WEBINAR · 16/11/2026 · NICHOLAS CREGAN // ED REEKIE

The recovery has started. The discount hasn't closed.

Quality small and mid caps: earnings still compounding, multiples still below average

FAIRLIGHT

Important information

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PROCESS AND PERFORMANCE

What we want you to leave with

01

Earnings compounded; the multiple did not

Fund EPS has grown 13% a year since 2018, against 7% for the benchmark, while the portfolio P/E has fallen to about 20x.

02

The AI trade has a payback problem

Hardware drove the market, but capex is running ahead of revenue.

03

We own AI beneficiaries, not its capex

We own high-quality businesses that use AI to strengthen what they do, rather than the companies reliant on the build-out.

PROCESS AND PERFORMANCE

What we own, and what we avoid

We own

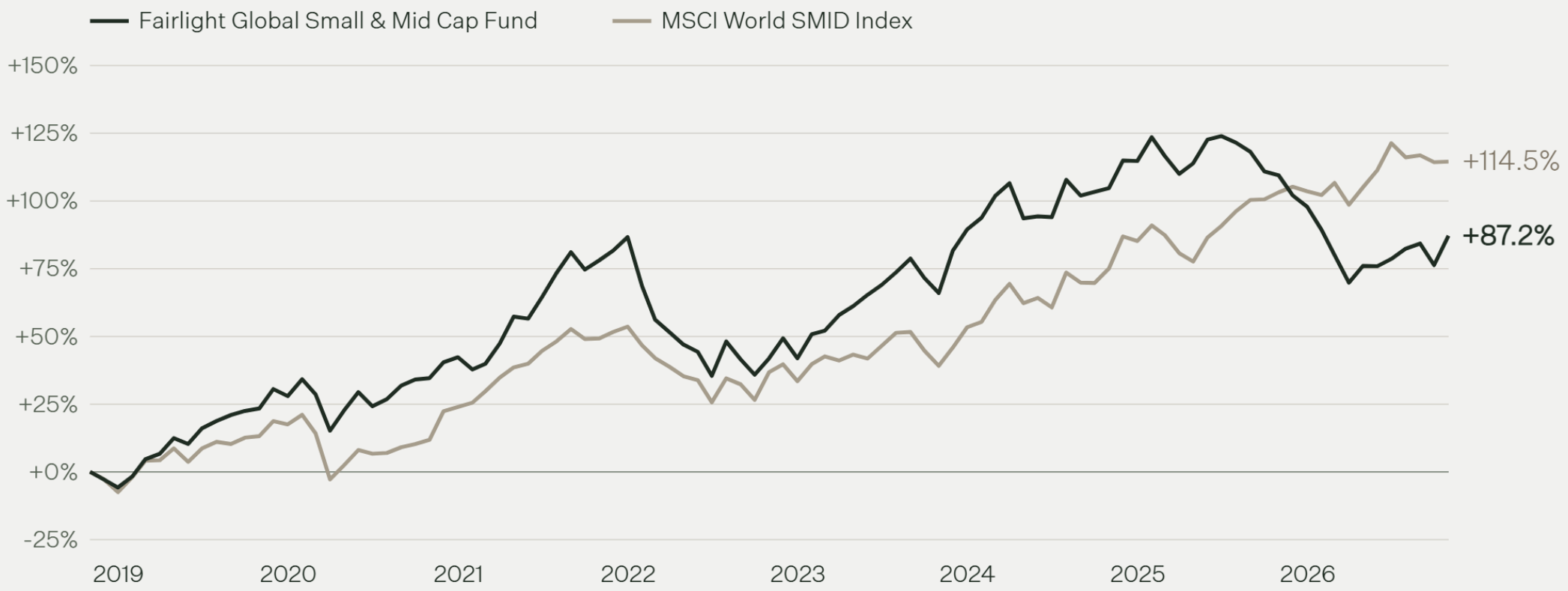
- Asset-light compounders
- High returns on capital
- Pricing power
- Businesses that dominate their market

We avoid

- Miners and energy
- Banks
- Capital-intensive cyclicals
- Earnings that hinge on the commodity cycle

PROCESS AND PERFORMANCE

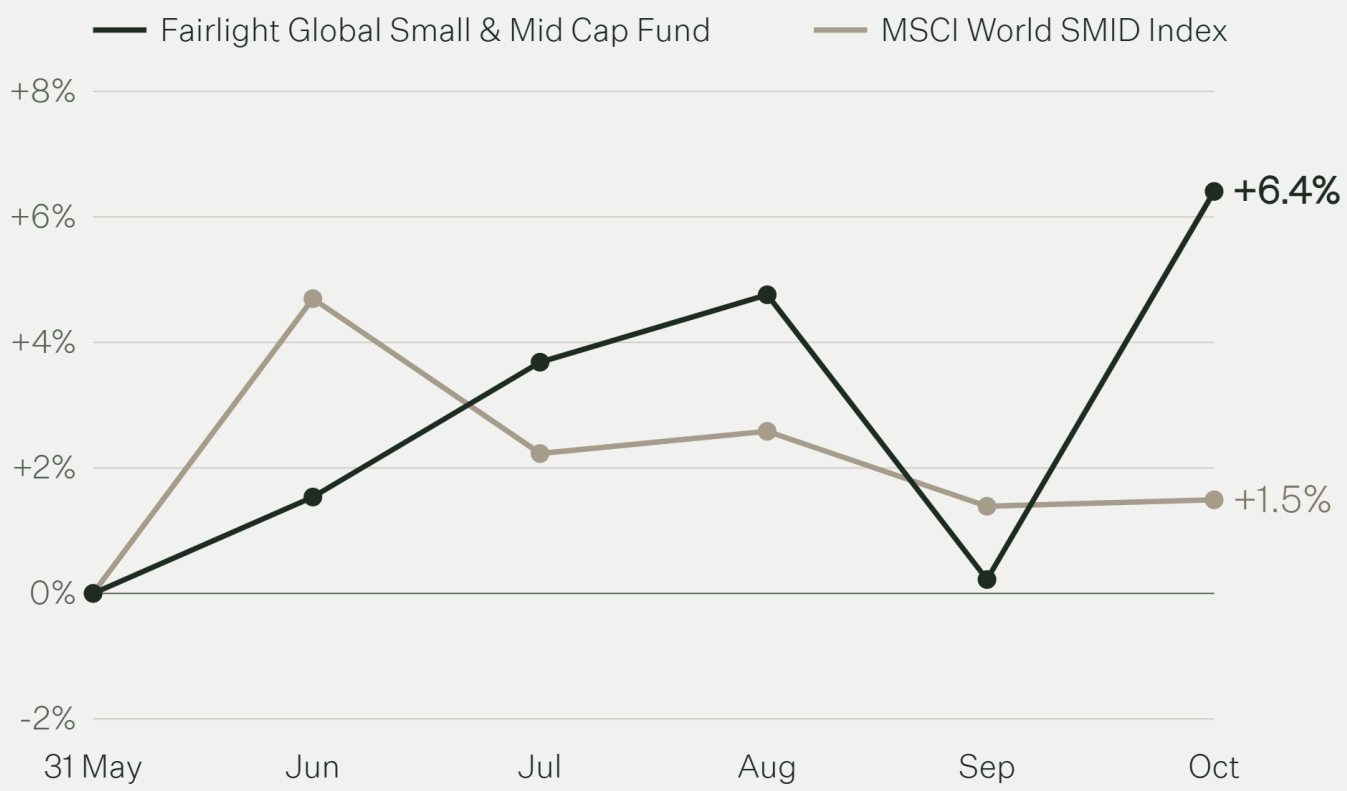
Performance since inception



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.

