12 August 2026

By Electronic Lodgement

Market Announcements
Office ASX Ltd
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Firetrail Australian Small Companies Fund - Active ETF (ASX:FSML) – Monthly Investment Update

Please find attached a copy of the investment update for the month ending 31 July 2026.

For further information, please contact 1300 010 311.

Authorised by:

Terence Kwong
Company Secretary

Pinnacle Fund Services Limited as responsible entity of Firetrail Australian Small Companies Fund - Active ETF

Firetrail Australian Small Companies Fund – Active ETF[1]

ASX: FSML | Monthly Report | July 2026

Firetrail
Invest with Conviction

Performance (After Fees)[2] as at 31 July 2026

	Month	Quarter	6 Months	1 Year	2 Years (pa)	3 Years (pa)	5 Years (pa)	Fund Inception (pa)
Fund	(3.35%)	(2.33%)	(10.73%)	10.77%	16.61%	19.25%	8.76%	15.17%
Benchmark[3]	(3.17%)	(3.18%)	(13.20%)	1.81%	6.56%	7.46%	2.18%	3.81%
Excess Return	**(0.19%)**	**0.85%**	**2.47%**	**8.96%**	**10.05%**	**11.79%**	**6.58%**	**11.35%**

About Firetrail

Firetrail is an investment management boutique which is majority owned by the Firetrail team. The team is invested alongside clients in the investment strategies.

Australian Small Companies Fund

The Australian Small Companies Fund – Active ETF ("Fund") is a concentrated portfolio of our most compelling Australian Small Company ideas. The strategy is built on fundamental, deep dive research guided by the philosophy that 'every company has a price'.

Investment Objective

The Fund aims to outperform the ASX Small Ordinaries Accumulation Index over the medium to long term (after fees).

Your Portfolio Managers

Matthew Fist
Matthew is a Co-Founder at Firetrail with over 16 years' experience. Prior to working in investments, Matthew worked as an engineer and geoscientist.

Eleanor Swanson
Eleanor is a Co-Founder at Firetrail with over 12 years' experience. Eleanor is a qualified immunobiologist.

Patrick Hodgens
Patrick is Co-Founder and Managing Director at Firetrail. He brings over 41 years' experience investing in equity markets.

Three Key Holdings

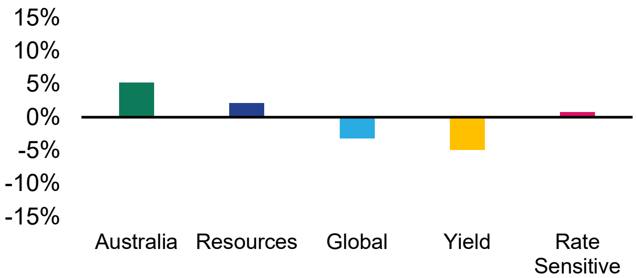
Channel Infrastructure	GemLife	Genesis Minerals

Fund Details

Unit Prices	July 2026
Application Price	$1.9759
Redemption Price	$1.9641
NAV Price	$1.9700
Fund Details	
APIR Code	WHT3093AU
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Inception Date	20 February 2020
Risk/Return Profile	Very High
Number of Holdings	70* (45)
Fund Size	$853 mil
Management fee*	0.85% p.a.
Performance fee*	20% of outperformance above an annual hurdle of 2% above Benchmark

*Includes (25) event positions held at <1%.
**Please read the Product Disclosure Statement for more details.

Thematic Positioning – July 2026



Source: Firetrail. Relative to the Benchmark

Contact Us

Pinnacle

For further information, contact the Pinnacle Investment Distribution team

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Highly Recommended Lonsec Research

Past performance is not a reliable indicator of future performance.
1. The name of the fund changed to Australian Small Companies Fund – Active ETF on 18 November 2024 to facilitate quotation of the fund on the ASX. FSML Active ETF listing date is 18 November 2024.
2. Firetrail Australian Small Companies Fund – Active ETF ('Fund'). Net Fund returns are calculated based on exit price with distributions reinvested, after ongoing fees and expenses but excluding taxation.
3. The benchmark is the ASX Small Ordinaries Accumulation Index

Portfolio Commentary

The Fund returned -3.35% (after fees) for the month ending 31 July 2026, underperforming the ASX Small Ordinaries Accumulation Index by 0.19%.

