

# Global Small & Mid Cap Fund

Strategy Update  
June 2026

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Fairlight Small & Mid Cap Fund	Parameters
Stock numbers	30-40
Market capitalisation	US\$500m-\$40bn
Style	Long only quality
Investment horizon	5+ years
Objective	Benchmark +3-5%
Benchmark	MSCI World SMID AUD (Net)

Auditor



Administrator



Responsible Entity



Distribution



Rating



Rating





Nicholas Cregan

Nicholas is a Portfolio Manager of the Fairlight Global SMID Fund.

**Investment Experience:**  
22 years

- E&P (2014 – 2017): Portfolio Manager. Awarded “Best Global Fund” in 2016 with top decile performance since inception
- Schroders (2006 – 2013): Senior Analyst of the US\$7bn Small Mid Cap Fund covering 25% of fund assets. Portfolio Manager AUS Micro Cap Equities (11% pa outperformance over five years)

**Qualifications:**

- Bachelor of Business (Accounting, Law)
- FINSIA Applied Valuation, UTS Fin Cert. Dip. Derivatives



Will Dowd, CFA

Will is a Portfolio Manager and responsible for investment analysis and database design.

**Investment & Analytics Experience:**  
14 years

- E&P (2015 – 2017): Global Equity Analyst
- Ernst & Young (2011 – 2015): Senior Consultant (data analytics & advisory)

**Qualifications:**

- Bachelor of Business Systems
- Masters of Finance
- Chartered Financial Analyst



Alvise Peggion, CFA

Alvise is a Portfolio Manager and responsible for investment analysis.

**Investment Experience:**  
13 years

- Forager Funds Management (2013 – 2019): Global Equity Analyst

**Qualifications:**

- Bachelor of Finance (1st Class Honours)
- Chartered Financial Analyst



Abbey Cook

Abbey is a Portfolio Manager and responsible for investment analysis.

**Investment Experience:**  
22 years

- Magellan Financial Group (2019 – 2022): Investment Analyst
- Perpetual Limited (2014 – 2019): Global Consumer Analyst
- Wavestone Capital (2009 – 2013): Senior Investment Analyst.

**Qualifications:**

- Master of Commerce, Economics
- Bachelor of Commerce/ Bachelor of Liberal Studies



Hero Gunawan, CFA, FRM

Hero is a Quantitative Analyst and responsible for applying statistical models and quantitative techniques to produce insights from data.

**Investment & Analytics Experience:**  
7 years

- Foresight Analytics (2022 – 2023): Quantitative Consultant
- Glass Lewis & Co (2019 – 2022): Research Analyst

**Qualifications:**

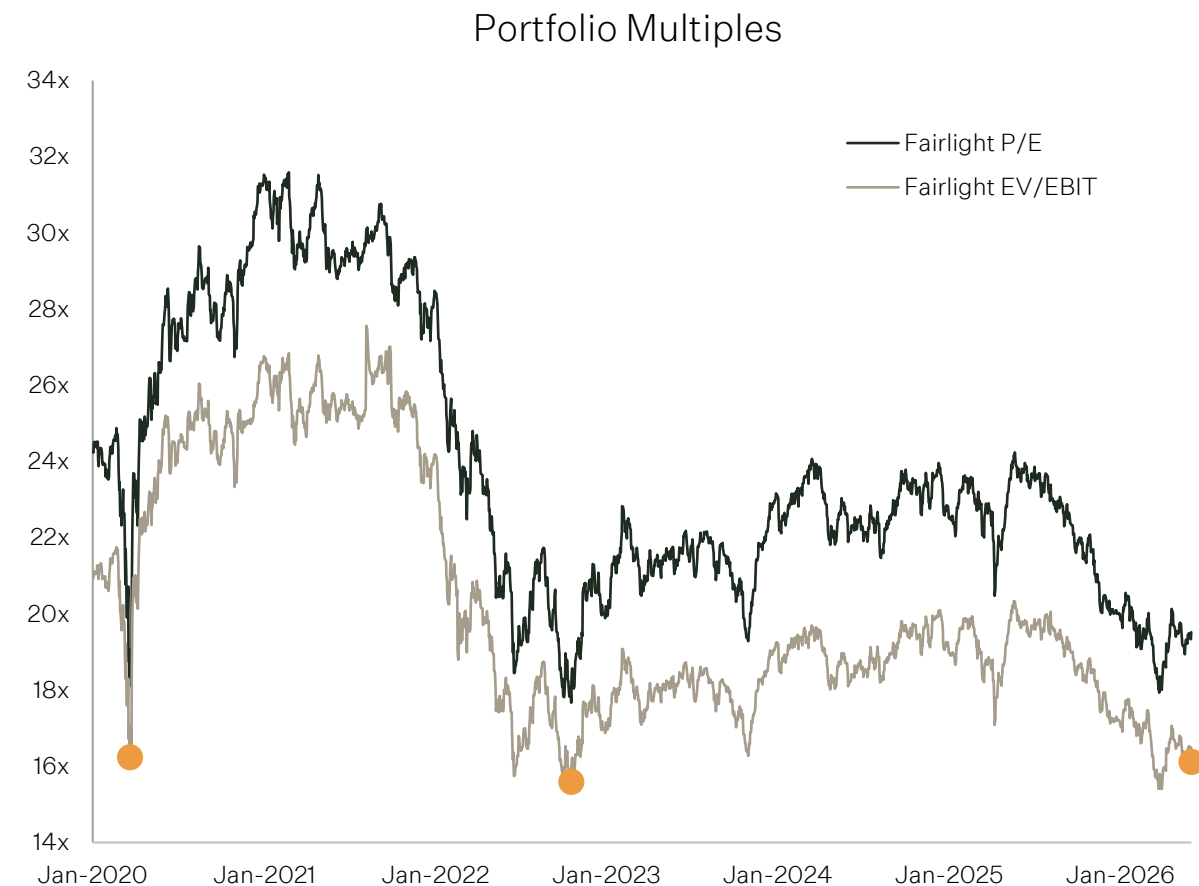
- Bachelor of Business Administration
- Chartered Financial Analyst
- Financial Risk Manager

Performance to Apr-26	Since Inception	Since Inception p.a.	5 Years p.a.	3 Years p.a.	1 Year	3 Months	1 Month
Fairlight Global SMID Cap Fund	76.0%	7.8%	2.3%	3.0%	-17.7%	-7.0%	3.7%
MSCI World SMID Cap Index	105.0%	10.1%	8.2%	12.7%	15.4%	1.4%	3.2%
<b>Outperformance</b>	<b>-29.0%</b>	<b>-2.2%</b>	<b>-5.9%</b>	<b>-9.7%</b>	<b>-33.1%</b>	<b>-8.4%</b>	<b>0.4%</b>

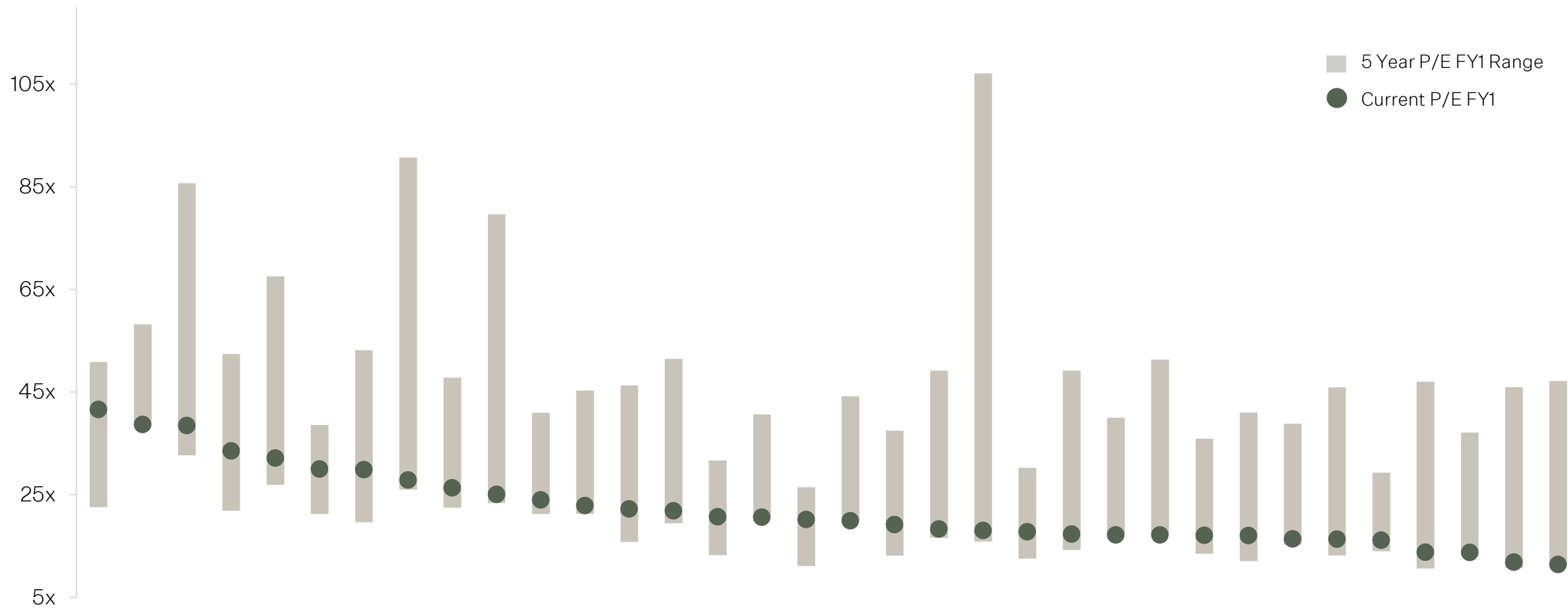


Performance is in AUD and net of all fees. Unit trust inception date is 1 November 2018. Since inception returns are on a per annum basis. Past performance is not a reliable indicator of future performance.

