Ironbark Investment Solutions

Ironbark Infinity SMID Australian Equity Fund

Quarterly Report / As at 30 September 2026

Fund facts

Objective:
To outperform the Benchmark over rolling three-year periods before fees.

Benchmark:
S&P/ASX Mid Small Cap (TR) Index

APIR:
PAT0002AU

ARSN:
114 291 486

Inception date:
30 June 2005

Fund size:
$55.2m

Exit price:
$3.0126

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[1]	**-4.46**	**-3.13**	**-0.65**	**13.09**	**3.18**	**4.56**	**5.05**	**10.03**
Benchmark[2]	-2.91	1.25	-5.08	11.07	2.54	5.23	6.29	4.95
Active	*-1.55*	*-4.38*	*4.43*	*2.02*	*0.64*	*-0.67*	*-1.24*	*5.08*
Infinity SMID Composite[3]	**-**	**-**	**-6.15**	**16.94**	**7.69**	**10.60**	**10.46**	**10.91**
Composite Bencharmk	-	-	-3.88	10.88	4.70	7.51	8.19	7.82
Active	-	-	*-2.27*	*6.06*	*2.99*	*3.09*	*2.27*	*3.10*

Top 5 holdings (in alphabetical order)

Stocks	Sector
Capricorn Metals	Materials
Dalrymple Bay Infrastructure	Industrial
Megaport	Information Technology
Sandfire Resources	Materials
Vault Minerals	Materials

[1] Fund performance prior to 1 July 2026 is not attributable to the current investment manager, but the previous investment manager.

[2] The S&P/ASX Mid Small Cap (TR) Index was adopted as the Fund's benchmark on 1 July 2026. Benchmark calculations prior to this date are based on the S&P/ASX Small Ordinaries Accumulation Index, the previous benchmark of the Fund.

[3] The inception date of the Infinity SMID Composite is 1 July 2016. Performance periods from 1 July 2016 to 30 June 2026 for the Infinity SMID Composite represents the returns of the Infinity SMID Australian Equity Portfolio net of fees. Performance periods from 1 July 2026 to month-to-date for the Infinity SMID Composite represent the net returns of the Ironbark Infinity SMID Australian Equity Fund. Source: Infinity Asset Management, State Street Australia Limited and Morningstar Direct.

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.

Top 5 monthly contributors

Contributing Stocks	Active weight
Megaport	Overweight
Southern Cross Electrical	Overweight
Technology One	Underweight
OOH!Media	Overweight
Mineral Resources	Underweight

Top 5 monthly detractors

Detracting Stocks	Active weight
PLS Group	Overweight
Codan	Underweight
NextDC	Overweight
Pinnacle Investment Management	Overweight
Netwealth Group	Overweight

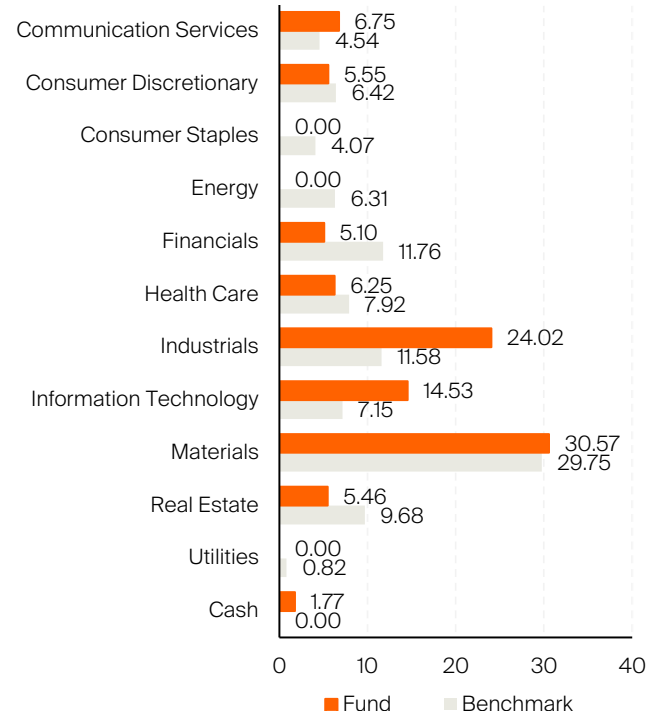
Top 5 quarterly contributors

Contributing Stocks	Active weight
Vault Minerals	Overweight
Capricorn Metals	Overweight
OOH!Media	Overweight
Mineral Resources	Underweight
Sandfire Resources	Overweight

Top 5 quarterly detractors

Detracting Stocks	Active weight
Codan	Underweight
Life630	Overweight
PLS Group	Overweight
Superloop	Overweight
Pinnacle Investment Management	Overweight

Sector asset allocation (%)[4]



[4] Totals may not equal due to rounding.

