

Monthly Report

MARCH 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

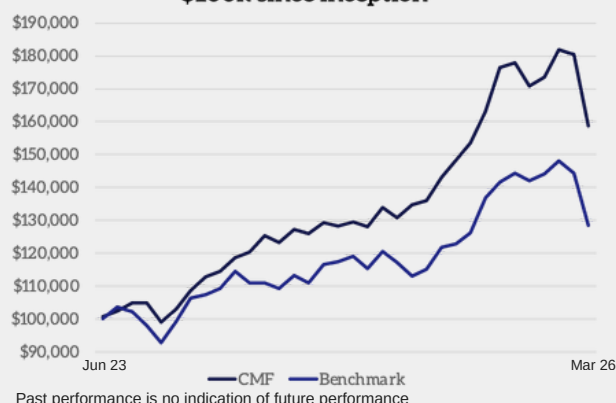
	Fund %	Index %	Excess %
1 Month	-12.0	-11.0	-1.0
3 Months	-8.6	-10.9	2.3
1 Year	17.8	13.7	4.1
Since inception (annualised)	18.3	9.2	9.1

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 ASX Small Ordinaries Accumulation Index posted a return of -11% for the month of March, while the Cerutty Macro Fund returned -12% in what was one of the most difficult environments for small and mid-cap equities since the COVID dislocations of early 2020.

In the short term, stock prices are moved by liquidity and flows; over the longer term, prices follow earnings. March was a month in which both liquidity and flows were as poor as we have seen in some time, weighing on virtually every position in the portfolio regardless of underlying business quality (excluding Santos and Yancoal that were added as hedges during the month). But the same forces that made March so difficult, rising oil, bond market volatility, a strong dollar and geopolitical uncertainty, have set up a dynamic we believe will be genuinely constructive over the -

medium term for most of the businesses we own; companies that either benefit from a higher inflationary environment or are exposed to macro-economic trends that the conflict has, if anything, strengthened.

Rather than leaving somewhat esoteric comments around flows, liquidity and price, it's worth detailing in greater depth how this affects our thesis and the March price action for Gold. While we won't walk through in detail how current events in Iran effect all our macro themes, the dynamic is similar across many other holdings, be it skilled labour, defence spending, water services or industrial production, but we'll focus on gold here. We have long believed the next period of stock market leadership will belong to companies that benefit from the "scarcity" thematic, as globalisation rolls over, AI demand strains an underinvested -

Monthly update

Gold Price (XAU USD) - 1-year



Source: TradingView, April 2026 *

electrical grid, and the bill for years of underinvestment in hard assets and skilled labour comes due. The events of March have increased our conviction in this.

To understand what supercharged gold since 2022, we need to look at the U.S. administration's sanctioning of \$300 billion of Russia's FX reserves following the invasion of Ukraine. That single act sent a clear message to the reserve management offices of sovereign nations everywhere: U.S. Treasuries, long considered the world's most reliable store of value, carried a new and previously underappreciated risk, the risk of political seizure. The logical response from Sovereign nations, was to increase the share of reserves held in something that couldn't be frozen; physical gold. That structural shift has been the defining demand story for gold over the past three years, and it remains very much intact.

While March proved to be a weak month for gold flows and its price, the reasons are largely situational rather than structural. As the Iran conflict escalated and energy markets seized up, sovereign allocators were not adding to gold reserves; they were scrambling to secure oil, deploying foreign exchange into emergency energy purchasing rather than precious metals.

This was most visible in Turkey, which drew down approximately 58.4 tonnes of gold valued at more than \$8 billion in the two weeks following the start of the conflict, the largest weekly decline in reserves in nearly seven years. Russia continued selling gold throughout 2026 to fund its ongoing war in Ukraine, reducing holdings to a four-year low and raising approximately \$2.4 billion. Poland's central bank governor, meanwhile, proposed monetising a portion of the country's roughly 550-tonne reserve to fund surging defence spending, a signal that even the world's most aggressive gold buyer of the past three years was contemplating switching -

1 <https://www.canadianminingreport.com/blog/why-turkey-s-central-bank-sold-58-4-tonnes-of-gold-in-just-two-weeks>
2 <https://euromaidanpress.com/2026/03/24/russia-gold-reserves-urals-oil-middle-east-war-2026/>
3 <https://cryptobriefing.com/poland-gold-defense-funding-nbb-glapinski/>
4 <https://edition.cnn.com/2026/04/08/world/live-news/iran-war-trump-us-ceasefire>
5 <https://www.brookings.edu/articles/what-is-the-status-of-russias-frozen-sovereign-assets/>

STO.AX - 1-year



Source: TradingView, April 2026 *

sides. The pattern across all three is the same; near-term fiscal and balance of payments pressures are acute, gold is liquid, and prices remain elevated. Selling into strength to fund an emergency is rational but it doesn't mean the thesis is broken.

