Q2 2026 INVESTOR UPDATE

LANGDON GLOBAL SMALLER COMPANIES FUND

Price as a Signal

Net Performance (AUD, Class A)[1]	Q2 2026	1 Year	3 Year	Since inception[2]
Langdon Global Smaller Companies Fund[3]	6.7%	-17.4%	5.3%	10.2%
MSCI World Small Cap Net Index	13.7%	23.1%	16.0%	15.4%

Calendar-Year Returns (AUD, Class A)	2025	2024	2023	2022
Langdon Global Smaller Companies Fund	5.4%	22.5%	30.6%	1.0%
MSCI World Small Cap Net Index	11.3%	19.2%	15.0%	3.7%

Dear Partners,

Every day, the market sends investors a signal. It comes in the form of a share price. When prices rise, investors naturally assume the outlook has improved. When prices fall, they often assume the opposite. The temptation is to treat price not merely as information, but as instruction. **We believe that is a mistake.**

Prices are among the most valuable pieces of information available to investors. They absorb new information quickly, aggregate the views of many market participants, and reflect collective expectations about the future. Ignoring them would be unwise; following them blindly can be equally dangerous.

A falling share price tells us that expectations have changed, but it does not tell us why. Has the company's competitive position weakened? Have its long-term earnings prospects deteriorated? Or have investors simply become less certain about the future? The price cannot answer those questions—it simply tells us where to begin looking.

That distinction lies at the heart of our investment process. **Every meaningful movement in a share price deserves investigation, but it does not necessarily require action.** Sometimes our research leads us to conclude that the market has reacted more sharply than the underlying business warrants, creating an opportunity to increase our ownership. At other times, we determine that the facts have changed in a way that reduces our estimate of long-term intrinsic value. Successful investing depends on distinguishing between the two. The first half of 2026 provided examples of both.

---

[1] Performance as of June 30, 2026 in AUD *and are calculated and provided by Citi Performance and Risk Reporting on a monthly basis. Performance numbers less than one year are cumulative while numbers greater than one year are annualised. Past performance is no guarantee of future results. **Benchmark is MSCI World Small Cap Net Index for all periods. Please note that the Benchmark from inception to September 22, 2023, was MSCI World Small Cap Index.*

[2] Since inception date of June 27, 2022.

[3] Class A - Performance is net of fees.

PERFORMANCE OVERVIEW[4]

The fund returned 6.7% during the second quarter, compared with 13.7% for the MSCI World Small Cap Index. The absolute result represented a meaningful improvement from the first quarter, although the seven-percentage-point shortfall relative to the benchmark was disappointing. Year-to-date performance remains below our long-term expectations.

The relative weakness was concentrated rather than broad-based. Information technology contributed 6.4% to the benchmark's return, compared with 0% for the fund, accounting for approximately 6.3 percentage points of the relative shortfall. **Much of the benchmark's strength came from hardware-related companies that we did not own.** Our lack of exposure reflected our assessment of the businesses and valuations available to us, rather than a near-term view on the sector. That positioning was costly during the quarter.

Elsewhere, fund performance was considerably stronger. Consumer discretionary holdings contributed 3.6%, outperforming the benchmark sector by approximately 2.7 percentage points, while financial holdings also added positively on both an absolute and relative basis. Watches of Switzerland was the largest individual contributor, followed by YETI and DO & CO. Goosehead Insurance, L1 Group and several other holdings also made meaningful positive contributions.

Miami International Holdings and Royal Unibrew were the largest detractors. MIAX weakened as investors focused on the potential competitive and regulatory implications of perpetual futures. Royal Unibrew declined following the announcement that its Pepsi bottling and distribution agreement in several Nordic and Baltic markets will expire at the end of 2028. These two cases are discussed in greater detail below because, while both share prices fell, the underlying causes—and therefore our responses—were different.

The quarter reinforced an important lesson: **markets can change their expectations far more quickly than businesses change their underlying economics.** Our responsibility is not to react mechanically to every movement in price. It is to reassess whether the long-term earning power of the businesses we own has changed by a similar amount. In several cases during the first half, we concluded that it had not.

WHEN PRICES FALL FASTER THAN VALUE

The defining characteristic of the first half of the year was elevated volatility. Volatility is often uncomfortable, but it is not inherently good or bad. Its significance depends entirely on what caused it.

Markets are forward-looking, but their horizon is elastic. **When uncertainty rises, the market's gaze into the future shortens.** Investors begin to demand immediate clarity, effectively penalizing long-duration assets. By compressing its time horizon, the market discounts far-off cash flows at a much higher rate. This change in investor behaviour can produce a significant decline in a share price, even when the business's long-term earning power has changed relatively little. For long-term investors, these moments of shortened market duration deserve intense attention.

