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A day in the life...

7:00am	7:30am	8:15am	12:30pm	5:30pm	6:00pm	8:00pm
Duolingo	**The New York Times**	**Crocs**	**Morningstar**	**VF Corp**	**Hasbro**	**Lionsgate**
A language lesson before breakfast	US headlines with coffee	Shoes for the kids	Research stocks and ETFs	Changing into a North Face shirt	Games with the kids	Movie night

Small cap doesn't mean unknown brand.

Source: MSCI, August 2026 Index Review (changes effective close 31 August 2026). Index constituents shown for illustration only. Not a recommendation and not necessarily held by MQXS.

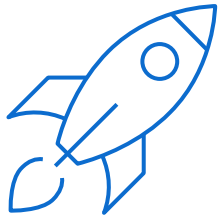
Concentration has rewritten the rules around diversification

End-2015



Top 10 stocks were about 19% of the index

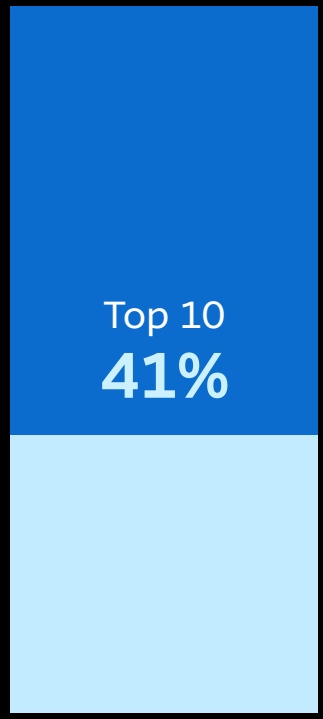
S&P500 concentration



2x

More than doubled in the past 10 years

End-2025



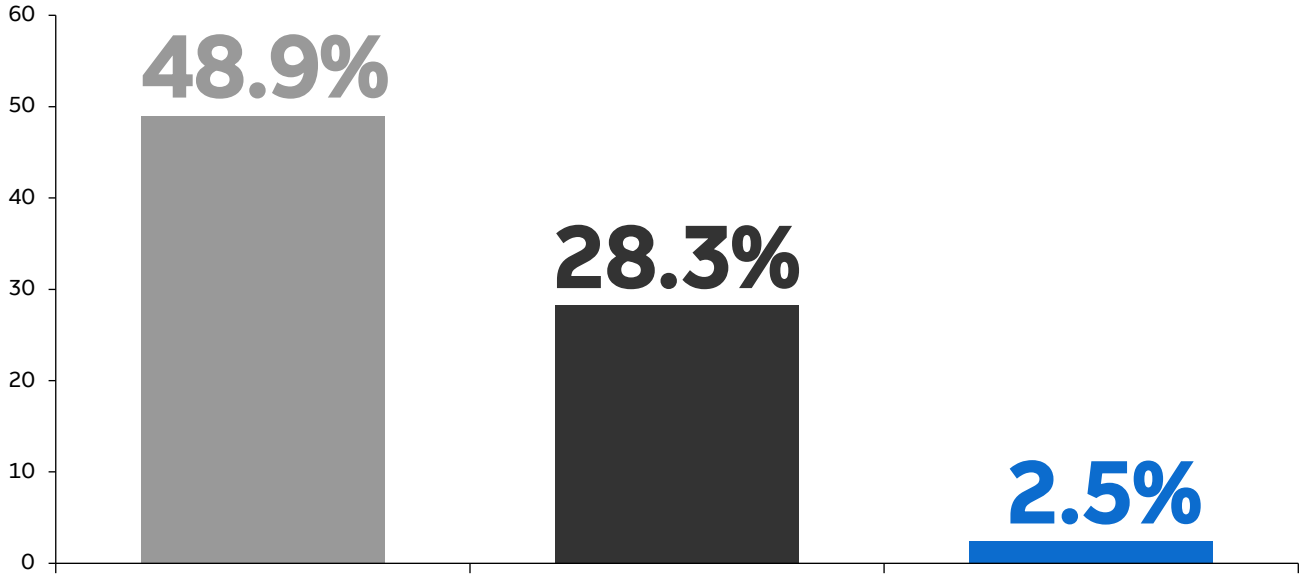
Top 10 stocks were over 41% of the index by year-end 2025

As at 31 December 2015 and 31 December 2025.

Is concentration a help or hindrance?

Weight of the 10 largest companies in each index

Top 10 companies, % of index



LARGEST COMPANY	BHP **10.5%**	Nvidia **5.9%**	Moderna **0.65%**
LARGEST SECTOR	Financials **33%**	Info Tech **32%**	Industrials **19.5%**

