CAREportfolio

Quarterly Newsletter | September 2026

CARE PHILOSOPHY

YOUR FUTURE, MANAGED WITH CARE

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Welcome to the economic and markets update for the third quarter of 2026. Market volatility continued over the quarter caused by the sustained increase in the oil price with Brent Crude closing around $103.50 per barrel. This had the effect of increasing inflation concerns causing bond yields to rise and share prices to weaken.

USA

The US economy expanded at a healthy rate of 3.4% on AI related equipment spending resilient consumer outlays and a rebuild of inventories which boosted investment spending. Growth is up from 2.2% in the second quarter however beneath the surface, the oil shock from the war with Iran increased consumer price inflation to 3.7% and personal consumption expenditure inflation to 3.6%, pushed real wages into decline, drove the household saving rate to a near four-year low of 3.8% and sent the 10-year Treasury yield above 5%. The Federal Reserve responded with its first interest rate rise since 2023, lifting the target range to 3.75–4.00% on 16 September.

The Middle East conflict escalated in the first half of September as hostilities involving Iran spread beyond the Strait of Hormuz to Gulf oil production and export facilities. The heaviest wave of Iranian and US strikes on oil tankers since the war began pushed Brent close to US$107.60, while WTI exceeded US$100 for the first time since May. Energy prices remained the main channel through which the conflict affected inflation, rate expectations and asset values. Separately, Presidents Trump and Xi extended the US–China trade truce to 10 January.

In the decision to raise rates, the Federal Open



Emmanuel Calligeris
Chairman of the CARE Investment Committee

markets Committee Chair Warsh, described the move as "removing a dose of accommodation", while policymakers projected one further increase before the end of 2026.

EUROPE

The US story seems to be consistent in other parts of the world. **In Europe, inflation also remained above target and energy continued to be the main source of pressure.** The European Central Bank raised all three key rates by 0.25 percentage points, taking the deposit rate to 2.50% and warned that inflation risks were likely to persist. Inflation readings in Germany, France, Italy and Spain exceeded forecasts, reinforcing concerns that higher energy costs were spreading to broader prices. The Bank of England held its rate at 3.75%, although three of nine committee members supported an increase after inflation reached 3.1% in August.

CHINA

In China, updated data showed an increasingly two-speed economy. Factory output rose a solid 5.2% over the year, however retail sales grew only 0.4%, year-to-date fixed asset investment fell 7.2% and property investment declined almost 20%. The gap suggests growth is leaning on exports and industrial output while domestic demand, weighed down by the property downturn, remains weak. Banks issued just RMB60 billion in new loans in August, well below economists' estimate of about RMB400 billion, while household borrowing contracted for a sixth consecutive month. Together with falling property values, this points to weak household confidence and little appetite to take on debt. Inflation tells the same story. Consumer prices rose just 0.9% over the year to September (0.8% in August), with core inflation steady at 1.0%, as higher energy prices were offset by falling food prices. Producer prices, by contrast, accelerated to 5.0%, the fastest pace since mid-2022, so cost pressures from the oil shock are building at the factory gate but are not being passed on to cash-strapped consumers, which squeezes manufacturer profit margins. These figures increased pressure on Beijing to deliver greater stimulus. The Shanghai Composite fell 3.6% as investors rotated from AI-related shares into banks and property developers. Iron ore declined 6.3% to about US$93 a tonne amid weak construction demand.

AUSTRALIA

Australia's economy grew 0.4% in the June quarter and 2.1% over the year, exceeding economists' expectations but remaining below potential. Momentum weakened in August as household spending stalled: higher fuel costs lifted essential spending, while discretionary spending fell 0.3%. **NAB's survey showed business conditions at their weakest since the pandemic as wage and fuel costs compressed margins.** Employment increased in August, mainly through part-time roles, but record labour-force participation of 67.1% pushed unemployment to 4.6%. Westpac's consumer sentiment index fell 5.2% to 84.4 in September amid higher petrol prices, declining home values and concerns about mortgage rates.

The RBA raised the cash rate by 0.25 percentage points to 4.85%, its fifth increase and the highest level in 18 years. It said previously identified inflation risks were emerging, while acknowledging that economic growth appeared to be slowing left open the possibility of further increases. Annual headline inflation rose from 4.0% in August to 4.3% in September, largely because of higher fuel and electricity prices. Underlying trimmed mean inflation was steadier at 3.6%, while market services inflation reached 4.1%. Analysts expect September-quarter underlying inflation of about 1.0%, above the RBA's forecast and keeping the pressure on interest rates to increase further.

