

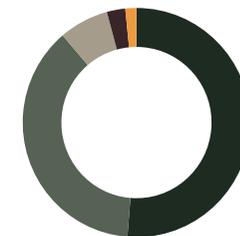
Performance at 31 January 2026

	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	5 Years p.a.	Since Inception p.a.
Fairlight Global Small & Mid Cap Fund	-4.3%	-9.6%	-14.5%	-15.3%	7.9%	6.6%	9.2%
MSCI World Small & Mid Cap Index	-0.7%	-0.5%	3.1%	5.9%	13.1%	10.0%	10.2%
Outperformance	-3.6%	-9.1%	-17.6%	-21.2%	-5.2%	-3.4%	-1.0%

Performance is in AUD and net of all fees. Inception 1 November 2018. Since inception returns are on a per annum basis. Past performance is not an indicator of future performance.

Portfolio Revenue Exposure

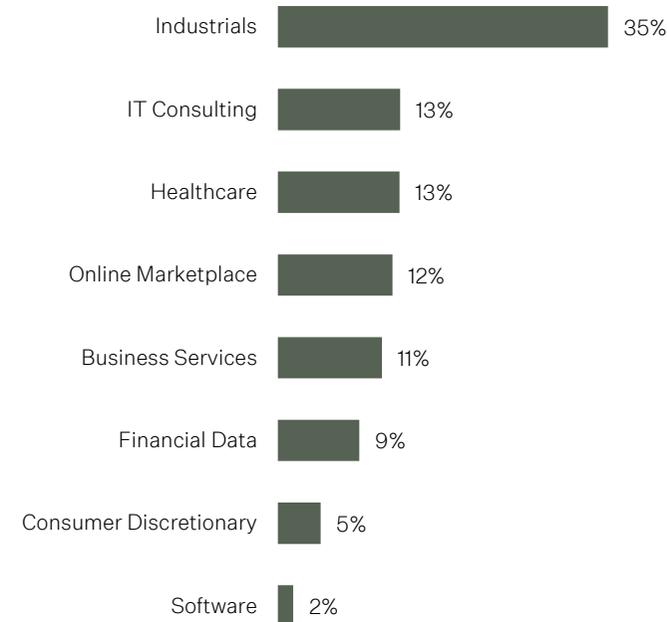
- North America: 51%
- Europe: 37%
- Asia Pacific: 7%
- Africa & Middle East: 3%
- Latin America: 1%



Performance Since Inception



Portfolio Sector Exposure



Top 5 Holdings in Alphabetical Order

Company	Region	Sector
Diploma	GB	Industrials
Ferguson Enterprises	US	Industrials
Halma	GB	Industrials
Scout24	DE	Online Marketplace
Ulta Beauty	US	Consumer Discretionary

About Fairlight

Fairlight Asset Management is a boutique firm investing exclusively in global equity markets. The investment approach is grounded in fundamental research, long term in nature and has a strong focus on quality. The team believe a portfolio of the highest quality businesses, purchased with valuation discipline will outperform over the long term whilst protecting and preserving client capital.

Investment Philosophy

Fairlight's investment process is designed to find businesses that have a demonstrable track record of earning outsized returns on capital with characteristics that will allow these returns to persist into the future, available at attractive valuations. Where possible, the strategy mitigates potential risk by looking for stable and aligned management teams, conservative balance sheets and avoiding single points of failure.

The portfolio is segmented into three types of investment opportunities:

- High quality growth companies
- Stable compounders
- Special situations

Fairlight does not invest in sectors of the market that do not meet its quality criteria including cyclical business (commodities and mining) and interest rate sensitive businesses (banks and utilities).

Contact Us E: hello@fairlightam.com.au W: fairlightam.com.au

[Invest Online](#)

Figures and graphs sourced from Apex Fund Services and FactSet Portfolio Analytics. This report has been prepared and issued by Fairlight Asset Management Pty Ltd ACN 628 533 308 Corporate Authorised Representative No 001277649 of AFSL No 000247293, the investment manager of Fairlight Asset Management Global Small and Mid Cap Fund. The Product Disclosure Statement (PDS) contains all of the details of the offer. You can obtain a copy of the PDS and target market determination from fairlightam.com.au or by contacting Fairlight Asset Management directly. Before making any decision to make or hold any investment in the Fund you should consider the PDS and TMD in full. The information provided does not take into account your investment objectives, financial situation or particular needs and is not intended to constitute advice of any kind. Past performance is not an indicator of future performance. Returns are not guaranteed and so the value of an investment may rise or fall. The Trust Company (RE Services) Limited (ABN 45 003 278 831 AFS Licence 235150) is the Responsible Entity of Fairlight Global Small & Mid Cap Fund ARSN 629 066 913.

