

Yarra Australian Smaller Companies Fund

Gross returns as at 31 October 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Since inception* % p.a.
Yarra Australian Smaller Companies Fund	3.43	12.74	24.38	15.88	12.47	12.34
S&P/ASX Small Ordinaries Accumulation Index	1.89	14.27	22.82	13.85	9.57	8.74
Excess return (before fees)†	1.54	-1.54	1.56	2.03	2.90	3.60

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are gross of all fees, meaning they do not reflect the deduction of any investment management fees which would reduce returns and assume reinvestment of all distributions. Investment in the fund is not available on a fee free basis and this should be factored into any analysis of past performance.

Net returns as at 31 October 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Since inception* % p.a.
Yarra Australian Smaller Companies Fund	3.36	12.50	23.34	14.90	11.52	11.40
S&P/ASX Small Ordinaries Accumulation Index	1.89	14.27	22.82	13.85	9.57	8.74
Excess return (after fees)†	1.46	-1.78	0.52	1.06	1.95	2.65

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are prepared on an exit to exit basis – they include all ongoing fees and expenses and assume reinvestment of all distributions.

* Inception date Yarra Australian Smaller Companies Fund: August 2020.

† Excess return: The difference between the portfolio's return and the benchmark return.

Market review

The Australian small caps market posted a modest gain in October. The S&P/ASX Small Ordinaries Index returned +1.9% for the month, taking its 12-month return to +22.8%. The broader S&P/ASX 300 Accumulation Index returned +0.4% for the period whilst, globally, the MSCI World Index posted +3.2% for the month.

Materials (+2.4%) was the largest sector contributor, with gains across Westgold Resources (WGX, +18.8%), Vault Minerals (VAU, +10.6%) and Sims (SGM, +19.4%). WGX was buoyed by gold sector tailwinds while VAU benefitted from positive sentiment around rare earths.

Information Technology (+5.8%) continued to outperform, with Weebit Nano (WBT, +71.1%) benefitting from semiconductor exposure and Codan (CDA, +22.8%) delivering strong mining tech results. Nuix (NXL, -16.4%) underperformed due to guidance updates and delays.

Health Care (+7.6%) performed strongly, with Clarity Pharmaceuticals (CU6, +37.6%) rising on clinical trial momentum. Regis Healthcare (REG, +23.1%) and Neuren Pharmaceuticals (NEU, +10.2%) also outperformed, while Mayne Pharma (MYX, -17.5%) and Polynovo (PNV, -7.4%) were notable laggards due to softer results and management changes.

Energy (+4.1%) was another key contributor, led by Paladin Energy (PDN, +16.0%) on improving uranium demand and Beach Energy (BPT, +8.3%), while Deep Yellow (DYL, -8.4%) and Lotus Resources (LOT, -17.0%) weighed on the sector.

Consumer Discretionary (+2.0%) posted a small gain, led by Domino's Pizza (DMP, +35.9%) and Eagers Automotive (APE, +18.8%). In contrast, IDP Education (IEL, -14.6%) and Bapcor (BAP, -20.2%) both fell sharply.

Financials (-0.8%) detracted slightly from performance during the month. Generation Development (GDG, +2.9%) and AUB Group (AUB, +12.9%) contributed, while Zip Co (ZIP, -12.4%) and Helia Group (HLI, -6.8%) were notable detractors.

Results within the Communication Services sector (-0.5%) were mixed, with TPG Telecom (TPG, +10.2%) performing well but News Corporation (NWS, -10.9%) and Superloop (SLC, -8.2%) retreating.

Portfolio review

Key Contributors

Sims (SGM, overweight) – the scrap steel producer outperformed during the month, aided by a 2.3% increase in Turkish scrap steel prices. We believe the company's majority US exposure leaves it well-placed to benefit from steel tariffs. The company's strategy to focus on margin over volumes is delivering solid results. Longer term we see upside for scrap

demand given its use in lower emissions Electric Arc Furnace steel making operations.

AUB Group (AUB, overweight) – the insurance broker outperformed during the period following the announcement of an unsolicited takeover proposal from EQT AB, valuing the company at approximately \$5.25 billion, a 25% premium to the prior closing price.

Eagers Automotive (APE, overweight) – the automotive retail group outperformed following the announcement of its strategic investment in CanadaOne Auto. The transaction marks an initial offshore expansion into the Canadian auto market, extending growth initiatives beyond its strong domestic position through a favourable deal structure and high-quality asset base. Beyond CanadaOne, APE operates a diversified portfolio of brands that we expect will continue to outperform, with clear value drivers including the scale/quality of the network, breadth of OEM brand partnerships and unique assets (BYD JV/EasyAuto).

