Product Assessment

Report as at 20 Nov 2026

Zenith RECOMMENDED

Yarra Global Small Companies Fund

Rating issued on 17 Nov 2026 | APIR: JBW0103AU

Investment objective

To outperform the MSCI World Small Cap Index $A by 2.55% p.a. (before fees) over a full market cycle.

Manager	Goldman Sachs Asset Management
Distributor	Yarra Capital Management Group
Sector	International Shares \ Small Companies
Investment Style	Quantitative
Equity Style	Neutral
RI Classification	Aware
Absolute Risk	High
Relative Risk	Active - Benchmark Aware
Investment Timeframe	7+ Years
Zenith Benchmark	MSCI World Ex Aust Small Cap $A
Redemption Frequency	Daily
Income Distribution	Half Yearly
Fund Size (30 Oct 2026)	$1.41B
Management Cost	1.25% p.a. Incl. GST
Performance Fee	N/A
Buy / Sell Spread	0.30% / 0.30%
Inception Date	23 Nov 1999

Fund facts

- Typically holds 350 to 750 companies
- Portfolio turnover expected to average 100% p.a. to 200% p.a. over a market cycle

Viewpoint

The Fund, managed by Goldman Sachs Asset Management's (GSAM) Quantitative Investment Strategies (QIS) team and distributed by Yarra Capital Management (Yarra), provides investors with a quantitatively driven, benchmark-aware and style-neutral exposure to global smaller companies. Zenith draws confidence from the QIS team's experienced and tenured investment personnel, highlighting its strong track record managing quantitative strategies since 1989 and this strategy since 2006.

GSAM is the asset management division of the Goldman Sachs Group, Inc., a publicly traded company listed on the New York Stock Exchange. As at 30 September 2026, GSAM's funds under management (FUM) was approximately $US 4 trillion, spread across a range of fixed interest, equity and alternative strategies.

The QIS team is led by New York City-based Osman Ali and Dennis Walsh. Zenith believes Ali and Walsh are well qualified to lead the team, highlighting their long tenure across a variety of senior research positions at GSAM. The QIS team consists of 87 investment professionals, with 8 dedicated to portfolio management and 36 to investment research, who have an average of 15 years' experience and 11 years' tenure at GSAM. The team is based across Bengaluru, London, New York City and The Hague. Zenith views the QIS team's collective experience and tenure positively.

In November 2026, Royal Bank of Canada (RBC) announced its intention to acquire full ownership of Yarra, the Fund's fund manager and distributor. The transaction is subject to regulatory approval and is expected to complete in the first quarter of 2027. Zenith remains supportive of the arrangement between Yarra and GSAM, highlighting RBC's intention to provide stability and continuity of service to the existing fund range. However, we will continue to monitor the progress of the transaction and subsequent integration of the two entities.

The QIS team's investment philosophy is premised on the belief that markets are inefficient, which creates opportunities for active management. As such, the QIS team seeks to systematically identify and exploit these market inefficiencies and add value in stock selection. Zenith regards the QIS team's forward-looking research agenda and model enhancements favourably.

The Fund's security selection process is driven by the QIS team's proprietary quantitative model, which forecasts each company's returns based on value, quality, market themes/trends and sentiment factors. The four factors are combined at weights based on their expected contribution to risk-adjusted performance, after considering transaction costs, with companies ranked based on their forecast returns. Given that the four factors have contributed relatively equally to returns over time, we believe the model's dynamic allocation to each leads to diversified and balanced investment outcomes.

The Fund is constructed through an iterative portfolio optimisation approach that allocates the highest exposure to the stocks with the highest forecast returns, with consideration of broader risks, liquidity and transaction costs. Zenith believes the QIS team's approach to portfolio construction is intuitive.

In February 2016, the QIS team assumed portfolio management responsibilities for the Fund from another investment manager. As such, the Fund's performance prior to this date should not be used when assessing GSAM's performance.

This document has been prepared by Zenith. Zenith's Financial Services Guide is available at https://www.zenithpartners.com.au/important-information/financial-services-guide/ and full details regarding Zenith's contact details, research processes, ratings information and conflicts of interest are available at https://www.zenithpartners.com.au/our-solutions/investment-research/fund-research-regulatory-guidelines/

Fund analysis

Fund characteristics

Constraint	Value
Number of Stocks	350 to 750
Active Stock Weight	-2% to 2%
Active Country Weight	-3% to 3%
Active Sector Weight	-2% to 2%
Tracking Error	2.75% p.a. (Targeted)
Cash	Max: 20%

Investment objective and philosophy

The Fund's investment objective is to outperform the MSCI World Small Cap Index $A by 2.55% p.a. (before fees) over a full market cycle.

