

LSN Emerging Companies Fund

January 2026 Monthly Report

The LSN Emerging Companies Fund gained +1.2% after fees in January, relative to the S&P/ASX Small Ordinaries Accumulation Index (benchmark) return of +2.7%. Performance was driven by strong contributions from **Codan Ltd**, **GenusPlus Group**, and **Judo Capital** while weakness in **Zip Co** and **Neuren Pharmaceuticals** detracted from returns.

Over the last three years the Fund has returned 15.5% p.a. ahead of the benchmark at 12.1% p.a.

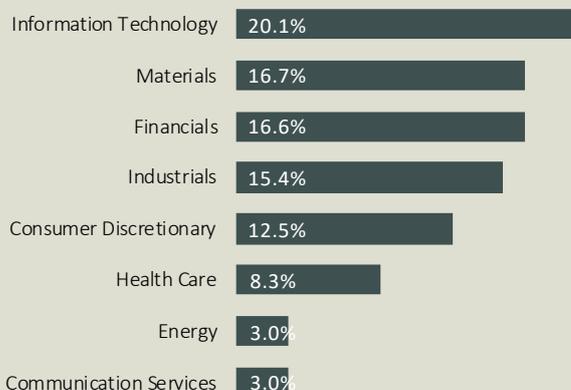
Equity markets entered 2026 with a continuation of late-2025 trends. Strong commodity prices drove the Material indices to record levels, while Technology companies remained under pressure amid concerns that AI could disrupt long-term growth and pricing power. The Small Resources Index gained +12.5% for the month, led by gold, which rose as much as +25% intra-month before settling +13% higher. In contrast, Small Industrials declined for a third consecutive month (-2.0%), as investors continued to weigh the outlook for economic growth and interest rates.

During the month, we selectively reduced exposure to the Materials sector, decreasing our positions in lithium producer **Elevra**, uranium developer **NexGen Energy**, and exited **Westgold Resources**. Commodity markets had been showing signs of excess in recent months, with return profiles offering limited margin for error in the near term. The announcement of perceived hawk Kevin Warsh as the replacement for Jerome Powell as Federal Reserve Chair acted as a catalyst, triggering a pullback in commodity prices and unwinding recent gains. While we remain constructive on the medium-term outlook for copper, uranium and lithium, where supply-demand fundamentals remain favourable, we do acknowledge that near-term volatility may persist.

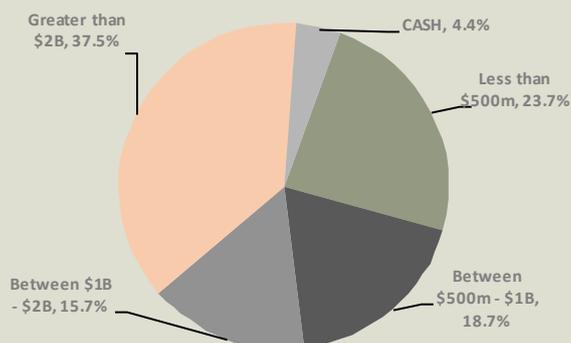
The Technology sector, particularly software and platform businesses, remained under pressure from both the perceived and emerging impact of AI on long-term growth and business models. After more than a decade of strong growth supported by valuation premiums that reflected the scarcity of scalable growth, the subsequent de-rating has been swift and severe, reflecting a level of uncertainty not previously seen in the sector.

From a portfolio management perspective, we are positioning the Fund selectively, targeting companies where valuations appear to have over-discounted AI-related risks, while remaining disciplined in recognising that, for some business models, the AI threat is real. Accordingly, despite material share price drawdowns in parts of the sector, we remain cautious where the risk of AI-driven disruption has not yet

SECTOR EXPOSURE



PORTFOLIO BY MARKET CAP



TOP 5 HOLDINGS*

DUR	Duratec Ltd
FLT	Flight Centre Travel Group Ltd
JDO	Judo Capital Holdings 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[^]	1.2%	-1.5%	22.4%	15.9%	52.4%	10.8%
S&P/ASX Small Ordinaries Accumulation Index	2.7%	2.7%	22.8%	12.1%	24.0%	5.4%
Outperformance	-1.5%	-4.1%	-0.3%	3.5%	28.4%	5.4%

Past performance is not a reliable indicator of future returns.

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

been fully addressed or mitigated. The Fund added to its holding in **Catapult Sports** and **Acusensus Ltd**, established a new position in **Qoria** while exiting its position in **Siteminder**.

Judo Bank and **Codan** both delivered positive trading updates during the month. Judo reported strong growth in the first half of FY26 and reiterated its full-year guidance across key operating metrics. The business is expected to demonstrate significant operating leverage in FY26 and remains on track to deliver profit before tax of \$180–190m, up from \$125.6m in FY25. Codan reported 1H26 revenue and profit outcomes that exceeded expectations, driven primarily by successful new product launches within its Minelab division, alongside continued strength in its communications end-markets.

Despite delivering a strong 1Q earnings update and upgrading guidance, **Zip Co** has de-rated 40% since September 2025, as investors have priced in headwinds from higher interest rates in Australia, a stronger Australian dollar, and ongoing uncertainty around US regulation. Importantly, the US remains the primary driver of growth for Zip, and recent bad-debt disclosures from US banks, together with high-frequency consumer data through the holiday period, suggest operating conditions remain supportive. With an active buyback in place, earnings expected to compound at over 30% p.a. over the next three years, and the stock trading on less than 20x cash earnings, we see meaningful upside if management continues to execute.

Investor focus will be firmly on the upcoming Australian reporting season, which carries added complexity as interest rate expectations have shifted materially over the past four months. While this evolving macro backdrop has increased uncertainty, we remain constructive on the outlook for small-cap equities, where opportunities for growth companies remain. Against this backdrop, the portfolio is positioned toward businesses with strong balance sheets, visible earnings trajectories and led by quality management teams, which we believe are best placed to navigate a more volatile environment.

Portfolio Characteristics	LSN Emerging Companies Fund	Small Ordinaries Index	Profile
Return on Invested Capital (ROIC)	17.1%	12.3%	Superior Companies
Return on Equity	17.2%	13.9%	
Dividend Yield	2.0%	2.9%	Attractive Valuation
Price / Earnings (PE) x	15.5x	14.0x	
EPS growth next 12 months	17.3%	11.6%	Strong Growth
Revenue growth next 12 months	15.6%	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)	\$1.4374
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	

For distribution enquiries contact:



DISCLAIMER: Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the LSN Emerging Companies Fund ("the Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This document has been prepared by LSN Capital Partners Pty Ltd (AFSL 550265) to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither LSN Capital Partners, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. LSN Emerging Companies Fund's Target Market Determination is available at <https://swift.zenithlegalservices.com/tmds/LSP6493AU>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed. The Zenith Investment Partners ("Zenith") Australian Financial Services License No. 226872 ratings (assigned March 2025) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>