Month in Review

The ASX Small Ordinaries were down -3.2% in July, materially underperforming the ASX200 which was up 2.3% for the month.

Industrials outperformed Resources in both the ASX200 and the Small Ordinaries. Small Industrials were down 2.9% for the month and Small Resources fell 3.7%.

Energy was the strongest performer at a sector level, up 12.2% over the month as conflict re-escalated in the Strait of Hormuz and oil prices rallied again. Viva Energy was the biggest winner in the sector and the largest stock gainer in Small Ords in July, up 38%.

IT was the largest sector detractor, down 12.8%. The local sector de-rated alongside a global correction in technology and AI names.

Over the month, the key events were as follows:

- **Middle East re-escalation and oil:** The month started with oil near pre- war levels (US$73/bbl) after a memorandum of understanding was signed in the second half of June. Transit volumes in the Strait of Hormuz were beginning to recover, however this was largely reversed by end of July. Trump declared the ceasefire over on 11 July and the US and Iran went back to trading attacks. Brent oil rallied, reaching over US$100/bbl at one point in the month but finishing the month at US$88/bbl.

- **AI capex skepticism:** Many of the AI winners of the first half of the calendar year, particularly hardware and semiconductor stocks, were sold aggressively in July. The sell off was largely driven by scepticism that the large AI firms will earn a sufficient return on their enormous capital spending. Concerns over the rise of cheap open-source Chinese AI models competing against US frontier models also added to the scepticism.

- **Chinese competition in AI:** Developments from Chinese AI companies made headlines in July as Chinese AI models begin to catch up to US models, but at a cheaper price. In particular, Chinese AI company Moonshot launched Kimi K3 - a large open weight model which it claims is competitive with leading US models, backed up by strong data. Chinese memory producer CXMT also raised US$8.6b in its listing, prompting concerns about future memory supply if they aggressively add capacity.

- **Inflation and RBA:** June inflation numbers were reported during the month. Headline CPI rose 3.8% in the twelve months to June, down from 4.0% in May. While above the RBA's target band, the print was softer than the market feared, which takes some of the pressure off the RBA to hike again. Rate hike expectations fell sharply on the inflation announcement.

- **Global central banks:** Major central banks left rates unchanged in July, however there was an increase in divergence of opinions among central bankers. Three members voted for a hike at both the US Federal Reserve and the Bank of England, and one at the Bank of Japan. Consensus still expects one or two hikes in the US, Europe, UK and Japan by the end of 2026.

Contributors to Returns

Positive Contributors

Benz Mining
Australian gold project developer Benz Mining surged over the month after announcing a maiden exploration target of 10-12moz at the Glenburgh project. We are naturally sceptical of exploration targets however in this case, ~80% of the target is 'drill-defined' and significant detail was provided. This level of endowment would potentially support an annual production rate of ~500koz pa and would place the asset in the top 20 gold mines in the world.

Genesis Minerals
Western Australian focused gold miner Genesis Minerals outperformed in July following a solid June quarter result and a merger with Vault Minerals (VAU). We were taken by surprise by the all company merger. While we have always seen strong industrial logic in combining VAU's King of the Hills operation with GMD's Leonora assets, we thought that the rest of VAU's portfolio made a deal challenging. Looking forwards, we see strong strategic and financial engineering logic in the merger. For GMD shareholders, we believe the combination of the two companies will result in a higher quality portfolio, growth and substantial free cash flow over the next 2 years.