PROCESS AND PERFORMANCE

Since June, the Fund has started to recover



+6.4%

Fairlight, 31 May to 31 October 2026

+1.5%

MSCI World SMID Index, same period

+4.9%

Outperformance

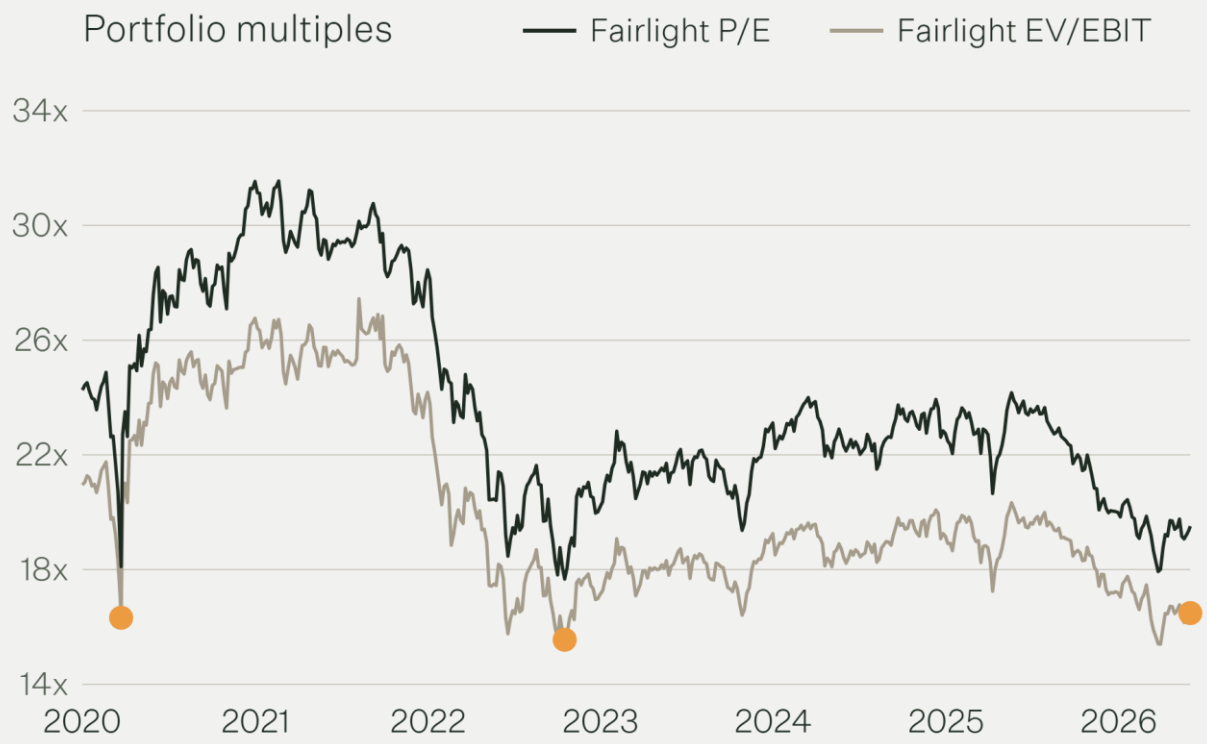
Sources: FactSet Portfolio Analytics, Fairlight. CY2018 data have been annualised to reflect the Trust's inception in November 2018.
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PROCESS AND PERFORMANCE

EPS through time

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%	13%
EPS CAGR	7%	13%

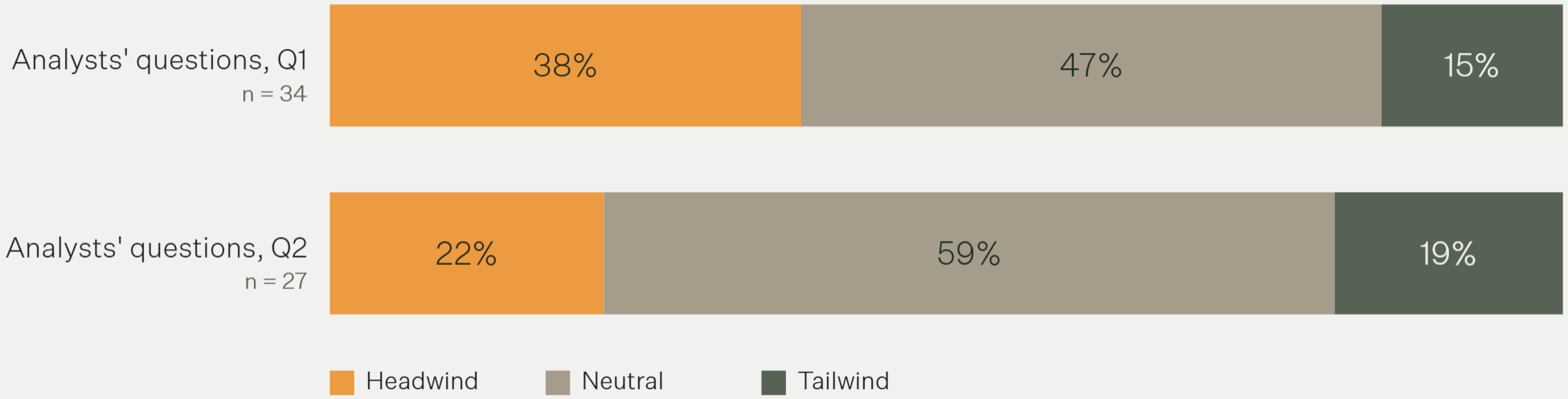
EPS growth in USD. *CY2018 annualised to reflect the Trust's inception in November 2018.



Sources: FactSet Portfolio Analytics, Fairlight. Past performance is not indicative of future performance.

