



INVESTMENT STRATEGY

Spatium Capital's investment strategy is a quantitative approach that uses end-of-day-adjusted data through the investment manager's proprietary filters to capitalise on the frequent short-term price dislocations in equity markets.

The Spatium Small Companies Fund¹ is an Australian ASX300 long-only, relative return fund that seeks to construct, on average, a portfolio of 25-to-40 positions on an equally weighted basis. This approach results in an average portfolio holding period of 30-to-45 days.

PERFORMANCE SUMMARY

	1 MONTH	3 MONTHS	1 YEAR	3 YEARS p.a.	7 YEARS p.a.	INCEPTION
SSCF ¹	2.3%	-9.5%	-6.2%	-5.0%	2.9%	31.0%
Benchmark ²	3.3%	-11.3%	12.5%	5.8%	2.7%	20.1%
Value Added	-0.9%	1.7%	-18.7%	-10.8%	0.3%	10.9%

April 2026 was a month characterized by 'muted relief'. Following the extreme volatility of March—where the outbreak of the conflict in the Gulf 'came home to roost'—investors entered the new month searching for a definitive bottom or a potential rebound akin to previous macro shocks. While a technical bounce did occur, fueled by a brief, fragile ceasefire in early April, the recovery lacked the momentum many had predicted.

The ASX Small Ordinaries (XSO) finished the month in positive territory, but the rally was capped by the sobering realisation that the conflict in the Middle East is not moving toward a swift resolution. As the "peace dividend" faded mid-month, small-cap equities—which are disproportionately sensitive to risk sentiment and energy-driven inflation—stalled, underperforming the broader ASX 200.

While a temporary truce saw oil prices retreat from their US\$112/bbl peak, the effective blockade remains a persistent threat to global supply chains. For Australian small caps, this geopolitical stalemate creates a uniquely challenging environment.

The Inflationary Floor

The ongoing conflict has kept Brent crude prices structurally higher. This effectively acts as an energy tax that has forced the RBA to maintain a hawkish stance, directly impacting the valuations of small caps that rely on cheaper capital. Naturally with the overshadowing of this energy tax, the RBA's only hand was forced with another increase adding to the already strained cost of living crisis. With the cash rate now back at 4.35%, markets are now pricing in a climate that was akin to the period of November 2023 to January 2025—the last time that the cash rate was this elevated.

The Risk-Off Rotation

Institutional capital remains parked in large-cap defensives, gold and senior security-backed assets. The anticipated rotation back into the Small Ordinaries—

which typically follows a market dip—has been delayed as largely institutional investors refuse to move down the risk curve while the threat of escalation remains live.

Consider the irresistible force paradox, often recalled as 'when an unstoppable force meets an immovable object'. Right now, neither the US nor Iran are willing to give up the required ground to allow the other an advantage. As the world watches on and the conflict continues to head towards a potential indefinite stalemate, what cannot be priced in right now is the time it takes for normalcy in energy, fertiliser and a selection of critical mineral markets (i.e. tungsten) to stabilise. Additionally, if a resolution is achieved imminently, the new price point for these markets is unlikely to be what they were pre-conflict. So the risk premia also needs to adjust and factor in the affordability to underlying balance sheets.

That said, there is opportunity; the last time the Australian cash rate remained at 4.35% from November 2023 to January 2025, the XSO gained 21.7%. Presuming this conflict remains to be a macro influence and does not evolve into one that brings about a global economic collapse, then the significant discount many small cap companies are currently trading at presents a lucrative investment thesis. Especially for the investor with a patient and long term view.

For now, it appears the markets have transitioned from an initial position of shock, to one of persistence. At some point sooner rather than later, global leaders will ramp-up lobbying to have this conflict resolved—even if it comes at a loss to one side more than the other (we'll let you decide whom the bigger 'loser' may be). It is our expectation that only at this point will we begin to see a contraction in the geopolitical risk premium which is the current headline headwind contributing to unsupportive small cap conditions. In summary the alpha and the edge is still there; the segment however needs a turn of the tide to deliver on its discount potential.