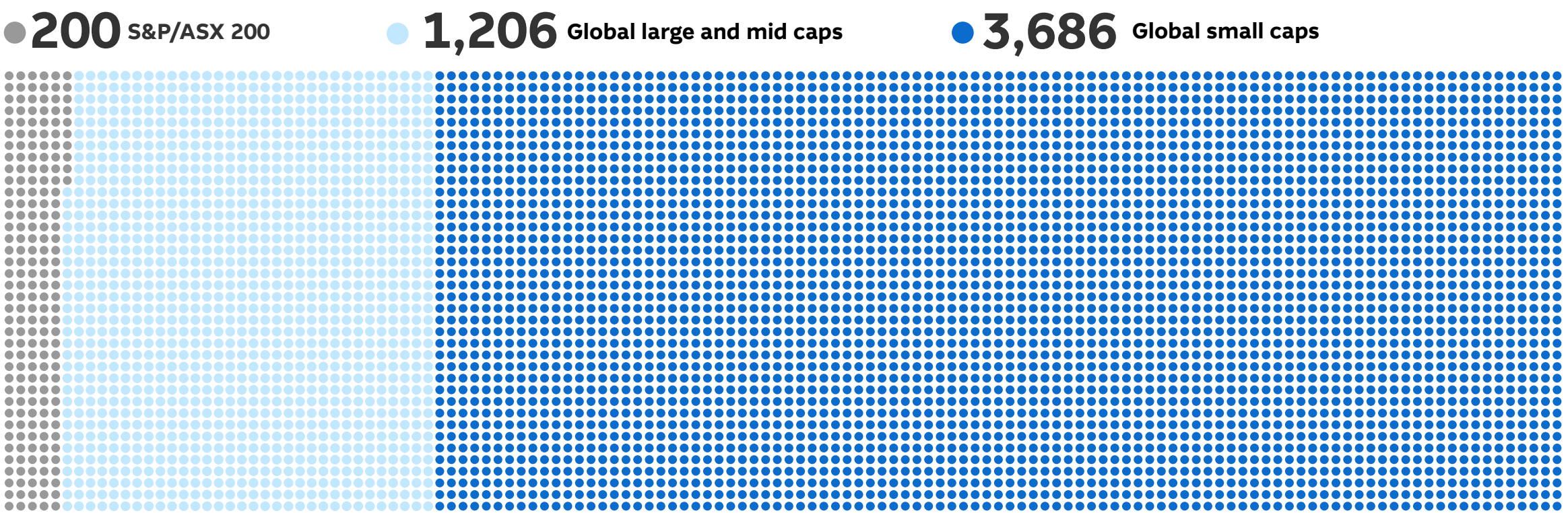
Small caps can spread risk

The largest holding of the small caps index is <1% of the index

Sources: S&P Dow Jones Indices (S&P/ASX 200 factsheet); MSCI (MSCI World ex Australia Index factsheet; MSCI World ex Australia Small Cap Index top 10 constituents, summed from published weights). All data as at 30 September 2026. Companies named for illustration only; not a recommendation.

How to think about diversification

The ASX 200 next to global large and mid caps, and global small caps



Small caps universe is ~18x larger than ASX 200

Sources: S&P/ASX 200 (200 constituents); MSCI World ex Australia Index (1,206 constituents) and MSCI World ex Australia Small Cap Index (3,686 constituents), MSCI, as at 30 September 2026. Each dot represents one company. The two MSCI indices do not overlap. For illustrative purposes only.

