Product Assessment

Report as at 27 Nov 2025

HIGHLY RECOMMENDED

Fairlight Global Small & Mid Cap (SMID) Fund - Class H

Rating issued on 27 Nov 2025 | APIR: PIM0941AU

Investment objective

To outperform the MSCI World SMID Cap (Net) Index $A (Hedged) by 3% p.a. after fees, with lower volatility than the benchmark, over rolling five to seven-year periods. In absolute terms, Fairlight believes this translates to a return of approximately 10% p.a. to 12% p.a. (after fees).

Manager	Fairlight Asset Management Pty Ltd
Distributor	Perennial Partners
Sector	International Shares \ Mid Cap Companies
Investment Style	Fundamental
Equity Style	Neutral
RI Classification	Aware
Absolute Risk	High
Relative Risk	Active - Benchmark Unaware
Investment Timeframe	7+ Years
Zenith Benchmark	MSCI World Ex Australia SMID $A Index
Min Investment Amount	$20,000
Redemption Frequency	Daily
Income Distribution	Annually
Fund Size (31 Oct 2025)	$1.89B
Management Cost	1.37% p.a. Incl. GST
Performance Fee	15% of the excess returns (after management costs) over the MSCI World SMID Cap (Net) Index $A (Hedged)
Buy / Sell Spread	Not disclosed
Inception Date	29 Apr 2020

Fund facts

- Expected to hold between 30 and 40 companies
- Hedged currency exposure
- Expected portfolio turnover of approximately 40% p.a. over a market cycle

Viewpoint

The Fund, managed by Sydney-based Fairlight Asset Management (Fairlight), offers investors a fundamentally driven, benchmark-unaware, mid and small-cap global equities exposure. Zenith has a high degree of confidence in Fairlight's investment process. In addition, we have strong conviction in the investment team, believing they possess the required expertise to successfully manage the strategy. As a result, the Fund is one of Zenith's preferred choices within its peer group.

Fairlight is structured as a joint venture between Fairlight employees and Perennial Partners (PP), a specialist investment management company formed in 2000 that distributes the Fund. Zenith views Fairlight's partnership with PP favourably, as it allows the investment team to focus on research and portfolio management.

Fairlight's investment team of five is led by Nick Cregan, who has over 21 years of investment experience. Zenith believes Cregan to be a strong investor who has built a robust investment track record.

In December 2023, Ian Carmichael departed the business after relinquishing his portfolio management and stock selection duties in January 2023. Zenith considers Carmichael's departure to be a loss for the team, however, we are comforted by Cregan's ongoing involvement. In addition, we note that the investment team has otherwise remained stable.

Fairlight invests in companies that can be characterised as high-quality growth, stable compounders, or special situations. Zenith believes the differentiated characteristics of the investment categories diversifies the Fund, ensuring a more consistent risk/return profile.

Fairlight employs several quantitative and qualitative screens that narrow the investment universe down to approximately 200 companies broadly operating within the consumer and media, light industrials, niche technology, and healthcare sectors. Zenith believes the quantitative screens effectively focus the investment team's research effort.

Fairlight's due diligence process involves extensive company and industry engagement, often meeting with company management and relevant stakeholders. To value companies, Fairlight's primary valuation technique is a discounted net operating profit less adjusted tax model. Zenith believes Fairlight's stock selection process is structured in a manner that allows the team to efficiently identify compelling investment opportunities.

Cregan is ultimately responsible for portfolio construction. However, Fairlight operates under a flat decision-making structure, whereby all team members have the opportunity to influence portfolio construction. Position sizing is a function of business risk and valuation at the stock level. However, overall portfolio risks are also considered. Zenith believes the portfolio construction process draws strongly upon the research insights generated by the investment team, resulting in Fairlight's best ideas being reflected in the Fund.

Fund analysis

Fund characteristics

Constraint	Value
Number of Stocks	30 to 40
Absolute Stock Weight	Max: 10% (5% soft limit)
Exposure to companies outside MSCI SMID market capitalisation range	Max: 20%
Cash	Max: 20%

Investment objective and philosophy

The Fund aims to outperform the MSCI World SMID Cap (Net) Index $A (Hedged) by 3% p.a. (after fees), with lower volatility than the benchmark, over rolling five to seven-year periods.

