LSN Emerging Companies Fund

LSN CAPITAL PARTNERS

March 2026 Monthly Report

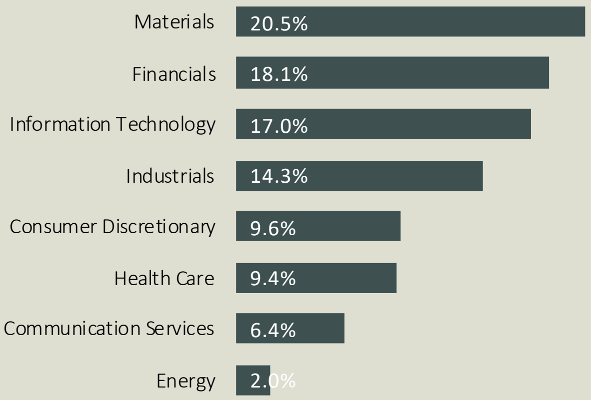
The LSN Emerging Companies Fund declined -10.8% after fees in March, relative the S&P/ASX Small Ordinaries Accumulation Index (benchmark) return of -11.0%. March was a challenging month for global equity markets, and Fund Performance was impacted by weakness in **Netwealth Group**, **Zip Co Ltd** and **Vysarn Ltd,** whilst outperformance from **Duratec**, **Integral Diagnostics** and **Aussie Broadband** was not enough to offset the broader weakness in the portfolio. Over the last three years the Fund has returned 11.7% p.a. ahead of the benchmark at 8.5% p.a.

Equity markets experienced a sharp risk-off move in March, driven by escalating geopolitical tensions in Iran and the resulting surge in oil prices, which compounded existing headwinds including higher interest rates, and valuation pressure across technology stocks. This combination has driven a material pullback in global equities, with major indices declining ~5–7% during the month. Domestically, Australian Small Caps underperformed, with the Small Ordinaries Accumulation Index falling 11.0%. The drawdown was led by significant weakness in Small Resources (-15.4%), reflecting declines across key commodities including gold (-10.8%) and copper (-7.4%), partially offset by strength in energy markets (oil +51%).

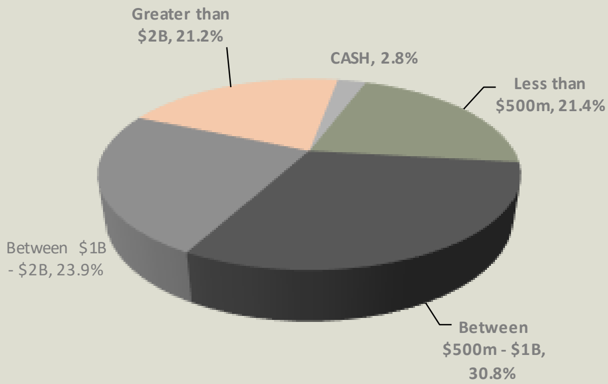
Small Industrials declined materially (-9.3%) as higher bond yields, rising energy costs and sensitivity to growth expectations weighed on the outlook. The Small Industrials selloff / drawdown (~22%) since the peak in late 2025 ranks alongside recent prior “crisis” periods, including the COVID in 2020 (-37%), interest rate tightening cycle in 2022 (-30%), Liberation Day tariffs in 2025 (-16%) and the 2013 Taper Tantrum (-17%). Historically, such dislocations have been followed by strong rebounds in the 6–12 months post drawdown. While macro uncertainty remains elevated, history suggests periods of market dislocation have provided attractive entry points for long-term investors with valuations now at previous cycle lows.