Viva Energy
Transport fuels company Viva Energy outperformed during the month and reached 12 month highs. Refining margins (the difference between what it costs to procure a barrel of crude oil and the cost of the product able to be sold after refining) rebounded strongly as the Iran conflict reignited. At the same time, Russian refinery output has been increasingly targeted by Ukraine, reducing output and exports to the rest of the world. Against this backdrop Viva reported preliminary strong 1HCY26 results. Earnings beat consensus by 10% and more importantly, net debt reduced by 200m compared to forecasts. Though it seems the market is not willing to value refining margin-led upgrades, the additional cash and rapid de-gearing cannot be ignored!

Negative Contributors

Advanced Innergy Holdings
Advanced Innergy Holdings (AIH) underperformed for the month of July following a trading update in which management downgraded FY26 guidance. AIH is a global leader in advanced materials science, serving the energy transition and industrial sectors. The downgrade reflected revenue timing delays and lower gross margins following the escalation of the Middle East conflict, which led customers to defer purchase orders and extend project timelines. Management believes the impact represents a temporary 4–8-week timing delay rather than lost demand, noting that no material orders have been cancelled. Importantly, customer backlogs remain at record levels and AIH's order book has grown 15% since March, underpinned by structural demand for energy security and long-cycle infrastructure investment.

Lithium Argentina
Lithium producer Lithium Argentina underperformed in line with broader lithium and resources sector weakness. Lithium Argentina has an enviable portfolio of low cost, long life, expandable assets and in our view is the most compelling lithium exposure globally.

Megaport
On-demand compute, networking and storage company Megaport underperformed during the month in sympathy with broader AI-led weakness. During the month companies with exposure to the AI thematic were indiscriminately sold off around the globe. Market concerns on open source models, Chinese competition, increased funding costs, the sustainability of capital expenditure (and subsequent returns) all came to the fore. Our view? Put simply, we do not think the fundamentals have deteriorated. In the case of Megaport, the most striking news over the month was US company advanced Micro Devices (AMD) increasing its data centre CPU TAM forecasts by 80%, bringing the total revision to 400% since November 2025.

Portfolio Themes

Theme	Position	Example
Australia	Overweight	regis
Resources	Overweight	NexGen Energy Ltd.
Global Earners	Underweight	Life360
Yield	Underweight	GENESIS MINERALS LIMITED
Rate Sensitive	Underweight	Channel

One interesting thing that happened this month…

Small caps: down, but not out

After a strong run through the second half of 2025, Aussie small caps have given back their earlier relative gains against large caps (Figure 1). Over the 12 months to 31 July, small caps peaked at 20% ahead of large caps in late January. By the end of the period they finished 3.5% behind.

Figure 1: Aussie Small Caps have lost their lead on Large Caps

***Source**: FactSet*

Why is this happening?

There are a few key drivers behind Aussie Small Caps lagging large caps:

