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# Ausbil Global SmallCap Fund - Active ETF ASX: GSCF

Quarterly performance update

**June 2026**

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'We continue to see attractive opportunities within European electrification and grid infrastructure'

## Performance Review

Fund performance for the quarter ending June 2026 was +17.34% (net of fees) versus the benchmark return of +13.74%, as measured by the MSCI World Small Cap Net Total Return Index.

The MSCI World Small Cap delivered a positive return of +13.74% over the quarter in AUD. In terms of contribution to Fund performance, Canada and Japan were the main positive country contributors, while Hong Kong and Singapore were the main negative detractors.

In terms of sector performance, the Industrials and Materials sectors were the main positive contributors for the Fund. The Fund's underweight position in Information Technology and its exposure to the Real Estate sector were the main detractors from relative performance.

## Contributors and Detractors

Notable positive contributors over the period were Fortrea Holdings in the US and Hammond Power Solutions in Canada. Ensign Group in the US and TKMS in Germany were the main negative contributors during the quarter.

**Hammond Power Solutions** (HPS) is a leading North American manufacturer of dry-type transformers, magnetic products, and related electrical equipment. Established in 1917, the company has built a strong reputation for delivering high-quality, innovative solutions in power conversion, distribution, and control. HPS designs and produces a broad range of transformers—including low-voltage, medium-voltage, and specialty models—serving industrial, commercial, and utility markets. Management commentary continues to indicate a strengthening order book and solid execution on manufacturing capacity expansion plans. This remains consistent with our thesis that demand for key electrical components supporting global electricity grid expansion and modernisation remains robust. While remaining a small cap, HPS also joined the S&P/TSE Composite over the quarter and reflects its increased scale, liquidity, and institutional relevance within North American Industrials.

**TKMS** is a Germany-based provider of integrated naval defence systems, serving customers across submarines, surface vessels, maritime electronics and naval command systems. The company is a leading European maritime defence platform, with structural growth supported by rising NATO defence spending, fleet modernisation and increasing focus on European defence sovereignty. Near-term investor sentiment is likely to remain heavily influenced by order newsflow, particularly around major submarine and frigate programmes. However, we remain constructive on the longer-term outlook given TKMS's large and growing backlog, scarce European naval engineering capability and potential to compound earnings as backlog converts into revenue at higher utilisation and improving margins.

## Performance

**Returns[1] as at 30 June 2026**

| Period | Fund Return % Net | Benchmark[2] % | Out/Under Performance % Net |
|---|---|---|---|
| 1 month | 4.41 | 5.55 | -1.14 |
| 3 months | 17.34 | 13.74 | 3.59 |
| 6 months | 8.10 | 12.26 | -4.16 |
| 1 year | 17.05 | 23.11 | -6.07 |
| 2 years pa | 16.93 | 19.84 | -2.91 |
| 3 years pa | 17.87 | 16.04 | 1.83 |
| 4 years pa | 17.22 | 16.19 | 1.02 |
| 5 years pa | 7.69 | 9.20 | -1.51 |
| 7 years pa | 10.38 | 11.21 | -0.83 |
| Since inception pa<br>Date: 31 May 2018 | 9.51 | 10.24 | -0.73 |

## Top 10 Stock Holdings

| Name | Fund % | Benchmark[2] % | Tilt % |
|---|---|---|---|
| Applied Industrial Technologies | 4.49 | 0.12 | 4.37 |
| Mueller Industries | 4.28 | 0.12 | 4.16 |
| Fortrea Holdings | 4.19 | 0.01 | 4.18 |
| RenaissanceRe | 3.80 | 0.13 | 3.67 |
| NKT | 3.29 | 0.07 | 3.21 |
| Community Financial System | 2.90 | 0.03 | 2.87 |
| Cracker Barrel Old Country Store | 2.86 | 0.01 | 2.85 |
| Atkore | 2.80 | 0.02 | 2.78 |
| EastGroup Properties | 2.52 | 0.10 | 2.42 |
| Primerica | 2.46 | 0.08 | 2.38 |

