

Ausbil Global SmallCap Fund - Active ETF ASX: GSCF

Quarterly performance update

March 2026

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'Global markets experienced significant volatility recently as investors navigated escalating geopolitical tensions in the Middle East'

Performance Review

Fund performance for the quarter ending March 2026 was -7.87%, versus the benchmark return of -1.31%, as measured by the MSCI World Small Cap Index in AUD.

MSCI World Small Cap delivered a negative return of -1.31% over the quarter in AUD terms. Switzerland and Australia were the main positive contributors for the Fund, while the US and Japan were the main negative country allocations for the Fund.

In terms of sector performance, the Industrials and Real Estate sectors were the main positive contributors for the Fund. Health Care holdings and the Fund's underweight exposure to the Energy sector were the main negative detractors.

Contributors and Detractors

Notable positive contributors over the period were Powell Industries in the US and R&S Group Holdings in Switzerland. Fortrea Holdings and ADMA Biologics in the US were the main negative contributors during the quarter.

R&S Group is a European manufacturer and supplier of electrical infrastructure products. The company manufactures a wide range of transformers and related electrical equipment used in power distribution, utilities, industrial and infrastructure applications. The company is headquartered in Switzerland and serves markets across Europe, the Middle East and beyond. R&S Group's equipment is used in several areas where our top-down analysis has identified strong demand in the coming years including electrical utilities and grid infrastructure, data centres and industrial facilities, and construction and infrastructure projects.

Fortrea Holdings is a global healthcare company. Specifically, it is a contract research organisation (CRO) meaning it provides clinical drug development and medical-device support services to pharmaceutical, biotech, and medical-device companies worldwide. Its offerings span a full lifecycle of clinical services across all stages of drug development. Fortrea supports a broad set of therapeutic areas and its global footprint spans over 90 countries. We believe that ongoing industry trends including increasing R&D spending, growing outsourcing by pharma/biotech companies and greater complexity/scale of trials is likely to mean that demand for Fortrea's CRO services should remain robust.

Outlook

Global markets experienced significant volatility between February to March 2026 as investors navigated escalating geopolitical tensions in the Middle East. Global energy costs surged following US-Iran conflict and near-closure of the Strait of Hormuz. In Europe, gas prices rose over 60%, highlighting the region's vulnerability given its exposure to both oil and gas imports, including strong supply ties to Qatar and other Middle Eastern producers.

Performance

Returns¹ as at 31 March 2026

Period	Fund Return % Net	Benchmark ² %	Out/Under Performance % Net
1 month	-8.79	-3.95	-4.83
3 months	-7.87	-1.31	-6.57
6 months	-3.68	0.86	-4.54
1 year	10.00	14.84	-4.85
2 years pa	4.41	9.59	-5.18
3 years pa	14.47	12.57	1.90
4 years pa	9.20	9.72	-0.52
5 years pa	5.63	7.77	-2.14
7 years pa	8.62	9.68	-1.06
Since inception pa Date: 31 May 2018	7.61	8.78	-1.17

Top 10 Stock Holdings

Name	Fund %	Benchmark ² %	Tilt %
Mueller Industries	4.96	0.12	4.84
NKT	4.52	0.07	4.45
Applied Industrial Technologies	4.05	0.10	3.94
thyssenkrupp	3.56	0.04	3.51
Fortrea Holdings	3.44	0.01	3.43
SSAB	3.37	0.05	3.31
RenaissanceRe	2.91	0.14	2.76
Outokumpu	2.87	0.02	2.85
Powell Industries	2.60	0.06	2.54
Horiba	2.44	0.04	2.41

Investment Characteristics

	Return on invested capital	Debt to equity	Dividend yield	Price to free cash flow
Fund	11.5	44.1	1.6	18.72
Benchmark ²	5.7	95.4	2.1	26.66

Sector Allocations

Sector	Fund %	Benchmark ² %	Tilt %
Energy	0.00	5.74	-5.74
Materials	14.47	9.05	5.42
Industrials	36.64	20.72	15.93
Consumer Discretionary	7.06	10.80	-3.74
Consumer Staples	0.78	4.30	-3.52
Health Care	11.55	9.83	1.71
Financials	10.73	14.31	-3.58
Information Technology	9.68	11.33	-1.64
Communication Services	0.00	2.99	-2.99
Utilities	0.00	3.06	-3.06
Real Estate	7.15	7.87	-0.72
Cash	1.94	0.00	1.94
Total	100.00	100.00	0.00

1. Fund returns are net of fees but before taxes and assume distributions are reinvested. Past performance is not a reliable indicator of future performance.
2. The benchmark is MSCI World Small Cap Net Total Return (TR) Index in AUD.


Against this backdrop, European equities experienced a broad valuation de-rating despite upward revisions to aggregate earnings estimates. We exited several European consumer positions where energy-driven cost pressures are likely to weigh on demand and margins. At the same time, we maintain conviction in European electrical grid infrastructure specialists such as NKT and R&S, where the ongoing energy crisis is accelerating grid investment and infrastructure upgrade plans. We also maintain positions in select industrial recovery opportunities, including TKA, where valuations still imply substantial upside to intrinsic value.

The S&P Global Manufacturing PMI series remained above the neutral level of 50 during the quarter with a reading of 51.3 this month, slightly softening from February's 51.8. Despite some softening in global output growth as the Middle East conflict disrupted trade and supply chains, the four largest manufacturing regions - the US, eurozone, China, Japan continued to expand. Growth accelerated slightly in the US and eurozone, while China and Japan saw expansion ease from February's stronger readings.

Looking ahead, we continue to be constructive on global markets, and particularly within global small caps. Global small caps valuations continue to look attractive compared to mid and large caps. In Japan, we see a more favourable economic backdrop emerging. Increased fiscal spending, a pro-business policy stance, the return of moderate inflation, and continued improvements in corporate governance are supporting a stronger investment environment. As a result, the Fund has lifted its weight to industry niche leaders in Japan. Within global small caps, we continue to see opportunities for companies that are niche leaders within their industry which have the ability to deliver unrecognised earnings growth.

Region Allocation

Region	Fund %	Benchmark ² %	Tilt %
North America	53.02	65.26	-12.24
Japan	11.24	12.70	-1.46
United Kingdom	2.09	4.24	-2.15
Europe (Ex United Kingdom)	27.61	10.85	16.76
Asia Pacific (Ex Japan)	4.11	5.25	-1.14
Middle East	0.00	1.70	-1.70
Cash	1.94	0.00	1.94
Total	100.00	100.00	0.00

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