PROCESS AND PERFORMANCE

Analysts are less negative on AI disruption

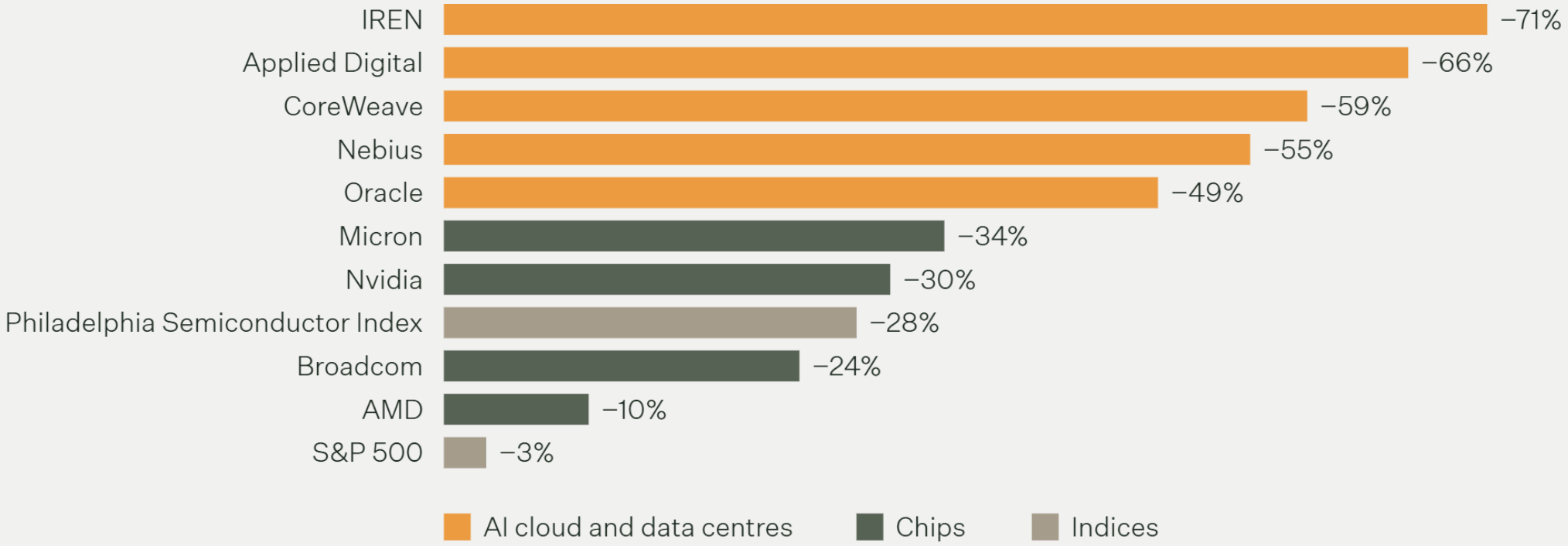


Share of analysts' questions on AI disruption classified as headwind, neutral or tailwind. This information is general advice only and does not take into account your personal objectives.

Sources: FactSet, Fairlight. Q1 n = 34; Q2 n = 27.

PROCESS AND PERFORMANCE

Nerves are fraying in the AI infrastructure trade



Fall in share price from 52-week high to 12 November 2026. This information is general advice only and does not take into account your personal objectives.

Sources: FactSet; CNN; Reuters; LSEG. Prices to 12 Nov 2026.

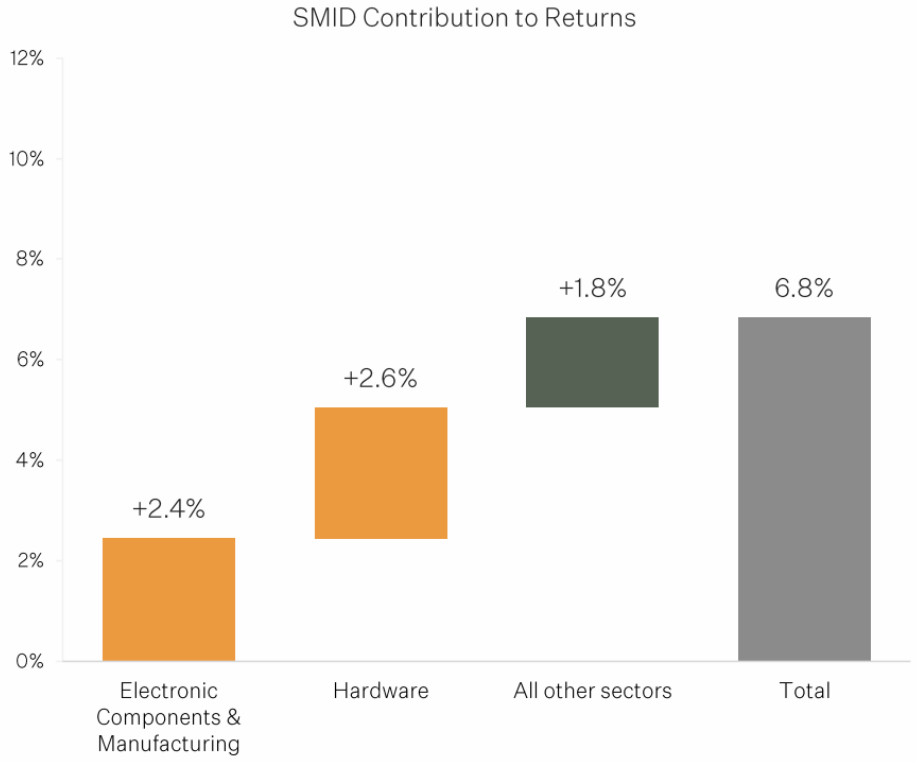
ARTIFICIAL INTELLIGENCE

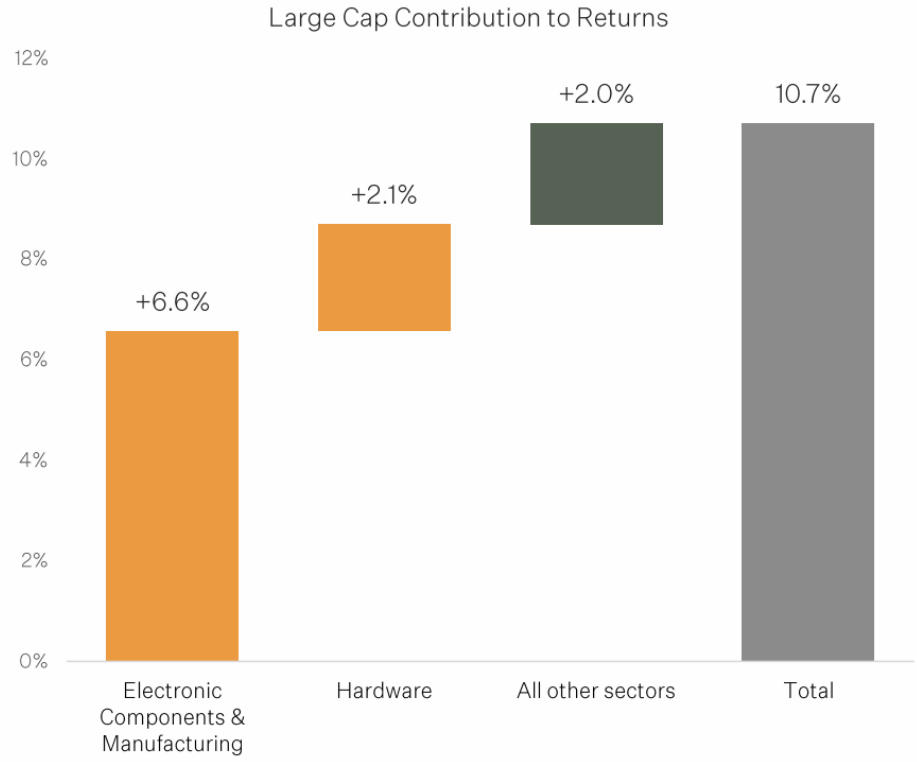
The AI boom has a payback problem

Hardware has driven the market's returns, but capex is running ahead of revenue, and the price of each AI token keeps falling.

