

# Macquarie Master Small Companies Fund

Quarterly report – 30 June 2025

## Investment objective

Aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium term (before fees) and provide investors with capital growth and some income by investing in a diverse portfolio of shares with some of the fastest growing companies on the Australian share market.

## Key information

### Fund details

|                             |   |
|-----------------------------|---|
| APIR code                   | MAQ0085AU   |
| Inception date              | 4 June 1998   |
| Fund size                   | \$9.5m  |
| Distribution frequency      | Generally quarterly   |
| Management fee*             | 0.90% pa  |
| Minimum investment (Direct) | \$20,000  |
| Unit prices and spreads     | <a href="https://macquarie.com/mam/unit-prices">macquarie.com/mam/unit-prices</a> |

\*Read the Product Disclosure Statement for more details on fees and costs.

## Fund performance to 30 June 2025

|                               | Total Fund return (gross) | Total Fund return (net) | Benchmark return | Total excess return (net) |
|-------------------------------|---------------------------|-------------------------|------------------|---------------------------|
| <b>3 months (%)</b>           | 9.93                      | 9.62                    | 8.62             | 1.00                      |
| <b>1 year (%)</b>             | 19.24                     | 17.91                   | 12.26            | 5.65                      |
| <b>2 years (% pa)</b>         | 17.11                     | 15.79                   | 10.79            | 5.00                      |
| <b>3 years (% pa)</b>         | 15.70                     | 14.41                   | 10.00            | 4.41                      |
| <b>5 years (% pa)</b>         | 13.51                     | 12.25                   | 7.37             | 4.88                      |
| <b>Since inception (% pa)</b> | 13.69                     | 12.46                   | 5.87             | 6.59                      |

**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.

Until 17 December 2017, the strategy was managed with a fundamental approach. From 18 December 2017, the strategy was restructured such that it is managed with a quantitative, systematic investment approach. At this time the base fee was decreased to 0.90% pa.

## Top 3 stock attribution (alphabetical)

Austal Limited  
Temple & Webster Group Ltd  
Zip Co Ltd

\*Italics denotes underweight

## Bottom 3 stock attribution (alphabetical)

*Boss Resources Limited*  
*DroneShield Ltd*  
Regis Resources Limited

\*Italics denotes underweight

## Sector breakdown

| Sector                 | Portfolio (%) | Index (%) |
|------------------------|---------------|-----------|
| Energy                 | 3.27          | 7.14      |
| Materials              | 27.11         | 24.32     |
| Industrials            | 14.20         | 9.43      |
| Consumer Discretionary | 12.66         | 14.24     |
| Consumer Staples       | 3.20          | 2.57      |
| Health Care            | 4.83          | 4.99      |
| Financials ex LPTs     | 17.37         | 13.15     |
| LPTs                   | 7.36          | 11.77     |
| Information Technology | 3.61          | 6.00      |
| Telecom Services       | 5.12          | 6.41      |
| Utilities              | 0.00          | 0.00      |

## Top 5 stocks (absolute)

| Security                         |
|----------------------------------|
| AUB Group Limited                |
| Generation Development Group Ltd |
| Netwealth Group Ltd              |
| Ramelius Resources Limited       |
| Ventia Services Group Ltd        |

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## Fund highlights

The Fund returned 9.62% (post fees) for the quarter, outperforming the benchmark by 1.00%.

The key contributors to relative performance for the quarter included overweight positions in ZIP Ltd (ZIP), Austal Limited (ASB) and Temple and Webster (TPW). ZIP announced in early June strong performance from its US business and upgraded its guidance for FY 25. Temple & Webster's 8th May trading update came in modestly below consensus expectations for H2 revenue. While revenue growth early in H1 was soft, the acceleration in March and April and signs of continued momentum into May provided comfort to analysts.

The key detractors from relative performance included an overweight position in Ramelius Resources (RMS) and underweight positions in Droneshield (DRO) and Boss Energy (BOE). Droneshield, which develops hardware and software technology for drone detection and security, continued its rally in June as geo-political and the Middle East conflict escalated with defence related stocks benefiting. Ramelius Resources and Boss Energy were beneficiaries of the increase in the gold price and energy prices over the quarter.

## Market overview

The Australian share market was positive for the June quarter with the S&P/ASX Small Ordinaries up 8.62% and the S&P/ASX 300 Accumulation Index up 9.5%. Developed global equity markets were up for the June quarter, with the US S&P 500 Index up 10.6% and the MSCI AC World up 9.5% in local currency.

Until the recent escalation in the middle east caused by the Israeli/Iran conflict, tariffs had been the main talking point of the June quarter. On April 2, also known as "Liberation Day", the universal 10% tariff was announced along with various reciprocal tariffs. However, the reciprocal tariffs were quickly put on a 90 day pause to allow for negotiations. This saw a short, sharp sell-off in equity markets which are now back at near all-time highs. However, markets will be watching with interest for confirmation of trade deals as the 90 day pause period ends on 9 July.

The Israeli/Iran conflict has had a material impact on oil prices in June with a concern that a protracted resolution to the conflict, and hence a prolonged period of higher oil prices, could have an impact on inflation. This view has moderated with oil prices ending the quarter back below \$68 on the back of the ongoing ceasefire and OPEC+ announcing increased production.

The Fed kept rates on hold with chair Powell indicating they were not in a hurry to lower rates given policy uncertainty, instead waiting for clarity on the direction of the inflation and the economy. This is in contrast to the ECB, the Bank of England and the Swiss Central Bank who all lowered rates during the quarter. US CPI inflation eased to 2.1% y/y in May from 2.4% in April, lower than the 2.3% expected and the weakest print since Oct-2024. Trimmed mean inflation fell to 2.4% from 2.8%, its lowest level since Nov-2021. Given that inflation numbers in Australia also continue to move in the right direction the fixed interest markets have moved to price in a 90% chance of a RBA rate cut in July, from 80% previously.

Over the quarter the AUD is 4.5% higher against the USD, which saw weakness against most major currencies.

From a style perspective, Momentum and Growth had a strong quarter as the AI trade was back in vogue and technology stocks led the market. In terms of detractors, Dividend Yield and Value were the two biggest relative underperformers.

## Outlook

Historically, July has been a strong month for the Australian share market. An easing of interest rates by the RBA when it meets in early July may provide further impetus for the Australian market to continue to make gains. Locally, inflation is within the RBA target band and unemployment is stable, with consumer confidence still negative but improving. However, the passing of the Big, Beautiful Bill and the looming tariff deadline will refocus attention on uncertainty the US. The conflict in the middle east is seemingly on hold, and has largely been ignored by markets, but does have the capacity to create short term volatility should hostilities elevate in the region. The jury is still out as to the impact that tariffs will have on US inflation and global economic growth, which will impact when and how often the Fed Reserve cuts interest rates.

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**For more information speak to your financial adviser, call us on 1800 814 523, email [mam.clientservice@macquarie.com](mailto:mam.clientservice@macquarie.com) or visit [macquarie.com/mam](https://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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