

LSN Emerging Companies Fund

December 2025 Monthly Report

The LSN Emerging Companies Fund declined -0.4% after fees in December, relative the S&P/ASX Small Ordinaries Accumulation Index (benchmark) return of +1.4%. For the 2025 calendar year the Fund returned 26.3% relative to the benchmark return of 25.0%. Performance for the month was driven by strong contributions from **Elevra Lithium**, **Vysarn**, and **Judo Capital** while weakness in **Aussie Broadband** and **NRW Holdings** detracted from returns.

Over the last three years the Fund has returned +17.9% p.a. ahead of the benchmark at +13.4% p.a.

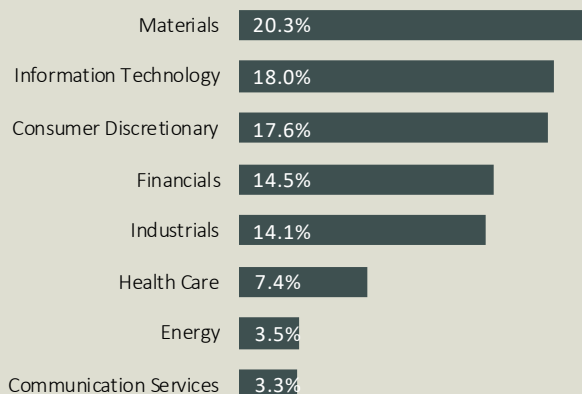
Calendar year 2025 delivered strong gains across global equity markets, supported by easing financial conditions, resilient economic activity and continued enthusiasm for structural growth themes. Major developed markets performed strongly, with the S&P 500 up +16.4% and the UK FTSE rising +21%, while Asia was led by Korea (+75%) and Hong Kong (+28%). Commodities were the standout performers, with gold (+64%), lithium (+58%), and copper (+41%) driving significant returns for companies exposed to these markets.

In Australia, the Small Resources sector returned +73% in 2025, marking its strongest annual performance since 2009, while Small Industrials delivered a more modest +8.8% for the year.

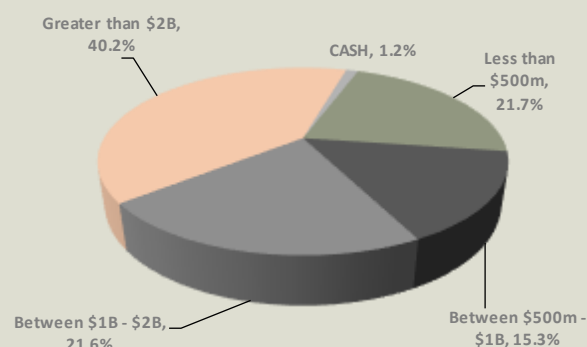
Of note, the NASDAQ rose a further +20% in 2025, lifting its three-year compound annual growth rate (CAGR) to over 30%. In contrast, the ASX 200 Information Technology sector declined -20% over the year, reducing its three-year CAGR to just 1.1%, highlighting the growing performance divergence between US and domestic technology markets. Domestically, the technology index is dominated by traditional platform and software businesses, which have come under increasing pressure as investors reassess the impact of AI on long-term business models. In particular, concerns around pricing power, customer switching costs and the potential for AI to commoditise certain software functions have weighed on valuations.

In December, performance dispersion remained elevated, with Small Resources extending their strong run (+8.8%), while Small Industrials declined -2.3%. The outlook for interest rates in Australia remains uncertain, with 10-year bond yields returning to 2023 highs, seen prior to the commencement of rate cuts. Some forecasters are now factoring in the possibility of an interest rate increase in early 2025, adding to near-term market volatility.