INVESTMENT COMMITTEE UPDATE

The investment committee held the portfolio exposures steady through the quarter having bought back into Australian Shares through Vanguard (VAS) and some international shares via IHOO following the share market selloff in early June in the Active portfolio. This was funded from the cash allocation in Betashares AAA. The Australian Share market has increased since then although volatility remains high. The Committee rebalanced (via a sale) Gold and emerging market shares (IEM) and increased AAA at the margin. We are looking for another entry point into IHOO and believe that the share market volatility will give us the opportunity. The members of the Investment Committee continue to err on the side of caution about the share market valuation in Australia due to rising interest rates and in the US due to the return technology companies are likely to make on their investment spending on AI and related infrastructure. Forecast profit growth has been high and increasing however, share prices have risen in expectation of the profit growth. A disappointment on the level of profit growth could see a sell-off as these profit expectations remain high.

The Australian share market delivered a positive return of 1.33% over the September quarter, to be higher by just 2.68% over the year. Once again this quarter, the headline result concealed a pronounced rotation beneath the surface. Healthcare names that were sold heavily in the 2025–26 financial year like CSL and Ramsay, rebounded 61% and 55% respectively in the quarter. The market was clearly too pessimistic on CSL's profit outlook, underestimating its plasma franchise and ability to grow profits sustainably. Defence-linked Codan Limited and the energy and gold producers surged, while lithium miner Liontown Resources (-46%) and rare earths producer Lynas Rare Earths (-24%), sold off. Codan's full year result for 2026 showed net profit 69% higher and a dividend increase of 70%. The company lifted its first-half 2027 profit outlook sharply, citing exceptional demand for its communications equipment from the conflict regions. The shares jumped almost 48% over the quarter.

Global shares as measured by the MSCI World ex-Australia (unhedged) index returned 1.45% over three months in Australian dollar terms. The path was uneven. Markets were weak in July, rebounded strongly in August and turned mixed in September as inflation concerns, higher bond yields and the oil price jump linked to the US–Iran conflict offset robust AI-related earnings. The combined pressure of higher oil prices and bond yields, falling with each escalation. Leadership stayed narrow, concentrated in technology companies.

Signs of progress in US–Iran talks late in September provided only brief support. In mid-September, calls from several senior AI industry figures to slow development of the most powerful models temporarily weighed on chipmakers and AI-infrastructure stocks before buyers returned. The Nasdaq index of technology companies increased by 2% over the quarter whilst the broader market was 1.45% higher over the period. Small and mid-cap companies also came under pressure as they tend to be more sensitive to interest rate increases. Medical company Moderna (NASDAQ: MRNA) shares rose 166% over the period, after positive Phase 3 melanoma results for its personalised cancer vaccine, Intismeran Autogene. On the negative side of the ledger, FICO – a mortgage credit rating company, share price fell by 50% over the quarter, because US housing regulators moved to let a cheaper rival, VantageScore, compete on equal terms with FICO in mortgage lending, which threatens FICO's most profitable business. These companies are held within the Vanguard Total

MMarket Shares (VTS) investment within the Core portfolio.

Precious metals fell as bond yields increased, with gold and silver both declining over the quarter. Gold is held within the Active portfolio and

The CARE Enhanced Australian shares portfolio performed Strongly over the quarter and the year. Ansell continued to perform well, rising a further 11% during September. The manager trimmed the portfolio's position slightly following a strong profit report and upgraded 2027 guidance. Ramsay Healthcare and CSL also continued to increase, finishing up 9.6% and 8.78% respectively. This continues the strong recent performance from these holdings, with CSL up 80% from the lows hit 4 months ago and Ramsay up 50% over the same time period. This has been a pleasing return of performance. During the quarter, two new investments were made: JB Hi-Fi and Seven Group. With JB Hi-Fi down around 40% from the $118 highs hit 12months ago, a lot of bad news has started to be priced in. The consumer is under stress due to cost-of-living pressures which will continue in the near future, however, all cycles eventually turn and JB Hi-Fi is well positioned to benefit when this cycle finally does.

Seven Group Holdings Limited is an Australian diversified operating and investment company controlled by the Stokes family, with core businesses spanning industrial services, construction materials through Boral, equipment hire through Coates, and energy through a 29% stake in Beach Energy alongside a 30% interest in Waitsia - one of Australia's largest onshore gas projects. SGH shares have also struggled over the past 12mths, falling circa 25% from over $50 per share to now trade at $37. The manager initiated a small position during the month.

