VAUGHAN NELSON GLOBAL EQUITY SMID FUND - ACTIVE ETF

MONTHLY REPORT

31 December 2025

OBJECTIVE

The Fund aims to outperform the MSCI ACWI SMID Cap Index (after fees and expenses and before taxes) on a rolling five-year basis.

FUND FACTS

APIR	IML9286AU
ASX Code	VNGS
Inception	01/06/2022
Benchmark	MSCI ACWI SMID Cap
Management fee*	1.12% p.a.
Asset classes	Global Equities
Investment horizon	4-5 Years
Fund size	$90M
NAV	$3.60
Distributions	Annually

**Fees are inclusive of the net effect of GST*

RATINGS

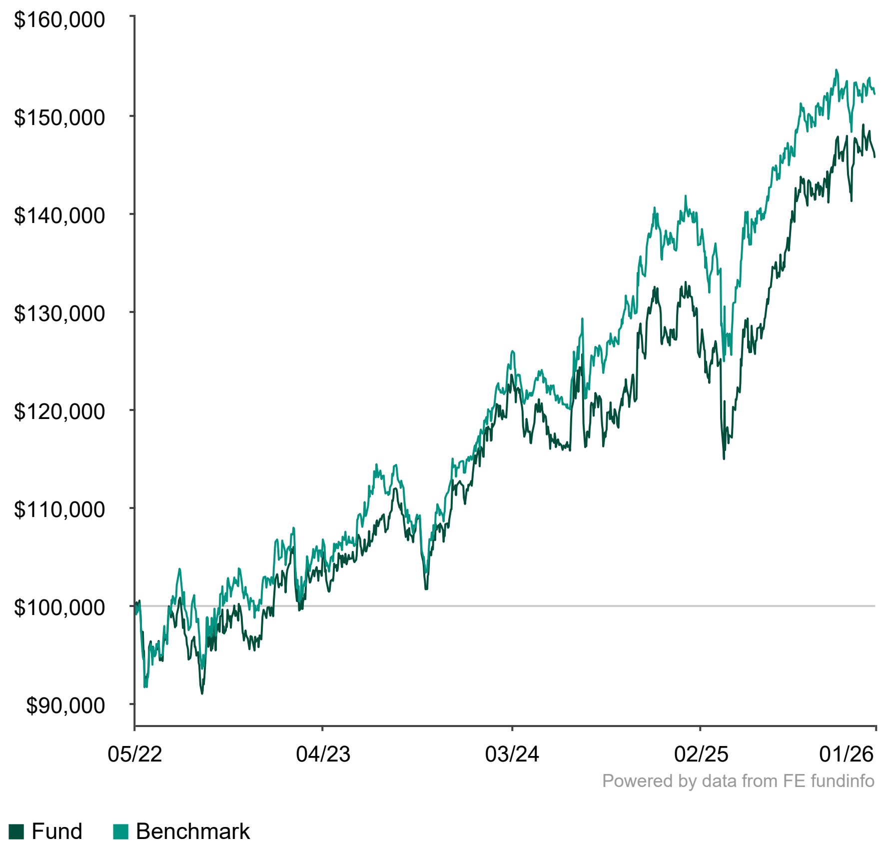
Zenith	Recommended
Genium	Recommended
Lonsec	Recommended **Visit lonsec.com.au/logo-disclosure for important information about this rating*

PERFORMANCE TABLE

	1m	3m	1y p.a.	3y p.a.	5y p.a.	10y p.a.	SI p.a.
Fund*	-1.25%	2.83%	14.42%	14.80%	-	-	11.06%
Benchmark**	-0.77%	1.45%	10.75%	15.22%	-	-	12.40%
Excess Returns	-0.48%	1.38%	3.67%	-0.42%	-	-	-1.34%

*Since inception returns calculated from 01/06/2022. *Fund returns are calculated using the net asset value per unit at the start and end of the relevant period in AUD, net of management fees, and assuming all distributions are re-invested. Investors should be aware that past performance is not a reliable indicator of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments. **The benchmark for this Fund is the MSCI ACWI SMID Cap*

GROWTH OF $100,000 INVESTED AT INCEPTION



Past performance is not a reliable indicator of future performance.

