

Ausbil MicroCap Fund

Quarterly performance update

September 2026

Ausbil Investment
Management Limited
ABN 26 076 316 473
AFSL 229722
Level 27
225 George Street
Sydney NSW 2000
GPO Box 2525
Sydney NSW 2001
Phone 61 2 9259 0200

Returns¹ as at 30 September 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 %	0.60	2.79	14.42	-0.23	17.35	25.32	9.84	14.75	13.69	17.90	20.04
S&P/ASX Emerging Companies Accumulation Index ³ %	-3.77	4.02	3.53	4.85	16.18	18.01	5.46	11.39	9.79	6.79	6.39
Out/Under Performance %	4.37	-1.23	10.89	-5.08	1.17	7.31	4.39	3.35	3.89	11.11	13.65
S&P/ASX Small Ordinaries Accumulation Index ⁴ %	-2.34	-0.53	2.77	-6.74	6.45	10.41	2.18	4.97	6.10	5.82	5.00
Out/Under Performance %	2.94	3.32	11.64	6.52	10.90	14.91	7.67	9.78	7.58	12.08	15.04

'Small Industrials are trading at a significant discount to large industrials while offering superior earnings growth, creating opportunities where earnings momentum remains resilient'

Performance Review

Fund performance for the quarter ending September 2026 was +2.79% (net of fees) versus the benchmark return of +4.02%, as measured by the S&P/ASX Emerging Companies Accumulation Index, and the reference index return of -0.53% as measured by the S&P/ASX Small Ordinaries Accumulation Index. Since inception the Fund has returned +20.04% pa (net of fees), outperforming the S&P/ASX Emerging Companies Accumulation Index of +6.39%.

Fund Review

The ASX Small Resources return of +8.20% outperformed the ASX Small Industrials return of -4.03% over the September quarter, with gold, base metals and energy supporting commodities. Rising bond yields and a stronger US dollar prompted a resources pullback in September, but it did not erase the quarter's relative gains.

In September, the Fund was named the winner of the Australian Equities – Micro, Small & Mid Cap category at the 2026 Financial Newswire Fund Manager of the Year Awards. We would like to thank our unitholders for their continued support.

Key Fund contributors over the quarter came from **Codan** (CDA) and **GR Engineering** (GNG). Detractors included **Generation Development Group** (GDG) and **Mayfield Group** (MYG).

Key Contributors and Detractors

Codan (CDA) returned +50.0% for the quarter as August's strong FY26 result was followed by a material upgrade in late September. The Communications order book had already risen 50% to a record \$380 million at the full-year result, with management subsequently lifting the Communications segment revenue growth guidance from 20% to 30-40%. Accelerating revenue growth translated into margin expansion, with segment margins expanding to ~40% compared to 26% a year earlier. Since the Fund initiated a position in Codan in 2023, the company has become a multi-year growth story and successful Fund graduate.

GR Engineering (GNG) rose +47.5% over the quarter as successive contract awards provided significant revenue visibility. July brought the \$229.5 million Yandi upgrade for BHP, followed by the \$275 million Yitirrti copper-silver-zinc project in August and the \$50m Cosmic Boy EPC contract in September. Over 60% of forecast FY27 revenue is expected to come from commodities other than gold, broadening the revenue and earnings base. The Fund participated in the \$100m placement during the quarter, providing significant balance sheet power to support a large and growing pipeline of future work opportunities with Tier 1 counterparties.

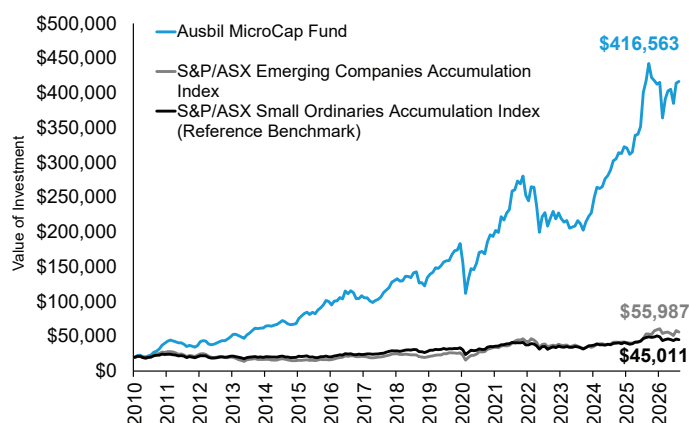
Generation Development Group (GDG) fell -22.9% over the quarter. While the FY26 result was broadly in line with expectations, it was the outlook for cost growth and normalisation of divisional tax rates that combined disappointed the market. Significant changes to government taxation policy are expected to weigh on net inflows in the short term, though at <20x FY28 P/E excluding annuity losses, valuation has become more appealing.

Mayfield Group (MYG) fell -24.2% over the quarter despite a record FY26 revenue and underlying earnings result. MYG is directly exposed to the rising capital expenditure across data centres, resources, renewable energy and infrastructure through its electrical switchboards and power distribution solutions.

Outlook

September saw central banks globally raise rates to combat inflation, fuelled by prolonged tensions in the Middle East. In the US, the Federal Reserve conducted 'insurance' hikes, marginally tightening monetary conditions without undermining a period of resilient economic growth supported by AI investment and productivity growth. Domestically, the RBA's fourth hike in this tightening cycle reflects stubborn inflation, elevated government expenditure and anaemic productivity growth. However, much is now factored into valuations, and Small Industrials are trading at a significant discount to large industrials while offering superior earnings growth, creating opportunities where earnings momentum remains resilient.

Growth of A\$20,000 Invested Since Inception to 30 September 2026



Source: Ausbil. Performance to 30 September 2026. Fund inception: 12 February 2010. This illustration shows how an investment of A\$20,000 in the Ausbil MicroCap Fund at inception would have changed based on the Fund's actual historical returns, assuming all distributions were reinvested and no additional investments or withdrawals were made. Fund returns are net of fees and costs but before taxes and assumes distributions are reinvested. Past performance is not a reliable indicator of future performance.

Top 5 Stocks⁵

1. Capricorn Metals
2. Codan
3. Genusplus Group
4. Southern Cross Electrical Engineering
5. Wagners Holding 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. Inception date: February 2010.
3. The benchmark is S&P/ASX Emerging Companies Accumulation Index.
4. The Fund's reference benchmark is the S&P/ASX Small Ordinaries Accumulation Index. Ausbil believes the referenced index is more widely recognised and more useful for comparison and reference purposes.
5. Top 5 stocks sorted alphabetically.



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Ausbil Investment
Management Limited
Level 27
225 George Street
Sydney NSW 2000
Australia
Toll Free 1800 287 245

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