Investment manager commentary

Market review

The S&P/ASX Mid Small Cap Index returned +1.25% over the September 2026 quarter, a modest positive outcome achieved against a challenging domestic macroeconomic backdrop. The Reserve Bank of Australia raised its cash rate for a fourth time in 2026, lifting the benchmark to 4.60% — its highest level in approximately 15 years — as upside risks to inflation continued to materialise, including elevated fuel costs stemming from ongoing Middle East tensions. However, softer-than-expected August inflation data provided some relief late in the period, prompting markets to pare back expectations for a follow-up rate increase and supporting a broad-based rally in equities on the final day of the quarter. The August reporting season was a notable feature of the quarter, with a burst of M&A activity — particularly in the gold sector — breathing life into the smaller end of the market, while commodity prices, especially gold and copper, provided a meaningful tailwind to resource-exposed names.

Energy (+15.9%) was the leading sector within the S&P/ASX Mid Small Cap Index over quarter, with outperformance driven by elevated oil prices underpinned by geopolitical tensions in the Middle East and supply disruptions through the Strait of Hormuz, which supported refining margins and upstream energy valuations throughout the period.

Information technology (-8.6%) lagged during the quarter as the sector faced a confluence of headwinds, most notably the sustained rise in domestic interest rates, which compressed valuation multiples for growth-oriented businesses, and concerns of a potential pullback in Australian business capital expenditure on data centres and information technology infrastructure during the period.

Over the September 2026 quarter, mid-caps (+2.9%) outperformed both large caps (+1.3%) and small caps (-0.5%). This divergence reflected the more acute sensitivity of smaller companies to domestic interest rate increases, given their typically higher leverage and greater reliance on discretionary consumer spending, both of which came under pressure as the Reserve Bank of Australia continued its tightening cycle. The style rotation during the quarter was pronounced, with value (+6.1%) significantly outperforming growth (-5.4%), consistent with the broader global trend of rising bond yields compressing the long-duration earnings multiples that underpin growth stock valuations, while value-oriented sectors such as energy and materials benefited from commodity price strength and more near-term earnings visibility.

Consensus blended forward earnings per share expectations for the S&P/ASX Mid Small Cap Index declined by approximately 1.1% over the September 2026 quarter. This modest downward revision reflected the impact of higher interest costs on corporate earnings, softening consumer demand, and several companies in reporting season delivering results at or below the lower end of guidance — most notably in the industrials and technology sectors. As a result of the slight deterioration in earnings expectations and small market gain, the blended forward price-to-earnings multiple of the S&P/ASX Mid Small Cap Index expanded from approximately 15.4 times at the start of the quarter to approximately 15.8 times at quarter end.

Looking ahead, there are several factors that the investment manager is actively monitoring as they assess the market outlook. On the positive side, the late-quarter moderation in inflation data raises the prospect that the Reserve Bank of Australia's tightening cycle may be approaching its peak, which would provide meaningful relief to rate-sensitive sectors and support a broadening of market participation beyond the commodity-driven names that led the quarter. The ongoing strength in gold and copper prices, underpinned by structural demand from artificial intelligence infrastructure buildout and global power grid investment, continues to support the earnings outlook for resource companies. M&A activity in the small and mid-cap space also remains a constructive backdrop, as strategic and corporate buyers continue to identify value in domestically listed companies. Against these positives, the primary headwinds include the lagged impact of the Reserve Bank of Australia's rate increases on household balance sheets and consumer confidence, as mortgage holders absorb higher repayments and fuel costs remain elevated. Key risks the investment manager is actively monitoring include a potential further Reserve Bank of Australia rate increase should inflation re-accelerate, a sharper-than-expected deterioration in the domestic housing market, escalation of Middle East geopolitical tensions, and the possibility of an AI-related capital expenditure correction weighing on technology sector earnings and valuations globally.

