Renaissance Asset Management

Renaissance Smaller Companies Fund
Fund Update October 2026
APIR: *RSC9712AU*

Fund Performance as of 31 October 2026

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Inception p.a.*
Fund[1]	-7.60%	-1.48	-	-	-	1.15%
Benchmark[2]	-6.43%	-3.89	-	-	-	-3.64%
Difference	-1.17%	2.41	-	-	-	4.79%

1. Total returns shown for the Renaissance Smaller Companies Fund have been calculated using exit prices after taking into account all ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. **Past performance is not indicative of future performance.**
2. Benchmark is the S&P/ASX Small Ordinaries Accumulation Index.
* The Fund commenced on 1 July 2004. Effective 20 July 2026, the Fund changed from an Emerging Companies Fund to a Smaller Companies Fund. Fund performance shown in this update is measured from 20 July 2026. All returns are annualised.

Objective
The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index after management fees and costs and before tax over rolling four-year periods.

Portfolio Profile
Active long-only portfolio of primarily ASX-listed securities outside the S&P/ASX 100, generally comprising approximately 40-65 securities.

Our Investment Philosophy
Renaissance believes smaller company securities can be mispriced because of short-term sentiment, limited research coverage, momentum-driven price movements or incomplete recognition of change.

The investment process focuses on:
- Bottom-up company research and valuation
- Business quality, balance sheet strength and cash flow
- Management capability and industry structure
- Liquidity, downside risk and portfolio diversification

Market Commentary
Global equity markets experienced another volatile month in October, with most markets declining. Markets exposed to the AI trade were particularly affected as AI and semiconductor supply chains underwent a sharp valuation reassessment and near-term capital expenditure requirements faced heightened scrutiny. Surging bond yields also weighed on investor sentiment as persistent core inflation shifted expectations away from rate cuts towards a higher-for-longer stance by most major central banks. Technology-heavy markets such as South Korea (-15.4%) and Taiwan (-8.3%) slumped, while the NASDAQ fell 5.3%. Elsewhere, the S&P 500 declined 1.1% and the Euro Stoxx 50 fell 2.8%, while the FTSE 100 showed relative resilience, rising 2.8%.

Australian equities diverged sharply in October. Large caps traded defensively, with the S&P/ASX 100 rising 2%, while the S&P/ASX Small Ordinaries index fell 6.4% and the S&P/ASX Small Resources declined 13.9%. Several factors weighed on smaller companies, notably expectations that the RBA would raise interest rates to combat inflation. A broader risk-off environment also prompted investors to reduce portfolio risk and favour more defensive sectors. Despite the sell-off, investors are turning their attention back to smaller companies as valuations diverge from fundamentals, creating buying opportunities.

Fund Update
The Renaissance Smaller Companies Fund returned -7.6% (net of fees) in October underperforming its benchmark by -1.2%. At the sector level our stock selection in Health was the biggest contributor while stock selection in Building Materials was the biggest detractor. Over the month the biggest contributor at a stock level was our holding in billings software provider Hansen Technologies (+14.1%) as M&A speculation arose when Pinetree Capital, a hedge fund with connections to Constellation Software, went substantial on the register. Also contributing was stock selection in Healius Limited (+15.1%) with the pathology market growing above expectations in Q1. Insurance broker AUB Group (+10.6%) had a strong month as fears of AI disruption subsided.

Stocks that detracted included our holding in MAAS Group (-45.6%) as it fell sharply after the IPO for Firmus Technologies was pulled from the market. MAAS held an equity stake in Firmus, but it also had a pipeline of work orders with Firmus as part of the datacenter buildout which has been put in question. Elevra Lithium (-43.5%) fell heavily on a combination of lithium market pressures and scrutiny over operational costs anticipated for the NAL expansion, potentially pressuring near-term cash flow, despite revenue and sales increases over the September quarter. FX provider OFX Group (-31.7%) detracted after the termination of its takeover deal with UK based Equals Group and a softer than expected quarterly trading update.

Top 5 Holdings

Company Name	% Portfolio
AUB Group Limited	3.5
Austal Limited	3.5
Macquarie Technology Group	3.5
Hansen Technologies Limited	3.1
HMC Capital Limited	3.0

Companies shown are illustrative only and not a recommendation to buy or sell any security.

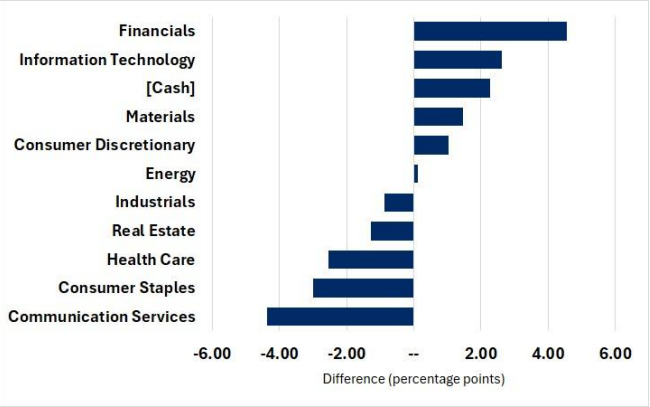
Top Contributors and Detractors

Top Contributors	Active Weight
Hansen Technologies Limited	Overweight
Healius Limited	Overweight
Sunrise Energy Metals	Underweight

Top Detractors	Active Weight
MAAS Group Holdings	Overweight
Elevra Lithium	Overweight
OFX Group	Overweight

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Active Sector Exposure



Fund Characteristics

Investment universe	Primarily ASX-listed securities outside the S&P/ASX 100
Investment style	Active long-only
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Portfolio	Generally, 40-65 securities
Standard Risk Measure	6 - High
Fees	Mgmt fees and costs 0.95% p.a.; performance fee 15% of outperformance above Benchmark, subject to high-water mark
Distribution	Generally, annually at 30 June.
Fund effective date	20 July, 2026
APIR Code	RSC9712AU

Disclaimer - Renaissance Smaller Companies Fund

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