THE AI TRADE

Electronic components and hardware drove most of the past years returns in both indices

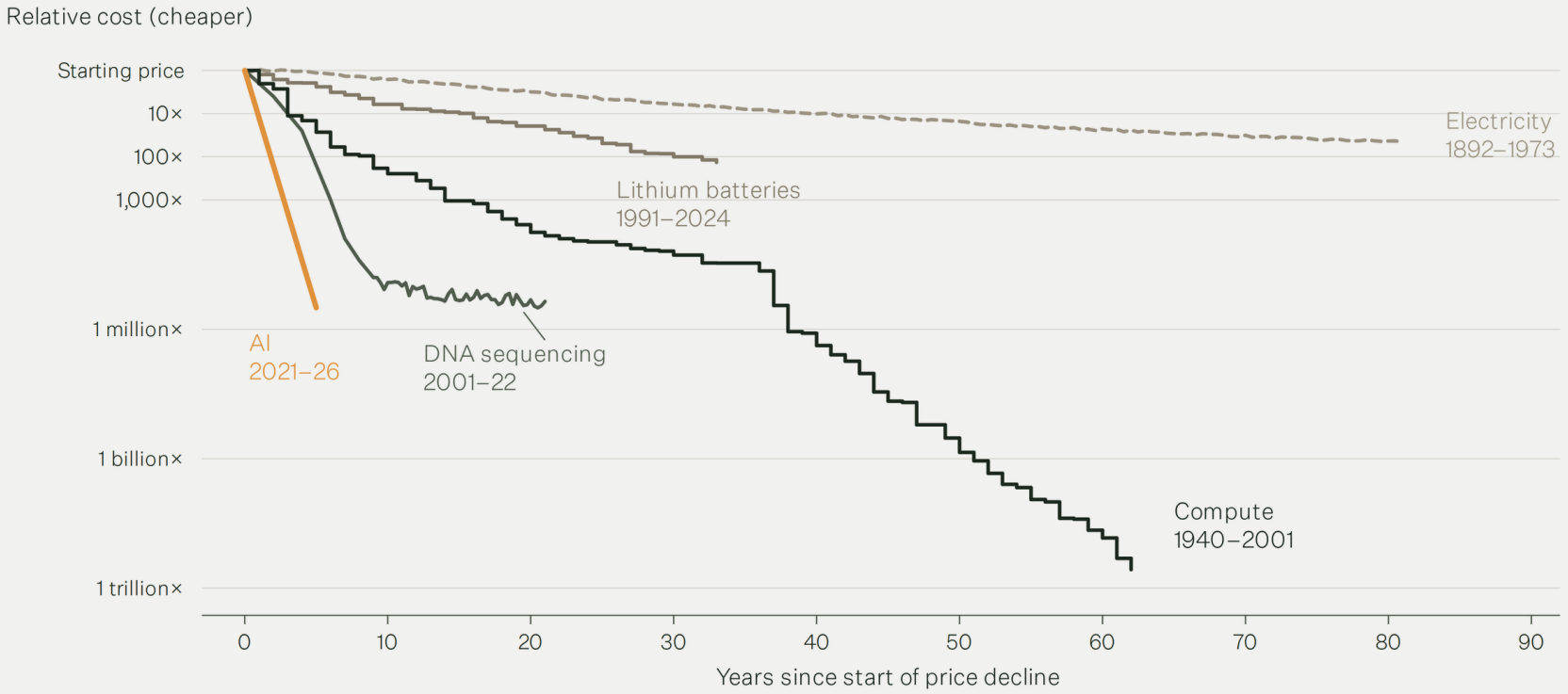




Sources: FactSet RBICS Classification. As of September 30, 2026.

THE AI TRADE

Jevons paradox, or commoditisation? AI pricing is falling faster than any technology in history

