

Ausbil Global SmallCap Fund - Active ETF ASX: GSCF

Monthly performance update

January 2026

Ausbil Investment
Management Limited
ABN 26 076 316 473
AFSL 229722
Level 27
225 George Street
Sydney NSW 2000
GPO Box 2525
Sydney NSW 2001
Phone 61 2 9259 0200

'During January, positive top level market performance belied some reasonably large industry movements and rotations under the hood'

Performance Review

Fund performance for the month ending January 2026 was +2.04%, versus the benchmark return of +0.59%, as measured by the MSCI World Small Cap Index in AUD.

The MSCI World Small Cap Index was up +0.59% over the month in AUD terms. In terms of contribution to Fund performance, Germany and the US were the largest positive country contributors, with Italy and the UK being the main detractors.

In terms of sector performance, the Industrials and Materials sectors were the main positive contributors for the month, while Information Technology and Health Care were the main negative contributors to performance.

Contributors and Detractors

Notable positive contributors over the period were TKMS and Thyssenkrupp, both in Germany. Fortrea and ADMA both in the US were the main negative contributors during the month.

Thyssenkrupp (TKA), one of our larger European industrials, performed strongly during the month. TKA is a major German steel, engineering and materials group – involved in areas ranging from steel production and automotive components to plant engineering and services. When we invested in TKA early in 2025, our investment research focused on the intrinsic value within the business embedded in several of TKA's business segments.

Early last year, TKA's management team highlighted that their strategy going forward was to realise value for shareholders, and one of their growth plans was to spin out and list business segments if they believed this would immediately create value for their shareholders and stakeholders. The marine systems business of Thyssenkrupp, now re-branded as TKMS, was a business segment identified by management for a potential spin out and listing. TKMS is a global leader in non-nuclear submarines, frigates and advanced maritime defence systems, boasting a backlog of around €18.6 billion.

In August last year, the spin out of TKMS was unanimously approved by shareholders. This transaction culminated in TKMS being listed on the Frankfurt Stock Exchange on 20 October, giving the business a standalone public profile and providing TKMS with greater strategic and financial independence. TKMS performed strongly on the day, is aligned with the management team's strategy of creating future value for shareholders and has continued to perform well.

Fortrea Holdings is a global health care company. The company was one of the top performers for the Fund last quarter but experienced some profit taking as we began this year. The company operates as a contract research organisation (CRO), meaning that 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.

Performance

Returns¹ as at 31 January 2026

Period	Fund Return % Net	Benchmark ² %	Out/Under Performance %
1 month	2.04	0.59	1.45
3 months	2.18	1.37	0.80
6 months	7.80	7.10	0.70
1 year	8.70	9.02	-0.31
2 years pa	18.58	15.31	3.27
3 years pa	19.75	13.44	6.31
4 years pa	8.80	8.81	-0.01
5 years pa	9.56	9.86	-0.31
7 years pa	10.99	10.87	0.12
Since inception pa Date: 31 May 2018	9.22	9.25	-0.02

Top 10 Stock Holdings

Name	Fund %	Benchmark ² %	Tilt %
Mueller Industries	4.87	0.14	4.73
NKT	4.63	0.07	4.56
thyssenkrupp	4.35	0.07	4.28
Fortrea Holdings	4.19	0.02	4.18
Applied Industrial Technologies	3.54	0.10	3.45
Medpace Holdings	3.50	0.13	3.37
SSAB	3.48	0.05	3.43
Outokumpu Oyj	2.69	0.02	2.67
TKMS AG & Co.	2.65	0.03	2.62
Powell Industries	2.22	0.04	2.18

Investment Characteristics

	Return on invested capital	Debt to equity	Dividend yield	Price to free cash flow
Fund	10.0	56.4	1.7	21.83
Benchmark ²	7.4	91.9	1.7	22.62

Sector Allocations

Sector	Fund %	Benchmark ² %	Tilt %
Energy	0.00	4.61	-4.61
Materials	14.37	9.13	5.25
Industrials	31.43	20.95	10.48
Consumer Discretionary	7.60	11.15	-3.56
Consumer Staples	0.82	4.24	-3.42
Health Care	14.74	9.91	4.83
Financials	11.97	14.68	-2.71
Information Technology	8.04	11.69	-3.65
Communication Services	0.00	3.22	-3.22
Utilities	0.00	2.77	-2.77
Real Estate	10.12	7.65	2.47
Cash	0.91	0.00	0.91
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

During January, positive top level market performance belied some reasonably large industry movements and rotations under the hood. Software and services businesses, a key element of the information technology sector, continued to struggle as questions about disruption from ever increasing artificial intelligence spending becomes louder. The Fund has been underweight software and services companies for some time as we see more unrecognised growth potential in other areas of the market like Europe, and industrial and materials businesses.

After a slightly weak end to last year, global manufacturing surveys bounced back in January with nearly all regions improving. The S&P Global Manufacturing PMI remained above the neutral level of 50 with a reading of 50.9 which was an increase from December's reading of 50.4. Aligned with our belief in a European manufacturing recovery, Europe delivered a decent improvement month on month, reinforcing the longer-term positive trend in the region. Europe and Germany improved to 49.5 and 49.1, respectively, from 48.8 and 47.0 the previous month. While still below the neutral level of 50, the trend continues to be positive. The US posted another decent monthly reading of 52.4, up from 51.8 in January.

The Fund continues to maintain its holdings in US and European industrials, and its overweight in electrical equipment, with exposure to continued investment in the electrical grid in the US and Europe as well as to increased spend in construction and infrastructure. The Fund is underweight Information Technology, and industries associated with the consumer, specifically apparel and core retail exposure as the US and global consumer is still at risk from elevated interest and inflation rates. As market volatility increases our focus on attractive valuations as well as earnings growth potential, our unrecognised growth investment philosophy should help us to navigate turbulent markets.

Region Allocation

Region	Fund %	Benchmark ² %	Tilt %
North America	48.54	64.66	-16.12
Japan	6.24	12.48	-6.24
United Kingdom	3.28	4.50	-1.22
Europe (Ex United Kingdom)	37.60	11.13	26.47
Asia Pacific (Ex Japan)	3.43	5.53	-2.10
Middle East	0.00	1.70	-1.70
Cash	0.91	0.00	0.91
Total	100.00	100.00	0.00

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Ausbil Investment
Management Limited
Level 27
225 George Street
Sydney NSW 2000
Australia
Toll Free 1800 287 245

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