

Ausbil MicroCap Fund

Quarterly performance update

March 2026

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Returns¹ as at 31 March 2026

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 %	-12.30	-12.84	-12.80	16.80	17.36	19.35	12.79	14.41	13.72	15.02	19.72
Benchmark³ %	-11.13	-6.52	1.28	34.16	19.24	13.62	10.13	13.85	12.07	4.48	6.36
Out/under performance %	-1.17	-6.33	-14.08	-17.36	-1.88	5.72	2.66	0.56	1.65	10.54	13.35
Reference Index⁴ %	-10.96	-10.87	-9.26	13.65	5.93	8.50	3.99	5.57	7.29	4.07	4.98
Out/under performance %	-1.34	-1.97	-3.54	3.14	11.43	10.84	8.80	8.84	6.43	10.95	14.74

'The past quarter has been one of the more challenging periods in equity markets for some time'

Performance Review

Fund performance for the quarter ending March 2026 was -12.84% (net of fees) versus the benchmark return of -6.52%, as measured by the S&P/ASX Emerging Companies Accumulation Index, and the reference index return of -10.87% as measured by the S&P/ASX Small Ordinaries Accumulation Index.

Fund Review

The escalation of the conflict in the Middle East and the subsequent closure of the Strait of Hormuz, a critical chokepoint for global energy and supply chains, rapidly repriced geopolitical and asset risk. Beware the Ides of March.

Small and micro caps bore the brunt of the sell-off as capital rotated to large caps. The Small Ordinaries Index returned -10.9% for the quarter, relative to the -0.9% return for the ASX 100. Australian small caps also materially underperformed their US counterparts, with the Russell 2000 Index return of +0.9%. The Fund underperformed the Emerging Companies Benchmark by -6.3% over the quarter, primarily driven by weakness in the Fund's technology and financials positions and limited exposure to energy.

While the geopolitical situation remains fluid, the Fund has continued to selectively add to high-conviction positions given the material pull-back in industrial valuations relative to expected earnings growth.

Key Contributors

Contribution over the quarter came from **Wagners** (WGN) and **Superloop** (SLC). Detractors for the quarter included **Qoria** (QOR) and **Generation Development Group** (GDG).

Wagners (WGN) returned +16.2% over the quarter, following a result beat and full year earnings upgrade in February. Importantly, the composition of the upgrade gives us a high degree of confidence that WGN remains in the early stage of a multi-year upgrade cycle. SE QLD is a key earnings driver, with forecast construction activity growth rates more than double of NSW, SA, VIC and WA. This favourable demand backdrop provides WGN with a compelling opportunity to leverage its dominant cement market position, drive volume growth through an expanding concrete distribution footprint, and realise pricing upside in a well-structured and rational market. Further upside to consensus earnings could come via new contract wins in the Composite Fibre Products division.

Superloop (SLC) returned +25.5% over the quarter. Both NBN challengers, Superloop and Aussie Broadband, reported solid underlying results, allaying fears of increased competition from incumbent Telstra. Superloop announced the acquisition of Lightning Broadband, a wholesale FTTP network with ~54,000, secured lots expanding the existing Superloop Smart Communities division. Meanwhile Aussie Broadband inked the AGL telco assets and enter into a strategic partnership.

Key Detractors

Qoria (QOR) fell -52.1% over the quarter following a softer than expected quarterly update on free cash flow. In February, QOR announced a reverse takeover with Aura, a leading US-based family digital safety and identity protection platform, that is approaching 1.5m subscribers. For Aura, the merger provides the opportunity to expand into the US schools segment, providing a new customer acquisition channel. For Qoria, the merged group significantly improves its balance sheet, scale and AI capabilities in the final stages of its platform unification program. Aura provided a trading update in March with 30% ARR growth and ongoing progress on its cost-out.

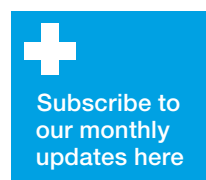
Generation Development Group (GDG) fell -28.7% in sympathy with broader markets. Looking past the volatility, recent developments have significantly improved the medium-term outlook. The recent passage of 'Division 296' superannuation tax presents an opportunity to take investment bonds from the niche to the mainstream as an alternative savings vehicle. Investment bonds today are a ~\$10-15bn industry and even a small reallocation of non-concessional flows would present a major growth opportunity.

Outlook

The past quarter has been one of the more challenging periods in equity markets for some time. Once again, the macro trumped the micro, and a confluence of macroeconomic and geopolitical factors were the primary driver of market conditions. The sharp spike in energy prices and the repricing of forward rate expectations foreshadowed significant uncertainty around global growth, which subsequently led to small-cap industrials outperforming small-cap resources. Geopolitics and the Middle East conflict remains the wildcard, however our base case remains for an orderly deescalation of tensions over the near-term. Notwithstanding this backdrop, we remain focused on identifying and building positions in high-quality industrial businesses that have been indiscriminately sold off. In our view, these companies offer compelling long-term value and, over time, should deliver strong performance as fundamentals reassert themselves.

Top 5 Stocks⁵

1. Codan
2. Generation Development Group
3. Superloop
4. Tuas
5. Wagners Holdings Company



1. Fund returns are net of fees but before taxes and assume distributions are reinvested. Past performance is not a reliable indicator of future performance.
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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