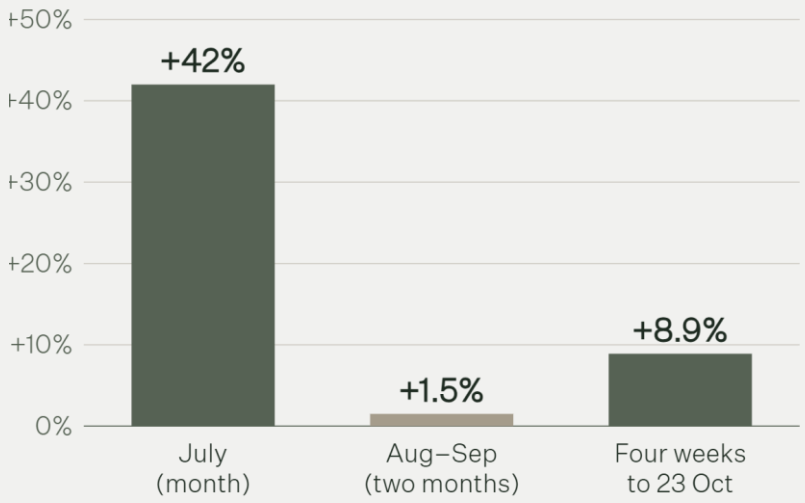


Source: Epoch AI

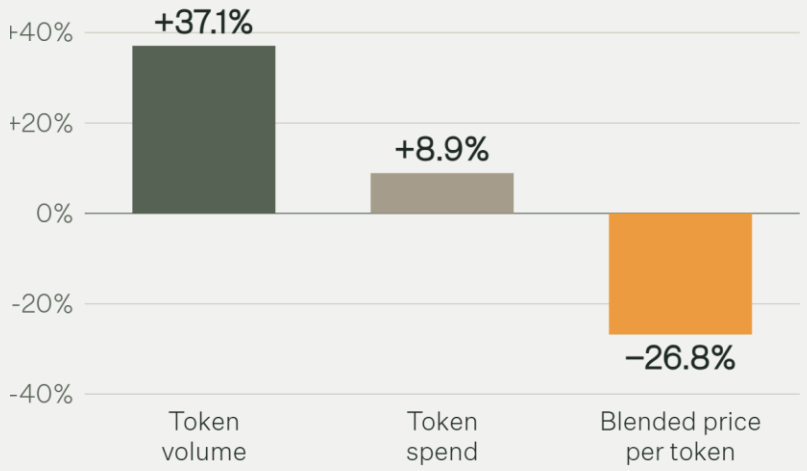
APPENDIX

Ramp: businesses use far more tokens, but spend is barely growing

Business token spend growth



Four weeks to 23 October 2026

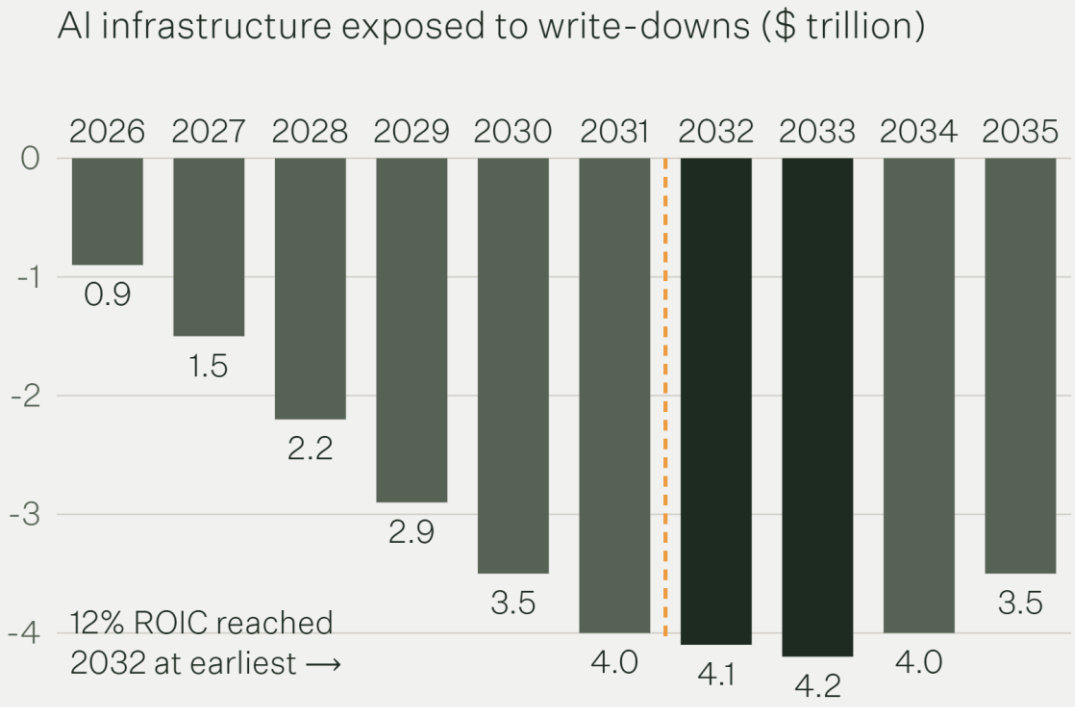


Anthropic's share of token spend rose from 51.3% to 60.5% over the same four weeks; OpenAI's fell from 44.2% to 35.1%.

Source: Ramp AI Index (Token Spend Management sample of US businesses), to week ending 23 Oct 2026.

THE AI TRADE

The capex boom and the bubble question



Source: Gartner, "Prepare for AI Market Consolidation: Capital Write-Downs Could Exceed $4 Trillion by 2032", 14 Sep 2026, Figure 1 (baseline scenario).

GARTNER'S NUMBERS

Through 2032 owners need $14T+ of revenue for a 12% ROIC; Gartner sees $8T at most. Today's AI revenue run rate is roughly $150–200B against the ~$2T a year needed to justify the capex.

WHERE WE SIT

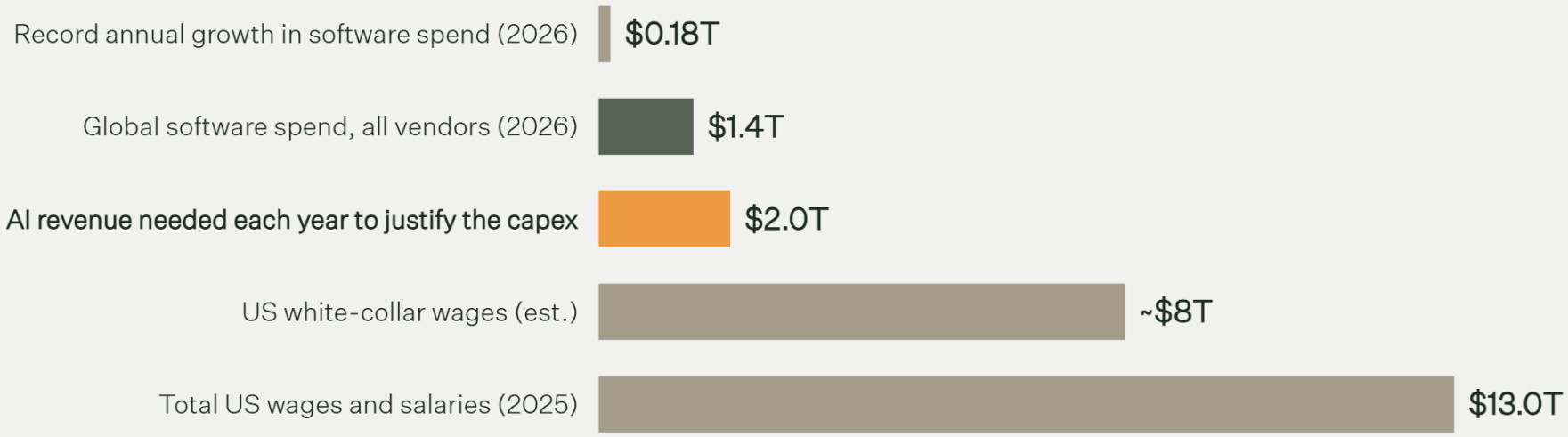
We own users of AI with proprietary data and distribution, with limited exposure to the capex chain.

WHAT WOULD CHANGE OUR MIND

Material accleration in B2B revenues outside of coding, easing of competitive pricing for model providers, evidence of a sustainable business model for personal agents.

