



## Monthly Performance Commentary, May 2026

Moreton Financial Model Portfolio	ASX 200	ACWI index
9.59%	0.76%	4.62%

The model portfolio returned +9.59% in May. Twelve of fourteen positions finished positive in local currency terms, as the NAV moved to \$34,154.

Global equities continued their recovery from a March sell off. The S&P 500 returned +4.25% and MSCI ACWI +4.62% for the month. The ASX 200 managed +0.76% as the RBA's third consecutive rate hike to 4.35% on 5<sup>th</sup> of May kept domestic sentiment cautious.

The portfolio's May return was driven by a combination of a company specific catalyst in IFT, a broad recovery in materials and industrials, and continued strength in the defense and infrastructure names. APE was the notable exception, taking the brunt of the RBA hike directly.

## Performance vs Benchmarks

	Jan26	Feb26	Mar26	Apr26	May26	ITD
<b>Moreton Fund</b>	<b>+3.27%</b>	<b>+4.36%</b>	<b>(3.24%)</b>	<b>(0.38%)</b>	<b>+9.59%</b>	<b>+13.85%</b>
S&P 500 (SPX)	+1.37%	(0.90%)	(5.13%)	+10.50%	+4.25%	+9.79%
ASX 200 (XJO)	+1.78%	+3.70%	(7.82%)	+2.18%	+0.76%	+0.17%
MSCI ACWI	+1.38%	+0.50%	(7.13%)	+8.10%	+4.62%	+7.01%
<i>Value added vs S&amp;P 500</i>	<i>+1.90%</i>	<i>+5.26%</i>	<i>+1.88%</i>	<i>(10.88%)</i>	<i>+5.34%</i>	<i>+4.06%</i>
<i>Value added vs ASX 200</i>	<i>+1.49%</i>	<i>+0.66%</i>	<i>+4.58%</i>	<i>(1.81%)</i>	<i>+8.83%</i>	<i>+13.68%</i>
<i>Value added vs MSCI ACWI</i>	<i>+1.89%</i>	<i>+3.86%</i>	<i>+3.88%</i>	<i>(8.50%)</i>	<i>+4.97%</i>	<i>+6.84%</i>

ITD = Inception to Date (January 2 to May 29, 2026)

## Contributors

### Infratil Ltd (IFT) **+28.82%**

Infratil had a strong month, contributing 340bps to the total return. The catalyst was a 6 May announcement by CDC Data Centers regarding a 555 megawatt contract with a US investment grade customer over a 30 year term, Australia's largest ever data center agreement. While Infratil's broader FY26 results confirmed an 11% lift in proportionate operational EBITDAF to NZ \$989 million.

### FreeportMcMoRan (FCX) **+15.42%**

FCX staged a strong recovery as copper prices rallied, driven by improving global growth sentiment and persistent supply side constraints. Our thesis remains anchored in the essential role of copper for AI infrastructure, grid expansion, and EV adoption. May's performance is another reminder of the holding to the fundamentals through volatility and the commodity weakness seen in March and April.

### RollsRoyce Holdings (RR) **+21.74%**

RR benefited from a sector wide rerating of European defence and industrials as NATO members formalised budget expansion commitments. The company continues to exhibit strong free cash flow generation. The position has now fully recovered from recent pullbacks. During the month RR reported it's Power Systems segment reported demand for brand generators for data centres facing grid connection delays, and the Nuclear segment secured has recently long term contracts to deliver small modular reactors to the UK government.

## Detractors

### APE (Eagers Automotive) (12.96%)

At its AGM on the 27<sup>th</sup> of May, management guided that 1H26 underlying profit for the ANZ business would be flat, missing consensus expectations of low double digit growth. As higher interest rates have increased inventory costs and squeezed household discretionary income. While the business fundamentals are sound, the current rate environment remains a significant near term headwind.

## Risk & Performance Metrics

Metric	Portfolio	vs ASX 200	vs S&P 500	vs MSCI ACWI
Sharpe Ratio	1.67	—	—	—
Beta	—	0.81	1.18	1.05
Jensen's Alpha (ann.)	—	+38.4%	+46.8%	+42.3%
Tracking Error (ann.)	—	11.74%	5.91%	4.11%
Information Ratio	—	3.47	7.43	10.12
Active Return (ann.)	—	+40.8%	+44.0%	+41.6%

Risk metrics based on n=5 monthly observations. Figures are directional at this sample size.

## Portfolio Performance May 2026

Ticker	Sector	Ccy	Return %	G/L (AUD)	CTR %
IFT	Utilities	AUD	+28.82%	\$1,058.40	+3.40%
FCX	Materials	USD	+15.42%	\$430.73	+1.38%
RR	Industrials	GBP	+21.74%	\$426.33	+1.37%
NHC	Energy	AUD	+6.57%	\$352.80	+1.13%
IWM	ETF	USD	+6.74%	\$217.77	+0.70%
MIN	Materials	AUD	+15.32%	\$214.72	+0.69%
SPY	ETF	USD	+6.31%	\$117.93	+0.38%
IPG	Industrials	AUD	+5.87%	\$148.50	+0.48%
PWH	Industrials	AUD	+9.13%	\$142.20	+0.46%
NVS	Health Care	USD	+5.06%	\$74.76	+0.24%
COH	Health Care	AUD	+6.91%	\$58.50	+0.19%
AER	Industrials	USD	+0.93%	\$6.35	+0.02%
BABA	Consumer Disc.	USD	(4.76%)	(\$28.10)	(0.09%)
APE	Consumer Disc.	AUD	(12.96%)	(\$233.25)	(0.75%)
CASH		AUD	—	—	—
<b>TOTAL</b>			<b>+9.59%</b>	<b>\$2,987.64</b>	<b>+9.59%</b>

## The RBA and Rates

The RBA hiked for the third consecutive meeting in May, bringing the cash rate back to 4.35%. Reversing the 3 cuts seen in 2025 (which now appears premature).

The standard commentary will focus on what comes next another hike, or a pause. That framing misses an interesting question.

We discussed in our February monthly update that the rate cycle was potentially nearing its peak. This would appear incorrect. However, we noted the caveat here that the key risks to this view are a government that refuses to rein in spending; entrenching inflation and forcing the RBA to hold higher for longer.

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The caveat always mattered most but was also least likely to be met. Under this government it appears we are waiting for Godot.

The inflation the RBA is fighting has a significant cost push component. Energy prices, construction costs and housing pressures. Rate hikes are a demand side tool. What they do very efficiently in an economy where 70% of mortgages are variable rate is reduce household disposable income. They do not drill more gas, build more houses, or reduce insurance claims. Certainly; record levels of state government spending and increased federal taxes do not help. Whether that's the right instrument for the problem is worth asking.