Research one company a day? You'll need about 10 years

Why global small caps are hard to cover company by company

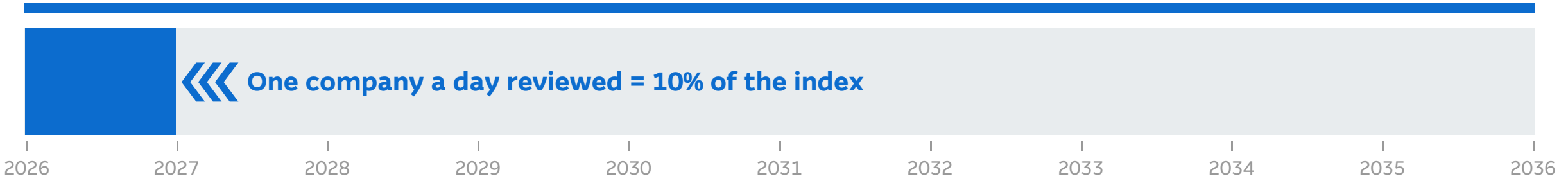
3,600
global small cap companies

÷

365
days in a year

=

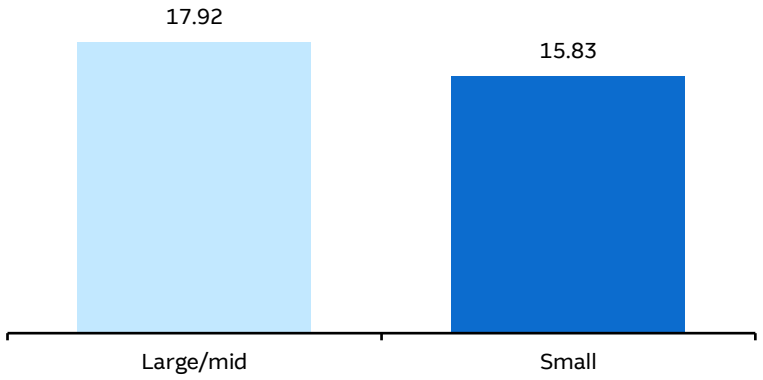
10 years
to look at each one **once**



The small cap investment thesis stacks up as well

Forward P/E

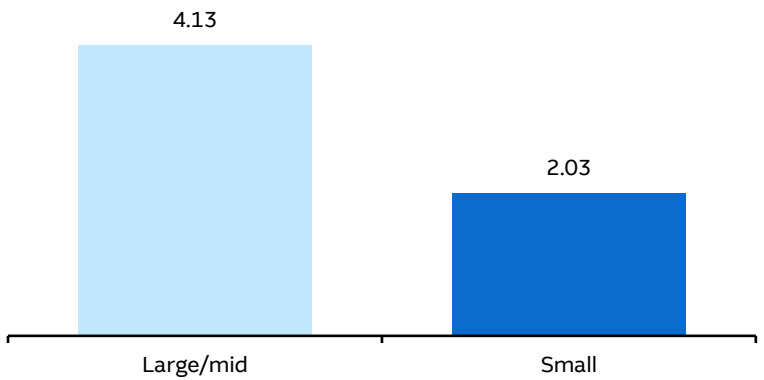
Price vs forecast earnings



About 12% cheaper

Price-to-book

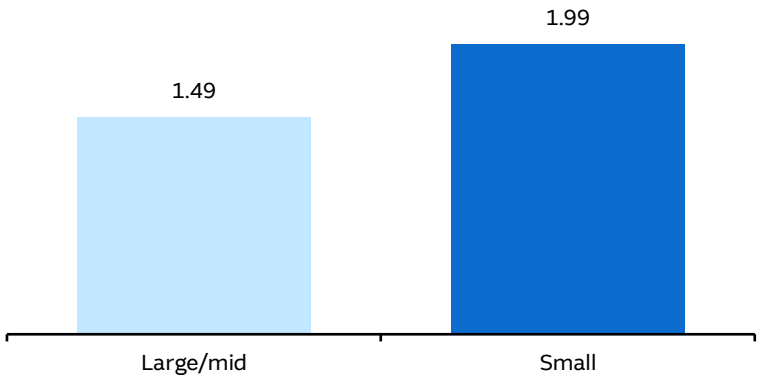
Price vs net assets



About half the price

Dividend yield

Annual dividends vs price



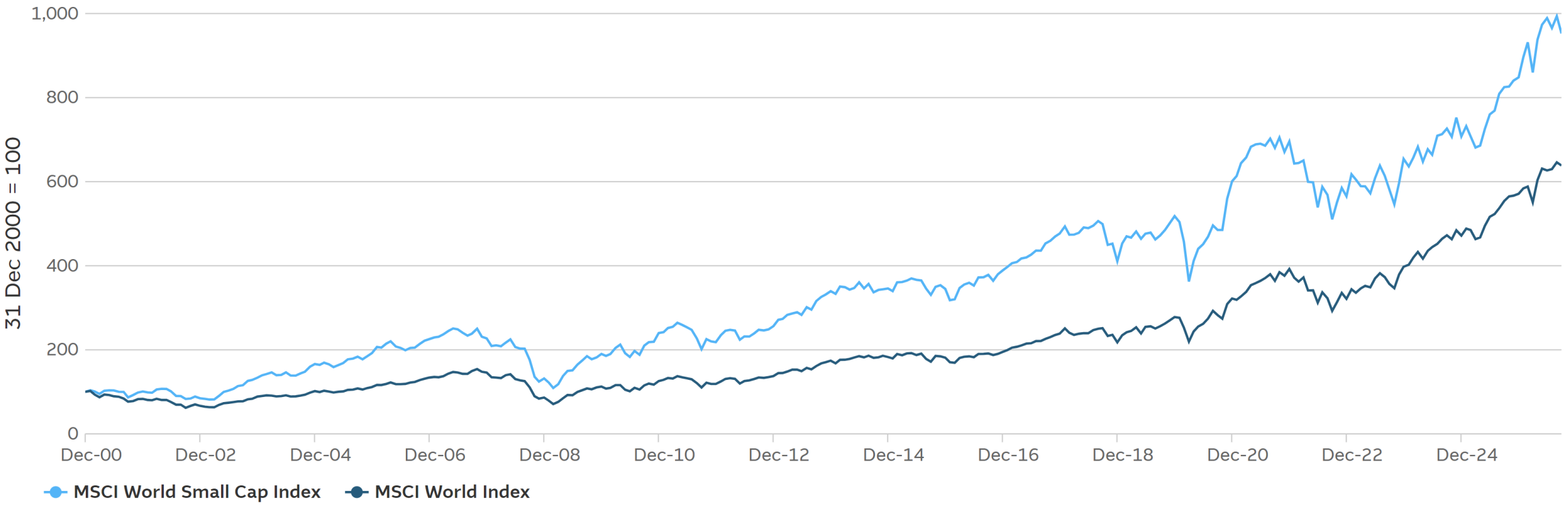
Higher income yield

Global large caps **Global small caps**

These three metrics indicate there may be a potential growth opportunity in small caps.

Source: MSCI. MSCI World ex Australia Index (global large and mid caps) and MSCI World ex Australia Small Cap Index, as at 30 September 2026. Forward P/E is based on analyst forecasts, which may not be realised. Past and current valuations are not a reliable indicator of future returns.

Comparing MSCI World to MSCI World Small Caps



Over long periods, global small caps have historically outperformed global large caps.

Past performance is not a reliable indicator of future performance. Source: MSCI, for the period from 31 December 2000 to 30 September 2026. Indices used are the MSCI World NR Index in AUD and the MSCI World Small Cap NR Index in AUD.

