

Yarra Australian Smaller Companies Fund

Gross returns as at 30 November 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Since inception* % p.a.
Yarra Australian Smaller Companies Fund	-0.50	3.69	22.35	13.38	10.42	12.03
S&P/ASX Small Ordinaries Accumulation Index	-1.48	3.84	19.43	11.48	7.13	8.29
Excess return (before fees) †	0.98	-0.15	2.92	1.90	3.29	3.74

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 30 November 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Since inception* % p.a.
Yarra Australian Smaller Companies Fund	-0.57	3.47	21.32	12.43	9.49	11.09
S&P/ASX Small Ordinaries Accumulation Index	-1.48	3.84	19.43	11.48	7.13	8.29
Excess return (after fees) †	0.91	-0.37	1.89	0.94	2.36	2.80

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 declined in November. The S&P/ASX Small Ordinaries Index returned -1.5% for the month, taking its 12-month return to +19.4%. The broader S&P/ASX 300 Accumulation Index returned -2.6% for the period whilst globally, the MSCI World Index posted +0.3% for the month.

Materials (+5.8%) was the largest sector contributor, led by Capricorn Metals (CMM, +14.0%) and Westgold Resources (WGX, +14.7%), while Iperionx (IPX, -24.9%) and West African Resources (WAF, -7.6%) detracted. Strength in the gold sector supported names such as Regis Resources (RRL, +14.6%) and Resolute Mining (RSG, +18.3%).

Consumer Staples (+0.4%) was stable, with Bega Cheese (BGA, +13.0%) and Select Harvests (SHV, +15.7%) contributing, while Ridley Corporation (RIC, -11.1%) weighed on performance.

Real Estate (-0.2%) detracted slightly, with National Storage REIT (NSR, +17.8%) and Abacus Storage King (ASK, +3.6%) gaining while Ingenia Communities (INA, -7.7%) and PEXA Group (PXA, -6.5%) detracted. Storage names outperformed amid resilient demand and income visibility.

Health Care (-3.1%) detracted modestly, with Mesoblast (MSB, +8.0%) and Regis Healthcare (REG, +6.7%) providing offset, while Clarity Pharmaceuticals (CU6, -26.3%) and Neuren Pharmaceuticals (NEU, -9.7%) weighed on performance. Clinical and guidance updates were the key drivers.

Financials (-1.9%) softened, with HMC Capital (HMC, +24.8%) and GQG Partners (GQG, +18.2%) contributing, while Zip Co (ZIP, -12.1%) and Generation Development (GDG, -7.8%) detracted. Moves reflected fund flow dynamics and consumer finance sensitivities.

Communication Services (-5.6%) weakened with declines across all stocks, with Aussie Broadband (ABB, -10.6%) and Tuas (TUA, -7.8%) both retreating.

Energy (-6.7%) detracted, with Viva Energy (VEA, +15.5%) and Amplitude Energy (AEL, +6.1%) contributing, while Paladin Energy (PDN, -15.9%) and Boss Energy (BOE, -18.8%) weighed on results. Uranium names pulled back following recent strength.

Industrials (-4.7%) declined, with DroneShield (DRO, -48.3%) and Silex Systems (SLX, -16.7%) being the main detractors.

Information Technology (-7.5%) was weak, with Gentrack (GTK, +20.2%) and IRESS (IRE, +5.0%) contributing at the margin, while Codan (CDA, -14.9%) and Weebit Nano (WBT, -27.9%) detracted. Concerns weighed heavily on tech names due to lower earnings.

Consumer Discretionary (-5.2%) was the largest sector detractor, with Temple & Webster (TPW, -34.8%) after a weak sales update and Eagers Automotive (APE, -16.4%) retreated after a period of strong performance.

Portfolio review

Key Contributors

DroneShield (DRO, underweight) – the counter-drone technology company underperformed during the period following significant governance and management concerns. Large insider share sales, a withdrawn contract announcement, and the sudden departure of its U.S. CEO have raised serious questions about management stability, transparency, and oversight. Coupled with profit-taking after a sharp prior rally, these issues suggest heightened execution and communication risks. Given the current governance environment and concerns on the technology, we maintain a cautious stance on DroneShield, as these structural concerns could continue to pressure the share price despite underlying demand for counter-drone technology.

Bellevue Gold (BGL, overweight) – the gold producer outperformed during the period followed by an increase in gold price (+5%) during the month, which highlighted BGL's leverage as a high grade producer. While the company's long-term performance still depends on consistent production, cost control, and execution of its growth plans, the combination of an improved earnings outlook and favourable market conditions underpin a positive near term view of BGL.

Gentrack Group (GTK, overweight) – the technology company outperformed following a strong FY25 performance, with revenue reaching NZ\$230.2 million and EBITDA increasing 18%, supported by a growing contribution from recurring revenue. The company secured new business wins, including the adoption of its "g2" platform by Pennon Water Services in the UK, and reaffirmed medium-term targets of over 15% revenue growth and 15–20% EBITDA margins. The result highlights Gentrack's ongoing progress in scaling its recurring-revenue business and expanding its footprint in global utilities and airport markets.