Performance update

Since the beginning of 2026, the drivers of underperformance of the Fairlight strategy both absolute and relative, have been the same as those outlined in our [2025 review](#). Namely 1) relentless multiple derating across the portfolio in the face of AI disintermediation risk and 2) outperformance of companies in sectors where Fairlight doesn't invest due to higher risk and lack of long-term earnings predictability.

2025 Q4 reporting season

The 2025 Q4 reporting season started in late January and so far, our businesses have reported earnings that have been supportive of our goal of achieving consistent, annual double-digit Earnings Per Share (EPS) growth for the portfolio. We continue to believe that given our valuation discipline, the returns of the Fund should track portfolio EPS outcomes over the long term.

Figure 1 illustrates that the Fairlight's portfolio has never had a "down year" in EPS growth, delivering resilient earnings growth even during the 2020 Covid shutdowns. Since inception, the Fairlight Fund EPS has reliably compounded at 13% vs the benchmark at 7%. While the relationship between underlying EPS growth and the Fund returns broke down in the middle of 2025, we continue to implement our investment strategy with the same discipline of the past and expect the relationship to normalise again once indiscriminate panic selling ceases.

Multiple de-rating despite resilient earnings

Figure 2 shows how almost all our holdings are now trading at the lowest multiple they ever traded at over the past 5 years (this is also true over 10 years). We show this chart to make the point that the multiple de-rating has been a phenomenon that has been affecting the entirety of the portfolio and not just the portion that can be linked to those businesses whose future might be at risk due to AI disintermediation (mainly a combined position of about 12% across several property and auto classified businesses, the majority of these are discussed [here](#)).

We suspect this de-rating is due to:

- 1) "Sell now and ask questions later" market dynamics, indicative of panic selling.
- 2) Quality businesses increasingly becoming a source of funding, as capital continues to shift towards infrastructure assets, cyclical companies such as banks, miners and equipment-heavy businesses, defence contractors and nascent technology businesses.

We believe the portfolio will continue to deliver EPS growth of at least 10% in aggregate and therefore, its ability to compound wealth over time remains intact. In other words, while a multiple re-rate across our holdings would be beneficial to returns, we are not relying on it.

Our belief in our portfolio EPS growth forecasts of 10% for FY25 and 11% for FY26 stems from the above-average earnings predictability of the companies that Fairlight invests in, niche leaders operating in stable markets.

In Q3 2025, the vast majority of companies beat consensus expectations (RHS) and most subsequently upgraded or maintained their forward guidance (RHS).

The Q4 2025 reporting season has started in a similar manner to Q3, with a significant majority of companies beating consensus expectations and all portfolio companies except two either upgrading or maintaining forward guidance (Figure 3).

Portfolio positioning

While current operating performance remains solid across our investments, we continue to focus on assessing the sustainability of this performance over the long term. We have argued in the past that by virtue of strong market leaderships and financial strength, our companies are well placed to adapt to the technological revolution that AI is bringing. At the same time, over the past six months we have exited or reduced all those investments where answering this question has been more challenging – especially considering the accelerating capabilities of AI models. The result is a portfolio that is concentrated across niche industrial leaders and defensive businesses which are not overly exposed to AI disintermediation and are likely to benefit from the efficiencies that this technology will deliver over time.

Growing insider buying

We continue to rigorously test our investment theses and look for disproving evidence and for management behaviour that is inconsistent with the idea that the current valuations are attractive. We are encouraged to see most of our companies accelerating the speed of current buybacks and launching new repurchase programs, in some cases for the first time in their histories. Most importantly, we are also pleased to see insiders buying shares in their companies with their own money at risk.

At the end of January, 21 out of the 33 companies within the Fund had an active buyback. Over the past 12 months, 16 of these companies either accelerated the pace of their repurchase programs or experienced significant insider buying. Of the 12 companies which did not have an active buyback program in place, 8 engaged with shareholders about the possibility of launching one and/or displayed significant insider buying activity.

