10 November 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 October 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

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Firetrail Australian Small Companies Fund – Active ETF[1]

ASX: FSML | Monthly Report | October 2026

Firetrail
Invest with Conviction

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

	Month	Quarter	6 Months	1 Year	2 Years (pa)	3 Years (pa)	5 Years (pa)	Fund Inception (pa)
Fund	(6.85%)	(3.69%)	(5.93%)	(10.60%)	9.95%	19.64%	6.37%	13.92%
Benchmark[3]	(6.43%)	(3.89%)	(6.94%)	(14.36%)	2.56%	10.03%	0.64%	3.06%
Excess Return	**(0.42%)**	**0.20%**	**1.01%**	**3.76%**	**7.39%**	**9.61%**	**5.72%**	**10.86%**

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

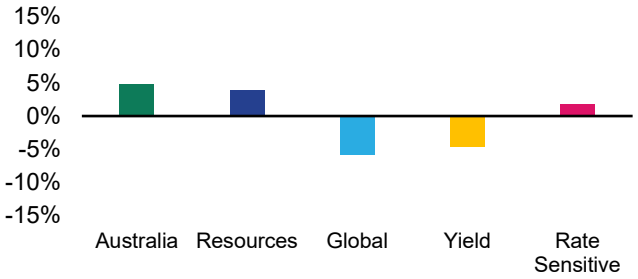
Minerals 260

Fund Details

Unit Prices	October 2026
Application Price	$1.9031
Redemption Price	$1.8917
NAV Price	$1.8974
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	69* (26)
Fund Size	$912 mil
Management fee*	0.85% p.a.
Performance fee*	20% of outperformance above an annual hurdle of 2% above Benchmark

*Includes (43) event positions held at <1%.
**Please read the Product Disclosure Statement for more details.

Thematic Positioning – October 2026



Source: Firetrail. Relative to the Benchmark

Contact Us

Pinnacle

For further information, contact the Pinnacle Investment Distribution team

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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 -6.85% (after fees) for the month ending 31 October 2026, underperforming the ASX Small Ordinaries Accumulation Index by 0.42%.

Month in Review

The ASX Small Ordinaries was down 6.4% in October. In contrast, the ASX200 was up 1.4%. Much of the difference was due to a sell off in resources, hitting the resource-heavy Small Ords much harder than Aussie large caps. The rising interest rate environment also added to the pressure on small caps as investors rotated out of growth and cyclical assets into more defensive stocks.

ASX Small Resources fell 13.9% as gold, lithium and rare earths sold off. Gold suffered as rising bond yields and expectations of higher-for-longer rates made a metal that pays no income less attractive. Lithium prices were hit by reports of larger Chinese stockpiles and rare earths lost support as US-China tensions eased.

ASX Small Industrials fell 2.8%, outperforming ASX Small Resources but still losing ground as rising rate expectations weighed on growth stocks. A global AI and tech sell-off also hit small-cap tech names.

Over the month, the key events were as follows:

- **Global central banks hold:** After September's round of rate hikes across 6 major global economies, the Fed, European Central Bank (ECB), Bank of Japan (BoJ) and Reserve Bank of New Zealand (RBNZ) all held rates in October. The Fed kept its rate at 3.75%-4.00%, but two members voted for a hike, and markets are pricing a high chance of one in December. And it isn't just the Fed. Markets see a strong chance the ECB and BoJ also hike in December, while the RBNZ has all but promised to follow its surprise pause with a move.

- **Aussie Inflation:** Headline CPI rose to 4.3% in the year to September, up from 4.0% in August. At its Melbourne Cup Day meeting the RBA raised the cash rate to 4.85%, its highest level since 2008 and its fifth rate rise for the year. Inflation is forecast to remain elevated for longer, with the RBA expecting it to fall back to target around late 2027, about three quarters later than previously forecast.