Fairlight aims to achieve its investment objectives through a concentrated and benchmark unaware portfolio of high quality mid and smaller-cap companies that are attractively valued.

Fairlight invests in companies that can be characterised below:

- **High quality growth** - companies that can generate sustained excess earnings growth. Typically, companies that require little capital or companies that can deploy capital at rates that are highly accretive to growth.
- **Stable compounders** - companies that generate modest revenue growth, stable cashflows and the potential for margin expansion.
- **Special situations** - quality companies that are facing short-term difficulties or investment opportunities that arise from corporate actions.

Zenith believes the differentiated characteristics of the investment categories diversify the Fund, ensuring a more consistent risk/return profile.

Portfolio applications

In general, compared to most other asset classes, equities offer investors the opportunity for higher capital growth over the longer term with some income. However, this higher growth is also often associated with higher volatility, particularly with international equities when currency movements are considered. International equities provide investors with a broad exposure to industries and countries. With this broad universe, it is expected that managers can deliver superior returns to more conservative asset classes. Therefore, we recommend investors adopt a longer time frame when investing in international equities. It is also recommended that investments in international equities are blended with domestic equities and other asset classes to improve portfolio diversification.

Fairlight's style-neutral investment process means that the Fund should be well suited to delivering outperformance throughout the market cycle. However, Zenith acknowledges that the investment process may lag in momentum-driven bull markets based on Fairlight's quality bias. Given the risks inherent in global small-capitalisation companies, investors are encouraged to adopt a long-term investment time horizon of at least seven years.

The Fund’s portfolio turnover is expected to be approximately 40% p.a. over a market cycle, which Zenith considers to be low. Fairlight has indicated that approximately 50% of the expected turnover is attributed to resizing existing positions and approximately 50% is due to complete sales and new additions. Given this expected level of turnover, the majority of the Fund's returns are expected to be delivered via capital appreciation in the unit price, rather than through the realisation of capital gains in income distributions. In addition, realised capital gains are highly likely to be eligible for the capital gains tax discount. As such, holding all else equal, the Fund may be more appealing to investors who are high marginal tax rate payers as it will result in superior after-tax return outcomes.

Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Aware
Has Responsible Investment Policy	Yes
Negative screens**	**Full/Partial**
Armaments	Partial
Fossil fuels	Partial
Gaming	Partial
Tobacco	Partial
Environmental Degradation	Partial
PRI Status	
PRI Signatory	Yes

*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact

***Data has been supplied by third parties. While such information is believed to be accurate, we do not accept responsibility for any inaccuracy in such data.*

Absolute performance

Performance as at 31 Oct 2025

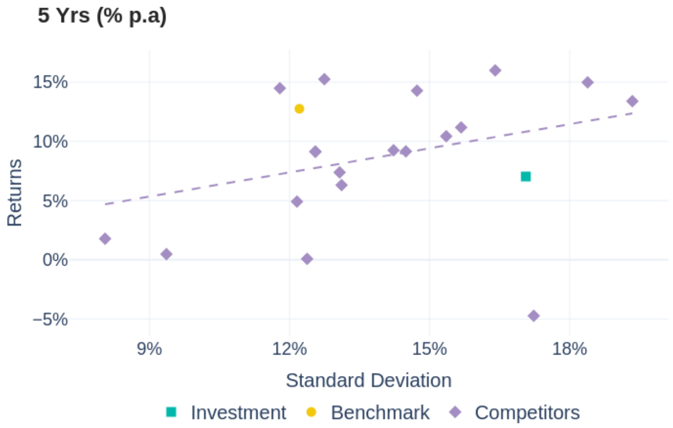
Monthly performance history (%, net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*
2025	4.97%	-3.67%	-4.25%	2.33%	4.44%	1.22%	-1.37%	-0.96%	-2.09%	-0.90%			-0.73%	9.50%
2024	-0.32%	2.82%	2.57%	-6.25%	1.86%	0.67%	4.26%	-0.35%	2.20%	-3.29%	5.23%	-4.32%	4.47%	21.12%
2023	9.02%	-2.79%	2.18%	0.02%	1.48%	3.74%	3.44%	-0.27%	-3.05%	-4.77%	12.31%	6.32%	29.67%	15.05%
2022	-12.01%	-4.72%	0.94%	-6.28%	-1.56%	-8.78%	11.03%	-4.89%	-8.76%	3.35%	8.10%	-4.64%	-26.89%	-13.19%
2021	-3.64%	2.26%	4.43%	7.60%	-1.05%	3.16%	3.53%	4.24%	-4.05%	5.52%	-2.64%	4.74%	25.94%	24.07%

