

Fulcrum Diversified Absolute Return Fund (Australian Unit Trust)



31st Mar 2026

A AUD Dist Share Class

This is a marketing communication for professional investors only

Investment Objective

The Fulcrum Diversified Absolute Return Fund aims to achieve long-term absolute returns in all market conditions over a rolling five-year period, with lower volatility than equity markets and in excess of the Reserve Bank of Australia (RBA) cash rate.

Performance



The track record shown represents the net total return from four different time periods: 1) From 16/09/08 until 31/03/12 the Fulcrum Diversified Absolute Return strategy. Source: Fulcrum Asset Management LLP. 2) From 01/04/12 to 13/12/12 the official performance of TM Fulcrum Diversified Absolute Return Fund Class C GBP adjusted for the interest rate differential between AUD \$ cash and GBP cash. Source: Fulcrum Asset Management LLP. 3) From 14/12/12 to 31/03/15 the official performance of TM Fulcrum Diversified Absolute Return Fund Class C AUD. 4) From 01/04/15 the official performance of Fulcrum Diversified Absolute Return Fund (Australian unit trust). NAV source third party administrator. Past performance is not a guide to future performance and future returns are not guaranteed. This Fund cannot be purchased by US investors.

Returns¹

	Mar	3 Months	1 Year	3 Years	5 Years	Since Inception
Total Returns (%)	-2.5	8.7	21.0	9.5	5.8	5.8

Calendar Year Returns

	YTD	2025	2024	2023	2022	2021
Total Returns (%)	8.7	10.8	7.5	-1.2	2.9	4.1

Rolling 12 Month Net Performance

	Mar 2026	Mar 2025	Mar 2024	Mar 2023	Mar 2022
Total Returns (%)	21.0	2.3	6.1	-3.7	4.8

¹ Source: Fulcrum Asset Management LLP. Periods over 1 year are annualised.

Key Facts

Legal Structure	Australian Unit Trust
Domicile	Australia
Fund Launch	31st Mar 2015
Strategy Launch	16th Sep 2008
Fund AUM	AUD\$1.5bn
Strategy AUM	AUD\$9.0bn
Company AUM	AUD\$13.8bn

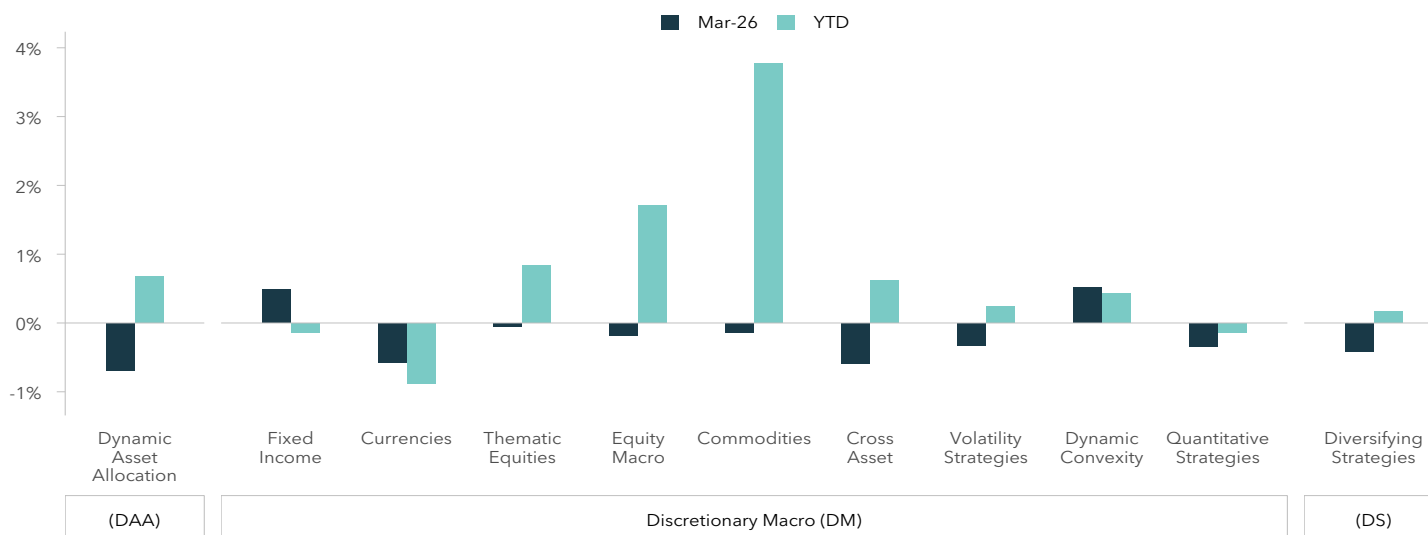
Share Class

Primary Share Class	A AUD Dist
APIR	ETL0424AU
Management Fee	1%
Currency Classes	AUD

