demand for computing power may seem insatiable, but the advances in technology's capacity to increase capacity is also dramatic. Additionally, the availability of computing capacity lags the commencement of construction (by about 2 years, we think). Paying extremely high prices for companies in these industries is risky. After the collapse of the bitcoin mining boom in 2021 Nvidia fell 60% and the chip industry was in one of its recurrent slumps.

We have however retained holdings in the four major tech companies, Microsoft, Amazon, Alphabet and Meta. These companies have extremely high rates of return on capital, even after very high levels of capital expenditure. This expenditure has been funded by even higher operational cash flows (as has been discussed in earlier quarterly reports). We have made a number of adjustments to the holdings, favouring larger holdings in Microsoft and Amazon out of the four. We think that they are best placed in software and infrastructure respectively. Alphabet has been reduced after a year when the share price doubled, and the valuation became less attractive.

The next largest industry exposure is in European banks and Insurance companies. While this has been reduced slightly it remains significant. Returns on capital generated by these companies are high and of similar levels to those prior to the GFC, nearly 20 years ago (in stark contrast to Australian banks). We had built up very high holdings as many were trading at a discount to asset backing – this valued the franchises they had built a zero or less, now they are trading at more normal multiples of their equity; attractive but not as compelling as in the past. Lloyds and Banco Santander rose 45% and 72% respectively during the year.

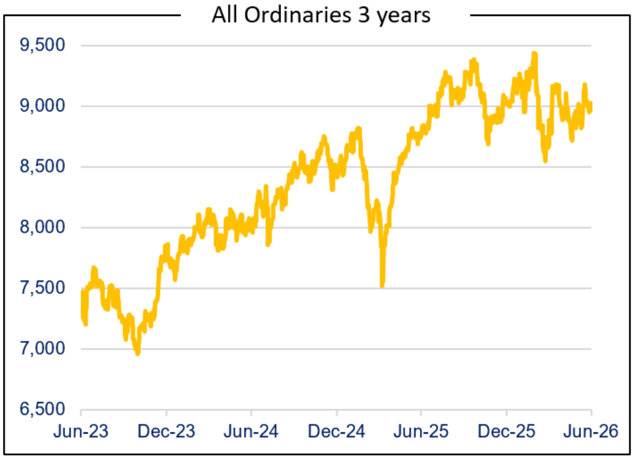
United Rentals, the largest industrial holding in the portfolios, remains a favoured stock. The company continued to demonstrate strong financial performance through high fleet utilisation, disciplined pricing and growth in its higher-margin specialty rental business. As the largest equipment hire business in the US, it benefits from scale advantages that provide an enduring competitive advantage, including lower equipment costs, broader availability and higher utilisation levels.

Other areas we have been focussing on are software and service companies with large and longstanding customer bases and good growth in revenue and cashflows. The sector has been badly mauled, in share price terms, over the last 18 months, by the view that these businesses will be replaced by AI agents. They are deeply entrenched in the customer's operations, and we feel they will more likely be beneficiaries than victims – certainly their revenue growth has not indicated that they are roadkill. Two examples are: SAP, the giant German enterprise software provider and Intuit Inc, the dominant SMB and personal tax software provider in the US (the domestic strategy has also invested in the Australian equivalent, Xero).

Honeywell provides another example of this focus on established businesses with strong market positions and scope to unlock value. Late in June, the company completed its separation into two independent businesses, Honeywell International and Honeywell Aerospace, a change we believe should allow each to sharpen its strategic focus and better realise its long-term value over time. We are hopeful that Honeywell Aerospace can follow a similar path to Howmet, another aerospace investment that generated strong returns for the portfolios.

## AUSTRALIAN EQUITIES: Peter Reed

**Australian Equities Performance**




**Source:** Bloomberg

The Australian equity market produced a solid return over the quarter, gaining 4.0%, although this lagged well behind global markets. Strongest of the sectors were Consumer Discretionary (+16.7%), Information Technology (+13.1%) and Property (+11.6%).

