

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 overview

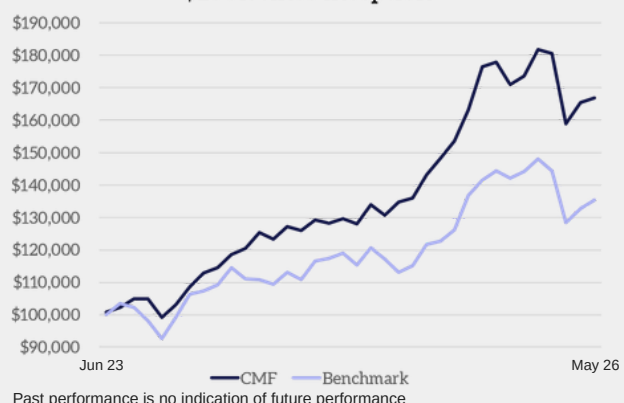
Portfolio management	Chris Judd
Number of investments	15-40
Type of investments	Long only Australian listed equities Global listed equities
Time Horizon	3+ years
Benchmark	ASX Small Ords Accum. Index
Management/Performance fee	1.20% & 20% over benchmark

Fund performance

	Fund %	Index %	Excess %
1 Month	0.9	2.0	-1.1
3 Months	-7.6	-6.1	-1.5
1 Year	16.6	11.3	5.3
Since inception (annualised)	18.6	10.6	8.0

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

\$100k since inception



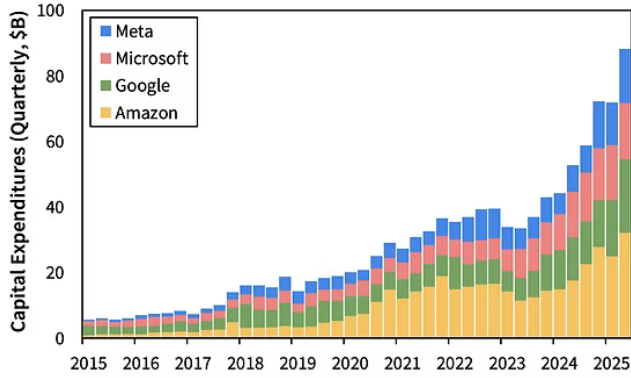
Monthly update

The Cerutty Macro Fund returned 0.9% for May and is up 16.6% over the last twelve months. The price action of stocks in May felt like companies were splitting into groups plugged into a powerful macro theme and companies that are not. In May, it felt like the first group were being repriced higher almost regardless of valuation if the company was executing well; the second being left behind almost regardless of quality and operational performance. This bifurcation is now the defining feature of the tape, and it shaped both the strength in the United States and the malaise at home on the ASX. In the short term, stock prices are moved by liquidity and flows; over the longer term they follow earnings. In May the flows went, with real discrimination, toward the businesses exposed to an attractive thematic.

The headline story was American strength, and it was overwhelmingly a thematic strength. The S&P 500 rose 5.2% for the month to close at a record near 7,580, its second consecutive positive month and now up better than 10% since the Iran war began in late February. The Nasdaq did better still, gaining roughly 8% to around 26,970. But the index numbers understate how narrow and how deliberate the leadership was. This was an energy, memory and AI-infrastructure rally. Energy names carried the war premium. Memory and storage stocks ran hard as the market woke up to the fact that the data centre build-out consumes DRAM and high-bandwidth memory voraciously – Micron added to an already strong run. And the broader AI complex produced the month's most violent single-stock moves: Dell up around a third in a single session on its best day on record, Snowflake up more than 36% after lifting guidance, the picks-and-shovels of the build-out being -

Monthly update

U.S. Datacentre Capex



Source: Sparkline Capital, Oct 2025*

marked up day after day. What was not invited to the party was just as instructive — the consumer-facing, domestically-g geared, theme-less middle of the market went nowhere. The strength was global where the theme travelled: Korea's Kospi printed fresh records through 8,000 on the back of its chip exporters, Japan's Nikkei traded around 65,000. Where the theme was absent, so was the strength.

