



March Monthly Report

Dear Investors

We're pleased to provide you with the March 2026 Monthly Report for the Fawkes Capital Fund ("Fund"). In this monthly report, we:

- (1) Update our performance for March 2026; and
- (2) Describe our macro views with respect to our investment strategy.

Performance Update

March was a very strong month for the Fund. After fees, the Fund gained 13.1%. Owing to the conflict in Iran, macroeconomic and geopolitical developments were the dominant drivers of market pricing during the period. While equities declined sharply, the Fund's macro-first approach resulted in returns that were negatively correlated to broader equity markets.

Mar-26	1 Mth	3 Mth	1 yr	2 Yrs	3 Yrs	5 Yrs	SI (ann)	SI (cum)
Fund (Net)	13.1%	26.9%	78.5%	32.7%	26.4%	17.3%	17.6%	122.3%
Blended Index	-3.5%	-0.8%	7.7%	5.5%	6.9%	5.4%	5.6%	30.1%
All Ords	-7.3%	-2.7%	11.3%	6.6%	9.4%	7.5%	7.7%	43.8%
RBA Cash	0.3%	0.9%	3.8%	4.1%	4.2%	2.9%	3.0%	15.5%

Returns are calculated net of fees and represent the combined income and capital returns over the specified period. All returns provided are in AUD. Blended Index returns are composed of 50% All Ords / 50% RBA Cash.

The outperformance during the month was driven primarily by our investments in oil. Anticipating an escalation in the conflict, on the 27th of February we established a significant oil position relative to the Fund's net asset value. We also shorted equity index futures in Japan and the US to hedge our equity exposure. This positioning paid off well in the first week of the month following the outbreak of the war on the 28th of February. On balance, these decisions proved beneficial for unitholders. As we discuss in the following section, however, the outlook has become more complex from here.

This month in particular, we would like to acknowledge some of our closest friends and industry contacts for their insights throughout the period. Their perspectives have been valuable during exceptionally volatile and uncertain market conditions. They know who they are, and many are also investors in the Fund. We also benefited from the input of several highly thoughtful individuals who share our interest in geopolitics and global markets. Internally, it was also a month in which our efforts to further improve collaboration within the Fund delivered tangible benefits. We are extremely grateful for the community with whom we exchange ideas and learnings, which remains one of the most rewarding aspects of this endeavour.

We continue to manage your capital with care and to monitor developments as closely as possible. We do not take recent performance for granted and remain focused on strengthening the portfolio for more challenging periods ahead. We will not hesitate to make significant portfolio adjustments, as we did in March, where conditions warrant.

Macro Update

Macro matters first. The conflict in Iran continues to evolve in significant and often unpredictable ways. The eventual outcome of the war is still likely to be a key determinant of where markets ultimately settle.

The more constructive recent development was that both the United States and Iran stepped back from the brink, which was received positively by risk markets. Rather than targeting Iran's water and electricity infrastructure, the US instead moved to tighten pressure through a blockade of Iranian oil tankers transiting the Strait of Hormuz. This



suggests that Donald Trump is reluctant to pursue a more destabilising escalation, and instead is seeking to pressure Iran into a favourable agreement by reducing its oil export revenues toward zero.

How Iran perceives the situation remains less clear. One reported challenge is that the Iranian leadership has become fragmented across competing factions. Hardline elements within the Islamic Revolutionary Guard Corps are reportedly continuing to exert significant influence.

This presents a further set of challenges in reaching a comprehensive agreement with the US. The first is that hardline factions reportedly refuse to reopen the Strait of Hormuz until the US lifts its naval blockade. A scenario therefore exists in which a ceasefire is repeatedly extended while the Strait remains closed. Such an outcome would favour Iran and may encourage a strategy of delay.

The second challenge lies in how both sides ultimately agree on the treatment of Iran's existing stockpile of enriched uranium and any future enrichment activities. Iran's hardliners are unlikely to abandon their nuclear ambitions, or at least not without securing meaningful concessions in return.

For context, it took close to a decade for the Joint Comprehensive Plan of Action to be negotiated and finalised under the Barack Obama administration. Given the technical and political complexities involved, a comprehensive agreement this time may prove similarly time-consuming. Earlier negotiations with the Trump administration ultimately failed to produce a lasting outcome. Whether enough has changed following the war to enable a negotiated settlement remains uncertain. Politically, Trump is likely to seek an agreement that can be presented as an improvement on the JCPOA baseline, which may be difficult for Iran to accept. That said, both sides may first aim for a headline agreement, with detailed terms to be resolved later.

And so there are many possible paths from here as to how the conflict may evolve:

- Pressure from US threats to target Iranian utility infrastructure proves sufficient to force Iranian concessions and a negotiated deal, as the leadership may view such an escalation as an existential threat to regime survival.
- The situation drifts forward with repeated extensions to the ceasefire, while negotiations continue and no durable resolution is reached.
- No agreement is reached and the US escalates the conflict further.
- No agreement is reached, the US withdraws unilaterally, and Iran keeps the Strait of Hormuz closed, driving oil prices higher.
- No agreement is reached, the US withdraws unilaterally, and Iran imposes a transit fee on vessels passing through the Strait. Regional Gulf states reject this outcome and become more directly involved in the conflict.
- No agreement is reached, the US withdraws unilaterally, Iran imposes a transit fee on vessels passing through the Strait, and oil prices ultimately fall.

