

Ironbark GCM Global Macro Fund

OBJECTIVE

Seeks to deliver returns with low correlation to the broader equity and fixed income markets and other alternative strategies.

APIR	DEU0109AU	ARSN	089 896 837
INCEPTION DATE	30 November 1999	FUND SIZE	\$66.8m
MANAGER APPOINTED	1 April 2019	EXIT PRICE	1.1638

Net performance (%) and statistics

	1 month	3 months	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	Since inception p.a.
Fund¹	-0.93	-3.07	-8.67	-1.93	0.91	1.11	0.54	2.75
GCM Composite²	--	--	--	--	--	1.31	3.92	4.61

¹Fund performance prior to 1 April 2019 is not attributable to the current investment manager, but the previous investment manager. The GCM composite is presented below to provide a longer-term view of the Fund's current investment strategy.

GCM Composite 1 month rolling returns ²													
CY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2025	3.11	1.30	-2.34	-8.89	0.64	0.04	2.33	-2.49	0.92	-0.37	-1.81	0.92	-8.67
2024	4.67	4.61	5.57	-0.01	-3.66	0.45	-4.81	-6.45	2.33	-3.55	-1.02	2.03	-0.72
2023	2.67	3.40	-5.86	2.11	0.99	0.60	1.88	1.76	3.89	-2.63	-1.09	-3.28	4.04
2022	1.73	0.41	8.41	6.40	-0.68	2.14	-1.48	2.82	0.02	1.42	-3.33	-5.03	12.75
2021	-0.07	1.57	-3.08	3.30	0.56	0.55	-0.92	-0.81	-0.90	0.28	-1.74	-0.23	-1.64
2020	-2.52	-6.25	-4.79	2.28	0.02	-0.03	4.02	1.38	-3.02	1.44	0.66	1.36	-5.82
2019	0.69	2.51	2.31	2.34	-2.15	-0.02	2.97	3.07	0.10	-1.48	3.12	-2.55	11.21

GCM Composite statistics since inception²

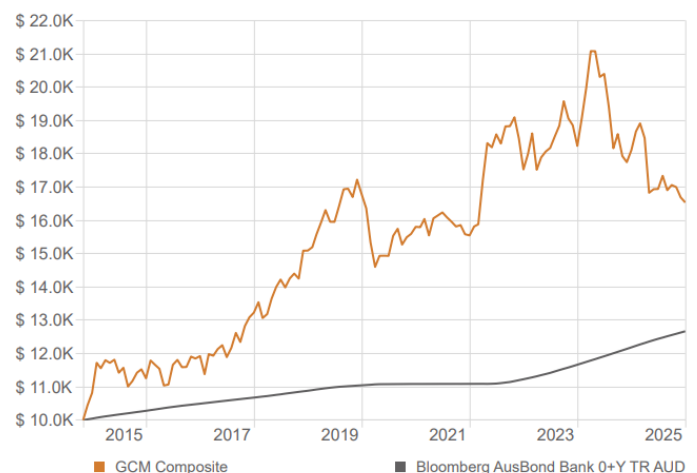
Sharpe ratio	0.28
Standard deviation p.a.	10.23
% of winning months	60.45
Average win	2.26
% of losing months	39.55
Average loss	-2.43

GCM Composite correlations since inception²

S&P 500 Total Return Index AUD	0.22
MSCI World NR Index AUD	0.18
S&P/ASX 300 TR	0.17
Bloomberg US Agg Bond TR AUD	0.00
Bloomberg AusBond Bank 0+Y TR AUD	-0.10

Investment growth of \$10,000 since inception²

Time Period: 1/11/2014 to 31/12/2025



Past performance is not indicative of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Returns are rounded to two decimal places. Slight variations to actual calculations may occur. Significant investor activity can impact performance returns in a fund or of a class of a fund.

