

Centuria LifeGoals

Centuria

Firetrail Australian High Conviction Fund

The Fund aims to outperform the ASX200 accumulation index over the medium to long term.

Investment manager

Firetrail Investments Pty Limited

Investment strategy

The Fund provides exposure to a concentrated portfolio of approximately 25 Australian securities at any time. Only those securities that Firetrail's investment team has the highest conviction to generate the greatest returns will be included in the portfolio. The process employs an unconstrained approach to fundamental research to identify companies Firetrail believes offer the most attractive forecast returns based on our medium-term view.

Target allocation

Australian equities 90-100%
Cash 0-10%

Performance returns

RETURNS TO 31/12/2025	1 MTH	3 MTH	6 MTH	1 YR	2YR ¹	3YR ¹
Net returns (%) ²	1.72%	0.03%	5.61%	13.39%	10.12%	8.55%

Performance graph³



A \$10,000 investment in Centuria Firetrail Australian High Conviction Fund made at inception is worth \$15,194 as of 31 December 2025 after all fees and taxes paid within the Investment Option.

Key features

APIR code	OVS5658AU
Minimum initial investment	\$500
Minimum additional investment plan	\$100
Minimum switching amount	\$500
Minimum balance	\$500
Contribution fee	Nil
Annual management fee ⁴	0.93%
Performance fee ⁵	0.00
Suggested timeframe	Minimum 5 years

- Periods greater than 1 year are expressed in annualised terms.
- Past performance is not a reliable indicator of future performance.
- Inception date on 20/02/2019.
- Refer to product disclosure statement for fee breakdown.
- 15% of any performance greater than the S&P/ASX 200 Accumulation index.

For more information contact Centuria on **1300 50 50 50** or visit lifegoals.centuria.com.au to download the product disclosure statement. **Simple Flexible Versatile.**

Fund commentary

The Firetrail Australian High Conviction Fund performed strongly in 2025 after fees, outperforming the ASX 200.

Positive contributions included a gold sector overweight with strong stock selection including Greatland Gold, Genesis and Newmont. Stock selection was strong in global growth stocks where we managed to avoid CSL and James Hardie downgrades whilst benefiting from a position in 360. Tabcorp also performed strongly from oversold levels as the market gained more confidence in a turnaround.

Negative contributors included a position in WiseTech where the combinations of management issues and a delayed new product rollout weighed on the stock. We continue to hold the position as we believe the best-in-class software will open up material opportunities to grow earnings over time. A position in Cochlear also detracted as continued weakness in end markets offset the positive launch of the NEXA implant. We remain optimistic about the market share opportunity for Cochlear.

The Firetrail Australian High Conviction Strategy celebrated its 20th Anniversary in December 2025. Patrick, Blake and the team have been managing the High Conviction Strategy across both Macquarie and Firetrail and are grateful to the investors who have placed their trust in us over the years, and we are thankful for your continued support. Through time, we have had ups and downs, but we have always evolved as the market evolves. The investment belief that 'every company has a price' and a flexible approach to thinking and investing holds us in good stead for whatever the market throws at us. One thing we are proud of is the ability to make money out of volatility or when the market becomes totally irrational. We are optimistic looking into 2026.

Three Major Themes for 2026

1. The Two-Speed Consumer to Continue: For the past two years, most companies have been operating in tough conditions with lingering cost pressure and weak demand eating away at earnings growth. Fewer companies have been reporting tailwinds.

A simple model for thinking about the two-speed economy asks, "who is your customer?":

- Mid to low income
 - Things are hard.
 - These consumers generally have more debt, and they have more sensitivity to inflation which eats away at disposable income.
 - Packaging companies tell us their average consumer is buying less. McDonalds sees increasing pressure on their consumers and like for like sales have been disappointing. Inflation continues in areas such as labour, energy and rent.
- High income
 - Things are good.
 - The wealth effect is strong due to strong stock market returns plus property prices that jumped in COVID and have largely held those levels.

With rates expected to settle higher, there is little relief on the horizon for mid to low-income consumers. As such, we expect the two-speed economy trend to continue.

2. AI Most Likely Negative for Incumbents

Doomsday scenarios for technology businesses are alarming and difficult to refute.

Could someone recreate the cloud accounting software and offer it at a fraction of the price of Xero? Maybe.

Will we be using AI to search for property, jobs and cars in the future? Potentially.