The QIS team's investment philosophy is premised on the belief that markets are inefficient, which creates opportunities for active management. As such, the QIS team seeks to systematically identify and exploit these market inefficiencies and add value in stock selection.

The QIS team applies a common investment approach across its suite of products, leveraging a quantitative framework that assesses a range of factors including value, quality, market themes/trends and sentiment. Although the key tenets of the QIS team's approach have remained consistent since inception, its systematic models continue to evolve to incorporate the team's latest proprietary research.

Zenith draws confidence from the QIS team's experienced and tenured investment personnel, highlighting its strong track record managing quantitative strategies since 1989 and this strategy since 2006.

Portfolio applications

In general, compared to most other asset classes, equities offer investors the potential for higher long-term capital growth, along with some income. However, higher growth is often associated with higher volatility, especially for international equities, which are subject to currency movements. International equities provide investors with broad exposure to industries and countries. With this broad universe, managers can deliver higher absolute returns compared with more conservative asset classes. Therefore, we recommend investors adopt a longer time frame when investing in international equities. We also recommend blending international equity investments with domestic equities and other asset classes to improve portfolio diversification.

For investors seeking a well-blended exposure to international equities, Zenith suggests using global small capitalisation funds alongside a large capitalisation international equities fund. Zenith believes small capitalisation funds are most appropriate for investors with an investment time horizon of seven or more years. Given the QIS team's quantitative and style-neutral investment approach, Zenith believes the Fund may be used as a standalone exposure to the international smaller companies sector. However, the Fund is expected to blend well with fundamental managers utilising a range of investment approaches, including those with value or growth-style investment methodologies.

Quantitative investment approaches typically perform better in 'normal' market environments, where mean reversion and momentum factors tend to produce stronger results. Although the historical nature of some quantitative inputs may result in an inability to react quickly to changing markets, the QIS team continually explores, researches and tests new predictive factors to enhance the Fund's investment process. Investors should be aware that, as with all funds, there could be periods in which the process experiences difficulties and, consequently, the Fund underperforms.

The Fund's portfolio turnover is expected to average 100% p.a. to 200% p.a. over a market cycle, which Zenith considers to be high. The QIS team was unable to provide any insight on the proportion of expected turnover attributed to the resizing of existing positions and that which is due to initiating and closing positions.

Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Aware
Has Responsible Investment Policy	Yes
Negative screens**	**Full/Partial**
Human rights abuse	Partial
PRI Status	
PRI Signatory	Yes

*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact

***Data has been supplied by third parties. While such information is believed to be accurate, we do not accept responsibility for any inaccuracy in such data.*

Absolute performance

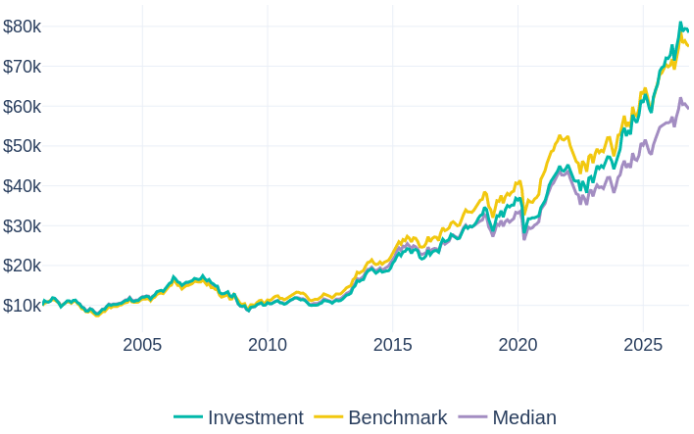
Performance as at 31 Oct 2026

Monthly performance history (%, net of fees)

