

Ausbil MicroCap Fund

Monthly performance update

August 2025

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Returns¹ as at 31 August 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 %	14.06	18.32	25.10	38.76	36.19	20.75	18.64	16.09	17.14	20.94	21.28
Benchmark ³ %	9.90	13.86	15.25	21.69	14.63	6.54	11.11	10.61	12.09	5.80	5.66
Out/under performance %	4.16	4.46	9.85	17.08	21.56	14.21	7.54	5.48	5.06	15.13	15.62
Reference Index ⁴ %	8.41	12.42	16.72	23.40	15.71	9.81	7.91	6.04	9.19	5.78	5.60
Out/under performance %	5.65	5.90	8.38	15.36	20.47	10.95	10.73	10.05	7.96	15.16	15.68

'The Aussie consumer is in great shape and a return to strong house price growth will filter through to big-ticket item purchases'

Performance Review

Fund performance for August 2025 was +14.06% (net of fees) versus the benchmark return of +9.90%, as measured by the S&P/ASX Emerging Companies Accumulation Index, and the reference index return of +8.41% as measured by the S&P/ASX Small Ordinaries Accumulation Index.

Fund Review

As we wrote in July, reporting season acts as the Fund's bi-annual scorecard in which our process of picking earnings and earnings revisions is put to the test. Pleasingly, the Fund had an exceptional reporting season with a staggering 22 companies delivering greater than +10% total return for the month, and just one company returning greater than -10%. The Fund's total return of 14.06% net of fees was delivered across 25 companies contributing greater than +0.1% to overall performance, (totalling over 13% of the total return), with just 3 companies detracting greater than -0.1% (totalling less than -1.5%). This equates to over 8 winners for every 1 detractor, demonstrating it's what you own, not what you don't own that really counts in small and micro caps – avoid the blow ups!

It was a spread of individual names and sectors that contributed to this result. Long term high conviction positions in **Tuas** (+46%), **Aussie Broadband** (+15%) and **Codan** (+47%) were a standout. Along with a fleet management solutions business **EROAD** (+56%) that we have monitored for a number of years but has been a more recent addition. **Generation Development** (+14%) once again delivered, so too **Nick Scali** (+26%) with notably strong trading updates from consumer facing companies. **MA Financial** (+18%) rounded out the industrials in the top 10 contributors.

Contribution over the month came from **Tuas** (TUA) and **EROAD** (ERD). Detractors for the month included **Superloop** (SLC) and **Catapult International** (CAT).

Key Contributors

Tuas (TUA) returned +45.8% in August following the transformational acquisition of Singapore competitor M2 in which the Fund participated. While we wrote in our July report that M&A could present an attractive accretive opportunity, we did not believe that the timing would be so soon, and the accretion so large! Industry consolidation from 4 players to 3 should lead to favourable competitive industry dynamics, with significant revenue and cost synergies to be realised by a well credentialed management team.

EROAD (ERD) returned +56.3% for the month. Having attended ERD's annual Fleet Day in New Zealand, we came away more confident in the company's innovation pipeline that will expand its addressable market and deepen customer penetration. Investor confidence was further buoyed by

the proposed changes in New Zealand to replace the fuel excise levy with an electronic road-user charge (eRUC) for all vehicles by 2027. We anticipate this to be a transformational opportunity for ERD.

Key Detractors

Catapult (CAT) fell -6.0% in August. Naturally, CAT struggled for airtime in August as there was no result to deliver given its March year-end. The investment case for CAT remains 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. The TAM in sports tech spend continues to grow and CAT remains a compelling long-term growth story.

Superloop (SLC) fell -14.0% in August however has been a significant performer for the Fund +32% CYTD. Profit taking, potential switching from fellow Telco challenger and Fund holding **Aussie Broadband**, no FY26 guidance (we didn't expect, but look to the AGM), as well as ABB securing a wholesale agreement with More/Tangerine Telecom over favoured SLC were all suggested as reasons for the pull back. We believe both challengers offer compelling value.


Outlook

Reporting season is the equivalent of our school report card. While this is rear-view mirror looking, there were plenty of breadcrumbs left by various corporates which give us a high degree of confidence about the outlook for future earnings. The Aussie consumer is in great shape and a return to strong house price growth will filter through to big-ticket item purchases. Importantly, the set up for an elongated housing cycle is equally encouraging. Corporate balance sheets are in great shape in the small and micro-cap space, facilitating a return to capital management and increasing confidence in acquisitive growth. We are in the early stage of a rate reduction cycle which is generally supportive of future earnings growth, while artificial intelligence continues to evolve and support productivity gains. The performance of small and micro caps continues to exceed that of large caps, and we are increasingly confident this continues as growth reaccelerates.

Top 5 Stocks⁵

1. Aussie Broadband
2. Codan
3. Generation Development Group
4. Superloop
5. Tuas

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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