

Ausbil Australian Emerging Leaders Fund

Monthly performance update

October 2025

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'Ausbil remains positive on the earnings outlook for FY26, and is ahead of consensus, largely due to our more constructive view on the economy'

Performance Review

Fund performance for October 2025 was +1.90% (net of fees) versus the benchmark return of +1.20%. The benchmark is a composite, 70% of the S&P/ASX MidCap 50 Accumulation Index and 30% of the S&P/ASX Small Ordinaries Accumulation Index.

At a sector level, the overweight position in the Financials sector contributed to relative performance. The underweight positions in the Consumer Discretionary, Consumer Staples and Real Estate sectors also added value. Conversely, the overweight positions in the Information Technology and Communication Services sectors detracted value. The underweight positions in the Energy, Materials, Industrials, Health Care and Utilities sectors also detracted from relative performance.

At a stock level, the overweight positions in Pilbara Minerals, Mineral Resources, Hub24, The a2 Milk Company, Sandfire Resources and GemLife Communities contributed to relative performance. The nil positions in JB Hi-Fi, Ramelius Resources, Treasury Wine Estates and NextDC also contributed value. Conversely, the overweight positions in WiseTech Global, Zip, News Corporation, REA Group, Life360, Virgin Australia Holdings, Washington H. Soul Pattinson, Lynas Rare Earths and CAR Group detracted from relative performance. The nil position in Ansell also detracted value.

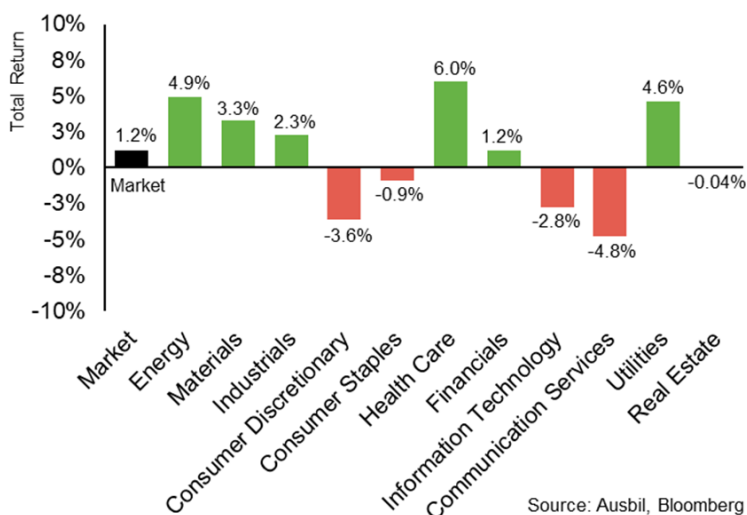
Market Review

October produced another positive month in markets, with the Composite Benchmark (70% S&P/ASX MidCap 50 and 30% S&P/ASX Small Ordinaries accumulation indices) delivering +1.2%, bringing the trailing market 1-year return to +22.0%. While inflation reads have been higher, causing central banks to hold rates steady rather than cutting, strengthening economic growth and evolving positives in Trump's trade shakeup of the world have underpinned markets.

October delivered a mixed bag in terms of sector returns, as shown in the chart. Materials and Energy have been resurgent in the last few months due to increased upward cyclicality from improving economic growth, and positive moves on key commodities necessary to national security. Critical minerals moved up in response to President Trump's announcement of a critical minerals framework signed with Australia in October, covering investment in processing, critical minerals and rare earths.

Sector returns – October 2025

70% MidCap 50 / 30% Small Ordinaries



Source: Ausbil, Bloomberg

Fund Characteristics

Returns¹ as at 31 October 2025

Period	Fund Return ¹ %	Bench- mark ² %	Out/Under performance %
1 month	1.90	1.20	0.70
3 months	9.00	9.06	-0.06
6 months	24.78	20.91	3.88
1 year	24.89	21.98	2.91
2 years pa	24.82	23.55	1.27
3 years pa	14.64	13.41	1.23
5 years pa	14.68	11.76	2.91
7 years pa	11.73	10.92	0.81
10 years pa	10.63	11.31	-0.69
15 years pa	9.68	9.13	0.55
20 years pa	8.98	7.75	1.24
Since inception pa Date: April 2002	11.11	9.54	1.57

Top 10 Stock Holdings

Name	Fund %	Index ² %	Tilt %
Life360	6.89	2.34	4.55
Washington H Soul Company	6.04	2.71	3.33
Charter Hall Group	4.86	2.14	2.72
Mineral Resources	4.84	1.71	3.14
REA Group	4.60	2.16	2.44
Lynas Rare Earths	4.22	2.81	1.41
SGH	4.14	1.95	2.19
The a2 Milk Company	4.07	1.39	2.68
HUB24	3.96	1.87	2.09
Pilbara Minerals	3.81	2.04	1.77

Sector Tilts

Sector	Fund %	Index ² %	Tilt %
Energy	2.16	5.91	-3.75
Materials	20.70	22.65	-1.95
Industrials	15.22	15.54	-0.32
Consumer Discretionary	3.00	7.41	-4.41
Consumer Staples	4.07	5.21	-1.14
Health Care	5.27	5.97	-0.69
Financials	19.78	16.03	3.75
Information Technology	19.39	8.77	10.62
Communication Services	2.37	1.62	0.76
Utilities	0.00	1.12	-1.12
Real Estate	6.97	9.77	-2.81
Cash	1.07	0.00	1.07
Total	100.00	100.00	0.00

1. Fund returns are net of fees and gross of taxes.

2. The composite benchmark is 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index.



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Outlook

Global markets have been positive since new bilateral trade deals began replacing old tariff arrangements and paving the way for a return to relative normalcy in global trade. This month, China and the US agreed to hold tariff changes for a year to allow for further trade negotiation, while the US signed critical minerals agreements with Australia, Malaysia, Thailand and Japan. These developments provided a positive backdrop to markets in October.

Ausbil remains positive on the earnings outlook for FY26, and is ahead of consensus, largely due to our more constructive view on the economy. The immediate term remains clouded by the current US shutdown, but as we approach Christmas, we expect to see this shutdown resolve as such shutdowns are not in the interests of either side of politics in the US. The higher inflation reads in the US and Australia have slowed easing, with Australia now expected to hold rates where they are into 2026. We see one more cut by the Fed in the US in this current easing cycle. Markets have been buoyant, and the current level of rates is not a hinderance to earnings growth.

Looking ahead, Ausbil is seeing opportunities in equities that are relatively shielded or even beneficiaries of the new US tariff policy. Underpinning our outlook for equities are a number of structural drivers that are offering opportunities, now at significantly cheaper valuations than before the tariffs. These include an increased commitment to military spending globally (including across Europe); increased investment in infrastructure to accommodate the growth in AI; ongoing investment to secure independent energy security; and the increase in demand for electricity over carbon-based energy.

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