

# Monthly Report

AUGUST 2025

**CERUTTY**  
MACRO FUND

## Cerutty Macro

Cerutty Macro Fund is an independent active manager of global, but predominantly Australian equities. The Manager applies a detailed investment process, using identified macroeconomic trends as the foundation of its allocation. Coupled with analysis of the liquidity cycle and bottom-up research, we aim to deliver attractive returns to investors over a 3-year time horizon.

The Fund's portfolio is a high conviction portfolio ranging from 15-40 positions in equities, to scale between high/low concentration allocations depending on liquidity conditions. It is the Fund's perspective that financial market liquidity has a large impact on asset prices, thus it being a vital component to the investment process.

### Our investment process



Macro Themes



Liquidity Cycle



Bottom-up

## Fund performance

	Fund %	Index %	Excess %
1 Month	6.3	8.4	-2.1
3 Months	14.1	12.4	1.7
1 Year	29.5	23.4	6.1
Since inception (annualised)	24.3	14.9	9.4

Index/Benchmark ASX Small Ordinaries Accum. Index

Past performance is no indication of future performance & returns are post fees with reinvestment of distributions and capital gains.

## Fund overview

Portfolio management	Chris Judd
Number of investments	15-40
Type of investments	Long only Australian listed equities Global listed equities
Time Horizon	3+ years
Benchmark	ASX Small Ords Accum. Index
Management/Performance fee	1.20% & 20% over benchmark

## Monthly update

The Cerutty Macro Fund returned 6.3% in the month of August and has now returned 29.5% over the last 12 months. Globally, August was a strong month for markets as consensus views began to focus on U.S. fiscal spending and the administration's desire to run the economy "hot".

Believers in the "run it hot" scenario were emboldened by Fed Chair Jerome Powell's address at Jackson Hole on August 21st where he announced a significant policy shift, formally abandoning the "average inflation targeting" (FAIT) framework adopted in 2020 in favour of a return to traditional flexible inflation targeting. While keeping inflation around 2% along with maximum employment is still the stated goal, Powell's comments could be interpreted that 2% is no longer a hard ceiling but more of an aspirational goal for where inflation expectations should be.

Powell acknowledged that allowing inflation to run above target—central to FAIT—had proved counterproductive in light of persistent price pressures and eroded the Fed's credibility during the last cycle of surging inflation. With inflation now closer to target and labour market data weakening, Powell struck a dovish tone, indicating adjustments to policy may soon be warranted and signalling preparedness for gradual easing of monetary policy even though inflation isn't below the 2% target.

Powell's Jackson Hole speech wasn't the only Fed headline in August as US President Donald Trump announced the firing of Federal Reserve Governor Lisa Cook, alleging impropriety regarding mortgage declarations. Cook's ousting, now being contested in court was condemned by several economists and has brought the Fed's institutional independence into question and challenged the -

## Monthly update

### XAU/USD



Source: TradingView, September 2025

foundation of US monetary credibility. The President's move follows months of public criticism of the Fed for its "insufficiently aggressive" rate cuts. Trump's escalation against Cook and hinted willingness to remove Chair Jerome Powell have created an atmosphere of unpredictability around monetary policy, with Cook herself asserting Trump has no legal authority for her removal. The drama underscores growing risks of policy being swayed by political expediency, undermining the central bank's ability to act independently for long-term economic stability.

In this environment of heightened uncertainty, gold extended its rally to new all-time highs. Gold futures spiked past \$3,400/oz on August 8, supported by surging investor demand for safe-haven assets, central bank buying, and deepening fears regarding US monetary instability and Federal Reserve headlines. Market volumes hit multi-year records as investors sought shelter from geopolitical risk and the possibility of more unpredictable US economic policy. Analyst forecasts have shifted upward, with major banks now expecting spot gold to remain above \$3,350, which may prove to be conservative as spot gold reached an all time high in early September over \$3,630. The bullish gold price action reflects both macro uncertainty and the growing belief that a Fed losing independence may green light increased inflation and erode US dollar credibility.

Global macro events aside, August marked the annual reporting season in Australia. The S&P/ASX 200 index gained 3% during the month while the Small Ords jumped over 8% for August. Due to high levels of private debt in Australia, as result of our incredibly expensive housing market, small caps that rely on both retail and institutional money for flows, we've long held the view that -

### ASX Smalls v ASX Large



Source: TradingView, September 2025

interest rate cuts will have an outsized effect on small caps. So far this has been playing out and with consensus forecasts for another rate cut in November, with Westpac and NAB forecasting another cut in February, we continue to see bullish tailwinds for small cap share prices near term.

