Spheria Global Smaller Companies Fund

ARSN 627 330 287 | APIR WHT6704AU

Performance as at 31 October 2026

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	7 Years p.a.	Inception p.a.[1]
Fund[2]	2.1%	0.6%	0.0%	9.8%	3.1%	9.6%	9.7%
Benchmark[3]	-0.7%	-1.1%	7.7%	16.4%	7.7%	9.8%	9.7%
Difference	2.8%	1.7%	-7.7%	-6.5%	-4.6%	-0.3%	0.0%

[1]Inception date is 01 March 2019. Past performance is not a reliable indicator of future performance. All p.a. returns are annualised.
[2]Spheria Global Smaller Companies Fund. Returns of the Fund are net of applicable fees, costs, and taxes.
[3]Benchmark is the MSCI World Small Cap Index (net in AUD) for all periods. Please note that the Benchmark from inception to 30 June 2021 was the MSCI Kokusai Microcap Index (net in AUD) and from 1 July 2021 to 30 September 2022 was the MSCI World Microcap Index (net in AUD).

Please note the name of the Fund changed from Spheria Global Opportunities Fund to the Spheria Global Smaller Companies Fund on 18 August 2026.

Please note the strategy of the Fund changed effective 1 October 2022. The Spheria Global Smaller Companies Fund was previously known as the Spheria Global Microcap Fund which targeted global listed microcap companies (companies with a market capitalisation of US$1 billion and below at time of purchase).

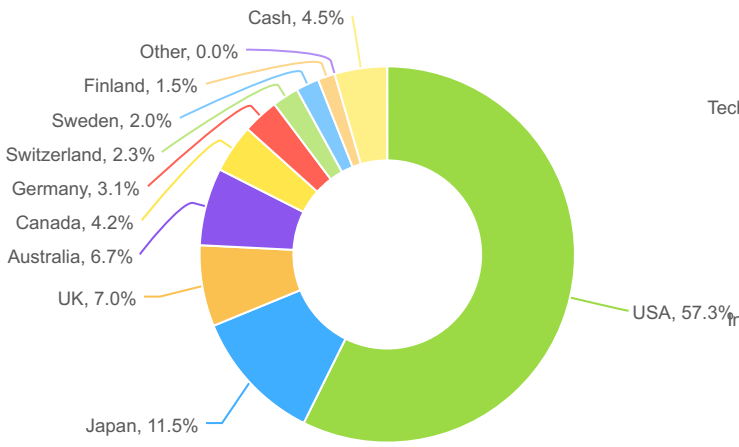
Overall Commentary

In the month ended 31 October 2026, the Fund returned +2.1%, outperforming the MSCI World Small Cap Index (net in AUD) by 2.8%.

Top 5 Holdings

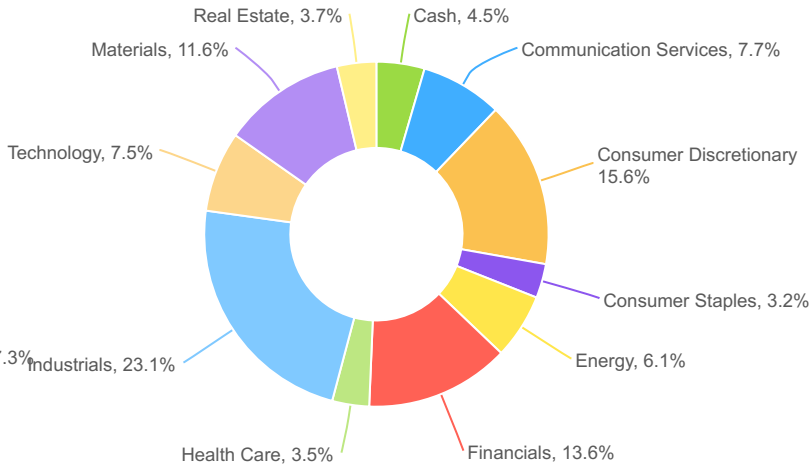
Company Name	% Portfolio
SharkNinja, Inc. Ordinary Shares	5.0
Wise Group plc - Class A Ordinary Shares	3.9
Applied Industrial Technologies, Inc. Common Stock	3.5
Rightmove Plc	3.5
Shimadzu Corp.	3.4
Top 5	**19.2**

Regional Exposure



Source: Spheria Asset Management

Sector Exposure



Source: Spheria Asset Management, Bloomberg

Markets

Within the MSCI World Small Cap Index, October brought the clearest cracks yet in the AI narrative. AI-linked hardware sold off sharply, whilst software related names rallied. Capital markets told the same story with the Nvidia-backed Firmus withdrawing what would have been the ASX's largest float in three decades after investors balked at an almost A$44 billion valuation, the Blackstone-backed AirTrunk postponing its US$1.5 billion Singapore REIT listing, and SK Hynix abandoned a US listing of its Solidigm memory unit.

The 10-year US Treasury peaked near the start of the month at 5.28% but has since retraced to 4.93% and the Federal Reserve held rates at 3.75% to 4%. Lower yields and the rotation out of crowded AI names favoured smaller companies, with the MSCI World Small Cap Index up 0.4% in US dollars against a 0.8% fall for the MSCI World Index.

During the month, Energy, Consumer Staples and Consumer Discretionary were strong sectors, whilst Materials and Information Technology were weaker. By Region, North America was strongest whilst Asia Pacific lagged.

Major Contributors to Performance

Over the month the largest contributors were owning SharkNinja (SN US, +15%), Rightmove (RMV LN, +16%) and Tradeweb Markets (TW US, +22%).

