

Greencape High Conviction Fund

Quarterly report - December 2025

Performance #	Quarter %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	15 years % p.a.	Inception % p.a.
Fund return	-2.65	-0.26	10.21	8.38	9.47	9.02	9.23
Growth return	-3.04	-5.56	4.23	0.48	2.39	2.09	2.51
Distribution return	0.40	5.30	5.98	7.90	7.08	6.93	6.72
S&P/ASX 200 Accumulation Index	-1.01	10.32	11.38	9.90	9.31	8.52	7.26
Active return [^]	-1.63	-10.58	-1.17	-1.51	0.17	0.50	1.97

Past performance is not a reliable indicator of future performance.

Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

[^] Numbers may not add due to rounding

Investment objective

The Fund aims to outperform its benchmark over rolling three-year periods.

Responsible entity

Fidante Partners Limited

Investment manager

Greencape Capital Pty Ltd

Investment strategy

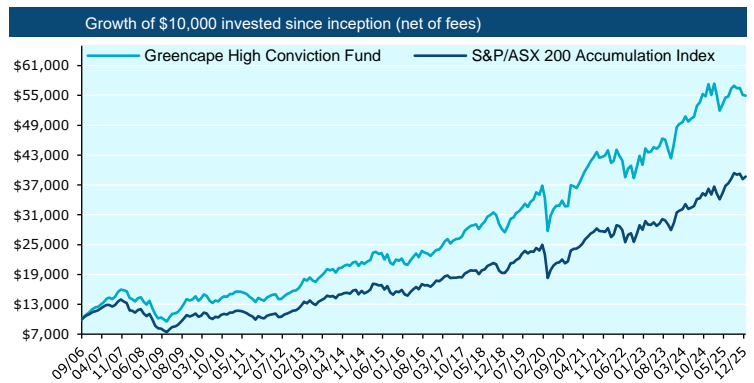
Greencape is an active, 'bottom-up' stock picker. Whilst Greencape does not target any specific investment style and will invest in stocks displaying 'value' and 'growth' characteristics, its focus on a company's qualitative attributes will generally lead to 'growth' oriented portfolios. This is an outcome of its bottom-up process. As such, Greencape's investment style may be classified as 'growth at a reasonable price'.

Distribution frequency

Quarterly

Suggested minimum investment timeframe

At least five years



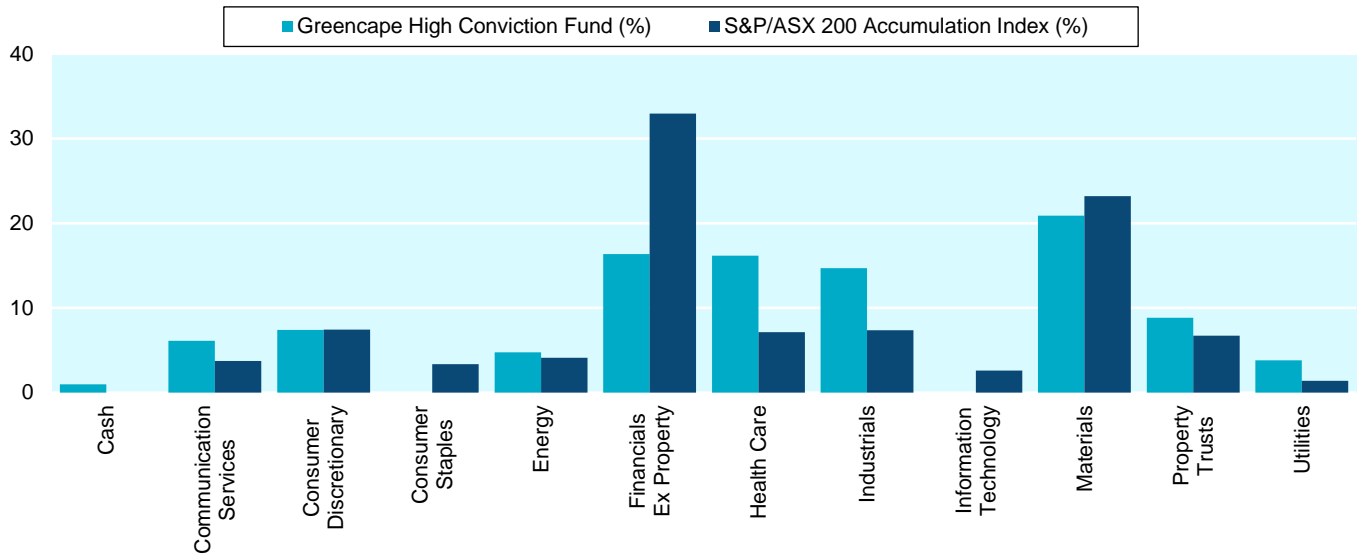
Asset allocation	Actual %	Range %
Security	99.02	85-100
Cash	0.98	0-15