Weakest sectors were Energy (-17.0%), Healthcare (-7.5%) and Telecommunications (-4.9%).

Portfolio holdings showing strongest gains were Dicker Data (+48.3%), James Hardie Industries (+46.3%) and Challenger (+20.8%).

Weakest holdings were Elders (-30.3%), WiseTech (-12.4%) and Origin Energy (-11.3%).

Following the addition of insurance broker Steadfast last quarter, we further increased our exposure to the sector with the addition of AUB Group. AUB is one of Australasia's leading insurance broking networks, built on a partnership model where AUB takes equity stakes in local brokerages and underwriting agencies rather than running them centrally. This aligns incentives with the principals who actually run the businesses, while its BizCover digital platform extends reach into the small-business segment that traditional face-to-face broking doesn't easily serve. The 2022 acquisition of Tysers gave AUB a genuine foothold in the London wholesale market, diversifying it by geography and adding a specialty-lines capability alongside its core SME broking strength.

The investment case is essentially a story of a high-quality, capital-light franchise going through a period of perceived uncertainty. A private equity consortium's failed takeover approach and subsequent withdrawal left the shares oversold relative to the underlying business, which continues to benefit from resilient, often mandatory demand for insurance advice, a diversified earnings base, and clear management focus on bedding down its recent acquisitions rather than chasing further deals. The main risks are further cyclical softening in insurance pricing and longer-term questions around AI's effect on broker distribution; however, we feel confident in the company's ability to manage both.

Portfolio activity during the quarter focused on rebalancing within the portfolio including outright sales as well as trimming of positions.

Sonic Healthcare was an outright sale with it becoming apparent that difficulties managing cost pressures would likely weigh on performance for some time to come. A similar decision was made in the case of Lindsay Transport which had been facing an environment of heightened competition. Although this will likely rectify over time, determining the timing of this was somewhat difficult.

At the same time, strong share price performance from some longer held portfolio holdings, including Redox, Ventia and Dicker Data, saw us trim positions as the stocks gained following 1H'26 earnings results.

Redox delivered another solid result, with revenue and earnings growth supported by steady demand across the industrial and food ingredient markets. Management highlighted continued market share gains, disciplined cost control, and a strong balance sheet despite softer economic conditions in some end markets. The company reaffirmed its focus on organic growth and selective acquisitions.

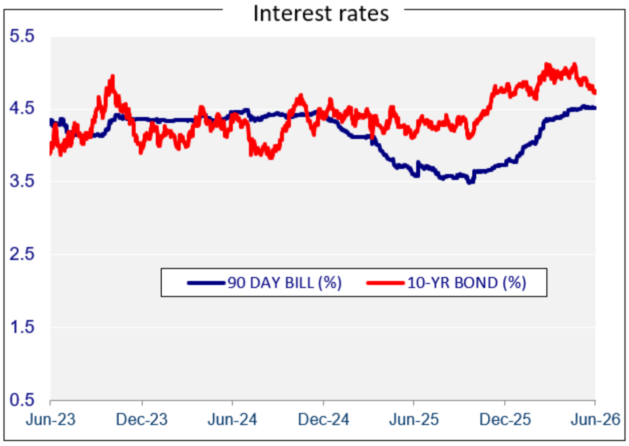
Ventia reported solid underlying earnings growth driven by margin expansion. Strong cash generation, a record work-in-hand pipeline, and continued contract wins underpin confidence in future earnings. Management reiterated long-term growth opportunities in infrastructure, defence, telecommunications and energy.

Dicker Data reported improving trading conditions following a challenging period in IT distribution. Growth was supported by cloud, software and cybersecurity, while hardware demand continued to normalise. Management remained optimistic that enterprise IT spending would support stronger earnings through the remainder of the financial year.