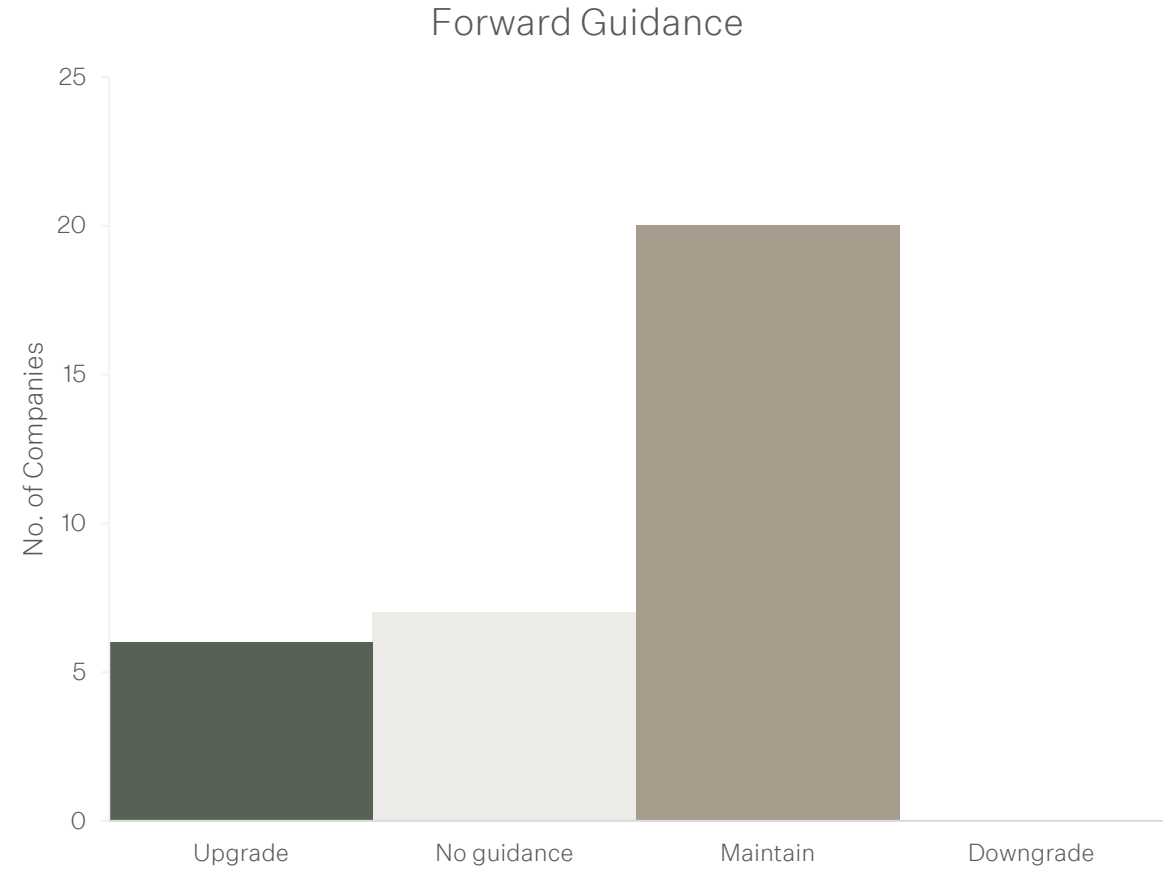
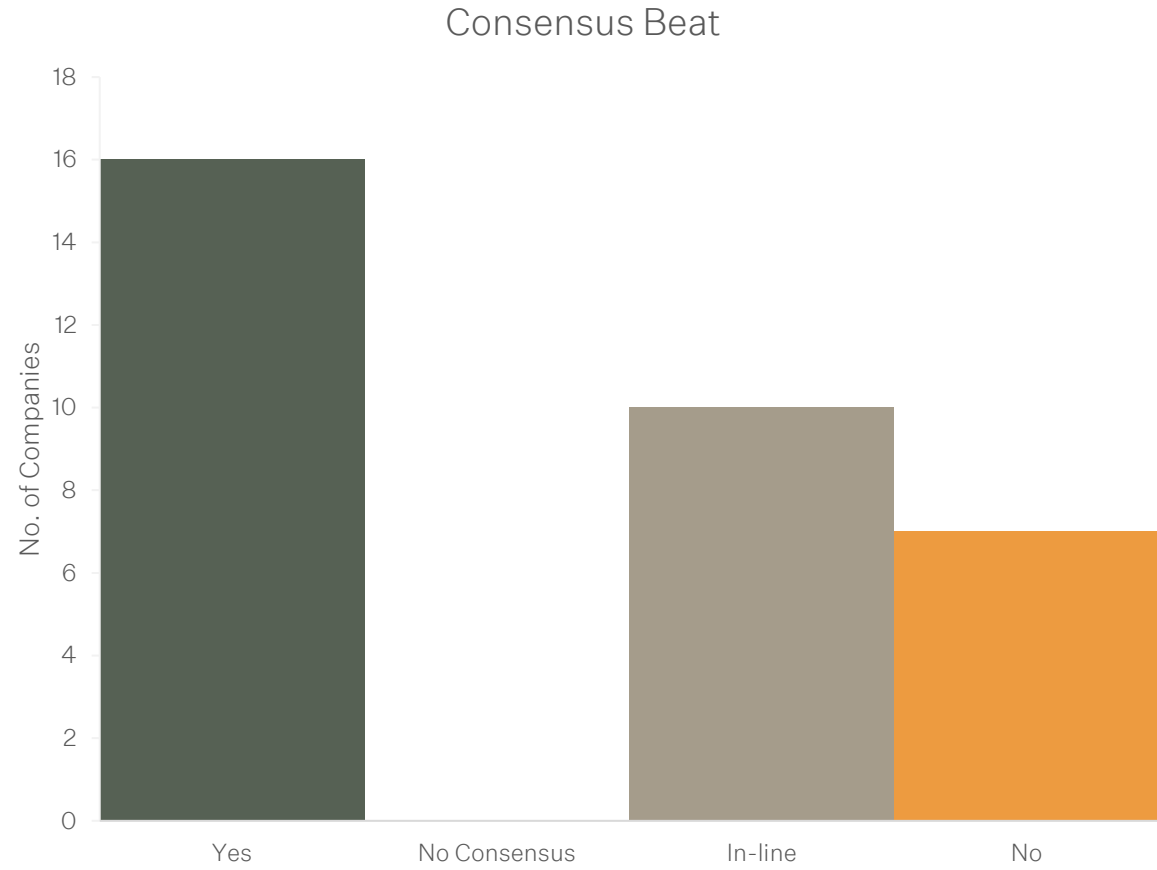
EPS Growth (USD)		
CY	Benchmark	Fairlight
2018*	22%	15%
2019	-7%	12%
2020	-42%	5%
2021	130%	32%
2022	13%	19%
2023	-13%	6%
2024	5%	7%
2025	10%	11%
EPS CAGR	7%	13%



Sources: FactSet Portfolio Analytics, Fairlight. CY2018 data have been annualised to reflect the Trust’s inception in November 2018. Past performance is not indicative of future performance.

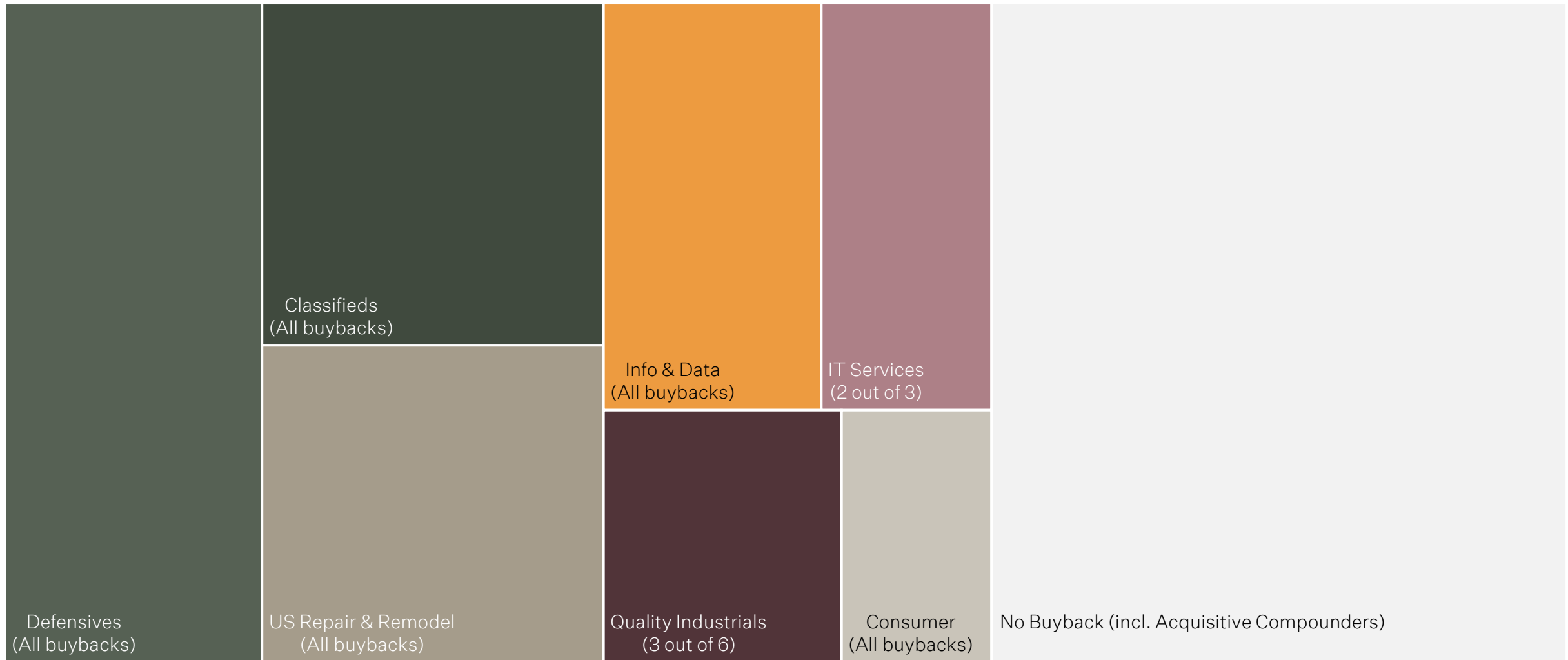


Source: FactSet Consensus. Updated May 2026.  
 Past performance is not indicative of future performance.

