Ironbark Investment Solutions

Ironbark Apis Global Small Companies Fund

Quarterly Report / As at 30 September 2026

Fund facts

Objective:
The Fund seeks to outperform the Benchmark (after management fees and costs but before performance fees) over the long term (typically 5 to 7 years).

Benchmark:
MSCI ACWI Small Cap Index AUD

APIR:
DAM7739AU

ARSN:
656 347 018

Inception date:
30 November 2022

Fund size:
$128.5m

Exit price:
$1.8377

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.)
Fund	**4.94**	**-6.15**	**39.85**	**32.99**	**N/A**	**N/A**	**N/A**	**24.16**
Benchmark	-0.89	-3.48	10.42	15.13	N/A	N/A	N/A	13.16
Active	*5.83*	*-2.67*	*29.43*	*17.86*	*N/A*	*N/A*	*N/A*	*11.00*
Apis Composite[1]	**–**	**–**	**–**	**–**	**15.53**	**N/A**	**N/A**	**23.42**
Composite Benchmark[2]	–	–	–	–	8.37	N/A	N/A	10.29
Active	–	–	–	–	*7.16*	*N/A*	*N/A*	*13.13*

Top 5 holdings[3]

Stocks	Sector	Country
Garrett Motion	Industrials	United States
Furuya Metal	Industrials	Japan
Seikoh Giken	Technology	Japan
Celcuity	Healthcare	United States
Aris Mining	Materials	Canada

[1] To provide a longer-term view of the Fund's strategy, performance periods from 1 January 2020 to 30 November 2022 for the Apis Composite represent the net returns of the Apis Global Discovery Fund in USD terms, converted to AUD terms. The Apis Global Discovery Fund follows the same strategy as the Fund, the inception date of the Apis Global Discovery Fund was 1 January 2020. Performance periods from 1 December 2022 to month-to-date are the actual net returns of the Ironbark Apis Global Small Companies Fund. Source: Apis Capital Advisors, SSAL and Morningstar Direct.

[2] Source: Morningstar Direct.

[3] Allocations are based on the representative account for the Fund. Source: Apis Capital Advisors.

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. Significant investor activity can impact performance returns in a fund or of a class of a fund.

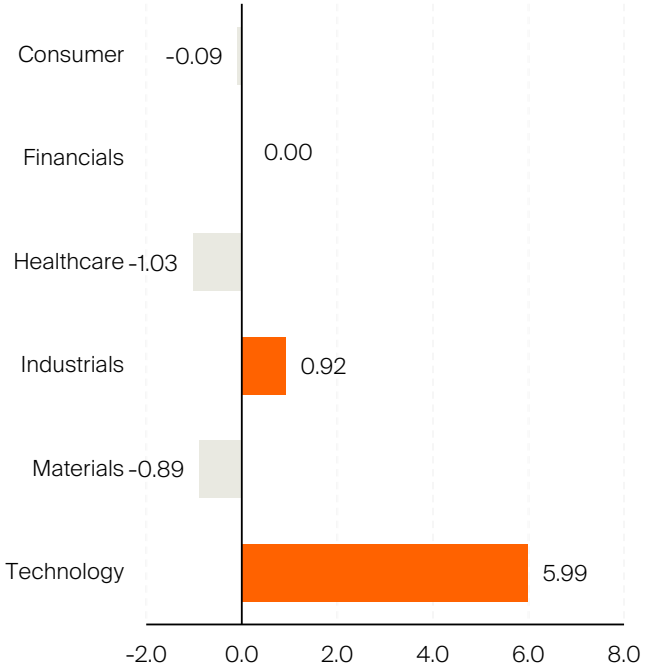
Sector allocation (%)[4]

Sector	Allocation
Consumer	2.07
Financials	0.00
Healthcare	9.46
Industrials	29.10
Materials	13.97
Technology	39.92