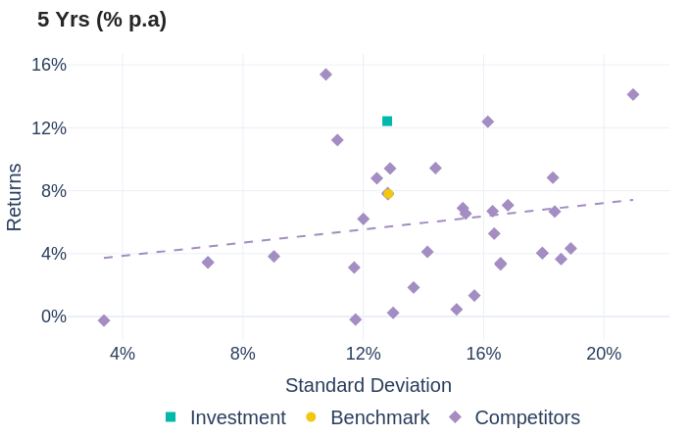
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*
2026	1.17%	3.72%	-5.36%	4.35%	3.55%	5.27%	-3.14%	0.94%	-0.13%	-1.09%			9.09%	7.34%
2025	3.56%	-2.36%	-3.51%	-1.85%	6.94%	2.70%	2.32%	5.01%	1.25%	0.55%	2.89%	-0.17%	18.18%	10.87%
2024	2.54%	8.22%	2.49%	-3.81%	2.82%	-1.98%	9.31%	-2.30%	-1.08%	3.37%	6.43%	-0.98%	26.89%	19.57%
2023	5.15%	5.16%	-1.54%	1.60%	-1.06%	3.27%	2.69%	-0.10%	-2.13%	-4.40%	3.72%	4.70%	17.80%	15.38%
2022	-2.94%	-2.74%	-3.37%	-0.42%	0.18%	-6.11%	6.39%	-2.96%	-4.30%	9.71%	0.78%	-3.69%	-10.09%	-12.92%

**MSCI World ex Aust Small Cap $A*

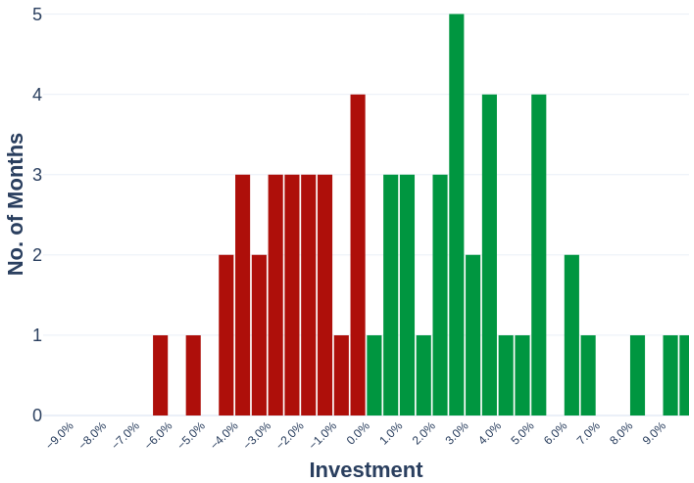
Growth of $10,000



Risk / return



Monthly histogram



Minimum and maximum returns (% p.a.)



Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	**12.05%**	**21.11%**	**12.42%**	**12.89%**	**8.30%**
Income	7.88%	3.41%	2.38%	1.57%	2.12%
Growth	4.17%	17.70%	10.04%	11.32%	6.18%
Benchmark	**8.24%**	**16.50%**	**7.81%**	**11.07%**	**8.11%**
Median	**6.98%**	**15.73%**	**6.77%**	**9.77%**	**7.13%**
Cash	**4.14%**	**4.23%**	**3.41%**	**2.28%**	**3.71%**

Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	13 / 32	10 / 25	7 / 23	2 / 17
Quartile	2nd	2nd	2nd	1st

Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Standard Deviation (% p.a.)					
Investment	10.57%	12.04%	12.79%	13.83%	14.17%
Benchmark	9.81%	11.95%	12.84%	13.42%	13.57%
Median	9.67%	10.95%	12.38%	13.09%	13.22%
Downside Deviation (% p.a.)					
Investment	6.31%	5.39%	6.64%	8.81%	9.25%
Benchmark	5.55%	5.82%	7.31%	8.49%	8.82%
Median	5.68%	5.31%	7.36%	8.52%	8.77%

Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Sharpe Ratio (p.a.)					
Investment	0.75	1.40	0.70	0.77	0.32
Benchmark	0.42	1.03	0.34	0.65	0.32
Median	0.29	1.05	0.27	0.57	0.26
Sortino Ratio (p.a.)					
Investment	1.25	3.13	1.36	1.20	0.50
Benchmark	0.74	2.11	0.60	1.03	0.50
Median	0.50	2.17	0.46	0.88	0.39

For consistency purposes, Zenith benchmarks all products categorised within our International Shares - Small Companies sub-asset class against the MSCI World Ex Australia Small Cap Index $A. Accordingly, all performance and risk measurements are calculated with Zenith's assigned index. However, the QIS team measures the Fund against the MSCI World Small Cap Index $A.