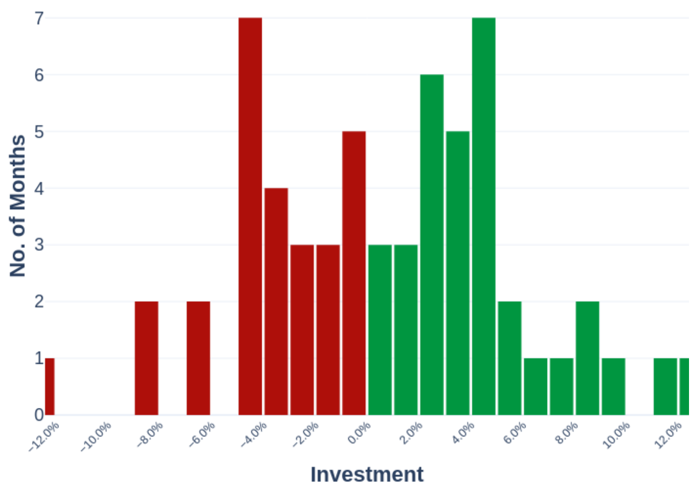
**MSCI World Ex Australia SMID $A Index*

Growth of $10,000

Risk / return



Monthly histogram



Minimum and maximum returns (% p.a.)

Absolute performance analysis

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Investment	**-0.05%**	**11.29%**	**11.51%**	**7.03%**	**9.34%**
Income	0.00%	-0.00%	0.00%	1.15%	1.50%
Growth	-0.05%	11.29%	11.51%	5.88%	7.84%
Benchmark	**16.06%**	**20.89%**	**14.15%**	**12.75%**	**13.30%**
Median	**10.59%**	**17.84%**	**12.47%**	**9.23%**	**11.06%**
Cash	**4.11%**	**4.28%**	**4.07%**	**2.58%**	**2.36%**

Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	16 / 17	12 / 14	8 / 12	8 / 8
Quartile	4th	4th	3rd	4th

Absolute risk

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Standard Deviation (% p.a.)					
Investment	11.70%	14.09%	14.44%	17.06%	16.85%
Benchmark	10.03%	11.33%	11.33%	12.21%	11.85%
Median	9.99%	11.27%	11.21%	13.16%	12.94%
Downside Deviation (% p.a.)					
Investment	7.63%	7.36%	7.52%	10.90%	10.42%
Benchmark	4.48%	4.94%	5.96%	6.52%	6.24%
Median	5.06%	5.46%	6.37%	8.23%	7.86%

Absolute risk/return ratios

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Sharpe Ratio (p.a.)					
Investment	-0.35	0.50	0.52	0.26	0.41
Benchmark	1.19	1.47	0.89	0.83	0.92
Median	0.65	1.20	0.75	0.51	0.67
Sortino Ratio (p.a.)					
Investment	-0.54	0.95	0.99	0.41	0.67
Benchmark	2.67	3.36	1.69	1.56	1.75
Median	1.28	2.49	1.32	0.81	1.11

To ensure consistency, Zenith benchmarks all funds within the International Shares - Mid Cap Companies universe against the MSCI World ex-Australia SMID Index $A. In the case of the Fund, Fairlight measures itself against the MSCI World SMID Cap Index $A (Hedged).

All commentary below is as at 31 October 2025.

The Fund aims to outperform the MSCI World SMID Cap (Net) Index $A (Hedged) by 3% p.a. after fees, with lower volatility than the benchmark, over rolling five to seven-year periods.

The Fund has outperformed the benchmark since its inception.

Zenith notes that the Fund's volatility (as measured by the Standard Deviation) has been greater than the benchmark and the median manager since inception.