- **Attacks in the Strait of Hormuz hit a record:** October was the worst month for shipping attacks since the war began, with the International Maritime Organisation recording 34 confirmed attacks on commercial ships in the Strait. The previous peak was 20 in March and total attacks have reached 125 by the end of October. Around a fifth of the world's oil passes through the Strait, so the attacks have kept supply fears high and oil prices elevated.

AI: big spending, payoffs to come? Concerns about AI spending returned as investors question whether these costs are paying off. Alphabet fell 13% on 29 October, its worst day on record, after search revenue missed expectations and capex kept rising. Meta, which has lost almost US$400bn in market value since late September, launched one of the largest equity raises in history to fund its AI spending. It raised US$37.5bn by selling new shares, and plans to sell up to US$60bn more from 2027. Intel fell 29% on 30 October, its worst day since the 1970s, after weak guidance.

Contributors to Returns

Positive Contributors

Australian Clinical Labs
Pathology provider Australian Clinical Labs (ACL) outperformed in October, returning 16%. At its AGM, ACL upgraded FY2027 revenue and EBIT guidance to the top end of the range. Q1 FY2027 marked a strong start to the year, with pathology volumes up 6% for the first two months. The increase reflects a recovery to a normalised growth rate following the vitamin B12 and urine test funding cuts in the prior period. An improvement in GP attendance rates, as the GP Bulk Billing Incentive Program gains traction, is also supportive.

Challenger
Challenger, Australia's largest provider of annuities and diversified investment manager, outperformed after receiving a non-binding indicative offer from its 20% shareholder, Daiichi Life. At the same time, Challenger released its Q1 FY2027 sales, which showed strengthening momentum in its annuities business. Given the substantial growth opportunity we see for Challenger over the medium to long term, we agree with the Board's view that the 20% takeover premium offered by Daiichi is not high enough to win shareholder support.

Regis Healthcare
Aged care operator Regis Healthcare was up 11% during October after a sharp sell-off in September following the inadequate increase to Australian National Aged Care Classification (AN-ACC) funding announced by the Federal Government. We took the opportunity to top-up the position last month.

Negative Contributors

Elsight
Elsight, a provider of connectivity technology for unmanned systems, underperformed in October following a disappointing Q3 trading update. Revenue declined sharply from US$11.8m in Q2 to US$2.5m in Q3, with management attributing the weakness to customer inventory constraints that delayed significant orders. With limited visibility over the timing of these orders and just US$3.5m in contracted revenue backlog, we believe the company faces a challenging path to meeting consensus revenue expectations in FY2027. In our view, the result represented a break in our investment thesis, which was predicated on the consistent conversion of pipeline opportunities into revenue and continued market share gains. Despite the substantial sales pipeline and attractive structural growth in the unmanned systems market, we believe greater evidence of commercial execution is required to restore confidence in Elsight's earnings outlook. Consequently, we made the decision to exit our position.

Minerals 260
Gold developer Minerals 260 (MI6) underperformed in October, in line with weakness across the broader resources sector. The gold price fell ~US$300/oz over the month to finish at ~US$3,900/oz, some 30% below January's record high. In stock-specific news, MI6 released grade control drilling results at Bullabulling that underpin confidence in the first year of production and, in our view, support further growth in total contained gold.

PYC Therapeutics
PYC Therapeutics, a clinical-stage biotech company, fell 30% as investors took profits after a strong September. The company released positive safety and efficacy data for its lead drug candidate, PYC-003, for the treatment of Polycystic Kidney Disease. However, the data came from a small patient population that received only a single dose of the drug. We believe investors will place far greater emphasis on the PYC-003 clinical trial readout expected in early Q1 CY2027, which will involve a larger patient population on a multi-dose regimen.