In February 2016, the QIS team assumed portfolio management responsibilities for the Fund from another investment manager. As such, the Fund's performance prior to this date should not be used when assessing the QIS team's performance.

All commentary below is as at 31 October 2026.

The Fund's investment objective is to outperform the MSCI World Small Cap Index $A by 2.55% p.a. (before fees) over a full market cycle.

Since assuming portfolio management responsibilities for the Fund, the QIS team has outperformed Zenith's assigned benchmark.

The Fund's volatility of returns (as measured by Standard Deviation) has been marginally higher than the benchmark and peers since the QIS team assumed portfolio management responsibilities.

The Fund's Sharpe Ratio has been higher than the benchmark's since the QIS team assumed portfolio management responsibilities, indicating that investors have been sufficiently compensated for its risk.

Investors should be aware that the QIS team does not target a specific level of income for the Fund, with distributions made semi-annually where possible.

Relative performance

Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Excess Return	3.81%	4.61%	4.62%	1.81%	0.19%
Monthly Excess (All Mkts)	66.67%	61.11%	58.33%	56.67%	49.35%
Monthly Excess (Up Mkts)	71.43%	56.52%	55.88%	56.00%	45.16%
Monthly Excess (Down Mkts)	60.00%	69.23%	61.54%	57.78%	55.65%

Capture ratios (% p.a.)

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Downside Capture	98.05%	88.74%	86.61%	94.78%	98.32%
Upside Capture	118.12%	110.52%	109.90%	103.82%	99.64%

Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	2.91%	3.60%	3.65%	3.75%	4.43%
Median	2.11%	2.11%	1.94%	1.91%	3.14%

Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	1.31	1.28	1.27	0.48	0.04
Median	-0.60	-0.37	-0.53	-0.68	-0.31

Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Beta	1.04	0.96	0.96	0.99	0.99
R-Squared	0.93	0.91	0.92	0.93	0.90
Correlation	0.96	0.96	0.96	0.96	0.95

All commentary below is as at 31 October 2026.

Zenith seeks to identify strategies that can outperform in over 50% of months in all market conditions, as we believe this represents consistency of manager skill. In addition, we view a strategy's ability to produce stronger upside capture ratios relative to downside capture ratios as an attractive feature.

Pleasingly, the Fund has achieved both of these outcomes since the QIS team assumed portfolio management responsibilities.

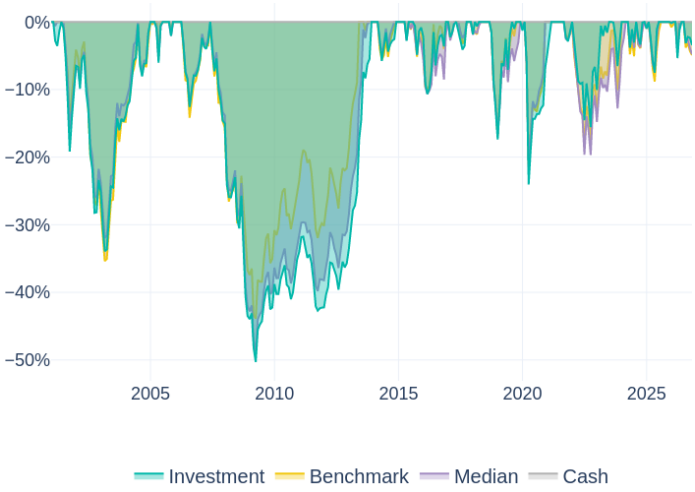
Zenith would expect the Fund to exhibit similar performance consistency in both rising and falling markets, given the QIS team's style-neutral investment approach. However, the Fund has demonstrated slightly stronger outperformance consistency in declining markets since the QIS team assumed portfolio management responsibilities.

The Fund's Tracking Error has been above the QIS team's target of 2.75% p.a. over the medium to long term.

