

Ausbil MicroCap Fund

Quarterly performance update

December 2025

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Returns¹ as at 31 December 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 %	-1.04	0.05	22.71	33.54	37.03	24.06	16.35	19.15	15.18	17.52	21.10
Benchmark³ %	10.17	8.34	40.47	39.34	26.97	17.12	12.34	16.87	13.32	5.13	6.92
Out/under performance %	-11.21	-8.29	-17.75	-5.81	10.05	6.94	4.00	2.28	1.86	12.39	14.18
Reference Index⁴ %	1.42	1.80	17.39	24.96	16.36	13.44	6.85	9.15	8.64	4.79	5.82
Out/under performance %	-2.46	-1.75	5.32	8.58	20.66	10.61	9.49	10.00	6.54	12.73	15.27

'Even after a strong three years for equity markets, there are many reasons to maintain a positive outlook in 2026'

Performance Review

Fund performance for the quarter ending December 2025 was +0.05% (net of fees) versus the benchmark return of +8.34%, as measured by the S&P/ASX Emerging Companies Accumulation Index, and the reference index return of +1.80% as measured by the S&P/ASX Small Ordinaries Accumulation Index.

Fund Review

Equity markets recorded a strong year in 2025, though it wasn't achieved without a healthy dose of volatility. For the year, small caps returned +24.96%, outperforming both large-cap⁶ (+7.61%) and mid-cap⁷ (+18.35%) returns, a strong result underpinned by rate cuts and a broadening of the equity rally. Within small caps, it was small resources⁸ (+73.00%) that shone bright, largely thanks to gold, while small industrials⁹ delivered a more modest +8.79%. Emerging companies finished the year +39.34%, which reflects the heavy exposure to exploration and developing resources companies. In that context, we are pleased with the Fund's return of +33.54% net of fees for 2025, despite the pull back in industrial names and the resurgence in resources, particularly towards the second half of 2025. Since inception (Feb 2010), the Fund has returned +21.10% pa (net of fees), outperforming the Emerging Companies Benchmark return of +6.92% and Small Ordinaries return of +5.82%.

The Fund had been tracking to a solid outperformance relative to the benchmark heading into the final quarter of the year, driven by strong returns from **Generation Development, Codan, Aussie Broadband, Catapult Sports** and **Ora Banda Mining**. However, a pull-back in winners such as **Catapult**, and a rapid market rotation into resources saw the Fund give back most of that relative performance.

The December quarter saw an aggressive rotation out of previous winners into cycicals driven by rising commodity prices and the rising risk of earlier than anticipated rate hikes in Australia impacting longer-duration names and domestic consumer discretionary companies. The Small Industrials returned -4.02% relative to the Small Resources returns of +15.62% in the quarter. The Fund has used the opportunity to add selective exposure into producing resource names, in addition to mining services and contractors (picks and shovels), benefiting from an improved capex environment, while also adding selectively to high-conviction positions on pullback.

Contribution over the quarter came from **Mayfield Group** (MYG) and **SRG Global** (SRG). Detractors for the quarter included **Catapult** (CAT) and **Temple & Webster** (TPW).

6. S&P/ASX 50 Accumulation Index
7. S&P/ASX ASX Midcap 50 Accumulation Index
8. ASX Small Resources Accumulation Index
9. ASX Small Industrials Accumulation Index

Key Contributors

Mayfield Group (MYG) is a recent addition to the Fund, and it is pleasing to see the company deliver a solid quarterly performance. MYG provides an integrated set of electrical services including design, local manufacturing and installation where it is benefiting from an acceleration in investment across the data centre and renewable energy sectors.

SRG Global (SRG) returned +54.6% for the quarter. The operating environment for contractors and service providers has shifted favourably over the course of 2025 with major miners committing to large iron ore, copper and infrastructure projects. SRG has won several projects across water, energy and resources, underpinning the project pipeline into 2026.

Key Detractors

Catapult (CAT) was swept up in the broader technology sell-off, falling -39.7% over the quarter. Indigestion of a capital raising following the acquisition of Impext in October likely added to the selling pressure. The investment case for CAT remains as compelling – CAT is an enterprise software business, servicing customers with exceptionally deep pockets. It has best-in-class churn rates and enviable lifetime customer duration which is a reflection of the stickiness of product offering.

Temple & Webster (TPW) fell -40.5% following an underwhelming trading update at its AGM where the company reported +18% revenue growth FYTD.

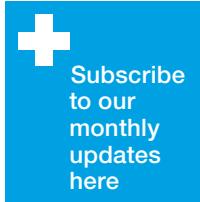
Outlook

Even after a strong three years for equity markets, there are many reasons to maintain a positive outlook in 2026: corporate earnings remain robust; AI is underpinning business investment and productivity gains; monetary and fiscal stimulus are expected in the US; and tariff noise is receding into the background. However, against this backdrop, caution is warranted given bullish positioning, AI capex concerns, geopolitical uncertainty, pockets of consumer weakness and a more hawkish central bank stance in Australia.

Top 5 Stocks⁵

1. Dicker Data
2. Generation Development Group
3. Superloop
4. Tuas
5. Wagners

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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