

QUARTERLY ASSET ALLOCATION

OCTOBER 2026 | QUARTER ENDING 30 SEPTEMBER 2026

INSIDE

- Bond yields have broken out of a multi-decade decline, and central banks are tightening again.
- The AI earnings cycle is still carrying equities, but the margin for error has narrowed.
- A volatile quarter for growth managers, and why diversification matters.

OUTLOOK COMMENTARY

Higher yields, less margin for error

This outlook commentary was prepared in October 2026 for the quarter ending 30 September 2026.

The September quarter marked a turning point for bond markets. The US 10-year Treasury yield moved decisively above 5% for the first time since 2008, Australian 10-year yields finished the quarter above 5%, and the US Federal Reserve joined the RBA, ECB and Bank of Japan in raising rates. Macquarie describes global 10-year yields as having broken out of a multi-decade decline. For portfolios, the question is no longer whether rates will fall, but how much further they rise before growth slows enough to satisfy central banks.

Equities have absorbed this far better than they did in 2022. The reason is earnings. Macquarie expects S&P 500 earnings growth of around 12% in 2026, rising to 33% in 2027 as the AI capital expenditure cycle feeds through to the hyperscalers. BlackRock's Q4 update makes the same point: AI-linked companies account for a large share of expected year-ahead earnings growth, which is why global equity markets remain within reach of record highs despite the rise in yields.

The quarter was uncomfortable all the same. Growth-style global managers gave back part of their earlier gains as higher real yields compressed valuations, listed infrastructure fell with bond prices, and Australian equities were held back by a weak domestic economy. Value outperformed growth by more than three points in global markets over the three months. In diversified portfolios the diversifiers mattered: private markets, emerging markets, long-short strategies and floating-rate credit behaved very differently from long-duration growth equities.

Both research houses remain constructive on risk assets, but with more caution than at mid-year. Macquarie prefers global equities to Australian equities on the earnings outlook, favours a barbell in fixed interest of floating-rate credit and higher-quality mid-curve bonds, and is positive on real assets with a preference for infrastructure. BlackRock stays overweight US equities, has lifted emerging markets to overweight, and prefers short- and medium-term bonds over long bonds.

For FinPeak, this supports the positioning adopted at the March rebalance. We are not recommending changes to funds or target weights this quarter. The portfolios already hold the key structural themes of global equity growth, AI-linked earnings, private credit income, alternatives and infrastructure, while keeping duration risk low and maintaining diversification through non-US equities, emerging markets and real assets.

Portfolio decision: No fund or model weight changes are recommended for the quarter ending 30 September 2026.

Yields have broken out of a multi-decade decline



Source: LSEG, MWM Research, October 2026. Shaded area shows the structural increase in bond yields.

Source: Macquarie Wealth Management, Inner Circle, October 2026. Reproduced with source attribution.

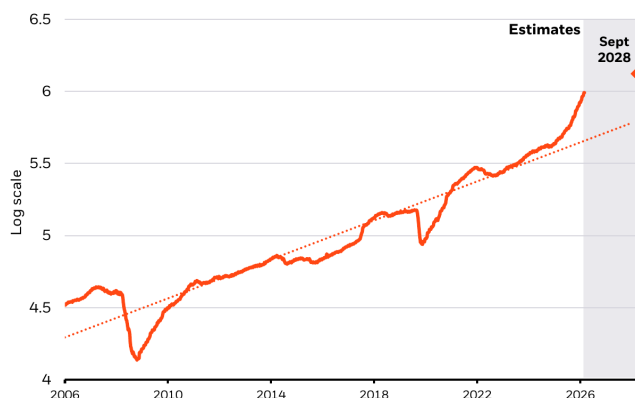
KEY INSIGHTS

Rates are not starting from zero this time

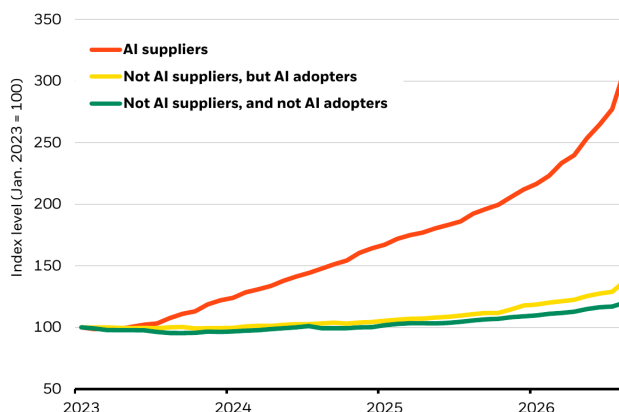
The 52 basis point rise in the US 10-year yield over the past month has the feel of 2022, but the starting point is different. Rates are not starting from zero, US inflation is not starting at 8%, and the equity market has an earnings tailwind that did not exist then. Macquarie's view is that central banks are more likely to engineer a slowdown than a recession, but that yields will keep rising until either growth or inflation swings in their favour.

The structural part of the move matters for portfolios. Stronger productivity, AI and defence investment, and heavier government borrowing are lifting real yields, and BlackRock notes that investors are still financing historically large borrowing needs for relatively little compensation. A jolt to term premium could push long-term yields higher still. This is why both houses prefer the short and middle of the curve, and why the FinPeak models continue to hold rate-hedged and floating-rate credit rather than long-duration government bonds.

S&P 500 forward 12-month earnings



S&P 500 trailing earnings growth by AI category



Source: BlackRock Investment Institute, 2026 Global Outlook Q4 update, September 2026. Reproduced with source attribution.

