SPHERIA
ASSET MANAGEMENT

Spheria Australian Microcap Fund

ARSN 611 819 651 | APIR WHT0066AU

Performance as at 30 June 2026

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a[1]
Fund[2]	0.6%	1.8%	-0.8%	8.1%	7.9%	11.4%
Benchmark[3]	-2.0%	3.3%	8.1%	9.9%	3.0%	6.9%
Difference	2.6%	-1.5%	-8.9%	-1.7%	4.9%	4.5%
Microcap Index[a]	-4.1%	-0.5%	30.7%	14.4%	8.3%	10.9%

[1] Inception date is 16 May 2016. Past performance is not a reliable indicator of future performance. All p.a. returns are annualised.
[2] Spheria Australian Microcap Fund. Returns of the Fund are net of applicable fees, costs, and taxes.
[3] Benchmark is the S&P/ASX Small Ordinaries Accumulation Index.
[a] Microcap Index refers to S&P/ASX Emerging Companies Accumulation Index.

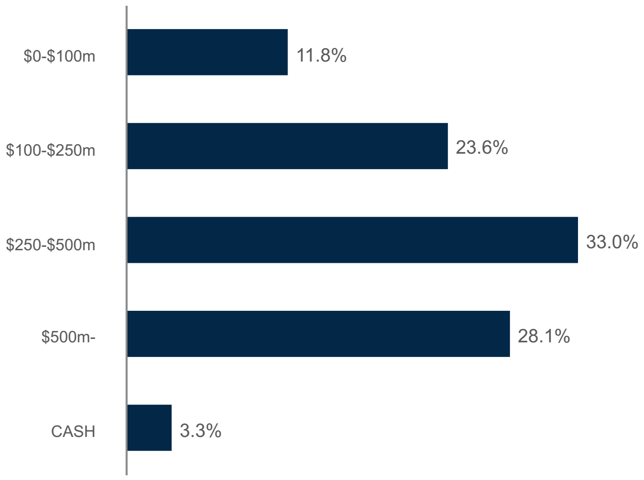
Overall Commentary

In the month ended 30 June 2026, the Fund returned 0.6%, overperforming the S&P/ASX Small Ordinaries Accumulation Index by 2.6%.

Top 5 Holdings

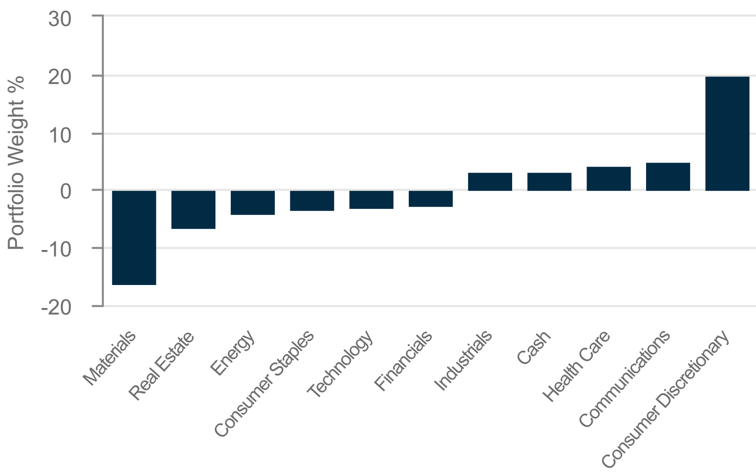
Company Name	% Portfolio
Lycopodium Limited	4.7
Healius Limited	4.5
SKS Technologies Group Limited	4.3
Tyro Payments Limited	4.1
Ipd Group Ltd	4.0
Top 5	**21.7**

Market Cap Bands



Source: Spheria Asset Management

Active Sector Exposure



Source: Spheria Asset Management, Bloomberg

Markets

Global equity markets closed the financial year on a strong note, with both large and small caps posting robust returns in June. The MSCI World Index returned 30% over the year, while the MSCI Small Cap Index returned 23%. Information technology led the global rally, with the Technology Hardware sub-sector within the MSCI Smaller Companies Index delivering a remarkable 900% return - though this was driven overwhelmingly by a single stock, SanDisk (SNDK.US), which rose roughly 4,900% over the period, underscoring just how narrow that reported return really was. Materials followed close behind, buoyed by strong commodity prices across copper, gold, and a recovering lithium market.

The domestic equity indices significantly lagged their global peers, though Australian small caps outperformed large caps, returning 8% for the financial year versus around 6% for the ASX 50. Materials was again a standout locally, consistent with the global theme, but Australia's direct AI exposure is far thinner - outperformance here was concentrated in electrical contractors and a handful of data-center-related names. That, combined with the cumulative weight of several rate rises amid worsening inflation, kept pressure on the Australian consumer and, in turn, the broader equity market. The market was further impacted by a de-rating of the software sector as investors began questioning AI's threat to barriers to entry.