THE AI TRADE

To pay for the capex, AI must out-earn the world's software industry



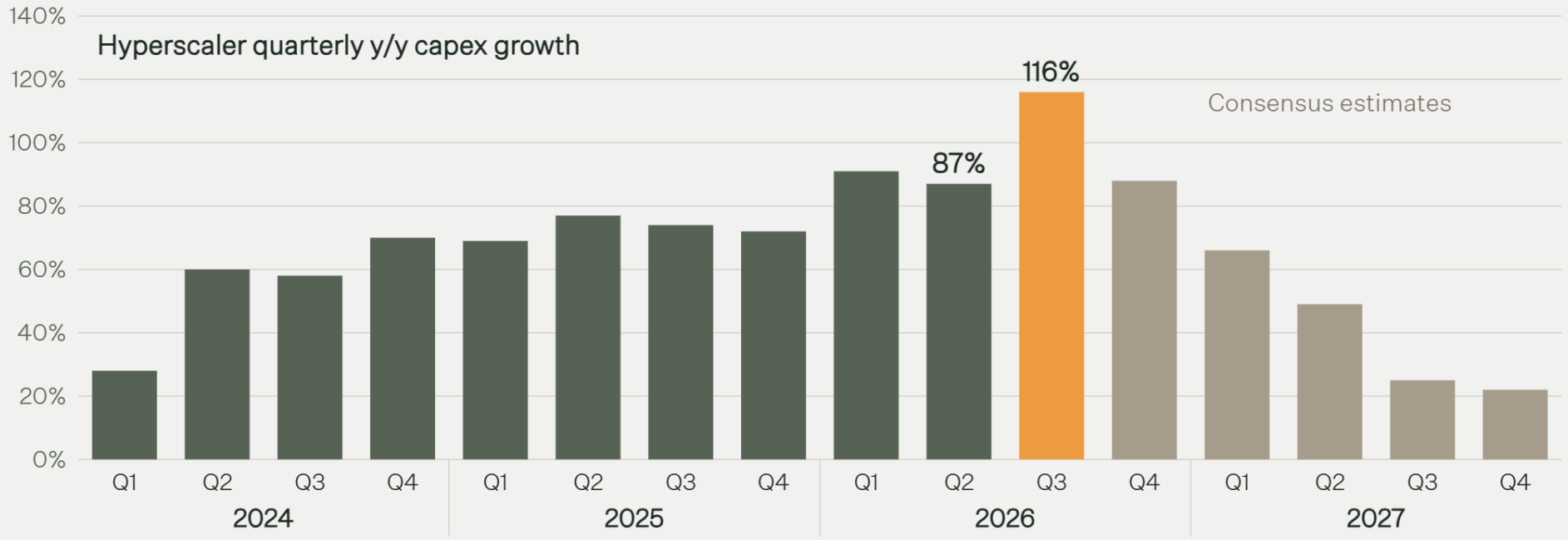
1.4x the entire global software market, every year

~25% of all US white-collar pay, every year

Sources: Gartner, US BEA, Fairlight estimates. AI need = Gartner's $14T (2026–32), averaged per year.

THE AI TRADE

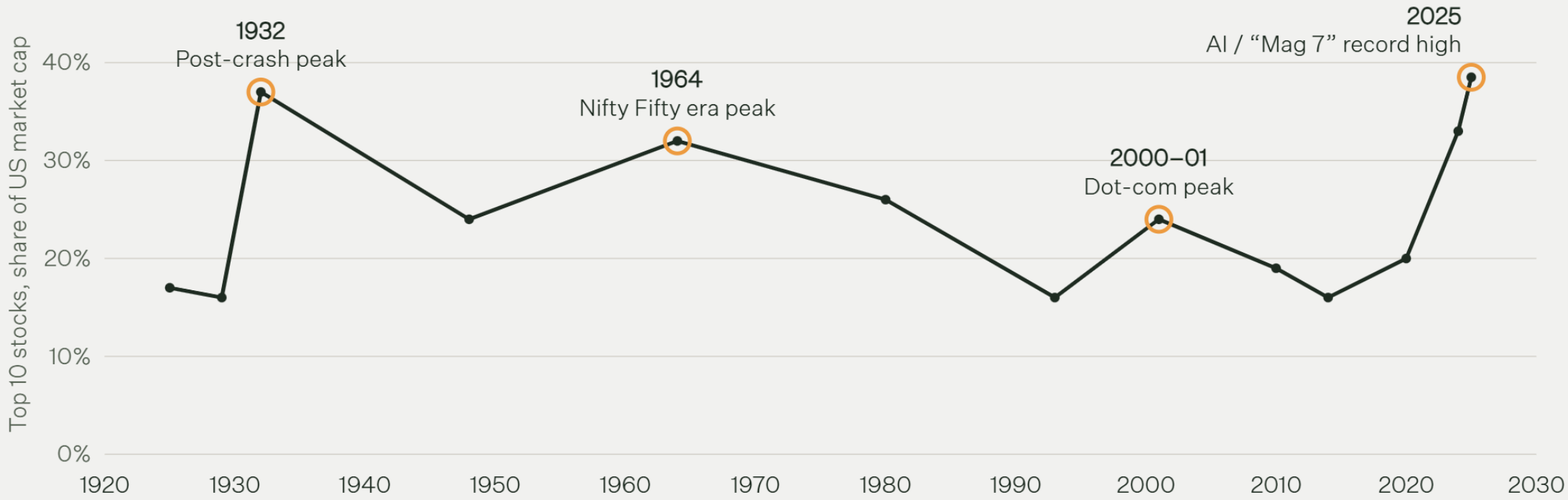
Capex-fuelled earnings need capex to keep *growing*, not just stay high



Source: FactSet, Goldman Sachs Global Investment Research.

THE AI TRADE

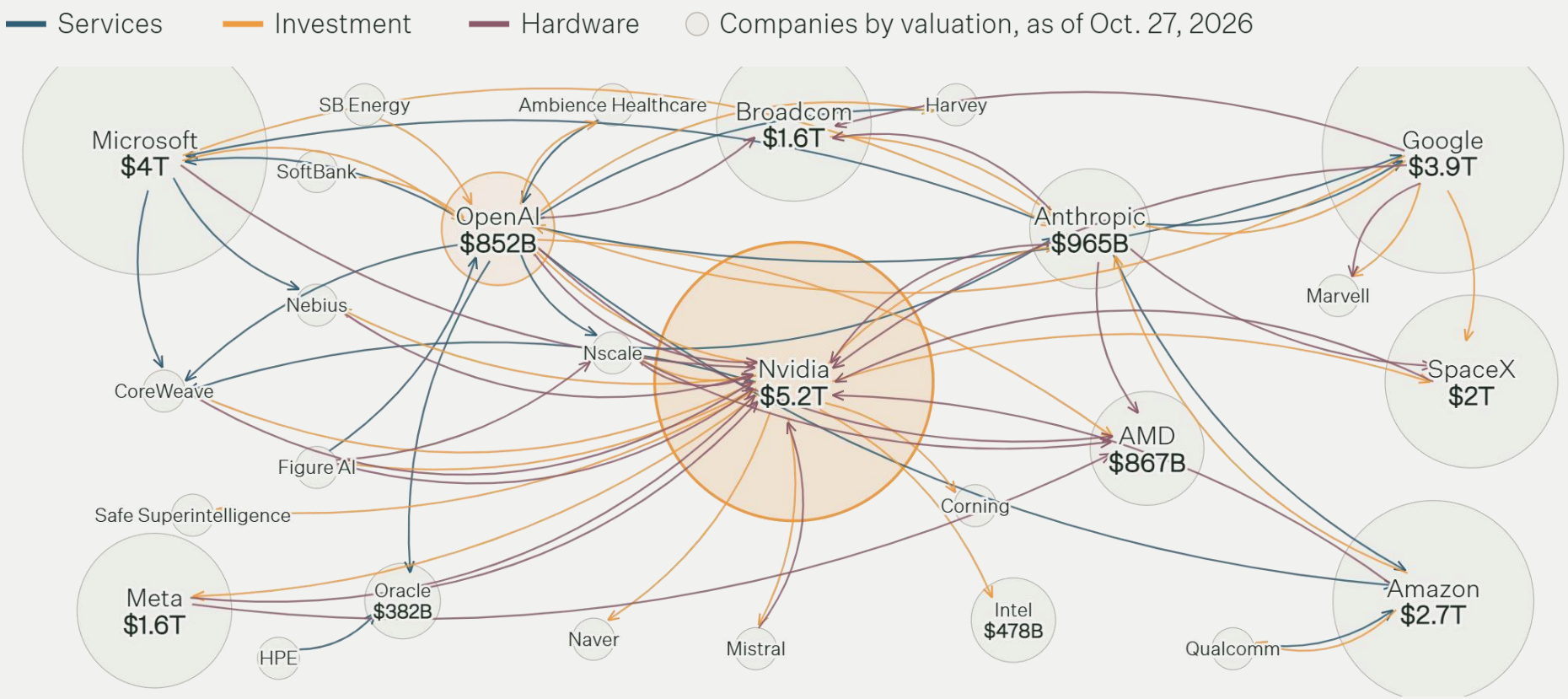
This time is different?