²The inception date of the GCM Composite is 1 November 2014. Performances periods from 1 November 2014 to 31 March 2019 represent the Graham Quant Macro Series A ('GCM strategy') track record in USD, converted to AUD, net of fees. From 1 November 2014 to 31 December 2015, the GCM strategy represents the pro forma rates of return of a proprietary account trading the strategy. No assurance can be made that any assumptions used in calculating the pro forma performance would not have a material impact on the performance presentations. From 1 January 2016 to 31 March 2019, the GCM strategy represents the actual net returns of Series A of the Graham Global Investment Fund SPC Ltd - Quant Macro Segregated Portfolio. Performance periods from 1 April 2019 represent the actual net returns of the Ironbark GCM Global Macro Fund. Source: GCM, SSAL and Morningstar Direct.

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Sector exposure (%)¹

Sectors	Long	Short	Net	Gross
Ags/Softs	1.4	9.5	-8.1	11.0
Base Metals	5.6	0.0	5.6	5.6
Energy	1.1	1.7	-0.6	2.8
Equities	50.7	4.9	45.8	55.6
FX	41.4	30.3	11.1	71.7
Long Term/Intermediate Rates	153.8	0.9	152.8	154.7
Precious Metals	10.1	0.0	10.1	10.1
Short Term Rates	12.5	0.0	12.5	12.5
Total	276.6	47.4	229.2	324.0

¹Totals may not equal due to rounding. Data is stated in USD terms and reflects the GCM Quant Macro Strategy, the underlying strategy of the Fund. Source: GCM.

All currency references in the commentary below are in US dollar terms unless stated otherwise.

Economic and Central Bank Update

Central bank policy moved closer to neutral across developed economies in 2025, but the path was shaped by an evolving set of tradeoffs between slowing growth, uneven disinflation, and rising policy uncertainty. Growth across developed markets generally slowed but proved more resilient than expected, and while inflation mostly trended downward, upside risks remained apparent due to tariffs, fiscal expansion, and lingering supply-side frictions. Central banks were forced to balance downside risks to employment against renewed inflation uncertainty, resulting in cautious, uneven, and increasingly divergent policy paths.

In the US, the economy entered 2025 with solid momentum, supported by consumer spending, fiscal tailwinds, and investment tied to artificial intelligence and infrastructure. Over the course of the year, however, policy uncertainty began to weigh on confidence and hiring. Labor markets softened gradually rather than abruptly, characterised by slower job growth, declining openings, limited layoffs, and a sharp reduction in immigration which curbed the rise in the unemployment rate. Inflation continued to moderate in underlying services but re-accelerated episodically in goods as tariffs filtered through supply chains. Against this backdrop, the Federal Reserve maintained a restrictive stance into the second half of 2025, emphasising patience as it assessed whether inflation progress would prove durable and how the labor market would respond to heightened uncertainty.

By late summer, however, signs of labor market cooling became more pronounced, prompting the Federal Reserve to pivot toward easing on a risk-management basis. Beginning in September, the Federal Reserve delivered three sequential 0.25% rate cuts aimed at preventing further labor market deterioration, ultimately delivering 0.75% of cuts through December. While internal debate remained intense, the December meeting struck a compromise: policymakers delivered the final cut embedded in earlier projections while signaling a preference to pause in early 2026. Chair Powell emphasised that policy is now “well positioned,” suggesting that further easing would require clearer evidence of cyclical weakness.

Economic data toward year end underscored the complexity of the outlook. Delayed data releases following the US government shutdown showed the unemployment rate rising to a cycle high and inflation readings unusually soft in October and November. Policymakers cautioned, however, that shutdown-related data collection issues likely distorted these figures, muting their signal. At the same time, activity data remained surprisingly strong, with third-quarter GDP growth well above trend. The Federal Reserve officials increasingly pointed to higher productivity partly linked to AI adoption as a structural explanation for strong output alongside weaker hiring, reinforcing the view that slower job growth may not warrant aggressive policy easing if it reflects structural rather than cyclical forces.