The Fund's Sharpe Ratio has been lower than that of the benchmark over all periods of assessment, which indicates that investors have been insufficiently compensated for its risk.

Investors should be aware Fairlight does not target a specific level of income returns, with distributions made annually where possible. Zenith would prefer a more frequent distribution profile to alleviate potential issues involved with large distributions on 30 June.

Relative performance

Excess returns

Statistic	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Excess Return	-16.11%	-9.60%	-2.64%	-5.72%	-3.97%
Monthly Excess (All Mkts)	16.67%	33.33%	41.67%	40.00%	42.42%
Monthly Excess (Up Mkts)	12.50%	25.00%	34.78%	42.11%	44.19%
Monthly Excess (Down Mkts)	25.00%	50.00%	53.85%	36.36%	39.13%

Capture ratios (% p.a.)

Statistic	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Downside Capture	124.50%	81.96%	71.78%	123.04%	122.17%
Upside Capture	43.63%	63.94%	77.17%	90.21%	95.74%

Tracking error (% p.a.)

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Investment	7.76%	10.40%	10.48%	11.14%	11.13%
Median	3.33%	2.95%	3.02%	3.85%	3.91%

Information ratio

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Investment	-2.08	-0.92	-0.25	-0.51	-0.36
Median	-1.64	-1.03	-0.56	-0.91	-0.57

Beta statistics

Statistic	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Beta	0.88	0.85	0.88	1.06	1.07
R-Squared	0.57	0.47	0.48	0.58	0.57
Correlation	0.76	0.69	0.69	0.76	0.75

All commentary below is as at 31 October 2025.

Zenith seeks to identify strategies that can outperform in over 50% of months in all market conditions, as we believe this represents consistency of manager skill. In addition, we view a strategy's ability to produce stronger upside capture ratios relative to downside capture ratios as an attractive feature.

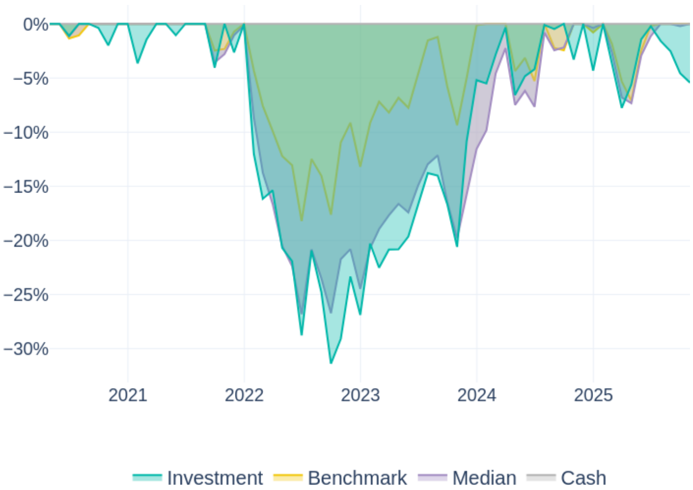
The Fund has achieved neither outcome since its inception.

The Fund has displayed greater consistency of outperformance in declining markets relative to rising markets, which is consistent with Fairlight's quality investment focus.

The Fund has exhibited a high Tracking Error, which is an expected outcome given the concentrated nature of the Fund.

Drawdown analysis (since inception)

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.



All commentary below is as at 31 October 2025.

Zenith expects the Fund to offer greater defensive characteristics relative to the benchmark given Fairlight's quality investment focus. However, Zenith notes the Fund's recent drawdowns in 2022 have been particularly disappointing, with the Fund materially underperforming the benchmark.

Fund commentary

Fund risks

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

Key person risk: Zenith would consider the departure of Nick Cregan as detrimental to the Fund, triggering an immediate review of its rating. However, Zenith notes Cregan's equity ownership in the business, which mitigates the risk of his departure over the medium term.

Relative performance risk: Zenith notes that the Fund is relatively concentrated, typically holding between 30 and 40 securities. Zenith believes that concentrated portfolios generally have greater stock-specific risk than more diversified strategies and, as such, investors should be cognisant that the Fund may experience capital volatility in excess of a more diversified strategy. In addition, given that the Fund follows a benchmark unaware investment approach, its performance may diverge substantially from the benchmark and peers.