Fund Facts

Administrator	J.P. Morgan Chase Bank, N.A.
Custodian	J.P. Morgan Chase Bank, N.A. (Sydney Branch)
Responsible Entity	Ironbark Asset Management (Fund Services) Limited
Valuation Point	Official Market Close
Auditor	KPMG
Deal Cut Off	14:00 Australian time
Dealing Frequency	Daily, 14:00 Australian time
Report Date - Annual	30-Jun

Performance contribution by strategy



Market Review

March saw the outbreak of conflict in the Middle East, between the US and Israel on one side and Iran on the other. Iran responded by launching drone and missile attacks on Arab countries throughout the Gulf region and by effectively closing the Strait of Hormuz. This closure caused global energy prices to surge, with oil and natural gas prices broadly increasing by more than 50%, and with larger price increases in Asia than in Europe.

The flash PMI data for March showed an uptick in global inflationary pressures and worsening growth outside the US. Global risk assets declined and there was a dramatic increase in front-end interest rates in Europe. Markets now reflect expectations that European Central Bank (ECB) and Bank of England (BoE) rates will be 0.5% higher by the end of 2026, with central bank officials pledging their willingness to raise interest rates and contain inflationary pressures. In contrast, the US Federal Reserve suggested that they could be more patient, maintaining a “wait and see” response, with the market now pricing no change in US rates this year. In Japan, markets continue to price only a gradual hiking cycle, with the next increase expected to come in April.

Global equities fell sharply, by less in the US than in the rest of the world, while global fixed income markets also declined. The US dollar rallied, benefiting from the risk-off tone as well as the energy-exporter status of the US. Commodities rose markedly, led by a jump in energy prices, which also boosted agricultural commodities. Precious metals declined amid signs of deleveraging.

Performance Review

March performance was challenging, given the increased volatility across all asset markets. Dynamic Asset Allocation (DAA), Discretionary Macro (DM) and Diversifying Strategies all delivered negative returns this month. The year-to-date return remains in positive territory given our strong performance in January and February.

Although there were initially gains in the DAA sleeve, helped by oil price rises in the commodities allocation, the reversal in equities and the decline in fixed income more than offset this over the course of the month. Diversifying Strategies saw losses on the month as its long equities and short dollar positioning was impacted by a large trend reversal, compounded by reversals in emerging market currencies and rates, which were only partially offset by a long commodity stance.

Despite running the Discretionary Macro portfolio with relatively low levels of ex-ante volatility (5-6%) and with higher-than-normal amounts of hedging, especially in equities, March was a challenging month. Generally speaking, we swiftly became positioned for an escalation in the conflict, while maintaining balance in the portfolio with multiple ideas that should work in each of the binary outcomes. Our general approach has been to ‘fade’ excessive moves in either direction (escalation or de-escalation of tensions) while maintaining significant downside optionality in case things spiral out of control.

While we successfully protected capital in the first half of the month, and we have navigated equity volatility relatively well, the sell-off in emerging market bonds and currencies (Cross Asset and Currencies) in particular detracted from returns. Losses were focused in long-held positions in emerging markets including Brazil, South Africa and Hungary. The reversal in precious metals was a challenge, but the gains from oil and natural gas positions offset the majority of these losses in the Commodities sleeve.

Within Volatility, the dispersion strategy suffered from a jump in implied correlations in a broad ‘risk off’ environment and the lack of volatility shock in the S&P 500 relative to other equity markets.

There have been few places to hide in this environment, although long oil positions in Commodities, and long energy producer and short consumer positions in Thematic Equities have been helpful, and tactical trading in developed markets has been profitable. Although we were aggressively hedged throughout the month, this yielded only modest gains due to the relative lack of weakness in the S&P 500, muted reaction in the US dollar and the sharp sell-off in precious metals and bonds.