Challenger has been one of the more frustrating holdings in the domestic portfolio for some time. While the company dominates the annuities market, it has yet to translate this position into higher growth and higher returns. However, several measures announced during the past year give cause for optimism. APRA's decision to allow lower regulatory capital for longevity products, where assets are more closely matched to long-term liabilities, should improve the company's capital efficiency without reducing policyholder protection. In addition, the introduction of a more risk-sensitive capital framework better aligns capital requirements with the long-term risks of annuity portfolios. APRA expects this to encourage greater innovation and competition in retirement products. This is an environment Challenger is comfortable with: a growing market, albeit with increased competition. Finally, the company has been active with its funds management business, Fidante, which announced a merger with the larger funds platform Channel Group. This merger has the benefit of reducing management time consumed by the business whilst transforming a persistent earnings drag into a cleaner fee income stream. From a low of $7.38 registered in March, the stock has appreciated 35% to finish the quarter at $10.

## INTEREST RATES: Neil Sahai

**90 Day Bank Bill (%) vs 10 Year Bond (%) Performance**




**Source:** Bloomberg

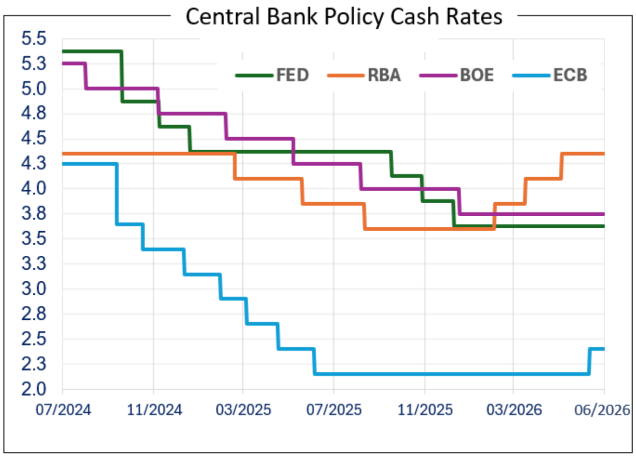
During the June quarter, the themes emerging at the beginning of the year became more firmly established. The global energy shock continued to drive inflationary pressures across major economies, delaying expectations for lower interest rates and reinforcing the view that monetary policy is likely to remain restrictive for longer. While the inflationary impact has become more evident globally, the policy response continues to differ across regions.

Australia remains the clear outlier. The Reserve Bank of Australia increased the cash rate by a further 25 basis points to 4.35% in May, following consecutive increases earlier in the year, before pausing in June to assess the cumulative impact of tighter monetary policy. Inflation remains above target, with higher energy, transport and business costs continuing to flow through the economy despite softer household spending and moderating economic growth.

Elsewhere, the US Federal Reserve, Bank of England, Bank of Canada and Reserve Bank of New Zealand all left policy settings unchanged while maintaining a cautious stance. The European Central Bank was the only other major central bank to tighten policy during the quarter, reflecting renewed inflationary pressures across the region. Despite the increase, policy settings remain less restrictive than those of most other major developed economies. Overall, policymakers continue to balance slowing economic activity against the risk that higher energy prices become embedded in broader inflation.

Bond yields remained elevated throughout the quarter as markets continued to price in a higher-for-longer interest-rate environment. While this has created periods of volatility, it has also improved expected long-term return prospects across fixed income, particularly as investors are now being better compensated for taking duration risk.