SECTOR EXPOSURE



PORTFOLIO BY MARKET CAP



TOP 5 HOLDINGS*

ABB	Aussie Broadband Ltd
CDA	Codan Ltd
ELV	Elevra Lithium Ltd
MP1	Megaport Ltd
PFP	Propel Funeral Partners

* Alphabetical order

Net Performance (%)	1 month	3 month	1 year	3 year pa	Since Inception* total	Since Inception* pa
LSN Emerging Companies Fund[^]	-0.4%	0.2%	26.3%	17.9%	50.6%	10.7%
S&P/ASX Small Ordinaries Accumulation Index	1.4%	1.8%	25.0%	13.4%	20.7%	4.8%
Outperformance	-1.8%	-1.6%	1.3%	4.4%	29.9%	5.9%

Past performance is not a reliable indicator of future returns.

Performance is reported after all fees and expenses. * Inception date 15 December 2021.

Elevra Lithium was a standout contributor following a sharp rebound in lithium prices. The recovery was driven by improving demand from the battery energy storage system (BESS) market and growing confidence that supply rationalisation is beginning to rebalance the market. We continue to view the company as well positioned, with strategically located assets in North America, low cost of production, and a clear production growth profile that stands to benefit from a sustained improvement in lithium pricing.

Vysarn delivered strong performance during the month, as investors grow to appreciate the demand for water related services. Activity levels remain robust across infrastructure, resources and government end-markets, underpinning earnings momentum and visibility. With solid cash flow generation and a strong balance sheet, the company is well positioned to execute accretive M&A, accelerating growth and increasing its exposure to the structural tailwinds underpinning water infrastructure investment.

The Fund's copper exposures (**Capstone Copper** and **Firefly Metals**) also contributed positively, benefiting from the strong move in copper prices, ending the month at US\$5.65/lb and reaching a level not seen in decades. We continue to see copper as a key structural beneficiary of electrification, grid investment and AI-driven infrastructure demand, with supportive long-term supply-demand fundamentals.

Aussie Broadband detracted from returns following an ACCC pricing update on voice interconnection services. We remain constructive on the outlook for the company, supported by continued market share gains in ultra-high-speed NBN connections, new corporate customer wins, and a near net-cash balance sheet that provides flexibility and growth optionality.


NRW Holdings experienced a pullback from recent highs following a strong period of share price performance, with no material change to the company's fundamentals or outlook.

Looking ahead to 2026, we remain constructive on the outlook for small-cap equities. While volatility persists, particularly across interest-rate-sensitive and growth sectors, we continue to see attractive opportunities in businesses with strong balance sheets, pricing power and exposure to structural growth themes.

We expect earnings delivery to increasingly differentiate performance, with commodity-linked exposures benefiting from improving fundamentals in select markets such as copper and lithium. Additionally, healthy corporate balance sheets should support an uplift in M&A activity, creating opportunities for value-accretive transactions across the small-cap universe.

Portfolio Characteristics	LSN Emerging Companies Fund	Small Ordinaries Index	Profile
Return on Invested Capital (ROIC)	16.9%	10.2%	Superior Companies
Return on Equity	14.9%	10.9%	
Dividend Yield	1.4%	2.7%	Attractive Valuation
Price / Earnings (PE) x	15.8x	14.4x	
EPS growth next 12 months	17.5%	12.2%	Strong Growth
Revenue growth next 12 months	14.2%	7.0%	

Source: LSN Capital and Factset

FUND NAME	LSN Emerging Companies Fund
APIR CODE	LSP6493AU
STOCKS	30-50
CUSTODY, REGISTRY & FUND ADMIN	MUFG Corporate Markets
NET ASSET VALUE (UNIT PRICE)	\$1.4200
INVESTMENT OBJECTIVE	Outperform the S&P/ASX Small Ordinaries Accumulation Index over medium to long term
BENCHMARK	S&P/ASX Small Ordinaries Accumulation Index
INVESTMENT TIMEFRAME	5+ years
APPLICATIONS/ REDEMPTIONS	Daily
PLATFORM ACCESS	Netwealth, HUB24 and PowerWrap
MANAGEMENT FEE	1.20% (including GST, net of RITC) of Fund NAV
PERFORMANCE FEE	20% (including GST, net of RITC) of the amount by which the fund outperforms the index and provided any underperformance from previous periods has been recovered
DISTRIBUTIONS	Annually
ZENITH RATING	

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