Within the CARE Enhanced International shares portfolio Insync performed in line with the broader market over the quarter although the longer-term return against the benchmark remains challenged. This is not unforeseen, and the managers conservative posture has a place in the portfolio. Stronger performance in July and August was partly offset by softer performance in September as market leadership narrowed again. Although improving market breadth created a more supportive environment for the portfolio throughout the quarter, company fundamentals remained the key driver of stronger performance. Profit delivery, resilient customer demand and commercial progress across key holdings like Veeva Systems (a cloud computing software company), ServiceNow and Microsoft. CATL, the largest lithium-ion battery producer in the world, was one of the Fund's main detractors during the quarter.

Recent announcements from Li Auto and Xiaomi intensified concerns that automakers are reducing their dependence on CATL through internal battery development and alternative suppliers. Together with profit margin pressure, these developments raised concerns about increasing competition and pressure on profitability. It is pleasing to see that QUAL outperformed the benchmark over the quarter and has broadly kept pace with the index over the year. It is pleasing because the rise in the global share market has been so narrow around AI companies whereas the QUAL portfolio is well diversified. Longer term performance has been acceptable, given the increased volatility that we have seen and the massive threat of disruption by AI. The investment in QUAL, provides access to high-quality companies based on key fundamentals including high return on cash invested in the business, profit stability and low financial leverage. The portfolio benefit from holdings in Alphabet – parent of Google and ASML – a lithography company.

The performance of the Hyperion Global Growth Companies Fund bounced in the June quarter having been caught up in the software company sell-off over the past 6-9 months. Performance was in line with the index over the

September quarter with the yearly performance still lagging the index. Longer term returns remain ahead of benchmark. NVIDIA, TSMC, ASML and ARM remain exposed to robust compute demand and expanding infrastructure investment, while Palantir Technologies, Alphabet, Tesla and Meta provide increasing evidence of future long-term AI monetisation at the enterprise and consumer level.

The fixed interest markets were weaker over the September quarter as higher energy prices drove the sell-off. The US–Iran conflict pushed oil above USD 100 a barrel and lifted inflation expectations. In Australia the 10-year yield climbed from about 4.7% at the start of the quarter to around 5.4% by late September, its highest level since 2011, tracking a global sell-off in government bonds. The 3-year yield rose by a similar amount. At quarter-end the 2-year yield, at about 5.0%, sat above the 4.60% cash rate, which indicates that markets expect further increases. The Realm High Income fund and Vanguard Australian Fixed Interest (VAF) investment funds achieved a satisfactory return in light of higher inflation readings both in Australia and much of the rest of the world. Contributions to the performance over the September quarter were broad but led by mortgages and car loans (Realm) and the interest rate sensitivity of the portfolio. VAF will perform poorly when bond interest rates rise. As mentioned last quarter, the CARE Core portfolio will not suffer large capital losses but will also limit large gains if interest rates fall.

OUTLOOK

As expected, its been a volatile quarter. The near-term path of markets remains uncertain, particularly given the evolving macro environment although easing oil prices and hopes of de-escalation in the Middle East continue to shape sentiment. Inflation remains too high for central banks to declare victory so the bias on interest rates remains to the upside. For investors, the combination of resilient share markets, elevated inflation and ongoing geopolitical risk suggests that volatility is likely to remain a feature of markets through the remainder of 2026.

Returns

To the 30th September 2026

INDIVIDUAL PORTFOLIO RETURNS

	1M	3M	6M	1Y	3Y	5Y	7Y	10Y
CORE Conservative	-0.62	-0.72	2.49	1.66	6.45	3.85	3.89	4.34
CORE Moderate	-0.82	-0.39	4.20	2.83	8.15	4.96	5.18	5.73
CORE Balanced	-0.88	-0.07	6.28	4.59	10.49	6.66	7.02	7.48
CORE Growth	-0.95	0.04	8.35	6.09	12.20	7.34	7.89	8.54
CORE High Growth	-1.21	0.03	10.02	7.16	13.57	7.82	8.57	9.45
Active	-1.23	-0.61	5.55	9.28	18.39	11.55	11.68	11.88
Australian Equities	-2.08	6.09	9.39	9.21	8.50	7.12	6.41	7.21
International Equities	1.22	-2.22	9.37	-4.57	11.31	6.15	5.56	8.03
Reserves	0.22	-0.08	1.61	2.97	5.52	4.22	3.64	3.32