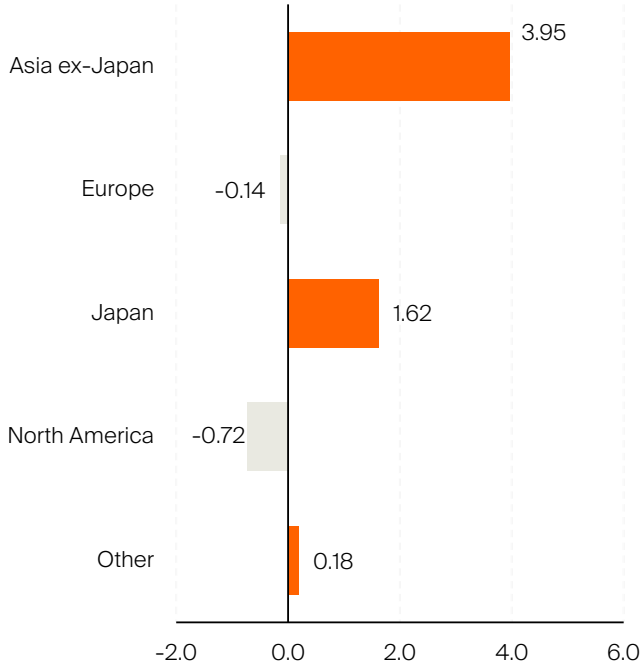
Regional allocation (%)[4]

Region	Allocation
Asia ex-Japan	32.13
Canada	10.36
Europe	24.33
Japan	16.03
United States	10.01
Other	1.65

1-month sector contribution (%)[5]



1-month regional contribution (%)[5]



[4] Totals may not equal due to rounding. Allocations are based on the representative account for the Fund. Source: Apis Capital Advisors.

[5] The contribution to returns data is based on the representative account for the Fund. Source: Apis Capital Advisors.

All currency references in the commentary below are in US dollar terms unless stated otherwise.

Investment manager commnentary

Performance review

The Ironbark Apis Global Small Companies Fund (the 'Fund') returned -6.15% (net) for the quarter, underperforming the MSCI ACWI Small Cap Index AUD return of -3.48% by -2.67% in Australian dollar terms.

The Fund went on a wild ride in the third quarter, but when the dust settled, strong performance in August and September recovered most of the ground that was lost in July. Year-to-date performance also remains solid, with the fund up over 34% against the global small-mid benchmarks up about 11%.

July was one for the record books. Reminiscent of the LTCM mess in 1998, which required a massive bailout, there seemed little fundamental justification for the July meltdown as any names aligned with Situational Awareness were obliterated. It is another example of how risk management experience seems to be one of the most undervalued assets in this industry. Compounding the fund's challenges, small capitalisation companies in Korea and Taiwan were sold indiscriminately alongside the AI complex. On top of volatility related to Situational Awareness, retail investors were caught out on margin, much of it in leveraged ETF products.

Performance review (continued)

In Korea specifically, it's estimated (Citibank/Douglas Kim Substack) that 1.2 of 1.5 million active margin accounts received margin calls and 360,000 accounts were liquidated – about 3.4% of the adult working population! The investment manager saw several names decline 40% or more over the June/July timeframe where, in their view, nothing has fundamentally changed. In the long run, forced selling environments are opportunities for investors that have liquidity and the investment manager took advantage where they could.

The top three long contributors all came from Asia as the Fund took advantage of June/July weakness to add to some of the investment manager's favourite names. RF Materials (Korea) and Furuya (Japan), previously discussed in past notes, together added 3.2%, while a recently added position, JNTC (Korea), contributed 0.7%. JNTC was recently qualified by Seagate Technology for their next-generation hard disk drives and has interesting prospects in the emerging glass substrate markets. The investment manager expects these opportunities to emerge in 2028. The top detractor was Garrett Motion (Switzerland, -1.6%), primarily due to its larger position sizing. Another weak name was Celcuity (US, -0.8%), which fell on disappointment due to a three-month delay in commercial launch of its new drug.

Portfolio outlook and positioning

Exposures have shifted only slightly with a few points of increase in industrials offset by a few points of decrease in technology and basic materials. Japan also increased slightly in the quarter, offset by a reduction in North America. As always, the investment manager expects this positioning to be driven bottom-up within their established ranges.