KEY INSIGHTS

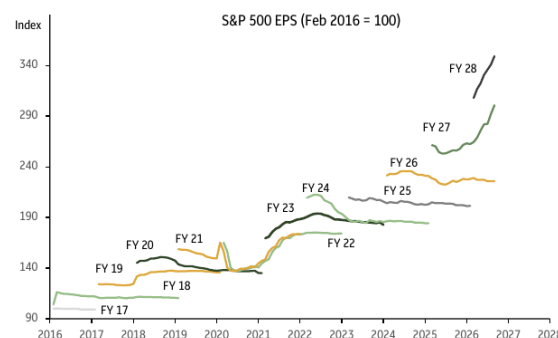
Earnings are carrying equities through higher rates

The chart above is the heart of the equity story this quarter. S&P 500 forward earnings have climbed well above their 20-year trend, and companies that supply the AI buildout have seen trailing earnings roughly triple since January 2023. Macquarie's numbers tell the same story from the sell side: S&P 500 EPS up 22% over the past year with a similar increase expected over the next twelve months, and 2027 consensus growth of 33%.

That dependence cuts both ways. Hyperscaler capital expenditure is expected to rise from around US\$710 billion to around US\$1 trillion. If tighter policy slows the economy enough to erode the return on that spending, the earnings that justify current valuations are at risk. BlackRock's AI signposts show no warning signs yet: tech credit spreads are wider but orderly, capex guidance keeps rising and AI revenue is scaling. We take comfort from that, but it is the single most important thing to watch.

For FinPeak portfolios, the implication is to keep participating rather than to add. The traditional models already hold US and global growth exposure, including the US technology complex through index and factor exposures and active growth managers. The ethical models express the theme more indirectly through climate, infrastructure and global quality growth, which makes the theme harder to capture directly.

US Earnings expectations remain bullish



Source: LSEG, MWM Research, October 2026

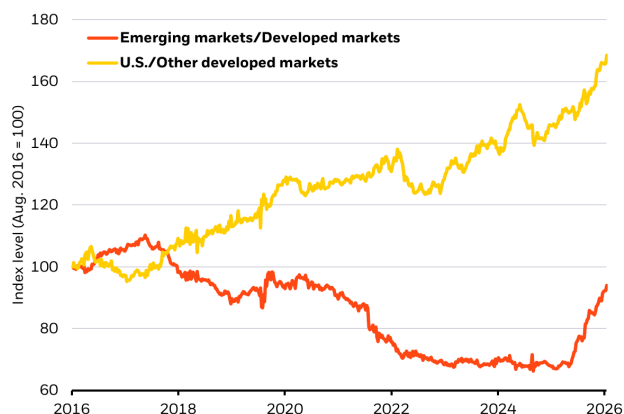
Source: Macquarie Wealth Management, Inner Circle, October 2026. Reproduced with source attribution.

Valuations have less room for disappointment

Equity returns this year have been driven by an improving earnings outlook rather than by higher valuation multiples. Macquarie notes that this leaves markets sensitive to any sign that an economic slowdown is under way, particularly if it becomes large enough to feed back into AI earnings. Oil remains the swing factor: a resolution in the Strait of Hormuz would ease inflation and relieve pressure on central banks; a prolonged stalemate would do the opposite.

This is not an argument to de-risk. It is an argument against adding broad equity beta after a long run, and for making sure that what the portfolios own is diversified across regions, styles and managers rather than concentrated in a single theme.

Relative 12-month forward earnings per share



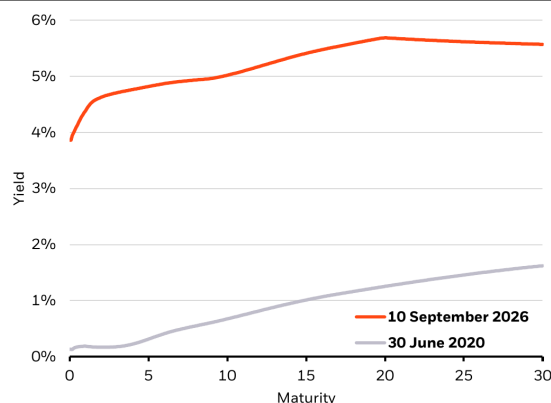
Source: BlackRock Investment Institute, 2026 Global Outlook Q4 update, September 2026. Reproduced with source attribution.

Emerging markets move back to overweight

BlackRock has upgraded emerging market equities from neutral to overweight, reversing the downgrade it made at mid-year. Relative earnings remain supportive, leverage has fallen sharply in some previously crowded markets after the summer shakeout, and the research house sees several expressions of the AI scarcity theme across Asia and Latin America. MSCI Emerging Markets returned 23.1% in Australian dollar terms over the year to September, well ahead of developed markets.

For FinPeak, the implication is to maintain the existing exposure through the active emerging markets manager, but not to add after that run. Broad exposure allows the manager to allocate across regions as valuations and earnings momentum evolve. The ethical models do not currently hold a dedicated emerging markets exposure; this remains an area under review.

U.S. Treasury yield curve, 2020 & 2026



Source: BlackRock Investment Institute, 2026 Global Outlook Q4 update, September 2026. Reproduced with source attribution.

Income is back, but duration is not yet a safe haven

The post-pandemic rise in yields has restored income to fixed interest. BlackRock estimates that around 84% of a broad global bond universe now yields more than 4%, compared with almost nothing in mid-2020. The US yield curve is both higher and steeper than it was then, which is why both research houses prefer short- and medium-term bonds and higher-quality credit over long bonds that remain exposed to further rises in term premium.