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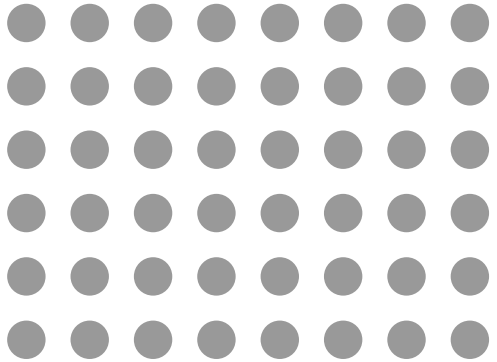
02

The systematic edge

Four ways to invest in a big universe like small caps

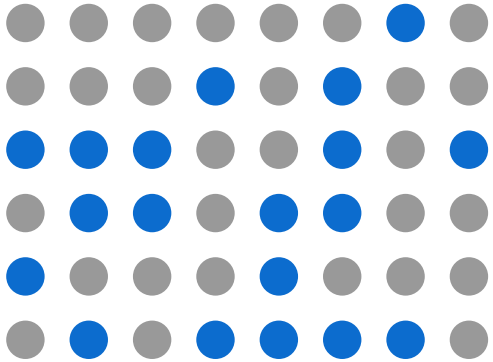
Passive — **Active**

Index



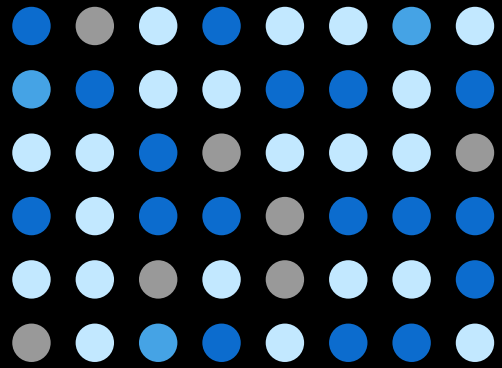
Holds companies by size only

Smart Beta



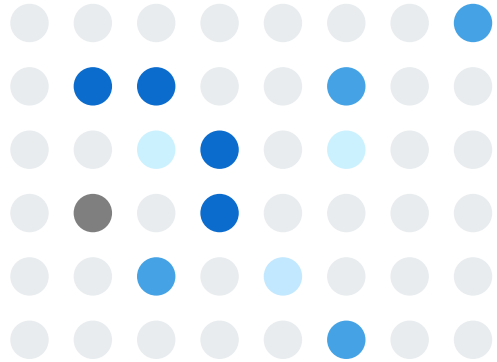
Tilts to one idea, or factor, such as quality

Systematic



Weighs 70+ signals for every company

Fundamental

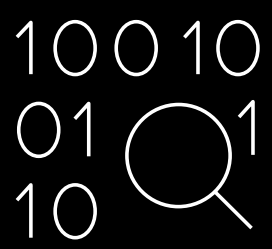


Deep research on a focused list

The bigger the universe, the more it helps to have a process that can look at all of it.