The Fund's Information Ratio has been positive since the QIS team assumed portfolio management responsibilities, indicating that investors have been adequately compensated for risk relative to the benchmark.

Drawdown analysis (since inception)

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.



All commentary below is as at 31 October 2026.

The Fund's drawdown profile has been broadly similar to the benchmark since the QIS team assumed portfolio management responsibilities.

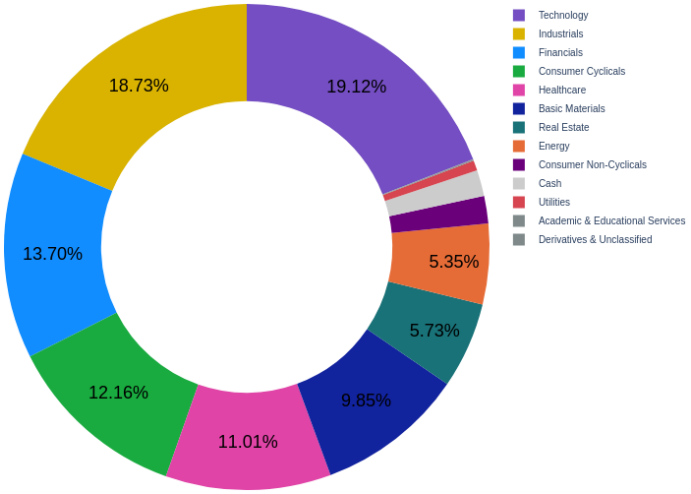
Product exposures

Holdings Report as at 30 Sep 2026

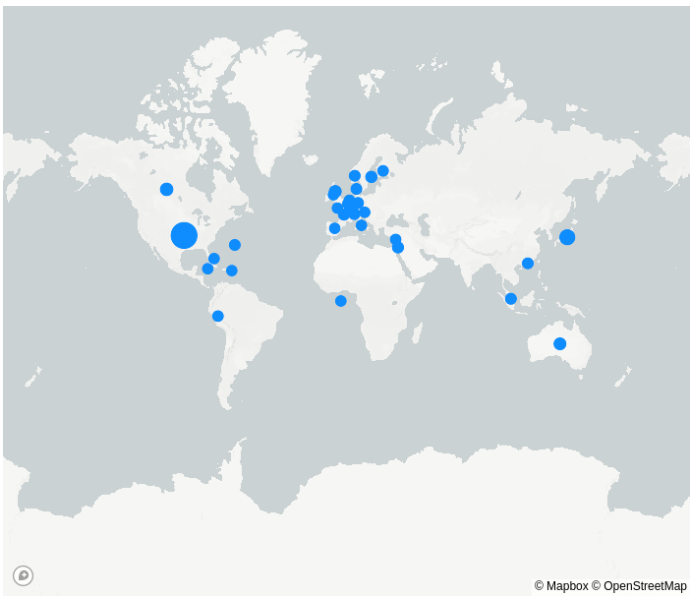
Top 10 holdings

Stock	Weight	Country	Sector	Active Exposure
HECLA MINING CO.	0.87%	United States	Basic Materials	0.87%
THE CHEESECAKE FAC.INCO.	0.87%	United States	Consumer Cyclicals	0.87%
BROTHER INDUSTRIES LTD.	0.87%	Japan	Technology	0.87%
UTD.AIRL.HDG.INCO.	0.87%	United States	Industrials	0.86%
BLOCK INCO.	0.85%	United States	Industrials	0.81%
KIRBY CORP.	0.84%	United States	Industrials	0.84%
EXPEDIA GROUP INCO.	0.83%	United States	Consumer Cyclicals	0.80%
KNOWLES CORP.	0.82%	United States	Technology	0.82%
HALLIBURTON CO.	0.82%	United States	Energy	0.79%
ENCOMPASS HEALTH CORP.	0.81%	United States	Healthcare	0.81%
Total	8.45%			

Equity sector exposure



Equity country exposure



Fund commentary

Fund risks

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

Investment model risk: Quantitative investment approaches typically perform better in 'normal' market environments, where mean reversion and momentum factors tend to produce stronger results. Although the historical nature of some quantitative inputs may result in an inability to react quickly to changing markets, the QIS team continually explores, researches and tests new predictive factors to enhance the Fund's investment process. Investors should be aware that, as with all funds, there could be periods in which the process experiences difficulties and, consequently, the Fund underperforms.

