



Fairway Capital  
Management

# 1H FY26 REPORT



December  
2025

Fairway Capital Management Fund (FCMF)

Investment Manager: Fairway Capital Management Pty Ltd  
ACN 667 645 025

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Corporate Authorised Representative No. 001306029  
of Zodiac Securities Pty Ltd AFSL No. 398350

[www.fairwaycap.com.au](http://www.fairwaycap.com.au)

# Investment Overview

Unit Value: \$1.0532

## Performance\*

The FCMF portfolio delivered a +5.32% return after fees for 1HFY26, outperforming both key benchmarks over the period. This compares with a +3.18% return from the ASX Dividend Opportunities benchmark, representing outperformance of +2.14%, and a +2.01% return from the ASX200, equating to outperformance of +3.31%.

Performance was underpinned by both consistent option income generation and an increase in our equity holdings. The option premium received equated to +3.42% of the Funds overall return.

The annualised rate of return of +10.64% has moved back within our target range of double-digit returns. We aim to continue compounding returns at this rate through a disciplined balance of risk, position sizing, and an ongoing awareness of market rotations.

We believe this disciplined approach, supported by consistent income generation and selective equity exposure, positions the Fund well to deliver attractive returns through the second half of FY26.

## Outlook

We head into Q3 of FY26 cautiously bullish, following a considerable pullback in financials and a clear rotation into mining exposure. Valuations in several financials are looking more attractive, while resources have re-rated to the upside.

With inflation remaining outside the RBA's target range of 2–3%, expectations for early 2026 rate cuts have been largely removed. There is now a rising risk of a rate hike as early as February or March if inflation remains firm.

The rise in protectionism led by the U.S. is increasingly influencing global trade policy and supply chains. This has accelerated investment into critical minerals, as countries prioritise security of supply. Combined with the ongoing AI investment cycle, demand for metals linked to electrification, energy transition, and data-centre power infrastructure has strengthened, reinforcing our rotation into mining and materials exposure. We see materials as a compelling buy-the-dip opportunity into 2026.

Volatility is expected to persist, driven by ongoing concern around potential asset bubbles in U.S. markets and heightened geopolitical uncertainty. Developments relating to NATO, Greenland, China, and Iran are likely to create short-term pockets of market dislocation, where volatility rises quickly, and risk is repriced.

We view these periods as opportunities to benefit from elevated option premiums. Given the current level of underlying risk, we will continue to hold a relatively higher proportion of capital in cash, providing flexibility to deploy capital when these pockets of volatility occur.

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\*Past performance is no guarantee of future performance.

# Market & Portfolio

Portfolio positioning over the half was actively adjusted in response to shifting market conditions and sector-specific volatility. A key contributor to our +2.14% outperformance was our decision to meaningfully reduce financial exposure in October, ahead of the sharp drawdowns that followed. We re-entered the sector largely in December, after valuations reset and option premiums became more attractive. This timing materially contributed to outperformance. Looking ahead, we expect financials to trade in a more range-bound and neutral manner, where our cash-covered put strategy is well-positioned to outperform the underlying equities.

The reduction in materials exposure from 11.90% to 5.87% reflected the exit of bullish positions during a period of strength across the major miners. We are now actively rebuilding exposure in the materials sector, gradually adding positions during periods of short-term weakness.

Energy exposure declined following the sale of our WDS stock towards the end of the year. While this reduced the overall sector weighting to 5.32%, we remain positive on the sector and are comfortable increasing exposure again at current levels. Both AGL and STO are being considered as attractive options, offering a combination of yield, volatility, and upside to broker target prices.

Within consumer staples, exposure was reduced following the sale of WOW after a +12% rebound in the share price. Our approach remains flexible, with capital rotated between COL and WOW depending on relative valuation and price action. This rotation allows us to maintain sector exposure while optimising risk-adjusted returns.

Across the broader portfolio, our core equity holdings in CBA, CSL, MQG, and WES continue to represent a significant weighting of approximately 24%. These positions have provided reliable option income via covered calls, and we expect them to track higher alongside the broader index over time.

Overall, the portfolio is positioned to benefit from a more neutral outlook in Financials, elevated volatility with capital ready to deploy and a continued rotation into the material sector.

## Portfolio & Sector Management

Exposure	Allocation
Put Options	20.04%
Equity Portfolio	49.31%
Cash	30.65%

Sector	Q1 FY26	Q2 FY26	Change
Materials	11.90%	5.87%	-6.03%
Financials	27.60%	41.84%	+14.24%
Healthcare	4.90%	4.88%	-0.02%
Consumer Staples	6.60%	0.00%	-6.60%
Energy	13.50%	5.32%	-8.18%
Other	12.10%	11.44%	-0.66%
Cash	23.40%	30.65%	+7.25%

# FCMF

## Distributions

Biannual unit distributions are automatically set to be re-invested in additional units as per section 2.8 of the Information Memorandum (IM).

Instructions to receive cash distributions must be received 30 days prior to the end of the quarter. Distributions are intended to be paid and reinvested within 30 days after 31st of December and 30 June each financial year.

## Contributions / Redemptions

New units in FCMF are available, applications and payments must be submitted at least one week before the start of each quarter.

Redemptions can be made quarterly after receiving 45 days written notice as per IM section 2.9.

## Fund Information

FCMF utilises two widely adopted option strategies, cash covered puts & covered calls, across a portfolio with a focus on income. The use of derivatives without leverage helps to mitigate risk and reduce the volatility of returns. Additional fund details below.

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| • Wholesale Investors       | <b>IM / Factsheet / Application</b>                                      |
| • \$100k minimum investment |  |
| • Biannual Distributions    | <a href="https://fairwaycap.com.au">https://fairwaycap.com.au</a>        |
| • Quarterly entry/exit      |  |
| • 1.5% p.a. Management fee  | <a href="mailto:partner@fairwaycap.com.au">partner@fairwaycap.com.au</a> |

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