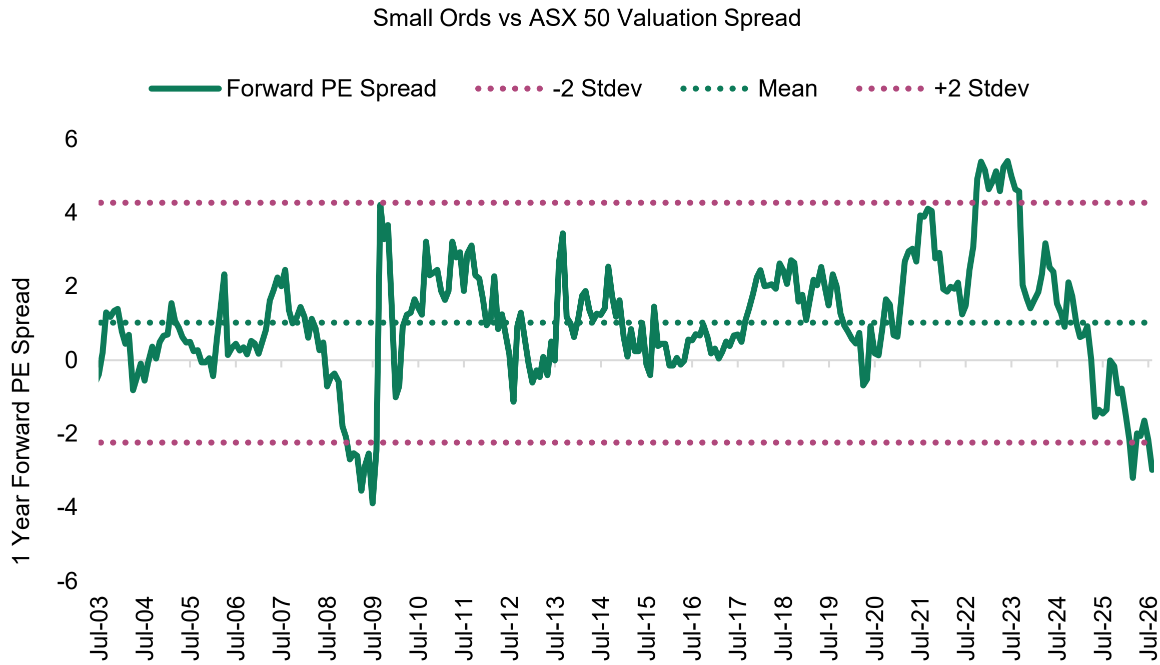
- **Slowing economy** – Smaller companies are generally more sensitive to changing economic conditions and the consumer, so their earnings tend to weaken faster when growth and consumer spending slow.
- **Interest rates –** the RBA hiked rates in 3 consecutive meetings in Feb, March and May, taking the cash rate up to 75bps this year to 4.35%. Higher rates tend to hurt small companies more as they have higher levels of debt-to-equity when compared to large caps (when you exclude resources) and have narrower access to capital markets.
- **Crowding into certainty and liquidity** – the top 20 stocks now make up more than 60% of the ASX 200, and we estimate around 45% of the Australian equity market behaves like passive capital. That money is allocated by index weight rather than valuation, so it flows mechanically to the top of the market regardless of fundamentals. When investors turn cautious, particularly in times of geopolitical uncertainty and a slowing economy, the pull towards the biggest names only strengthens.
- **AI –** Small caps have limited direct exposure to the biggest theme in markets, and the market has treated that as a negative.

Why we think this is likely to turnaround

For patient investors, we see a good chance that small caps bounce back over the next 6 to 12 months for a few reasons:

Firstly, small caps relative to large caps are **extremely attractive from a valuation standpoint**. Figure 2 shows the valuation spread between the ASX Small Ords and the largest 50 stocks on the ASX. The valuation gap is currently over 2 standard deviations lower than the long-term average. The last time we saw small caps screen this cheaply relative to large caps was during the GFC.

Figure 1: Small caps are GFC-cheap, but in much better shape



***Source**: FactSet*

But while small caps are as cheap as they were in the GFC, they are in much better shape than they were then, with **better balance sheets, stronger earnings and higher returns on equity.**

Despite the economy slowing, **a recession is unlikely,** at least in the short term. Consensus estimates from Bloomberg forecast 1.9% GDP growth year-on-year over the next 12 months. Inflation is also coming down, from 4.2% in April to 3.8% in June, which takes pressure off the RBA to keep raising rates. Markets are now pricing at most one more hike this year.

Even on the AI point, there are ways to gain exposure in the Small Ords index. Australia's most obvious AI infrastructure names are large caps, but the buildout runs a long way further down the supply chain. The team at Firetrail is excited about the **indirect exposures to AI** including the copper and energy required to power data centres, the contractors constructing them, and the network providers connecting them. Plenty of that sits in the Small Ords, and we don't think the market is paying for it yet.

Where we are looking

As small cap investors, we aren't worried about the recent underperformance of the Small Ordinaries. Even in periods where the Small Ords index underperforms, the spread between the best and worst performers within it stays wide, and that dispersion is where returns are made for active investors. A weak index does not necessarily mean a weak opportunity set. Small caps also suffer less passive distortion, making them fertile ground for fundamental research.

Furthermore, as fundamental, bottom-up investors, the majority of our returns come from stock selection rather than macro calls. So while the backdrop matters, our focus remains on finding the best individual opportunities.