

# Monthly Report

FEBRUARY 2026

**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

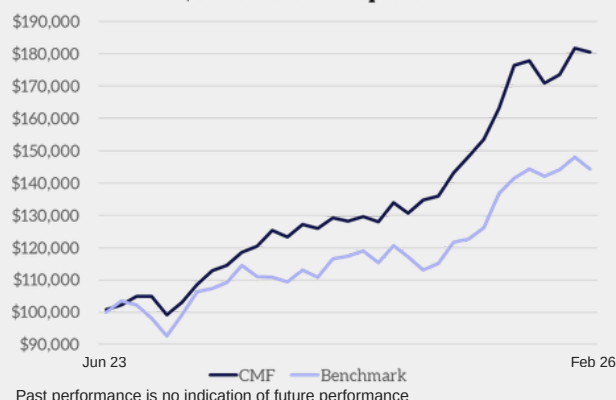
	Fund %	Index %	Excess %
1 Month	-0.7	-2.6	1.9
3 Months	5.7	1.5	4.2
1 Year	38.1	23.1	15.0
Since inception (annualised)	23.9	14.3	9.6

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.  
Inception June 2023

## 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



## Monthly update

The Cerutty Macro Fund returned -0.71% in February and is up 38.15% over the past twelve months. February was dominated by the Australian reporting season, which proved to be one of the more volatile periods in recent memory. As with every reporting season, some companies exceeded expectations while others fell short. What stood out this time was the market's asymmetric reaction: misses were punished far more harshly than beats were rewarded. In many instances, stocks that missed expectations even modestly experienced double-digit declines, while companies that outperformed were met with muted buying or simply held their ground. This environment appears to be presenting some compelling opportunities and reinforces our preference for owning businesses with clear earnings visibility, robust balance sheets, and management teams that consistently under-promise and over-deliver.

One of the most striking dynamics during the reporting season was the continued deterioration in valuations for software-as-a-service businesses listed on the ASX. In recent years, investors were often willing to pay fifty, seventy-five, or even one hundred times earnings for software companies offering recurring revenue, high margins, and long growth runways. While many of these software-driven companies will remain viable businesses for years to come, the era in which investors were prepared to pay such lofty multiples appears to be over.

In our view, if one applies a more normalised earnings multiple of around fifteen to twenty times to many of these software names, a number of them still have significant downside from current levels. This is not a criticism of their operating quality—many will continue to grow revenues over time—but rather a recognition...

## Monthly update

### Gold Price (XAU USD) - 1-year



Source: TradingView, March 2026

that the re-rating from hyper-growth valuations to something closer to the long-term average for quality industrials is a painful process that, in our opinion, is not yet complete. If a technology company's primary function is to digitise a process, we share the market's view that artificial intelligence and an average programmer will soon be capable of building a similar product. While many existing customers will stay with their providers out of convenience, the capacity for these companies to frequently raise prices, and therefore margins, is becoming limited.

Turning to geopolitics, the escalation of conflict involving Iran has added another layer of complexity to an already uncertain macro backdrop. In our assessment, this situation is considerably more intricate than recent United States operations in Venezuela. The regional dynamics, the involvement of multiple state and non-state actors, and the potential for disruption to energy supply chains and global shipping routes make this conflict one with wider implications for global markets. To paraphrase Luke Gromen, whose analysis we believe best captures the essence of the situation; Iran is not attempting to defeat the United States military, which it clearly cannot do. Instead, Iran is trying to challenge the United States Treasury market, and one can gauge its progress by watching the yield on ten-year US government bonds.

Despite these developments, we believe the portfolio remains well positioned for an environment where geopolitical risk stays elevated. Our focus continues to be on companies trading at relatively low price-to-earnings multiples, with high levels of tangible assets on their balance sheets and strong, proven management teams. These are the types of businesses that tend to perform best when uncertainty rises and investors shift away from duration and optionality toward earnings certainty and asset backing.

1 <https://www.commbank.com.au/articles/newsroom/2026/03/investors-brutal-in-volatile-asx-reporting-season-commsec.html>  
 2 <https://www.reuters.com/business/finance/us-software-stocks-climb-anthropic-announcement-sparks-relief-rally-2026-02-24/>  
 3 <https://www.aljazeera.com/economy/2026/3/11/oil-prices-swing-wildly-amid-mixed-messages-over-iran-war>  
 4 <https://www.aljazeera.com/news/2026/3/5/venezuelas-president-vows-mining-reform-amid-visit-from-us-cabinet-member>

\* Past Performance is no indication of future returns

### GDG.AX - 1-year



Source: TradingView, March 2026

In a world where the cost of being wrong on valuation has increased substantially, we continue to believe that owning real businesses at sensible prices remains the most dependable path to compounding capital over the medium term.