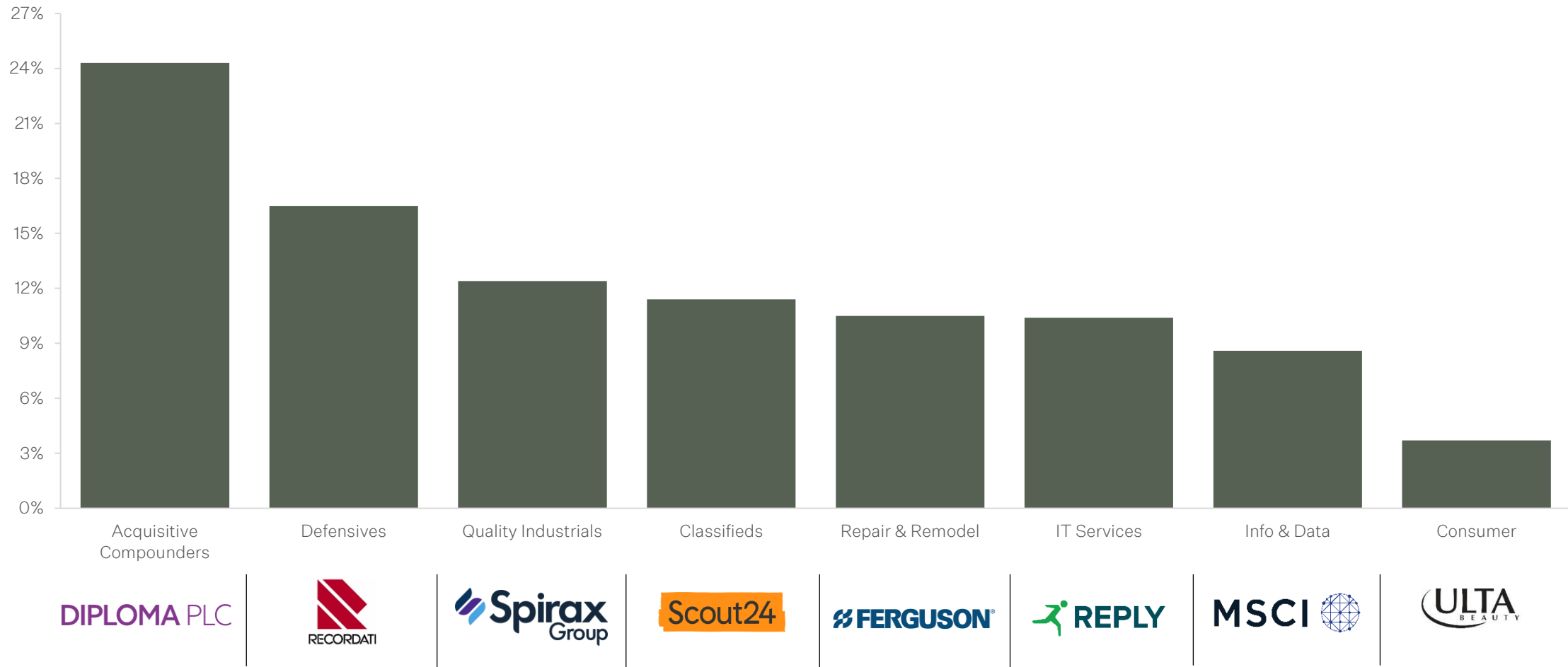


Sources: FactSet, Company filings. Updated May 2026.

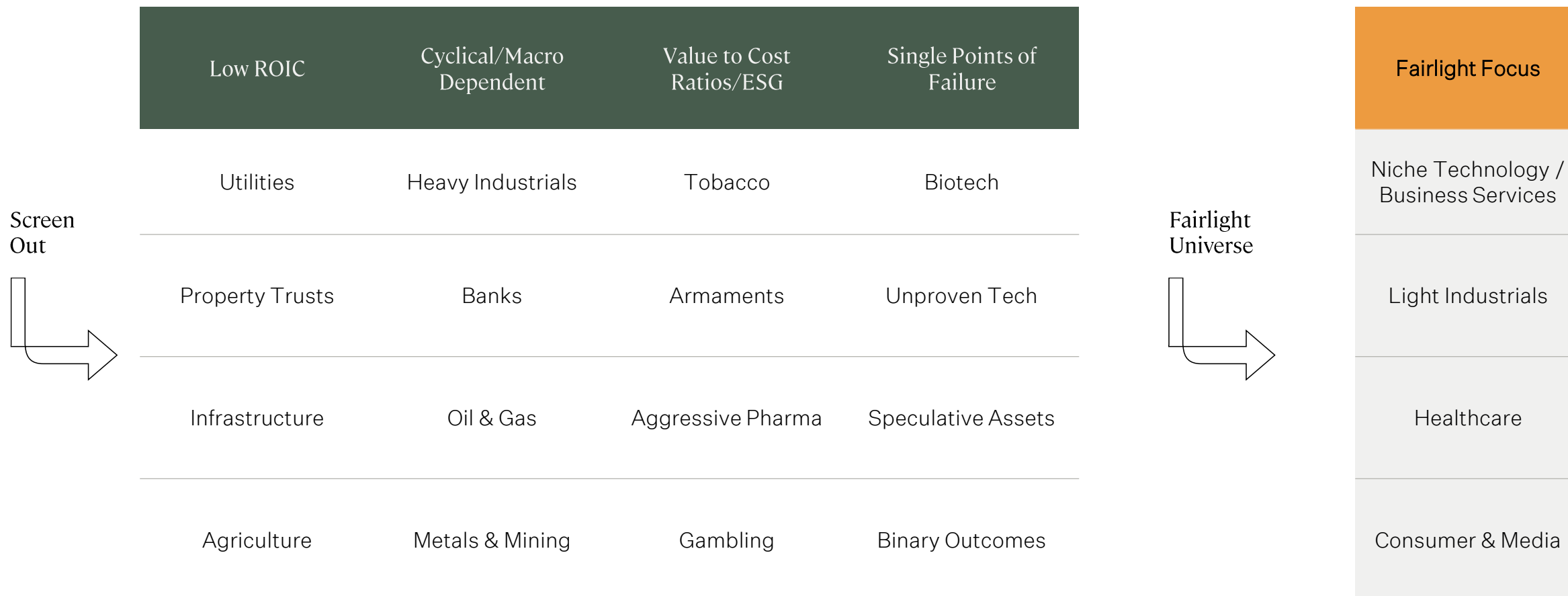
# 63% of Portfolio Holdings Have Active Share Repurchase Programmes in Place

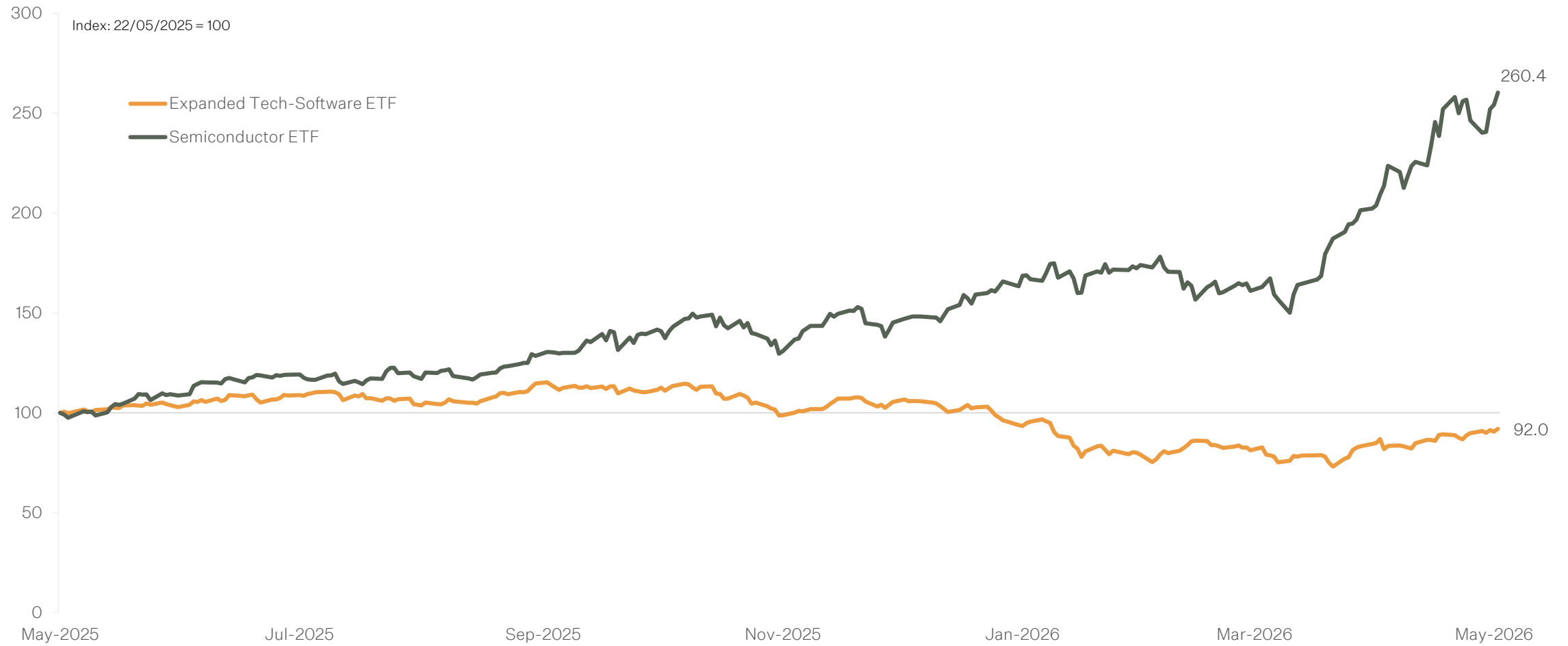


Source: Fairlight classification, Company filings.



Source: Fairlight classification. The logo represents examples of our holdings within the classification. This information is general advice only and does not take into account your personal objectives.