Capacity risk: Excessive levels of funds under management (FUM) can inhibit a manager's ability to trade portfolio positions effectively, limiting outperformance potential. As at 31 October 2025, Fairlight managed approximately $A 1.9 billion within this strategy. Fairlight has a stated capacity target for the strategy of between $US 4 billion to $US 6 billion. Overall, Zenith does not believe the Fund is currently affected by capacity limitations.

Distribution risk: The frequency and size of Fund distributions can be impacted by the performance of currency hedging, most notably where the Australian dollar depreciates relative to other currencies. Given Fairlight has not made the relevant voluntary Taxation of Financial Arrangements (TOFA) election, there is a risk that, if currency hedging losses exceed the level of distributable income, Fund distributions may not be payable for the relevant period. In addition, there is the potential for distributions to be elevated in periods where currency hedging gains are realised.

Security/asset selection

The Fund's investment universe consists of all developed market stocks. However, Fairlight will typically focus on companies with a market capitalisation consistent with MSCI's definition of international mid and smaller companies, which ranges from $US 500 million to $US 40 billion.

To reduce the investment universe to a more manageable size, Fairlight employs several quantitative screens that exclude sectors/companies that exhibit the following:

- Cyclically dependent
- Controversial environmental, social and governance (ESG) characteristics
- Single failure points/binary outcomes
- Return on invested capital less than 15% p.a. over five years
- Earnings growth less than 4% p.a. over five years
- Net debt to earnings before interest, tax, depreciation and amortisation greater than 4.5 times
- Shares on issue growth greater than 3% over five years

The screens narrow the investment universe down to approximately 200 companies, which are typically in the following sectors:

- Consumer and media
- Light industrials
- Niche technology
- Healthcare

Additionally, Fairlight has developed screens for special situations, such as initial public offerings and spinoffs, to capture opportunities where a supply/demand arbitrage may exist. The output of these quantitative screens is earmarked for further research. Zenith believes the quantitative screens effectively focus the investment team's research effort.

Fairlight will also identify investment opportunities from qualitative sources such as existing ideas, industry networks and prior experience. Companies with management teams that Fairlight believes have a poor track record of capital allocation are removed.

Companies that pass the quantitative and qualitative screens are subject to an initial due diligence process that involves a two-day research effort and an automated valuation model. Initial due diligence is discussed during investment team meetings, whereby ideas are either discarded or proposed for further research.

For companies that are subject to further research, Fairlight assesses the following key drivers:

- Industry quality
- Business quality
- Durability
- Financial leverage
- Organisational risks
- ESG

Each factor has three underlying drivers that are scored between -1 and 1, except for organisational risks, which is scored between -1 and 0. These scores are used as inputs for the valuation models.

As part of the due diligence process, Fairlight meets with company management and stakeholders, conducting multiple independent trips abroad throughout the year.

Fairlight's primary valuation technique is a discounted net operating profit less adjusted tax model, that is forecast five years forward before a terminal multiple is applied. A normalised price-to-earnings ratio, that is adjusted based on qualitative risk factors, is also used to supplement company valuations. Stock liquidity is an input in the valuation models, with less liquid companies discounted accordingly.

A detailed research note is produced, with its output discussed in a formal team meeting. Zenith views this peer review process positively, as we believe it results in a greater probability of identifying investment opportunities and risks that may be overlooked by individual analysts.

Overall, Zenith believes Fairlight's stock selection process is structured in a manner that allows the team to efficiently focus its resources on identifying compelling investment opportunities.

Responsible investment approach

Fairlight has an established Responsible Investment Policy, last updated in October 2023, that guides its investment decisions. To be in line with industry best practice, Zenith believes Fairlight's Responsible Investment Policy should be reviewed every 12 months, at a minimum, to reflect the constantly evolving nature of responsible investing.

Zenith notes that Fairlight takes an active approach to ESG issues in its analysis. Fairlight assesses ESG risks associated with prospective and existing holdings, assessing a number of issues including but not limited to, a company's environmental impact, risk of modern slavery, workforce diversity, community engagement and governance matters. Companies with higher levels of ESG risk are penalised during the stock selection process and where significant can preclude a company from investment. Zenith believes that this qualitative analysis of a company’s operations is crucial on a forward basis, given that a company’s performance with regards to ESG considerations is increasingly being reflected in the company's share price. Overall, Zenith is comfortable with Fairlight's approach to ESG.