CARE PORTFOLIO RETURNS

	1M	3M	6M	1Y	3Y	5Y	7Y	10Y
CARE Conservative	-0.60	-0.45	3.18	1.72	6.79	4.13	4.10	4.67
CARE Moderate	-0.79	-0.06	5.04	3.08	8.93	5.54	5.63	6.32
CARE Balanced	-0.83	0.28	6.83	4.60	11.16	7.15	7.28	7.95
CARE Growth	-0.87	0.42	8.19	5.63	12.56	7.80	7.98	8.81
CARE High Growth	-0.98	0.47	8.93	6.13	13.43	8.21	8.41	9.39

- Returns are based on model portfolio, benchmark allocation & assumes investment over 7 and 10 years ending March 2026. The E (enhanced) component is assumed to be 50% Australian Equities & 50% International Equities. Past Performance is not indicative of future performance.
- The CARE portfolio Returns are before tax, Adviser fee, and Platform Fees however net of CARE Investment Committee Fee.
- Returns are based on: C,A & E only – RESERVES is not factored into the return series.

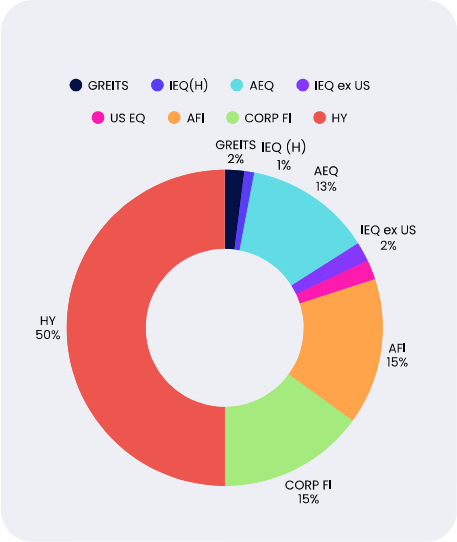
UNDERLYING INVESTMENTS

Vanguard, REALM Investment House, Hyperion Asset Management, Global X by Mirae Asset, betashares, iShares by BlackRock, INSYNC, State Street, Russell Investments

Your CAREportfolio **Conservative**

Growth of $10,000 to 30 September 2026





CAREportfolio Conservative

Total Return AUD 15.83K

Morningstar AUS Con Tgt Alloc NR AUD

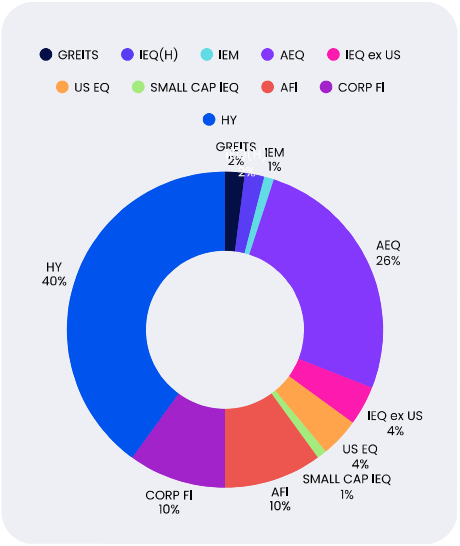
Total Return AUD 12.70K

Time Period: 1/10/2016 to 30/9/2026
Source Morningstar Direct

Your CAREportfolio **Moderate**

Growth of $10,000 to 30 September 2026





CAREportfolio Moderate

Total Return AUD 18.53K

Morningstar AUS Mod Tgt Alloc NR AUD

Total Return AUD 15.05K

Time Period: 1/10/2016 to 30/9/2026
Source Morningstar Direct

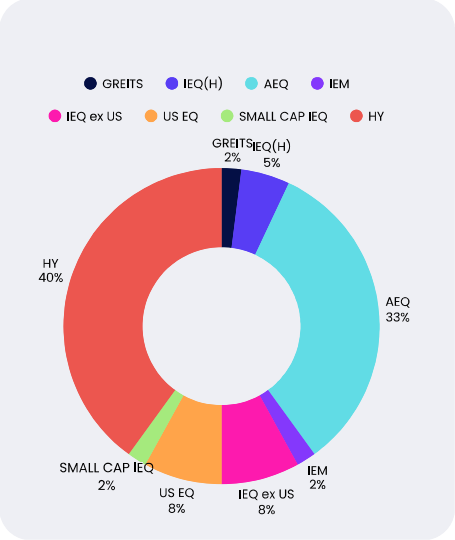
LEGEND

GREITS	International Real Estate
IEQ (H)	International Shares (Hedged)
AEQ	Australian Shares
IEQ ex US	International Shares (ex-USA)
US EQ	International Shares USA
HI	High Income
IEM	International Emerging Market Shares
Small Cap IEQ	International Small Companies Shares
AFI	Australian Fixed Interest
Corp FI	Australian Corporate Fixed Interest