Positioning and Outlook

Dynamic Asset Allocation

The equity allocation fell substantially over the month as a sharp increase in volatility outweighed an increase in expected returns. There was also a significant fall in the bond exposure, due to both higher volatility and a deterioration in expected excess returns coming from higher inflation. The commodity allocation remains overweight.

Discretionary Macro

Ultimately, our goal is to generate returns, as well as protecting capital, and this involves taking calculated risks on behalf of our clients. We believe that several assets, such as emerging market bonds, have become dislocated amidst broad-based deleveraging and now offer significant medium-term return potential. With any signs of a de-escalation in tensions, we expect to dial up these positions but, with a heightened level of volatility, we will maintain a low level of risk so that we can hold them more patiently. At the same time, we maintain exposure to Treasuries, gold, oil, equity put options, and US dollar call options in case the crisis worsens significantly. We have little equity beta and we expect to trade our duration exposure tactically.

Our oil exposure is focused on the longer end of the futures curve. Although spot and near-term futures have risen sharply, the market is continuing to price a relatively rapid decline in oil prices further out and this may prove to be an overly optimistic view. We are also positively exposed to gold, judging the recent sell-off to be driven largely by deleveraging. Going forward, the medium-term thesis for gold remains strong.

Diversifying Strategies

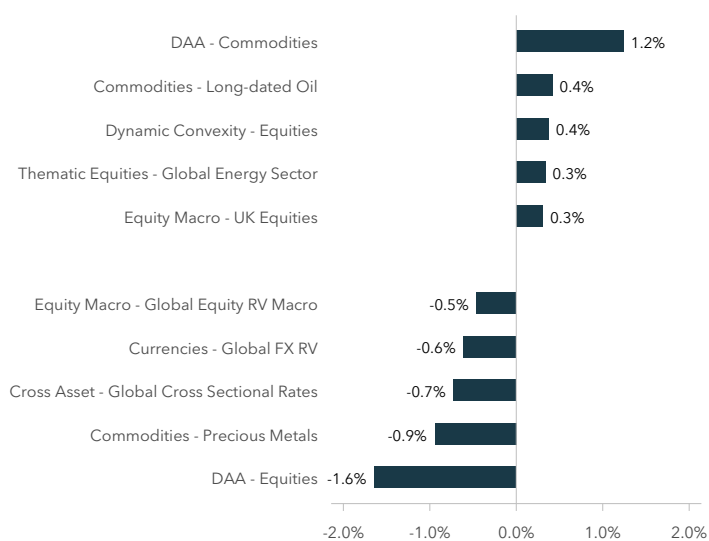
Trend cut risk across the board following the rapid momentum reversals seen over the month. The system is long equities, but by less than before, and has changed to a negative exposure to bonds from positive previously. It has also extended its longs in commodities and is now positioned for an increase in the dollar compared to a large short position previously.

Overall

Overall, the ex-ante volatility of the portfolio remains low and we are reluctant to rely on stability in any correlations. The portfolio is balanced to reflect the range of risks and level of uncertainty that we currently see; it’s safer to reduce positions across the board and to have more controlled “basis risk”, but we will trade actively around our views and with increased conviction as the outlook becomes clearer.

Amid significant geopolitical uncertainty, we remain nimble in our positioning, with significant diversification across strategies as well as hedging against emergent risks.