Portfolio construction

The Fund is constructed through a benchmark unaware investment approach, which strongly draws from the output of the stock selection process.

Cregan is ultimately responsible for portfolio construction. However, Fairlight operates under a flat decision-making structure, whereby all team members have the opportunity to influence portfolio construction. Zenith views this positively, as we believe it promotes collective accountability and a strong peer-review process.

The Fund generally holds between 30 and 40 securities, with position sizing and portfolio exposures determined by Cregan. While each individual weighting is a function of business risk and valuations at the stock level, the following factors are also considered:

- Portfolio exposures and risks
- Correlations
- Volatility

Although the maximum position size is capped at 10%, the largest positions in the Fund are typically held at 5%. The Fund typically holds 80% in the high-quality growth and stable compounders categories (approximately 40% each), with the balance in special situations and cash.

Zenith considers Fairlight's position sizing approach to be intuitive. In addition, we believe the consideration of broader portfolio factors and the strong bias towards quality and stable companies should result in a portfolio that produces resilient absolute returns.

Fairlight consistently monitors all portfolio holdings with any negative or positive developments discussed by the investment team. Fairlight removes stocks under the following circumstances:

- The investment thesis has been invalidated
- The stock has reached Fairlight's intrinsic value
- The investment team has identified a better idea

The Fund’s portfolio turnover is expected to be approximately 40% p.a. over a market cycle, which Zenith considers to be low.

Whilst the Fund is not required to remove a company that appreciates beyond MSCI's definition of international mid and smaller companies, Fairlight will generally hold at least 80% of the Fund within this market capitalisation range. Zenith will continue to monitor the Fund's positioning, to ensure it remains a true international mid and small-cap equities exposure.

The strategy's cash holdings has been less than 5% over the past three years, with cash limited to a maximum of 20%. Zenith considers the Fund's cash exposure to be high relative to peers and would prefer the Fund to be as close to fully invested as practicable.

The Fund aims to substantially hedge all overseas currency positions related to the Fund back to the Australian Dollar. Management of the currency hedging program and associated forward contracts is outsourced to State Street Global Advisors' (State Street) Currency & Exposure Management team, based in Boston. This team implements the hedging program for the Fund based on daily monitoring of the currency exposure of the underlying global equity portfolio and whether that exposure is within predetermined ranges set by State Street. If the currency hedge falls outside the set range, State Street will implement rebalancing transactions, typically using one-month currency forwards. Rebalancing of the Fund's currency exposure back to the Australian Dollar is expected to occur at least monthly, or more often if deemed appropriate.

Zenith believes that the portfolio construction process draws strongly upon the research insights generated by the investment team, resulting in Fairlight's best ideas being reflected in the Fund.

Risk management

The Fund operates within relatively wide constraints. Zenith would prefer to see some more formal constraints as it would provide investors with an expectation of the potential risks embedded in the Fund.

Fairlight operates within a highly disciplined framework at the stock selection stage with a quality assessment compiled on each stock, before a valuation is undertaken resulting in a final investment thesis. In Zenith's view, this is an inherent risk management measure as it ensures that a range of individual stock-specific risks are considered before an investment is made.

Positions that fall 15% from Fairlight's purchase price or previous highs are flagged for immediate review. At the end of the review, the team will either sell the entire position or add to the position. Zenith believes this process ensures conviction in underlying portfolio holdings.

Fairlight uses risk management systems, Factset and Calibre, to monitor the risk of the portfolio at both the stock level and portfolio level (industry risk factors, sector allocations, country allocations, style risks, stock risks, etc.).

Zenith is satisfied that the Fund's risk management processes are embedded throughout the entire investment process and are adequately monitored. However, investors should be aware there is significant reliance on the portfolio manager's judgement and skill.

Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	1.62% p.a.	1.83% p.a.
Management Fees and Costs	1.35% p.a.	1.11% p.a.
Transaction Costs	0.00% p.a.	0.16% p.a.
Performance fees as at 30 Jun 2024	0.27%	0.68%
Performance fees description	15% of the excess returns (after management costs) over the MSCI World SMID Cap (Net) Index $A (Hedged)	
Management Cost	1.37% p.a.	1.13% p.a.
Buy / Sell spread	Not disclosed	0.23% / 0.23%

All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).

The sector average management cost is based on the average management cost of all flagship International Equities - Mid Cap Companies products surveyed by Zenith.

The Fund's performance fee is subject to the recoupment of all prior benchmark underperformance. It is accrued daily and paid semi-annually. Zenith believes there is scope for the payment period to be extended, with an annual frequency being the preferred structure. We are of the view that a longer payment frequency is better aligned with the Fund's longer-term investment objectives.

For any fund that charges a performance fee, Zenith would prefer an additional excess return hurdle (i.e. a target return greater than the index plus the management cost) and considers this best practice.

Overall, Zenith believes the Fund's fee structure is expensive, relative to peers, given its stated objectives. In addition, we believe that investors have been insufficiently compensated by way of risk-adjusted performance given the fees paid over the past three years (ending 30 June 2025).

The fees mentioned above are reflective of the flagship version only. Fees may differ when the product is accessed through an alternate investment vehicle such as a platform.

About the fund manager

Organisation

Based in Sydney, Fairlight Asset Management (Fairlight) was founded in November 2017 as a separate account specialist providing services to independent financial advisors, later establishing itself as an independent mid and small-cap international equity boutique in September 2018. As at 31 October 2025, Fairlight had approximately $A 1.9 billion in funds under management (FUM), a level at which the business is comfortably profitable.

Fairlight is structured as a joint venture between Fairlight employees and Perennial Partners (PP), a specialist investment management company formed in 2000. The majority of the investment team holds equity, with Nick Cregan as the substantial equity holder of Fairlight's 50% interest.

As part of the partnership, PP provides Fairlight with a range of services including marketing, distribution and the provision of various middle and back-office functions. PP has also provided financial support used to supplement working capital requirements. Zenith views Fairlight's partnership with PP favourably, as it allows the investment team to focus on research and portfolio management.

As at 31 October 2025, Fairlight managed approximately $A 1.9 billion in the strategy, approximately $A 588 million of which was invested in the Fund.

Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Nick Cregan	Portfolio Manager	22	8	Sydney, Australia
Alvise Peggion	Portfolio Manager	12	6	Sydney, Australia
Will Dowd	Portfolio Manager	12	8	Sydney, Australia
Abbey Cook	Portfolio Manager	20	2	Sydney, Australia

Based in Sydney, Fairlight's investment team of five is led by Nick Cregan. Before establishing Fairlight, Cregan spent two years at Evans and Partners as a co-portfolio manager of the International Fund. Prior to Evans and Partners, Cregan worked at Schroders Investment Management for eight years, holding portfolio management and analyst roles covering global and Australian mid, small and micro cap equities. Zenith believes Cregan is a strong investor, who has built a robust investment track record.

In December 2023, Ian Carmichael departed the business after relinquishing his portfolio management and stock selection duties in January 2023. Zenith considers Carmichael's transition to be a loss for the team, however, we are comforted by Cregan's ongoing involvement. In addition, we note that the investment team has otherwise remained stable.

Cregan is directly supported by Will Dowd, Alvise Peggion and Abbey Cook. Additionally, further support is provided by a quantitative analyst. Zenith has continued to build conviction in the team's analytical capabilities, believing they provide robust support to Cregan.

Each member of the team has generalist responsibilities. However, analysts will tend to gravitate towards specific areas drawing upon their previous experience and expertise. Zenith believes the generalist research structure allows for greater cross-pollination of ideas and career development for analysts.

Although the team is relatively small by industry standards, Zenith notes that Fairlight's investment process is calibrated to the team's size. That is, there is a high level of screening involved to effectively focus the team's limited resources.

The majority of the investment team has an equity stake in the business. Zenith believes this facilitates alignment and is a strong staff retention mechanism.

Overall, Zenith believes the investment team is sufficiently resourced to provide comprehensive analytical research.