Fund facts	
Inception date	11 September 2006
APIR code	HOW0035AU

Fees	
Entry fee	Nil
2022-2023 ICR	0.90%
Management fee	0.90% p.a.
Performance fee	15% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of S&P/ASX 200 Accumulation Index).
Buy/sell spread	+0.20% / -0.20%

Data Source: Fidante Partners Limited, 31 December 2025.

Sector exposure as at 31 December 2025



Data Source: Fidante Partners Limited, 31 December 2025.

Fund performance summary

The S&P/ASX 200 Accumulation Index returned -1.01% for the quarter. The fund underperformed the market and delivered a -2.65% return over the quarter.

The S&P/ASX 200 Accumulation Index returned -1.0% for the quarter and 10.3% for the year. The fund underperformed the market, delivering a -2.6% return for the quarter and a -0.3% return for the year.

After a difficult first part of the year compared to the market, fund performance stabilised in the last four months. In our view, we observed more 'normal' market behaviour in the latter part of the year following the (largely) Trump-induced volatility seen earlier in the year. Our large underweight position in the big-4 Banks which had been a substantial drag on performance over the first three quarters turned to a small positive contributor in the last quarter. Our overweight position in Resources was a positive contributor for the year and we continue to have strong conviction in the relative attractiveness of Resources over Banks.

The largest drag on fund performance relative to the market was in the non-Banks and non-Resources parts of the market, with the largest drag being from our large overweight position in Healthcare. The fund was impacted by a global rotation away from the Healthcare sector and some stock specific issues. Three of our five largest Healthcare exposures (SIG, FPH, RMD) underperformed the market despite delivering results ahead of market expectations which is unusual, and we would expect this to reverse. The other two exposures (CSL, TLX) delivered results that disappointed the market, and whilst we remain confident in both, we expect a reversal in their fortunes to take longer.

Across other stocks that dragged on performance in the earlier part of the year, we have observed some positive trends. Following two disappointing trading updates in the first half of 2025, IEL recovered over 50% through the second half and we expect future results to be more positively received. QUB, which had been a small drag on performance through 2025, received a takeover bid in November at a price 15% higher than its previous highest trading level. We believe that there are multiple stocks in the core of the fund which are trading well below value that could also see takeover offers if their value is not better reflected by the market in the coming year.

