

# Ausbil Global SmallCap Fund

## Monthly performance update

August 2025

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### Performance Review

Fund performance for August 2025 was +1.62% (net of fees) versus the benchmark return of +3.44%, as measured by the MSCI World Small Cap Net Total Return Index.

The MSCI World Small Cap was up +3.44% over the month in AUD terms as markets continued to recover from the tariff induced weakness seen earlier in the year. In terms of contribution to Fund performance, Denmark and Switzerland were the largest positive country contributors with the US and Germany being the main detractors.

On sector performance, the Consumer Discretionary and Information Technology sectors were the main positive contributors for the month while Materials and Consumer Staples were the main negative contributors to performance.

The August reporting season was largely positive, especially in the US where earnings growth and earnings surprise were robust. The widely telegraphed interest rate cuts that are expected in the US starting in September should support markets into year end, especially small caps, as we expect the looser financial conditions to improve the breath of the rally.

### Contributors and Detractors

Notable positive contributors over the period were Mueller Industries and Preformed Line Products both in the US. Atkore in the US and Thyssenkrupp in the Germany were the main negative contributors during the month.

**Mueller Industries** manufactures copper, brass, aluminium and plastic products, serving critical industries like oil and gas, factory automation and food production equipment. The company has demonstrated strong financial performance, with significant earnings and sales growth. The business has been a direct beneficiary of US Onshoring and the increase in high-end manufacturing construction over the last year. Mueller's acquisition of Nehring in May 2024, a niche manufacturer of wire and electrical cables, is assisting the company in delivering earnings growth and surprise as it further expands into this attractive segment.

**Atkore** is a leading US provider of electrical infrastructure products, including cables, piping conduits and electrical raceways used in a whole array of construction (such as data centres, manufacturing facilities, and office, industrial and residential new builds, and renovations). The company delivered a decent earnings result during the month, beating consensus expectations. However, Bill Waltz, Atkore's long standing CEO whom we have met several times, announced his retirement which caused weakness in the share price during the month.

### Performance

Returns<sup>1</sup> as at 31 August 2025

Period	Fund Return % Net	Bench- mark <sup>2</sup> %	Out/Under Performance % Net
1 month	1.62	3.44	-1.83
3 months	7.14	9.59	-2.45
6 months	9.54	8.57	0.96
1 year	18.06	17.61	0.45
2 years pa	18.28	14.19	4.09
3 years pa	17.34	14.22	3.12
4 years pa	4.01	6.49	-2.48
5 years pa	12.19	13.01	-0.81
7 years pa	7.78	8.45	-0.67
Since inception pa Date: 31 May 2018	8.89	9.28	-0.39

### Top 10 Stock Holdings

Name	Fund %	Index <sup>2</sup> %	Tilt %
Mueller Industries	4.89	0.11	4.78
NKT	4.64	0.05	4.59
Applied Industrial Technologies	4.03	0.11	3.93
thyssenkrupp	3.25	0.06	3.19
ADMA Biologics	2.95	0.04	2.91
TopBuild	2.93	0.13	2.80
Atkore	2.86	0.02	2.84
Tate & Lyle	2.82	0.03	2.79
EastGroup Properties	2.41	0.10	2.31
ANDRITZ	2.39	0.05	2.34

### Investment Characteristics

	Return on invested capital	Debt to equity	Dividend yield	Price to free cash flow
Fund	13.7	48.2	1.9	22.53
Benchmark <sup>2</sup>	6.4	94.0	1.8	21.29

### Sector Allocations

Sector	Fund %	Index <sup>2</sup> %	Tilt %
Energy	0.00	3.92	-3.92
Materials	13.57	7.89	5.68
Industrials	32.11	19.78	12.33
Consumer Discretionary	8.16	12.49	-4.33
Consumer Staples	7.01	4.31	2.70
Health Care	7.42	8.75	-1.33
Financials	10.30	15.16	-4.85
Information Technology	7.55	13.55	-5.99
Communication Services	0.00	3.39	-3.39
Utilities	0.00	2.78	-2.78
Real Estate	11.23	7.98	3.25
Cash	2.65	0.00	2.65
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

1. Fund returns are net of fees.

2. The benchmark is MSCI World Small Cap Net Total Return (TR) Index in AUD.

## Outlook

Global markets performed reasonably well, with global smalls caps and US small caps both outperforming the S&P 500 during the month. The potential promise of interest rate cuts in the US, likely to start in September, with a couple more rate cuts expected into year-end, bodes well for a broadening of markets and potential outperformance of small caps versus large caps. We certainly see valuation support for small caps given the strong run up in large caps and extended valuations in the mega-cap names.

Global manufacturing surveys also suggest that growth is returning and broadening out both into the wider economy and 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 series rose above the neutral level of 50 with a reading of 50.9, a decent improvement compared to July's reading of 49.7. 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 49.8 significantly higher than the 42.5 delivered at the end of last year. The European Union continues to improve, finally creeping above 50, delivering a positive reading of 50.4; the highest reading in over 3 years!

While we have not yet seen the earnings recovery we had modelled for our European names, we continue to believe that there are compelling reasons for selective European companies to deliver unrecognised earnings growth and outperform going forward. Many European companies are attractively valued and an improving geopolitical environment, along with recently announced security spending by the German and EU governments could provide robust tailwinds for the region. The NATO summit, held at the end of June, confirmed aggressive targets for defence and fiscal spending plans from the major European economies.

## Region Allocation

Region	Fund %	Index <sup>2</sup> %	Tilt %
North America	51.95	64.70	-12.75
Japan	4.67	12.90	-8.22
United Kingdom	6.86	4.56	2.30
Europe (Ex United Kingdom)	29.41	11.23	18.18
Asia Pacific (Ex Japan)	4.46	5.33	-0.87
Middle East	0.00	1.29	-1.29
Cash	2.65	0.00	2.65
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>



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