

SOLARIS
investment management

Solaris Core Australian Equity Fund

APIR: WHT0012AU
Monthly Investment Report
31 October 2026

Fund Performance

The Fund underperformed its benchmark for the month by -0.74% (after fees). Overweight holdings in QBE Insurance Group Limited and The Lottery Corporation Limited and underweight positions in Nextdc Limited, Rio Tinto Limited and Evolution Mining Limited made a positive contribution to relative performance. The main detractors were overweight holdings in Capricorn Metals Limited, Genesis Minerals Limited, Virgin Australia Holdings Limited and PLS Group Limited together with an underweight position in Commonwealth Bank of Australia.

Returns	Month	Rolling Quarter	FYTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	7 Years p.a.	10 Years p.a.	Inception p.a. (17/09/2008)
Fund Gross Return^	0.72%	-0.19%	2.16%	4.29%	8.96%	14.83%	9.21%	8.31%	10.10%	9.02%
Benchmark Return*	1.38%	0.45%	2.73%	3.69%	7.99%	13.35%	8.00%	8.12%	9.43%	7.92%
Active Return	**-0.66%**	**-0.64%**	**-0.57%**	**0.60%**	**0.97%**	**1.48%**	**1.21%**	**0.19%**	**0.67%**	**1.10%**
Fund Net Return^	0.64%	-0.41%	1.85%	3.35%	7.92%	13.73%	8.16%	7.27%	9.04%	7.99%
Benchmark Return*	1.38%	0.45%	2.73%	3.69%	7.99%	13.35%	8.00%	8.12%	9.43%	7.92%
Active Return (After fees)	**-0.74%**	**-0.86%**	**-0.88%**	**-0.34%**	**-0.07%**	**0.38%**	**0.16%**	**-0.85%**	**-0.39%**	**0.07%**

^ Performance is for the Solaris Core Australian Equity Fund (APIR: WHT0012AU), also referred to as Class B units, and is based on month end prices before tax. Net performance is calculated after management fees and operating costs, excluding taxation. Gross performance is stated excluding all fees, costs and taxation. This is historical performance data. It should be noted the value of an investment can rise and fall and past performance is not indicative of future performance. All p.a. returns are annualised.
* Benchmark refers to the S&P/ASX 200 Accumulation Index.

Significant Contributors

NextDC – Underweight (-45.8%)
NextDC underperformed during the month after announcing material delays to both power delivery and planning approvals for its M3 site in Footscray. The delays raise questions about the company's financial leverage and potential exposure to liquidated damages.

QBE Insurance – Overweight (+12.1%)
QBE outperformed during the month, supported by a benign North American hurricane season and rising bond yields. Sentiment also improved around the group's strategic positioning in portfolio solutions, a fast-growing distribution channel.

Evolution Mining – Underweight (-11.9%)
Evolution Mining underperformed as the gold price weakened over the month. Its September quarter production update showed copper slightly ahead of expectations, but gold production came in around 5% below, while FY27 guidance was maintained.

Significant Detractors

Pilbara Minerals - Overweight (-31.6%)
Pilbara Minerals fell alongside the broader lithium sector despite a solid operational quarter. September quarter production and costs were both better than expectations, with unit operating costs falling 12%. However, a shipment scheduled for late September was pushed into October because of port delays at Port Hedland. Combined with weaker lithium pricing, this led to a revenue miss.

Capricorn Metals – Overweight (-11.9%)
Capricorn Metals underperformed as the gold price fell nearly 7% over the month. Operationally, the company continues to execute well. The Karlawinda expansion ramp-up is progressing well, September quarter production was strong and FY27 guidance was maintained.