## Investment Characteristics

| | Return on invested capital | Debt to equity | Dividend yield | Price to free cash flow |
|---|---|---|---|---|
| Fund | 12.1 | 61.5 | 1.4 | 21.84 |
| Benchmark[2] | 5.3 | 92.6 | 1.6 | 22.12 |

## Sector Allocations

| Sector | Fund % | Benchmark[2] % | Tilt % |
|---|---|---|---|
| Energy | 0.00 | 4.41 | -4.41 |
| Materials | 9.05 | 7.59 | 1.46 |
| Industrials | 36.84 | 20.28 | 16.55 |
| Consumer Discretionary | 11.57 | 10.30 | 1.27 |
| Consumer Staples | 1.90 | 3.83 | -1.93 |
| Health Care | 13.01 | 10.39 | 2.62 |
| Financials | 11.90 | 14.01 | -2.11 |
| Information Technology | 8.47 | 16.05 | -7.58 |
| Communication Services | 0.00 | 2.90 | -2.90 |
| Utilities | 0.00 | 2.58 | -2.58 |
| Real Estate | 4.82 | 7.65 | -2.84 |
| Cash | 2.43 | 0.00 | 2.43 |
| **Total** | **100.00** | **100.00** | **0.00** |

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. The benchmark is MSCI World Small Cap Net Total Return (TR) Index in AUD.

## Outlook

Over the quarter, US equities rallied strongly through April and May, with the S&P 500 and Nasdaq reaching fresh record highs and the S&P 500 extending its gains for nine consecutive weeks. June was more mixed, with the major indices finishing lower despite setting new highs earlier in the month. Notably, the equal-weighted S&P 500 outperformed the cap-weighted index by approximately 300 basis points during June, suggesting a rotation away from narrow mega-cap leadership and toward broader market participation. This broadening was an important feature of the quarter, particularly as investors reassessed the concentration of returns in a small number of large-cap growth and AI-linked stocks.

The global manufacturing recovery also remained intact. The S&P Global Manufacturing PMI stayed above the neutral 50 level throughout the quarter, with June's reading of 52.2 down from May's 50-month high of 52.7 but still marking the eleventh consecutive month of expansion. Manufacturing output also rose for an eleventh consecutive month, although the pace of growth eased for a second successive month. This suggests near-term momentum may have peaked as the earlier boost from strategic stockpiling and pull-forward demand began to fade. Geographic breadth remained positive, with output expanding across most major regions. Japan, the euro area and the UK saw faster output growth, while mainland China and the US continued to expand at a slower pace.

Against this backdrop, the Fund increased exposure to US Banks and to selected US restaurants and consumer staples, where we see opportunities in businesses with resilient demand, strong brands and scope to protect margins in a more uncertain macro environment. We also added to Japan, where the combination of improving nominal growth, corporate reform and stronger industrial momentum remain compelling.

The Fund exited several European consumer positions where energy-related cost pressures are likely to weigh on both end-demand and margins. However, we continue to see attractive opportunities within European electrification and grid infrastructure. We maintained conviction in niche leaders such as NKT and R&S, where the ongoing energy crisis is accelerating investment in grid capacity, transmission infrastructure and broader system upgrades. We also retained exposure to selected industrial recovery opportunities, including TKA, where current valuations continue to imply meaningful upside relative to our assessment of intrinsic value. Looking ahead, we continue to be constructive on global markets, and particularly within global small caps. Valuations in global small caps continue to look attractive relative to mid and large caps.

## Region Allocation

| Region | Fund % | Benchmark[2] % | Tilt % |
|---|---|---|---|
| North America | 64.15 | 67.83 | -3.68 |
| Japan | 13.17 | 12.06 | 1.11 |
| United Kingdom | 1.23 | 4.17 | -2.94 |
| Europe (Ex United Kingdom) | 16.21 | 9.83 | 6.38 |
| Asia Pacific (Ex Japan) | 2.80 | 4.67 | -1.87 |
| Middle East | 0.00 | 1.43 | -1.43 |
| Cash | 2.43 | 0.00 | 2.43 |
| **Total** | **100.00** | **100.00** | **0.00** |

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