SharkNinja (SN US) - is a global product design and technology company that develops and markets home appliances under the Shark and Ninja brands, spanning cleaning, cooking and beverage, food preparation, and beauty and home environment categories. The runway remains long with the business selling across 38 subcategories. The balance sheet is lightly geared and cash generation is funding an ongoing buyback alongside reinvestment in the product pipeline.

SN shares rose +15% over October to all-time highs ahead of an expected strong third-quarter result. And the company did not disappoint. Q3 revenue grew 21% on the prior corresponding period, led by cooking and beverage (+37%), beauty and home environment (+46%) and international (+25%), whilst full-year guidance for both sales and EPS was revised upwards.

We continue to be impressed by SharkNinja's ability to innovate and take market share across such a wide range of categories. The breadth of that growth points to a business driven by new products and new markets rather than a buoyant consumer backdrop. That diversification, across categories, geographies and channels, is a defining characteristic of the business. It reduces reliance on any single product cycle and, in our view, helps justify both the recent rerating and a multiple above its peers. Despite this, the extent of the share price outperformance had made the position too large for the Fund, so we trimmed it. It remains one of the Fund's largest holdings.

Major Detractors from Performance

The largest detractors from performance included owning Applied Industrial Technologies (AIT US, 11%), Sprouts Farmers Market (SFM US, 25%) and Accelleron Industries (ACLN SW, 13%).

Sprouts Farmers Market (SFM US) - is a US specialty grocer focused on fresh, natural and organic food operating a network of >500 stores across 25 states. We first bought shares in July 2026, after the stock had already had a significant derate from its peak last year. We are attracted to Sprouts differentiated proposition and long-term store roll out strategy into new markets. Sprouts own brand sales now represent >25% of revenue, E-comm sales are growing double digit and are >16% of sales and recent store vintage is outperforming expectations. The business continues to fund a record pace of openings (15 in the quarter) as well as the ongoing buyback from operating cashflows and its net cash balance sheet.

Shares fell on its 3Q26 result due to soft comparable store sales (-0.9)%, along with further softness expected in 4Q26 with management guiding a decline in comparable-store sales of -2% to -4%. Management have flagged they will invest in price in order to enhance affordability and restore traffic to the stores, which will reset margins. However, at 11x EBIT, the shares trade at a material discount to our valuation and we see a bargain given this is a long-term growth story on a value multiple.

Outlook & Strategy

At the time of writing, Democrats are projected to take control of both the House and the Senate from January. Markets read the outcome through the same lens that dominated October. Data-center stocks slid as investors repositioned for tougher scrutiny of the AI boom, with the selloff reinforced by wins in Texas and Georgia for Democratic data-centre opponents who had campaigned, in part, on construction moratoriums. US hyperscalers bucked the selloff, as investors bet a slowdown in data-center construction could boost the value of existing assets and curb Big Tech's AI spending. Oil settled 8% lower on hopes the result hastens an Iran deal, fuelling a broader market rally.

October showed how quickly a narrow market can turn. The AI trade did not falter because demand vanished, but because investors began asking harder questions about the returns on that spending and how it is financed. We have never sought to call when a narrative peaks, only to avoid depending on one continuing. At several points over the past year we debated reducing our underweight in AI hardware. Each time, the valuations required us to underwrite a durability of earnings that a cyclical, price-taking industry has rarely delivered, and we were not prepared to pay for it. October again showed the value of that discipline, with our positioning in Information Technology the largest sector contributor to relative performance for the month. We remain on the lookout for quality businesses in the space. If we find one that meets our criteria, we would buy it, both to fill a gap in the portfolio and to diversify it further.

Outlook & Strategy continued

The election was also a reminder of how much of this year's market performance was underwritten by policy rather than by the businesses themselves. Within a day, data centre developers, power producers and defence contractors were repriced as the political assumptions behind their growth shifted.

We do not try to forecast elections. Our framework instead favours businesses whose returns are earned rather than granted. They fund growth from their own free cash flow, earn high returns without relying on subsidy or regulatory support, and carry balance sheets that do not depend on accommodating capital markets. Those qualities matter most when the rules change, and two years of divided government is likely to bring more change, not less.

Platform Availability List

The Spheria Global Smaller Companies Fund is available on the below platforms. Platforms provide investors with consolidated and centralised reporting (including administration, tax, and distribution) by bundling together a range of managed funds as one single product. If the fund is not available on your preferred platform, please contact us. Please check with your platform for minimum investment requirements and fees.

CFS Edge HUB24 Netwealth Praemium Macquarie Wrap

Spheria Global Smaller Companies Fund	
Benchmark	MSCI World Small Cap Index
Investment Objective	Outperform the MSCI World Small Cap Index in AUD (Net) over the long term
Investing Universe	Global listed small cap and microcap companies with a market capitalisation equal to or lower than the market capitalisation of the largest issuer in the MSCI Global Small Cap Index at the time of purchase
Risk	High
Holdings	Generally 30-80 stocks
Distributions	Annually
Fees	1.10% p.a management fee & 20% performance fee of the Fund's excess return versus its benchmark, net of the management fee
Cash	Up to 20% cash
Expected Turnover	20% - 40%
Style	Long only
APIR	WHT6704AU
Minimum Initial Investment	$25,000

Spheria Global Smaller Companies Fund

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Fund Ratings

Contact Us

For more information, please contact Pinnacle Investment Management Limited on 1300 010 311 or email distribution@pinnacleinvestment.com

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Link to the Product Disclosure Statement
Link to the Target Market Determination
For historic TMD's please contact Pinnacle client service Phone 1300 010 311 or Email service@pinnacleinvestment.com

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