Ironbark Investment Solutions

Ironbark Apis Global Small Companies Fund

Quarterly Report / As at 30 June 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:
$88.8m

Exit price:
$1.9582

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	**-3.06**	**25.26**	**69.87**	**33.47**	**N/A**	**N/A**	**N/A**	**28.31**
Benchmark	4.93	13.74	22.39	16.39	N/A	N/A	N/A	15.28
Active	*-7.99*	*11.52*	*47.48*	*17.08*	*N/A*	*N/A*	*N/A*	*13.03*
Apis Composite[1]	**-**	**-**	**-**	**-**	**16.73**	**N/A**	**N/A**	**25.65**
Composite Benchmark[2]	-	-	-	-	9.67	N/A	N/A	11.31
Active	-	-	-	-	*7.06*	*N/A*	*N/A*	*14.33*

Top 5 holdings[3]

Stocks	Sector	Country
Garrett Motion	Industrials	United States
Celcuity	Healthcare	United States
Seikoh Giken	Technology	Japan
Silicon Motion Technology (ADR)	Technology	United States
PVA TePla	Technology	Germany

[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.

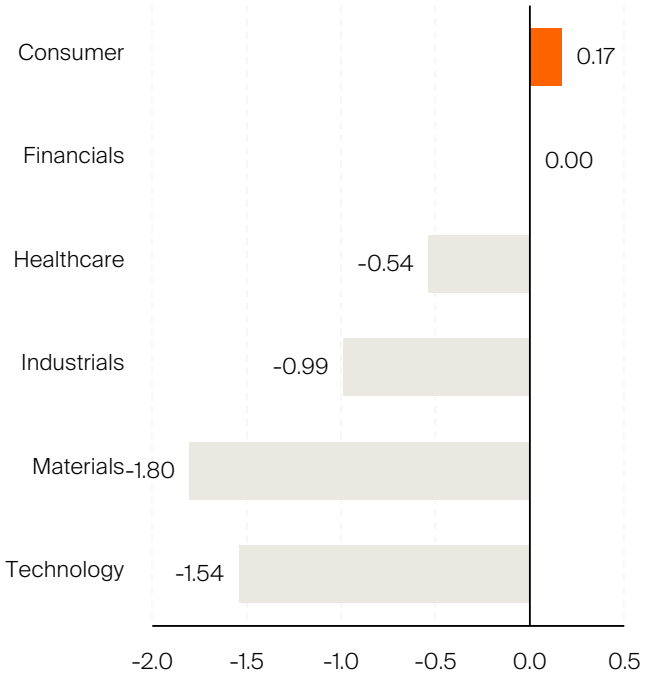
Sector allocation (%)[4]

Sector	Allocation
Consumer	1.59
Financials	0.00
Healthcare	9.49
Industrials	25.32
Materials	15.49
Technology	40.61

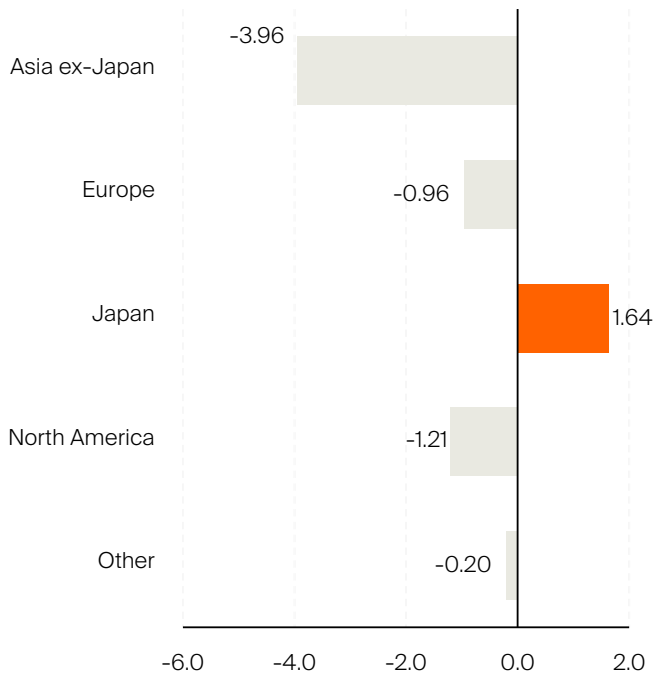
Regional allocation (%)[4]

