

Ausbil Global SmallCap Fund

Monthly performance update

May 2025

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'The Fund's positioning with an overweight bias to high quality European names and an underweight positioning to the US helped mitigate some of the recent volatility over the last few months'

Performance Review

Fund performance for May 2025 was +2.92% (net of fees) versus the benchmark return of 5.20%, as measured by the MSCI World Small Cap Net Total Return Index.

The MSCI World Small Cap was up +5.20% over the month in AUD terms as markets recovered from the recent and ongoing tariffs uncertainty as the new US administration moved into deal making mode after the shock of "Liberation Day" in early April. In terms of contribution to Fund performance, Canada and Italy were the largest positive country contributors, with the US and Germany being the main detractors.

In terms of sector performance, the Materials and Industrials sectors where the main detractors for the month while Information Technology and the Fund's underweight in Utilities benefited the Fund on a relative basis.

Contributors and Detractors

Notable positive contributors over the period were Celestica based in Canada and Iveco Group based in Italy. Powell Industries and ADMA Biologics both in the US were the main negative contributors during the month.

Celestica is a leading electronics manufacturing services (EMS) and supply chain solutions company headquartered in Toronto, Canada. Founded in 1994, it serves a diverse range of industries including aerospace, defence, communications, enterprise, healthcare, industrial, and capital equipment. Celestica provides a comprehensive suite of services encompassing design and engineering, manufacturing, and supply chain management, aimed at helping clients bring their products from concept to market efficiently. The company operates a global network of manufacturing and design facilities, employing approximately 25,000 people worldwide. Celestica's services include printed circuit board assembly, system assembly, testing, and after-market services such as repair and refurbishment. Additionally, it leverages advanced manufacturing technologies and automation to enhance productivity and quality. While Celestica serves a diverse set of industries and clients, the Fund expects the business to benefit from the onshoring of high-tech manufacturing back into the US market and the ongoing demand for Semiconductor manufacturing equipment. More recently, the company's specialisation in high-end networking switches for data centres has driven strong earnings growth. The company's recently delivered financial results, at the end of April, continued to demonstrate strong growth in their networking products linked to data centre demand growth.

ADMA Biologics is a US-based biopharmaceutical company headquartered in Ramsey, New Jersey, founded in 2004. It specialises in developing and manufacturing plasma-derived biologics for patients with immune deficiencies and those at risk of serious infections. The company serves the healthcare and biopharmaceutical industries, focusing on providing lifesaving treatments for immunocompromised individuals (individuals with a weakened or impaired immune system), making it harder for the body to fight infections and diseases like HIV, cancer, autoimmune diseases and genetic disorders. ADMA has several key products and treatments which enhance the immune system,

Performance

Returns¹ as at 31 May 2025

Period	Fund Return % Net	Benchmark ² %	Out/Under Performance % Net
1 month	2.92	5.20	-2.27
3 months	2.24	-0.93	3.16
6 months	-6.58	-2.37	-4.21
1 year	9.46	10.76	-1.29
2 years pa	20.23	12.91	7.31
3 years pa	13.50	10.57	2.93
4 years pa	5.42	6.10	-0.68
5 years pa	11.87	11.20	0.66
7 years pa	8.16	8.21	-0.05
Since inception pa Date: 31 May 2018	8.15	8.21	-0.05

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
NKT	4.72	0.06	4.67
Hammond Power Solutions	4.66	0.01	4.65
Mueller Industries	4.62	0.10	4.51
Powell Industries	4.56	0.02	4.54
Applied Industrial Technologies	3.81	0.11	3.70
Atkore	2.96	0.03	2.94
Celestica	2.93	0.00	2.93
EastGroup Properties	2.75	0.10	2.64
ANDRITZ	2.64	0.06	2.58
Greggs	2.48	0.03	2.44