Capacity risk: Excessive levels of FUM can inhibit a manager's ability to trade portfolio positions effectively, limiting outperformance potential. The QIS team believes it can comfortably manage an additional $US 10 billion within the strategy.

As at 30 September 2026, the QIS team managed approximately $US 241 billion, including $US 8 billion within Global Small Cap strategies and $A 1.3 million within this strategy. Although Zenith does not believe the Fund is currently impacted by capacity limitations, we will continue to monitor the strategy's liquidity to ensure that increasing levels of FUM do not begin to negatively impact performance.

Focus risk: Zenith notes that the QIS team is responsible for a number of international, global and regional strategies across the market capitalisation spectrum. As such, Zenith believes that the team's focus has the potential to be diluted.

Derivatives risk: The Fund can use various derivatives, which can be volatile, speculative, illiquid and leveraged.

Key person risk: In Zenith's opinion, key person risk is not a major concern for the QIS team. Zenith does not believe there is an over-reliance on any particular individual, given the quantitatively driven nature of the investment process.

Security/asset selection

The Fund's investment universe comprises all companies with a market capitalisation similar to that of the MSCI World Small Cap Index, with security selection driven by the QIS team's proprietary quantitative model. Utilising natural language processing and machine learning techniques, the QIS team assesses the following four factors:

- Value: Favouring companies with lower price to earnings/price to book ratios operating in industries that are undervalued, while valuing off-balance sheet items.
- Quality: Favouring companies with sustainable/growing cash flows and high-quality management teams that are exposed to growing regions.
- Market Themes/Trends: Favouring companies exposed to emerging global themes and structural shifts by analysing alternative data sources and interconnected price trends.
- Sentiment: Favouring companies with positive management sentiment, positive changes in sell-side analyst ratings, strong buy-side positioning and minimal short interest. In addition, companies experiencing high buying pressure may indicate overenthusiasm and are considered unfavourable.

The four factors are combined at weights based on their expected contribution to risk-adjusted performance, after considering transaction costs, with companies ranked based on their forecast returns. Zenith notes that the weighting to each factor is materially different across geographies. Given that the four factors have contributed relatively equally to returns over time, we believe the model's dynamic allocation to each leads to diversified and balanced investment outcomes.

Regarding the QIS team's quantitative investment functions, its research effort is focused on discovering new or enhancing existing model signals. Zenith regards the QIS team's forward-looking research agenda and model enhancements favourably.

Overall, Zenith believes the QIS team applies a logical and well considered investment approach.

Responsible investment approach

GSAM has an established Responsible Investment Policy that guides its investment decisions, updated annually.

In addition to the Fund's environmental, social and governance (ESG) screens, the QIS team incorporates ESG-based factors within its models, including penalising companies with higher emissions. The QIS team's research suggests that certain ESG characteristics can improve the risk/return profile of a company, and thus are incorporated within the quantitative model.

Zenith believes that this quantitative analysis of a company's operations is crucial on a forward basis, given that a company's performance regarding ESG considerations is increasingly being reflected in its share price. Overall, Zenith is comfortable with the QIS team's approach to ESG.

Portfolio construction

The Fund is constructed through an iterative portfolio optimisation approach that allocates the highest exposure to the stocks with the highest forecast returns, with consideration of broader risks, liquidity and transaction costs.

The Fund is constructed in a benchmark-aware manner, with a +/-2% maximum active weight constraint applied for stocks, a +/-3% maximum active weight constraint applied for countries and a +/-2% maximum active weight constraint applied for sectors. Whilst positions may drift outside these limits, they will be brought back in line at the next optimisation, which typically occurs every three trading days. The Fund generally comprises between 350 and 750 stocks.

Although the Fund's cash limit is 20%, cash is typically held at close to 0%. Zenith has a favourable view of the QIS team's approach to cash management, believing that active managers should remain fully invested and that cash holdings should be kept to a minimum. However, we believe there is scope for the cash limit to be reduced.

Although the Fund's investment process is systematic, the QIS team reserves the right to make qualitative judgments over the execution of the model if it believes the data used to create the forecasts are erroneous or if there is a large macroeconomic event that the model may struggle to capture. To date, the QIS team has only exercised such discretionary judgement in limited circumstances, which Zenith views positively. Zenith expects the use of discretionary judgement and overriding to remain a limited part of the investment process.