Macquarie's fixed income team describes the quarter as one of the most volatile and consequential inflection points in recent years, with no safe haven in sovereign bonds just yet. Its preferred structure is a barbell of fixed-rate, higher-quality mid-curve bonds against floating-rate, senior-secured private credit, with a bias towards Australian credit. That is close to how the FinPeak defensive sleeve is built. Over the quarter the Bloomberg AusBond Composite index fell 1.5% and the global aggregate index fell 2.4%.

POSITIONING

Investment implications

The table below summarises FinPeak's positioning for the quarter ending 30 September 2026. No fund or model weight changes are recommended.

Asset class	Current FinPeak position	September quarter decision	Rationale
International equities	Maintain global exposure	No change	AI earnings remain the engine of global equity returns, but higher yields have narrowed the margin for error. Participate, do not add.
Australian equities	Underweight / cautious	No change	Domestic economy is slowing under four rate rises and falling house prices; resources and defensives have led, rate-sensitive sectors have lagged.
Fixed income	Maintain rate-hedged credit exposure	No change	Both research houses prefer short and medium duration and higher-quality credit. Duration to be added only as the tightening cycle matures.
Private credit	Maintain managers	No change	Income remains attractive; monitoring of arrears, liquidity, sector exposure and research-house ratings continues.
Alternative assets	Maintain exposure	No change	Dispersion and volatility support diversifying strategies; private markets provide diversification from listed equity beta.
Real assets	Maintain infrastructure/property exposure	No change	Infrastructure preferred over property; listed infrastructure fell with bond prices in the quarter. Manager review continues.

Equities	Positioning	Commentary
Developed markets		
United States		We are overweight. Strong corporate earnings, fueled by the AI buildout and a favorable macro backdrop, are outpacing higher interest rate expectations.
Europe		We are neutral. We would need to see more business-friendly policy and deeper capital markets for Europe to outperform. We favor financials, infrastructure, and industrials.
UK		We are neutral. Valuations remain attractive relative to the U.S., but we see few near-term catalysts to trigger a shift.
Japan		We are neutral. Strong corporate balance sheets and governance reforms remain supportive. We prefer targeted exposures to physical AI and the buildout's bottlenecks.
Emerging markets		We are overweight. Strong earnings and cheaper valuations create opportunities. We particularly like different expressions of the AI scarcity theme across Asia and Latin America.
China		We are neutral. We see opportunities in physical AI. Cheap, open-source AI could drive adoption, but that doesn't necessarily translate into AI-provider profitability.

BlackRock's six- to 12-month tactical equity views, September 2026. Source: BlackRock Investment Institute, 2026 Global Outlook Q4 update, September 2026. Reproduced with source attribution.

SECTION 01

ECONOMIC OUTLOOK

Tighter policy, a stubborn oil shock and the AI capex cycle
shape the final quarter of 2026.

GLOBAL ECONOMICS

Central banks have lost patience

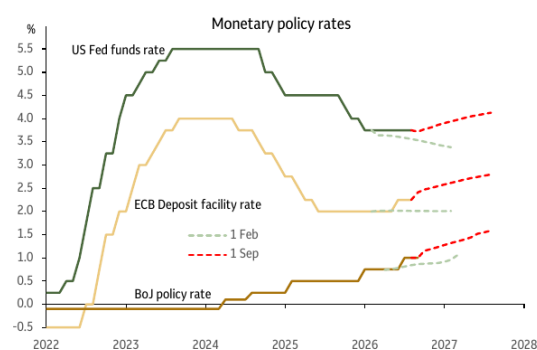
Global central banks stepped up in the September quarter. The US Federal Reserve raised rates for the first time in more than three years, the Bank of Japan and the ECB tightened, and the RBA delivered its fourth increase of the year. The Bank of England held, but on a split vote with three members backing a hike. Inflation has stayed above target for several years, growth has proved resilient, and the oil shock from the closure of the Strait of Hormuz has layered a new supply problem on top.

Macquarie's framing is that central banks are trying to make room for the structural drivers of growth, including AI, defence and age-related spending, by squeezing out consumer spending and housing. Interest rates are a blunt tool for supply-driven inflation, but they are the tool central banks have. The difference from 2022 is the starting point: rates are not at zero and US inflation is not at 8%, so a slowdown rather than a recession remains the central case. Unemployment is expected to rise in the months ahead.

BlackRock's read is similar. A lower breakeven pace of job creation means recent US payroll growth is still strong relative to labour supply, and wage growth and core services inflation remain elevated. The surprise energy buffers that absorbed the initial shock, strategic reserves, inventory drawdowns and Chinese demand management, are depleting, and price pressure has migrated into refined products such as diesel and jet fuel.

The policy path from here depends heavily on oil. If a supply agreement allows flows through the Strait to resume, inflation pressure eases quickly and the case for further tightening weakens. If the stalemate continues as temporary measures run out, central banks will keep pushing until there is clear evidence of a slowdown. Either way, the easing cycle that markets expected at the start of 2026 has been pushed well into 2027.

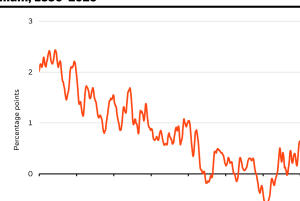
Markets are expecting central banks to raise rates



Source: LSEG, MWM Research, September 2026

Source: Macquarie Wealth Management, Inner Circle, September 2026. Reproduced with source attribution.