Outside the US, economic performance and policy paths diverged more clearly over the course of the year. In Europe, weak growth and moderating inflation allowed the European Central Bank to ease steadily in the first half of 2025, delivering rate cuts while many peers remained on hold. However, by year end, Europe’s fiscal pivot most notably Germany’s decision to expand defense and infrastructure spending reintroduced upside risks to medium-term inflation and term premia. As a result, the European Central Bank signaled a firmly neutral stance in December, pushing back against any lingering expectations for additional insurance cuts and suggesting the next move could be a cut or a hike. Policy rates appear likely to remain on hold in 2026, however, unless the economy experiences an unforeseen shock.

The UK faced more difficult tradeoffs throughout 2025. Growth remained weak and confidence fragile, while services inflation and wage growth stayed elevated, limiting the Bank of England’s easing to a very slow, quarterly pace. Fiscal uncertainty surrounding evolving budget plans added volatility to gilt markets and reinforced concerns around debt sustainability, further complicating the Bank of England’s policy calculus. The Bank of England is expected to continue easing gradually in 2026, though the pace will likely remain constrained by persistent inflation risks and the growing proximity of the policy rate to its neutral level.

Economic and Central Bank Update (Continued)

Canada followed a clearer easing trajectory in 2025 as domestic growth slowed, and restrictive financial conditions weighed on interest-sensitive sectors. Elevated household leverage, a cooling housing market, and trade uncertainty weighed on consumption and labor market momentum. In response, the Bank of Canada moved earlier than many peers to ease policy, cutting rates as inflation trended lower in January and March, then resuming cuts in September and October. By the end of 2025, however, policymakers signaled that rates had reached the lower end of their estimated neutral range and adopted a more cautious stance. The Bank emphasised that policy is now close to appropriate, with future decisions dependent on whether growth weakens further or inflation re-accelerates, suggesting a prolonged pause is likely heading into 2026.

Australia entered 2025 with more persistent inflation pressures and an economy operating closer to potential. While growth moderated over the course of the year, underlying inflation remained sticky, supported by relatively tight labor markets and resilient domestic demand. As a result, the Reserve Bank of Australia delivered only limited easing to bring its policy rate 0.75% below its peak and maintained a cautious stance throughout the second half of 2025. By year end, Australia emerged as a relative outlier, with policymakers signaling limited tolerance for renewed inflation surprises, raising the possibility of rate hikes in 2026.

Japan remained a key exception to the global easing trend in 2025. The Bank of Japan continued its slow normalisation process throughout the year, culminating in a December rate hike that brought policy rates to their highest level in three decades. Although the pace of tightening remains extremely gradual and terminal rates are expected to stay low in the 1–2% range, Japan's shift away from ultra-accommodative policy combined with fiscal expansion has increased its influence on global bond markets and capital flows.

Taken together, 2025 marked a clear departure from the synchronised monetary cycles that characterised the immediate post-pandemic period. Central banks ended the year closer to neutral but continued to face tradeoffs between persistent inflation and subdued growth, while uncertainty remained over how new developments, like AI, could be shifting the economy's longer-term productive capacity. As 2026 begins, policy paths appear less predictable and more data-dependent than in prior cycles, reinforcing the importance of flexibility in a macro environment defined by divergence rather than convergence.

Market update

Financial markets in 2025 operated in an environment where policy uncertainty and shifting expectations created frequent disruptions and prevented markets from following a single, sustained trend. Periods of calm were frequently interrupted by abrupt repricing episodes, as investors adjusted to changes in trade policy, fiscal outlooks, and central bank signaling. These swings exposed the limits of traditional diversification methods and contributed to higher realised volatility and more unstable correlations across asset classes. Over time, markets adapted to this backdrop, with pricing becoming increasingly sensitive to shifts in perceptions of policy risk and less dependent on the policy outcomes themselves.