Region	Allocation
Asia ex-Japan	28.86
Canada	8.65
Europe	24.38
Japan	12.01
United States	17.15
Other	1.45

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 25.26% (net) for the quarter, outperforming the MSCI ACWI Small Cap Index AUD return of 13.74% by 11.52% in Australian dollar terms.

Markets rallied sharply in second quarter, and the Fund finished the quarter well ahead of the MSCI SMID and S&P benchmarks. June, however, brought a pullback in global markets, and the Fund gave back a portion of its gains during the month, with the retracement concentrated in some of the same names that had earlier contributed to the year's strong performance. The investment manager views this as the natural rhythm of a concentrated portfolio of smaller companies rather than any change in the underlying theses.

Contributions were well-balanced across geographies: Europe led (adding approximately 9.5%), followed by Asia ex-Japan at almost 8.0%, Japan at nearly 6.0% and North America with 5.7%. From a sector perspective, technology was again the dominant performer, adding 19.6% in the quarter, followed by industrials (9.6%). basic materials was the only meaningful detractor (down 0.6%), driven by weakness in the portfolio's miners.

Performance review (continued)

The top long contributor for the quarter was Kioxia Holdings (Japan, adding over 5.0%), as the memory complex continued its extraordinary run. The investment manager caught lightning in a bottle with the memory holdings starting over a year ago and they share their thinking on this more broadly below. Soitec (France) was close behind, adding over 4.0%, while Garrett Motion (US, over 3.0%), Silicon Motion (Taiwan, over 2.0%), and Western Digital (US, just over 1.0%). Beyond these larger names, the breadth of contribution was encouraging: Iljin Electric (Korea), AnaptysBio (US), Capstone Energy+ (US), Tasmea (Australia), and KoMiCo (Korea) each added nearly 1.0%. The primary detractors in the quarter were Green Optics (Korea, costing us about 1%) and the mining related positions in Aris Mining, OceanaGold (both listed in Canada with mines located broadly) and Sany Heavy Equipment (China), each detracting about 0.5%.

Portfolio outlook and positioning

With the recent strong moves in memory-related names, many of the Fund's investors have asked for the investment manger's view and how they are managing exposure, especially regarding the timing of investments in this area given its historical cyclicality and volatility.

There is no doubt that memory has contributed meaningfully to returns, especially in the Flagship strategy. Of the investment manager's total year-to date returns, Sandisk, Western Digital, and Seagate have contributed about 1/3 of gross long returns. The fact that those names provided no contribution in the Deep Value strategy and only about 2.5 percentage points in the long-only Discovery strategy more than explains the performance differences between the strategies. Another direct play on memory, Kioxia, is shared across all the strategies.

The investment manager first established positions in July 2025, with the primary thesis being:

1. AI is going to drive a sharp increase in memory demand. While estimates vary, high-bandwidth memory (HBM) is expected to account for 25% of DRAM in 2026, up from almost nothing a few years ago. For flash memory, bit consumption may be lower, but by value it also accounts for roughly 25%. The highest-value segments of both DRAM and flash memory are growing the fastest.
2. The industry has become oligopolistic and should be more rational through the cycle. Hard disk drive and semiconductor-based memory participants are now down to three to five global players. Due to the trauma of past cycles, the investment manager expects participants to remain rational on pricing and reluctant to add capacity. Capex has fallen by half since the last peak in 2022, and new capex will focus on high-value HBM and enterprise flash memory, leaving commodity DRAM and flash especially tight.
3. These companies are still being valued very cheaply. The investment manager's estimates which have ended up being multiples too low implied low- to mid-single-digit P/E multiples. Investors, especially grizzled memory veterans, will tell you mid-single-digit P/E multiples are deserved, but the investment manager could not rule out at least a modest re-rating.