The fund lagged the index over the financial year, driven mainly by an underweight to resources. As bottom-up fundamental investors, our process makes it harder to find quality small-cap resources names let alone micro-cap ones, given that anything with decent reserve life and low unit costs tends to already sit among the ASX's largest 100 companies or has been acquired by a larger miner. Gold producers are conceptually an even tougher fit for us: industrial demand is a relatively small component of overall demand, so the commodity price is driven more by speculative forces than by fundamental industrial demand and cost curves. History suggests that investing in high-cost gold mines with limited reserve life rarely ends well for investors, and our preference is to play in better risk-reward scenarios instead. As a result, the portfolio has historically been underweight the sector, gaining exposure instead through quality mining services names such as GR Engineering (GNG), Mader (MAD.ASX) and Lycopodium (LYL.ASX) - though this was not enough to offset the strong returns delivered by the broader materials sector over the financial year.

Major Contributors to Performance

Over the month the largest contributors were owning Lycopodium (LYL.ASX, +22%), owning Motorcycle Holdings (MTO.ASX, +19%), and not owning Liontown (LTR.ASX, -30%).

Lycopodium (LYL.ASX) shares rose 22% over the month, driven by two contract wins. The larger was the award of an EPCM (engineering, procurement and construction management) contract for Resolute Mining's Doropo Gold Project in Côte d'Ivoire, valued at approximately A$196m over the life of the contract. Doropo is a substantial development for Resolute, targeting average production of ~167kozpa over an initial 13-year mine life and the award extends a relationship that already included Lycopodium's earlier DFS work on the project. Following month-end, Lycopodium secured a further ~$6m Early Works Agreement with Ausgold for the Katanning Gold Project in Western Australia, covering detailed engineering and project execution planning. These contract wins add meaningfully to Lycopodium's work-in-hand, which stood at $415m at the 1H26 result and an opportunity pipeline of $1.3bn. Lycopodium is a diversified mining contractor with revenue spread across Africa, APAC and the Americas. The business generates revenues from a diversified commodity base, of which the exposure is strategically currently overweight gold. Lycopodium provides the fund with exposure to the commodity cycle without the inherent mining risks and is tied to the commodity capex cycle. The business carries a net cash balance sheet and currently trades on 11x FY27 EV/EBIT (was trading on 6.5x FY27 EV/EBIT prior to the recent re-rating) which still screens cheap relative to its peer set.

Major Detractors from Performance

The largest detractors from performance included not owning Megaport (MP1.ASX, +44%), an overweight position in Tyro Payments (TYR.ASX, -12%), and not owning Zip Co (ZIP.ASX, +41%).

Tyro (TYR.ASX) shares fell 12% over the month, despite no company-specific news. We believe the decline was more likely a by-product of the broader sell-off in the payments technology sector. Tyro has not provided a trading update since its February result, when core Tyro TTV grew 6% and first-half earnings rose 20%, supported by continued strength in the health vertical, which grew approximately 9% over the period. Healthcare remains a key structural growth pillar for the business: it is a non-discretionary spend category, Tyro competes with only one other national health payments provider, and the segment has delivered approximately 20% TTV CAGR over the past three years. With around $140m of net cash on the balance sheet and the stock trading on approximately 11x FY26 EV/EBIT, we view Tyro as attractively valued. Any improvement in consumer spending should also support the business, with the health vertical providing a strong defensive backstop. It is difficult to reconcile Tyro's current valuation with its fundamentals: the stock reached an all-time high of $4.53 six years ago when the company was loss-making, yet it now trades near all-time lows of approximately $0.80 despite being profitable and growing.

Outlook & Strategy

FY2026 has been a challenging market for bottom-up fundamental investors. Returns were concentrated in a handful of core thematics - namely AI and miners - and this lack of breadth drove outsized gains in a small number of names, while much of the rest of the market, particularly stocks sitting outside the index, were largely written off. As discussed in the market summary, the global small-cap Technology Hardware sector's return, driven almost entirely by a single company, illustrates just how narrow this market has been. Riding the winners and ignoring the losers, at any price and any valuation, was the story of the year.

Moving forward, we expect M&A activity to continue picking up as depressed valuations draw corporate and private capital back into the market - a trend already playing out overseas, as seen with a private equity group in the process of acquiring Intertek, one of the larger holdings in our global fund. In April, one of the funds key holdings, Monash IVF (MVF), received another indicative takeover proposal from a consortium backed by Genesis Capital, a private equity player in the health care space. We view this as tangible validation of the valuation gap we have been highlighting when the market won't pay up for quality, someone else usually will. Our focus remains where it has been throughout this cycle - on patient, fundamentals-driven positioning in the areas the market has chosen to overlook.

