

Smallco

Smallco Investment Fund

Quarterly Update | 30 September 2025

Portfolio Commentary

Smallco Investment Fund (SIF) was up +5.9% for the September quarter versus the Small Ordinaries Index up +15.3%. The Fund's relative performance in the quarter and for much of this calendar year has been impacted by the rotation towards domestic cyclicals and resource stocks and away from quality growth companies favoured by the Fund. SIF does not invest in resource stocks, and the Small Resources Index is up +25.6% for the quarter and +45.5% on a rolling twelve-month basis. We continue to believe a portfolio of high-quality businesses with strong long-term outlooks will deliver longer term outperformance.

The results and outlooks from most of the funds major holdings in the August reporting period were in line with or ahead of expectations. Life360 (360), up +65%, was the largest positive contributor in the quarter. The result was modestly ahead of expectations with small upgrades to full year guidance. Commentary highlighted progress on strategic initiatives including the ramp up of the advertising platform and the upcoming launch of pet and elderly care products.

Siteminder (SDR) is a leading independent channel management and software solution provider to the global accommodation sector. It was up +62.8% after results showed an acceleration of underlying revenue growth from traction with new products that have the potential to significantly increase its share of wallet of hotel industry bookings.

Cuscal (CCL) is the leading payments infrastructure and regulated data solutions provider to Australian mutuals and smaller banks. SIF participated in its IPO in November. The stock has been a steady performer and was up +30.8% in the quarter following the announcement of a highly accretive acquisition of smaller peer Indue.

After several disappointing quarters, IDP Education (IEL) was up +80.4% following an improved cashflow performance and a greater than expected cost reduction program announced with its FY25 result.

WiseTech (WTC) down -17.1% was the exception amongst the major holdings. Whilst the FY25 result was in line, WTC flagged a softer near-term outlook with a greater than expected 2H bias due to delays in the rollout of the new container optimisation product (CTO) and the implementation of a new commercial model. We expect the stock to remain under pressure until there is increased confidence in delivery of FY26 revenue forecasts. CTO opens a whole new revenue pool for WTC and thus has the potential to be a significant long term growth driver but like any new product comes with increased risk and potential for delays.

Xero (XRO) was weaker (-12.4%) following the US\$2.5bn acquisition of US payments platform provider Melio and subsequent \$1.9bn capital raising. XRO looks to have paid a big price for Melio but it does appear a strong strategic fit that delivers a step change in US scale and growth aspirations. Pinnacle (-11.3%) rallied more than 15% after its result highlighted strong fund inflows. The stock has subsequently been sold off on concerns of affiliate underperformance and regulatory concerns regarding Metrics Credit, its private credit affiliate. Whilst these are important, Pinnacle has an increasingly diverse array of growth drivers amongst its affiliates.

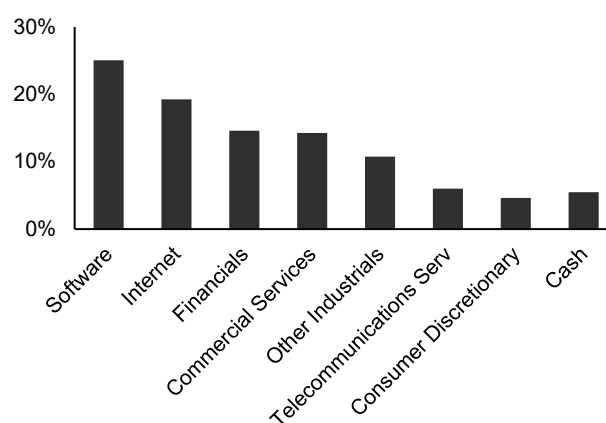
The Smallco Investment Fund remains open to new and existing investors.

Performance

Return to 30 September 2025	
3 months	5.9%
1 year	4.8%
3 year p.a.	17.9%
5 year p.a.	10.2%
10 year p.a.	11.5%
20 year p.a.	11.6%
Since inception (31.10.00) p.a.	13.2%
Value of \$100,000 invested at inception	\$2,193,003

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)

Life 360
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 outlook, 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	\$524.2m AUD
Mid Price	\$5.4548 (30 Sep 2025)
Distribution	Annually 30 June
Inception Date	31 October 2000
Portfolio Managers	Adam Simpson, Rob Hopkins, Bill Ryan, Andrew Hokin, 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 & Perpetual Corporate Trust Limited Administration: MUFG Corporate Markets

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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