The uncertainty is high and the range of outcomes large. Given the uncertainty, here is what we believe:

- First party data is valuable
 - Companies that are built on data that isn't widely available are more valuable and harder to disrupt.
- The business model matters
 - Transactional platforms are more easily disrupted compared to long term contracted revenue in the B2B space.

- Apps that have high daily engagement are more valuable vs those that are sporadic.

- The market shoots first
 - Late in 2025, the market de-rated potential AI losers including classifieds like REA Group, Car Group and SEEK as well as other technology names (see figures 2 and 3). This de-rating happened across the globe.
 - In our experience, the market can take a LONG time to re-rate those companies. Consider the case of ResMed. The market became concerned that weight loss drugs would reduce demand for sleep apnea solutions. Despite delivering 20%+ earning upgrades, the company de-rated to its lowest PE versus the market in the past decade. The market can be unforgiving and slow to change its mind in the face of competitive threats.
 - Opportunities will open up to buy stocks that have been thrown out.
- AI is likely a negative for most technology companies
 - The biggest question is how negative?
 - New competitive threats are emerging, forcing all technology companies to invest. The best case for most companies will be more investment which is bad for margins and return on capital.
 - Worst case is a complete disruption of some models.
 - There will be some winners who increase their dominance on the back of AI, but fewer of these.

3. Real assets to perform well

There are multiple forces driving demand for real assets:

1. Government led spending is unrestrained. Given Government debt levels, spending appears unsustainable.
2. Geopolitical uncertainty is rising as we witness conflict across multiple regions (Ukraine, Iran and recently Venezuela) led by major powers. In 2006, according to the OECD, 47.5% of the US adult population "Trust in Government", in 2024 it was just 28% (figure 5). And we'd expect 2025 to be lower again.
3. AI demand combined with the energy transition is driving demand.
4. Gold is the obvious winner. In 2024, gold rose 30%. In 2025, gold rose a further 60%. Throughout 2025, we saw a broadening out of commodity performance to include other precious metals (notably silver +145%) and base metals like copper (+44%) and aluminium (+20%). Energy has been a major laggard due to increasing supply of oil and less disruptions.

Under the real asset umbrella, we would include commodities, land and energy. We expect real assets to be well supported in 2026.

Fund Positioning - Entering 2026

Overweight Commodities: We enter the year overweight commodities. Diving deeper, the portfolio is overweight gold, overweight energy (uranium / gas) and neutral bulk / base metals. In the gold space, while we trimmed some of our gold position throughout 2025, the strong performance means the overweight has been fairly consistent.

Key portfolio holdings across the commodity complex include Newmont, Greatland Resources, NexGen and Santos.

Overweight Healthcare: Healthcare valuations look attractive, particularly up against other defensive categories where there is competition (such as supermarkets and telecommunications where we have no holdings). Our healthcare positions include:

- Market share winners - Cochlear and Fisher & Paykel continue to innovate, win share and are trading at multiples well below history
- Turnarounds - Ramsay was a new inclusion to the portfolio in 2025 after we saw enough evidence of a stabilisation and signs of improving conditions
- Big potential - PYC therapeutics is a clinical stage biotech focused on genetic disease. The company focuses on single gene diseases, which provide a higher likelihood of success in clinical development.

Overweight Technology: The portfolio has positions in WiseTech, Life360 and TechnologyOne (a recent position after a drastic sell off). In all cases, we believe the outlook is strong and while the AI spectre

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looms large, we believe these companies are well positioned as B2B players with high switching costs (WTC, TNE) or a highly engaged daily audience (360).

Overweight Real Estate / Real Assets: We have various holdings across the real estate space. In 2025, portfolio holding National Storage REIT received a takeover bid highlighting the Australian real estate is attractive in a global context. Portfolio holdings include over 50's developer GemLife, asset owner Mirvac, toll road operator Transurban and fund manager HMC Capital.

Underweight Banks: The banks managed to eek out further outperformance in 2025, but we continue to see them as unattractive from a valuation and competitive perspective. We do acknowledge conditions are favourable for Australian banks with interest rates higher than expected and low levels of bad debts. As a result, we don't see earnings downside in 2026 and aren't at a maximum underweight.

While it's not really comparable to Australian banks, we did initiate a position in Macquarie Group in 2025. Global financial conditions are supportive, and Macquarie has several underappreciated businesses, particularly in the data centre and infrastructure space.

Disclaimer: This fund commentary has been directly sourced from Firetrail's factsheet available on their website.

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