While technology exposure continues to be the biggest in the portfolio, the investment manager has been reducing this exposure in favour of more physical-asset related names. Included in the fund's top 5 positions are the number one global producer of turbochargers for diesel engines, a gold mining company, and the number one producer of iridium crucibles for crystal growing used in photonics. AI is impacting the technology sector broadly and the investment manager expects this to create opportunities, long & short, for many years to come. However, there are numerous areas of interest beyond AI where the investment manager is adding exposure.

In mining, the investment manager is particularly interested in the "picks & shovels." The need for greater mining investment extends across base metals, precious metals, and strategic minerals, driven by declining ore grades, limited discoveries, and increasingly concentrated supply. Copper illustrates the challenge: global ore grades have fallen approximately 40% since 1991. Average copper project capital costs have risen nearly 3x from ~$6,000 per ton of annual capacity for projects built in 2000–2009 to an estimated $18,000 in ~2030. Only ~5% of the copper discoveries recorded over the past 35 years occurred in the last decade, while major producers achieved just 0.6% annual production growth between 2012 and 2024. Exploration increasingly concentrates on existing operations, with mine site work accounting for 43% of budgets versus just 25% for grassroots exploration, and average discovery-to-production timelines have stretched to 17.5 years, a 3-fold increase over the past 30 years largely due to permitting. Meanwhile, copper demand is projected to grow 2.5–3.0% annually, nearly triple the supply growth. Industry consultants estimate a potential copper supply gap of approximately 25% by 2035 and more than $200 billion of required new mine investment over the next decade.

The capital investment requirement is considerably broader than just copper. Silver is forecast to record its sixth consecutive annual market deficit in 2026, supported by demand from solar installations, electrification, and electronics. Major gold discoveries over the last 5 years are 41% smaller than the average major discovery in the 2010s and no discovery in the past decade ranks among the 30 largest. Unlike during past cycles, managements are committed to returning capital to investors rather than building more mines. Platinum group metals production, including iridium/ruthenium/palladium/rhodium, is either flat or shrinking while demand for these is surging in some cases due to photonics, semiconductors, fuel cells and catalysts. In rare earths, it is now widely known that China accounts for approximately 2/3 of global mine production and nearly 99% of heavy rare earth separation, making investment in alternative refining/processing capacity as important as new mines. Supply concentration in unfriendly countries and export restrictions also strengthen the case for domestic sources of tungsten, gallium, germanium, indium, and antimony – all of which are essential for national security and the defense industry. Together, these pressures support a sustained investment cycle across exploration, mine development, processing, and equipment. Maintaining existing production already requires more capital, while meeting additional demand and diversifying supply require significantly more investment. The investment manager has exposure to this theme across several companies providing mine equipment, services, and operations.

Space and defense are other areas of interest for the investment manager. The economics have changed with launch costs having fallen more than 90%, low Earth orbit constellations now need replacement every five to seven years, and the ground equipment required to support them is a smaller, less crowded market than the satellites themselves. Satellite launches have grown 30-50% annually in the past few years, which has driven the number of units in space from a few thousand to tens of thousands. As countries see this as a matter of national security, they are developing local supply chains, local champions, and only planning to accelerate deployment. The investment manager sees the global opportunity set for investing getting larger every quarter. Defense is related to space as both areas are tied to national security and physically interact in many cases. The investment manager continues to look for more technology-related defense names as the current conflicts have highlighted the need for communications technology, geolocation, drone/anti-drone defenses, drone monitoring, etc. Both space and defense are likely to be areas of ongoing interest for many years.

Portfolio outlook and positioning (continued)

Looking forward, the investment manager recognises the growing concerns around AI spending and increasing interest rates as well as the possible interaction between the two. They evaluate this on a name-by-name basis as well as giving consideration towards the overall exposure to these risks. Business fundamentals and specifically earnings have largely been immune thus far, but the investment manager knows that a sustained tight-money environment can change this. As recently as 2022, the investment manager navigated a series of rate hikes by avoiding the most highly valued speculative longs and tilting towards some of the more asset-heavy industries where the cycle was supportive and valuations were depressed. Suffice it to say, they're watching carefully for signs of distress.

1800 034 402 **client.services@ironbarkfg.com.au** **www.ironbarkfg.com.au**

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