

Ironbark Renaissance Australian Small Companies Fund

BENCHMARK

S&P/ASX Small Ordinaries Accumulation Index

OBJECTIVE

To outperform the benchmark (before fees) over rolling 4-year periods.

APIR

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ARSN

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INCEPTION DATE

30 June 2005

MANAGER APPOINTED

5 September 2022

MANAGEMENT FEE

1.1275% p.a.

FUND SIZE

\$61.4m

BUY / SELL SPREAD

+0.20% / -0.20%

EXIT PRICE

\$2.6557

Net performance (%)

	1 month	3 months	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	Since inception p.a.
Fund¹	-0.41	-0.13	0.38	-1.25	7.01	2.79	4.17	9.56
Benchmark	-3.60	-2.00	-1.26	-0.82	10.24	4.49	6.31	4.42
Active	3.19	1.87	1.64	-0.43	-3.23	-1.70	-2.14	5.14

Top 5 monthly contributors and detractors

Contributing stocks	Active position	Detracting stocks	Active position
Aurelia Metals	Overweight	Tabcorp Holdings	Overweight
West African Resources	Overweight	Genesis Minerals	Underweight
Gold Road Resources	Overweight	Perseus Mining	Underweight
Zip Co	Underweight	PEXA Group	Overweight
Pantoro	Overweight	Regis Resources	Underweight

Top 5 quarterly contributors and detractors

Contributing stocks	Active position	Detracting stocks	Active position
Aurelia Metals	Overweight	Nuix	Overweight
Austal	Overweight	Johns Lyng Group	Overweight
Pantoro	Overweight	OFX Group	Overweight
Gold Road Resources	Overweight	Viva Energy Group	Overweight
West African Resources	Overweight	Genesis Minerals	Underweight

Top 5 holdings (In alphabetical order)

Stocks	Sector
Amotiv	Consumer Discretionary
Aurelia Metals	Materials ex-Metals & Mining
Gold Road Resources	Materials ex-Metals & Mining
Perenti	Materials ex-Metals & Mining
PEXA Group	Property Trusts

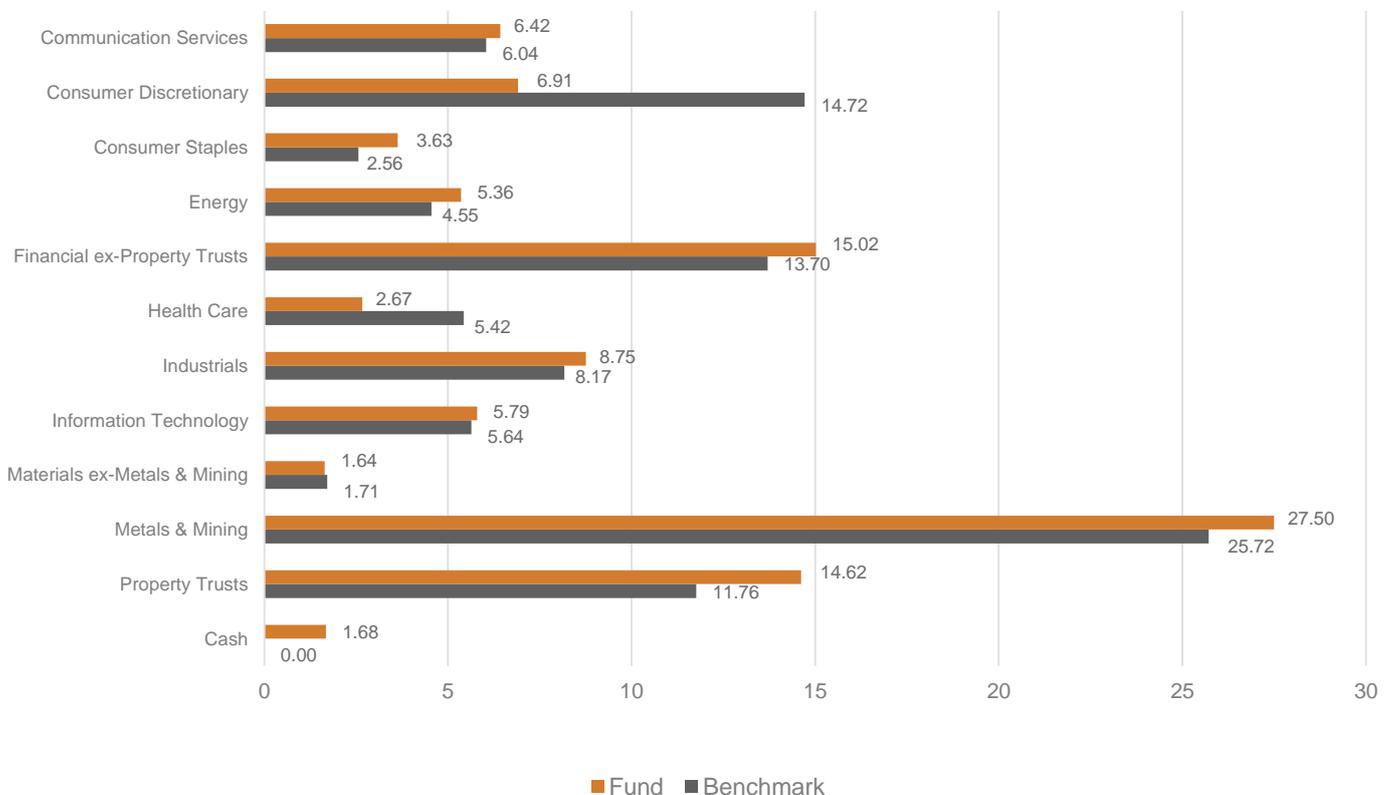
Past performance is not indicative of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Returns are rounded to two decimal places. Slight variations to actual calculations may occur.

