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Ausbil Global SmallCap Fund - Active ETF ASX: GSCF

Monthly performance update

October 2025

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‘Global markets performed reasonably well in October, despite the government shutdown in the US’

Performance Review

Fund performance for October 2025 was +4.41% (net of fees) versus the benchmark return of +1.41%, as measured by the MSCI World Small Cap Net Total Return Index.

The MSCI World Small Cap was up +1.41% over the month in AUD terms as markets continued their strong run since early April. In terms of contribution to Fund performance, Canada and Denmark were the largest positive country contributors with Australia and Finland being the main detractors.

In terms of sector performance, the Industrials and Consumer Discretionary sectors where the main positive contributors for the month, while Information Technology and Consumer Staples were the main negative contributors to performance.

US reporting season for Q3 has started off positively, especially for industrials in key supply constrained segments, with earnings growth and earnings surprise being robust. The widely telegraphed interest rate cut was delivered in the US but slightly hawkish comments from FED Chair Jerome Powell softened the expectations for further cuts into year end.

Contributors and Detractors

Notable positive contributors over the period were Hammond Power Solutions (+97 bps) in Canada and NKT (-69 bps) in Denmark. Sprouts Farmers Markets (-20 bps) in the US and Axcelis Technologies (-20 bps) also in the US were the main negative contributors during the month as consumer staple companies came under pressure.

Hammond Power Solutions (+97 bps) is a leading North American manufacturer of dry-type transformers, magnetic products, and related electrical equipment. Established in 1917, the company has built a strong reputation for delivering high-quality, innovative solutions in power conversion, distribution, and control. HPS designs and produces a broad range of transformers—including low-voltage, medium-voltage, and specialty models—serving industrial, commercial, and utility markets. The Fund believes that sustained investment in upgrading and expanding the U.S. electricity grid will drive significant demand for HPS’s high-quality electrical products. During the month, the company reported a strong order backlog in its most profitable segment, customised transformer solutions, driving the share price upwards and reinforcing our conviction in its capacity to deliver unrecognised earnings growth over the coming years.

Sprouts Farmers Market (-20 bps) is a specialty grocery chain focusing on fresh, natural, and organic products. The company has reported impressive same-store sales growth and is benefiting from health-conscious consumer trends. This growth alongside their store roll-out programme has delivered strong earnings growth over the last couple of years. However, in their most recent result the company called out a weaker consumer which impacted the share price negatively.

Performance

Returns[1] as at 31 October 2025

Period	Fund Return % Net	Benchmark[2] %	Out/Under Performance % Net
1 month	4.41	1.41	3.00
3 months	5.50	5.65	-0.15
6 months	14.49	17.74	-3.25
1 year	11.96	16.97	-5.01
2 years pa	27.18	20.98	6.19
3 years pa	18.31	13.55	4.76
4 years pa	5.26	7.68	-2.42
5 years pa	11.79	12.81	-1.02
7 years pa	10.03	10.32	-0.29
Since inception pa Date: 31 May 2018	9.23	9.38	-0.14

Top 10 Stock Holdings

Name	Fund %	Index[2] %	Tilt %
Mueller Industries	4.82	0.12	4.70
NKT	4.72	0.06	4.66
Atkore	3.92	0.02	3.90
thyssenkrupp	3.80	0.06	3.74
Applied Industrial Technologies	3.45	0.10	3.35
TopBuild	3.15	0.13	3.02
SSAB	2.61	0.04	2.57
Powell Industries	2.46	0.04	2.42
EastGroup Properties	2.43	0.10	2.34
NTT DC REIT	2.25	0.00	2.25

Investment Characteristics

	Return on invested capital	Debt to equity	Dividend yield	Price to free cash flow
Fund	13.6	49.0	1.8	21.35
Benchmark[2]	6.5	92.2	1.8	22.24

Sector Allocations

Sector	Fund %	Index[2] %	Tilt %
Energy	0.00	4.27	-4.27
Materials	12.94	7.63	5.31
Industrials	34.92	21.05	13.87
Consumer Discretionary	7.33	11.53	-4.20
Consumer Staples	2.11	4.07	-1.96
Health Care	9.91	9.89	0.03
Financials	10.81	14.31	-3.49
Information Technology	9.00	12.93	-3.93
Communication Services	0.00	3.70	-3.70
Utilities	0.00	2.94	-2.94
Real Estate	11.50	7.68	3.83
Cash	1.46	0.00	1.46
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.

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Outlook

Global markets performed reasonably well in October, despite the government shutdown in the US which is impacting government employees and associated services. At the end of the month, the Federal Reserve cut rates by 25 basis points for the second time this year, with a focus on limiting any potential increase in unemployment. Interestingly, it is the first time since the Fed's rate-setting committee was established in the 1930s that officials have set monetary policy while lacking an entire month of crucial government employment data due to the government shutdown.

Global manufacturing surveys, unaffected by the lack of US government data, continue to suggest that growth is returning and broadening out geographically. The Fund has maintained its overweight position to Europe from the start of the year and the manufacturing surveys continue to improve for the European region. The S&P Global Manufacturing PMI continued to print above the neutral level of 50 with a reading of 50.8, largely unchanged for the last three months. 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 49.6 being the second highest reading in over three years.

Focusing on Europe, during the month Thyssenkrupp, one of our larger European industrials completed the successful spin out of its marine systems and services division creating value for shareholders. Thyssenkrupp is a major German steel, engineering and materials group — involved in areas ranging from steel production and automotive components to plant engineering and services. The marine-systems business of Thyssenkrupp, now re-branded as 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, the future spin our 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 and aligned with the company management team's strategy of creating future value for shareholders.

Region Allocation

Region	Fund %	Index[2] %	Tilt %
North America	49.09	65.31	-16.22
Japan	5.70	12.53	-6.83
United Kingdom	4.22	4.47	-0.25
Europe (Ex United Kingdom)	34.99	10.95	24.04
Asia Pacific (Ex Japan)	4.54	5.33	-0.80
Middle East	0.00	1.41	-1.41
Cash	1.46	0.00	1.46
Total	**100.00**	**100.00**	**0.00**

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