Does the above still hold? Memory, along with energy, remains a gating factor for AI growth. The investment manager does not see how pricing can go much higher, but given the lack of bit growth, the investment manager also does not see prices falling. Capacity growth is coming, but meaningful growth is unlikely before late 2028. Industry bellwether Hynix expects to double production, measured in wafers, between now and 2030, implying three to four times capacity growth over the next five years not nearly enough, in the investment manager's view. Memory growth will not be limited to data centers. The investment manager expects a host of end devices, such as today's phones and PCs as well as tomorrow's humanoid robots, to need new memory solutions to support AI applications. Micron's CEO noted on the company's latest earnings call that a humanoid robot requires 10 times the memory of an autonomous vehicle, which itself requires five times the memory of a standard car.

In the bigger picture, overall semiconductor capex has been growing, but much of that growth has come from China. Western world capex has been roughly flat for several years and is only now beginning to inflect. Clean rooms need to be built and then filled with equipment, which creates at least a two- to three-year ramp. Additionally, onshoring is making this growth less efficient, as semiconductor fabs are being spread across places such as Japan, Germany, and the US regions that previously relied largely on Asia. It will take time for these new areas to mature.

Despite all the bullishness above, the investment manager would argue that their approach as investors remains cautious. Using Sandisk as an example, the investment manager has sold 90% of their position as the shares have moved higher. Beyond the risk exposures created by large and volatile positions, the investment manager recognizes that their view is now largely consensus. If they differ anywhere, it is in their expectation that the cycle may last longer and that valuations may peak higher; Sandisk trades at 8x 2027 P/E. As Yogi Berra said, "It's tough to make predictions, especially about the future." Perhaps another Yogi quote "The future ain't what it used to be" is more apropos here. The range of future outcomes is very wide. Keeping a small position in this dynamic environment still seems reasonable to us.

One other topic that is worthy of note this quarter relates to a narrative among investors that Korea has had an excessive run. The numbers warrant caution as the Kospi delivered a 76% return last year and, year-to-date as of this writing, another 77%. What is notable is that this has been almost entirely attributable to a few stocks (mostly Hynix and Samsung).

Portfolio outlook and positioning (continued)

In fact, the Kosdaq index which has over 1,700 constituents under $10 billion market cap, is barely flat over the last 12 months. The investment manager sees a lot of interesting opportunities there and discusses this in the featured names below.

Investment highlights

Green Optics (Korea - $120 million market cap)

Green Optics is one of the most compelling and mispriced defense & materials companies in the world. Despite expected revenue growth of more than 50%, the stock trades at just 12 times next year's earnings. The stock rallied from its IPO price of 20,000 Korean Won per share in 2025 to a peak of 55,000 in March but now currently trades at just 16,000. After a decade of quiet investment in R&D and vertical integration, the company is now reaching a major inflection point.

Green Optics makes seeker domes (the transparent cones that protect missile optics), infrared cameras, and is working on laser weapons. As Korean defense primes increasingly localise their supply chains due to government directives, the company has penetrated roughly 30% of Korean defense programs this is sticky, designed-in revenue with ~20-year lifecycles and the investment manager expects its win rate to climb meaningfully from here. Further, they've been the only Korean company to crack the code on the difficult-to-manufacture multispectral zinc sulfide, a material that improves performance and replaces expensive sapphire seeker domes. It took them 10 years and heavy investment to accomplish this. It has 3x the ASP of regular zinc sulfide, a 1+ year lead-time, and mass production is kicking off this summer.

The company is also beginning mass production of optical-grade germanium this summer, the critical material used to manufacture infrared lenses, at a time when global supply has dramatically tightened following China's export controls of this critical element. Despite possessing multiple proprietary technologies, exposure to several of the fastest-growing areas of defense spending, and a long runway for market share gains, Green Optics trades at roughly one-quarter the valuation of comparable US defense optics company LightPath Technologies (LPTH), creating what the investment manager believes is an unusually attractive risk/reward opportunity.