The engine underneath all of this is the data centre build-out, and the scale has become difficult to comprehend. The "Magnificent Seven" spent an estimated US\$400 billion on capital expenditure in 2025, the bulk on AI infrastructure, and guided coming into this year to something like a 70% increase — toward US\$680 billion in 2026. Morgan Stanley has the largest hyperscalers near US\$450 billion in each of 2026 and 2027 and now frames it as much a credit story as a capex one. The real-economy footprint is unmistakable: after a decade of flat US electricity production, output rose around 3% year-on-year in March. This is a genuine and enormous pull of capital, labour, materials and power into the American economy, and it is the clearest reason US growth and US equities keep leaving the rest of the developed world behind. The U.S electrical grid continues to be a theme we like which we're playing through ASX listed IKE GPS and some Uranium names.

The complication is that inflation will not lie down. Headline PCE ran near 4% in March with core stuck around 3%, the 10-year U.S Treasury yield pushed toward 5% during May, and the late-month flash PMIs showed surging input costs against softening services. Part of this is the energy premium. But a meaningful part is the capex boom itself: in the near term the tsunami of AI spending is inflationary, not deflationary, the demand arriving years ahead of the productivity payoff, and the old four-decade tailwind of -

Mader Group (MAD) - 2-years



Source: TradingView, June 2026*

falling semiconductor prices has gone into reverse. The U.S market chose to look through this in May, however with an extremely strong jobs print in the U.S in early June saw some market wobbles.

The war in Iran that began on February 28 still refuses to resolve. Through May the talks were repeatedly described as largely stalled, each side rejecting the other's proposals, with the genuine sticking points of uranium enrichment, dismantling of facilities, and who controls the Strait of Hormuz and whether Iran can charge a toll on passage — no closer to agreement. Brent fell almost 19% over the month, its worst since the Covid shock, to close near \$92, but it fell on hope of a deal rather than the substance of one. That hope now looks misplaced: as the month turned the US conducted further strikes around the Strait, Iran fired ballistic missiles at American forces in Kuwait, and Tehran has said it will stop messaging altogether and move to completely block the waterway. We came into the year expecting a near-term deal. We are increasingly of the view that a durable agreement may not arrive near term — that the realistic state of the world is a grinding, semi-permanent standoff in which the ceasefire holds but the blockade does not lift. If so, the energy war premium is structural, not temporary, and a fifth of the world's seaborne oil stays hostage to the next headline.

These threads were tied together on May 22nd, when Kevin Warsh was sworn in as the 17th Chairman of the Federal Reserve. He inherits inflation above target for a fifth straight year, a committee that split 8-4 at Powell's final meeting, and a White House that plainly wants lower rates. His argument for squaring that circle is the one to dwell on. In a Wall Street Journal op-ed last November he called AI a "significant disinflationary force," and has since described it as "structurally disinflationary." The logic is Greenspan in the 1990s: if technology lifts productivity hard enough, the economy can run -

1 <https://www.reuters.com/business/energy/us-power-use-beat-record-highs-2026-2027-ai-use-surges-eia-says-2026-06-09/>
 2 <https://www.eia.gov/todayinenergy/detail.php?gsid=44d296af-806e-4249-97fd-7c29013a30ab&id=65504&>
 3 <https://www.wsj.com/opinion/the-federal-reserves-broken-leadership-43629c87?>

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hot without overheating and the Fed has room to ease even with inflation elevated. What we find ourselves wondering is whether the AI productivity story is being positioned to do the heavy lifting that interest rates would otherwise have to do – whether, faced with a choice between hiking into a slowing economy or declaring that an oncoming productivity miracle will deflate prices over time, it feels like an administration that wants lower rates may reach for the second answer.

Closer to home, the contrast could not be sharper. Confidence in the Australian market is low and getting lower, and May did nothing to help. The May 12th Federal Budget – billed as the most significant tax reform package in over twenty-five years, has already caused a softening in the local residential property market and led some to re-assess their appetite to put risk capital to work in Australia. The measures which are still to be legislated, when coupled with a rising rate environment have had an important effect on sentiment. Cerutti currently owns no ASX stocks whose primary business is in Australian discretionary spending or the Australian property market. We do not want that risk. What we continue to seek out, instead, are ASX-listed businesses with genuine exposure to strong global macro themes, electricity production, critical minerals, currency debasement, the rebuild of the US electrical grid, the dwindling pool of skilled workers, companies whose fortunes are tied to thematic larger than domestic confidence or the next budget.