But... there is no DIY in systematic investing

Data



100M data points per week

Using fundamental, market, non-structured data

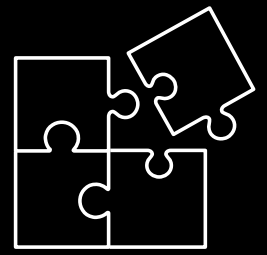
Breadth



700 - 1,000 data points per stock

27,000 Stocks

Portfolio Construction



1,000 alpha signals

Refined to 70 live signals in use

Outcomes



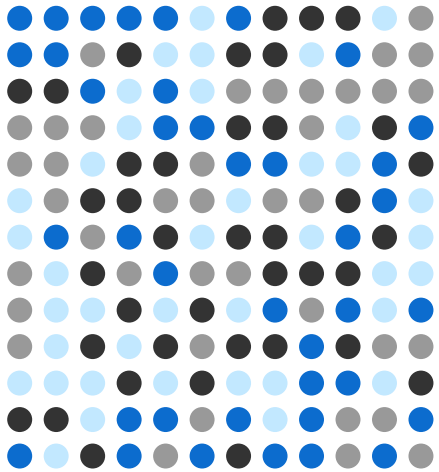
Seeking consistent performance

Aiming to smooth returns

Systematic investing: a sorting machine for over 3,600 companies

Every company assessed in depth, using data

Every company goes in

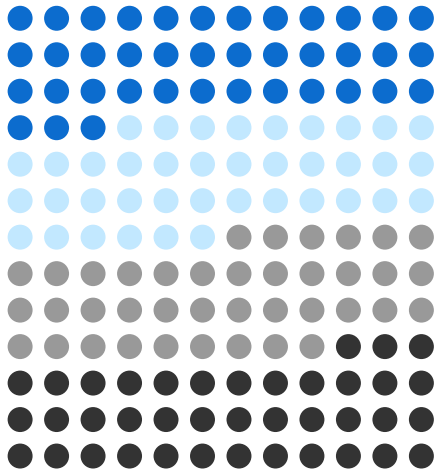


The Rules

70+ Alpha Signals

100 million data points every week

Same companies, ranked



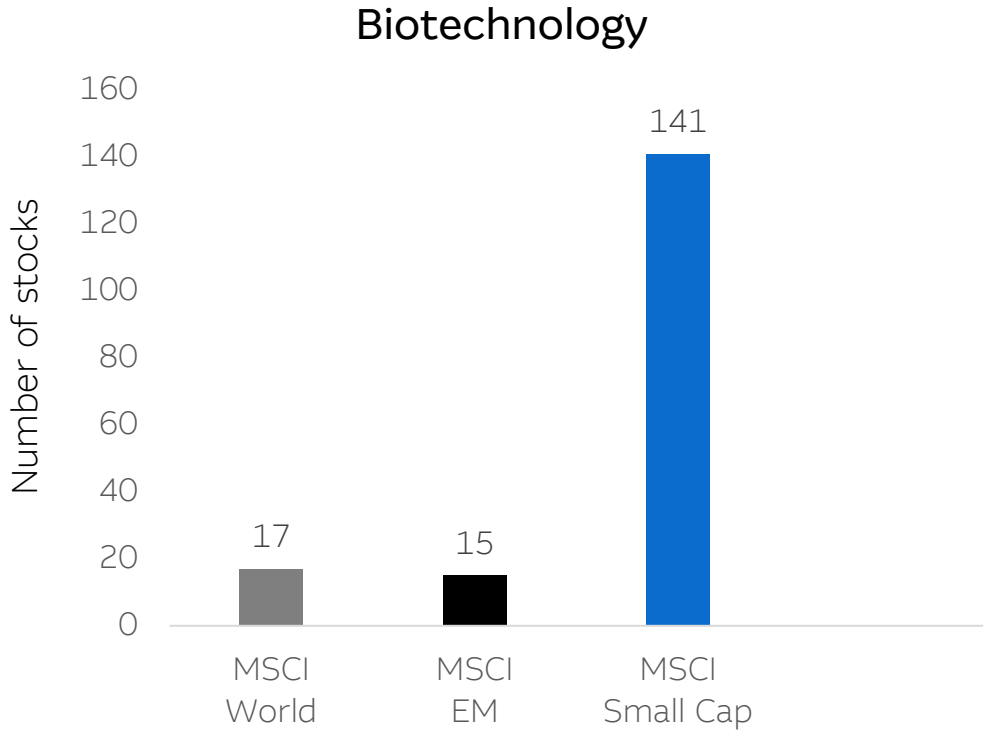
▲ Higher

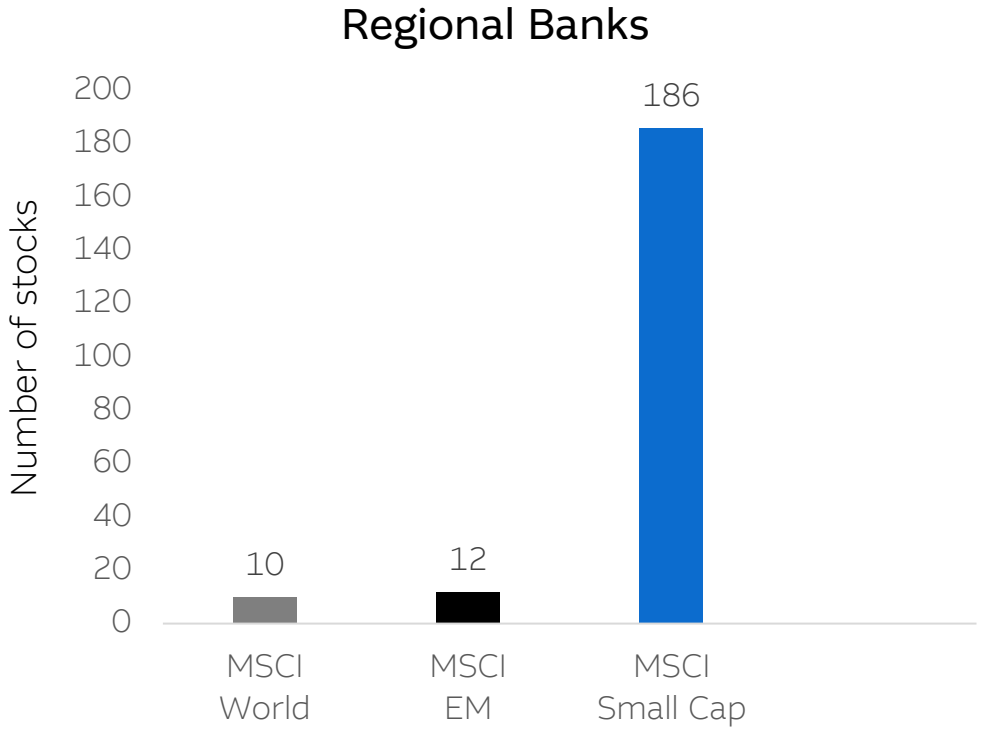
Strongest to weakest

▼ Lower

All stocks in the investment universe are ranked from the strongest to the weakest alpha expectations.

Systematic sector breadth





The Small Cap Index requires data-driven research and well-calibrated analysis tools.

Source: MSCI World Index, MSCI World Emerging Markets Index, MSCI World Small Cap Index, 26 June 2026

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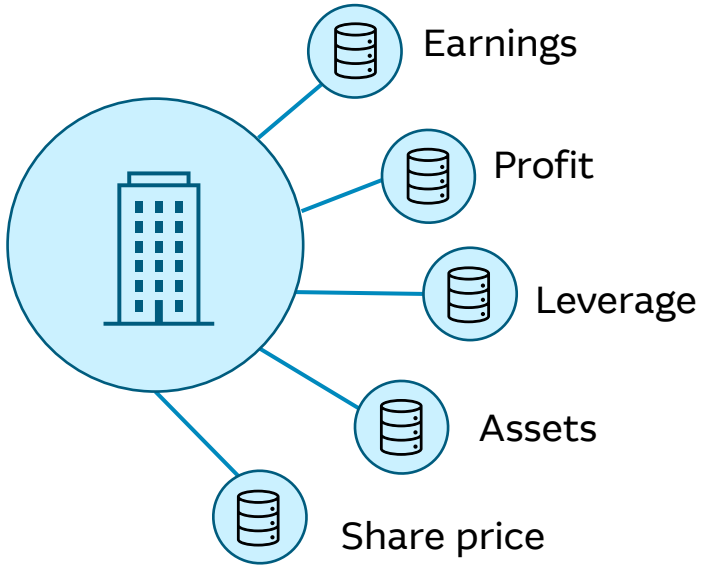
03