Fixed income markets reflected this regime shift most clearly, with yield dynamics increasingly driven by term premia, fiscal considerations, and political risk. In the US, Treasury yields declined materially in the first quarter as inflation prints cooled, growth expectations moderated, and markets pulled forward the prospect of the Federal Reserve easing. That rally reversed in the spring, when tariff-related uncertainty, intermittent upside inflation concerns, and renewed focus on the fiscal outlook pushed term premia higher and lifted intermediate and long-dated yields. In the second half, as labor market data softened and the Federal Reserve pivoted toward risk-management easing, front-end yields declined again. Longer-dated yields, however, proved more resistant, reflecting heavy Treasury issuance, expanding deficits, and uncertainty around the durability of disinflation. The result was repeated episodes of curve steepening both bear and bull underscoring that long-end rates were increasingly influenced by fiscal supply and inflation risk rather than by cyclical growth expectations alone.

Outside the US, fixed income markets were shaped by a complex mix of weaker growth, political instability, and rising fiscal pressures. In Europe, short-dated government bond yields initially declined as the European Central Bank continued steadily easing amid sluggish growth. However, yield curves shifted higher as the year progressed, particularly in Germany, where expanded defense and infrastructure spending raised issuance expectations and term premia. Political instability in France added another layer of volatility, with concerns around fiscal discipline and leadership changes periodically widening OAT spreads versus bunds. In the UK, gilt markets were especially sensitive to fiscal credibility. Episodes of volatility were driven by shifting budget proposals, concerns over debt sustainability, and investor skepticism around the long-term path of public finances, leading to sharp moves in longer-dated yields even as the Bank of England cautiously eased policy.

Japan emerged as a key global driver of rates volatility. Japanese government bond yields rose steadily over the year as the Bank of Japan continued its gradual normalisation and fiscal expansion increased supply concerns. Long-dated JGB yields reached multi-decade highs at times, reflecting both reduced central bank purchases and growing investor focus on debt sustainability. These dynamics had spillover effects on global fixed income markets, as changes in Japanese yields influenced hedging costs, capital flows, and relative value across global bond markets. Taken together, non-US fixed income markets increasingly reflected a world in which fiscal credibility and political stability mattered as much as near-term growth or inflation data.

US equity markets were resilient overall in 2025, though they significantly lagged many global peers early in the year, as elevated valuations, restrictive financial conditions, and uncertainty around trade policy weighed on sentiment. Performance improved later in the year as earnings proved more resilient than expected, particularly in technology and AI-related sectors, allowing major indices to recover lost ground and end the year with solid gains.

Market update (continued)

Large-cap technology stocks ultimately accounted for a disproportionate share of index-level returns, benefiting from scale, balance sheet strength, and outsized investment in AI infrastructure, cloud computing, and data centers. Periodic pullbacks often triggered by tariff headlines, shifts in rate expectations, or renewed concerns around fiscal sustainability highlighted the vulnerability of elevated valuations to changes in real yields and policy sentiment.

Non-US equity performance varied across regions in 2025 but still outpaced the US in many cases. European equities performed well overall, supported by fiscal expansion, increased defense and infrastructure spending, and improved earnings momentum earlier in the year. Meanwhile, UK equities outperformed both US and continental European peers, benefiting from attractive starting valuations and a weaker pound later in the year. Japanese equities experienced similarly strong performance, supported by reflationary dynamics, improving corporate governance, yen weakness, and the election of a dovish prime minister in October. Chinese and China-linked equities also delivered robust headline returns, as periods of weakness tied to property-sector stress and policy uncertainty were outweighed by targeted stimulus measures, improving sentiment around growth stabilisation, and renewed foreign inflows.

Currency markets reflected widening policy divergence and evolving perceptions of US exceptionalism. The US dollar weakened sharply early in the year as markets reassessed US growth prospects, pulled forward expectations for the Federal Reserve easing, and reacted to heightened trade and fiscal uncertainty. Following this early decline, the dollar traded largely range-bound for the remainder of the year, with episodes of strength and weakness driven by relative rate expectations and risk sentiment rather than a clear macro trend. The euro and the British pound sterling benefited from dollar weakness early in the year, but gains were capped later in the year by concerns around medium-term fiscal discipline. The Japanese yen was the only major currency to weaken versus the dollar in 2025, weighed down at times by wide interest rate differentials but finding support during episodes of risk aversion and as Bank of Japan normalisation progressed.