### Position Spotlight - Uranium & NexGen

The Fund has held favourable views on the uranium trade since inception, and whilst it hasn't been without its challenges, we view the outlook as positive as ever. We appreciate that every "commodity bull" views their preferred commodity in a structural deficit, but not many commodities share what uranium has – being one of the most highly regulated and tracked resources in the world. We know exactly how many reactors exist, how many new reactors are under construction and planned, and how much enriched uranium they need. The outlook on demand is predictable. On the supply side, we know ~50% of total supply comes from just three producers – Kazatomprom, Cameco & Orano – and the remaining is covered largely from CGN, Rosatom, and BHP's Olympic Dam. Again, making supply assumptions far more predictable than your ordinary commodity. Point being, the demand/supply forecasts from Goldman Sachs and the World Nuclear Association should serve as reasonable forecasts for what we might expect to play out over the medium-term.

In June 2025, Goldman Sachs released their "Is nuclear power set for revival?" memo, discussing demand/supply dynamics of the physical market, the resurgence of nuclear power in the West, and the use of new technologies (Small Modular Reactors) by U.S. tech companies to support their data centre ambitions. Goldman points to the small 10kt uranium oxide deficit in 2024 growing to 104kt -

1 <https://www.wilsonsadvisory.com.au/news/australian-earnings-season-a-top-down-view>  
2 <https://www.cnbc.com/2025/08/25/us-treasury-yields-after-fed-chair-powells-speech.html>  
3 <https://www.goldmansachs.com/insights/articles/is-nuclear-power-set-for-a-revival>

## Monthly update

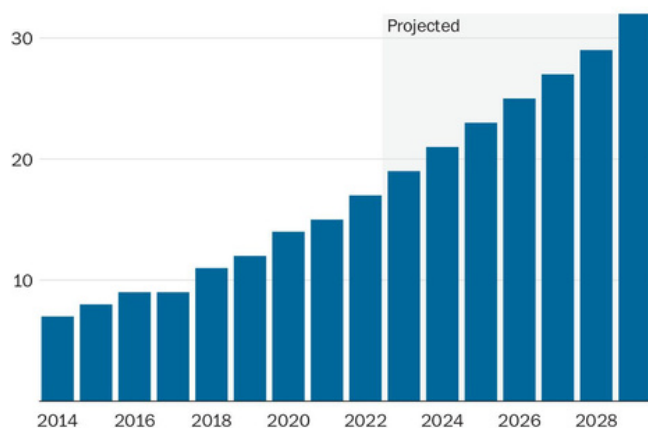
by 2045, from a combination of an ~80% increase in reactor demand and a ~25% drop in production. Importantly, this demand assumption does not account for government stockpiling or third-party buyers – like the Sprott Physical Uranium Trust which has accumulated 68.6mlbs of U3O8 since 2021. Sprott also recently closed a US\$200m capital raise (upsized from US\$100m), which it will use to continue buying pounds on the spot market. This also doesn't account for Uranium producers having to buy pounds to fill contracts they can't fill (see Cameco having to buy 9-10mlbs in the back part of this year).

Importantly, most of these future supply models don't account for the very real possibility that these public production issues persist. Kazatomprom has had issues hitting forecasts over the past 2 years in particular, Cameco just announced a downgrade of their McArthur mine to 14-15mlbs from 18mlbs, and more locally, Boss Energy pulled their nameplate target due to potential resource issues. It is not unreasonable to suspect that these medium-term supply issues expected at the back end of this decade might be brought forward.

### US DATA CENTRE POWER SHORTFALL

#### U.S. data centers tax the power grid

Data center energy demand, in gigawatts. Each gigawatt is roughly the amount of power generated by a large nuclear plant.



Source: McKinsey, January 2023

Now turning to the demand side of the thesis... China is set to add ~29 new nuclear reactors by 2030, while the U.S., despite having more total reactors (94 versus China's 57), has none slated for completion this decade. There are however signs of a nuclear revival in the U.S., with restarts planned at Palisades, Three Mile Island, and Duane Arnold. Much of the urgency to restart these mothballed reactors is due to the rapid build out of energy hungry -

data centres, which is expected to grow from ~5% of total electricity consumption to an upper-band forecast of 12% by 2028. These three reactor restarts are set to expand nuclear power generation by ~7%, or ~1.5% of total U.S. power output – hardly a dent in the forecast consumption figures.

One way we're currently playing the thematic is through Canadian 'near-term developer', NexGen Energy. NexGen's Arrow ranks amongst the world's leading resource developments, even when measured against projects outside the uranium sector. Assuming no changes to NexGen's Rook1 feasibility study and a US\$100/lb U3O8 price, NexGen would be the 9<sup>th</sup> highest free cash flow producing mining company globally. Whilst there have been some concerns over frivolous spending habits of management, it's hard to look past the size and grade of the assets - which if the uranium thesis plays out like we suspect, will be a project of major strategic importance to the energy transition.

### NEXGEN ENERGY



Source: TradingView, September 2025

<sup>4</sup> <https://www.nexgenenergy.ca/exploration/arrow/>

<sup>5</sup> <https://world-nuclear.org/news-and-media/press-statements/world-nuclear-fuel-report-2025-investment-in-nuclear-fuel-cycle-needed-as-demand-for-nuclear-power-grows>

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