Post the selloff ASX Small Caps screen attractively on both growth and valuation metrics; however, there is now considerable earnings risk in some sectors of the market. The Small Ordinaries are forecast to deliver >30% EPS growth over the next 12 months, largely driven by resources, while trading on ~14.5x PE. Small Industrials offer more moderate growth of >13% NTM, with valuations around ~17x PE though these earnings are increasingly at risk given recent interest rate rises and the strain on household cashflows. In general, the strength in listed balance sheets is reflected in EV/EBITDA valuations across the market which are now at levels not seen for over 20 years (Small Industrials at 9.2x). Earnings risk has risen, but valuations have reset with balance

SECTOR EXPOSURE



PORTFOLIO BY MARKET CAP



TOP 5 HOLDINGS*

DUR	Duratec Ltd
HSN	Hansen Technologies Ltd
MP1	Megaport Ltd
NWL	Netwealth Group Ltd
PNI	Pinnacle Investment Mgt Group Ltd

* Alphabetical order

Net Performance (%)	1 month	3 month	1 year	3 year pa	Since Inception* total	Since Inception* pa
LSN Emerging Companies Fund^	**-10.8%**	**-10.9%**	**20.1%**	**11.7%**	**34.1%**	**7.1%**
S&P/ASX Small Ordinaries Accumulation Index	**-11.0%**	**-10.9%**	**13.7%**	**8.5%**	**7.6%**	**1.7%**
Outperformance	**0.2%**	**0.0%**	**6.5%**	**3.2%**	**26.5%**	**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.

sheets remaining strong, the opportunity set for long-term investors is improving.

Following a strong reporting season that pointed to an improving growth outlook, market conditions shifted materially from late February, driven by rising geopolitical tensions, higher oil prices and increasing pressure from rising interest rates. In response, we made a number of portfolio adjustments to reflect a more cautious near-term backdrop while maintaining exposure to structural growth themes. We reduced exposure to Financials, exiting positions in **Judo Capital (JDO)** on expectations of a slowdown in SME activity and a rising bad debt cycle. Consumer Discretionary exposure was also reduced, with positions in **ARB Corporation (ARB)** and **Lovisa (LOV)** exited. We increased exposure to **Hansen (HSN)** and **Superloop (SLC)** which we view as well positioned for growth and attractively valued. We also added selective commodity exposure, re-initiating positions in gold and copper via **Capstone Copper (CSC)** and tilted the portfolio towards more market-supported exposures, increasing positions in **Pinnacle (PNI)** and **Netwealth (NWL),** while initiating a new position in **AUB Group (AUB)** given the current valuation and long term growth prospects.

Duratec has been a core portfolio holding for several years and the March investor day highlighted a compelling growth outlook, underpinned by strong tailwinds across Defence and Energy. The company is well positioned to benefit from Australia's significant Defence infrastructure investment cycle, including over $60b spend across HMAS Stirling, Henderson submarine facilities and Osborne Naval Shipyard. Opportunities are expanding beyond construction into Defence sustainment, providing more recurring, MSA-style revenue streams, alongside growing exposure to Airforce fuel infrastructure. Management expects Defence-related growth to accelerate into Q4 FY26 and extend through FY27–FY28. In Energy, Duratec continues to build a scalable platform through acquisitions and capability expansion across electrical, fuel, fabrication and mechanical services. The division now spans the full asset lifecycle, supporting higher margins, increased repeat work and positioning the business to benefit from energy transition.

While the current backdrop has increased uncertainty and elevated earnings risk, it has also driven a meaningful reset in valuations, creating opportunities for active investors to position in more resilient sectors. We remain constructive on small-cap equities, where structural growth opportunities persist and the the portfolio is positioned in companies with strong balance sheets, visible earnings growth and high-quality management teams, which we believe are best placed to navigate a more volatile environment. The portfolio It currently trades on ~14x forward PE and is expected to deliver ~15% EPS growth over the next 12 months.

Portfolio Characteristics	LSN Emerging Companies Fund	Small Ordinaries Index	Profile
Return on Invested Capital (ROIC)	**17.2%**	**10.5%**	**Superior Companies**
Return on Equity	**17.9%**	**10.8%**	
Dividend Yield	**2.0%**	**3.1%**	**Attractive Valuation**
Price / Earnings (PE) x	**14.1x**	**14.6x**	
EPS growth next 12 months	**15.2%**	**6.9%**	**Strong Growth**
Revenue growth next 12 months	**16.0%**	**10.4%**	

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)	$1.2645
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	Zenith APPROVED

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