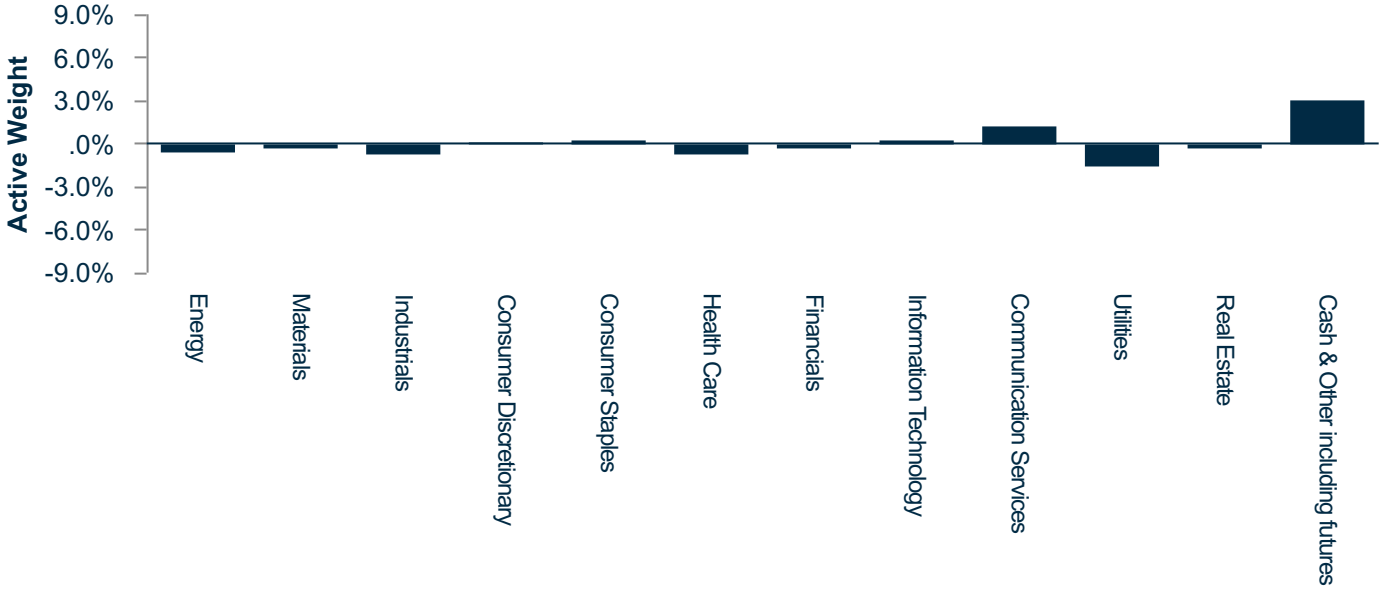
Virgin Australia – Overweight (-15.7%)
Virgin Australia underperformed as jet fuel prices remained elevated, putting pressure on unit economics. Management will need to balance higher airfares and capacity adjustments against the risk of demand destruction. We remain confident that the domestic airline industry is better positioned structurally today to manage these risks.

Contributors and detractors are based on the portfolio weight relative to the benchmark.
Illustrative only and not a recommendation to buy or sell any particular security.

Top 10 Stocks

Name	Sector	Fund
BHP Group Limited	Materials	13.4%
Commonwealth Bank of Australia	Financials	8.8%
National Australia Bank Limited	Financials	5.3%
ANZ Group Holdings Limited	Financials	4.9%
Goodman Group	Real Estate	3.7%
Woodside Energy Group Limited	Energy	3.1%
QBE Insurance Group Limited	Financials	2.8%
Coles Group Limited	Consumer Staples	2.7%
Macquarie Group Limited	Financials	2.7%
Westpac Banking Corporation	Financials	2.3%

Sector Allocation



Source: Solaris Investment Management, 31 October 2026

Market Valuation & Earnings Estimates:

	Market & Sector EPS Growth			Market & Sector PEs			Market & Sector Yield		Dividend
Pro-rated to June	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
All Companies	12.8%	7.0%	5.4%	19.1x	17.8x	16.9x	3.4%	3.5%	3.6%
Banks	4.4%	4.9%	3.2%	20.5x	19.5x	18.9x	3.7%	3.8%	3.8%
Listed Property Trusts	(3.8)%	14.1%	7.6%	17.5x	15.3x	14.2x	3.6%	3.7%	3.8%
Resources	36.7%	8.1%	1.4%	14.7x	13.6x	13.4x	3.9%	3.7%	3.9%
Industrials ex-Banks	2.7%	7.2%	10.1%	21.8x	20.4x	18.5x	3.0%	3.1%	3.4%

Source: Solaris forecast data. These forecasts are not a guarantee of future performance and undue reliance should not be placed on them. Past performance is not indicative of future performance.

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Market review S&P/ASX 200 Accumulation Index

The S&P/ASX 200 Accumulation Index rose +1.4% in October, outperforming the US S&P 500 (-0.9%). Australia's lower exposure to AI-exposed companies supported relative performance against global markets, as the AI trade came under pressure over the month. A failed Firmus IPO, weakness across neocloud companies and concerns of a slowdown in AI capex all weighed on technology companies.

Bond yields retreated over the month, with the US 10-year yield falling 36bps to finish at 4.93% and the Australian 10-year yield falling 23bps to 5.12%. The Federal Reserve held rates steady, although markets are pricing a meaningful chance of a further hike in December as the US economy continues to expand. The Middle East conflict remains unresolved, supporting higher oil prices, with Brent crude up +13.6% to US$117.6 per barrel. Precious metals sold off sharply, with gold (-6.8%), silver (-18.7%) and platinum (-15.6%) all lower, alongside iron ore (-3.2%), copper (-1.5%) and nickel (-4.1%).

At the sector level, Utilities (+9.3%) led as investors sought defensive exposure, followed by Financials (+7.0%) and Health Care (+6.3%). Materials (-7.8%) and Information Technology (-3.5%) were the only sectors to decline with Consumer Staples (+0.5%) the next weakest.