PORTFOLIO CHANGES*

Additions	BayCurrent, Inc, Booz Allen Hamilton Holding Corporation Class A, Carlisle Companies Incorporated, Rocket Companies, Inc. Class A, SAMSUNG BIOLOGICS Co., Ltd., Sprouts Farmers Market, Inc.
Removals	AutoZone, Inc., Celestica Inc., Grupo Financiero Banorte SAB de CV Class O, Kingspan Group Plc, Range Resources Corporation, Tradeweb Markets, Inc. Class A, Western Alliance Bancorp, Wisetech Global Ltd.

**30 day lag on portfolio changes*

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TOP HOLDINGS

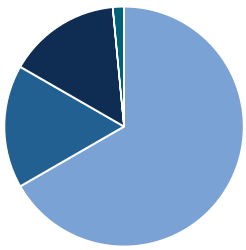
	Country	Sector	%
Cushman & Wakefield Plc	United States	Real Estate	3.5%
Element Solutions Inc	United States	Materials	3.4%
TechnipFMC plc	United States	Energy	2.8%
International Container Terminal Services, Inc.	Philippines	Industrials	2.8%
Erste Group Bank AG	Austria	Financials	2.7%
Deutsche Post AG	Germany	Industrials	2.7%
Daiichi Sankyo Company, Limited	Japan	Health Care	2.6%
WESCO International, Inc.	United States	Industrials	2.6%
JBT Marel Corporation	United States	Industrials	2.5%
Grupo Mexico S.A.B. de C.V. Class B	Mexico	Materials	2.5%

SECTOR WEIGHTS

	Fund (%)
Industrials	30.0%
Financials	15.1%
Materials	11.1%
Information Technology	7.2%
Consumer Discretionary	7.2%
Energy	5.9%
Health Care	5.9%
Cash	5.3%
Real Estate	5.2%
Utilities	4.3%
Communication Services	2.0%
Consumer Staples	0.9%

REGIONAL ALLOCATION BY DOMICILE (%)

North America	66.7%
Western Europe	16.6%
Pacific Rim	15.2%
South America	1.5%



FUND COMMENTARY

Monthly:

- The portfolio produced an absolute return of -1.25% and underperformed the MSCI ACWI SMID Cap Index by 48 basis points in the month of December. For the month, negative stock selection in Japan was the primary driver of the relative outperformance.

- We continue to identify attractive investment opportunities across global markets, positioning portfolios ahead of what we believe will be a more favorable global growth environment in 2026. We remain active in taking advantage of volatility to selectively initiate or add to positions that offer compelling long-term upside potential.

Quarterly:

- The portfolio produced an absolute return of 2.83% during the quarter, outperforming the MSCI ACWI SMID Cap Index by 138 basis points.

- Global equity markets experienced a volatile fourth quarter of 2025 but ultimately delivered generally positive returns. Returns were led by emerging markets, while most developed markets lagged. During the quarter, inflationary pressures continued to ease alongside an improving growth outlook into the first half of 2026, contributing to lower interest rates and declining equity risk premiums that supported positive returns.

- Following strong equity market appreciation over the past 12 months, some near-term price consolidation may be warranted; however, we believe overall conditions remain relatively supportive of equities. The primary headwind to further gains as we head into 2026 will be the need for sufficiently accommodative and expanding liquidity conditions to fund the improving economic backdrop without crowding out risk assets.

- During the quarter, through a combination of market action and trading, we decreased our portfolio weightings in Mexico, Australia, the United Kingdom, Ireland, Canada and Brazil, while increasing our weightings in the United States, Korea, the Philippines, Japan, Argentina Austria, Germany and Italy.