Flows aside, liquidity was also poor. A strengthening U.S. dollar increases the cost (in real terms) of U.S. denominated debt for countries outside the U.S. Rising oil prices forces central banks to maintain tighter monetary policy for longer, pricing out rate cuts and triggering liquidation of leveraged gold positions. And rising bond yields reduced collateral values, forcing deleveraging across financial markets and flushing out gold positions funded through leveraged structures.

None of the above changes our structural view. U.S. foreign policy has become simultaneously more aggressive and less predictable, and for sovereign nations watching the Iran conflict, the lesson is identical to the one drawn from 2022; proximity to the U.S. financial system carries political risk. Both nations that are not aligned with Washington, and those that are but may not always be, have further incentive to diversify out of U.S. Treasuries and into gold. The fiscal dimension compounds this; military operations of this scale, layered onto an already strained U.S. deficit, raise the long-term question of what U.S. government debt is worth in real terms as it increases the need of the U.S. Government to debase their currency as a way of reducing their debt burden (in real terms). Gold, which carries no counterparty risk and cannot be printed, looks increasingly attractive by comparison. March's volatility has done nothing to diminish this; if anything, it has accelerated the timeline.

Monthly update

We close with how we're thinking about Iran at the time of writing, with the important caveat that our confidence in any specific outcome is low, the range of possibilities here is genuinely wide. What we do hold with conviction is this: over the long term, Iran having complete control over the Strait of Hormuz while charging ship's a toll for use, causing their national GDP to rip, while making them the most powerful country in the oil market seems like a particularly poor outcome. One that wouldn't be acceptable to Israel, Saudi Arabia or the U.S. over the long term.

It is worth noting that Trump's early and vocal desire to reassert American control over the Panama Canal at the beginning of his second term was not an isolated impulse — it reflects a broader strategic doctrine that maritime chokepoints are the ultimate lever of geopolitical power. What use is a nation's dominance over rare earth supply chains, critical mineral deposits, or energy reserves if it does not control the shipping lanes through which those resources must pass? China has understood the importance of many of these critical industries for decades. While Washington can't compete in the short term with many of the longer-term objectives China has pursued in the physical world, while the U.S. has been focused on the digital world and finance. Controlling naval chokepoints immediately reduces the leverage China has from many of those strategic objectives it has pursued.

Whether the path forward is a near-term negotiated settlement, a protracted standoff, or boots on the ground, we see the inflationary consequences as unavoidable. The question is only one of magnitude: a diplomatic resolution would, in our view, be mildly inflationary as energy markets reprice risk premiums; an extended or land conflict with U.S. soldiers would be highly inflationary, with cascading effects across energy, fertiliser, shipping and defence supply chains.

Position Spotlight - Santos Limited

The conflict in Iran and the disruption to transit through the Strait of Hormuz have reintroduced a genuine supply risk premium into global energy markets. Our fund's view is that sustained higher oil and LNG prices represent a material headwind for risk assets that work in a disinflationary environment, as inflation expectations increase, higher bond yields and tighter financial conditions follow. In that context, we want energy exposure in the portfolio as a direct hedge against this dynamic. We have made a deliberate decision to move up the market capitalisation curve for this allocation. The investable opportunity set within smaller-cap ASX oil and gas names has become increasingly sparse in our view, with many lacking the asset quality, reserve life or execution track record to warrant meaningful position sizing.

6 Santos 2025 Full-Year Results - ASX Announcement 18 Feb 2026
7 FactSet Consensus Data - 2 March 2026

* Past Performance is no indication of future returns

Santos offers the scale, liquidity and diversified production base we are looking for.

Santos operates across LNG, domestic gas, condensate and crude oil, anchored by long-life reserves tied to existing infrastructure. FY25 revenue was approximately US\$4.9 billion, EBITDAX of roughly US\$3.4 billion, and the company generated US\$1.8 billion in free cash flow from operations despite a soft commodity price environment. While underlying profit declined 25% year-on-year to US\$898 million, the base business demonstrated the resilience of a low-cost operating model that has been central to the Kevin Gallagher era.

The investment thesis centres on a production inflection now well underway. Santos is bringing two major growth projects online simultaneously: Barossa LNG in the Timor Sea, backfilling the Darwin LNG plant, and Pikka phase 1 on Alaska's North Slope. As of the fourth quarter of 2025, Pikka was 98 per cent complete with first oil on track for late in the first quarter of 2026, ramping to a plateau of 80,000 barrels of oil per day (gross) by mid-2026. Barossa shipped its first LNG cargo in January 2026. Together, these projects are expected to lift production by 25 to 30 per cent by 2027 relative to 2024 levels.