The top performers in the index included:

- Data#3 (+32.9%) outperformed after delivering two earnings upgrades during the month, driven by strong customer demand, improving visibility on project deliveries and continued strength in its Infrastructure and Software Solutions businesses.
- WiseTech Global (+25.7%) rebounded after ASIC concluded its investigation into alleged insider trading by the company's founder and two current employees with no further action, removing a key governance overhang.
- Arena REIT (+25.0%) continued to recover from concerns around Edge Early Learning, a tenant currently in administration. Progress towards a resolution enabled Arena to lift its prior dividend guidance during the month.

The worst performers in the index included:

- Elsight (-62.7%), a provider of connectivity hardware and software for drones, fell sharply after its September quarter update showed revenue declining ~80% quarter on quarter, due to delayed orders from its largest European drone OEM customer. .
- Sunrise Energy Metals (-47.9%) declined, extending a slide that began after the mineral explorer announced plans to redomicile in the US and list on the Nasdaq. The company's September quarter update also disappointed the market.
- Nextdc (-45.8%) underperformed following the announcement of material delays to both power delivery and planning approvals for its M3 site in Footscray. The delays raise questions around the company's financial leverage and potential exposure to liquidated damages.

S&P/ASX 200 Top & Bottom performing sectors for the month ending 31 October 2026:

The best performing sectors in the S&P/ASX200 Accumulation Index for the month were Consumer Services (+9.4%), Utilities (+9.3%), Banks (+7.7%), Insurance (+7.6%) and Pharma & Biotech (+7.5%). The worst performing sectors included Semiconductors & Equip (-38.9%), Tech HW & Equip (-15.7%), Materials (-7.8%), REIT Mgt & Devt (-7.7%) and Automobiles & Components (-7.2%).

S&P/ASX 200 Top & Bottom performing stocks for the month ending 31 October 2026:

The top 5 performing stocks in the S&P/ASX200 Accumulation Index for the month were Data#3 Ltd (+32.9%), WiseTech Global Ltd (+25.7%), Arena REIT (+25.0%), Pro Medicus Ltd (+19.7%) and Challenger Ltd (+18.3%). The bottom 5 performers included Elsight Ltd (-62.7%), Sunrise Energy Metals Ltd (-47.9%), Nextdc Ltd (-45.8%), Elevra Lithium Ltd (-43.5%) and 4DMedical Ltd (-42.6%).

Illustrative only and not a recommendation to buy or sell any particular security

Market Outlook

AGM season has provided investors with an interim update between reporting seasons, with trading commentary offering an instructive read not only on company operating conditions but also on the broader Australian economy. The message has been one of moderation. Consensus FY27 earnings growth for the market has eased to approximately 7%, with Industrials ex-Banks at 7.2%, Banks at 4.9% and Resources at 8.1%. The revisions reflect the headwinds we have been flagging in recent months, each of which weighs on earnings: higher yields lifting interest costs, elevated fuel prices and a slowing Australian consumer.

The domestic macro backdrop remains one of higher for longer. The resilience of the Australian consumer has been remarkable, but after five rate rises, the most recent in early November, signs of weakness are emerging. Trading updates since the start of September point to households pulling back on spending, and few retailers have been immune. JB Hi-Fi reported negative comparable sales in its first-quarter update, tracking below consensus expectations; Wesfarmers noted a moderation in Bunnings growth; and Super Retail Group delivered a weak update, with Rebel and BCF both tracking behind. We expect domestic demand to slow further from here and remain cautious on the consumer sector.

Market Outlook Continued

The AI thematic, which has underpinned earnings expectations across parts of the market this year, also came under pressure, with an unwind in the AI trade weighing on markets during the month. Locally, the failed Firmus IPO, together with issues raised around NextDC and power availability that point to a potential lack of social license for data centres, showed that even a global thematic with strong underlying demand is not without volatility and risk. This reinforces the importance of fundamental research, and of understanding a company's path to profitability and future earnings.

Portfolio positioning continues to be driven by bottom-up security selection. Analysts are finding attractive opportunities among growth companies, and we have increased the portfolio's growth overweight, adding to names such as PLS and Goodman Group. At the same time, cyclical exposure remains overweight but has moderated as defensive exposure has increased meaningfully.

Our focus remains on looking through the noise to the underlying earnings, and on identifying where share prices and fundamentals have become disconnected. Built on fundamentals, the portfolio is well positioned to navigate ongoing volatility, whether driven by higher yields, broader macro risks or shifting thematics.

Thank you, as always, for the privilege of managing your investments.
Source: Solaris Investment Management, 31 October 2026

Contact Details

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Link to the Product Disclosure Statement
Link to the Target Market Determination

For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email service@pinnacleinvestment.com

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