

Monthly Report

SEPTEMBER 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.

Fund performance

	Fund %	Index %	Excess %
1 Month	8.1	3.4	4.7
3 Months	19.0	15.3	3.7
1 Year	36.5	21.5	14.9
Since inception (annualised)	27.6	16.1	11.5

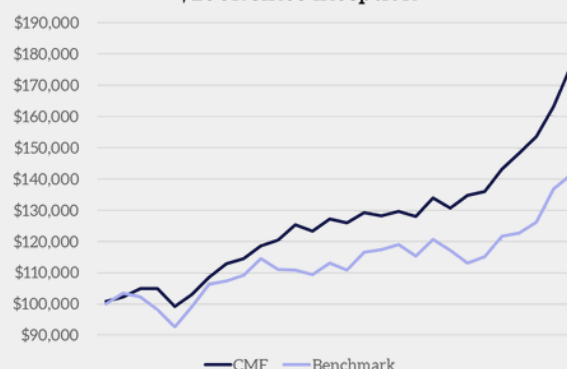
Index/Benchmark ASX Small Ordinaries Accum. Index

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

\$100k since inception



Past performance is no indication of future performance

Monthly update

The Cerutty Macro Fund returned 8.1% in the month of September and has now returned 36.5% over the last 12 months. September provided fresh evidence of the cross winds between domestic fundamentals and global currents shaping investor opportunity. A hotter-than-expected inflation print in Australia overturned consensus thinking, with widespread implications for risk assets and policy expectations.

The surge in services and core inflation, exceeding even the most hawkish forecasts, pushed headline CPI to the upper end of the Reserve Bank's two to three percent target band. This raises the likelihood that the much-anticipated cycle of interest rate cuts, once seen as gathering pace, may now be postponed into 2026. Local banks swiftly adjusted their forecasts. NAB expects no easing until May next year, calling August's inflation signal "too strong

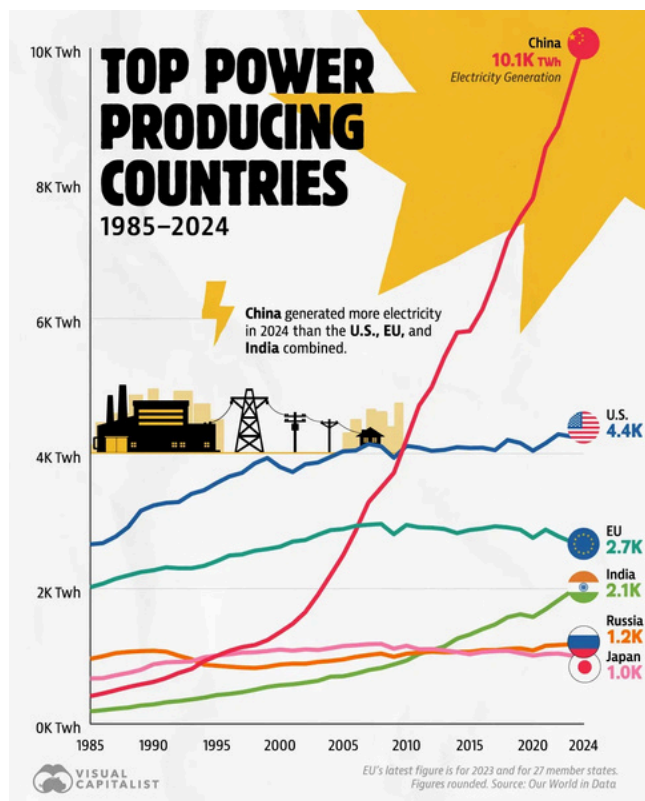
to ignore." CBA also believes further cuts may be on hold until 2026. Westpac's Luci Ellis remains more optimistic but acknowledges that the path forward is "highly data dependent" and tilted toward delay.

At Cerutty, we have long held the view that Australian small caps benefit disproportionately from rate cuts relative to larger peers. While a stronger inflation print is a headwind, particularly for companies in rate-sensitive sectors, we believe several macro tailwinds have the potential to offset these challenges in the near term.

If August was dominated by tariffs and trade friction out of the United States, September was about strategic resource acquisition. Under pressure to safeguard domestic supply chains and counter Chinese dominance, Washington moved with urgency into critical

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China's Power Surge



minerals. The announcement of a five billion dollar federal fund to support rare earths, antimony, and lithium marked a clear shift, with capital directed not only to mining but also to processing and refining. The Pentagon's 245 million dollar, sole-source contract for antimony sparked a run in shares of US-based producers, while new project approvals paved the way for the country's largest antimony-gold mine in Idaho. Direct equity stakes and long-term supply agreements are becoming the model of choice, echoing the Cold War practice of strategic stockpiling but aimed today at batteries, semiconductors, and defence technologies.

The momentum quickly broadened. Deals advanced to secure lithium supply from both domestic and ASX-listed operators, while talk of coordinated Western alliances in rare earths emerged as the G7 studied price floors to counter Chinese leverage. Neo Performance added to the shift by opening Europe's flagship magnet facility, a landmark investment in industrial policy designed to mitigate risks tied to the energy transition.