Investment Characteristics

	Return on invested capital	Debt to equity	Dividend yield	Price to free cash flow
Fund	14.6	43.5	1.9	20.00
Benchmark ²	6.8	97.6	2.0	19.84

Sector Allocations

Sector	Fund %	Index ² %	Tilt %
Energy	0.00	4.10	-4.10
Materials	10.87	7.51	3.37
Industrials	39.18	20.86	18.33
Consumer Discretionary	5.04	12.95	-7.91
Consumer Staples	6.54	4.85	1.70
Health Care	8.94	8.68	0.26
Financials	10.23	16.10	-5.87
Information Technology	9.87	10.50	-0.63
Communication Services	0.00	3.47	-3.47
Utilities	0.00	2.92	-2.92
Real Estate	8.37	8.06	0.31
Cash	0.94	0.00	0.94
Total	100.00	100.00	0.00

1. Fund returns are net of fees.

2. The benchmark is MSCI World Small Cap Net Total Return (TR) Index in AUD.

reducing infection risks and improving quality of life. The company operates a large FDA-approved manufacturing facility with a capacity of 600,000 litres per year, supporting both its own production and external contract manufacturing.

While ADMA underperformed the wider market in May; the Fund expects the company to deliver significant unrecognised earnings growth in the coming quarters.

Outlook

The month of May witnessed an ongoing recovery in global small caps with the index now up an impressive 18.8% in USD from the April lows of “Liberation Day”. While market performance has been strong trade wars are still simmering on the horizon with President Trump lifting tariffs on Steel and Aluminium from 25% to 50%; a move the European Union “strongly” regrets. The increased Steel and Aluminium tariffs were announced shortly after the US Court of International Trade ruled that the Constitution gave Congress, not the President, the power to levy taxes and tariffs, and that the president had exceeded his authority by invoking the International Emergency Economic Powers Act, a law intended to address threats during national emergencies. However, a federal appeals court temporarily reinstated most of President Trump’s tariffs, a day after the U.S. trade court ruled that Trump had exceeded his authority in imposing the duties and ordered an immediate block on them. While the tariff noise and turmoil roll on, we continue to see many opportunities in our under researched global small cap market.

The Fund’s positioning with an overweight bias to high quality European names and an underweight positioning to the US helped mitigate some of the recent volatility over the last few months. Iveco Group in Italy, a global leader in commercial and specialty vehicles, and powertrain systems, confirmed their plans to sell off their defence business, Iveco Defence. Iveco’s share price rose to an all-time high on the news as several bidders emerged with initial estimates valuing the business close to EUR1.5bn. Certainly, an attractive price given Iveco’s overall valuation of EUR4.8bn.

Global manufacturing surveys have also stayed reasonably robust despite the tariff induced volatility. The S&P Global Manufacturing PMI series was relatively stable month on month at 49.6, slightly below the neutral level of 50 and a fraction below April’s read of 49.8. Interestingly, Europe and specifically Germany continue with their recovery. While the German PMI Survey reading is still below the neutral read of 50, we have seen a strong improvement over recent months with the current read of 48.3, significantly higher than the 42.5 delivered at the end of last year. The European Union continues to improve with a read of 49.2; the highest reading in 32 months.

The Fund remains underweight the US market and overweight Europe. Many European companies are attractively valued and an improving geopolitical environment, along with recently announced security spending by the German and EU governments, could provide robust tailwinds for the region. The fast-approaching NATO summit is also likely to spur further fiscal spending plans from the major European economies.

Region Allocation

Region	Fund %	Index ² %	Tilt %
North America	52.29	62.78	-10.49
Japan	4.72	13.38	-8.66
United Kingdom	7.06	5.22	1.83
Europe (Ex United Kingdom)	33.24	12.23	21.01
Asia Pacific (Ex Japan)	1.74	5.20	-3.46
Middle East	0.00	1.18	-1.18
Cash	0.94	0.00	0.94
Total	100.00	100.00	0.00

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