

Ausbil Australian SmallCap Fund

Monthly performance update

August 2025

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

'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 +12.55% (net of fees) versus the benchmark 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 20 companies delivering greater than +10% total return for the month, and just 2 companies returning greater than -10%. The Fund's total return of 12.55% net of fees was delivered across 26 companies contributing greater than +0.1% to overall performance, (totalling over 14% of the total return), with just 6 companies detracting greater than -0.1% (totalling less than -2%). 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. Long term high conviction positions in **Tuas** (+46%), **Codan** (+47%), **Zip Co** (+32%), **Life360** (+16%), and **Aussie Broadband** (+15%) were a standout. **Generation Development** (+14%) once again delivered, and positions built amongst the tariffs, trade and turmoil inflicted volatility **ARB Corp** (+21%) and **Lovisa** (+26%).

Contribution over the month came from **Tuas** (TUA) and **Codan** (CDA). Detractors for the month included **Superloop** (SLC) and **Light & Wonder** (LNW).

Key Contributors

Tuas (TUA) returned +45.8% in August following the transformational acquisition of Singapore competitor M2 which the Fund participated in. 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.

Codan (CDA) returned +47.4% after delivering a clean +9%/+12%/+12% beat to market consensus Revenue/EBITDA/NPAT. Metal Detection in Africa grew +64% with continued momentum expected in FY26 driven by strong gold prices and the upcoming launch of new product releases to support revenue growth and the high margin segment. DTC drove communications with strong global defence demand, while public safety division Zetron was reliably solid.

Key Detractors

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. While the ABB share price has been on a period of 'long service leave', two result beats and earnings upgrades has seen it play catch up.

Light & Wonder (LNW) fell -6.7% in August, with the FY25 result overshadowed by a decision to move to a sole primary listing on the ASX. The weakness in the share price was exacerbated by uncertainty around the potential for passive selling in the shares and lack of desire for US investors to continue holding shares on the Nasdaq. In the fullness of time, we expect the market to return to fundamentals, which in our view remain compelling. LNW continues to offer average EPS growth +20% over the next 2-yr, while trading at a very attractive multiple in both an absolute sense and relative to its comps.

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.


Returns¹ as at 31 August 2025

Period	Fund Return ¹ %	Bench- mark ² %	Out/Under performance %
1 month	12.55	8.41	4.14
3 months	18.55	12.42	6.14
6 months	27.43	16.72	10.71
1 year	44.34	23.40	20.94
2 years pa	34.86	15.71	19.15
3 years pa	24.23	9.81	14.42
4 years pa	15.43	3.10	12.34
5 years pa	22.92	7.91	15.01
Since inception pa Date: 30 April 2020	28.00	10.76	17.25

Top 5 Stocks³

1. Codan
2. Generation Development Group
3. Life360
4. Tuas
5. Zip

1. Fund returns are net of fees.
2. S&P/ASX Small Ordinaries Accumulation Index.
3. Top 5 stocks sorted alphabetically.

 **Subscribe
to our
monthly
updates
here**



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

This material is issued by Ausbil Investment Management Limited (Ausbil) ABN 26 076 316 473, AFSL 229722 as at August 2025 and is subject to change. The material is not intended to provide you with financial product advice. It does not take into consideration the investment objectives, financial situation or needs of any person. For this reason, you should, before acting on this material, obtain professional advice from a licensed financial adviser and read the relevant Product Disclosure Statement which is available at www.ausbil.com.au and the target market determination which is available at www.ausbil.com.au/invest-with-us/design-and-distribution-obligations. Past performance is not a reliable indicator of future performance. Any reference to past performance is for illustrative purposes only and should not be relied upon on. Ausbil, its officers, directors and affiliates do not guarantee the performance of, a particular rate of return for, the repayment of capital of, the payment of distribution or income of, or any particular taxation consequences for investing with or in any Ausbil product or strategy. The performance of any strategy or product depends on the performance of the underlying investment which may rise or fall and can result in both capital gains and loss. Any references to particular securities or sectors are for illustrative purposes only. It is not a recommendation in relation to any named securities or sectors. The material may contain forward looking statements which are not based solely on historical facts but are based on our view or expectations about future events and results. Where we use words such as but are not limited to 'anticipate', 'expect', 'project', 'estimate', 'likely', 'intend', 'could', 'target', 'plan', 'believe', 'think', 'might' we are making a forecast or denote a forward-looking statement. These statements are held at the date of the material and are subject to change. Forecast results may differ materially from results or returns ultimately achieved. The views expressed are the personal opinion of the author, subject to change (without notice) and do not necessarily reflect the views of Ausbil. This information should not be relied upon as a recommendation or investment advice and is not intended to predict the performance of any investment or market. The actual results may differ materially from those expressed or implied in the material. Ausbil gives no representation or warranty (express or implied) as to the completeness or reliability of any forward looking statements. Such forward looking statements should not be considered as advice or a recommendation and has such should not be relied upon. To the extent permitted by law, no liability is accepted by Ausbil, its officers or directors or any affiliates of Ausbil for any loss or damage as a result of any reliance on this information. While efforts have been made to ensure the information is correct, no warranty of accuracy or reliability is given, and no responsibility is accepted for errors or omissions. Any opinions expressed are those of Ausbil as of the date noted on the material and are subject to change without notice.