Bringing systematic to life

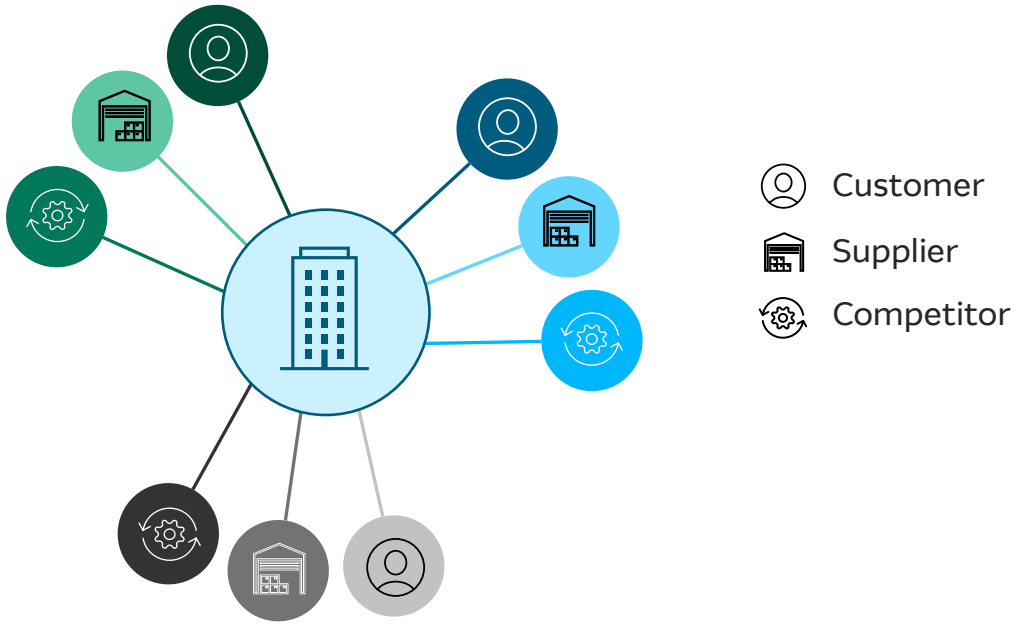
Direct vs indirect information

As quantitative investors, we believe information about a company has value in predicting its future performance – including information about the companies around it.

Direct



Indirect



You can learn a great deal about a company from the 'company' it keeps.

Public, but easy to miss

Naming a competitor in a formal disclosure is a deliberate, selective act, but easily overlooked

Exhibit: Woolworths, 2024 submission to the ACCC

A competitive and well functioning grocery market is one that provides consumers with the value, service and range they need.

We believe that the characteristics of the Australian grocery sector deliver these benefits to Australian consumers - they can choose to shop at "Deep Discounters" such as ***Aldi*** *and* ***Costco****, other "Mainline Supermarkets" (****Coles*** *and* ***IGA****), a broad array of independent grocery retailers and specialty category retailers (specialty fruit and vegetable and meat retailers, category specialists such as* ***Chemist Warehouse*** *for personal care,* ***Bunnings*** *for home and pet care) and in more recent years, online competitors such as* ***Amazon****.*

Reading the disclosure as a set of linkages



Source: Woolworths Group Submission to the ACCC, 9 April 2024

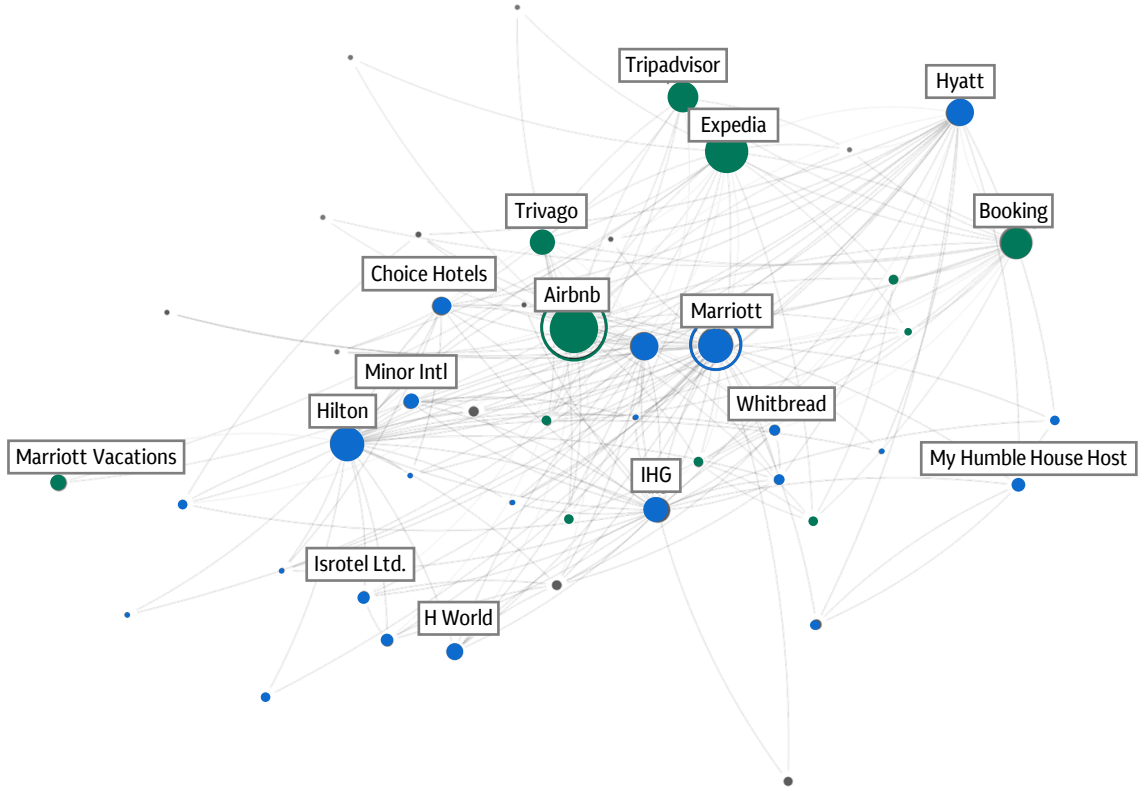
Companies see the competition differently