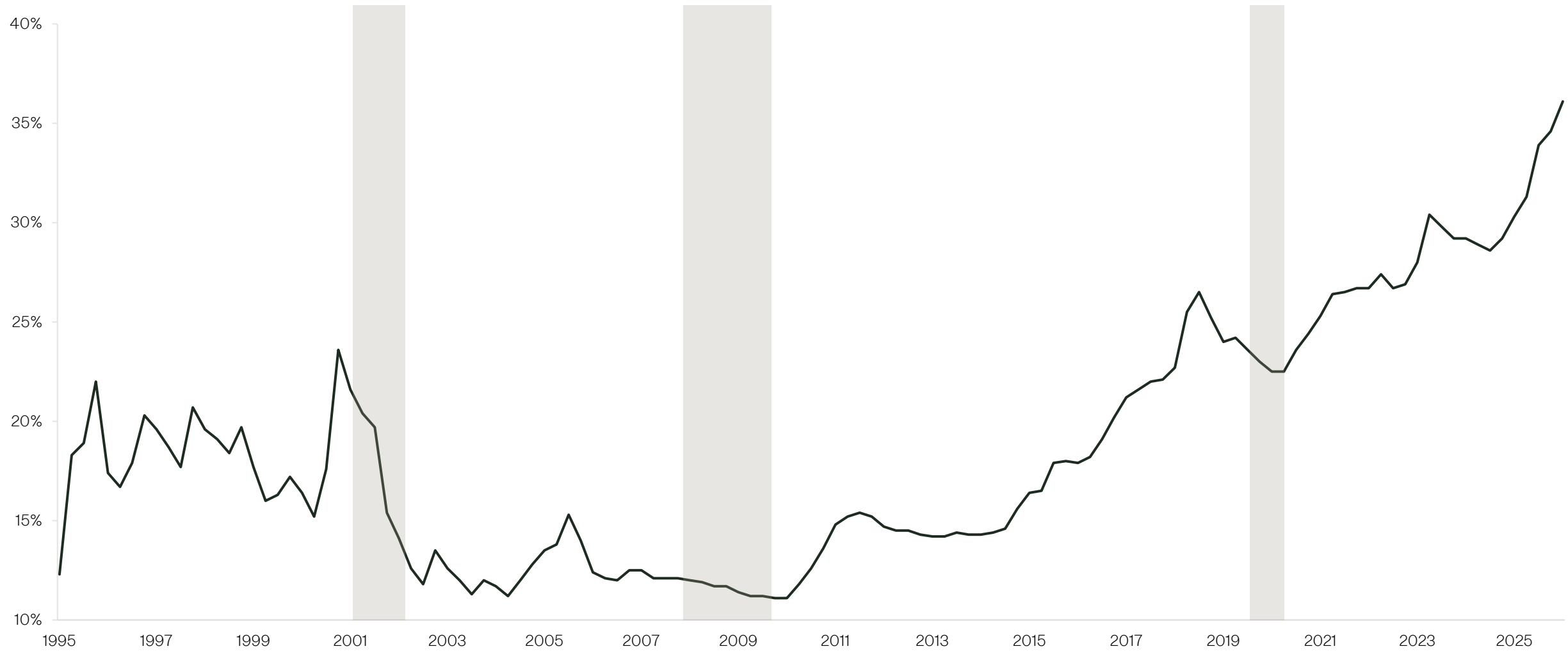




Source: FactSet, iShares. Updated 25 May 2026.  
Past performance is not indicative of future performance.

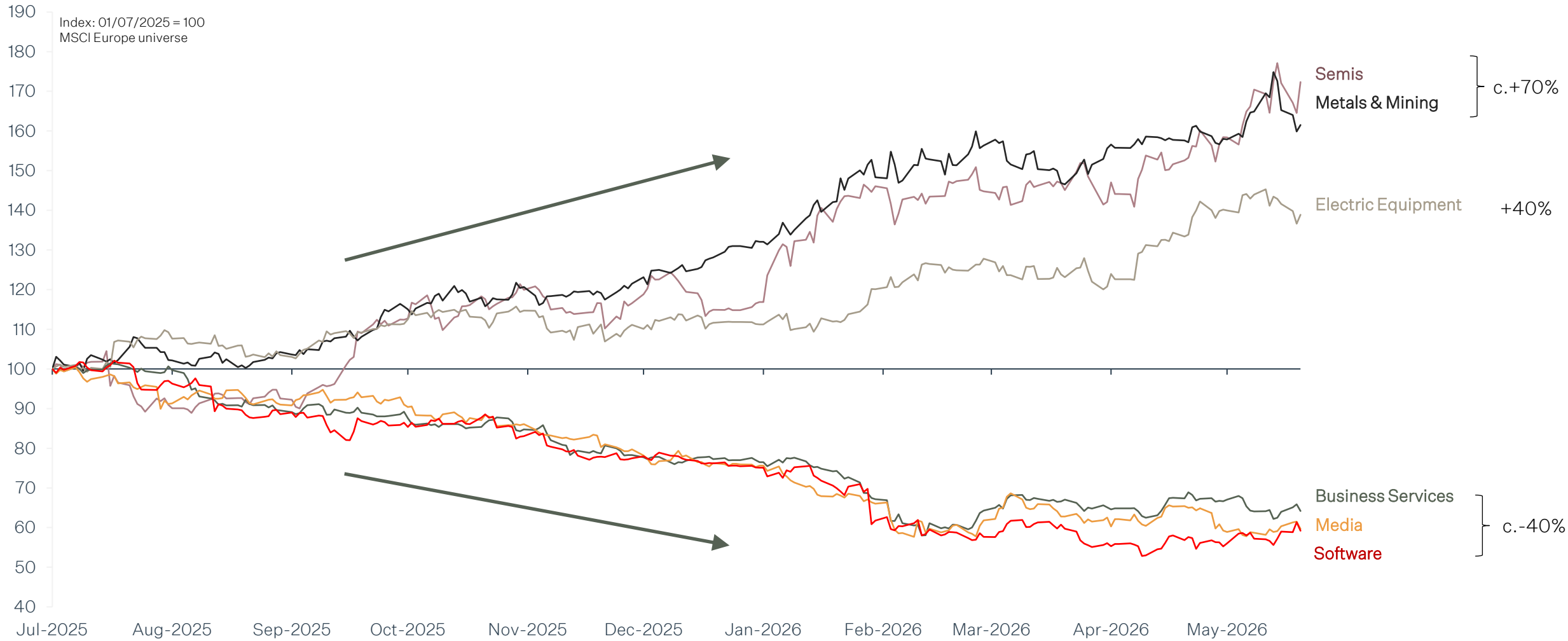
# S&P 500 IT Sector Capex Now Accounts for More Than a Third of S&P 500 Capex Spending

FAIRLIGHT



Source: Bloomberg, Macrobond, Apollo Chief Economist

# In Europe, the AI Narrative is Driving Extreme Market Polarisation

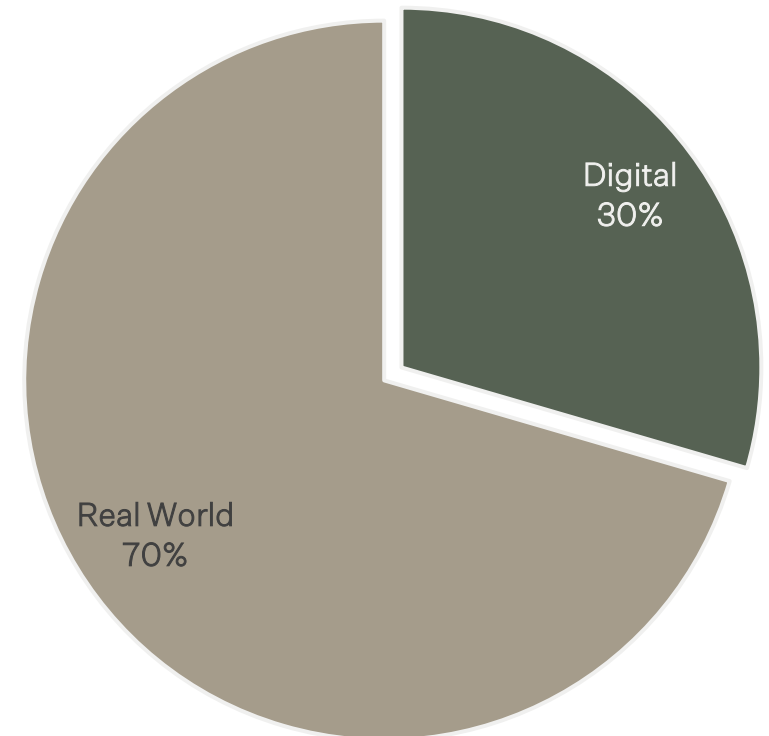


Source: MSCI, Kepler  
Past performance is not indicative of future performance.

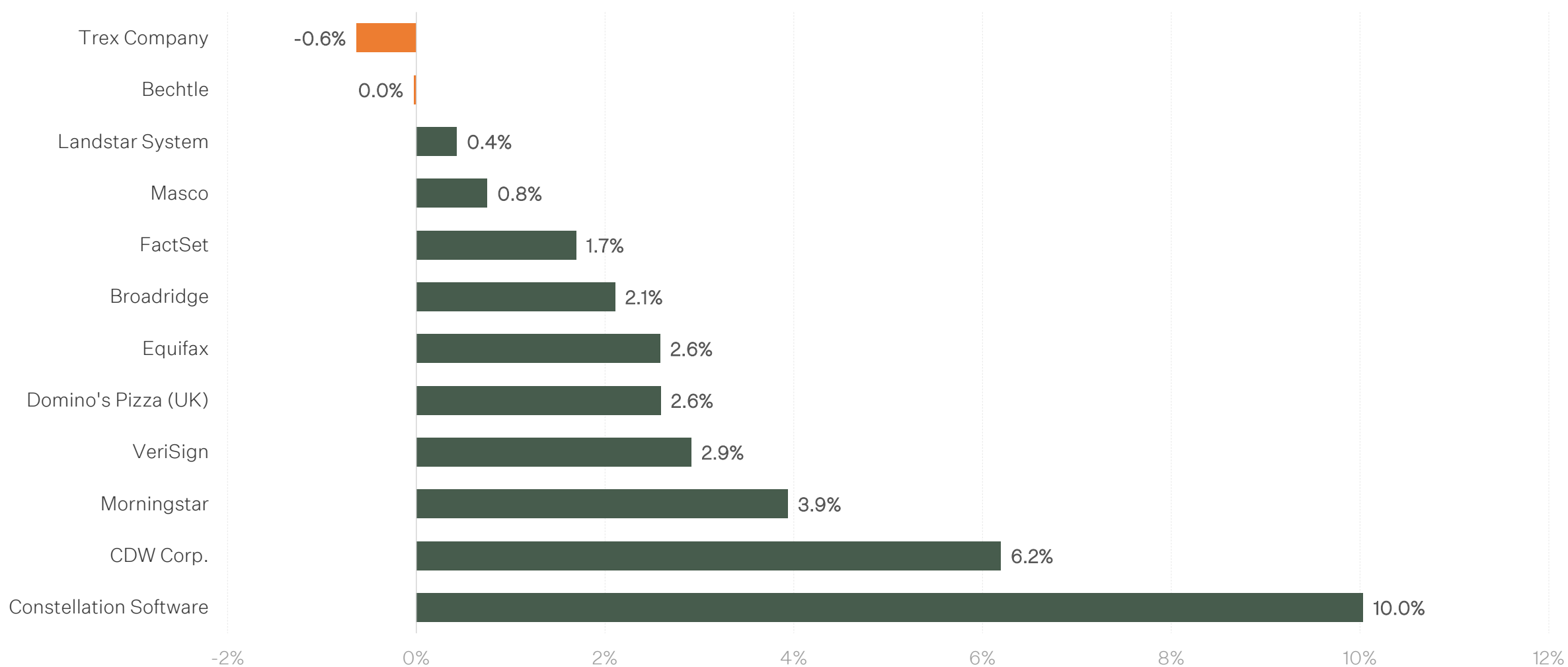
New Position
Spirax Group
Rational AG
RB Global
Addtech
Rollins
MonotaRO
Hemnet
Experian
Verisk