The Fairlight View

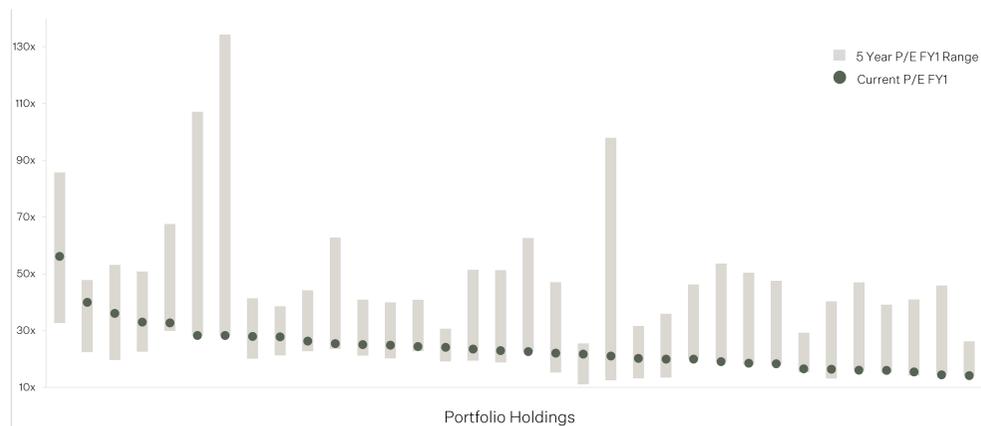
While the operating and growth metrics of our holdings haven't changed, the Fund is now trading on a PE ratio of 19x compared to 24x historically, and so we continue to believe that, probabilistically, future returns over the coming years should be strong. On a relative basis, the Fund's multiple is only 2 turns higher than that of the benchmark, compared to the historical premium of 8 turns, despite displaying significantly better operating characteristics and lower leverage. Whilst we continue to assess the underlying durability of our holdings, we are pleased to see that most of our companies and their management teams are purchasing shares suggesting increasing alignment with shareholders.

Figure 1. Historical EPS growth vs. the Index

CY	EPS Growth (USD)	
	Benchmark	Fairlight
2018*	22%	15%
2019	-7%	12%
2020	-42%	5%
2021	130%	32%
2022	13%	19%
2023	-13%	6%
2024	5%	7%
2025	10%	9%
EPS CAGR	7%	13%

Inception 1 November 2018. Performance shown net of fees. Past performance is not a reliable indicator of future performance.
Source: Fairlight, MSCI

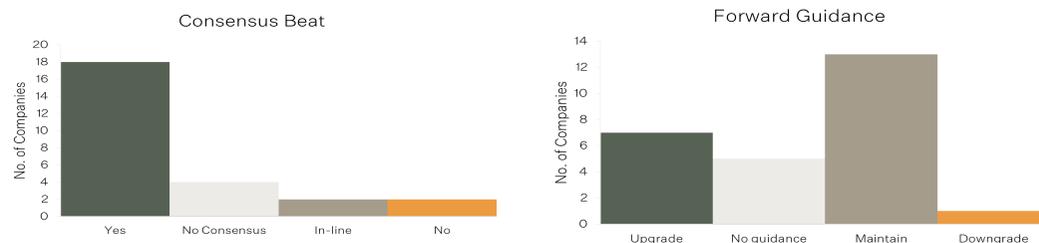
Figure 2. Portfolio Holdings



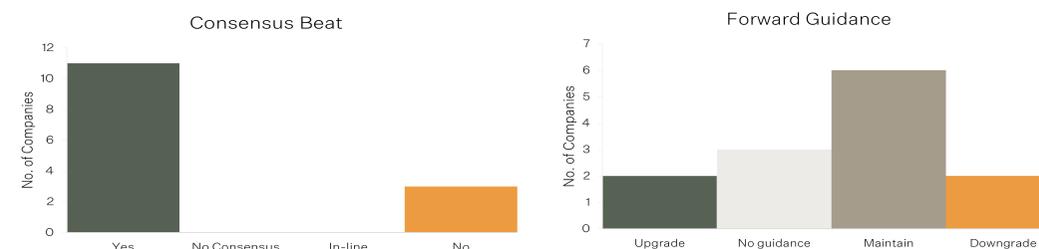
Source: FactSet, Fairlight

Figure 3.

Q3 Results, Consensus Beat and Forward Guidance



Q4 Results, Consensus Beat and Forward Guidance



Source: FactSet

*Based on internally generated forecasts. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner and should not be used as an indication of future performance.

Figures and graphs sourced from Apex Fund Services and FactSet Portfolio Analytics. This report has been prepared and issued by Fairlight Asset Management Pty Ltd ACN 628 533 308 Corporate Authorised Representative No 001277649 of AFSL No 000247293, the investment manager of Fairlight Asset Management Global Small and Mid Cap Fund. The Product Disclosure Statement (PDS) contains all of the details of the offer. You can obtain a copy of the PDS and target market determination from fairlightam.com.au or by contacting Fairlight Asset Management directly. Before making any decision to make or hold any investment in the Fund you should consider the PDS and TMD in full. The information provided does not take into account your investment objectives, financial situation or particular needs and is not intended to constitute advice of any kind. Past performance is not an indicator of future performance. Returns are not guaranteed and so the value of an investment may rise or fall. The Trust Company (RE Services) Limited (ABN 45 003 278 831 AFS Licence 235150) is the Responsible Entity of Fairlight Global Small & Mid Cap Fund ARSN 629 066 913.