Even though you may have the same customer, each company may see competitors differently

Same customer = Traveller

Named as a rival from every direction – by the booking platforms it competes with for the traveller, and by the hotel groups it competes with for the room.

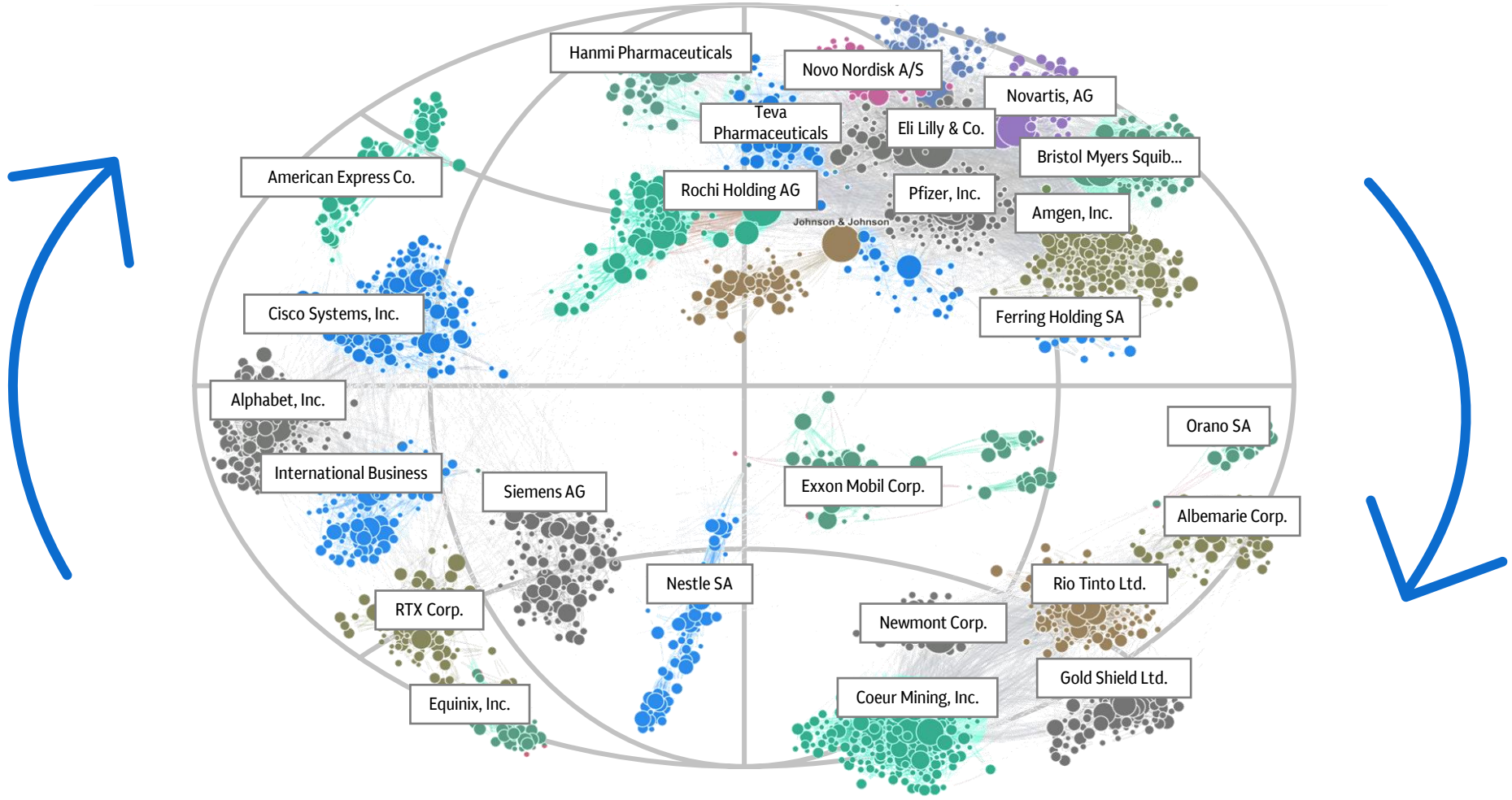
The longer established name and biggest hotel operator in the world; but is named almost entirely by other hotels – **the booking platforms don't regard it as a competitor at all.**