U.S. 10-year term premium, 1990-2026

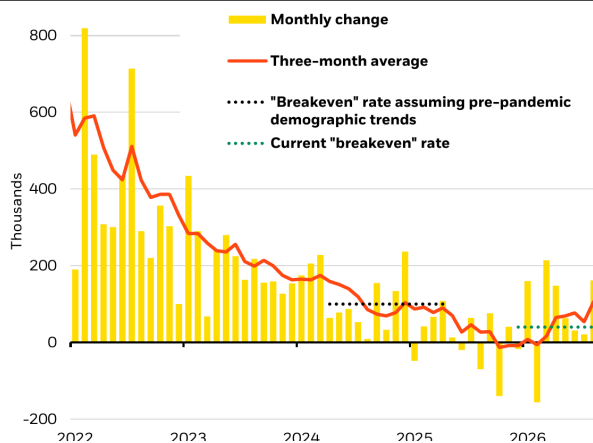


U.S. 10-year term premium, 1990-2026. Source: BlackRock Investment Institute, 2026 Global Outlook Q4 update, September 2026. Reproduced with source attribution.

GLOBAL ECONOMICS

Activity, inflation and the energy shock

Monthly change in U.S. payrolls, 2022-2026

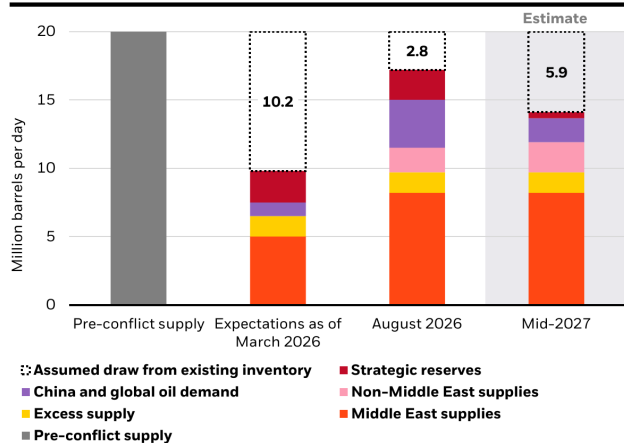


U.S. wage and PCE inflation, 2015-2026

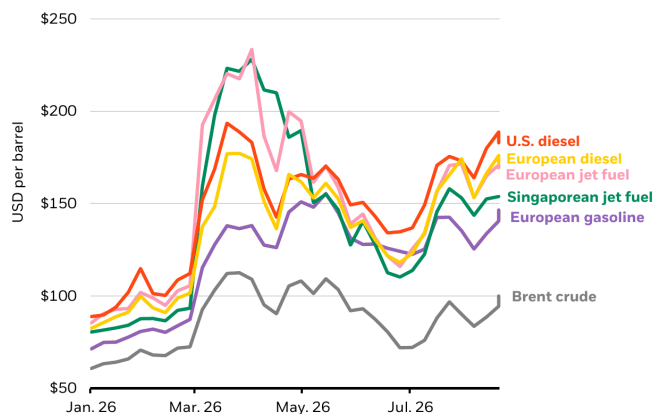


Source: BlackRock Investment Institute, 2026 Global Outlook Q4 update, September 2026. Reproduced with source attribution.

Breakdown of Strait of Hormuz oil shortfall



Key energy prices, including refined products, 2026



Source: BlackRock Investment Institute, 2026 Global Outlook Q4 update, September 2026. Reproduced with source attribution.

AUSTRALIAN ECONOMICS

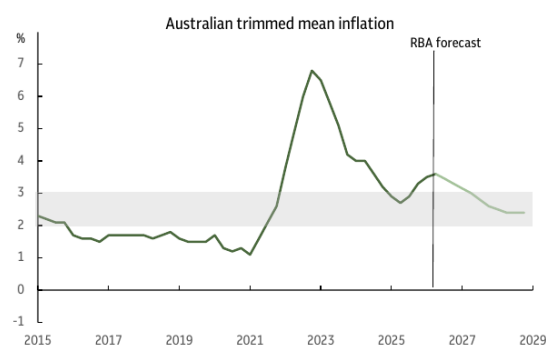
Rates may not have peaked

The RBA raised the cash rate by 25 basis points in September to 4.60%, its fourth increase this year. The Bank left the door open to more, conscious that policy takes time to work and that the price of oil can ripple through many goods and services. Financial markets have another 25 basis point rise priced for November and a further increase by mid-2027. Trimmed mean inflation was 3.6% over the year to August, well above the target band, and the RBA has said it would like to see the unemployment rate closer to 5% than its current 4.5%.

Policy is clearly working on the parts of the economy it reaches. Dwelling prices are falling across all capital cities, business surveys point to a slowdown broadening beyond housing, and the changes to negative gearing and capital gains tax are adding to the pressure. Consumer spending has been uneven: strong in motor vehicles and discretionary services earlier in the year, weak elsewhere. Productivity growth remains weak, which limits the economy's ability to absorb cost pressures without higher prices.

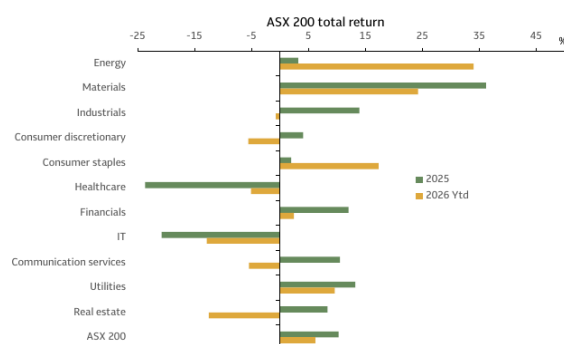
The earnings picture reflects this. The August reporting season was in line with history on earnings, with margins a little better than expected thanks to cost-out, and dividends a positive surprise. But FY27 and FY28 forecasts call for growth of only around 4% a year, and Macquarie expects Australian earnings to underperform Japan, Europe and emerging markets over the next twelve months. Stocks exposed to infrastructure, defence, mining services and data centres did better than those exposed to the domestic consumer and housing.

