

Ausbil Global SmallCap Fund

Monthly performance update

July 2025

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‘Global equity markets extended their strong run in July, with several markets setting new record highs including global small caps’

Performance Review

Fund performance for July 2025 was +2.49% (net of fees) versus the benchmark return of +3.01%, as measured by the MSCI World Small Cap Net Total Return Index.

The MSCI World Small Cap was up +3.01% over the month in AUD terms as markets continued to recover from the recent tariffs uncertainty, and the new US administration finalised several tariff agreements with major trading partners. In terms of contribution to Fund performance, Denmark and the US were the largest positive country contributors with the UK and Japan being the main detractors.

In terms of sector performance, the Industrials and Communication Services sectors were the main positive contributors for the month, while Financials and 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 Applied Industrial Technologies and Powell Industries both in the US. Greggs in the UK and Chemed in the US were the main negative contributors during the month.

Applied Industrial Technologies is a 102-year-old, Cleveland-based industrial distributor and engineering-services company operating in North America, Australia, New Zealand and Singapore with over 570 facilities. Originally founded as Bearings in 1923, AIT now provides technical solutions across two core lines. Its Service-Centre Distribution business offers bearings, power-transmission products and maintenance supplies, while its Engineered Solutions arm delivers fluid-power, flow-control, automation and custom integration services for industrial and OEM customers.

Greggs began life in 1939 when John Gregg opened a small bakery in Newcastle upon Tyne, growing steadily over decades into the UK's largest food-on-the-go chain. By the end of December 2024, it operated an estate of 2,618 shops—2,057 company-managed stores and 561 franchised units across high streets, transport hubs, supermarkets, retail parks, and petrol forecourts—and generated more than £2 billion of annual revenue, with total retail sales up 11.3% year-on-year. The company owns and tightly manages its end-to-end supply chain—from regional production sites through logistics to shop level—while a growing share of transactions flow through the Greggs App, which accounted for over one-fifth of company-managed shop payments in 2024.

Performance

Returns¹ as at 31 July 2025

Period	Fund Return % Net	Bench- mark ² %	Out/Under Performance % Net
1 month	2.49	3.01	-0.51
3 months	8.51	11.44	-2.93
6 months	0.84	1.79	-0.95
1 year	9.51	9.96	-0.45
2 years pa	18.54	12.31	6.23
3 years pa	14.49	12.36	2.14
4 years pa	4.81	6.38	-1.58
5 years pa	12.44	12.80	-0.36
7 years pa	8.53	8.69	-0.17
Since inception pa Date: 31 May 2018	8.76	8.88	-0.13

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
Powell Industries	4.95	0.03	4.92
NKT	4.89	0.05	4.84
Mueller Industries	4.78	0.10	4.68
Applied Industrial Technologies	4.39	0.12	4.27
Atkore	4.00	0.03	3.97
thyssenkrupp	2.52	0.07	2.46
ANDRITZ	2.52	0.05	2.47
EastGroup Properties	2.45	0.10	2.36
Hammond Power Solutions	2.42	0.01	2.41
SSAB AB	2.35	0.04	2.31

Investment Characteristics

	Return on invested capital	Debt to equity	Dividend yield	Price to free cash flow
Fund	14.5	45.3	1.8	20.29
Benchmark ²	6.8	97.3	1.9	20.45

Sector Allocations

Sector	Fund %	Index ² %	Tilt %
Energy	0.00	4.19	-4.19
Materials	12.66	6.94	5.73
Industrials	38.90	21.39	17.51
Consumer Discretionary	6.16	12.61	-6.44
Consumer Staples	5.71	4.60	1.11
Health Care	7.00	8.71	-1.70
Financials	10.35	16.01	-5.66
Information Technology	7.88	11.31	-3.44
Communication Services	0.00	3.63	-3.63
Utilities	0.00	2.82	-2.82
Real Estate	9.65	7.78	1.87
Cash	1.68	0.00	1.68
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.

Outlook

Global equity markets extended their strong run in July, with several markets setting new record highs including global small caps. The Federal Reserve held rates steady at 4.25–4.50% during the July FOMC meeting and emphasised a data-dependent wait-and-see approach; two dissenters signalled a desire for quicker cuts if data turns (this being the first time two members have dissented since 1993). The employment data was weaker in early August, with US non-farm payrolls coming in at 73K, likely to spur an interest rate cut in September with more to follow before year end.

The passing of President's Trumps "big beautiful bill" with the bill being signed into law on the 4th of July is likely to soften some of the recent tariff impacts with its focus on reducing regulation and extending major provisions from the 2017 Tax Cuts and Jobs Acts.

Global manufacturing surveys softened in July with headline survey readings dropping, except for Europe. The S&P Global Manufacturing PMI series dipped below the neutral level of 50 with a reading of 49.7, lower than June's reading of 50.4. Continuing this year's trend, Europe, and specifically Germany, continued with their ongoing recovery. While the German PMI Survey reading is still below the neutral reading of 50, we have seen a strong improvement over recent months with the current reading of 49.1 significantly higher than the 42.5 delivered at the end of last year. The European Union continues to improve with a reading of 49.6; the highest reading in over 3 years.

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 NATO summit, held at the end of June, confirmed aggressive targets for defence and fiscal spending plans from the major European economies.

Region Allocation

Region	Fund %	Index ² %	Tilt %
North America	53.36	64.67	-11.31
Japan	4.56	12.49	-7.92
United Kingdom	6.09	4.70	1.40
Europe (Ex United Kingdom)	30.09	11.15	18.94
Asia Pacific (Ex Japan)	4.21	5.07	-0.86
Middle East	0.00	1.45	-1.45
Cash	1.68	0.00	1.68
Total	100.00	100.00	0.00



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