About the sector

Sector characteristics

International equities offer Australian investors the ability to access a broader opportunity set, with the potential to invest in segments not well represented in the Australian equity market. Given that international markets are not perfectly correlated with the Australian equity market, funds that invest internationally can provide diversification benefits to a portfolio.

The Zenith 'International Shares – Mid Cap Companies' sector consists of long-only funds that invest in global equity markets. The sector incorporates both benchmark-aware and benchmark-unaware strategies that focus predominantly on mid and smaller capitalisation stocks.

Zenith benchmarks all products in this sector against the MSCI World ex-Australia SMID cap $A Index (Index). The index is market-capitalisation weighted, resulting in companies with the largest market capitalisations receiving the highest weightings. Zenith expects rated international equity funds to outperform the index over the long term.

The index consists of over 4,400 securities listed in 22 developed markets (Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States). As at 30 September 2025, the United States, Japan and Canada represented a significant portion of the MSCI World ex-Australia SMID cap $A Index, with each country accounting for 62%, 12% and 4% respectively. In addition, the top 10 stocks represented approximately 3% of the index. Although the index excludes emerging and frontier markets, many products retain mandate flexibility to invest in these markets.

Products in this sub-asset class are currency unhedged, resulting in their returns being affected by fluctuations in the Australian Dollar (AUD) relative to other global currencies.

Sector risks

Products within the 'International Shares – Mid Cap Companies' sector are exposed to the following broad risks:

Market and economic risk: A sustained downturn across international equity markets is a risk to the absolute performance of products in the sub-asset class. Additionally, changes in economic, social, technological or political conditions, as well as market sentiment, could also lead to negative fund performance. Investors adhering to a fund's prescribed investment timeframe can significantly reduce this risk.

Australian dollar (AUD) currency risk: The AUD has historically experienced declines during weaker market environments and appreciation in market upturns. A hedged global equities fund is likely to benefit relative to an unhedged fund in periods when the AUD appreciates. Conversely, an unhedged global equities fund is likely to benefit relative to hedged funds in periods where the AUD depreciates.

Zenith believes that the currency impact on performance will be minimal over the long term and therefore does not advocate retail investors making active currency decisions based on near-term currency predictions. For investors who are concerned about the short-term risks associated with taking fully unhedged or hedged currency positions, Zenith suggests blending hedged and unhedged global equity exposures to reduce short-term volatility.

Specific security risk: This is the risk associated with an individual security. The price of common shares in a company may be affected by unexpected changes in company operations, such as changes in management or the loss of a significant customer.

Liquidity risk: This is the risk that a security or asset cannot be traded promptly, due to insufficient trading volumes in equity markets. When trading volumes are low, buyers/sellers can significantly impact the price of a security when entering or exiting a position.

Style bias risk: International equity managers employ different investment styles such as Growth, Value or Neutral (a combination of Value and Growth). Each style is conducive to certain market conditions. Investors adhering to a fund's prescribed investment timeframe can significantly reduce this risk.

Capacity risk: High levels of funds under management (FUM) can present additional challenges to an equity manager. High FUM has the potential to restrict a manager's ability to trade efficiently and/or be forced to disclose substantial shareholdings to the market (more common in smaller companies).

Regulatory risk: All investments risk being affected by changes to government policies, regulations and laws. Security prices in which funds may have exposure are also subject to certain risks arising from government intervention across international equity markets. Such regulation or intervention could adversely affect fund performance.

Administration and operations

Responsible Entity	The Trust Company (RE Services) Limited

Zenith rating

Report certification

Date of issue: 27 Nov 2025

Role	Analyst	Title
Analyst	Varun Thakkar	Investment Analyst
Sector Lead	Stephen Colwell	Deputy Head of Equities

Association & relationship

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Rating history

As At	Rating
27 Nov 2025	Highly Recommended
28 Nov 2024	Highly Recommended
29 Nov 2023	Highly Recommended
30 Nov 2022	Highly Recommended
24 Nov 2021	Highly Recommended
25 Nov 2020	Recommended
08 Oct 2020	Recommended
24 Sep 2020	Not Rated - Screened Out

Last 5 years only displayed. Longer histories available on request.

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.

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This report refers to the Australian unit trust for the fund, and the fund and benchmark returns are all in AUD.

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