Source: CRSP Database, Morningstar.

THE AI TRADE

Nvidia Is at the Center of Circular AI Deals



Source: Bloomberg.

ARTIFICIAL INTELLIGENCE

AI sorts winners from losers

The question we ask of every holding: does AI make the moat deeper or shallower?

AN AI ROADMAP

Five tests for an AI-resilient moat

01

Proprietary data

Contributed, permissioned or regulated. It cannot be scraped.

02

Embedded workflow

Switching means high risk business disruption. AI can be embedded by the vendor.

03

Regulatory grade

Relied on by regulators, lenders and auditors.

04

Network effects

Both sides of the market already meet here.

05

Physical delivery

The service happens in the real world: a technician, a branch, a part.

AN AI ROADMAP

Mapping the Fund

Group	Holdings examples	Tests that matter	Draft read (to confirm)
Data and analytics	Experian, Verisk, MSCI	01, 03	Data feeds the models
Classifieds	Autotrader, Scout24, Rightmove	04	LLM's enhancing the search functionality
Software and IT services	Jack Henry, Softcat, Reply	02, 03	Workflow incumbents, often regulated, often technology agnostic
Real economy	Diploma, Techtronic, Monotaro	05, 04	Low disruption; AI is a margin tool
Healthcare and consumer	Idexx, ResMed, Ulta	03, 05	Physical meets digital

CASE STUDY · PORTALS

Scout24: the portal the market fears AI will bypass

WHY WE OWN IT

Germany's leading property portal. Agents and landlords pay because buyers and renters search there first.

OUR AI VIEW

AI is being monetised on the platform, not routed around it. External LLM referral traffic is negligible.

PRICING POWER

Private subscription revenue accelerated to +10.4% on ARPU up 8.9%, and listings are growing faster than the market.

26x

Growth in on-site AI search, Q3 2026

2.5%

Share of searches via internal AI search (August)

+10%

Organic revenue growth, Q3 2026

+17%

FY26 EPS growth forecast; raised 3.3% after Q3

Source: Scout24 Q3 2026 results; Fairlight research.

CASE STUDY · PORTALS

Scout24: adding when AI fears hit the share price



Sources: Fairlight portfolio decisions; share price FactSet, to 11 Nov 2026

CASE STUDY · DATA AND ANALYTICS

Verisk: data that cant be scraped

WHY WE OWN IT

Insurers contribute their claims and policy data, and Verisk turns it into the standard industry analytics they file and price with. A model can’t rebuild it from the open web.

THE AI ANGLE

Growth accelerated as AI fears peaked, and early AI-driven productivity is already lifting margins.

STICKY REVENUE

Subscriptions grew 8.2%, led by Core Lines, CAT Solutions and Anti-Fraud Analytics on strong renewals.

+7.4%
Organic constant-currency growth, Q3, up from 5.8%

+8.2%
Subscription organic growth, Q3

+6.7%
EBITA growth, Q3, with margin up 63bp

+13%
EPS growth, Q3

Source: Verisk Q3 FY26 results; Fairlight research.

CASE STUDY · DATA AND ANALYTICS

Verisk: buying back in as AI fears hit the share price



Sources: Fairlight portfolio decisions; share price FactSet, to 12 Nov 2026

CASE STUDY · HEALTHCARE

Idexx: growth that has decoupled from vet visits

WHY WE OWN IT

Recurring diagnostics are 80% of revenue. Every analyser placed drives years of consumables, and customer retention is in the high 90s.

THE AI ANGLE

New product releases are accelerating, and its vast store of diagnostic testing data gives it an edge in building AI tools.

WHY WE SOLD LAST WEEK

Valuation. At about 43x our 2026 earnings the thesis is intact, but Idexx is now a source of capital.

+11%

Recurring diagnostics organic growth, Q3

-1.8%

US clinic visits, Q3: growth outran visits for a fourth quarter

+15%

In-clinic consumables organic growth, Q3

~43x

P/E on FAM 2026 EPS, above the 40x five-year floor

Source: Idexx Q3 2026 results; Fairlight research.

CASE STUDY · HEALTHCARE

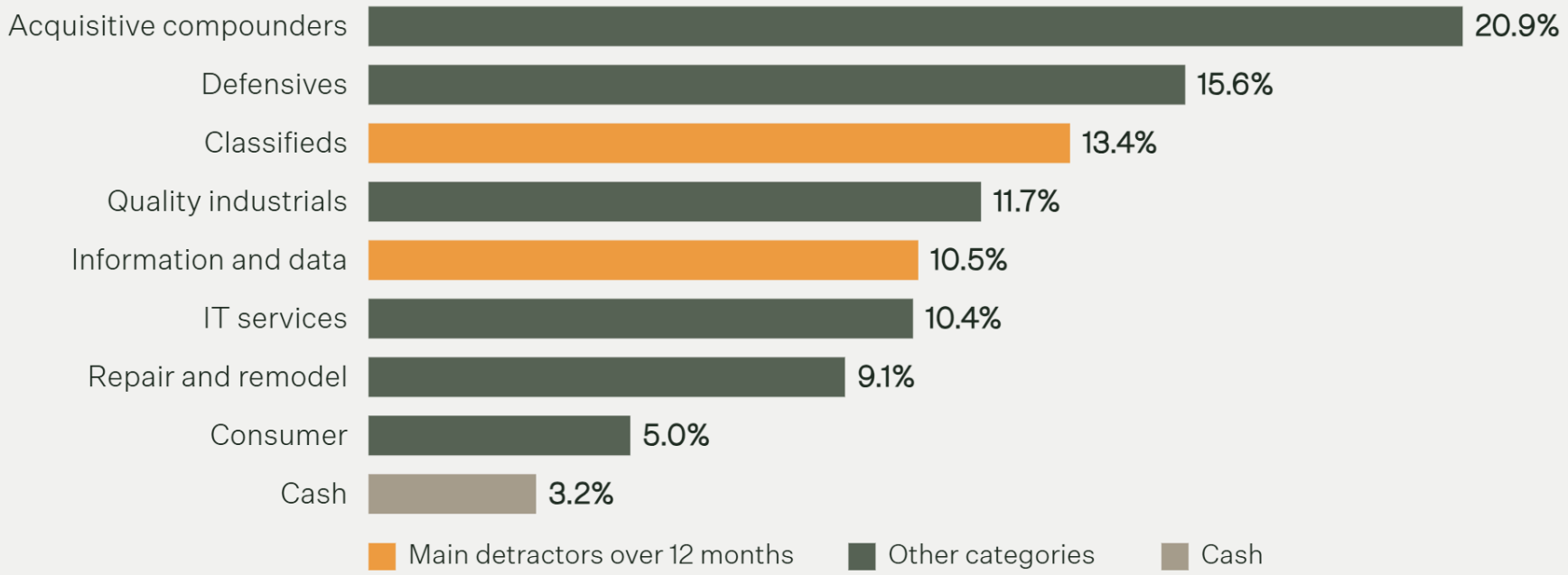
Idexx: bought the 2025 lows, taking profits after the re-rating