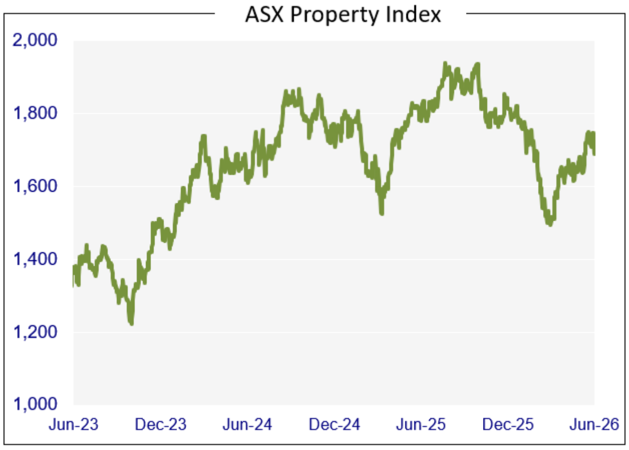
*Summary of cash rate paths of major central banks over the past two years.*




**Source:** Bloomberg

## PROPERTY: Franklin Djohan

**ASX Property Graph**




**Source:** Bloomberg

The A-REIT index rebounded strongly and was up 13.74% during the quarter, supported by easing bond yields, resilient operating fundamentals and improving investor confidence that the property cycle is stabilising. High-quality landlords with strong balance sheets and visible earnings streams outperformed, while stocks with company-specific issues or greater exposure to softer residential markets lagged. Despite the strong quarterly recovery, the sector finished the financial year down 2.24%, reflecting the impact of elevated interest rates and cautious investor sentiment for much of the year.

The property index benefited from strong contributions from Charter Hall Group (CHC) and Centuria Capital (CNI), both of which outperformed during FY26. Investors became increasingly optimistic that listed property fund managers are well positioned to benefit from a recovery in commercial real estate transaction activity as financing conditions improve and institutional capital returns to the market. Both companies benefited from improving confidence in their funds management platforms, supported by expectations of stronger capital deployment, higher transaction activity and moderating valuation pressures across their portfolios.

Dexus (DXS) was one of the weaker performers following an adverse NSW Supreme Court ruling relating to the Melbourne Airport shareholder dispute. The decision created uncertainty around its infrastructure funds management platform, and prompted a strategic review of the business, weighing on investor sentiment despite having limited impact on its core property operations. Encouragingly, Dexus' premium office portfolio continues to perform well, benefiting from the ongoing flight to quality, with resilient leasing demand, positive rental reversion and vacancy rates well below the broader Sydney and Melbourne office markets. Despite these solid operating fundamentals, Dexus continues to trade at an estimated 35–40% discount to net tangible assets (NTA).

Residentially exposed property companies such as Mirvac (MGR) and Stockland (SGP) also underperformed as investor sentiment weakened following the RBA's decision to keep interest rates higher for longer and a more cautious outlook for the easing cycle. Elevated borrowing costs continued to weigh on housing affordability and buyer demand, while the Federal Budget did little to improve confidence in the near-term outlook for residential developers. Although Australia's structural housing undersupply remains supportive over the longer term, investors remained concerned about softer residential sales, elevated construction costs and execution risks across development pipelines. Despite retaining high-quality land banks and attractive long-term development opportunities, both companies experienced weaker share price performance as the market focused on these near-term earnings headwinds.

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# About PPM

Founded in 1995, Private Portfolio Managers Pty Limited (PPM), is a privately owned boutique investment manager with a well established track record of constructing concentrated Australian Equities, Global Equities and Multi-Asset portfolios for our clients and their financial advisers. Our investment objective is to grow our clients' portfolios over the long term using a disciplined & well researched investment process which seeks protection of capital with risk assessed tax effective returns. PPM offers Individually Managed Account (IMA) and Separately Managed Account (SMA) investment solutions across a number of broad investment strategies including balanced, income and growth style portfolios. For more information about PPM and our services please visit our website at www.ppmfunds.com.

IMAP MANAGED ACCOUNT AWARD FINALIST 2025 INTERNATIONAL EQUITIES

IMAP MANAGED ACCOUNT AWARD FINALIST 2019 INTERNATIONAL EQUITIES

IMAP MANAGED ACCOUNT AWARD FINALIST 2023 INTERNATIONAL EQUITIES

IMAP MANAGED ACCOUNT AWARD FINALIST 2022 INTERNATIONAL EQUITIES

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