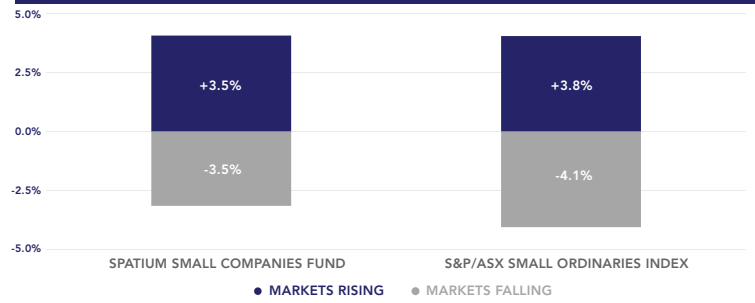
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KEY INSTITUTIONAL METRICS

	SSCF	MARKET
Average monthly return	0.4%	0.3%
Beta	0.90	1.00
Portfolio variance	5.6%	5.4%
Up-Market capture ratio	91.3%	100.0%
Down-Market capture ratio	85.8%	100.0%

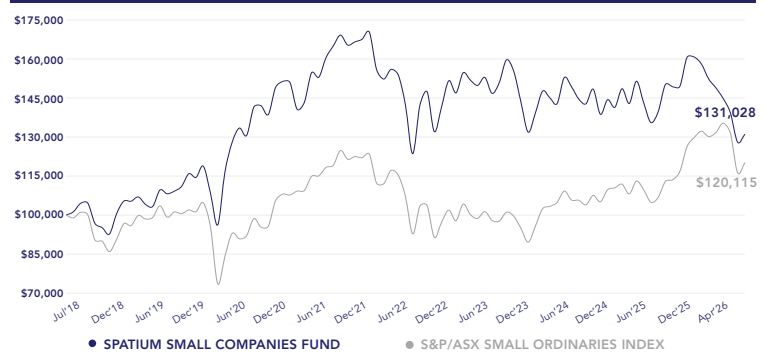
AVERAGE PERFORMANCE IN UP & DOWN MONTHS



FUND DETAILS

UNIT PRICE (AT 30 APRIL 2026)	\$0.89
RETURN TARGET	5% above the benchmark
SUBSCRIPTIONS/REDEMPTIONS	Monthly
SUGGESTED TIMEFRAME	5 to 7+ years
FEES	1.25% Management Fee 15% Performance Fee ³
MINIMUM SUBSCRIPTION	AUD \$100,000
HARDCAP FUM	AUD \$369,500,000

PERFORMANCE



PERFORMANCE HISTORY

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FYTD
2018/19	1.3%	3.2%	0.2%	-7.5%	-1.7%	-2.6%	8.5%	4.8%	-0.1%	1.6%	-2.7%	-0.8%	3.3%
2019/20	6.1%	-1.3%	0.9%	1.7%	4.4%	-1.2%	3.8%	-8.8%	-11.2%	21.1%	9.8%	4.3%	29.1%
2020/21	-2.1%	8.3%	0.4%	-2.4%	7.5%	1.6%	-0.2%	-6.8%	1.9%	7.9%	-1.1%	4.9%	20.3%
2021/22	2.8%	2.5%	-2.3%	0.7%	0.6%	1.6%	-8.4%	-2.4%	2.4%	-1.3%	-7.5%	-13.2%	-23.0%
2022/23	15.1%	3.7%	-10.4%	7.2%	7.1%	-3.1%	5.3%	-1.9%	-1.3%	2.0%	-4.0%	2.9%	22.2%
2023/24	5.8%	-2.8%	-7.6%	-8.0%	5.6%	6.0%	-1.8%	-1.5%	7.0%	-2.3%	-3.2%	-1.3%	-5.4%
2024/25	4.0%	-6.5%	4.1%	-2.0%	5.1%	-3.8%	6.0%	-5.5%	-5.3%	3.0%	7.5%	-0.6%	4.6%
2025/26	0.1%	7.5%	0.1%	-1.7%	-3.6%	-2.2%	-2.7%	-3.8%	-8.1%	2.3%	-	-	-12.3%

¹Inception was 1 July 2018. Total returns are calculated using the sell (exit) price, net of fees, gross of tax, and assume reinvestment of distributions. Figures showing a period of less than one year have not been adjusted to show an annual total return. Figures for periods of greater than one year are shown on a per annum compound basis. Past performance is not a reliable indicator of future performance.
²Target returns of 5% p.a. above the Benchmark is a target only and not a forecast. Target returns are not guaranteed to occur. Past performance is not necessarily indicative of future performance.
³The performance fee only becomes payable where the Fund has exceeded the benchmark return, the Fund has achieved a positive result and the Fund has met the high water mark.

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