Performance review

The Ironbark Infinity SMID Australian Equity Fund (the 'Fund') returned -3.13% (net) for the quarter, an underperformance of -4.38% when compared to the S&P/ASX Mid Small Cap (TR) Index which returned 1.25%.

Both stock selection and sector allocation detracted from relative performance during the period, with the primary driver of underperformance being the fund's overweight exposure to the information technology sector, which was the worst-performing sector in the index over the quarter. While the fund's positions in the materials sector provided some offset through strong absolute returns, this was insufficient to compensate for the drag from technology, resulting in a net negative relative outcome for the quarter.

Key Contributors

Vault Minerals (VAU) was the largest contributor to the fund's performance over the quarter, rallying +43.9% over the period. The strong performance was driven by a significant corporate event early in the quarter, when Genesis Minerals (GMD) launched a A$5.6 billion cash and scrip takeover bid for VAU, trumping an earlier agreed deal with Regis Resources (RRL). RRL subsequently confirmed it would not counter the GMD proposal, clearing the path for the merger to proceed and creating what would become Australia's third-largest gold producer by market capitalisation, with combined annual production of 600,000 to 700,000 ounces. The takeover premium embedded in the GMD offer was a primary driver of the share price re-rating, and this was further supported by VAU's strong operational performance, including fourth-quarter gold production of 89,338 ounces and full-year output of 336,540 ounces — a 14% quarter-on-quarter increase — alongside the commencement of Sugar Zone underground development and the provision of financial year 2027 production guidance of 355,000 to 375,000 ounces.

Capricorn Metals (CMM) was the second-largest contributor to the fund's performance over the quarter, with a gain of +18.3%. The company delivered a series of positive catalysts throughout the period that drove a sustained re-rating of the stock. In July, Capricorn reported a 33% increase in its group ore reserve estimate to 5.2 million ounces of gold, with the mineral resource estimate also rising 29% to 8.7 million ounces, materially improving the long-term production outlook for both the Karlawinda and Mount Gibson projects in Western Australia. The company's full-year financial year 2026 results, released in August, were well-received, with net income rising 88% year-on-year to A$282.2 million, sales revenue up 46% to A$769.3 million, and the declaration of a maiden final dividend of A$0.05 per share. The quarter concluded with the successful on-schedule completion of expansion work at the Karlawinda gold project, with continuous ore processing through the expanded circuit commencing in September, further reinforcing confidence in the company's production growth trajectory.

Sandfire Resources (SFR) was the third-largest contributor to the fund's performance over the quarter, returning +15.7%. The company's strong performance was underpinned by a record full-year result, with net income more than tripling to US$355.8 million from US$93.3 million in the prior year, driven by a 41% increase in sales revenue to US$1.65 billion as elevated copper prices flowed through to earnings. Underlying EBITDA jumped 64% to US$867 million, beating consensus estimates, and the company declared a final dividend of A$0.35 per share — a positive surprise relative to market expectations.

Key Detractors

Life360 (360) was the largest detractor from the fund's performance over the quarter, after the stock slumped -29.1%. The share price decline was concentrated around the company's second-quarter results announcement in August, when 360 reported revenue of US$159.0 million — up 38% year-on-year — and surpassed 100 million monthly active users, but elected to maintain rather than upgrade its full-year earnings guidance. The decision not to raise guidance disappointed a market that had priced in a more bullish outcome following a strong share price run into the result. Management indicated the maintained guidance reflected caution over the macroeconomic backdrop, despite the underlying operational momentum.

NextDC (NXT) was the second-largest detractor from the fund's performance over the quarter, declining -25.7%. Despite reporting a full-year result in August that beat consensus estimates — with underlying EBITDA of A$248.8 million (+15% year-on-year) exceeding the consensus estimate of A$236.6 million and revenue of A$496.5 million rising 16% year-on-year — the stock came under sustained pressure throughout the quarter. The broader headwinds facing the data centre sector were significant, with Australian business capital expenditure on data centres falling sharply in the June quarter, down almost a third from the record set in the first quarter of the year. In September, NXT priced a A$1.1 billion convertible notes offering at a 32.5% conversion premium to fund its development pipeline, which, while supportive of the company's long-term growth ambitions, introduced near-term dilution concerns and weighed on the share price. Additionally, new data centre planning rules introduced by the state of Victoria raised questions about the company's M5 campus near Geelong, adding regulatory uncertainty to the investment case, though the investment manager believes that the direct impact is likely limited.