For FinPeak portfolios, this supports maintaining the cautious stance on Australian equities adopted in March. Australian equities still provide useful diversification, franked income and exposure to resources, which is why we are maintaining rather than further reducing the allocation.

Inflation remains the key challenge for the RBA

Source: RBA August Statement on Monetary Policy, MWM Research, October 2026

Source: Macquarie Wealth Management, Inner Circle, October 2026. Reproduced with source attribution.

Commodities-related sectors, Consumer Staples lead the way

Source: LSEG, MWM Research, September 2026

Source: Macquarie Wealth Management, Inner Circle, September 2026. Reproduced with source attribution.

SECTION 02

ASSET CLASSES

Positioning and evidence across equities, fixed income, private credit, alternatives and real assets.

INTERNATIONAL EQUITIES

Earnings resilience will be tested

Global equities finished the quarter modestly higher in Australian dollar terms, with the MSCI All Country World ex Australia index up 1.2% and 11.3% over the year. Beneath the surface the quarter was more volatile than the headline suggests. The rise in bond yields weighed on long-duration growth stocks, and the MSCI World Value index outperformed its Growth counterpart by almost four points over the three months. Japan was the standout developed market, up 6.8% for the quarter and 19.8% for the year.

BlackRock remains overweight US equities, citing strong corporate earnings that are outpacing higher rate expectations, and prefers exposure to the bottlenecks of the AI buildout: power, chips and data centres. It is neutral on Europe, the UK and Japan and has moved emerging markets to overweight. Macquarie prefers global equities to Australian equities, including both large and small caps, on the relative earnings outlook.

The main risk is the one both houses name: that tighter policy slows the economy enough to undermine the return on hyperscaler capital expenditure. For FinPeak, the existing mix of US index exposure, factor rotation, non-US developed markets, active emerging markets and active growth managers remains appropriate. Active growth managers broadly had a difficult quarter as valuations compressed; the weight to growth-style managers within the models is one of the areas under review.

Positioning: Maintain existing international equity exposure. No fund or weight changes.

AUSTRALIAN EQUITIES

Defensive, but not compelling enough to add

The S&P/ASX 200 returned 1.3% for the quarter and 2.7% for the year, with September alone down 2.4%. Leadership was narrow: Energy returned 36.4% and Materials 32.1% over the year to September, while Information Technology fell 42.4%, Consumer Discretionary fell 19.1% and A-REITs fell 14.3%. Small companies fell 6.7% over the year. The market has rewarded commodity exposure and defensives and punished anything sensitive to interest rates or the domestic consumer.

Macquarie's view is that the Australian market is expensive even without a large technology sector and that its earnings growth will lag other markets over the next year. Quality has been the strongest style, and dividends have held up. For FinPeak, this supports maintaining the underweight adopted in March rather than reducing further: Australian equities still provide franked income, resources exposure and diversification.

For the ethical models, the resources-led market has been a headwind. Screened Australian exposures that exclude fossil fuels and underweight mining lagged the broad index by a wide margin over the year. This is the cost of the mandate rather than a change in manager quality, and it is the main headwind for the ethical models this year. The index-based ethical Australian exposure remains under review.

Positioning: Maintain current Australian equity exposure. No fund or weight changes.

AUSTRALIAN EQUITIES — ETHICAL MODELS

Why screened Australian portfolios have lagged

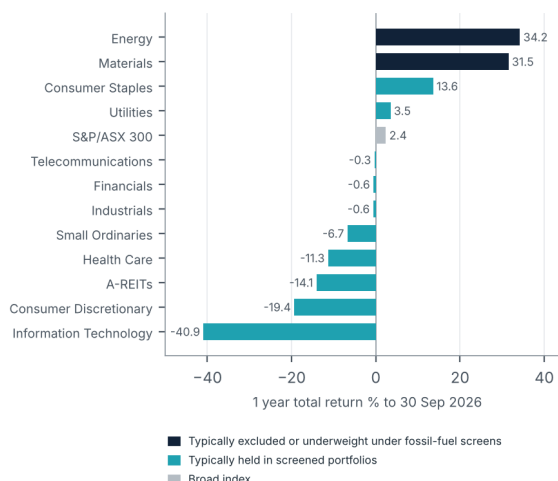
The main headwind for the ethical models this year has been the Australian equity sleeve. Screened Australian equity strategies generally lagged the S&P/ASX 300, which returned 2.4% over the year to September, by a wide margin, with index-based sustainability-leaders approaches furthest behind and quality-tilted active approaches holding up better. Global ethical exposures were not affected in the same way. Understanding why the Australian part lagged matters, because the answer is about market composition rather than manager skill.

The first reason is where the market's return came from. Over the year to September, the S&P/ASX 300 Resources index returned 33.0%, with Energy up 34.2% and Materials up 31.5%. The rest of the market, measured by the S&P/ASX 300 Industrials index, returned -6.5%. Resources are around a quarter of the Australian index, and a single miner is the largest stock in it. Fossil-fuel screens exclude the energy producers outright, and most ethical mandates exclude or heavily underweight the diversified miners because of thermal coal and environmental exposure. A screened portfolio was therefore invested almost entirely in the part of the market that went backwards, and shut out of the part that carried it.

The second reason is the oil shock. The closure of the Strait of Hormuz in February pushed Brent crude up more than 50% in Australian dollar terms over the year, and the same geopolitical premium lifted coal and broader commodity prices, with copper also benefiting from AI-related demand for grids and data centres. This was an unusually powerful tailwind for exactly the companies that ethical screens remove, and it arrived in a year when the domestic economy was weakening.