Key Detractors

Megaport (MP1, overweight) – the software technology company underperformed during the period following a A\$200 million institutional placement to fund its acquisition of Latitude.sh and support expansion into India. While the placement caused near-term dilution and raised some margin concerns, the acquisition strengthens Megaport's capabilities in bare-metal compute and positions the company to capture growth in high-demand international markets. Coupled with its solid recurring-revenue base and expanding global footprint, these investments underpin our positive view on Megaport's long-term growth potential.

Eagers Automotive (APE, overweight) – the automotive retailing company underperformed during the period following the completion of a large share issuance to fund its acquisition of a 65% stake in CanadaOne Auto Group. While the placement caused near-term dilution, the acquisition strengthens Eagers' presence in international markets and enhances its long-term growth prospects. Coupled with its strong operational performance and track record of successful expansions, we maintain a positive view on the company's strategic direction and future potential.

Capricorn Metals (CMM, underweight) – the gold producer outperformed during the period following a 31% increase in the underground mineral resource estimate at its Mt Gibson Gold Project, lifting the resource to 895,000 ounces of gold. While the upgrade underscores the project's long-term growth potential and the company's strong positioning, with debt repaid and full exposure to rising gold prices, the positive news appears largely reflected in the current share price, suggesting that much of the upside may already be priced in by the market.

Market Outlook

The U.S. ended its record 43-day shutdown mid-November, however key data releases were cancelled or delayed, and the absence of strong data leads contributed to volatile price action in markets. Global equities advanced just +0.2% in the month, albeit this hid considerable shifts under the surface. Healthcare (+9.3%) and defensive sectors outperformed whereas Technology (-4.3%) and Consumer Discretionary (-2.4%) lagged. Value (+2.7%) outperformed Growth (-1.8%). Indeed, mega-cap tech and AI-linked stocks faced profit-taking; Nvidia -12.6%, Oracle -23%, while Alphabet surged +13.6% on Gemini AI optimism.

Despite, robust Australian economic data Australian equities had a poor month. The ASX200 Index returned -2.7% and ASX Small Caps Index returned -1.5% in November. In part, this can be attributed to a sharp shift in domestic interest rate expectations after strong September and October inflation data which has seen financial markets pricing the next move from the Reserve Bank of Australia (RBA) as a hike before mid-2026. In contrast, expectations for the US Federal Reserve (Fed) swung back to a cut at the December 2025 meeting.

The shift in US interest rate expectations assisted fixed income returns during the month, with global bonds returning 0.2%MoM during the month. In contrast, the shift in RBA rate expectations saw Australian government bonds return -1.0% in the month and total fixed income return -0.9% in the month. From our perspective, financial markets are misreading recent inflation data which has been bolstered by base effects and by a range of one-off factors. Both of these effects we expect will recede in coming months. Indeed, we still believe the next interest rate move is likely to be lower, albeit the earliest opportunity won't present itself until May 2026 when underlying inflation pressures remain well behaved, wages moderate, 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.

We are as positive on the Australian economic outlook as we have been since our 2020 call for a sharp V-shaped recovery post COVID. This economic cycle will be a slow moving recovery, building on the base of the one that commenced in 2025, but we believe it will also be a more durable recovery. Importantly, we expect that private demand growth will continue to take the baton from the public sector to deliver a more inclusive economic climate. Growth at supportive major trading partners sets a tailwind for the Australian economic recovery into 2026. Filling out the sails of the recovery are

loosening financial conditions, strong household cashflow growth, solid household wealth growth and early signs of a return of housing equity withdrawals which all contribute to the consumer being the prime driver of economic growth in 2026 and 2027. The amplifier of the economic cycle is the housing construction sector, assisted by some further gradual easing of interest rates in 2H26.

We expect a somewhat bumpy but positive ride for equities in 2026. Our forecasts are for a total return of +9% for the US, +12% for Emerging Markets, and +10% for Australia. Within interest rate markets, we expect yield curve steepening to be back in vogue in 1H26 in anticipation of a dovish Fed and stubbornly high government debt in the US and we expect a weaker US\$ to again become a dominate theme in 2026, helping to propel the A\$/US\$ well through 70c in 2026.

We are most overweight stocks in the Financials, Industrials and Information Technology sectors and are underweight Materials, Energy and Consumer Discretionary.

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	4.05	4.97	-0.92
Consumer Discretionary	11.98	14.67	-2.68
Consumer Staples	1.34	2.92	-1.58
Energy	2.97	5.92	-2.95
Financials	16.28	11.39	4.89
Health Care	5.89	4.73	1.17
Industrials	14.14	10.39	3.75
Information Technology	8.50	6.85	1.65
Materials	20.00	27.10	-7.10
Real Estate	10.92	11.05	-0.14

Top 3 holdings

	Portfolio %	Benchmark %	Active %
AUB Group	4.48	1.36	3.12
Auckland International Airport	3.75	0.87	2.88
Capstone Copper	3.65	0.81	2.84

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
AUB Group	4.48	1.36	3.12
Centuria Capital	3.47	0.58	2.89
Auckland International Airport	3.75	0.87	2.88
Underweights			
Capricorn Metals	0.00	2.09	-2.09
Westgold Resources	0.00	1.81	-1.81
Regis Resources	0.00	1.75	-1.75

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\$107.4 mn as at 30 November 2025
ARSN code	642 665 263
Estimated management cost	0.85% p.a.
Buy/sell spread	+/- 0.30%

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