Platform Availability List

The Spheria Australian Microcap Fund is available on the below platforms. Platforms provide investors with consolidated and centralised reporting (including administration, tax, and distribution) by bundling together a range of managed funds as one single product. If the fund is not available on your preferred platform, please contact us. Please check with your platform for minimum investment requirements and fees.

- Acclaim Wealth
- AMP North
- Asgard
- BT Panorama
- DASH
- HUB24
- Insignia Expand
- Macquarie Wrap
- Netwealth
- Onevue
- Praemium
- Premium Choice

Spheria Australian Microcap Fund	
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Investment Objective	The Funds aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term
Investing Universe	Primarily listed companies outside the top ASX 250 listed companies by market capitalisation and companies listed on the New Zealand Stock Exchange with an equivalent market capitalisation
Risk	Very high
Holdings	Generally 20-65 stocks
Distributions	Annually
Fees	1.35% p.a management fee & 20% performance fee of the Fund’s excess return versus its benchmark, net of the management fee
Cash	Up to 20% cash, typically 5% - 10%
Expected Turnover	20% - 40%
Style	Long only
APIR	WHT0066AU
Minimum Initial Investment	$25,000

Fund Ratings

Contact Us

For more information, please contact Pinnacle Investment Management Limited on 1300 010 311 or email distribution@pinnacleinvestment.com

Disclaimer

This communication is prepared by Spheria Asset Management Pty Limited ('Spheria') (ABN 42 611 081 326, Corporate Authorised Representative No. 1240979) as the investment manager of the Spheria Australian Microcap Fund (ARSN 611 819 651) (the 'Fund'). Pinnacle Fund Services Limited ('PFSL') (ABN 29 082 494 362, AFSL 238371) is the product issuer of the Funds. PFSL is not licensed to provide financial product advice. PFSL is a wholly-owned subsidiary of the Pinnacle Investment Management Group Limited ('Pinnacle') (ABN 22 100 325 184). The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund are available via the links below. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund.

Link to the Product Disclosure Statement
Link to the Target Market Determination

For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email service@pinnacleinvestment.com

This communication is for general information only. It is not intended as a securities recommendation or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It has been prepared without taking account of any person's objectives, financial situation or needs. Any persons relying on this information should obtain professional advice before doing so. Past performance is for illustrative purposes only and is not indicative of future performance. Unless otherwise specified, all amounts are in Australian Dollars (AUD).
Whilst Spheria, PFSL and Pinnacle believe the information contained in this communication is reliable, no warranty is given as to its accuracy, reliability or completeness and persons relying on this information do so at their own risk. Subject to any liability which cannot be excluded under the relevant laws, Spheria, PFSL and Pinnacle disclaim all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage), however caused, which may be suffered or arise directly or indirectly in respect of such information. This disclaimer extends to any entity that may distribute this communication.
Any opinions and forecasts reflect the judgment and assumptions of Spheria and its representatives on the basis of information available as at the date of publication and may later change without notice. Any projections contained in this presentation are estimates only and may not be realised in the future. Unauthorised use, copying, distribution, replication, posting, transmitting, publication, display, or reproduction in whole or in part of the information contained in this communication is prohibited without obtaining prior written permission from Spheria. Pinnacle and its associates may have interests in financial products and may receive fees from companies referred to during this communication.
This may contain the trade names or trademarks of various third parties, and if so, any such use is solely for illustrative purposes only. All product and company names are trademarks™ or registered® trademarks of their respective holders. Use of them does not imply any affiliation with, endorsement by, or association of any kind between them and Spheria.

Zenith Disclaimer: The Zenith Investment Partners ('Zenith') (ABN 27 103 132 672, AFSL 226872) rating (assigned Spheria Australian Microcap Fund – February 2024) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at https://www.zenithpartners.com.au/our-solutions/investment-research/regulatory-guidelines/.

Lonsec Disclaimer: The Lonsec rating (assigned as follows: Spheria Australian Microcap Fund October 2024) presented in this document is published by Lonsec Research Pty Ltd ('Lonsec') (ABN 11 151 658 561, AFSL 421445). The Rating is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial products. Past performance information is for illustrative purposes only and is not indicative of future performance. They are not a recommendation to purchase, sell or hold Affiliate Name products, and you should seek independent financial advice before investing in these products. The Ratings are subject to change without notice and Lonsec assumes no obligation to update the relevant documents following publication. Lonsec receives a fee from the Fund Manager for researching the products using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to our website at: https://www.lonsec.com.au/investment-product-ratings/.