Exit
Constellation Software
VeriSign
Broadridge Financial Solutions
Morningstar
CDW
FactSet
Bechtel
Domino's Pizza UK
Equifax
Masco
Trex
Landstar

Portfolio: Digital vs Real World Assets

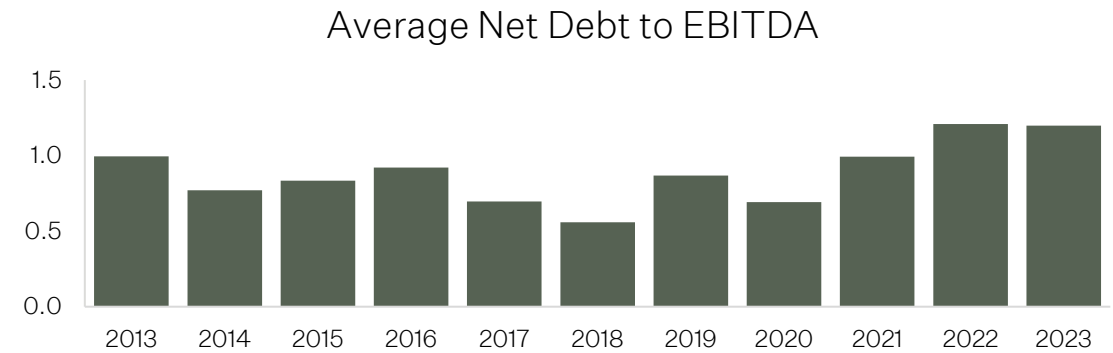
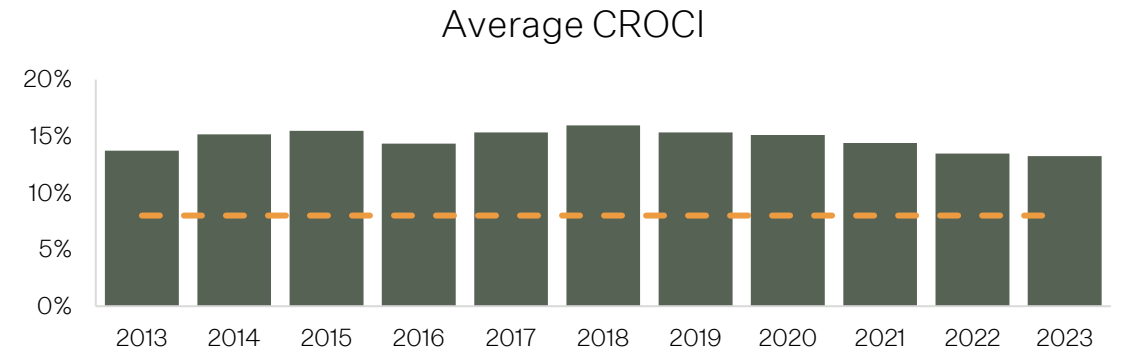
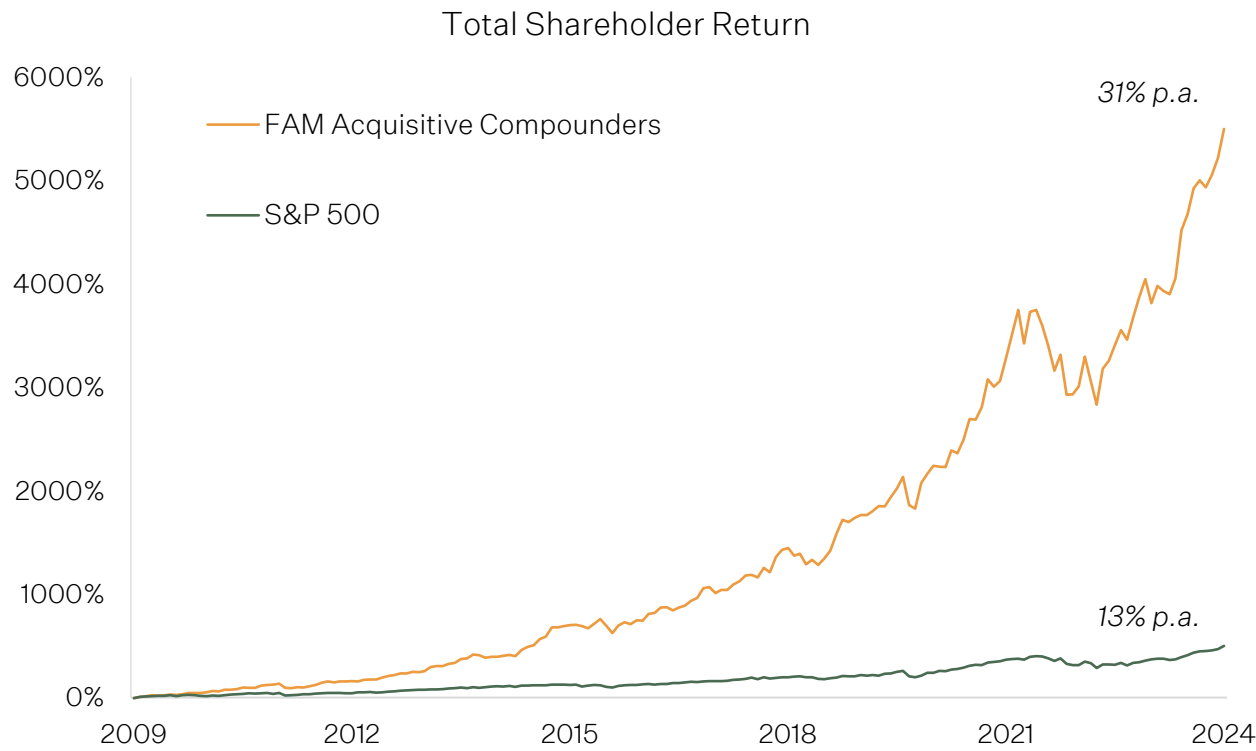


Sources: Fairlight  
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Sources: Fairlight

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**Acquisitions as an operating model:**

Core competency of the management team is making acquisitions. Their day job involves tracking hundreds of targets and have experience honed over decades of making deals.

**High # of acquisitions:**

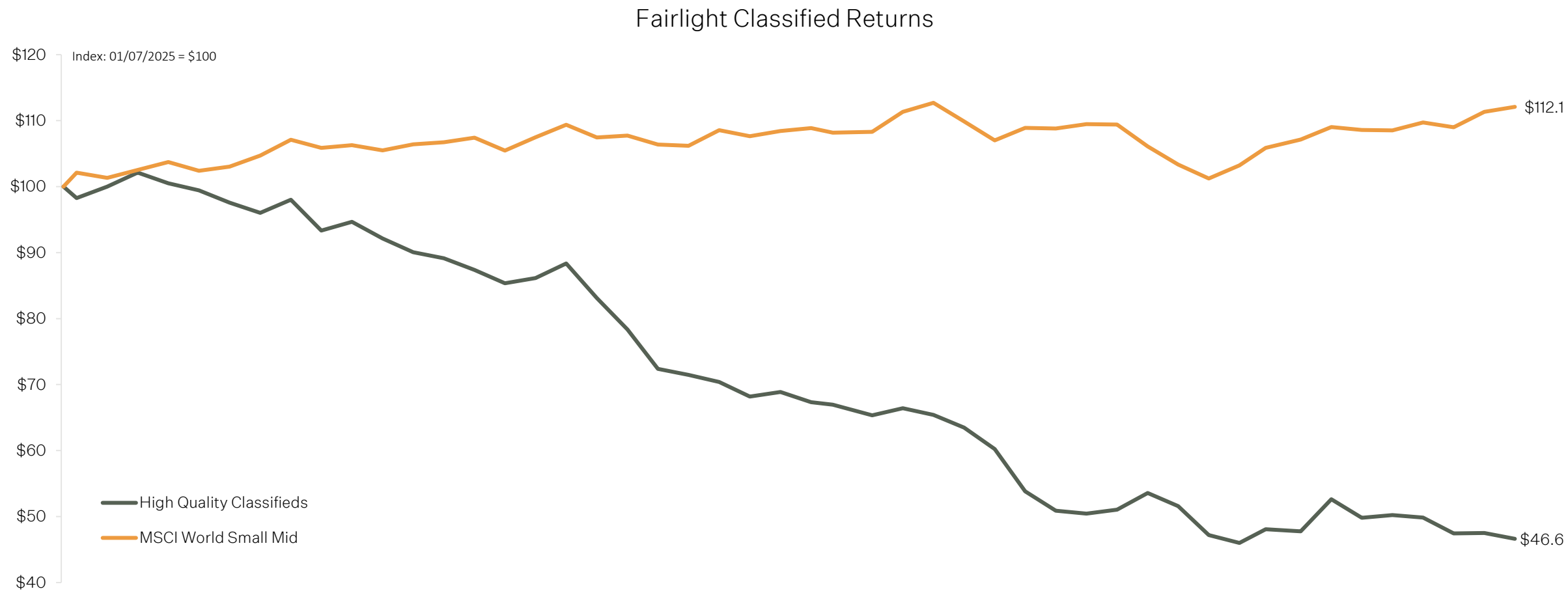
Fairlight prefers companies to make many small acquisitions, as opposed to fewer, larger deals. This helps neutralize the role of luck in the investment process.

**Acquirer of choice:**

An intangible, but equally important factor is the culture of the business. Fairlight looks for acquirers with reputations built over decades as a good home for businesses.

