

Ausbil MicroCap Fund

Quarterly performance update

June 2025

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Returns¹ as at 30 June 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 %	0.41	9.21	8.82	23.08	28.20	19.47	18.50	13.99	15.40	20.65	20.25
Benchmark ³ %	-0.41	2.17	-0.80	8.78	7.02	7.13	12.65	8.13	10.39	5.61	4.81
Out/under performance %	0.82	7.04	9.62	14.30	21.18	12.34	5.84	5.86	5.01	15.04	15.44
Reference Index ⁴ %	0.85	8.62	6.45	12.26	10.79	10.00	7.37	4.62	7.64	5.50	4.92
Out/under performance %	-0.44	0.58	2.37	10.82	17.41	9.47	11.12	9.37	7.76	15.15	15.33

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Performance Review

Fund performance for the quarter ending June 2025 was +9.21% (net of fees) versus the benchmark return of +2.17%, as measured by the S&P/ASX Emerging Companies Accumulation Index, and the reference index return of +8.62%, as measured by the S&P/ASX Small Ordinaries Accumulation Index.

Fund Review

2025 financial year (FY25) delivered outstanding results for clients with the Fund delivering +23.1% (net of fees), outperforming the Emerging Companies Accumulation Index return of 8.78% and the Small Ordinaries Accumulation Index return of +12.26%. Despite FY25 experiencing multiple bouts of volatility with the 'Yen carry trade' unwind, a US Presidential Election, a Tariff induced market correction and ongoing geopolitical conflict, stock selection was sound. The Fund's FY25 scorecard reflected this, with the largest detractor **DUG Technologies** smaller than the Fund's 7th largest winner. Winners were led by **Generation Development** (+116%), **Catapult** (+210%), **Codan** (+71%), **Superloop** (+88%) and **Tuas** (+35%) – all existing positions leading into FY25 which remain high conviction fund holdings. Since inception, the Fund has returned +20.25% pa (net of fees), outperforming the Emerging Companies Accumulation Index +4.81% and Small Ordinaries Accumulation Index +4.92%.

Moving to the June quarter, the MicroCap Fund outperformed strongly, returning +9.21% (net of fees), well ahead of the Emerging Companies Index's +2.17% and Small Ordinaries Index's 8.62%. It is particularly pleasing that this came on the back of the Fund also outperforming a soft market in the March quarter, where the Fund was -0.1% vs the Small Ordinaries benchmark which was down -2.0%. The ability to position for some capital protection on the downside, while also outperforming on the upside, has been a hallmark of the Fund and speaks to our active risk management process.

Contribution over the month came from **Catapult International** (CAT), **Superloop** (SLC) and **Codan** (CDA). Detractors for the month included **OraBanda Mining** (OBM), **Cataylst Metals** (CYL) and **Propel Funerals** (PFP).

Key Contributors

Catapult International (CAT) catapulted +69.4% over the quarter, following an FY25 result which confirmed the company as one of the highest quality tech propositions outside the ASX 200 universe. A combination of best-in-class operating metrics such as annual contract revenue (ACV), customer retention, cash flow and incremental profit contribution has given the market (incremental) confidence that the longer-term ambition of increasing ACV 10x was a plausible scenario.

Superloop Holdings (SLC) returned a stellar +42.7% over the quarter, buoyed initially by SLC wholesale customer Origin disclosing that their internet subscribers had reached approximately 190,000 as of 17th March. Subsequently in June SLC announced achieving Milestone 3 of the Origin Contract, exceeding the 200,000 Origin broadband subscribers on SLC's

network. In late June, SLC delivered the ultimate end of financial year reward to investors by upgrading guidance for the financial year 2025 to \$91m EBITDA, exceeding their previous \$83-86m guidance provided in August 2024. NBN challengers, Superloop and **Aussie Broadband** (ABB), currently comprise approximately 19% of the market. Both remain high conviction Fund holdings set to benefit from further churn away from existing market incumbents. We see NBN Co's upcoming 'Fibre Connect' program to facilitate the upgrade of approximately 3m subscribers to higher speed tiers is a significant opportunity for both players to increase market share.

Key Detractors

Ora Banda Mining (OBM) fell by -29.9% over the month of June after narrowing its FY25 production guidance range from 100-110koz down to 100-105koz in April, and subsequently coming out with an additional update in June which has seen production estimates cut a further 5% to ~95koz for the quarter. Costs for FY25 are also expected to be marginally higher on decreased throughput at the mill. Management has reconfirmed their production numbers for the final month of June 2025, talking to the mill's ability to run at a rate sufficient to hit the required 150koz ounce run rate (for FY26).

Propel Funerals (PFP) fell -14.7% in the June quarter. While nothing is more certain than death and taxes, the death rate across PFP's end markets has been noticeably weak this CYTD which resulted in a soft trading update in May and a reasonable cut to FY25 consensus forecasts. The good news (or bad news – depending how you view it) is that death volumes ultimately mean-revert and we are seeing early signs of that already with a severe start to influenza season.

Outlook

We remain reasonably optimistic about the outlook for equity markets, despite the recent volatility. 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. The Emerging Companies Index has rallied +16% from the April lows, shaking off a number of issues and concerns, including elevated market valuations. 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.

Top 5 Stocks⁵

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

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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