We believe it is difficult to know with confidence which scenario will prevail. While both sides have recently stepped back from the brink, reducing the immediate probability of escalation, it cannot be ruled out that further disagreements return the conflict to a more dangerous footing. For markets, the key variable across scenarios is how high oil prices rise, and how long they remain elevated.

While the conflict continues to pose the risk of a significant macroeconomic impact on markets, an important offsetting force remains the positive pace of developments in AI. We previously noted that Anthropic's Claude Code represented a meaningful step-change in agentic capabilities. Anthropic has now reportedly developed a new large language model, Mythos, which appears to represent a further step higher in AI capability. The company has indicated that it is not yet prepared to release the model publicly, citing concerns around its potential ability to compromise software systems and websites.

SemiAnalysis described the yet-to-be-released model's capabilities as follows:



“The fact that anyone with access to the model could in theory find zero day exploits with a simple prompt is ground breaking... it is truly novel to hold the entire problem to solve in a single context window and run attention over the entire context simultaneously rather than sequential human analysis. It’s clear there is a big breakthrough that will augment and partially displace labour.”

Bridgewater Associates, an investor in Anthropic, made the following observation regarding Mythos:

“More change, as signified by the incredible capability of Anthropic’s unreleased Mythos model, is coming. At this rate, the world could soon be unrecognisable from the recent past.”

We believe these developments reinforce the view that we remain in the early stages of AI adoption across the corporate sector. Demand for tokens is likely to continue rising for at least the next several years as enterprise use of AI agents expands. This should be supportive of AI infrastructure companies. At the same time, we believe we are also in the early stages of a lower re-rating across parts of the software sector.

We continue to believe that certain AI-related companies within the Asian supply chain remain materially undervalued. As the industry pursues faster compute speeds, chip manufacturing technology continues to advance. Each technological shift can create significant opportunity, as companies with previously modest revenue bases may suddenly find themselves scaling solutions into production volumes measured in tens of millions of chips per year.

One example is how advanced chips are likely to be packaged over the next several years. Today, chips are stacked and interconnected through increasingly sophisticated packaging technologies. A leading solution used by TSMC is Chip-on-Wafer-on-Substrate (CoWoS), where highly precise micro-holes are formed within a silicon-based substrate to connect GPUs, CPUs and memory. As chips become more complex and additional layers of memory are integrated onto the interposer, the substrate must become larger and more capable of withstanding extreme thermal loads.

As a result, NVIDIA’s future Feynman series is widely expected to adopt Chip-on-Panel-on-Substrate (CoPoS). A major shift within this architecture is the use of glass substrates rather than silicon. Globally, only a small number of companies possess the laser technology required to precisely shape the glass and drill the micro-holes needed to connect the chips. We are invested in one of them, LPKF Laser & Electronics. This illustrates how advances in chip manufacturing can materially alter the commercial prospects of specialised suppliers.

We are seeing shortages emerge across multiple parts of the AI supply chain. Based on our industry contacts feedback, the most acute constraints appear to be in low dielectric constant (dk) glass, chip testing equipment, substrates, copper clad laminate, copper foil, printed circuit boards and memory chips. Pricing across many of these key inputs has risen materially. In our view, companies supplying these components should continue to benefit over time.

This creates an uneasy tension between two large and opposing macro forces. On one hand, the conflict in Iran still has the potential to push the global economy toward a stagflationary recession. On the other, we retain strong conviction in the growth trajectory of AI demand over the coming years. Some degree of balance is therefore required, as it is not yet clear (i) how this tension will ultimately be resolved, or (ii) whether AI supply chain stocks would decline in a broader market sell-off even if the underlying AI cycle remains intact.

We are navigating this environment as thoughtfully as possible and will continue to make portfolio adjustments where warranted. Conditions may remain challenging until there is greater clarity on the conflict in Iran, but we will continue to monitor developments closely.

Kind Regards,
Fawkes Capital Management



Please click [here](#) to subscribe to receive future Fund or market updates.

Fawkes Capital Management Disclaimer

One Funds Services Limited (“OFSL”), ACN 615 523 003, AFSL 493421, is the issuer and trustee of the Fawkes Capital Fund (the “Fund”). The material contained in this communication is general information only and was not prepared by OFSL but has been prepared by Fawkes Capital Management Pty Ltd (“Fawkes”), a Corporate Authorised Representative of One Wholesale Fund Services Ltd (“OWFS”), ACN 159 624 585, AFSL 426503, CAR number 1308574. Fawkes has made every effort to ensure the accuracy and currency of the information contained in this document. However, no warranty is made as to the accuracy or reliability of the information. Investors should consider the Information Memorandum (“IM”) dated 24 May 2024 issued by OFSL before making any decision regarding the Fund. The IM contains important information about investing in the Fund and it is important investors obtain and read a copy of the IM before deciding about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. Past performance is no guarantee of future performance. This report does not take into account a reader’s investment objectives, particular needs or financial situation and is general information only to wholesale investors and should not be considered as investment advice and should not be relied on as an investment recommendation.