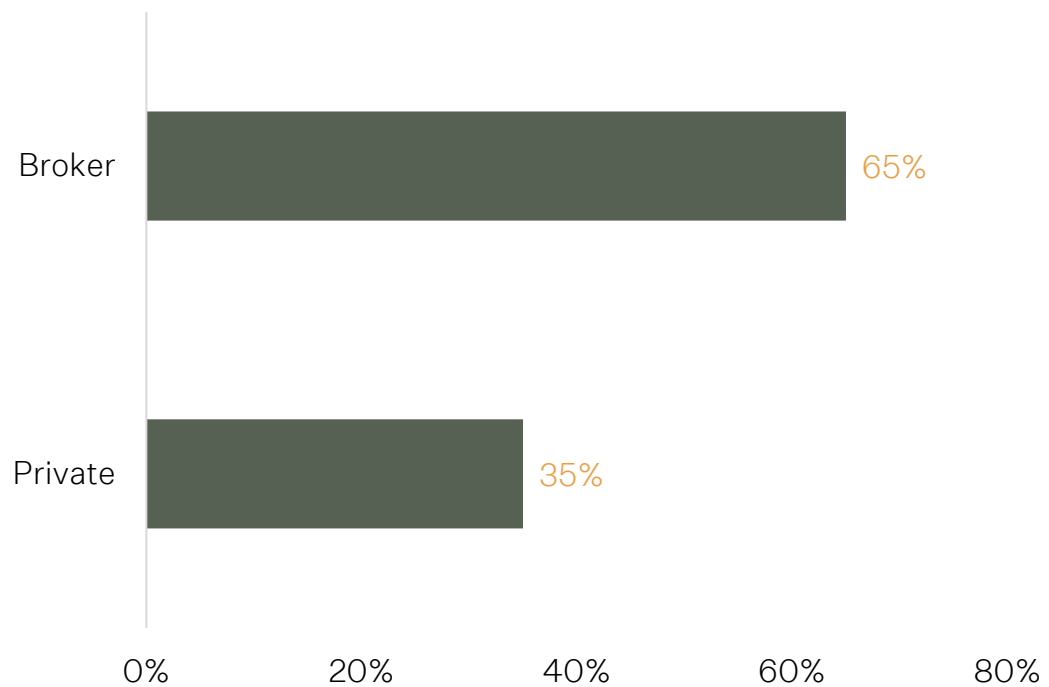
	5-year revenue forecast CAGR*
Clinical Diagnostics	7%
Data Centres, Digital & Telecoms	10%
Electrification	10%
Industrial Automation	9%
Infrastructure	11%
Renewables	9%
Water Management	7%
2026e total revenue growth	15%

\*Approximate 2023 five year forecast CAGR based on company market data and research

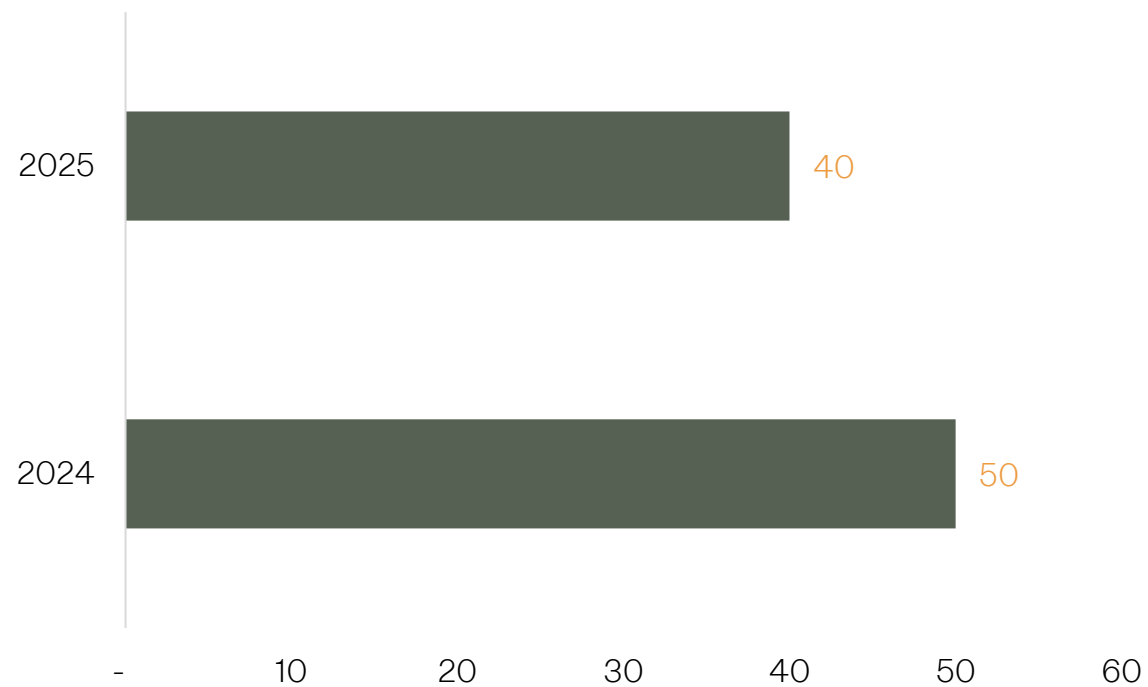


Source: MSCI, FactSet. As of May 29, 2026. High Quality Classified as per Fairlight’s coverage: RMV, AUTO, G24, HEM. Returns are in AUD. Past performance is not indicative of future performance.

Inventory Contributed by Client Type



LLM Lead Generation as percentage of total traffic (BPS)



**Industry leader:**

#1 position in the industry – a near monopoly in residential property listings driving deep network effects.

**Industry default CRM:**

Scout24 provides end to end workflow management tools for customers. Well placed to develop agentic workflow tools

**Invested heavily in technology and R&D:**

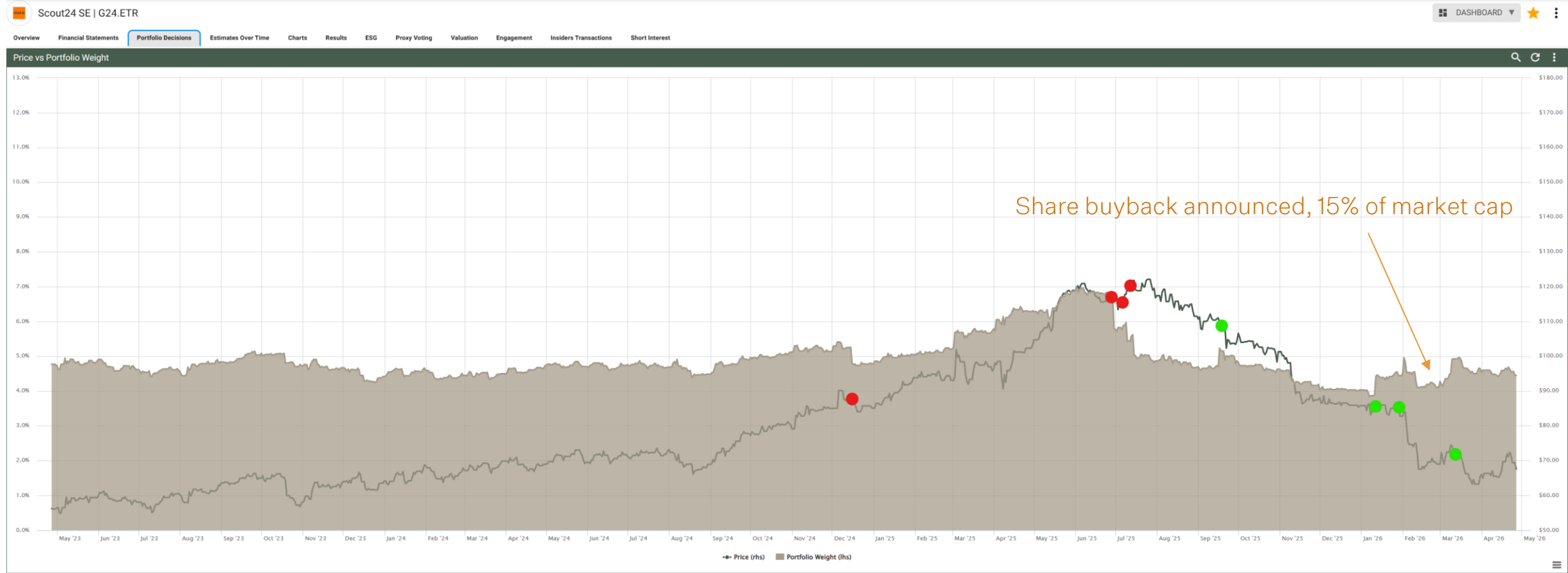
Despite accelerated investment in AI tools for both search and client workflow automation, margins are expanding

**Improving financials:**

20% EPS growth in FY25 and buyback equivalent to 10% of market cap currently being executed

Source: Company, Fairlight estimates

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Source: Fairlight, Calibre

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### Technology Innovation

Consistently invested in R&D, consolidating offerings and implementing technologies across hundreds of projects for leading companies.

*Expanding our portfolio of solutions, from machine learning to generative AI, and integrating AI with the physical world through IoT, robotics, and spatial computing.*

### Competitive Moat

Every client is a partner — co-creating innovative solutions that address specific challenges, becoming an extension of their teams.

*Among the few capable of bringing a complete portfolio of expertise, solutions, and platforms in the AI field to market.*