¹Shaded Fund performance prior to 5 September 2022 is not attributable to the current investment manager. From 8 August 2022 to 4 September 2022, State Street Bank and Trust Company was appointed as the Fund's Transition Manager and coordinated an orderly transition of the portfolio from the prior investment manager over this period. Returns prior to 8 August 2022, reflect the previous investment manager(s) of the Fund.

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Sector asset allocation (%)¹



¹Totals may not equal due to rounding.

Market review

Trade tariffs were the key focus for investors over the March quarter, and now at the time of writing, US and global markets have fallen steeply after Trump announced a swathe of tariffs on April 2, which he has dubbed “Liberation Day” while other market pundits are labelling it “Obliteration Day”. The S&P 500 saw its worst two-day plunge in more than 5 years after a tariff induced rout, with the index down over 10% over the 2 days since the announcement. The tech heavy NASDAQ is now in bear territory. China has hit back strongly, imposing a 34% tariff on all imports from the US matching Trump’s so called reciprocal tariffs. Leading up to April 2, markets were already bracing for bad news, expecting tariffs in the range of 10-15% but no one predicted the vastly higher levies that Trump revealed. Many economists are lowering their economic forecasts for the US, and even forecasting the US will fall into a recession during 2025 as a direct result of these tariffs. For the March quarter the S&P 500 was down -4.8%, NASDAQ -10.3%, while the European markets were strong with the Euro Stoxx 50 up 9.4% and the FTSE 100 up 6.1%.

Australian equity markets followed the US lead and were generally in negative territory for the quarter, the exception being the S&P/ASX Small Resources which was up a robust 9.1% driven by gold stocks as the yellow metal broke through US\$3,000 an ounce amid increased demand for safe-haven assets. The S&P ASX 300 was down -2.9%, the S&P ASX 100 -3.0% and the Small Ordinaries -2.0%. The Reserve Bank of Australia cut rates in February lowering the cash rate to 4.1%, after underlying inflation moved closer to the target range. Markets are now predicting the Reserve Bank of Australia will cut rates in May and potentially another three times after that as the Trump tariffs will cause a global slowdown which will have a direct impact on the Australian economy.

Performance review

The Ironbark Renaissance Australian Small Companies Fund (the ‘Fund’) returned -0.13% (net) for the quarter, an outperformance of 1.87% when compared to the S&P/ASX Small Ordinaries Accumulation Index which returned -2.00%.

Stock selection in Aurelia Metals (up 52.8%) was the fund’s biggest contributor over the quarter as metal commodity prices moved up as well as expectations of an ongoing re-rate over the coming quarters as operational delivery gives investors’ confidence of the free-cash-flow of this business. Austal (up 37%) had another strong quarter as Hanwha acquired a 9.9% stake in March, a reminder of its interest in the shipbuilder.

Performance review (continued)

Also contributing to performance was the investment manager's stock selection in gold names Pantoro (up 89%), Gold Road Resources (up 41.9%), West African Resources (up 61.5%) and Vault Minerals (up 34.9%) as gold continued to set all-time highs over the quarter as investors rush to the safe-haven asset due to concerns around Trump's barrage of tariffs and the economic fallout. Stock selection in almond producer Select Harvest (up 17%) also added value as almond prices firmed over the period with SHV achieving above benchmark pricing.

The investment manager's holding in battery minerals plays Sayona Mining (down 33.3%) and Pilbara Minerals (down 36.1%) detracted value over the quarter as spot spodumene prices remain depressed despite EV sales reporting strong growth thus far in 2025. Johns Lyng Group (down 42.2%) reported first half of 2025 earnings below consensus during reporting season which detracted value over the quarter. Viva Energy Group (down 33.6%) also produced a disappointing result over reporting season and was harshly dealt with by the market. On the plus side for VEA is that refining margins have recovered from the third quarter lows.

Market outlook

Heading into 2025 the investment manager was expecting volatility to be a key theme under a Trump administration particularly given his rhetoric around tariffs. The investment manager doesn't believe they were the only ones taken by surprise of the enormity of the tariffs unleashed by Trump and the market chaos that ensued. Global markets are in turmoil with US markets in bear territory and triggering recession warnings for the world's largest economy. Investor sentiment is in the bin, with fear and uncertainty the prevailing emotion as it stands.

The investment manager believes the portfolio is well placed under the current environment. There is limited direct exposure to tariffs, and generally small caps have less exposure than large caps. There will be significant indirect impacts globally, but Australia seems to be better placed than most countries, although there is still significant uncertainty about the impact that will be inflicted on the economy. The investment manager believes the de-rating of the high PE/Growth names will continue in this market and there are buying opportunities emerging within core small industrials that are looking attractive from a valuation perspective. The portfolio will continue to be weighted towards holding quality companies that are underpinned by stable earnings and cashflows, have a strong balance sheet and are trading at justifiable valuations. The investment manager believes they will have the ability to provide meaningful returns as conditions start to normalise.

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