

# Smallco

## Smallco Investment Fund

Quarterly Update | 30 June 2025

### Portfolio Commentary

Smallco Investment Fund (SIF) was up +10.1% for the June quarter versus the Small Ordinaries Index up +8.6%. After the soft March quarter, there was a rapid turnaround in market sentiment and the Fund's performance amidst easing trade tensions. Concerns regarding the magnitude and long-term impact of US tariffs reduced, with markets taking an optimistic view of the outcome of US trade negotiations. These remain ongoing and are clearly a key near term risk for equity markets.

On a rolling 12-month basis the Fund was up +6.5% versus the Small Ordinaries Index up +12.3%. In fiscal year 2025 the Fund's performance was impacted by the March quarter drawdown as markets rotated towards defensives and resource stocks and away from quality growth companies favoured by the Fund.

Life360 (360), up +62%, was the largest positive contributor in the June quarter. Life360, the family connection and safety app, delivered another strong quarterly result. It highlighted continued good momentum attracting and monetising new subscribers for its core family tracking app, in both the US and International markets. The quarter also highlighted continued progress with the establishment of an advertising platform that has the potential to be a significant driver of future revenues. The platform will leverage 360's unique location-based data sets and large user base of approximately 84 million global active monthly users. In addition to advertising, 360 has flagged an expansion into the pet care and elderly care markets which opens new verticals that leverage its location tracking and connection capabilities.

Wisetech (WTC), up +34%, partially recovered from last quarter's sell off as new Independent Directors were appointed and succession planning initiatives progressed. WTC also announced the acquisition of E2open, a US based supply chain software platform for US \$US2.1bn, its largest acquisition to date. Whilst an acquisition of this size comes with heightened execution risk, E2open appears highly complementary and should accelerate WTC's long term strategic goal of becoming the software system of choice, connecting all major parts of the global trade and logistics supply chains.

IDP Education (IEL) down -61%, was again a significant drag on portfolio performance. After realising significant profits early, the performance of this investment over the last two years has been extremely disappointing. We clearly overestimated the company's ability to navigate and withstand what has been a far greater than initially thought slowdown in global international student flows and competition in its English language testing businesses. We continue to think IDP's student recruitment business is well placed once industry conditions improve, but with any rapid turnaround appearing some way off, we retain only a small position.

As we enter FY26 US policy settings remain unpredictable and geopolitical risks high. Whilst with equity markets back towards their highs we are cautious, we remain confident in the quality of the portfolio, the strong growth outlook of major holdings and healthy cash levels leave us well placed to capitalise on new opportunities.

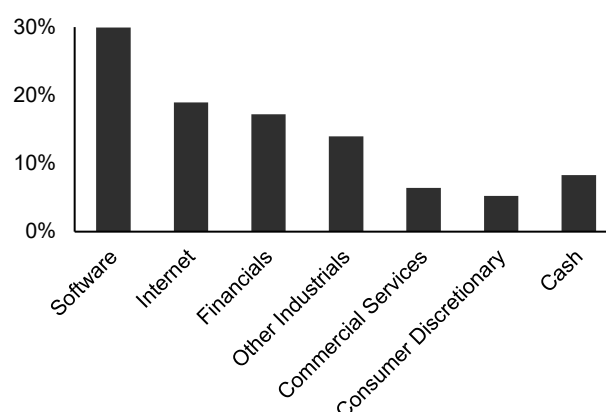
The Smallco Investment Fund remains open to new and existing investors.

### Performance

Return to 30 June 2025	
3 months	10.1%
1 year	6.5%
3 year p.a.	17.9%
5 year p.a.	12.4%
10 year p.a.	11.7%
20 year p.a.	11.8%
Since inception (31.10.00) p.a.	13.1%
Value of \$100,000 invested at inception	\$2,070,030

Fund returns calculated after all fees and expenses and based upon exit price and reinvestment of distributions.

### Structure: by sector (look through)



### Significant Holdings (alphabetical order)

Pinnacle Investment Management  
REA Group  
Seek  
WiseTech Global  
Xero

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### Fund Description

SIF is a concentrated, index unaware Australian smaller company focussed fund. It is predominantly long only but can short when suitable opportunities are found. SIF does not invest in mining stocks and is extremely cautious with respect to loss making companies including biotechs.

Smallco's philosophy is that it is better to have a small number of good investments than a large number of mediocre investments. Accordingly, SIF is relatively concentrated, generally invested in between 20 and 35 securities. It will hold cash when opportunities are scarce.

SIF is managed with a "growth at a reasonable price" bias employing a bottom-up approach with a strong focus on earnings direction and risks. We are strong believers that earnings are the key driver of share prices and that more accurate forecasting of earnings will drive greater and more consistent outperformance.

Smallco believes that higher returns are available from smaller companies as these companies are generally not as well followed by the market. Smallco actively looks for high quality smaller companies whose current share price is significantly less than what it considers to be the true long term underlying value of the shares.

Particular focus is placed on identifying new opportunities in companies with a market capitalisation of sub \$500m. SIF has the flexibility to continue to hold these companies in the portfolio if they grow successfully and move into the ASX100.

Some characteristics of high quality, smaller companies that Smallco seeks to identify include: strong competitive position, good management, attractive and predictable earnings outlooks, high returns on funds employed and strong cash generation.

Stock weightings within SIF are determined by the assessment of the quality of the stock, the likely investment outcome, liquidity and the risk of sustained capital loss.

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### Key Investor Information

Strategy	SIF is a concentrated, Australian equity smaller company focused fund that invests predominantly long only but can effectively short when opportunities are found.
Process	Smallco manages SIF employing a bottom up fundamental research approach focusing upon earnings direction, risks and the underlying businesses quality.
FUM (cum dist)	\$537.7m AUD
Mid Price (cum dist)	\$6.2566 (30 Jun 2025)
Distribution	\$1.1077 (30 Jun 2025)
Inception Date	31 October 2000
Portfolio Managers	Adam Simpson, Rob Hopkins, Bill Ryan, Andrew Hokin, Paul Graham, Han Xu and Craig Miller
APIR Code	ASC0001AU
Minimum Initial	\$40,000
Buy/sell costs	+/- 0.45%
Management Fee	1.40% of net assets *
Admin cost (FY24)	0.14% of net assets *
Performance Fee	18.64% of the performance above the Fund's previous end-of-six-month period high. Payable 6 monthly. *
Service providers	Custody: MUFG Corporate Markets (formerly Link Fund Solutions) & Perpetual Corporate Trust Limited Administration: MUFG Corporate Markets (formerly Link Fund Solutions)

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*This document does not take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this document should be construed as a recommendation by Smallco, or any associate of Smallco or any other person, concerning an investment in the fund.*

*You should consider the Product Disclosure Statement and Target Market Determination available at <https://www.smallco.com.au/How-To-Invest> prior to making any investment decisions.*

\* Unless otherwise stated, all fees quoted are inclusive of GST, after allowing for an estimate for Reduced Input Tax Credits (RITC). Past performance is not a reliable guide as to future performance. Returns are not guaranteed.

**Smallco**  
Investment Manager