The third reason is interest rates. Screened Australian portfolios are structurally overweight the sectors left once resources are removed: health care, technology, consumer discretionary, property and smaller companies. These are the most rate-sensitive parts of the market, and after four RBA increases, falling house prices and a cost-of-living squeeze, they were also the weakest: Information Technology fell 40.9% over the year, Consumer Discretionary 19.4%, A-REITs 14.1%, Health Care 11.3% and the Small Ordinaries 6.7%. Sustainability-leaders style indices that tilt further towards smaller and mid-sized companies felt this most, which is why the index-based exposure in the models lagged the active one.

Resources carried the market; most of the screened universe went backwards



Source: Lonsec Market Indices, S&P/ASX 300 sector total return indices to 30 September 2026. Chart: FinPeak Advisers. Sector classification of screens is indicative; individual funds apply their own exclusion criteria.

Is a rebound on the horizon?

We do not forecast returns for the portfolios, but the conditions that would narrow the gap are clear enough to describe. The resources premium is tied to oil and to the Strait of Hormuz. If a supply agreement allows flows to resume, Macquarie expects inflation pressure to ease and the energy price premium to unwind; if the stalemate persists as temporary measures are exhausted, the premium is likely to remain. The rate-sensitive sectors that screened portfolios hold tend to recover when the tightening cycle ends, and markets currently price one more RBA increase in November and another by mid-2027, so that turn is not imminent.

There are early signs within the quarter. Health care, the largest overweight in most screened Australian portfolios, returned 25.4% in the three months to September and was the best-performing sector in the August reporting season. Quality was the strongest style over the year, which favours the active, quality-tilted manager in the sleeve. And BlackRock's emphasis on the physical bottlenecks of the AI buildout, power, grids and electrification, is a theme that screened portfolios can access through the companies they hold rather than the ones they exclude.

Our judgement is that the lag reflects an unusually resources-led, rate-pressured cycle rather than a flaw in the approach, and that it is likely to persist while oil stays elevated and rates keep rising, then narrow as both normalise. The sleeve is under review to make sure the exposure is built to come through such cycles as efficiently as possible without compromising the mandate.

Positioning: Maintain current ethical Australian equity exposure while the review of index-based options completes. No fund or weight changes.

FIXED INCOME

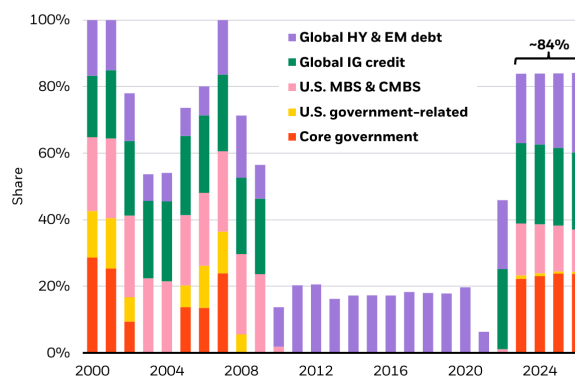
No safe haven, just yet

September marked one of the most volatile macro inflection points for bond markets in recent years. An aggressive global sovereign bond sell-off pushed benchmark yields to multi-decade highs: the US 10- and 30-year Treasury yields reached levels not seen since 2002, and the quarter ranks among the sharpest sell-offs since the 1970s and 1980s. The Bloomberg Global Aggregate index (hedged) fell 2.4% for the quarter and the AusBond Composite fell 1.5%, while floating-rate credit returned 1.2%.

The drivers were solid data, energy-driven cost pressure, expanding fiscal deficits and a hawkish pivot by major central banks. Macquarie's fixed income team sees no safe haven in sovereign bonds yet, but notes that real yields and bond valuations are progressively normalising after years of unconventional policy, which is changing the medium-term case for bonds even if more pain is likely near term. Its preferred structure remains a barbell of fixed-rate, higher-quality mid-curve bonds against floating-rate, senior-secured, non-cyclical private credit, with a bias towards Australian credit, where Alphabet's A\$5.5 billion issue has cemented Australia as the world's third-largest corporate bond market.

BlackRock prefers short- and medium-term government bonds over long bonds for income, is underweight long Treasuries and long-dated investment-grade credit, and has moved its strategic view on high yield to underweight as tight spreads shift its preference for growth risk towards equities.

FinPeak's defensive sleeve is built from rate-hedged Australian investment-grade credit and floating-rate private credit, with no meaningful interest-rate duration. We continue to view the addition of Australian duration as something to do progressively as the tightening cycle matures, not before, and we will review the implementation again at the December rebalance.

Share of fixed income assets yielding over 4%

Source: BlackRock Investment Institute, 2026 Global Outlook Q4 update, September 2026. Reproduced with source attribution.

Lower duration AU bonds have outperformed YTD

Source: MWM Research, Bloomberg, September 2026

Source: Macquarie Wealth Management, Inner Circle, October 2026. Reproduced with source attribution.

Positioning: Maintain existing fixed income exposure. Duration to be added progressively as the tightening cycle matures. No fund or weight changes.

PRIVATE CREDIT

Improving sentiment, widening dispersion

Private credit activity is recovering but remains below prior-cycle levels. Direct lending volume rebounded to US\$49 billion in the September quarter from US\$37 billion in June, although still 11% behind 2025. Concerns around retail redemptions have moderated and fundraising is solid, but increasingly concentrated among larger managers. New-issue direct lending spreads have widened by more than 25 basis points since the first quarter, reflecting stronger lender discipline and better negotiating leverage for managers with capital to deploy.

