

# LSN Emerging Companies Fund

## April 2026 Monthly Report

The LSN Emerging Companies Fund returned +9.5% after fees in April, outperforming the S&P/ASX Small Ordinaries Accumulation Index (+3.3%). Markets rebounded as geopolitical concerns eased and investors capitalised on March's sharp sell-off, with gains broad-based across the portfolio. Key contributors included **Elevra Lithium**, **ZIP Co** and **Megaport**, while **Universal Store** and **Integral Diagnostics** lagged. Over three years, the Fund has returned +14.3% p.a., outperforming the benchmark's +8.7% p.a.

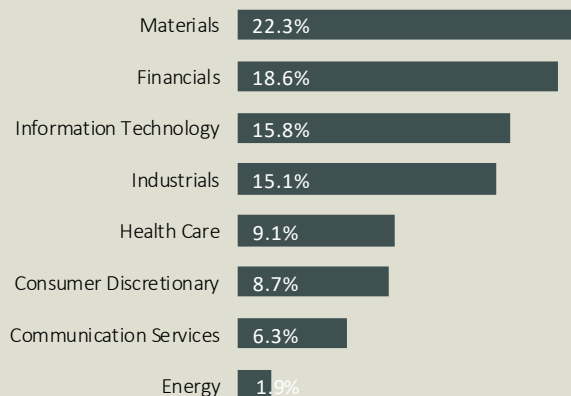
Global equity markets were strong in April, led by the US where the S&P 500 delivered its second-best April on record (+10.4%) and the NASDAQ rose +14.3% to record highs. Australian equities lagged by comparison, with the ASX 100 up +2.1% and the Small Ordinaries +3.3%. Within small caps, resources outperformed (+5.1%) versus industrials (+2.5%). Domestically, economic conditions remain challenging, with higher interest rates and rising costs weighing on activity, while policy settings have yet to meaningfully address key structural issues such as elevated energy costs and weak productivity growth. In addition, a greater focus on tax policy changes has introduced a degree of uncertainty for businesses and investment decisions.

Given the rapidly evolving global operating environment, it has been a busy period for the Fund, with a broad range of companies updating on trading performance and the flow-through to earnings. The Fund benefited from several positive company updates, which contributed strongly to performance over the month.

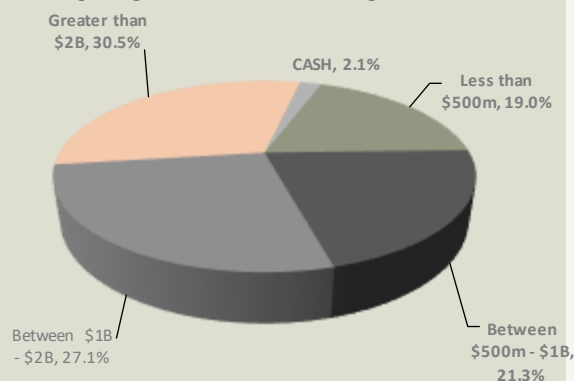
**ZIP Co** delivered a third quarter result ahead of expectations, upgrading earnings guidance and, importantly, signalling that bad debt charges are expected to decline in the June quarter relative to March quarter. This was a strong outcome against very cautious investor expectations, with the key highlight being bad debts, which now appear to have peaked. This provides increased confidence in management's ability to navigate a challenging macro backdrop over the near to medium term. The business remains well positioned for growth into FY27 and beyond, and continues to screen attractively on valuation, trading on <20x FY27E P/E with ~30% three-year EPS CAGR and an active buyback in place.

The Fund's holding in lithium producer **Elevra Lithium** delivered strong gains over the month, driven by a rising lithium price and a solid quarterly production report. Lithium prices have been supported by improving demand from battery storage and electric vehicles, with the Middle East conflict reinforcing the structural shift toward energy security and electrification. In addition, the market continues to underestimate the strength of demand from

### SECTOR EXPOSURE



### PORTFOLIO BY MARKET CAP



### TOP 5 HOLDINGS\*

DUR	Duratec Ltd
HSN	Hansen Technologies Ltd
MP1	Megaport Ltd
PNI	Pinnacle Investment Mgt Group Ltd
WGN	Wagners Holdings Co. Ltd

\* Alphabetical order

Net Performance (%)	1 month	3 month	1 year	3 year pa	Since Inception* total	Since Inception* pa
<b>LSN Emerging Companies Fund<sup>^</sup></b>	<b>9.5%</b>	<b>-3.7%</b>	<b>29.7%</b>	<b>14.2%</b>	<b>46.8%</b>	<b>9.2%</b>
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	<b>3.3%</b>	<b>-10.4%</b>	<b>15.3%</b>	<b>8.7%</b>	<b>11.2%</b>	<b>2.4%</b>
<b>Outperformance</b>	<b>6.1%</b>	<b>6.6%</b>	<b>14.3%</b>	<b>5.5%</b>	<b>35.6%</b>	<b>6.7%</b>

**Past performance is not a reliable indicator of future returns.**

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

battery energy storage systems (BESS), alongside emerging supply-side constraints, which has contributed to the recent strength in the commodity.