A corner of the network: online travel and the hotels

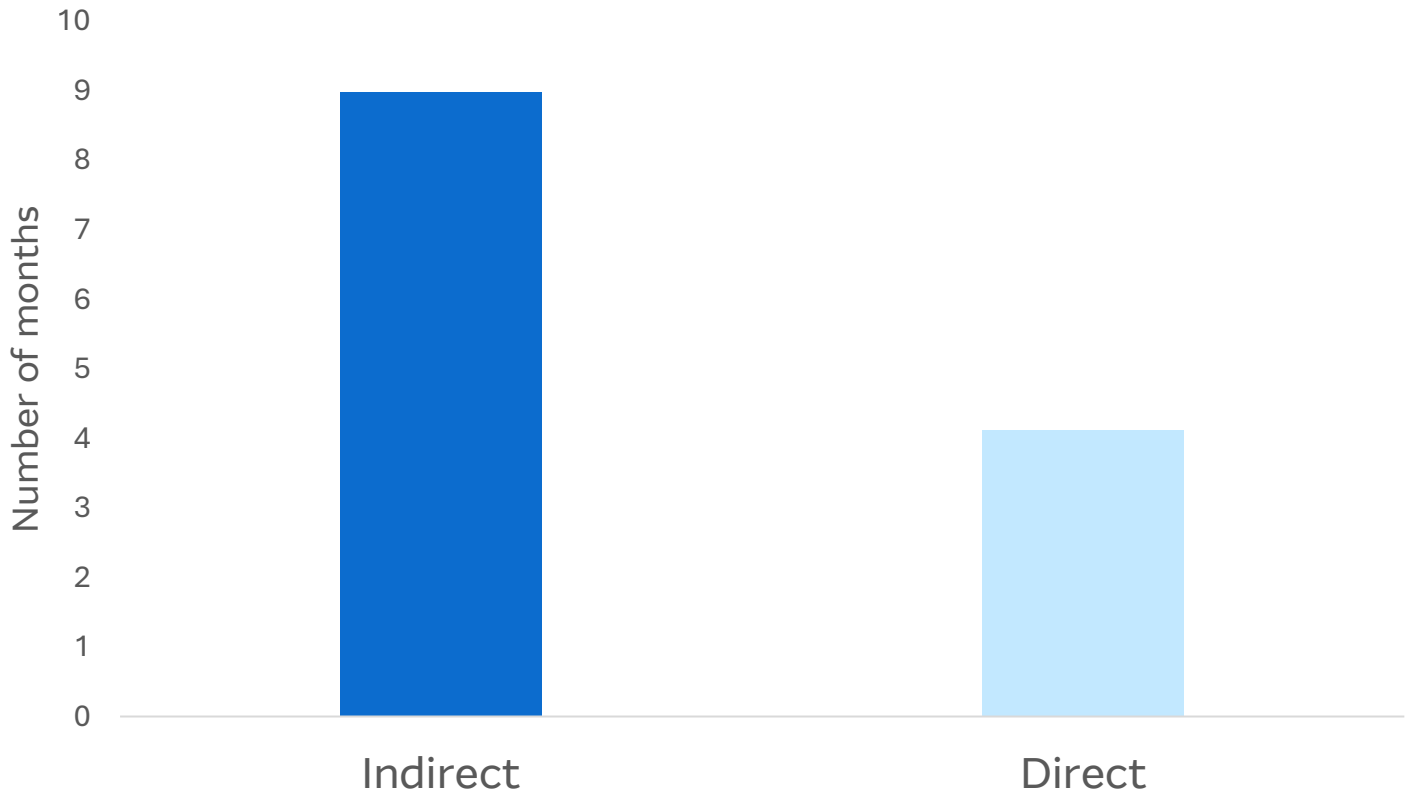
Zooming out globally those linkages become exponential

Tens of thousands of links that systematic can analyse in real time



Types of information are digested very differently

MSCI World Small Cap Index



The number of months taken to fully price in direct and indirect sentiment

Source: ASX, Bloomberg, Factset. As at 31 August 2026. Past performance is not a reliable indicator of future performance.

Summary

1	**Diversification**	Concentration in large caps is at an all time high
2	**Opportunity**	Small caps may offer a good portfolio opportunity
3	**Systematic investing**	Systematic is well suited to small caps due to the breadth of universe



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Now you know where to look.

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ASX: MQXS

Macquarie Global Small Companies Active ETF

Seeking to outperform MSCI World Small cap (ex-Aus) Index

Management fee: **0.45%**
Performance fee: **15%^**

Explore our systematic equity active ETF suite:

ASX: MQAE
Macquarie Core Australian Equity Active ETF

Core allocation seeking to outperform S&P/ASX300 Index

Management fee: **0.03%**
Performance fee: **20%^**

ASX: MQEG
Macquarie Core Global Equity Active ETF

Core allocation seeking to outperform MSCI World (ex-Aus, ex-tobacco) Index

Management fee: **0.08%**
Performance fee: **20%^**

ASX: MQHG
Macquarie Core Global Equity (Hedged) Active ETF

Core allocation seeking to outperform MSCI World (ex-Aus, ex-tobacco) Index, hedged back to AUD

Management fee: **0.18%**
Performance fee: **10%^**

^of the cumulative outperformance of the Fund (after the management fee and expenses) above the return of the Index, subject to a high watermark. Other costs apply, which may vary year to year. See the Product Disclosure Statement for any indirect costs, expense recoveries, or underlying fund performance fees (if any).

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