Key Detractors

Silex Systems (SLX, underweight) – the technology commercialisation company outperformed during the period driven by positive developments in its laser-based uranium enrichment technology and a broader uplift in the uranium sector. The successful completion of large-scale demonstration testing by its partner, Global Laser Enrichment, represented a significant technical milestone.

Codan (CDA, underweight) – the provider of electronic solutions for the communications and metal detection markets outperformed during the month following a strong FY25 performance, with revenue up 22% and net profit after tax increasing 27%. Growth in its communications division, particularly in defence and mission-critical technologies, have expanded its market opportunities and strengthened the order book.

Westgold Resources (WGX, underweight) – the gold miner outperformed after announcing a three-year growth plan to lift annual production from 326,000 ounces in FY25 to over 470,000 ounces by FY28, while lowering all-in sustaining costs to around \$2,500/ounce. We maintain an underweight position in WGX, instead seeing better value in peers Genesis Minerals (GMD), Vault Minerals (VAU) and Bellevue Gold (BGL).

Market Outlook

The global theme of Mega Cap Technology continued to dominate equity markets in October. Indeed, the momentum behind the thematic accelerated. Global equities rose +3.1% in unhedged terms with returns bolstered by the -1% decline in the \$A/US\$ during the month.

Strong earnings results and excitement over deals announced between chip manufacturers and AI companies helped drive the rally. Additional support came via a firming of expectations for further US interest rate cuts during the month. The Federal Reserve re-emphasised its view that tariff-led inflation should be a one-off impact, while simultaneously expressing concern over a weaker labour market, leading to interest rate markets pricing for a further three rate cuts by mid-2026.

Global bonds returned -0.3% in October, underperforming a +0.4% gain for local fixed income with bills, government bonds, inflation-linked bonds and corporate bonds delivering very similar returns of +0.3% to +0.4% in the month. The exceptional run for gold continued in the month, rising a further +3.7% in October, however, the volatility during the month was extreme, surging by 13% in the month until October 20 before declining 8%. Similarly, crypto assets had a volatile month, with Bitcoin's recent decline eliminating all gains in the calendar year.

The main economic event in Australia during October came via the volatility in expectations for the RBA. A surprisingly high unemployment rate print encouraged interest rate markets to price for a November rate cut, only for a high September quarter CPI print later in the month to effectively eliminate any prospect of another rate cut in 2025.

Last month we highlighted that financial markets were in effect easing conditions for the RBA – via strong asset price returns, lower yields and tighter bond spreads – and our Financial Conditions Index had moved to a neutral setting, consistent with achieving a trend like pace of economic growth over the next 12-18 months.

As such, we have removed our forecast for a November interest rate cut. We still see the RBA easing rates from May 2026 as inflation likely remains well behaved, unemployment drifts higher and productivity recovers. However, for now, the RBA have shifted to a mode where they want to monitor the recovery in private demand rather than stimulate it further.

Australia appears relatively well-placed to benefit from an economic and financial market perspective. Australia is emerging from a much lower starting point in the economic cycle, has low direct exposure to the US tariff shock and Australia's policy easing has a more immediate impact upon demand relative to its peers. We remain constructive on the medium-term prospects of Australia's economic and financial market outlook.

We are most overweight stocks within the Health Care, Financials and Industrials sectors and are underweight Consumer Discretionary, Materials and Communication Services.

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	4.13	5.39	-1.25
Consumer Discretionary	12.65	15.18	-2.53
Consumer Staples	1.38	2.89	-1.51
Energy	2.78	6.23	-3.45
Financials	15.97	11.40	4.57
Health Care	5.76	4.79	0.97
Industrials	14.57	10.701	3.87
Information Technology	8.14	7.51	0.63
Materials	19.03	25.05	-6.02
Real Estate	11.00	10.87	0.13

Top 3 holdings

	Portfolio %	Benchmark %	Active %
AUB Group	4.42	1.33	3.09
Eagers Automotive	4.18	2.05	2.12
Capstone Copper	3.79	0.82	2.97

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
AUB Group	4.42	1.33	3.09
Centuria Capital	3.69	0.60	3.08
Kelsian Group	3.35	0.33	3.01
Underweights			
Capricorn Metals	0.00	1.71	-1.71
Westgold Resources	0.00	1.55	-1.55
Zip Co	0.00	1.54	-1.54

Portfolio holdings may not be representative of current or future investments. The securities discussed may not represent all of the portfolio's holdings and may represent only a small percentage of the strategy's portfolio holdings. Future portfolio holdings may not be profitable.

Features

Investment objective	To achieve medium-to-long term capital growth by investing in a diversified portfolio of smaller Australian companies. In doing so, the aim is to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling 3-year periods.
Recommended investment time frame	5 - 7 + years
Fund inception	August 2020
Fund size	A\$109.0 mn as at 31 October 2025
ARSN code	642 665 263
Estimated management cost	0.85% p.a.
Buy/sell spread	+/- 0.30%

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