SGH Ltd (SGH) was the third-largest detractor from the fund's performance over the quarter, with the stock down -18.9%. The company's full-year financial year 2026 result, released in August, was the primary catalyst for the share price weakness, with underlying EBIT growing just 1.1% year-on-year to A$1.55 billion — at the bottom end of guidance and below analyst expectations — while underlying net profit after tax fell 0.4% to A$920.1 million, missing the consensus estimate of A$948.1 million. Looking ahead, management guided for only flat to low single-digit EBIT growth in financial year 2027, a cautious outlook that reflected softening conditions in the housing and construction sectors — key end markets for SGH's industrial services and construction materials businesses. While the company announced an on-market buyback following the result and indicated it would continue to pursue M&A opportunities in financial year 2027, these measures were insufficient to offset the negative sentiment generated by the earnings disappointment and the subdued forward guidance.

Fund Changes

This quarter's trading reflected a disciplined approach to recycling capital from positions that had performed strongly into opportunities where the investment manager continues to see attractive risk-adjusted upside. The investment manager took profits across Capricorn Metals (CMM) and Sandfire Resources (SFR), while also reducing Vault Minerals (VAU) following the acquisition proposal from Genesis Minerals (GMD). Monadelphous (MND) was trimmed following strong performance and more cautious financial year 2027 guidance from management, while the investment manager also reduced ResMed (RMD), Pro Medicus (PME) and Charter Hall Social Infrastructure (CQE). Nick Scali (NCK) was reduced as a higher-for-longer interest rate environment increases the risk of pressure on discretionary consumer spending.

Against this, recent share price weakness provided opportunities to add selectively to businesses where the investment manager's medium-term conviction remains intact. The investment manager increased NextDC (NXT) and Superloop (SLC) following recent weakness, while adding to Pinnacle Investment Management (PNI) as they believe the sell-off associated with Metrics has been overdone. The investment manager also increased Capstone Copper (CSC), which they view as offering attractive relative value compared with other commodity exposures, and established a new position in Southern Cross Electrical Engineering (SXE). Overall, the quarter's activity continued to reflect the investment manager's focus on valuation discipline, active capital recycling and selectively adding to opportunities where they see an attractive balance of quality, growth and valuation.

Market Outlook

The Australian equity market enters the final quarter of 2026 at an important inflection point. The Reserve Bank of Australia's decision to raise the cash rate to 4.60% — its fourth hike of the year and the highest level in approximately 15 years — has materially tightened financial conditions, and the full impact of this tightening on household balance sheets, consumer spending and corporate earnings is yet to be fully reflected in company fundamentals. While the softening in August trimmed-mean inflation data has provided some relief, the path back to the Reserve Bank of Australia's target band remains uncertain, and the sharp style rotation toward value and away from growth during September — with growth declining -5.1% against value's -0.8% — underscores the importance of earnings quality and valuation discipline in the current environment. Globally, elevated bond yields and geopolitical tensions in the Middle East remain active areas of monitoring, with their combined impact on inflation expectations and risk appetite continuing to create volatility across equity markets.

Against this backdrop, the investment manager remains focused on identifying high-quality businesses with sustainable competitive advantages, strong free cash flow generation and exposure to long-term structural growth drivers, including digital infrastructure, electrification, resources and healthcare innovation. The divergence between businesses delivering genuine earnings growth and those reliant on a cyclical recovery or multiple expansion to drive returns continues to widen — a dynamic clear in September's market performance — and the investment manager believes this environment rewards the disciplined, quality-oriented approach that underpins the Portfolio's construction. Corporate balance sheets across the portfolio remain healthy, and they continue to believe that sustainable earnings growth is the primary driver of shareholder returns over the long term, positioning the Portfolio well to navigate both near-term uncertainty and future market opportunities.

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

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