Portfolio Themes

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

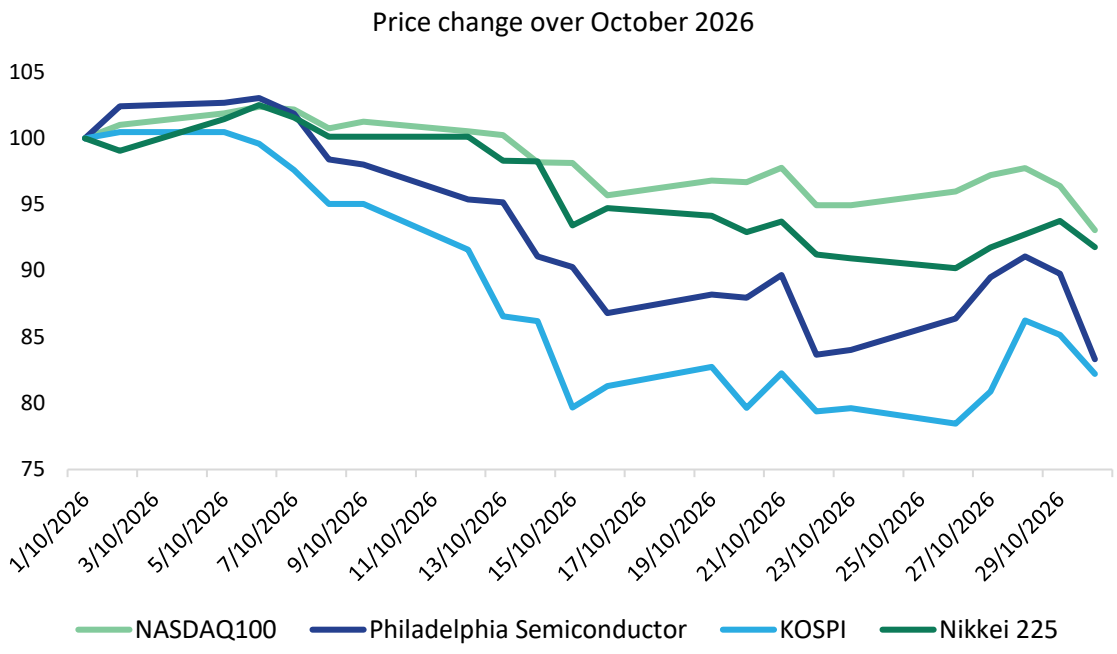
One interesting thing that happened this month…

AI Funding Squeeze

October was a tough month for AI, with rising concerns about when the huge amounts of money being spent (and borrowed) to fund the boom will finally pay off.

Big tech's results put that question front and centre. Alphabet, Amazon and Meta all reported negative free cash flow for the quarter, as AI spending outran the cash their businesses brought in. Tech-heavy indices fell. Notably, the Philadelphia Semiconductor Index dropped eight days in a row, its longest losing streak since 2008.