Headline fundamentals are stable, with non-accruals across the direct lending market below the long-run average and realised losses modest. Beneath the surface, dispersion continues to widen. Stress remains concentrated in more leveraged 2021-22 vintages and in software-related credits, where lenders are reassessing AI disruption risk. Macquarie remains constructive but selective, favouring senior-secured US middle-market and European direct lending and asset-based finance, and is cautious on Australian property-focused private credit after recent failures and heightened regulatory scrutiny.

Private credit income across the FinPeak models remained stable over the year. Our monitoring focus remains on arrears, non-accruals, valuation discipline, borrower cyclicality, sector concentration, liquidity terms and research-house ratings. Manager quality and communication matter more than headline yield in this part of the cycle.

Positioning: Maintain current private credit exposures. Monitoring continues. No fund or weight changes.

ALTERNATIVE ASSETS

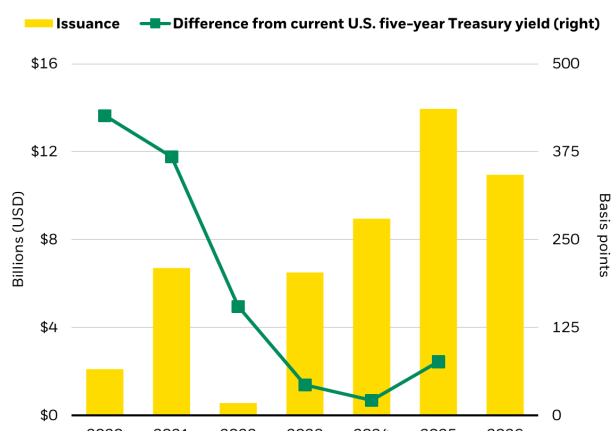
Activity is rebounding, but the recovery is narrow

Private equity activity improved in the September quarter, led by a rebound in exits. Global exit value reached US\$482 billion, the strongest quarter since 2021, but activity was concentrated in a handful of large realisations and fund closes were down around 30% year on year. Ageing portfolios remain a constraint: 29% of US private-equity-backed companies have been held for more than five years, increasing pressure on managers to show a path to realisation.

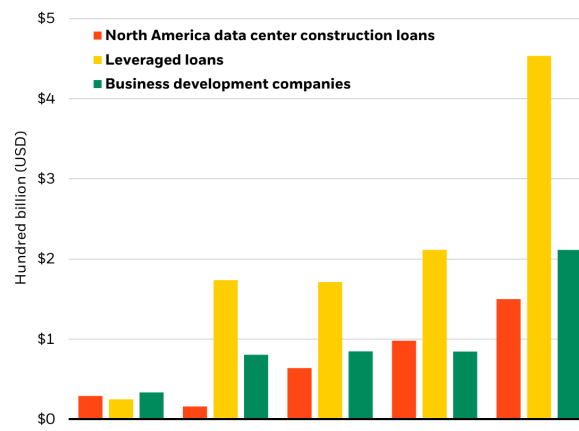
Macquarie continues to favour recent vintages, secondaries and operationally focused small-to-mid-market managers, where entry pricing and exit optionality are comparatively attractive. Revenue growth accounted for three-quarters of value creation in 2025 while multiple expansion contributed only 8%, which favours managers who can improve businesses rather than simply buy them. BlackRock expects more dispersion ahead, with software-exposed and low-rate-era deals adjusting most.

Within the FinPeak models, private markets exposure is held for its diversification and long-term growth characteristics. We are not recommending additional allocation. The emphasis remains on manager quality, liquidity profile, valuation discipline and whether each strategy diversifies the broader portfolio rather than adding hidden equity beta.

Positioning: Maintain existing alternative asset exposure. No fund or weight changes.

Data center asset-backed debt issuance, 2020-2026

Source: BlackRock Investment Institute, 2026 Global Outlook Q4 update, September 2026. Reproduced with source attribution.

Estimated U.S. debt outstanding, 2027-2031

REAL ASSETS

Infrastructure preferred, gold loses its tailwind

Macquarie remains positive on real assets with a preference for infrastructure over real estate. Infrastructure has relatively more defensive cash flows, stronger inflation pass-through and more monopoly-like characteristics, and it stands to benefit from the structural tailwinds of the energy transition and the AI investment boom. BlackRock makes the same point from a different angle: infrastructure is the clearest example of an opportunity that runs across asset-class labels, because data centres, power generation, grids, transmission and cooling are all potential bottlenecks in the AI buildout.

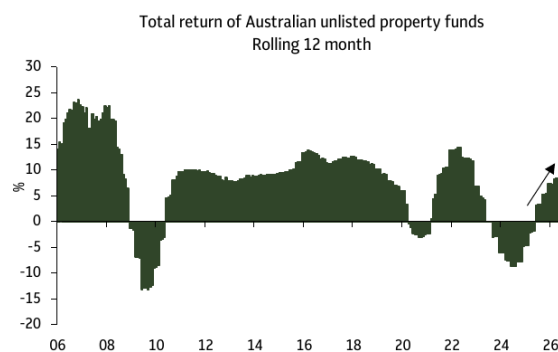
The quarter was nonetheless difficult for listed real assets. The S&P Global Infrastructure index (hedged) fell 7.0% and global listed property fell 5.9% as bond yields rose, and A-REITs fell 8.4%. Listed infrastructure managers were broadly caught in that move. The manager review flagged in July continues, with a focus on exposure to regulated and contracted assets, data centres and energy transition assets, leverage and valuation discipline.

Unlisted property continues to recover, with all sectors including office improving on a constrained supply backdrop as construction costs rise. Direct property returns remain less volatile than their listed counterparts, but as Macquarie notes, reported smoothness should not be mistaken for lower economic risk.