We continue to look for mispriced opportunities in sectors with tailwinds. The market is rewarding theme and punishing its absence. Our framework has not changed and the month reinforced it: a structural energy war premium, sticky inflation with causes well beyond the Gulf, and a Federal Reserve with a new Chairman waiting to show the market if his promises to ease come to fruition. What we see in markets remains a constructive medium-term backdrop for businesses on reasonable multiples, with real tangible assets, strong management, and genuine exposure to the macro forces the AI build-out and the conflict in the Middle East has strengthened rather than diminished.

Position Spotlight - Mader Group Ltd

The resources capex cycle in Australia remains broadly positive, with commodity prices across gold, copper, and iron ore elevated relative to long-run averages and the WA-focused mining services market running at near-full utilisation. Speaking to businesses across mechanical, electrical, and engineering disciplines, the common refrain is more work than the industry can comfortably absorb – labour remains the binding constraint, not demand. Mining services has performed well in the current cycle, and in -

our view the cycle has further to run.

Mader Group (ASX: MAD) is a global specialist maintenance contractor providing mobile and fixed plant services across mining, energy, and industrial sectors, listed on the ASX in 2019. Today it employs over 4,100 people and has compounded revenue from A\$304 million in FY21 to A\$872 million in FY25 – a four-year CAGR of approximately 30%. The model is capital-light and largely agnostic to commodity prices, with revenue driven by installed equipment base and outsourcing volumes. FY26 guidance of at least A\$1 billion in revenue and at least A\$65 million NPAT – the culmination of a five-year strategic plan set in 2021 – is on track, with H1 FY26 delivering A\$485 million (+18% year-on-year) and NPAT of A\$30.5 million (+17%).

Management is very solid, and the track record of executing against ambitious multi-year targets near-perfectly is one of the clearest points of differentiation. Executive Chairman and founder Luke Mader, CEO Justin Nuich, and CFO Paul Hegarty have collectively delivered on every guidance target since listing. We suspect the group is positioning to announce a successor strategic framework once the current five-year plan concludes at end-FY26, likely alongside commentary on a potential acquisition. Given the quality of execution, the stickiness of the shareholder base, and the growing diversification of the earnings base, we believe management has the credibility to maintain and grow upon the premium multiple MAD commands.

The most compelling forward growth vector is North America. Mader has built a meaningful presence across the United States and Canada over recent years, with the region now contributing approximately 20% of group revenue and growing rapidly since the Canadian business was established. The North American addressable market is significant, and management has been clear in its ambition to replicate the Australian success story there at scale. CEO Justin Nuich has spoken directly to the group's desire to become a big player in the North American market, and the operational evidence is supportive – Mader has deployed skilled tradespeople from Australia into the region through its Global Pathways Program, built a customer base of over 100 clients, and scaled to more than 580 North American employees. The U.S. is increasingly signalling policy intent to rebuild its domestic mining and resources base, and Australia has developed technical expertise in remote, demanding operating environments that does not yet exist at scale in the American maintenance services industry – Mader is well-placed to fill that gap as domestic mining activity accelerates.

4 <https://www.bea.gov/data/personal-consumption-expenditures-price-index>
5 <https://www.morganstanley.com/insights/articles/ai-capex-740-billion-banking-opportunity?>

* Past Performance is no indication of future returns

Monthly update

On valuation, MAD currently trades on a forward P/E of around 22x on FY27 consensus EPS, stepping to approximately 20x on FY28. This is not a deep value opportunity – it screens at a premium to the broader industrial services sector, and intentionally so. Premium mining services and engineering businesses that execute consistently trade on premium multiples; Monadelphous (ASX: MND) and GenusPlus (ASX: GNP) both trade at comparable or higher forward multiples. Mader has earned its valuation through five consecutive years of hitting or exceeding guidance. In our view, that premium is well-supported by the durability of the Australian business, the optionality embedded in the North American growth story, and market's trust in management's ongoing ability to set and achieve ambitious growth targets. With the next strategic plan announcement likely to crystallise the long-term earnings ambition and the North American business approaching critical mass, we see a credible path to multiple expansion from here rather than compression.

⁶ Mader 1H FY26 Results (ASX)

⁷ FactSet Consensus Data (Mader Group)

⁸ ASX Release Euroz Hartley's Rottneest Conference Presentation

Disclaimer

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