- At the sector level, weightings in Financials, Information Technology, Consumer Discretionary and Communication Services decreased, while our weightings in Health Care, Industrials, Energy, Consumer Staples, Utilities and Real Estate increased.

- Consistent with our process, country and sector level changes were the result of decisions made at the individual holding level, to shift capital to where we see the most attractive asymmetric payoff profiles.

- Across global markets, capital allocation behavior continues to diverge meaningfully between companies investing for durable returns and those responding reactively to short-term pressures, as industry leadership shifts amid technological change, the energy transition, and evolving policy dynamics that are reshaping return opportunities. Against this backdrop, we continue to identify attractive investments globally, positioning portfolios ahead of what we believe will be a more favorable growth environment in 2026, while actively using periods of volatility to selectively initiate or add to positions with compelling long-term upside potential.

Top 3 Contributors:

Coherent Corp. (COHR) - Undervalued Asset:

- Coherent Corp manufactures optical materials, components, and laser-based solutions serving semiconductor, communications, industrial, and scientific end markets. Vertically integrated optical materials and component capabilities position Coherent as a critical supplier to AI datacenter and advanced semiconductor manufacturing customers The stock has risen on strong quarterly results, upside to AI-driven datacenter and optical networking demand and improving margins. Investor enthusiasm around silicon carbide and AI infrastructure exposure outweighed periodic volatility.

HD Hyundai Electric (267260-KR) – Undervalued Asset:

- HD Hyundai Electric produces transformers, switchgear, and high-voltage electrical equipment for utilities and industrial customers worldwide. Long-standing utility relationships, scale in high-voltage transformers, and a growing global backlog create high barriers to entry and strong earnings visibility. Shares have appreciated sharply due to large transformer order wins, strong earnings momentum, and sustained global demand for grid expansion and electrification. Analyst upgrades and confidence in multi-year backlog visibility have further supported the rally.

Bruker Corp. (BRKR) – Undervalued Earnings Growth

- Bruker designs and manufactures advanced analytical and scientific instruments for life sciences, diagnostics, and materials research. Deep scientific expertise, proprietary technologies, and high switching costs support durable market share across academic, pharmaceutical, and industrial research customers The stock was re-rated higher during quarter as investors became more comfortable that NIH funding had resumed and orders and sentiment in the space began to recover.

Top 3 Detractors:

Hesai Group (HSAI) – Undervalued Earnings Growth

- Hesai Group is the technology leader in developing LiDAR sensors used in autonomous driving, ADAS, robotics, and industrial applications. The company's share price performance is typically driven by ADAS design wins, production ramp expectations, and broader sentiment toward Chinese EV and autonomy supply chains. The volatility this quarter reflects concerns around pricing pressure and competition from camera-based autonomous systems. Notably, a large European auto manufacturer recently announced a shift in strategy towards camera-based systems and away from a LiDAR based option supplied by a Hesai competitor.

Scout24 SE (G24-DE) – Undervalued Earnings Growth

- Scout24 operates a leading German online marketplace, monetizing real estate listings and digital services. Despite reporting strong third quarter results and raising guidance, the stock performance was hurt by investor concerns around the acquisition of Spanish online real estate platforms Fotocasa and Habitaclia. These deals, which were announced just prior to the end of the third quarter add slower growth, lower margin, businesses that somewhat dilute the Company's core ImmobilienScout24 platform in Germany.

Wisetech Global (WTC-AU) – Undervalued Earnings Growth

- WiseTech Global provides mission-critical logistics execution software through its CargoWise platform to global freight forwarders. The stock continues to suffer from investigations into the share trading and ethical behavior of the Chairman, with a probe that was expanded to included other Wisetech employees during the third quarter. In addition, the Company changed its revenue/pricing model recently, with the change not well received by customers.

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