### Position Spotlight - Generation Development Group

Australia's superannuation system continues to be one of the largest and fastest-growing pools of retirement savings globally, with industry flows compounding at roughly 6% over the past decade – a rate that has been accelerating as the Superannuation Guarantee has risen from 9.5% to 12% in recent years. Alongside this growth, meaningful policy shifts are reshaping how wealth is structured and taxed. Most notably, the proposed Division 296 legislation, expected to take effect from 1 July 2026, will impose an additional 15% tax on superannuation earnings for balances above \$3m (bringing the total to 30%), with a further 10% surcharge on earnings above \$10m. This structural change is prompting wealth managers and financial advisers to seek alternative, tax-effective investment vehicles outside of superannuation – and in our view, few businesses are better positioned to benefit than Generation Development Group (GDG).

It is our view that GDG has been unfairly caught up in the recent de-rating of growth-oriented names on the ASX, where many high-quality businesses trading on growth multiples have been indiscriminately sold down. We believe GDG is one of those quality names, and that the sell-off provides an attractive entry point into a diversified financial services platform with solid market share and strong structural tailwinds.

## Monthly update

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GDG operates across three complementary subsidiaries. Generation Life is Australia's leading investment bond provider, commanding 60% of annual market inflows as at September 2025 and holding the number one position in both inflows and total funds under management. Investment Bonds FUM reached \$5.2 billion at 31 December 2025, up 34% year-on-year, underpinned by strong quarterly sales inflows in the December quarter – up 57% on the prior corresponding period. Every dollar that comes onto the platform sits for an average of 14.3 years, making for exceptionally sticky, high-margin revenue.

Evidentia Group is the combined managed accounts business, formed following the February 2025 acquisition of Evidentia and its merger with Lonsec Investment Solutions. At \$34.5 billion in FUM, holding 11.6% total market share in a sector that has grown at a roughly 26.5% CAGR over five years and is projected to expand from around \$300 billion today to over \$500 billion by 2030. The combined Evidentia business has delivered a 109% five-year FUM CAGR, significantly outpacing the broader market. Since the acquisition, tailored managed account clients have increased by 42%, with a 100% retention rate for existing clients. We acknowledge that some investors have been concerned about delays in mandate transitions following the Evidentia integration – management has been transparent that the initial FUM targets were ambitious and the integration effort consumed time that would otherwise have been spent on offence. However, the business is now fully restructured, mandates are transitioning, and we believe this temporary headwind should resolve itself over the coming quarters.

Lonsec, Australia's leading qualitative financial research and ratings house, rounds out the group. It has over 30 years of independent research capability embedded in adviser workflows and approved product lists across the industry. Products researched reached 1,880 as at December 2025, up 5% over the half, with more than 90% of revenue recurring in nature. Revenue grew 7.6% in HY26 with strong EBIT growth of 29% to \$10 million, driven by both on-demand research premiums and continued operating leverage. New governance products are being launched into the market in Q3, and the SuperRatings and iRate subscription businesses continue to gain traction.

Looking forward, we see multiple growth vectors converging. Division 296 is widely expected to be legislated as proposed, which management describes as a great opportunity for the investment bond business. Additionally, discussions of changes to the capital gains discount would further enhance the relative attractiveness of investment bonds, which operate on revenue account and achieve effective tax rates of just 10–15% across 35 tax-optimised investment options. Managed accounts growth should accelerate through the second half of FY26 as delayed mandates convert and new client wins flow through, with management reaffirming their confidence on hitting their total FUM growth for FY26. The BlackRock strategic alliance, which represents BlackRock's first balance sheet investment into an Australian business, is progressing well with new product development and superannuation fund engagement underway, positioning the lifetime annuity business for a step-change in scale.

At current levels, GDG trades on approximately 28x forward earnings and around 21x FY28 consensus estimates. We believe this materially understates the quality of the business and the durability of its earnings growth, particularly given its dominant and growing share of market flows, capital-light operating model, and significant regulatory tailwinds that are yet to fully materialise. The consolidated group delivered underlying NPAT of \$20.1 million in HY26, up 63% year-on-year, on revenue of \$88.4 million, up 35%, with operating leverage evident across all three subsidiaries.

Grant Hackett has led the transformation of the group since becoming CEO in 2017. Under his leadership, the company has evolved from a mono-line investment bond provider generating roughly \$100 million of annual inflows into a diversified financial services platform now capable of achieving that volume in under three weeks. Hackett has overseen a disciplined expansion strategy, executing a series of targeted acquisitions including Evidentia and Encore Advisory Group, while maintaining a conservative balance sheet with \$83.8 million in cash.

In summary, we view GDG as a high-quality, capital-light compounder with dominant market positions across investment bonds, managed accounts, and financial research – all underpinned by powerful structural and regulatory tailwinds that are still in early stages. At current valuation levels, which we believe reflect the broader de-rating in growth names rather than any fundamental deterioration, we see a compelling risk-reward opportunity and meaningful upside as the earnings trajectory reasserts itself over FY26 and beyond.

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