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Ausbil MicroCap Fund

Monthly performance update

July 2025

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Returns[1] as at 31 July 2025

Period	1 month	3 months	6 months	1 year	2 years pa	3 years pa	5 years pa	7 years pa	10 years pa	15 years pa	Since Inception pa[2]
Fund return %	3.31	11.63	9.00	25.16	29.88	16.57	17.76	14.74	15.33	20.35	20.38
Benchmark[3] %	4.04	6.70	2.81	12.89	7.04	3.82	12.04	9.07	10.66	5.39	5.05
Out/under performance %	-0.72	4.93	6.19	12.27	22.84	12.75	5.72	5.67	4.67	14.96	15.33
Reference Index[4] %	2.82	9.67	4.65	11.53	10.40	7.09	7.67	5.19	7.77	5.34	5.08
Out/under performance %	0.50	1.96	4.35	13.63	19.48	9.47	10.09	9.55	7.56	15.01	15.30

'Despite a few head fakes around the timing of rate cuts, we continue to expect lower rates, both in Australia and the US, over the coming months'

Performance Review

Fund performance for July 2025 was +3.31% (net of fees) versus the benchmark return of +4.04%, as measured by the S&P/ASX Emerging Companies Accumulation Index, and the reference index return of +2.82% as measured by the S&P/ASX Small Ordinaries Accumulation Index.

Fund Review

The month of July was a period of two halves for the Fund. The first two weeks saw heavy selling in FY25 'winners' or 'crowded names' partly attributable to deferred capital gains selling, as well as funding of annual distributions, while many 'losers' from FY25 recovered from heavy tax loss selling in the preceding months of May and June. This was particularly evident in the sharp rallies in battery materials names in the Emerging Companies Index, which helps explain the Fund's relative underperformance. We were pleased to see the Fund recover strongly in the final weeks of July as the ordinary course of business resumed, and high-quality companies recovered ahead of August reporting season.

August reporting season acts as the Fund's bi-annual scorecard (together with HY reporting in February), and the team will engage in over 100+ company meetings over the next few weeks with few outlook statements expected. However, RBA rate cuts should continue to support the case for a more favourable equity market environment for small and micro-cap companies.

Contribution over the month came from **Aussie Broadband** (ABB), **Qoria** (QOR) and **Superloop Holdings** (SLC). Detractors for the month included **Greatland Gold** (GGP), **Tuas** (TUA) and **Ora Banda Mining** (OBM).

Key Contributors

Aussie Broadband (ABB) returned +15.4% in July after what we would describe as an extended period of 'long service leave' in the share price since losing the Origin contract to fellow NBN Challenger (and Fund holding) **Superloop**. While painful, our thesis for the NBN challenger coupled with compelling valuation support vindicated our decision to maintain and add to a highly cash flow generative, growing NBN challenger. We look forward to ABB reporting it's FY25 result in August.

Qoria (QOR) returned +21.2% for the month following a strong June quarter result that delivered a re-acceleration of Annual Recurring Revenue (ARR) and disciplined cost management. QOR is a leader in cyber safety solutions for schools in the US, UK and Australia with a growing international presence. As early investors in prior successful technology investments, such as Life360 (360) and Catapult (CAT), we believe QOR has the hallmarks that underpin future technology leaders: strong top-line ARR growth (+20% yoy), a large and expanding global addressable market, scalable software and healthy gross margins.

Key Detractors

Greatland Gold (GGP) was hit hard, down -24.3% after a surprise FY26 production downgrade barely one month after IPO. This was an incredibly disappointing outcome that severely damaged management credibility given the proximity to their IPO. It also came with an increase in cost guidance. On the positive side, the company did talk to drilling and capex to support mine life extension. Credibility in the public markets is difficult to earn and easy to lose, and a material downgrade to guidance so soon after IPO makes for a tough start to the ASX.

TUAS (TUA) fell -9.8% in July after delivering a strong +34.6% in the financial year to 30 June 2025. Market data tracking downloads for TUA indicated an acceleration in growth over recent months, however a change in data source resulted in the new data no longer demonstrating a strong correlation with historical actual results. We have no reason to believe the acceleration of download data has adversely changed, in fact, we have reason to believe it has continued in a positive trajectory, setting up another strong FY25 result in September. We also believe M&A could present an attractive opportunity for the group which could be a highly accretive opportunity and propel TUA into the S&P/ASX 200 with a wider audience of prospective investors. Remains high conviction and we added to the position.

Outlook

Despite a few head fakes around the timing of rate cuts, we continue to expect lower rates, both in Australia and the USA over the coming months. This underpins our optimism around equity markets into the back end of 2025. So long as broader economic and corporate data does not materially underwhelm and the US avoids slipping into recession, there is still ample support available (both fiscal and monetary) to underpin economic growth, which is ultimately good for equity markets. Against this backdrop, many have questioned the durability of the rally, however we would expect the breadth of the rally to improve as excess cash on the sidelines is subsequently put to work. This likely signals a shift toward more individual stock-picking, which is more akin to the Ausbil fundamental bottom-up

Top 5 Stocks[5]

1. Aussie Broadband
2. Codan
3. Generation Development Group
4. Maas Group Holdings
5. Superloop

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1. Fund returns are net of fees and before taxes.
2. Date: February 2010.
3. S&P/ASX Emerging Companies Accumulation Index.
4. S&P/ASX Small Ordinaries Accumulation Index.
5. Top 5 stocks sorted alphabetically.

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