Intellian Technologies (Korea - $440 million market cap)

Declining launch costs, driven largely by SpaceX's reusable rocket technology, have fundamentally changed the economics of LEO (Low Earth Orbit) satellite deployment. Launch costs have fallen by more than 90% since the early space era, and SpaceX's next-generation Starship platform could drive another step-change in payload capacity and cost per kilogram once fully operational. As a result, the number of LEO satellites in orbit has grown rapidly since 2020 and should continue to increase over the coming years. Emerging use cases such as direct-to-device connectivity and defense, combined with the need to replace LEO satellites every 5–7 years, should support sustained growth in the space economy. As a core infrastructure provider for satellite communications, Intellian is well positioned to benefit from this multi-year trend.

Intellian supplies antennas installed on ships, aircraft, and ground stations that communicate with satellites in orbit. In maritime, the company has been the #1 player for decades, with 60%+ market share, supplying customers such as Viasat, Intelsat, and Iridium. Intellian is also a primary supplier of user terminals to OneWeb, with 50%+ market share. More recently, the company has expanded into the LEO gateway antenna market. Today, LEO represents roughly 60% of revenue, and Intellian is a key gateway antenna supplier to Amazon, AST SpaceMobile, and Telesat. The company's core advantages are its long standing customer relationships, manufacturing scale, global service footprint, and proprietary antenna technology.

Revenue grew 49% year-over-year in the first quarter and appears on track to meet management's 30% growth guidance for 2026. A new US factory is expected to begin ramping in July, which should support additional orders, while contracts won last year from Telesat and AST are expected to contribute to revenue growth in the second half. Amazon currently has roughly 300–400 satellites in orbit and plans to scale to more than 3,000 first-generation satellites by 2029, with approval for an additional 4,500+ second-generation satellites. The number of antennas required will depend largely on data volumes and network architecture, positioning Intellian as a potential beneficiary as LEO networks scale and direct-to-device services emerge. Trading at just ~15x earnings despite ~30% growth, the stock looks attractive, especially versus other space peers trading closer to 30-50x.

RF Materials (Korea - $300 million market cap)

In modern AI systems, GPUs work together as one large compute cluster. Performance depends not only on each GPU's processing power, but also on how quickly and reliably GPUs can communicate with each other. Training a frontier model like GPT-5 or Gemini can require tens of thousands of GPUs running for weeks, constantly exchanging data and synchronising gradients.

As clusters scale to 100k+ GPUs, the network starts to look like a small telecom backbone. Different data-center buildings may be connected by fiber links stretching up to 80 km. Over distances beyond a few kilometers, optical signals weaken and require amplification. These amplifier modules require hermetic packaging to protect the optical components from moisture, heat, and contamination. This is where RF Materials becomes relevant.

RF Materials is a specialty packaging and laser module manufacturer serving the optical communications and RF/defense markets. Its core product is hermetic packaging.

Investment highlights (continued)

In optical communications, current growth is driven by supplying pump-laser packages to Lumentum for NVIDIA's optical networking platforms; RFM provides the hermetic butterfly packages, while Lumentum assembles and delivers the finished pump laser modules to NVIDIA. In defense, the company supplies hermetic packages for IR (infrared) sensors, high-power military laser diodes, and GaN RF (gallium nitride radio frequency) packages used in radar and satellite communications. It has 100% share in certain military IR sensor packages and likely holds roughly 50% local share in hermetic packaging overall.

Revenue and operating profit are expected to grow at 40% and 85%+ through 2027 and Lumentum is expected to represent 60/70% of 2026/27 revenues. The stock trades at about 16x 2027 P/E versus Lumentum at 43x. There are multiple GPU cluster projects in development by hyperscalers that will require millions of more GPUs to be networked through 2030. The investment manager believes they are still in the early innings and expect RF Materials to continue playing a significant role.

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