



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	-8.1%	-14.0%	-5.5%	-5.1%	2.8%	28.0%
Benchmark ²	-11.6%	-11.7%	10.8%	5.6%	2.8%	16.3%
Value Added	3.5%	-2.3%	-16.4%	-10.7%	0.1%	11.7%

As the old adage suggests, "in a crisis, all correlations go to one", the performance of stockmarkets globally through March proved that that the adage can and will, ring true. Put simply, stockmarkets may struggle to continue in an upward trajectory when the interrelated and dependent nature on energy across all sectors slowly cascades through balance sheets. Exposure to this geopolitical nightmare is being felt by all (contrary to the popular belief of some Presidents) and will be unlikely to ease immediately - even if a resolution was found yesterday. Domestically, Australia was no exception to the rule and where the S&P/ASX Small Ordinaries retreated from highs like many other indices, the mathematical moat employed by the Spatium Small Companies Fund delivered +350bps of outperformance for the month. This result was not a product of speculative "opinion" on the conflict's outcome, but rather a validation of the first-principles math we have consistently championed.

Navigating the Geopolitical Variance

From a binary viewpoint, a conflict in the Gulf is a simple "risk-off" event, however through a quantitative lens, it is a complex shift in conditional probabilities. Whilst many market participants were reacting to absolute headlines, we continued our investment approach through updates by filtering for pricing inefficiencies and structural edges that emerge when human-run systems and decisions make systematic errors. Put another way, the outcomes of many investors responding in a binary manner created opportunities in the market to capitalise on these underpriced and oversold positions.

Validation Through Stress-Testing

Our outperformance this month is a direct consequence of the "math moat" we discussed in last month's newsletter. These events, or longer periods of underperformance can often lead to overcorrections or manipulations to existing investment processes that often take a number of cycles to be proven if 'damage' or 'good' is the overall impact

to performance. A mechanism to address the urge to manipulate a model when it deviates from expectation (despite historical returns proving the method is sound), is to include a sensible price-variance buffer. Internally we refer to this as the regressive pricing approach, which simply means we revise our price target up or down depending on the movement of the market and regular update of new pricing information on each individual stock. This allows us to rebate the impact of market-wide volatility while capturing the specific upside of our holdings.

The Sophistication of Resilience

This performance highlights a critical distinction: our math moat is not designed to predict the news, but to respond to price volatility. We do not seek to avoid variance—we seek to thrive with it. This month in isolation, begins to reaffirm why a math moat, over a longer period of time, has the capacity to deal with the stochastic nature of financial markets. Those who have materially benefited from this conflict are not what one would consider as investors - one might even entertain the legality of some of the more public trades on oil that have since come to light. For the majority of us who are not on the inside line to the US President or his favoured (yet dwindling) few, robustness and patience is what we can seek from investing. Trading the conflict itself is almost impossible; however the statistical relationship between assets that the conflict dislocates and the variance it creates; now that is something that can be exploited. In conclusion, March's performance reminds us all that markets are complex systems run by humans prone to systematic errors. As market conditions continue to bounce, we expect our core statistical edge to deliver sustained value by ignoring the noise and following the math.

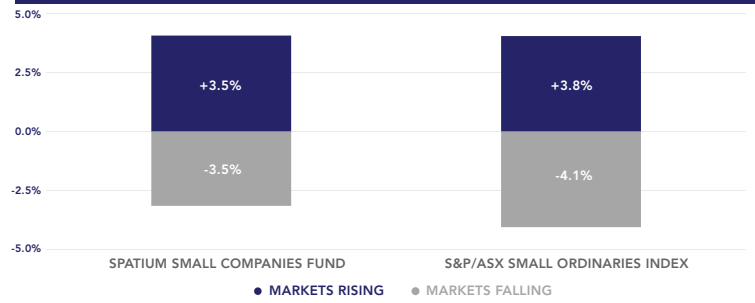
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KEY INSTITUTIONAL METRICS

	SSCF	MARKET
Average monthly return	0.4%	0.3%
Beta	0.90	1.00
Portfolio variance	5.6%	5.5%
Up-Market capture ratio	91.6%	100.0%
Down-Market capture ratio	85.8%	100.0%

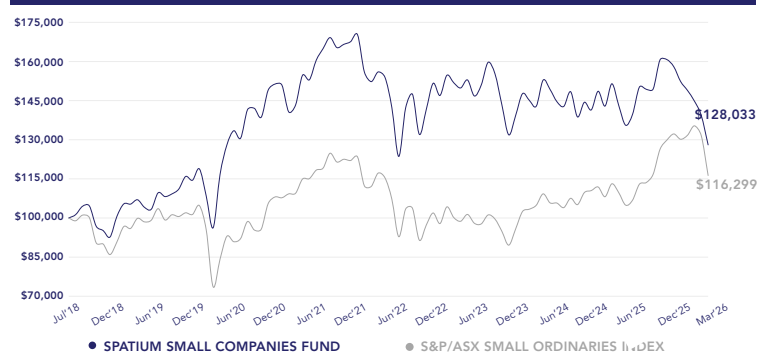
AVERAGE PERFORMANCE IN UP & DOWN MONTHS



FUND DETAILS

UNIT PRICE (AT 31 MARCH 2026)	\$0.87
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%	-	-	-	-14.3%

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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