Top 5 performance contributors and detractors²

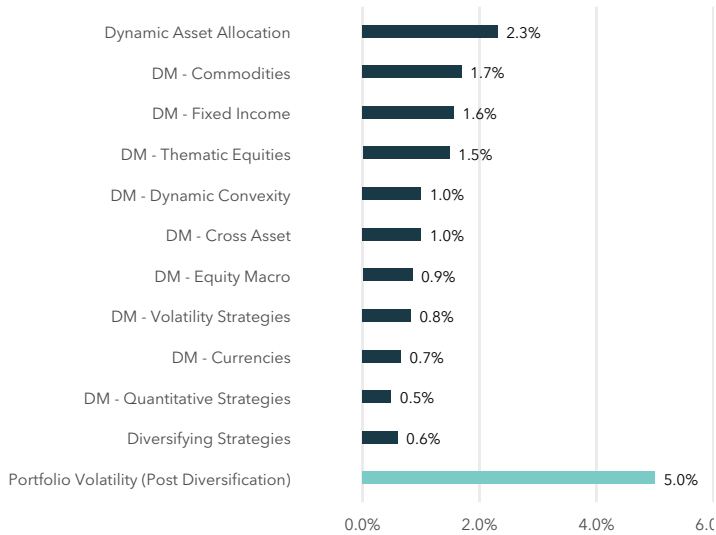


Top positions by strategy²

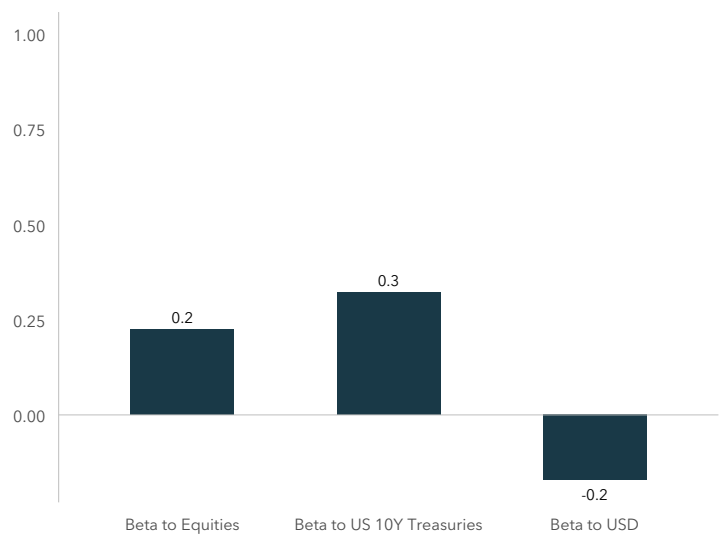
Strategy	Risk Contribution
Dynamic Asset Allocation - Equity	1.7%
Dynamic Asset Allocation - Commodities	1.6%
DM - Thematic Equities - Global Energy Sector	1.0%
DM - Volatility Strategies - Volatility Risk Premia	0.9%
DM - Dynamic Convexity - Equities	0.8%
DM - Commodities - Precious Metals	0.8%
DM - Commodities - Long-dated Oil	0.7%
Diversifying Strategies	0.6%
DM - Fixed Income - UK Rates	0.6%
DM - Fixed Income - CEEMEA Rates	0.5%