Digital currency markets experienced another year of extreme volatility, reflecting their dual role as speculative assets and perceived hedges against monetary and institutional uncertainty. Prices rose sharply during periods of increased risk appetite, supportive regulatory developments, and US policy shifts that raised questions around fiscal discipline and central bank independence. However, these gains were punctuated by sharp drawdowns driven by profit-taking, rising real yields, and shifts in liquidity conditions. Digital asset prices ended in 2025 lower than where they started, despite sitting at all-time highs just a few months prior.

Performance review

The Ironbark GCM Global Macro Fund (the 'Fund') returned -3.07% (net) for the quarter (in Australian dollar terms).

The Fund experienced losses in December. In fixed income, losses resulted from long positions across the US and European yield curves and in Canadian, Japanese, and Australian long-term rates. The carry, value, and macro component strategies produced long fixed income signals. Losses in equities were driven by long positions in US benchmark indices and short positions in European and UK benchmark indices. The portfolio started the month net short equities but flipped to net long, driven by the underlying trend, carry, and macro strategies. In currencies, gains resulted from long exposure to the euro, the Swiss franc, and the Mexican peso versus the US dollar, as well as short exposure to the Japanese yen versus the US dollar. The portfolio flipped from net long the US dollar to slightly short by month end, mainly due to signals from the trend and value sub-strategies. In commodities, gains were driven by long positions in precious metals and copper, as well as short positions in grains. The trend, carry, and macro component strategies produced long precious metals signals, while long positions in base metals and short positions in grains were influenced by the carry, trend, and value strategies.

Market outlook

The events of 2025 reinforced that macro-outcomes are now driven as much by the policy process as by traditional economic fundamentals. Trade policy volatility, elevated deficits, and geopolitical fragmentation have become embedded features of the landscape, influencing term premia, cross-asset correlations, and the reliability of historical diversification relationships.

Growth across developed markets has slowed but remains resilient, supported in part by structural investment themes such as artificial intelligence, infrastructure, and defense spending. At the same time, labor markets have cooled unevenly but inflation faces new upside risks from tariff-pass through, fiscal expansion, and supply-side frictions, creating uncomfortable tradeoffs for central banks. With rates closer to neutral for many developed market central banks, the direction for policy in 2026 looks less obvious, with inflation risks making banks reluctant to continue cutting but growth and labor market vulnerabilities suggesting the next move is still more likely to be a cut than a hike in most jurisdictions.

In this environment, fiscal policy and debt sustainability are likely to play a larger role in market pricing than they have in recent decades. Heavy sovereign issuance, expanding deficits, and political pressure on institutions are contributing to structurally higher term premia and a bias toward steeper yield curves. Duration may offer less consistent protection during periods of stress, while relative-value opportunities across curves, regions, and inflation-linked instruments may become increasingly important. Divergence among central banks particularly between the US, Europe, and Japan should continue to drive dispersion across rates, currencies, and capital flows.

Market outlook (continued)

Looking ahead, markets in 2026 are likely to remain volatile and path-dependent. Rather than a single dominant macro narrative, investors may face a series of regime shifts driven by the sequencing of policy decisions, data releases, and geopolitical events. This backdrop favors flexibility, disciplined risk management, and an ability to adapt quickly as conditions evolve. While uncertainty remains elevated, this environment of dispersion and transition has historically created meaningful opportunities for macro-oriented strategies.

Material matters

There have been no material changes to the Fund in terms of key service providers, the risk profile, investment strategy or changes to individuals in the investment team who play a key role in the investment decisions of the Fund.

The Fund is classified as a hedge fund in accordance with the Australian Securities and Investments Commission, Regulatory Guide 240 'Hedge funds: Improving disclosure'. This classification is based on the fact that the Fund currently exhibits two or more characteristics of a hedge fund, being:

- complexity of investment strategy or structure;
- use of leverage;
- use of derivatives;
- use of short selling;
- charges a performance fee.

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