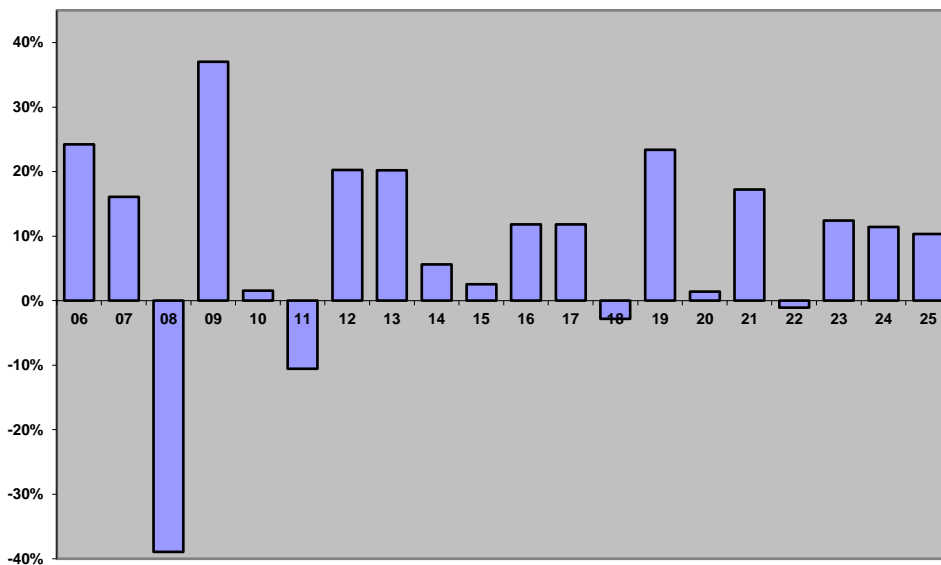
Market overview

S&P/ASX 200 Index



Source: IRESS

S&P/ASX 200 Accumulation Index Calendar Year Returns Since 2006

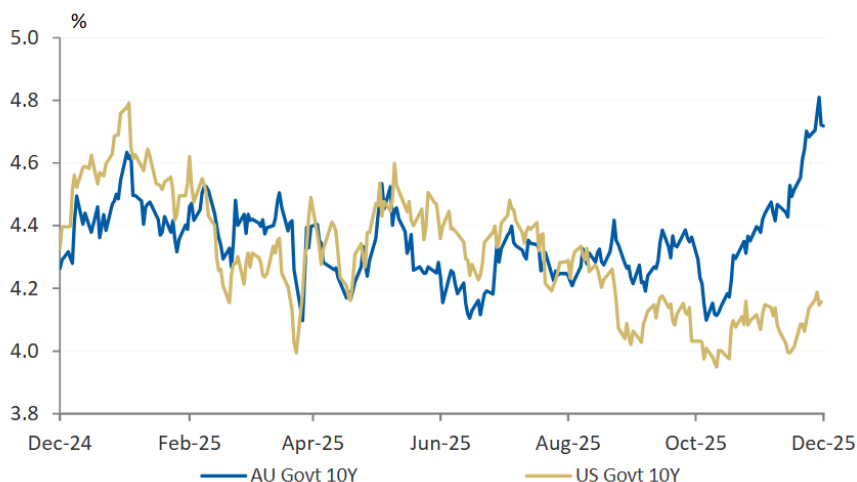


Source: IRESS

After staging a strong recovery from the Liberation Day lows over the preceding two quarters, the market eased slightly to end the calendar year. The local index recorded a double-digit gain for the third consecutive year, which, while commendable, again lagged global benchmarks. From a sector perspective, technology stocks sold off aggressively as investors began to question the returns on the substantial AI-related capital expenditure currently being deployed.

The RBA held rates steady at all three meetings during the period. Meanwhile, the ABS changed its CPI reporting methodology, increasing the monthly coverage of goods and services from 50% to 87%. The first release under the new methodology showed headline inflation rising to 3.8% in October, up from 3.6%, well above the RBA’s 2–3% target band. In response, the RBA’s language shifted notably more hawkish, with repeated emphasis on the increasingly persistent nature of underlying inflation. Consequently, market expectations for interest rates moved materially over the period, shifting from pricing in a rate cut by May to a rate hike by June.

The Australian and US 10-year Treasury yields traded in lockstep until late in the year when Australian inflation reemerged, which then saw investors reprice the outlook for Australian rates.