This drive for resource independence is no longer confined to Washington with India and Europe also flagging it as a priority.

1 <https://www.bbc.com/news/articles/cx2rz08en2po>

2 <https://www.reuters.com/markets/commodities/us-antimony-corp-wins-245-million-pentagon-contract-build-defense-stockpile-2025-09-23/>

3 <https://www.afr.com/markets/debt-markets/two-more-rba-rate-cuts-on-the-way-economists-say-20251002-p5mzhh>

Antimony Price



In totality, it represents a paradigm shift: governments are combining resource diplomacy with domestic production, prioritising resilience over efficiency and replacing the "just in time" model of supply chains with a "just in case" mindset.

Among the many financial commentators who generously share their time through freely available podcasts, Louis Vincent-Gave remains one of my favourites. His framework for understanding equity bubbles—whether driven by new geography, new technology, or not enough to go around—resonates with our observations since investing full time. He argues that market leadership, defined by the world's ten largest companies by market capitalisation (excluding Berkshire Hathaway), typically endures for roughly ten years and reflects one of these three themes. Today, we see the interplay of two forces: the stockpiling of resources, first by China and now by the United

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States, India, and Europe, alongside the electricity bottlenecks arising from AI and data centre demand. The world is emerging from an era of “wokeconomics,” a period in which critical industries, mineral production, and baseload power were too often undervalued. That era appears to be ending with renewed urgency and a reframing of priorities.

Position Spotlight - Energy Transition

Last month we discussed one of the three critical choke points in the Data Centre and AI buildout – energy. We explored how nuclear power is increasingly viewed as a viable long-term solution to the immense and rising electricity demand in the data centre ecosystem. This month, we remain focused on the same choke point, but through a different lens – infrastructure. Across the world there is a wave of investment underway to reinforce and expand the physical backbone required to sustain the data centre boom, from high-voltage transmission lines to substation upgrades and grid interconnections. A recent study by the U.S. Department of Energy found that transmission grid infrastructure would require 57% growth by 2035, to sustain the flurry of new renewables supply and data centre demand.

The Fund has exposure to the thematic through two ASX-listed peers, Energy One (EOL) and IKEGPS (IKE). Energy One provides exposure to the growing complexities of an increasingly decentralised power grid, as renewable generation and battery storage reshape the way energy is traded, balanced, and managed across markets. IKE, on the other hand, offers direct exposure to the physical buildout of U.S. grid infrastructure, providing the software and hardware that enables utilities and contractors to plan, design, and deploy the next generation of transmission networks.

EOL operates a high-quality, high-margin software business that services energy retailers, generators, and traders across Australia, the UK, and Europe. The company provides mission-critical software used to automate energy trading, optimise portfolio management, and manage regulatory compliance – all essential functions in an increasingly complex and decentralised power market. Domestically, EOL has established a dominant market position, with Australian ARR growing 13% year-on-year to \$25.3m, with EBITDA margins of 42%, reflecting both pricing power and the stickiness of its customer base.

Its European and UK operations are now the key growth driver, with ARR of \$35.1m, up 29% year-on-year. The European market is roughly ten times the size of Australia, implying a long runway for sustained expansion as the region accelerates its transition to

renewables and the need for real-time energy trading and balancing solutions intensifies. On a consolidated basis, EOL's total ARR stands at \$60.4m, underpinned by a strong sales pipeline that has already booked 7% ARR growth and 9% revenue growth entering FY26. We expect this momentum to continue as new contract wins and renewals compound through the year, supported by ongoing structural demand for grid management and trading automation software.

IKE provides enterprise software solutions used by some of the largest utility and telecommunications companies in the United States, including eight of the ten largest U.S. utilities and more than 400 customers in total. Its platform enables utilities to capture, analyse, and manage critical pole and network infrastructure data – a function that has become increasingly essential as the U.S. grid undergoes one of the largest modernisation cycles in decades. The business currently generates around \$17m in annual recurring revenue at 90% gross margins and is expected to deliver approximately A\$27m in total revenue in FY26. Management anticipates reaching an EBITDA breakeven run rate in the second half of FY26, supported by a combination of organic growth, margin expansion, and product leverage.

IKE continues to broaden its offering through the rollout of new software modules developed in collaboration with major U.S. utilities, opening meaningful cross-selling opportunities within its existing customer base. A prominent example is IKE PoleForeman, a pole-load analysis and design tool that helps utilities assess pole strength, clearance, and compliance with regulatory standards as they modernise and expand their networks. Beyond the operational story, the company carries an additional layer of strategic optionality, having previously received an unsolicited takeover proposal from private equity at NZD \$1 per share. While consolidation within the sector remains a possibility, it is not a base case for our investment thesis, but rather a potential upside catalyst should industry interest re-emerge.

4 <https://dig.watch/updates/power-grid-spending-surges-as-us-braces-for-data-centre-and-ai-boom>
5 https://www.energyone.com/wp-content/uploads/2025/09/EO-Annual-Report-2025_WEB-Interactive.pdf
6 <https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-03000277-3A677439&v=undefined>

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