YETI and DO & CO illustrate the point. During the first quarter, both companies experienced sharp share-price declines as investors weighed the potential effects of tariffs, consumer spending pressures, and broader economic uncertainty. The market's message was clear: expectations had become materially more cautious. Our task was to determine whether the change in price was supported by a comparable change in business value. In both cases, our research suggested that it was not.

- **YETI** continued to grow revenue while further diversifying its manufacturing base to mitigate tariff risks.
- **DO & CO** reported another year of record operating profitability while continuing to execute cleanly across its airline catering, hospitality and events businesses.

Neither company is immune to economic risks. However, we believed the deterioration in market expectations was far more severe than the deterioration in the companies' underlying economics.

As the second quarter progressed, sentiment improved. YETI ended the first half with a positive return of approximately 12% in U.S. dollar terms, while DO & CO also recovered from its earlier decline. **Crucially, that subsequent recovery was not the justification for our investment judgement.** Our conviction came from the structural view that the businesses had changed less than their share prices suggested. The market's signal prompted further work. The work, rather than the price movement itself, informed our decisions.

---

[4] Past performance is not indicative of future performance. Please see the important information in the endnote below.

MIAMI INTERNATIONAL HOLDINGS: A NEW INVESTMENT

We initiated a position in Miami International Holdings during the second quarter.

MIAX operates electronic exchanges across several areas of the U.S. financial markets. Exchange businesses can possess attractive characteristics, including transaction-based revenue, operating leverage and network effects that may strengthen as liquidity and participation grow.

Our interest in MIAX rests on the combination of its existing position in U.S. listed options, its proprietary technology infrastructure and its ability to introduce new products across a broader derivatives platform.

The company has continued to gain share in certain markets while investing in new products and partnerships. Because much of its technology and operating infrastructure is already in place, higher trading volumes may support attractive incremental margins over time.

That potential is meaningful but not assured. Exchange operators face substantial competitive, regulatory and execution risks. Their economics can also be affected by trading activity, pricing, market structure and the actions of large incumbents.

One area of potential opportunity is the continued evolution of futures and derivatives markets. New products and changing trading formats may create openings for smaller exchange operators that are not as dependent on established legacy franchises.

MIAX's position as a challenger may allow it to pursue those opportunities with fewer concerns about disrupting an existing business. It recently introduced products and partnerships, including equity index futures linked to Bloomberg indices, that are early examples of that strategy.

It remains too soon to know how valuable these initiatives will become.

The shares have been volatile since the company's public listing. We do not view that volatility alone as evidence that the opportunity is more or less attractive. Instead, it gives us a reason to continue testing our assumptions about market share, product adoption, operating leverage and long-term competitive position.

WHEN THE FACTS CHANGE

Not every falling share price represents an opportunity. Royal Unibrew provided an important reminder of that distinction.

During the quarter, the company announced that its Pepsi bottling and distribution agreement across Denmark, Finland and the Baltic markets will expire at the end of 2028. Unlike the examples above, this was not a temporary shift in investor sentiment. **It represented a genuine, structural change in the company's prospective earnings power.** The market responded quickly, and the shares declined by almost 30%.

That price movement was an important signal, prompting us to immediately revise our valuation models to reflect the earnings the company will ultimately lose. At the same time, we believe the initial market reaction may have overlooked several offsetting structural strengths:

- Royal Unibrew retains a dominant portfolio of established, highly profitable local brands.
- Management has more than two years to optimize its manufacturing footprint, reduce its cost base, and reallocate capital before the Pepsi agreement formally expires.
- Capital currently tied up supporting the Pepsi relationship can eventually be redeployed into higher-returning independent opportunities.

The timing, returns, and ultimate success of any such capital redeployment are uncertain, but the management team's track record is excellent and should help the company navigate the transition. Since quarter-end, the shares have recovered a meaningful portion of the initial decline. However, the recovery does not validate our analysis, nor does it eliminate the economic impact of losing the Pepsi agreement.

The more important point is that **good investing requires a willingness to change one's mind when the structural facts change.** The key question we must continuously answer is whether a price has moved faster than business value or whether the underlying business value itself has permanently decayed. They are entirely different situations requiring entirely different responses.

CLOSING THOUGHTS

One of the paradoxes of investing is that prices are both indispensable and insufficient. They contain an immense amount of data, showing us where expectations are shifting and where uncertainty is rising. What they cannot tell us is whether those shifting expectations are reasonable.

That determination requires independent research and rigorous judgement. It requires an understanding of competitive advantages, industry structures, management quality, and long-term earnings power. Most importantly, it requires distinguishing between a temporary change in market sentiment and a permanent change in intrinsic value. Markets often make that distinction over time, but rarely immediately.

The first half of 2026 reinforced this core principle. Our responsibility is not to predict which share prices will rise next quarter. **Our job is to assess whether today's price accurately reflects the long-term economics of the business**, while remaining intellectually honest enough to acknowledge when our assumptions are wrong.

Every day, the market sends us a signal. Our job remains to understand what it is telling us.

Written by
Greg Dean
Founder and Lead Investor