Source: Morgan Stanley

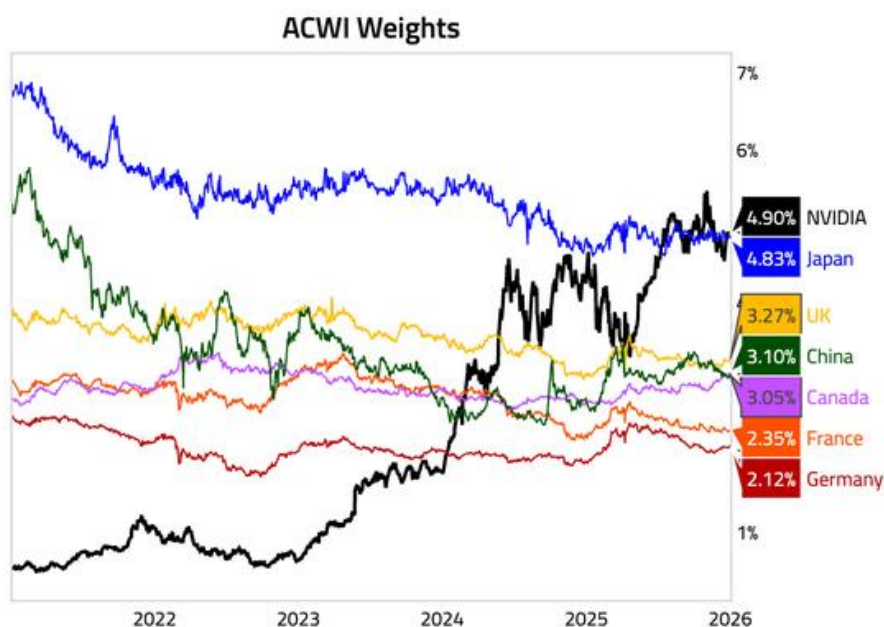
“It’s true that we are a little concerned about where the latest inflation numbers are and some of the other bits of data, unit labour costs, some of these sorts of things. We want more evidence. But we are alert and we think the risks have gone to the upside.” Michelle Bullock, Governor of the RBA, 09/12/2025

“I go out of my way to do long, thorough, and very boring Medical Examinations at the Great Walter Reed National Military Medical Center, seen and supervised by top doctors, all of whom have given me PERFECT Marks — Some have even said they have never seen such Strong Results. I do these Tests because I owe it to our Country.” Donald Trump, President of the USA, 10/12/2025

In the US, the Federal Reserve cut rates by 25 basis points in December, as widely expected. However, it was the accompanying details that became the focus of market debate. The Fed also announced \$40 billion of monthly Treasury bill purchases, coinciding with the end of quantitative tightening. While some commentators dismissed this as a minor technical adjustment, others interpreted the move as bullish for risk assets given the positive implications for liquidity.

This comes as the President continues to deliberate over who will replace Chair Powell, with prediction markets assigning an 80% probability that the appointee will have “Kevin” as a first name, split evenly between Kevin Hassett and Kevin Warsh. Meanwhile, futures markets are pricing in at least two full rate cuts from the Fed in 2026.

Nvidia’s weight in the ACWI World Index ETF has once again overtaken Japan, meaning that if it were considered a country, it would be the second largest only behind the US.



Source: The Daily Shot

Locally, sector performance was highly variable, with Materials once again topping the performance tables. Lithium and gold stocks were particularly strong, supported by surging spot prices. The M&A cycle also picked up within the sector, with several companies seeking to capitalise on higher share prices by announcing scrip-based takeover offers.

	QUARTER	YEAR
ASX200 Accumulation Index	-1.0%	10.3%
Best Performing Sectors		
Materials	13.0%	36.2%
Energy	1.2%	3.2%
Industrials	0.1%	14.0%
Worst Performing Sectors		
Information Technology	-26.0%	-20.8%
Consumer Discretionary	-11.7%	4.1%
Healthcare	-9.9%	-23.7%

Energy stocks also outperformed over the quarter, although they underperformed the index on a full-year basis. Refiners Viva and Ampol performed strongly on the back of higher regional refining margins, which at one point rose as much as 60% intra-period. This had the opposite effect on Qantas, which, as a fuel consumer, revised earnings lower in response to higher refining margins. True to their volatile nature, margins have since retraced, now sitting around 40% below their November peak.

Technology stocks were sold off sharply during the period as the sector faced headwinds on multiple fronts. Globally, the durability of AI-related spending was questioned, with the circular nature of AI capital expenditure drawing comparisons to the ill-fated telecoms and fibre spending in the Dot-com bubble in the late 90's. Of more direct relevance locally, Australian software stocks sold off amid perceived risks of AI-driven disruption, impacting names such as REA Group, CAR Group, Xero, and Technology One.