Your CAREportfolio **Balanced**

Growth of $10,000 to 30 September 2026





CAREportfolio Balanced

Total Return AUD 21.59K

Morningstar AUS Balance Tgt Alloc NR – AUD

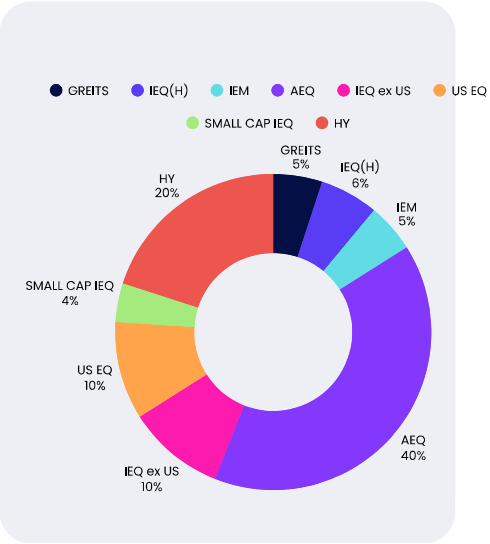
Total Return AUD 18.13K

Time Period: 1/10/2016 to 30/9/2026
Source Morningstar Direct

Your CAREportfolio **Growth**

Growth of $10,000 to 30 September 2026





CAREportfolio Growth

Total Return AUD 23.40K

Morningstar AUS Growth Tgt Alloc NR AUD

Total Return AUD 21.51K

Time Period: 1/10/2016 to 30/9/2026
Source Morningstar Direct

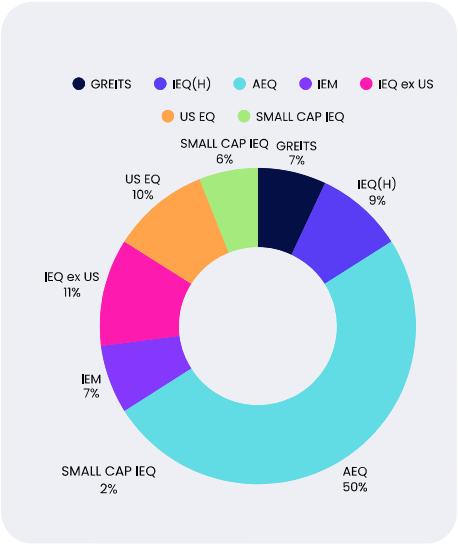
LEGEND

GREITS	International Real Estate
IEQ (H)	International Shares (Hedged)
AEQ	Australian Shares
IEQ ex US	International Shares (ex-USA)
US EQ	International Shares USA
HI	High Income
IEM	International Emerging Market Shares
Small Cap IEQ	International Small Companies Shares
AFI	Australian Fixed Interest
Corp FI	Australian Corporate Fixed Interest

Your CAREportfolio **High Growth**

Growth of $10,000 to 30 September 2026





CAREportfolio High Growth

Total Return AUD 24.72K

Morningstar AUS Agg Tgt Alloc NR AUD

Total Return AUD 26.03K

Time Period: 1/10/2016 to 30/9/2026
Source Morningstar Direct

LEGEND

GREITS	International Real Estate
IEQ (H)	International Shares (Hedged)
AEQ	Australian Shares
IEQ ex US	International Shares (ex-USA)
US EQ	International Shares USA
HI	High Income
IEM	International Emerging Market Shares
Small Cap IEQ	International Small Companies Shares
AFI	Australian Fixed Interest
Corp FI	Australian Corporate Fixed Interest

CARE INVESTMENT COMMITTEE



Emmanuel Calligeris

BEc MBus (Finance)

Emmanuel is Chairman of the CARE Investment Committee. Emmanuel holds a degree in economics and previously had 35 years' experience as Chief Investment Officer for OnePath Investments (the investment arm of ANZ Bank) and was responsible for $13 Billion of funds under management.



Rob McGregor

SIA (Aff) ADFP

Rob was a founder of GPS Wealth, developed the CARE Investment Philosophy over the last 25 years and successfully managed $100m in clients' funds during the GFC.



Grahame Evans

GAICD DipSM MBA

Grahame is the Risk and Compliance member of the CARE Investment Committee. Grahame brings over 45 years of financial service industry experience.



Dr. Mark Brimble

BCom(Hons) PhD CPA FFin

Mark is an independent member of the CARE Investment Committee. Mark holds a doctorate in capital markets and is keenly interested in investor behaviour.

Hatch Financial Planning

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