²Source: Fulcrum Asset Management

Risk by strategy

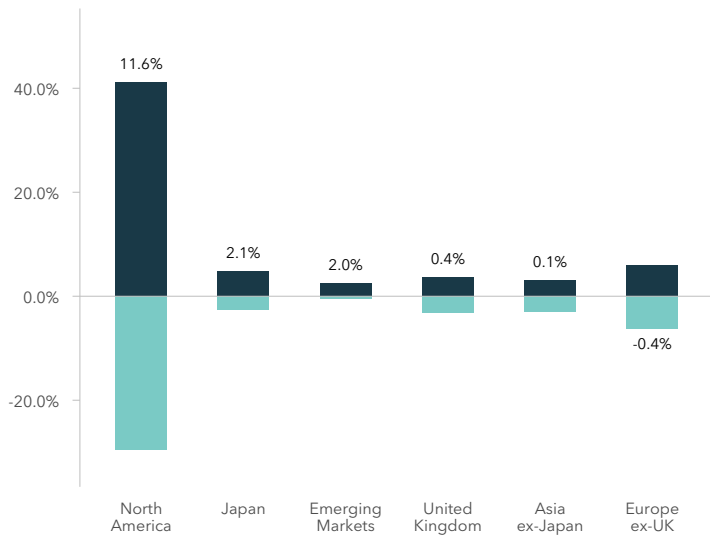


Portfolio Beta Exposures³

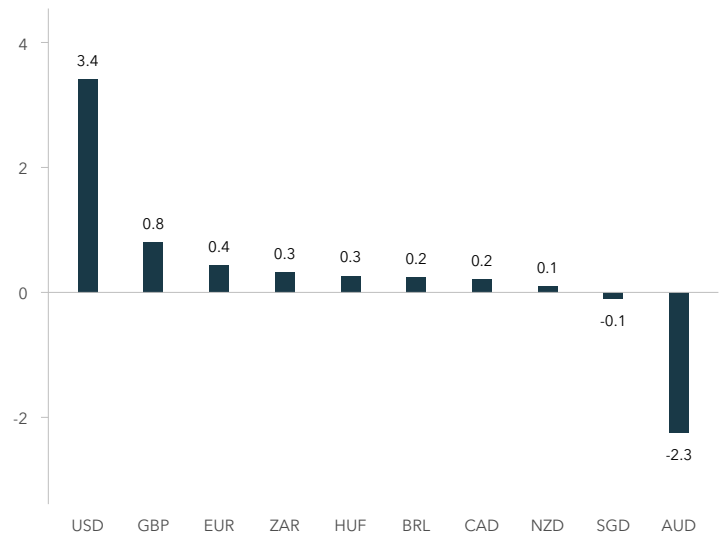


Portfolio exposures⁴

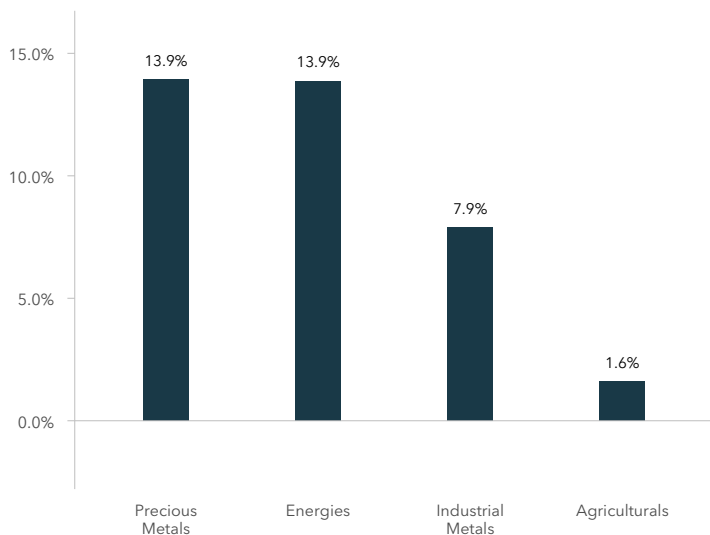
Equity - Net exposures by Region (15.8%)



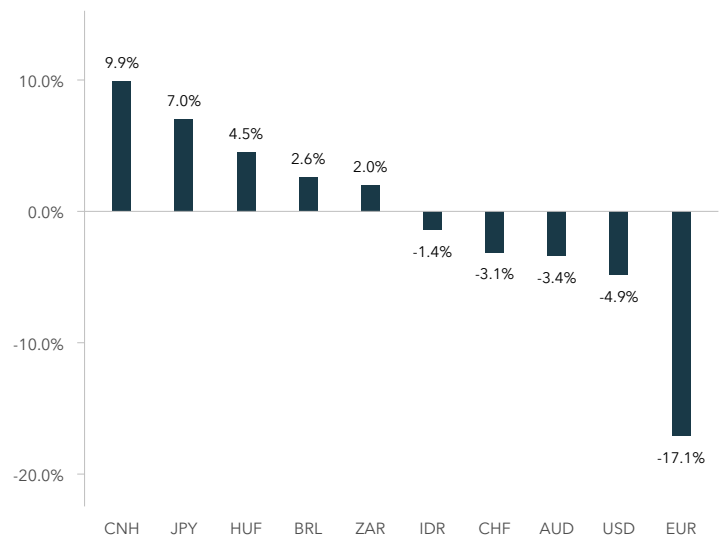
Fixed Income - Duration exposure (3.5 years)



Commodities - Net exposures by commodity (37.3%)



Currencies - Net exposures, top 5 long/short



³Global Equities: MSCI World; US Dollar: DXY

⁴Source: Fulcrum Asset Management LLP using RiskMetrics.

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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Risk Summary

Leverage techniques may be used by the fund. A relatively small price movement in an underlying asset may amplify losses and the fund may be exposed to losses which are greater than the initial amount invested. Any derivatives usage can result in substantial losses to the fund where expectations as to how a derivative will perform prove to be incorrect or inefficient, or in adverse market conditions. Losses may occur if an organisation through which the fund transacts becomes insolvent or fails to meet its obligations. This risk may be reduced by obtaining assets as collateral from these organisations. For a full explanation of specific risks and the fund's overall risk profile, as well as all its share classes, please refer to the Prospectus, available on the firm's website.

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