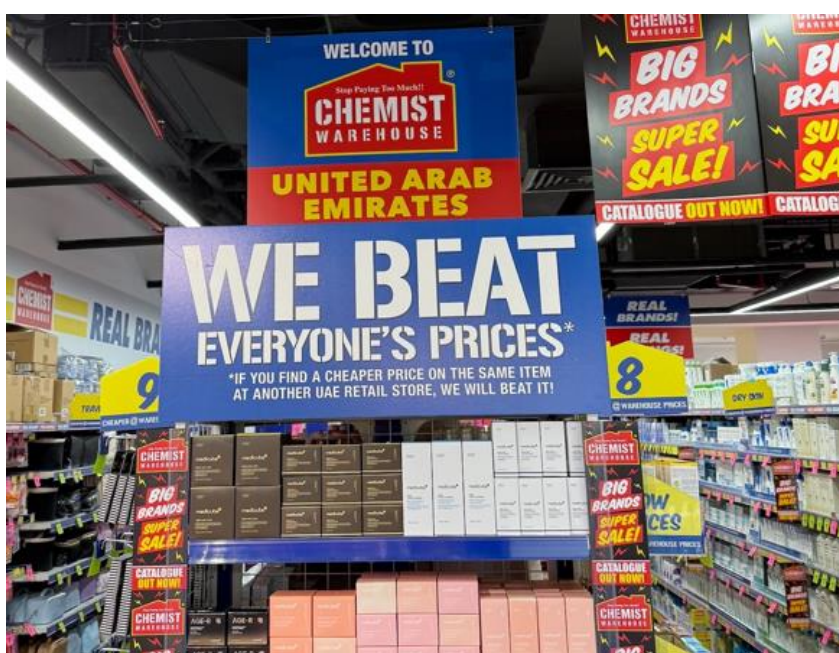
Consumer Discretionary stocks also struggled, reflecting a combination of stock-specific issues and the market unwinding expectations for interest rate cuts that would have supported sector earnings. On the stock front, Temple & Webster and Premier Investments sold off following weaker-than-expected trading updates, while Guzman Y Gomez fell on the back of weakness among offshore QSR peers.

Trip Snippets

During the period we travelled to the US twice, Europe, UAE, New Zealand, UK and Ireland.

Sigma

- We met with local Chemist Warehouse management and toured stores in Dubai, Auckland, and Dublin during the period. What became immediately apparent upon entering stores in each market was the consistency of the retail experience with that of Australian stores. Early signs are encouraging that the company is successfully exporting the “Chemist Warehouse way.”
- Prior to our visit to Dubai, we had underappreciated the opportunity not only in the UAE but across the broader Gulf region. Similar to New Zealand prior to Chemist Warehouse’s entry, incumbent operators typically run stores averaging approximately 150 square metres in size, presenting a clear opportunity for Chemist Warehouse’s much larger store formats. While there are currently only two stores operating in the region, we see scope for a significant store network rollout across the Middle East.





US

- On previous visits, many contacts adopted a cautious “wait-and-see” approach. More recently, corporates appear to have accepted uncertainty as the new normal, recognising the need to continue operating and investing despite ongoing disruption.
- Inflation remains elevated but is not meaningfully higher than six months ago. Job losses were also a recurring theme among the companies we met with, suggesting rate cuts are increasingly likely in 2026.
- Demand signals for AI infrastructure remain strong, with chips sold out and fully funded up to 12 months in advance. However, power availability is becoming more constrained, and labour is emerging as an additional supply-side bottleneck.
- Physical and agentic AI represent the next waves of innovation, with a material step-up in token generation expected in 2026.

“Inflation has stopped ... wages are up, prices are down.” Donald Trump, President of the USA, 18/12/2025

NexGen Energy

NexGen Energy Ltd (NXG) is a Canadian uranium company, that in our view is developing one of the best uranium assets ever discovered. In mining, the term ‘Tier 1 asset’ is overused. In NXG’s case, its Rook 1 Project is a genuine Tier 1 uranium deposit that has scale, high grade, low operating costs, low capital intensity and is located in a favourable jurisdiction. The Rook 1 Project is in the final stages of project approval in Canada. Once approved, the project will be developed over approximately four years and then have the potential to deliver greater than 20% of global uranium demand through the 2030’s and beyond.

