



Fairway Capital
Management

Q3 FY2025 REPORT



March
2025

Fairway Capital Management Fund (FCMF)

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

Burleigh Heads, 4220
QLD, AUS

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

www.fairwaycap.com.au

Investment Overview

Unit Price: 1.0147

Market summary

The ASX200 retreated -3.9% over the March quarter, several underlying equities saw significant moves after the US Tariffs announcements. The banking sector came under pressure, with NAB and MQG declining -6.88% and -6.99%, respectively. Materials also softened, with BHP and RIO falling -3.41% and -4.61%.

Other big movers were CSL -11.5%, FMG -15.8%, WDS -6%.

Insurance, QBE +14.1% and SUN +1.2%, outperformed as interest rates remained firm. APA was a major contributor, bouncing +13.3% over the quarter.

Performance*

FCMF +1.47%, outperformed its income-focused benchmark +0.68%, a result of both our derivative strategies and our sector positioning. **FCMF outperformed the broader ASX200 index by +5.37%.**

- FCMF **outperformed** its benchmark by +0.79% for the quarter.
- The performance prices our NAV at 1.0147, inclusive of fees.
- This marks 2 consecutive quarters of outperformance.

	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Since inception
FCMF	1.62%	-1.46%	1.47%	-	1.63%
Benchmark	2.29%	-1.81%	0.68%	-	1.16%
Outperformance	-0.67%	0.35%	0.79%	-	0.47%

Outlook

Our local outlook remains cautiously bullish, as global macroeconomic and geopolitical dynamics continue to evolve.

- **RBA:** A 25bps rate cut is widely anticipated at the 20 May meeting, as the RBA responds to persistent disinflationary trends and subdued domestic demand. This could provide a tailwind for income generating equities and rate-sensitive sectors.
- **China's stimulus:** While stimulus measures have so far been modest, further policy support could lift commodity demand and improve sentiment across the materials sector.
- **Volatility:** Derivative pricing and the volatility index are now at elevated levels. We're (gradually) positioning our portfolio to benefit from a return to the mean.
- **US markets:** US based selling and fear has impacted global markets, creating local opportunities where fear-based selling dislocates asset prices from fundamentals. Our options-based approach is well-suited to exploit these dislocations.

Our positioning remains measured yet opportunistic. A full-blown global trade war would undoubtedly impact FCMF, but our focus on best-in-class, income-generating assets puts us in a strong position to benefit from any sustained market rebound.

*Past performance is no guarantee of future performance.

Portfolio

In our December report, we emphasised caution around stretched bank valuations. That caution proved well-founded, as the financial sector broadly declined over the quarter. Our underweight positioning contributed meaningfully to outperformance over the quarter.

However, as valuations across financials began to correct, we selectively increased exposure in the final weeks of March. This timing allowed us to avoid the bulk of the decline, while buying at more attractive levels. As a result, our financials weighting increased by +12.61% quarter-on-quarter, now representing 29.6% of the portfolio — the fund's single largest sector allocation.

We continue to maintain a balanced portfolio, with the portfolio currently comprising:

- 48.8% equities
- 41.1% option exposure
- 10.1% cash

We believe commodity markets have priced in a significant volume of negative macroeconomic news, and will maintain our current exposures to the sector. Outside of financials and materials, we remain bullish on WOR (Worley), and RHC (Ramsay Health Care) at current levels.

Equities adding during the quarter: ANZ, BEN, BHP, FMG, NAB.

Portfolio Weightings & Management

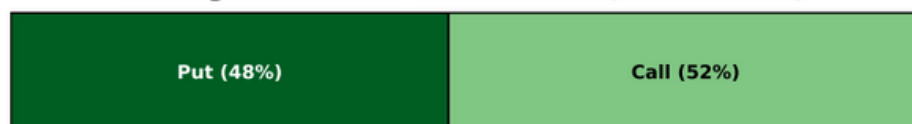
Sector	1H FY25	3Q FY25	Change
Financials	17.0%	29.6%	+12.61%
Materials	28.0%	26.5%	-1.53%
Energy	11.0%	9.8%	-1.24%
Cash	15.0%	10.1%	-4.87%

Option Trade Data

Proportion of Puts vs Calls Traded - Q3 FY25



Average Trade Size - Puts vs Calls (as % of Total)



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, but 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.

- Wholesale Investors
- \$100k minimum investment
- Biannual Distributions
- Quarterly entry/exit
- 1.5% p.a. Management fee

IM / Factsheet / Application

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Important Information:

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