

Ausbil Australian Emerging Leaders Fund

Quarterly performance update

September 2025

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'Our macro view on the evolution of trade outcomes has largely been playing out since the April announcements'

Performance Review

Fund performance for the quarter ending September 2025 was +11.52% (net of fees) versus the benchmark return of +11.93%. The benchmark is a composite, 70% of the S&P/ASX MidCap 50 Accumulation Index and 30% of the S&P/ASX Small Ordinaries Accumulation Index.

At a sector level, the overweight position in the Information Technology sector contributed to relative performance. The underweight positions in the Energy, Consumer Discretionary, Consumer Staples, Health Care, Utilities and Real Estate sectors also added value. Conversely, the overweight positions in the Industrials, Financials and Communication Services sectors detracted from relative performance. The underweight position in the Materials sector also detracted value.

At a stock level, the overweight positions in Mineral Resources, Life360, Zip, Iluka Resources, Lynas Rare Earths, NexGen Energy and Generation Development Group contributed to relative performance. The underweight position in TechnologyOne and not holding Ramsay Health Care and Endeavour Group also added value. Conversely, the overweight positions in Boss Energy, Telix Pharmaceutical, Reece, Washington H Soul Pattinson, WiseTech Global, SGH, Pinnacle Investment Management Group, Guzman y Gomez, Fisher & Paykel and Greatland Resources detracted from relative performance.

Market Review

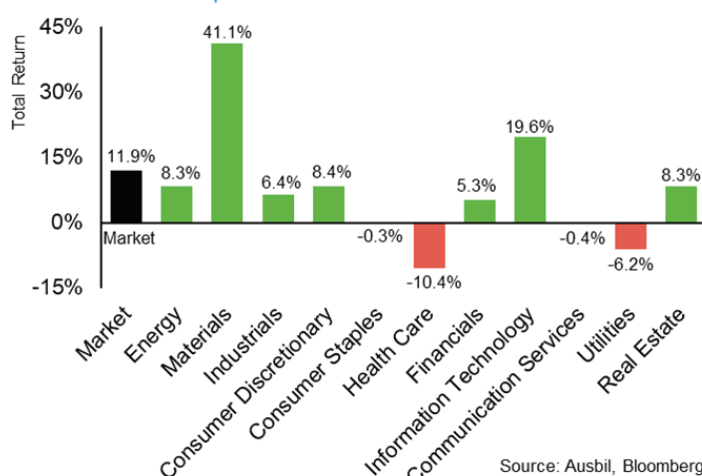
This quarter, markets were resilient, with the Composite Benchmark (70% S&P/ASX MidCap 50 and 30% S&P/ASX Small Ordinaries accumulation indices) delivering +11.9%, bringing the trailing market 1-year return to +18.8%. The August reporting season was incrementally more positive than last year, and there were rate cuts by both the RBA and the Federal Reserve that helped support the market, which has been cautiously optimistic about the evolution in new global trade relations with the US.

Across the quarter, all major world markets moved higher, with the exception of India. Developed Markets (MSCI World) underperformed Emerging Markets (MSCI EM), with China, Canada and Hong Kong outperforming, while Europe and Australia underperformed against the MSCI World.

Across the quarter, Materials and Information Technology were the standouts and outperformed the market, while Health Care and Utilities underperformed, as shown in the chart.

Sector returns – September Quarter 2025

70% MidCap 50 / 30% Small Ordinaries



Fund Characteristics

Returns¹ as at 30 September 2025

Period	Fund Return ¹ %	Bench- mark ² %	Out/Under performance %
1 month	0.20	1.29	-1.09
3 months	11.52	11.93	-0.41
6 months	27.89	22.95	4.94
1 year	19.46	18.78	0.68
2 years pa	18.91	18.76	0.16
3 years pa	16.18	15.50	0.68
5 years pa	14.85	12.46	2.39
7 years pa	9.64	9.41	0.23
10 years pa	11.33	11.96	-0.63
15 years pa	9.61	9.19	0.43
20 years pa	8.62	7.48	1.15
Since inception pa Date: April 2002	11.06	9.52	1.55

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
Washington H Soul Company	6.27	2.52	3.74
Life360	6.18	2.53	3.65
Charter Hall Group	4.99	2.20	2.79
REA Group	4.72	2.37	2.35
Lynas Rare Earths	4.56	3.14	1.43
SGH	4.32	2.03	2.29
Mineral Resources	4.18	1.47	2.71
The a2 Milk Company	3.88	1.28	2.60
HUB24	3.67	1.67	2.00
ALS	3.66	2.06	1.60

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	1.91	5.74	-3.83
Materials	19.51	22.52	-3.02
Industrials	16.22	15.24	0.97
Consumer Discretionary	2.59	7.79	-5.20
Consumer Staples	3.88	5.33	-1.45
Health Care	4.77	5.70	-0.94
Financials	20.91	15.77	5.14
Information Technology	19.23	9.26	9.97
Communication Services	2.60	1.65	0.95
Utilities	0.00	1.08	-1.08
Real Estate	7.05	9.91	-2.86
Cash	1.35	0.00	1.35
Total	100.00	100.00	0.00

1. Fund returns are net of fees and gross of taxes.

2. The composite benchmark is 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index.



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Outlook

Global markets have been positive since new bilateral trade deals began replacing old tariff arrangements and paving the way for a return to relative normalcy in global trade. Europe and Australia penned trade deals in the quarter. The market is waiting on a deal with China, which is really the peak economic risk looking into the next quarter. A chilling assassination in the US, of Trump ally Charles Kirk, has contributed to an overall atmosphere of uncertainty, and coupled with the wars in Ukraine and the Middle East, geopolitics remain an ongoing noise in markets. Ausbil remains focused on clear economic signals to guide our asset allocation.

August reporting season was mixed, though incrementally more positive versus last two half reporting periods. With 33 beats and 22 misses, FY25 delivered net 11 beats (Macquarie Equities). Consensus outlook for earnings shifted down for FY26 by 1% at the end of reporting season for the S&P/ASX 300, with consensus EPSg at +4.1% (FactSet at 31 August 2025). As at the end of September, consensus had further revised their EPSg outlook up to +5.8% for FY26 (FactSet at 30 September 2025). Ausbil is more constructive on earnings growth for FY26 than consensus, with an EPSg outlook of +8.1% compared to consensus at +5.8%, but this is because we are generally more positive than consensus on our economic outlook as our macro view on the evolution of trade outcomes has largely been playing out since the April announcements.

Looking ahead, Ausbil is seeing opportunities in equities that are relatively shielded or even beneficiaries of the new US tariff policy. Underpinning our outlook for equities are a number of structural drivers that are offering opportunities, now at significantly cheaper valuations than before the tariffs. These include an increased commitment to military spending globally (including across Europe); increased investment in infrastructure to accommodate the growth in AI; ongoing investment to secure independent energy security; and the increase in demand for electricity over carbon-based energy.

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