Machine Learning  
Generative AI

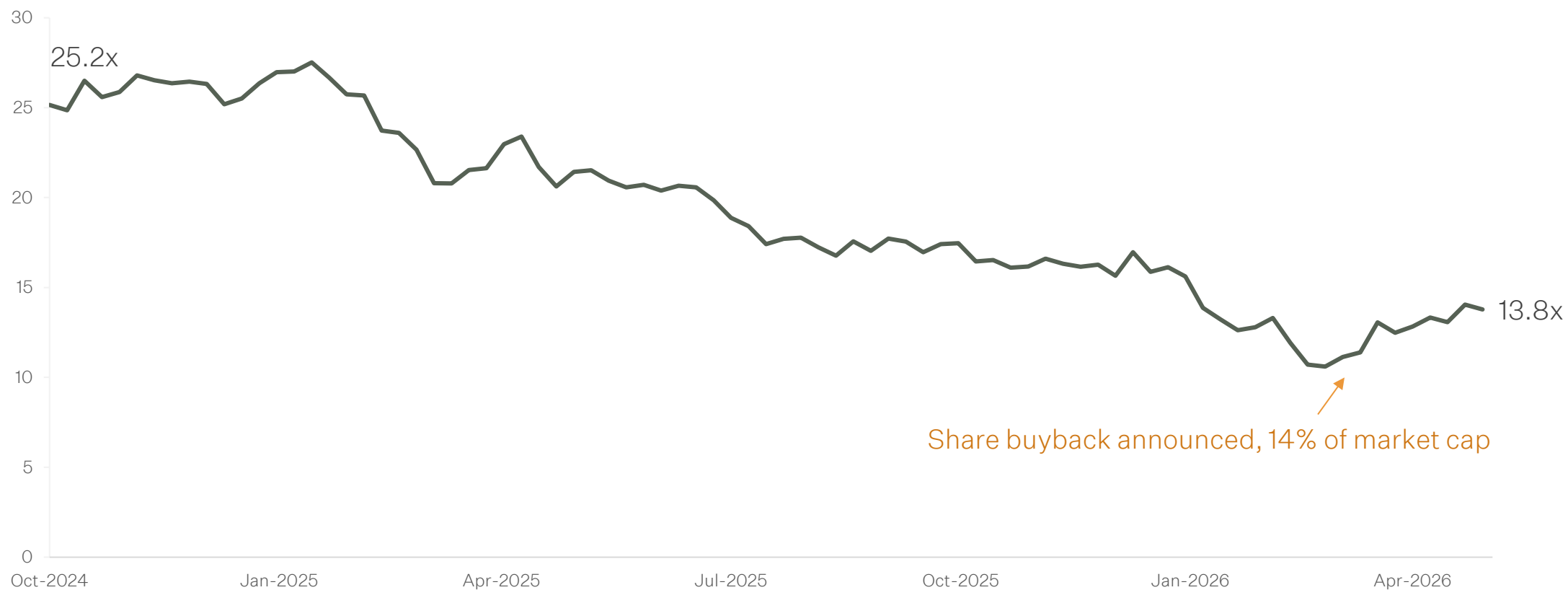


IoT & Robotics  
Spatial Computing



Client Co-Creation  
Embedded Partnership

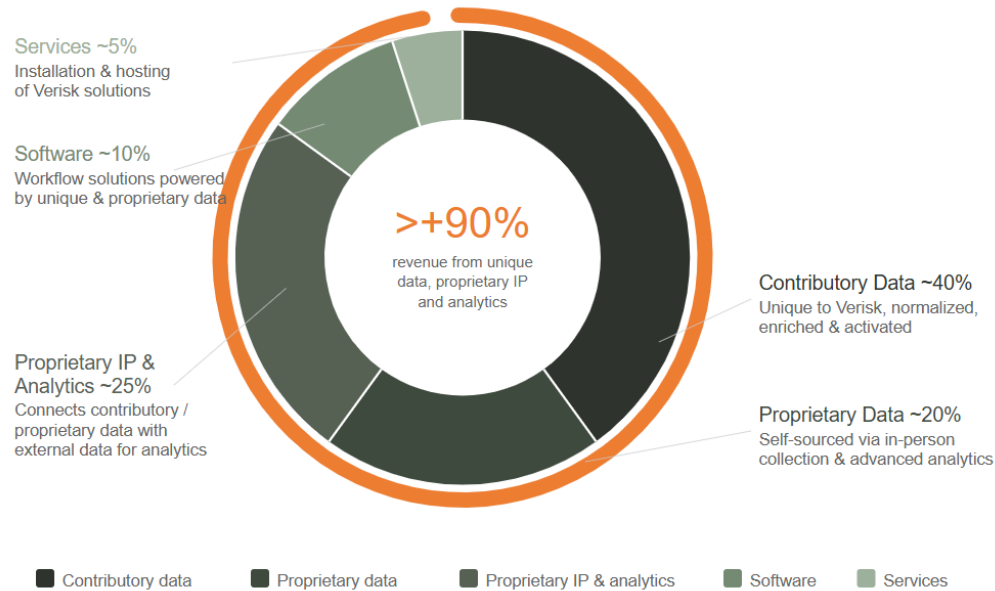
Source: Reply, Fairlight  
This information is general advice only and does not take into account your personal objectives.



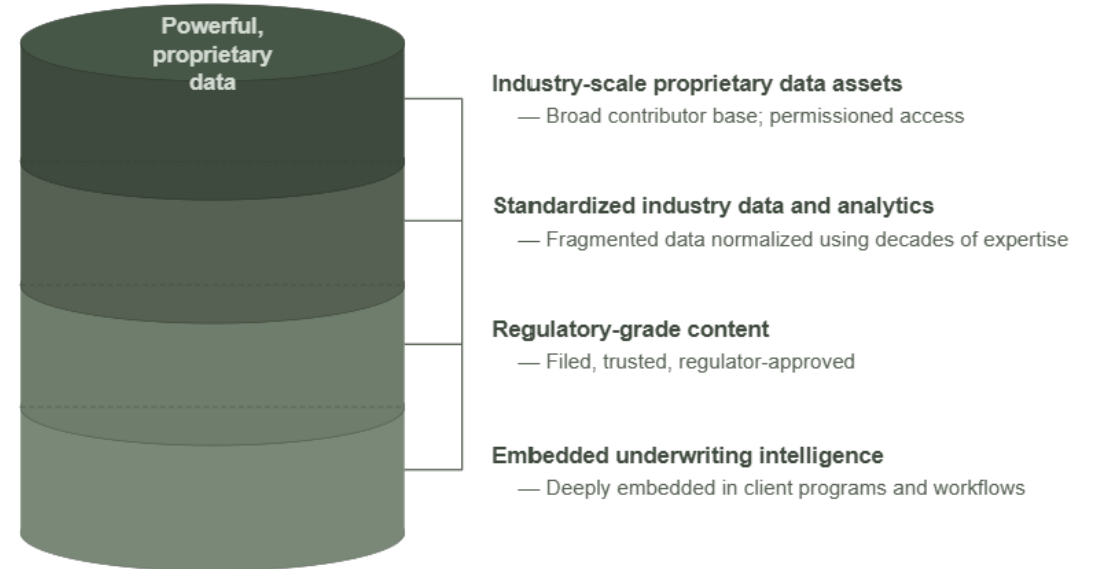
Source: FactSet, Company's filings

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Unique data advantage underpins over 90% of Verisk revenue



Proprietary, regulatory-grade and embedded analytics: our structural differentiation in AI



**Industry leader:**  
#1 position in the industry – a monopoly in insurance data collection across many verticals.

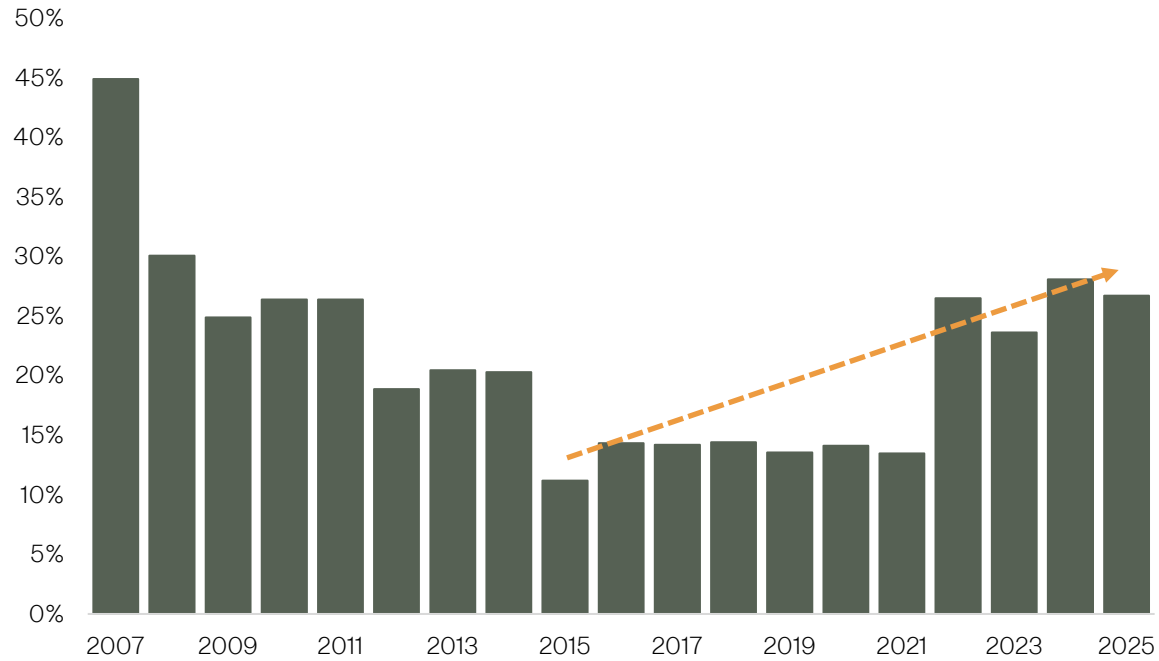
**Contributory database:**  
Data collected on behalf of the industry, cleansed and resold to allow insurance premiums to be calculated.

**Long term industry growth drivers:**  
US Net Written Premium has historically grown at 5% pa. Complexity is increasing, so is the need for analytics.

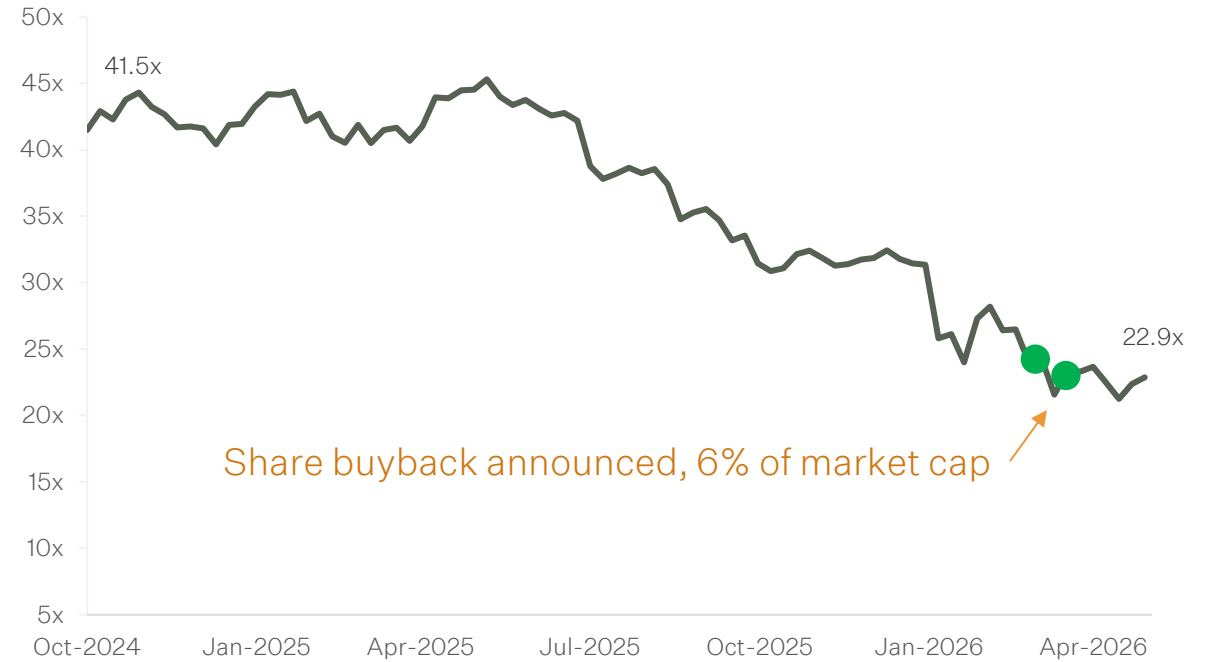
**Improving financials:**  
Activist campaign led to turnover of management and divestment of poor acquisitions.