Figure 1: Indices most exposed to AI fell hard in October



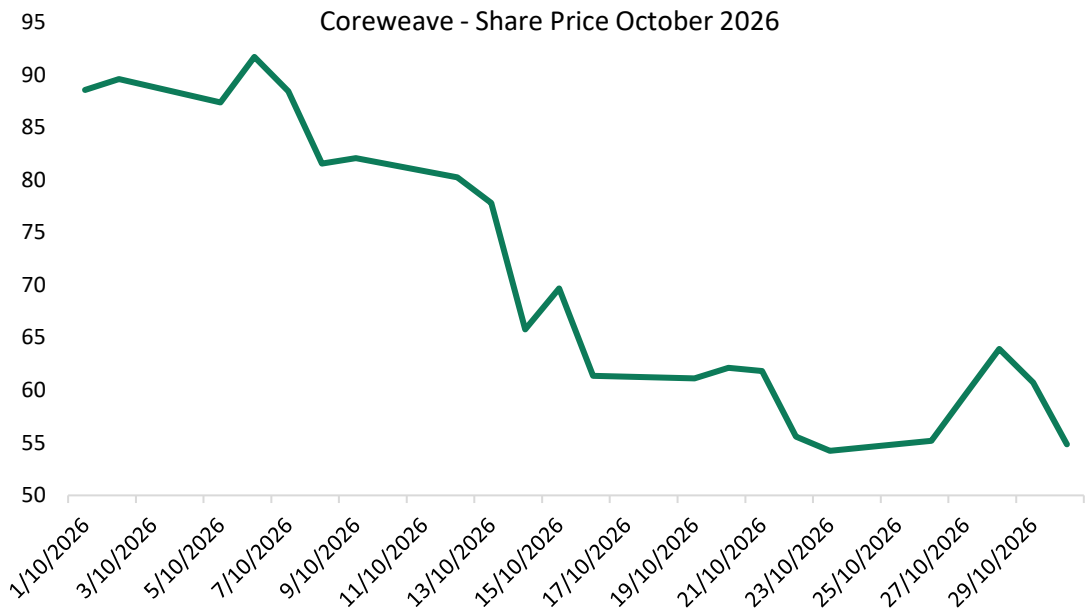
***Source**: FactSet*

Neoclouds took the biggest hit

Neoclouds are specialist cloud providers that rent out high-performance computing power, mainly to AI labs and big tech companies. The Firmus IPO collapse grabbed local headlines but the sentiment shift surrounding neoclouds was global, largely driven by concerns over debt.

CoreWeave, the largest US-listed neocloud, had a brutal month with its share price falling while its bond yields reached distressed levels. CoreWeave's share price was down 30% for the month, including a 15.5% drop on 14 October alone. Yields on CoreWeave's 2031 bonds rose to nearly 16% - a record high.

Figure 2: CoreWeave's share price fell while its bond yields reached distressed levels



***Source**: FactSet*

What has driven this?

1. **Neoclouds rely on debt, and borrowing costs are rising**

The hyperscalers fund a significant portion of their AI build-out from huge existing cash flows; from search ads, online retail or software. Neoclouds don't have these cash generation sources. So, they borrow heavily to buy chips and build capacity. CoreWeave alone has taken on more than US$50bn of debt and other obligations.

The US Federal Reserve raised rates in September for the first time since 2023, and signalled there may be more to come. In Australia, the RBA cash rate is at its highest level since 2008. For businesses that need to keep borrowing, every new dollar of debt costs more.

2. **Building AI capacity is getting more expensive**

AI server memory costs roughly doubled in the first quarter of 2026 alone. GPU provider Nvidia, and its manufacturer TSMC have also talked about the need to increase price. Pricier hardware means neoclouds need even more capital to grow.

3. **Roadblocks on building more compute**

Data centres can't be built fast enough to meet demand, largely due to power shortages and community opposition. Close to half of planned US data centres are expected to be delayed or cancelled. Delays push back the income neoclouds are counting on to service their debt.

However, the shortage is also pushing up rental prices for capacity that is already online. That benefits those with compute ready to rent.

How is this impacting our portfolios?

Demand for compute is growing, while new supply is becoming harder and more expensive to build. At the same time, investors are increasingly wary of debt-funded growth.

We believe Megaport, held across Firetrail's domestic portfolios, is well placed in this environment:

- **Reach:** Megaport has points of presence in more than 1,200 data centres around the world, meaning they are well placed to secure capacity where they need it.
- **Balance Sheet:** Unlike CoreWeave, Megaport is well capitalised, having raised equity recently to purchase chips.
- **Pricing:** delays in new compute supply are pushing rental prices up, strengthening the business case for its chip investment.

This document has been prepared by Firetrail Investments Pty Limited ('Firetrail') ABN 98 622 377 913, AFSL 516821, as investment manager of the Firetrail Australian Small Companies Fund – Active ETF ARSN 638 792 113 ('the Fund'), for general information only. It is not a securities recommendation or statement of opinion intended to influence investment decisions. It has been prepared without considering any individual's objectives, financial situation, or needs. Investors should seek professional advice before acting on this information. Past performance is for illustrative purposes only and is not a reliable indicator of future performance.

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PDS: WHT3093AU

TMD: WHT3093AU

Historic TMDs: Contact Pinnacle Client Service on 1300 010 311 or service@pinnacleinvestment.com

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