Spheria Opportunities Fund

ARSN 114 032 431 | APIR WHT0025AU

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]	2.3%	5.0%	8.9%	12.3%	7.1%	9.7%
Benchmark[3]	-0.2%	4.8%	7.1%	9.8%	5.2%	8.6%
Difference	2.5%	0.2%	1.8%	2.5%	1.9%	1.1%

[1]Inception date is 11 July 2016. Past performance is not a reliable indicator of future performance. All p.a. returns are annualised.
[2]Spheria Opportunities Fund. Returns of the Fund are net of applicable fees, costs, and taxes.
[3]Benchmark is the S&P/ASX Mid-Small Accumulation Index.

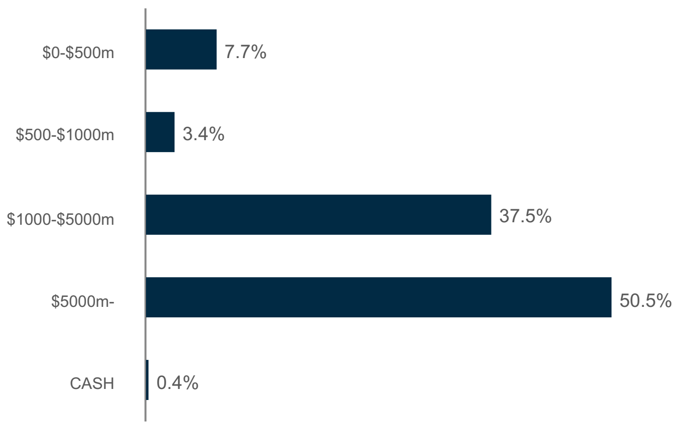
Overall Commentary

In the month ended 30 June 2026, the Fund returned 2.3%, outperforming the S&P/ASX Mid-Small Accumulation Index by 2.5%.

Top 5 Holdings

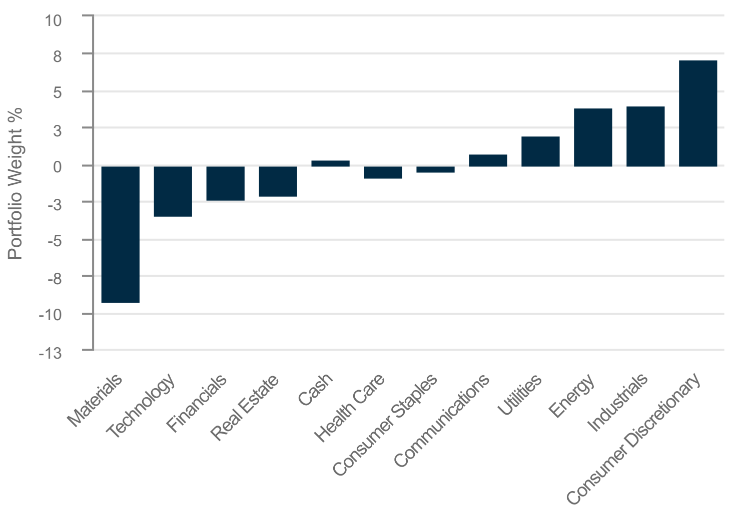
Company Name	% Portfolio
Dyno Nobel Limited	5.3
Ramsay Health Care Limited	4.8
ALS Limited	4.2
Fletcher Building Limited	4.2
Worley Limited	4.0
Top 5	**22.5**

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 markets significantly lagged their global peers, although Australian mid-small caps outperformed large caps, returning 7% for the financial year versus around 6% for the S&P ASX 50. Materials was again a standout locally, consistent with the global theme, but Australia's direct AI exposure is far thinner - the only material contribution came from data-centre and related names. This, combined with the cumulative weight of successive 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.

Major Contributors to Performance

Over the month the largest contributors were an overweight position in Ramsay Health Care (RHC.ASX, +19%), an overweight position in Reliance Worldwide Corp (RWC.ASX, +24%), and an overweight position in Healius (HLS.ASX, +18%).

Ramsay Health Care (RHC.ASX) returned +19% during the month on no company-specific news. The company did, however, provide a trading update in May for Ramsay Santé (its 52.8%-owned European operation), reporting revenue growth of +3.1% and EBITDA growth of +4.4% for the nine months to 31 March 2026, driven by solid operating cost control. This result was achieved despite several cost headwinds outside the company's control, including:

1. An anticipated €20m shortfall in the French revenue guarantee;
2. The impact of French medical practitioner strikes; and
3. Insufficient public tariff funding relative to cost inflation.

Separately, RHC's proposed distribution of its Ramsay Santé stake to shareholders continues to progress, with completion still expected in Q4 2026 subject to approvals - a step that will simplify the group's financial structure. There has also been speculation that RHC is contemplating divesting its UK operations. If this were to occur, it would complete a full retreat to Australia, where the business is more strongly positioned - often co-located with key public hospitals and owning its own property, versus leasing in the UK. RHC does face significant cost pressures in Australia; however, its strong bargaining position with private health insurance funds provides a mechanism to pass these costs through.

Major Detractors from Performance

The largest detractors from performance included an overweight position in Worley (WOR.ASX, -15%), an overweight position in Whitehaven Coal (WHC.ASX, -13%), and an overweight position in Tyro Payments (TYR.ASX, -12%).

Worley (WOR.ASX) returned -15% during the month, driven by its second weak trading update in less than two months. A near-full retracement in oil prices likely did not help sentiment, though the share price had seen little benefit during the preceding period of oil price strength. Worley's trading update flagged a higher impact from the extended Middle East conflict, which continues to delay client project commencements - lifting the expected adverse EBIT impact to up to $60m (from $30-40m previously) - plus an estimated $50m headwind from a stronger Australian dollar on foreign currency conversion. Worley sources roughly 10% of group revenue from the Middle East, so an impact of this nature was not unexpected, although the magnitude appears high; the company would also find it difficult to recover fixed overheads, which could exacerbate the revenue shortfall.

Over the medium to longer term, we see significant growth opportunities from:

- Investment in regional pipeline and export infrastructure; and
- Increased global focus on national security and alternate sources of energy, chemicals, and resources.

There is also potential for near-term work in the Middle East supporting repair and rebuild efforts in the region. Furthermore, we suspect Worley could be a long-term winner from embedding AI in its design engineering work, from a productivity standpoint. At under 10x EBITA, we view Worley as an attractive investment opportunity at this juncture.

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. Within the fund, two holdings - Perpetual (PPT.ASX) and Steadfast (SDF.ASX) - both received takeover approaches after their share prices had fallen to five-year lows. 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 Opportunities Fund is available on the below Platforms. Platforms provide 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.

HUB24 | Netwealth | Praemium | Macquarie Wrap

Spheria Opportunities Fund	
Benchmark	S&P/ASX Mid-Small Accumulation Index
Investment Objective	Outperform the S&P/ASX Mid-Small Accumulation Index over the medium to long term
Investing Universe	Primarily listed companies outside the top ASX 50 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	Half-Yearly
Fees	0.99% p.a Management fee & 15% 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	30% - 40%
Style	Long only, risk aware
APIR	WHT0025AU
Minimum Initial Investment	$25,000

Spheria Opportunities Fund

ARSN 114 032 431 | APIR WHT0025AU

Fund Ratings

Contact Us

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

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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

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