Gold faces a less supportive backdrop than earlier in the year. Higher real yields and a stronger US dollar are increasingly challenging the rally, offset by geopolitical uncertainty, central bank buying and government debt concerns. Macquarie expects prices to remain range-bound for the rest of 2026, averaging around US\$4,350 an ounce in the December quarter, and to trend lower through 2027 as interest rates rise and investor money moves towards yielding assets. Gold fell 5.7% in September in Australian dollar terms. The small gold allocation across the models is held as a diversifier rather than a return driver.

Positioning: Maintain current real asset exposure. Infrastructure manager review continues. No fund or weight changes.

Unlisted property is recovering



Source: ANREV, September 2026

Source: Macquarie Wealth Management, Inner Circle, September 2026. Reproduced with source attribution.

Higher inflation and bond yields see gold prices lower

Quarter	Macquarie (US\$) gold price forecasts		
	New	Old	Change
Q3-2026f	4,275	4,450	-3.90%
Q4-2026f	4,350	4,300	1.20%
Q1-2027f	4,200	4,200	Unchanged
Q2-2027f	4,200	4,200	Unchanged
Q3-2027f	4,100	4,200	-2.40%
Q4-2027f	4,100	4,200	-2.40%

Source: Macquarie Macro Strategy, September 2026

Source: Macquarie Wealth Management, Inner Circle, October 2026. Reproduced with source attribution.

PORTFOLIO POSITIONING

Portfolio positioning and decision

The portfolios entered the September quarter positioned to participate in global equity growth and AI-related earnings while retaining diversification through non-US exposure, emerging markets, private credit, alternatives, rate-hedged credit and real assets. That positioning was tested by the sharpest bond sell-off in several years. The ethical models faced headwinds from their screened Australian exposure and from a difficult quarter for climate-focused global strategies.

The macro conclusions have not changed enough to justify fund or target-weight changes this quarter. Both research houses remain constructive on risk assets, prefer global to Australian equities, prefer short and medium duration to long bonds, and favour infrastructure over property. The main risks are a more persistent oil shock, central banks tightening further than markets expect, and the possibility that AI earnings fail to meet very high expectations.

No changes this quarter

No changes are recommended to: underlying funds; target asset allocation weights; model risk profiles; private credit managers; infrastructure allocations pending completion of the manager review; or ethical model exposures pending further review of Australian ethical equity options.

Areas to monitor before the next rebalance

1	AI earnings and capex	Whether 2027 earnings upgrades hold as rates rise and whether hyperscaler capex continues to be absorbed by debt markets.
2	Oil and inflation	Whether a supply agreement reopens the Strait of Hormuz, or whether depleting buffers push prices and second-round inflation higher.
3	Central bank path	The RBA in November and the Fed's follow-through; the point at which growth slows enough for tightening to pause.
4	Growth manager weight	The weight to growth-style global managers across the models after a volatile quarter, including concentration in any single manager.
5	Private credit	Arrears, non-accruals, liquidity terms, sector exposure and research-house ratings for both managers.
6	Fixed income implementation	When and how to add Australian duration alongside rate-hedged credit as the tightening cycle matures.
7	Ethical Australian equities	Ongoing review of the index-based ethical Australian exposure and alternatives that keep the mandate intact.
8	Infrastructure managers	Completion of the manager review following a rates-driven drawdown in listed infrastructure.

Summary view

We remain cautiously constructive on diversified portfolios. Risk assets continue to be supported by the AI investment cycle and resilient earnings, but the break-out in bond yields and renewed central bank tightening have narrowed the margin for error and argue against adding broad equity beta. Fixed income is again a genuine source of income, but duration should be added progressively rather than all at once. Private credit remains attractive where protections and manager discipline are strong. Infrastructure has become more strategically important as AI, energy security and electrification create durable demand for scarce real assets.

For FinPeak, the correct decision this quarter is to stay invested, stay diversified and make no changes to funds or weights, while completing the reviews already under way ahead of the December rebalance.

IMPORTANT INFORMATION

Important information

FinPeak Advisers is the trading name of the trustee for Alpha Peak Advisory Unit Trust (ABN 20 412 206 738), Corporate Authorised Representative No. 1249766 of Spark Advisors Australia Pty Ltd (ABN 34 122 486 935, AFSL 380552). Michael Sik is Authorised Representative No. 458254.

This document is an extract of FinPeak's Quarterly Asset Allocation Report for the quarter ending 30 September 2026, prepared for general distribution. Model portfolio performance information is provided to FinPeak clients separately.

This report has been prepared for general information purposes only and contains general advice. It does not take into account your personal objectives, financial situation or needs. Before acting on any information in this report, you should consider its appropriateness having regard to your objectives, financial situation and needs, and read the relevant Product Disclosure Statement and Target Market Determination for any financial product referred to. Past performance is not a reliable indicator of future performance. Projections and forward-looking statements are estimates based on stated assumptions and are not guarantees of future outcomes.

Third-party research referenced in this report, including material from Macquarie Wealth Management and the BlackRock Investment Institute, remains the intellectual property of the relevant research house and is reproduced with attribution for the purpose of informing FinPeak clients. The views expressed in third-party material are those of the relevant research house and may differ from FinPeak's positioning.

Lonsec Research Pty Ltd ABN 11 151 658 561, AFSL No. 421 445. Lonsec ratings and data must be read in conjunction with the warning, disclaimer and disclosure published by Lonsec.

FinPeak Advisers | Level 12, 121 Castlereagh St, Sydney NSW 2000 | info@finpeak.com.au