We first came across NXG in early 2023 through an in-depth research project on the uranium market. After years in the doldrums following the 2011 Fukushima nuclear disaster, the uranium market outlook had

turned positive as the over-supplied market seen through the 2010's had become more balanced and, on our assessment, would likely turn into an under-supplied market by the early 2030's due to the under-investment in new mine supply post Fukushima. With approximately two-thirds of global production coming from two producers, with the largest being Kazatomprom, the Kazakhstan national uranium company that is geographically positioned between China and Russia, we viewed the current concentrated and geopolitical risky supply dynamics of the uranium market as being supportive to our positive view on the medium-term under-supplied situation.

At the same time, we were observing small positive inflections in the demand story for uranium. China's plans to double nuclear power to approximately 10% of their electricity mix through the 2020's with further targets to lift this towards 20% over the coming decades accounts for approximately half of global growth in nuclear power. Concurrently, we are observing most developed countries looking to grow nuclear power (or at very least turning back on idled plants) in addition to strong growth projections from emerging countries. With the huge increase in power demand required from the AI ecosystem, nuclear as a 'clean' or 'green' source of reliable and secure energy is well positioned to meet this increase in power demand.

Perhaps the most instructive indicator of sentiment to towards nuclear power improving globally has been the about-turn from Japan. Following Fukushima, nuclear power generation in Japan went to zero (from a peak of approximately 30% of the Japanese electricity mix) and after having restarted 14 of their 33 nuclear power plants, the Japanese Government is now saying that it wants to more than double the share of Japan's electricity generated from nuclear power to 20% by 2040, from around 9% currently. In the US, where nuclear power accounts for approximately 18% of their electricity mix today, we have observed President Trump's "nuclear renaissance" in which he aims to quadruple nuclear capacity by 2050 as being further supportive to medium-term uranium demand.

Having assessed all the ASX-listed uranium companies with the requisite trading liquidity in early 2023, we were unfortunately left in a situation in which we were increasingly positive on the commodity but couldn't identify a stock in which we had any bottom-up confidence to express this view. Following our assessment of the global landscape, and after meeting with NXG in May 2023, we initially invested into the stock via its Toronto Stock Exchange listing through the international sleeve of the portfolio. Whilst NXG had an ASX listing at the time, it had very low liquidity. In the past 3 years NXG has raised capital through the ASX line and has attracted a wider Australian shareholder base such that the liquidity on the ASX has increased meaningfully and the stock was able to enter ASX200 last month.

As part of our research into NXG, we visited the project in Saskatchewan in September 2023 and again in June 2024 to diligence the asset and meet with stakeholders. From Saskatoon in the middle of Canada, it was an hour flight and then a spectacular 45-minute helicopter ride to reach the site at the southwestern part of the Athabasca Basin, home to the world's largest and highest-grade uranium deposits. The Arrow deposit which underpins the Rook 1 Project was discovered in 2014. The progress made in the following 10 years to bring this project forward to the final stage of approvals has been extraordinary. NXG has developed best-in-class relationships with local indigenous communities that has seen strong support from these communities in progressing the project and even advocating at a federal level for the project to be approved. NXG's approach to the environmental and approvals processes has been comprehensive and commendable. Independent feedback on this aspect of the project has been overwhelmingly positive. Of all the site visits we have undertaken to mining assets, these two visits would rank in the top few in terms of providing us with the required confidence in the asset and people involved to hold a large position in the fund.

Despite an all-time high share price and an approximate US\$7bn market capitalisation today, we believe there remains substantial upside in NXG and it remains a large holding in the funds. We believe the project will produce at least 20 million pounds of uranium per year on average from the early 2030's for at least 15 years (and likely longer with the recent discovery of another Arrow-like deposit nearby, Patterson Corridor East - PCE). At current uranium prices of approximately US\$80 per pound (which we believe trends higher over time) this would see the project deliver well over US\$1bn of free cash flow per annum. Given the strategic nature of the project and the optionality that exists nearby to the project (e.g. PCE) we believe this underwrites a valuation for NXG well north of US\$20bn. Such is the strategic nature and Tier 1 qualities of the project, we would expect that over time after the project is approved through 2026 that the business would be an attractive acquisition target for several large mining companies, albeit our investment case is predicated on the project being brought into production by the current management team.