Positions are typically exited or reduced if:

- A more attractive stock is identified
- There is a breach in one of the portfolio constraints, such as stock, country or sector limits, due to relative performance

Zenith notes that the Fund is permitted to hold stocks that appreciate beyond the targeted market capitalisation range. Although we expect it to be predominantly invested within an appropriate market capitalisation range, Zenith believes the Fund should be required to sensibly sell-down stocks that are no longer considered global smaller companies, ensuring it remains a true global smaller companies exposure. Zenith will continue to monitor the average market capitalisation of the Fund.

The Fund's portfolio turnover is expected to average 100% p.a. to 200% p.a. over a market cycle, which Zenith considers to be high.

Zenith believes the QIS team's approach to portfolio construction is intuitive.

Risk management

Risk management is an integral part of the investment process and is addressed in a number of ways. Due to the quantitative nature of the investment process, risk management is logically incorporated into both the security selection and portfolio construction phases.

In the security selection phase of the investment process, the QIS team incorporates multiple uncorrelated factors to rank stocks within each industry by forecast returns, which is used as a key input in portfolio construction. When determining position sizing, the QIS team's portfolio optimiser considers each stock's forecast returns, contribution to risk/Tracking Error, liquidity and transaction costs.

The QIS team continuously monitors compliance with investment guidelines and restrictions.

Zenith believes that the QIS team's approach to risk management is sound.

Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	1.25% p.a.	1.54% p.a.
Management Fees and Costs	1.25% p.a.	1.03% p.a.
Transaction Costs	0.00% p.a.	0.10% p.a.
Performance fees	N/A	0.55%
Performance fees description	N/A	
Management Cost	1.25% p.a.	1.00% p.a.
Buy / Sell spread	0.30% / 0.30%	0.26% / 0.26%

All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).

The sector average management cost is based on the average management cost of all flagship International Shares - Small Companies products surveyed by Zenith.

Overall, Zenith believes the Fund's fee structure is fair, relative to peers, given its stated objectives. However, we believe that investors have been insufficiently compensated by way of risk-adjusted performance given the fees paid over the past three years (ending 30 June 2026).

The fees mentioned above are reflective of the flagship version only and may differ when the product is accessed through an alternative investment vehicle such as a platform.

About the fund manager

Organisation

Goldman Sachs Asset Management (GSAM) is the asset management division of the Goldman Sachs Group, Inc. (Goldman Sachs), a publicly traded company listed on the New York Stock Exchange. GSAM is one of the world's leading investing platforms, investing across public and private equity and credit markets through dedicated corporate, real estate and infrastructure strategies.

As at 30 September 2026, GSAM's funds under management (FUM) was approximately $A 4 trillion, spread across a range of fixed interest, equity and alternative strategies.

The Fund is distributed by Yarra Capital Management (Yarra), a Melbourne-based independent fund manager offering a broad range of active strategies spanning equities and fixed income.

Yarra was established in 2017 following the management buyout of GSAM's Australian-focused investment capabilities. The buyout also included the operating platform, backed by TA Associates, a global growth private equity firm with a long history of investing in funds management companies.

In November 2026, Royal Bank of Canada (RBC) announced its intention to acquire full ownership of Yarra via its subsidiary RBC Global Asset Management. The transaction is subject to regulatory approval and is expected to complete in the first

quarter of 2027. Zenith remains supportive of the arrangement between Yarra and GSAM, with RBC indicating their intention to provide stability and continuity of service to the existing fund range.

As at 30 September 2026, the QIS team managed approximately $US 8 billion in the strategy, including $A 1.3 million in the Fund.

Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Osman Ali	Co-Head of Quantitative Investment Strategies	23	23	New York City, United States
Dennis Walsh	Co-Head of Quantitative Investment Strategies	21	21	New York City, United States

The Quantitative Investment Strategies (QIS) team is led by New York City-based Osman Ali and Dennis Walsh. Zenith believes Ali and Walsh are well qualified to lead the team, highlighting their long tenure across a variety of senior research positions at GSAM.

The QIS team consists of 87 investment professionals, with 9 dedicated to portfolio management and 36 to investment research, who have an average of 15 years' experience and 11 years' tenure at GSAM. In addition, there are 40 individuals dedicated to client service. The team is based across Bengaluru, London, New York City and The Hague.