Source: Fairlight, Verisk Analytics, FactSet  
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Cash Return on Cash Invested (CROCI)



VRSK-US



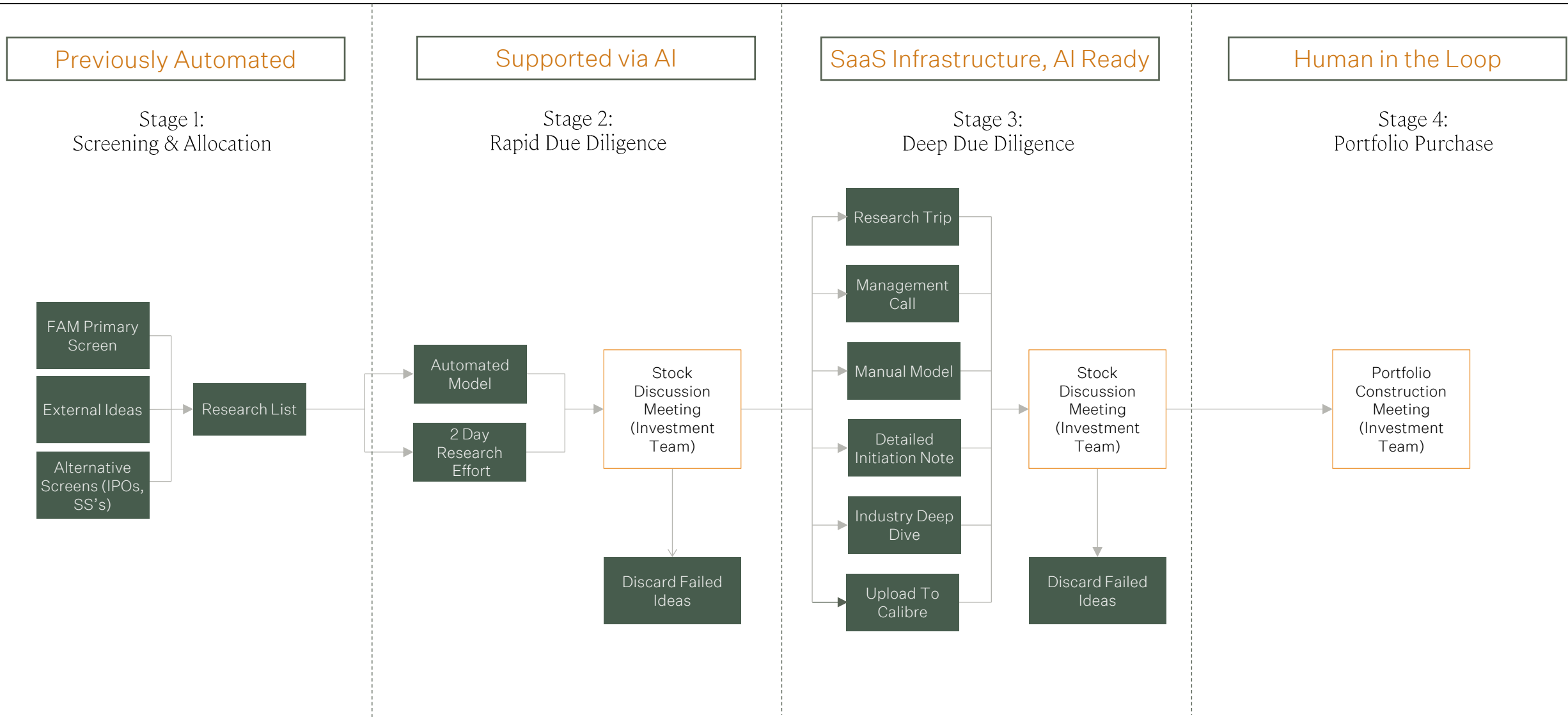
**Cash Return on Invested Capital:**  
 Exceptional and rising strongly following divestments and repurchase of 25% of its share base.

**Deep investment in data:**  
 15% use of capital on high ROI data and platform initiatives. Have updated user experience over past 24 months.

**Data analytics pedigree:**  
 Business a long term user of machine learning techniques, GenAI a natural extension.

**Exceptional financials:**  
 Targeting LDD EPS growth, likely understated given AI cost out and adjacent product opportunity.

Source: Fairlight, Verisk Analytics, FactSet  
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## Thesis Stress Test — G24-DE

Transcript: G24-DE Q1 2026 • Model: claude-sonnet-4-6

### ANALYSIS

#### Executive Summary

- **Core thesis STRENGTHENED on all primary dimensions:** Professional subscription ARPU growth is tracking at mid-teens (above the modelled HSD assumption), consumer subscribers have exceeded the 500k-by-2026 CMD target in Q1 2026 (already at 508k average, April trending above 530k), EBITDA margins expanding organically toward 64% (top of thesis range), and Q1 adjusted EPS grew 20.1% — substantially ahead of the 13-16% annual model.
- **AI has transformed from a thesis risk-gap to a documented competitive advantage:** The transcript reveals quantifiable AI benefits not captured in the original thesis — Propstack AI users generate 50%+ higher monthly ARPU (€340 vs. €220), HeyImmo reached 650,000 monthly users with 1 million April conversations, external LLM traffic is negligible (0.3-0.4%, confirming Scout24 is not being disintermediated), and internal AI is driving 5% organic personnel cost declines with FTEs trending down even as the business grows.
- **Spain acquisition is the most significant new variable not in the thesis:** Scout24 has made its first meaningful international acquisition (Fotocasa, a Spanish classified portal), adding 6-7pp to 2026 revenue growth but also introducing integration risk, near-term margin dilution (group reported margin guided to "up to 61%" vs. 64% organic), and strategic execution complexity. Management has a clear transformation plan (replacing ad revenue with membership revenue) but this is a multi-year effort with execution risk.
- **Capital return acceleration is a material positive surprise:** The share buyback programme has been upsized from €200m to €350m in 2026 alone — well above the thesis's 2-2.5% annual share count reduction assumption — reflecting management confidence in guidance delivery and opportunistic capital deployment at what management describes as "historically low valuation."

Source: Fairlight, Calibre, Company

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Fairlight Portfolio Characteristics

**Quality**

EBITDA Margin	31%
Operating Margin	29%
CROCI	32%
Cash Conversion	98%
Net Debt/EBITDA	0.5x

**Growth**

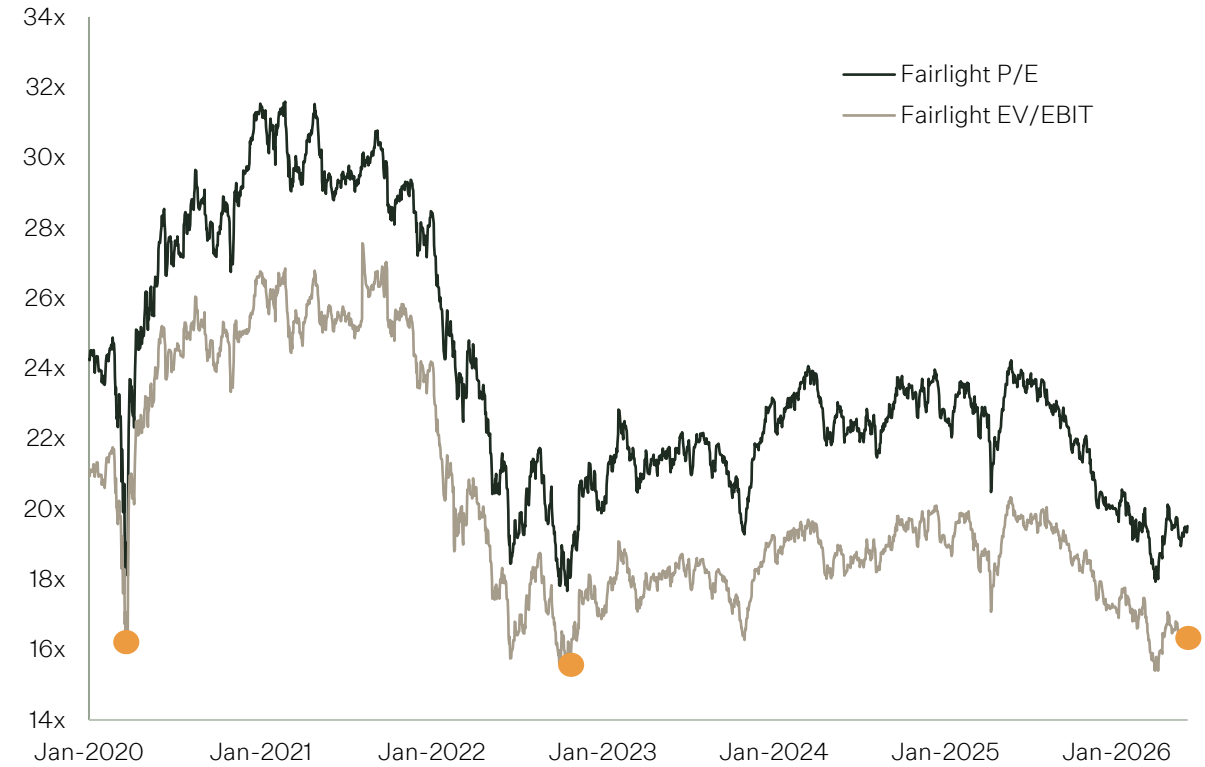
2025 Revenue	+7%
2025 EPS	+11%
2026E Revenue	+8%
2026E EPS	+13%

**Valuation**

Earnings Yield	5.2%
PE	19.0x
Dividend Yield	1.8%
Market Cap (USD)	\$18.0b

Source: Fairlight Estimates. FactSet  
 Past performance is not indicative of future performance.

Portfolio Multiples



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Platform Availability



Direct Online Application  
[www.fairlightam.com.au](http://www.fairlightam.com.au)

Research



# FAIRLIGHT

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