FY26 production guidance of 101 to 111 mmbob represents a meaningful step-up from 87.7 mmbob in FY25, with consensus estimates pointing to a sustained uplift in revenue, EBITDA and earnings across FY26 to FY28. The market remains cautious given prior project delays, which we think is weighing on how much of this growth is reflected in the share price. Critically, consensus free cash flow is expected to inflect from negative during the peak capex cycle into material positive territory as capital intensity normalises and project-driven volumes flow through.

Santos has moved through the most capital-intensive phase of both Barossa and Pikka. As these projects contribute at full rates, the ratio of operating cash flow to capital expenditure should improve meaningfully. Management has outlined a framework targeting increased capital returns as projects de-risk, supported by a 10 per cent headcount reduction and US\$150 million in targeted annual structural cost savings reiterated alongside the FY25 results. This is where the comparison against Woodside Energy (WDS) becomes most relevant. While both names sit at similar EV/EBITDA multiples (Santos at approximately 4.8x FY26 consensus, Woodside around 4.6x), the free cash flow trajectories are quite different.

Monthly update

Beyond the near-term ramp, Santos has additional catalysts including the Moomba CCS project (over 1.5 Mt of CO₂ equivalent stored since start-up, with over 900,000 Australian Carbon Credit Units issued) and the Beetaloo Basin appraisal programme planned for the third quarter of 2026, which could unlock a new gas supply source for both the Darwin LNG complex and the East Coast market.

Primary risks include further delays or cost overruns at Pikka (noting the US\$200 million cost increase flagged at the fourth quarter update), commodity price weakness in oil and spot LNG, and the geopolitical backdrop which, while currently supportive, introduces two-way volatility. The market has historically applied a caution discount to Santos given prior delays, and this will only fully dissipate through sustained execution.

When putting on a hedge like this, we are conscious of not wanting to own something we would be rushing to exit when the catalyst rolls off. Santos is a business we are comfortable holding in a normalised environment. The diversified production base, long-life reserves, improving free cash flow trajectory and position relative to peers give us confidence that the underlying equity story stands on its own merits, independent of the current geopolitical premium in energy markets. If the conflict persists, Santos provides direct exposure to the upside. If it resolves, we own a quality large-cap energy name moving through a genuine production inflection with material earnings and cash flow growth ahead of it.

Disclaimer

Juddcorp Pty Ltd ACN 635 629 631 (Juddcorp) is a corporate authorised representative (CAR) (CAR Number 1300536) of Boutique Capital Pty Ltd ACN 621 697 621 (Boutique Capital) AFSL 508011 with Equity Trustees Limited (Equity Trustees) (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Cerutti Macro Fund (Cerutti). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

This document contains general advice only and has been prepared by Juddcorp for individuals identified as wholesale investors for the purposes of providing a financial product or financial service, under Section 761G or Section 761GA of the Corporations Act 2001 (Cth).

The information herein is presented in summary form and is therefore subject to qualification and further explanation. The information in this document is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account personal investment objectives, financial circumstances or particular needs.

Recipients of this document are advised to consult their own professional advisers about legal, tax, financial or other matters relevant to the suitability of this information. Neither Boutique Capital, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it.

The investment summarised in this document is subject to known and unknown risks, some of which are beyond the control of Juddcorp and their directors, employees, advisers or agents. Juddcorp does not guarantee any particular rate of return or the performance of the Fund, nor does Juddcorp and its directors personally guarantee the repayment of capital or any particular tax treatment. Past performance is not indicative of future performance.

The materials contained herein represent a general summary of Juddcorp's current portfolio construction approach. Juddcorp is not constrained with respect to any investment decision making methodologies and may vary from them materially at its sole discretion and without prior notice to investors. Depending on market conditions and trends, Juddcorp may pursue other objectives or strategies considered appropriate and in the best interest of portfolio performance.

There are risks involved in investing in the Juddcorp's strategy. All investments carry some level of risk, and there is typically a direct relationship between risk and return. We describe what steps we take to mitigate risk (where possible) in the Fund's Information Memorandum. It is important to note that despite taking such steps, Juddcorp cannot mitigate risk completely.

This document was prepared as a private communication to clients and is not intended for public circulation or publication or for the use of any third party, without the approval of Juddcorp. Whilst this document is based on information from sources which Juddcorp considers reliable, its accuracy and completeness cannot be guaranteed. Data is not necessarily audited or independently verified.

Any opinions reflect Juddcorp's judgment at this date and are subject to change. Juddcorp has no obligation to provide revised assessments in the event of changed circumstances. To the extent permitted by law, Boutique Capital, Juddcorp and their directors and employees do not accept any liability for the results of any actions taken or not taken on the basis of information in this report, or for any negligent misstatements, errors or omissions.

This document is for informational purposes only and is not a solicitation for units in the Fund. Application for units in the Fund can only be made via the Fund's Information Memorandum and Application Form.