The QIS team's remuneration structure comprises a base salary and a bonus component. Although the team's bonus structure is tailored to the roles of each individual's responsibilities, it is broadly based on absolute/benchmark-relative performance and a qualitative component. Zenith believes the QIS team's remuneration structure strongly aligns the interests of the team with those of investors.

Zenith draws confidence from the QIS team's experienced and tenured investment personnel, highlighting its strong track record managing quantitative strategies since 1989 and this strategy since 2006.

About the sector

Sector characteristics

International equities offer Australian investors the ability to access a broader opportunity set, with the potential to invest in segments not well represented in the Australian equity market. Given that international markets are not perfectly correlated with the Australian equity market, funds that invest internationally can provide diversification benefits to a portfolio.

The Zenith 'International Shares – Small Companies' sector consists of long-only funds that invest in global equity markets. The sector incorporates both benchmark-aware and benchmark-unaware strategies that focus predominantly on smaller capitalisation stocks.

Zenith benchmarks all products in this sector against the MSCI World ex-Australia Small Cap Index (Index). The index is market-capitalisation weighted, resulting in companies with the largest market capitalisations receiving the highest weightings. Zenith expects rated international equity funds to outperform the index over the long term.

The index consists of over 3,600 securities listed in 22 developed markets (Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States). As at 31 August 2026, the United States, Japan and the United Kingdom represented a significant portion of the MSCI World ex-Australia Small Cap Index, with each country accounting for 63%, 13% and 5% respectively. In addition, the top 10 stocks represented approximately 2% of the index. Although the index excludes emerging and frontier markets, many products retain mandate flexibility to invest in these markets.

Products in this sub-asset class are currency unhedged, resulting in their returns being affected by fluctuations in the Australian Dollar (AUD) relative to other global currencies.

Sector risks

Products within the 'International Shares – Small Companies' sector are exposed to the following broad risks:

Market and economic risk: A sustained downturn across international equity markets is a risk to the absolute performance of products in the sub-asset class. Additionally, changes in economic, social, technological or political conditions, as well as market sentiment, could also lead to negative fund performance. Investors adhering to a fund's prescribed investment timeframe can significantly reduce this risk.

Australian dollar (AUD) currency risk: The AUD has historically experienced declines during weaker market environments, and appreciation in market upturns. A hedged global equities fund is likely to benefit relative to an unhedged fund in periods when the AUD appreciates. Conversely, an unhedged global equities fund is likely to benefit relative to hedged funds in periods where the AUD depreciates.

Zenith believes that the currency impact on performance will be minimal over the long term and therefore does not advocate retail investors making active currency decisions based on near-term currency predictions. For investors who are concerned about the short-term risks associated with taking fully unhedged or hedged currency positions, Zenith suggests blending hedged and unhedged global equity exposures to reduce short-term volatility.

Specific security risk: This is the risk associated with an individual security. The price of common shares in a company may be affected by unexpected changes in company operations, such as changes in management or the loss of a significant customer.

Liquidity risk: This is the risk that a security or asset cannot be traded promptly, due to insufficient trading volumes in equity markets. When trading volumes are low, buyers/sellers can significantly impact the price of a security when entering or exiting a position.

Style bias risk: International equity managers employ different investment styles such as Growth, Value or Neutral (a combination of Value and Growth). Each style is conducive to certain market conditions. Investors adhering to a fund's

prescribed investment timeframe can significantly reduce this risk.

Capacity risk: High levels of funds under management (FUM) can present additional challenges to an equity manager. High FUM has the potential to restrict a manager's ability to trade efficiently and/or be forced to disclose substantial shareholdings to the market (more common in smaller companies).

Regulatory risk: All investments risk being affected by changes to government policies, regulations and laws. Security prices in which funds may have exposure are also subject to certain risks arising from government intervention across international equity markets. Such regulation or intervention could adversely affect fund performance.

Administration and operations

Responsible Entity	Yarra Funds Management Limited

Zenith rating

Report certification

Date of issue: 17 Nov 2026

Role	Analyst
Analyst	Maia Collins
Sector Lead	Ethan Spiegel
Authoriser	Grant Kennaway

Association & relationship

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Rating history

As At	Rating
17 Nov 2026	Recommended
27 Nov 2025	Recommended
12 Jun 2024	Not Rated - Declined
12 Jul 2023	Not Rated - Screened Out
10 May 2022	Not Rated - Screened Out
26 Apr 2021	Not Rated - Screened Out

Last 5 years only displayed. Longer histories available on request.

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.

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