**Megaport** delivered strong gains over the month, supported by a positive trading update and the announcement of a new multi-year contract within its recently acquired compute business, Latitude.sh. The core networking business also showed an acceleration in growth relative to the 1H26 result, suggesting continued momentum in new logo wins and net revenue retention. While the compute contract will require increased investment in infrastructure and will weigh on near-term cash flow, the attractive return profile and strong demand for data connectivity and AI-related infrastructure position the business well for continued growth into FY27 and beyond.

The strength of the infrastructure and electrification capex cycle continues to support several portfolio holdings. Across Australia, investment in transmission upgrades, renewable integration, battery storage and large-scale infrastructure remains elevated, underpinned by government funding and private capital. **Southern Cross Electrical** and **GenusPlus** are benefiting from strong activity across commercial, data centre and resources projects, driving improved revenue visibility and supporting margins. GenusPlus remains well leveraged to accelerating transmission and distribution upgrades as utilities modernise networks and connect new renewable generation. Australia is undergoing a structural shift in power generation toward renewables, alongside a rapid expansion in data centre investment.

The Fund's exposure to consumer stocks has detracted from performance in recent periods. While economic data is yet to fully reflect the impact of the Middle East conflict and recent RBA rate hikes, consumer confidence has fallen to GFC-era levels, with the sector now pricing in a severe earnings slowdown, creating selective opportunities to invest in high-quality businesses at more attractive valuations. The March sell-off reset valuations and provided an opportunity to reposition the portfolio towards more resilient sectors, and as outlined in our March report, we made a number of adjustments to reflect a more cautious near-term backdrop while maintaining exposure to structural growth themes. While the outlook for interest rates should become clearer in the coming months, we remain constructive on small caps where attractive growth opportunities persist, with the portfolio focused on companies with strong balance sheets, visible earnings and high-quality management teams, which we believe are best placed to navigate a more volatile environment. The portfolio currently trades on ~14.9x forward PE and is expected to deliver ~20% EPS growth over the next 12 months.

Portfolio Characteristics	LSN Emerging Companies Fund	Small Ordinaries Index	Profile
<b>Return on Invested Capital (ROIC)</b>	<b>16.1%</b>	<b>9.4%</b>	<b>Superior Companies</b>
<b>Return on Equity</b>	<b>16.7%</b>	<b>10.7%</b>	
<b>Dividend Yield</b>	<b>1.9%</b>	<b>3.1%</b>	<b>Attractive Valuation</b>
<b>Price / Earnings (PE) x</b>	<b>14.9x</b>	<b>15.1x</b>	
<b>EPS growth next 12 months</b>	<b>19.7%</b>	<b>9.8%</b>	<b>Strong Growth</b>
<b>Revenue growth next 12 months</b>	<b>16.6%</b>	<b>7.6%</b>	

Source: LSN Capital and Factset

<b>FUND NAME</b>	LSN Emerging Companies Fund
<b>APIR CODE</b>	LSP6493AU
<b>STOCKS</b>	30-50
<b>CUSTODY, REGISTRY &amp; FUND ADMIN</b>	MUFG Corporate Markets
<b>NET ASSET VALUE (UNIT PRICE)</b>	\$1.3841
<b>INVESTMENT OBJECTIVE</b>	Outperform the S&P/ASX Small Ordinaries Accumulation Index over medium to long term
<b>BENCHMARK</b>	S&P/ASX Small Ordinaries Accumulation Index
<b>INVESTMENT TIMEFRAME</b>	5+ years
<b>APPLICATIONS/ REDEMPTIONS</b>	Daily
<b>PLATFORM ACCESS</b>	Netwealth, HUB24 and PowerWrap
<b>MANAGEMENT FEE</b>	1.20% (including GST, net of RITC) of Fund NAV
<b>PERFORMANCE FEE</b>	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
<b>DISTRIBUTIONS</b>	Annually
<b>ZENITH RATING</b>	

**For distribution enquiries contact:**



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