

Macquarie Australian Small Companies Fund

Monthly report – 31 August 2025

Investment objective

Aims to outperform the S&P/ASX Small Ordinaries Accumulation Index (**Index**) over the medium to long term (before fees). It aims to provide capital growth and some income.

Key information

Fund details	
APIR code	MAQ0454AU
Inception date	6 July 2006
Fund size	\$727.3m
Distribution frequency	Generally quarterly
Management fee*	0.60% pa
Performance fee*	15% of outperformance of the Fund (after management fee and expenses) above return of the Index, subject to a 'high watermark'
Minimum investment (Direct)	\$20,000
Unit prices and spreads	macquarie.com/mam/unit-prices
*Read the Product Disclosure Statement for more details on fees and costs.	

Fund performance to 31 August 2025

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	11.49	11.41	8.41	3.00
3 months (%)	13.13	12.84	12.42	0.42
1 year (%)	30.13	28.75	23.40	5.35
3 years (% pa)	16.05	15.02	9.81	5.21
5 years (% pa)	14.37	13.35	7.91	5.44
Since inception (% pa)	11.82	10.44	4.26	6.18

Past performance is not a reliable indicator of future performance.

Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

Total net Fund returns are quoted after the deduction of fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

The management fee was reduced to 0.60% pa from 18 January 2017.

Top 5 overweight positions (alphabetical)

AUB Group Limited
Generation Development Group Ltd
Pantoro Gold Ltd
Super Retail Group Ltd
Vault Minerals Ltd

Top 3 stock attribution (alphabetical)

Pantoro Gold Ltd
Perenti Global Limited
Vault Minerals Ltd

*Italics denotes underweight

Bottom 3 stock attribution (alphabetical)

Develop Global Ltd
<i>Eagers Automotive</i>
Yancoal Australia Ltd

*Italics denotes underweight

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Fund highlights

The Fund returned 11.41% (post-fees) for the month of August, outperforming the benchmark which returned 8.41%.

Key contributors to relative performance included overweight positions in Vault Minerals (VAU), Pantoro Gold (PNR) and Super Retail (SUL). In line with other small cap consumer discretionary stocks, Super Retail announced a strong result which saw its price rise over 12% on the day with the stock up over 24% for the month. The share buyback of 10% of issued shares in FY26, announced by Vault in their results, was a key positive which saw the share price finish the month up over 44%.

Key detractors from relative performance included overweight positions in Yancoal Australia (YAL) and Develop Global Limited (DVP) and an underweight position in Eagers Automotive (APE). Eagers announced a material beat in their August results. With the prospect of improved margins and earnings upgrades going forward, the auto and parts distributor finished the month up 38%. Yancoal's price fell on the back of a weak earnings result and the ongoing decline in the coal price.

Market overview

Australian equities performed strongly in August, with the ASX Small Ordinaries up 8.41%, and the ASX 200 rising 3.10%. Reporting season wrapped up in August with mixed results, including a number of positive surprises across the mid-small caps space but more conservative outlooks and guidance amidst tougher operating conditions. Volatility was elevated throughout the period, where companies reporting lacklustre results or uncertain outlooks were sold off sharply. Despite this, the ASX200 reached record highs in August - with the rising expectations of US and Australian interest rate cuts a key driver.

During the reporting season, 21% of companies exceeded earnings expectations, 24% fell short, and 55% met forecasts. Brokers upgraded 42 companies, while 64 received downgrades. Small industrials stood out with a notable number of earnings beats. However, the market reaction to results was skewed negatively, with losses from earnings misses outweighing the gains from beats. Share price movements were also more volatile than usual, with market volatility 23% higher compared to recent reporting periods.

In Australian small caps, 9 of the 10 sectors were in positive territory led by Materials (+15.08%), Technology (+13.28%) and Consumer Discretionary (+11.81%). Within Materials the gold miners performed strongly led by Vault Minerals (+40.8%). Australian based technology company Codan generated a return of 49.5% while Automotive and Specialty Retail led the way for Consumer Discretionary with Eagers (+45.3%) and Lovisa (+21.34%) strong performers. Healthcare was the worst performing sector (-4.72%) with Clarity Pharmaceutical down -31.2% for the month.

Globally, the S&P 500 also rose in August, gaining 2.0% on the back of a strong US earnings season despite concerns over tariffs and inflation. Factors mitigating the tariff impact included a weaker US dollar, inventory adjustments ahead of Liberation Day, and ongoing investment in artificial intelligence.

In the bond market, Australian yields remained steady through August. On August 12, the Reserve Bank of Australia reduced the cash rate to 3.60% following signs of easing inflation and a slight uptick in unemployment. In the US, short-term bonds rallied, steepening the yield curve, as markets anticipated a potential rate cut by the Federal Reserve in September. The Australian dollar strengthened by nearly 2% against the US dollar, which helped support gold prices.

From a factor perspective, size (small caps) led the way with mid-caps also a strong contributor. Value and dividend yield outperformed, with momentum also a contributor. Growth was the major detractor on a relative basis, with some weaker earnings results moderating steeper growth assumptions.

Outlook

Questions of whether corporate earnings in Australia would support elevated valuations seem to have subsided given the market's new record highs amidst the backdrop of August's reporting season. Looking ahead, equity markets are increasingly buoyant as the likelihood of a pivot to an interest rate cutting cycle by the US Fed seems to rise, however, the longer-term rates trajectory remains unclear globally. Australian equities have remained resilient throughout reporting season despite more difficult operating conditions globally, with Australia's partial insulation from US tariff and inflation-related concerns again proving valuable.

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For more information speak to your financial adviser, call us on 1800 814 523, email mam.clientservice@macquarie.com or visit macquarie.com/mam

Important information

Macquarie Investment Management Australia Limited ABN 55 092 552 611 AFSL Licence 238321 is the issuer of units in, and responsible entity of the Fund. Macquarie Investment Management Global Limited ABN 90 086 159 060 AFSL 237843 is the investment manager of the Fund.

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