Sources: Fairlight portfolio decisions; share price FactSet, to 12 Nov 2026

POSITIONING

How the Fund is positioned



Fund weight by Fairlight business type, 12 November 2026. This information is general advice only and does not take into account your personal objectives.

Source: Fairlight (Calibre), Fairlight Global SMID Fund, 12 Nov 2026.

DISTRIBUTION CONTACTS

Questions?

Ed Reekie
Director of Distribution
+61 415 204 715 · ereekie@fairlightam.com.au

Marjon Crandall
Head of Researcher & Consultant Relationships
+61 426 947 407 · mcrandall@perennial.net.au

David Whitby
Senior Investment Specialist, NSW
+61 438 790 233 · dwhitby@perennial.net.au

Karl Linder
Regional Manager, Southern States
+61 418 311 605 · klinder@perennial.net.au

Cesar Farfan
Head of Distribution
+61 405 964 960 · cfarfan@perennial.net.au

Scott Curtis
Director, Private Wealth & Family Office
+61 422 993 458 · scurtis@perennial.net.au

Sam Harris
Investment Specialist, NSW/ACT
+61 487 449 927 · sharris@perennial.net.au

Vlad Laevsky
Investment Specialist, QLD/NT
+61 423 400 304 · vlaevsky@perennial.net.au

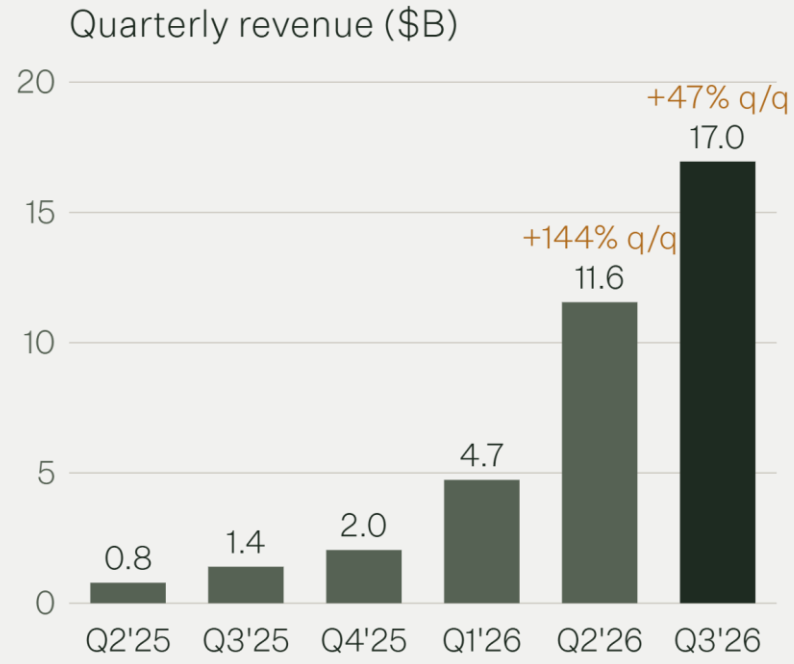
APPENDIX

Anthropic: revenue and compute

AI

Anthropic: run rate reached $81B in October, while quarterly revenue growth slowed

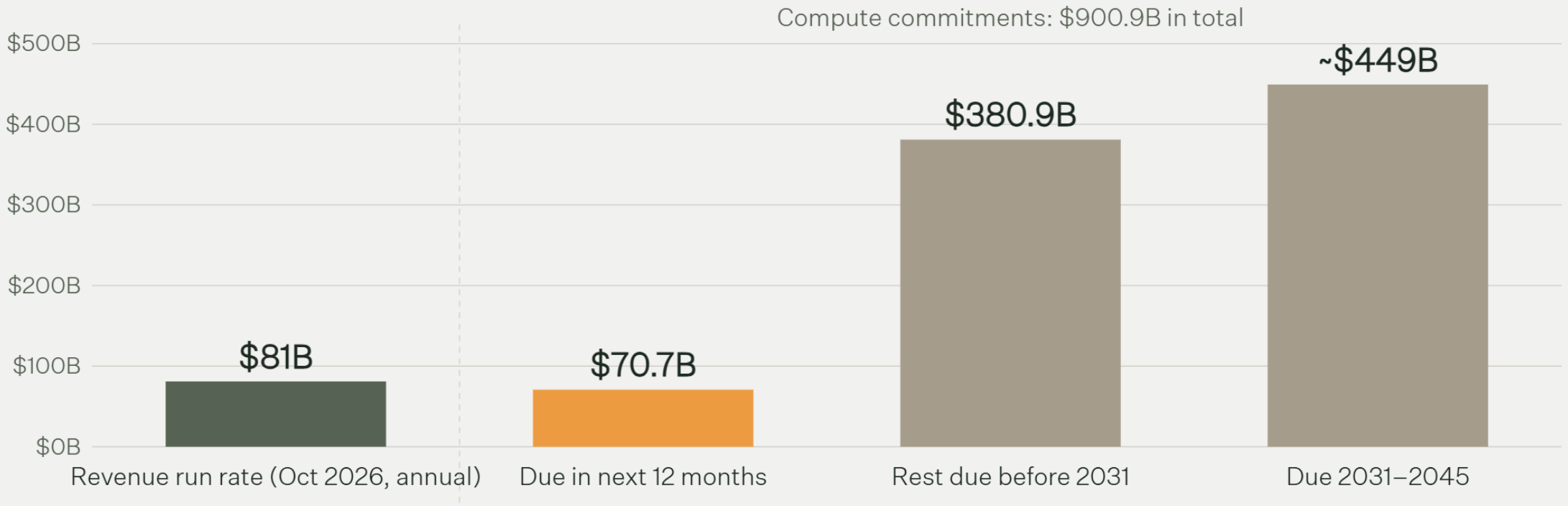




Sources: Anthropic S-1 and Amendment No. 2; company statements; Bloomberg; FT

AI

Anthropic: compute commitments against the revenue run rate



Source: Anthropic S-1/A No. 2 (10 Nov 2026), as reported; Fairlight. “Rest before 2031” = $451.6B less $70.7B.

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