"I think the conditions are there, and the administration is going to do everything we can to lean in, to help commercial businesses and customers launch nuclear." Chris Wright, US Energy Secretary, 25/04/2025

"Rook 1's industry-leading economics, featuring rapid payback of approximately 12 months based on UXC's long-term price and an exceptionally low operating cost of under USD 10 a pound at USD 9.98." Leigh Curyer, CEO of NexGen, 06/03/2025

"To date, 8 of 12 summer drill holes intersected mineralization, which is indicating a large mineralized footprint with remarkable continuity. Referencing figures one and two in this morning's news release, the footprint of PCE is currently larger than Arrow's at the same stage of meters drilled." Leigh Curyer, CEO of NexGen, 08/08/2024



Outlook

Geopolitical risk continues to persist. The situation in Ukraine remains unresolved, and Venezuela and Greenland have now been added to the mix. The market, however, continues to look through these issues, pushing to new highs.

Greencape's research continues to highlight caution around the US consumer. A "K-shaped economy" is evident, with higher-income households continuing to spend while lower-income cohorts languish. In contrast, we observe a relatively stable Australian consumer, although with expectations that interest rates are no longer falling, and may even rise, our own version of a K-shaped economy is beginning to emerge.

We view China as stable, with tariff impacts still to yet to be fully determined; Europe as patchy but generally improving off a low base; and emerging markets as remaining nervous due to potential Trump-era tariff impacts.

As flagged in previous outlook commentary, stocks reporting surprises, both positive and negative, have seen amplified share price responses. This short-term market focus once again creates opportunities to buy mispriced, high-quality companies. We continue to observe several large, index-heavy, non-fundamentally driven 2025 outperformers now exhibiting slowing, and in some cases negative, share price momentum. Greencape is positioned for fundamental value drivers to once again command the market's attention.

"The survey shows that the dent from a changed outlook for interest rates has been more than offset by other positives, suggesting that the consumer recovery is likely to continue tracking well, at least for now."

*Matthew Hassan,
Westpac's Head of
Australian macro-
forecasting at
Westpac, 11/11/2025*

"You gotta win the midterms, 'cause if we don't win the midterms, it's just gonna be – I mean, they'll find a reason to impeach me."

*Donald Trump,
President of the
USA, 06/01/2026*

More information

To find out more about investing with Greencape, please contact:

Fidante Partners Investor Services team on: **13 51 53**

Visit the Greencape website: **www.greencapital.com.au**

Email Greencape at: **bdm@greencapital.com.au**

Financial advisers

For more information, please contact:

Fidante Partners Adviser Services

Phone: **+61 1800 195 853**

Email: **bdm@fidante.com.au**



© 2020 FE Money Management. all rights reserved. the information, data, analyses, and opinions contained herein (1) include the proprietary information of FE Money Management (2) may not be copied or redistributed (3) do not constitute investment advice offered by FE Money Management (4) are provided solely for informational purposes and therefore are not an offer to buy or sell a security (5) are not warranted to be correct, complete, or accurate. FE Money Management shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, this information, data, analyses, or opinions or their use. FE Money Management does not guarantee that a fund will perform in line with its Fund Manager of the Year award as it reflects past performance only. Likewise, the Fund Manager of the Year award should not be any sort of guarantee or assessment of the creditworthiness of a fund or of its underlying securities and should not be used as the sole basis for making any investment decision.

Greencape Capital won the Australian Equities - Large Cap category. The Zenith Fund Awards were issued 30 October 2020 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.

This material has been prepared by Greencape Capital Pty Ltd ABN 98 120 328 529 AFSL 303 903 (Greencape), the investment manager of the Greencape High Conviction Fund ARSN 121 326 225 (**Fund**). Fidante Partners Limited ABN 94 002 835 592 AFSL 234 668 (**Fidante Partners**) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Greencape and Fidante Partners have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Greencape and Fidante Partners may receive remuneration or other benefits in respect of financial services provided by the parties. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.