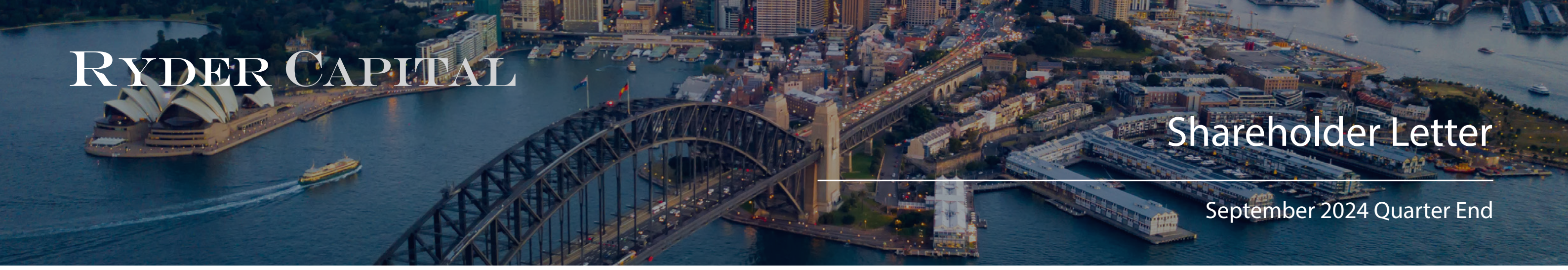

RYDER CAPITAL

Shareholder Letter

September 2024 Quarter End

Dear Fellow Shareholders,

I am pleased to report Ryder achieved another strong quarterly result with a +12.66% gain in pre-tax NTA, our 5th consecutive positive quarter. Our Portfolio performed very well through the August reporting season, with all but one of our portfolio companies meeting or exceeding our full year result expectations, and the majority of our core positions providing positive FY25 earnings guidance that should support further gains.

September Quarter Performance

Ryder produced a positive pre-tax NTA return of +12.66% for the September quarter, outperforming its performance hurdle of +2.10% by a substantial margin of +10.46%, while also exceeding the All Ords, Small Ords and Emerging Companies Indices which returned +7.85%, +6.53% and +9.56% respectively. The top contributors to the quarterly return were SRG Global (+3.93%), BCI Minerals (+3.73%), Macmahon (+2.10%) and Fleetwood (+1.51%). The rolling 1-year pre-tax NTA return now sits at +39.28%.

The performance summary as at 30 September 2024 is as follows:

	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception [3] (% p.a.)
Gross Portfolio Performance	13.05	22.87	41.44	2.68	9.19	14.64
Pre-tax Undiluted NTA Return [1]	12.58	22.02	39.03	1.03	6.46	10.99
Pre-tax NTA Return [2]	12.66	22.32	39.28	0.47	5.01	9.20
S&P ASX All Ordinaries Accumulation Index	7.85	6.60	22.15	8.09	8.66	10.07
S&P ASX Small Ordinaries Accumulation Index	6.53	1.78	18.79	-0.57	4.38	8.40
S&P / ASX Emerging Companies Accumulation Index	9.56	9.05	21.76	-1.14	9.53	11.32
Hurdle - RBA Cash Rate + 4.25%	2.10	4.22	8.60	7.06	6.05	5.93

Below is a heat map of returns since inception of the fund, noting our 11 consecutive monthly positive returns since November 2023.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY16			-0.10%	0.63%	-0.80%	2.50%	0.74%	-4.61%	1.68%	-1.78%	1.74%	-1.55%	-1.73%
FY17	6.03%	5.06%	3.17%	0.00%	-0.59%	2.00%	2.69%	-0.15%	1.77%	-0.57%	-0.51%	3.66%	24.68%
FY18	6.23%	7.03%	-3.26%	3.34%	1.98%	10.09%	-1.17%	-0.40%	-0.72%	-0.67%	8.90%	-1.18%	33.29%
FY19	-0.17%	-2.15%	2.96%	-3.66%	-1.00%	-3.51%	4.13%	1.63%	-0.54%	2.39%	2.29%	1.74%	3.80%
FY20	7.05%	0.18%	3.15%	-0.18%	-2.17%	1.49%	1.99%	-1.53%	-15.44%	12.42%	5.54%	1.68%	12.34%
FY21	6.91%	6.02%	-1.86%	0.60%	6.19%	4.91%	0.31%	0.70%	-1.34%	2.19%	4.12%	1.16%	33.72%
FY22	2.64%	-1.49%	-3.43%	5.62%	-0.65%	0.17%	-5.23%	-4.69%	3.86%	-4.37%	-4.69%	-10.53%	-21.47%
FY23	3.96%	2.45%	-3.42%	1.21%	4.07%	-3.00%	2.16%	-1.62%	-3.31%	1.93%	-15.77%	3.95%	-8.85%
FY24	1.16%	1.07%	-1.02%	-4.03%	2.65%	4.38%	0.51%	6.59%	3.44%	4.96%	1.75%	1.48%	24.98%
FY25	6.06%	1.69%	4.39%										12.58%

Source: Bloomberg and Apex

1. Adjusted for the dilution of the exercised 26.7m RYDO options and 26.5m RYDOA options. Calculation of pre-tax NTA is prior to the provision and payment of tax.
2. Fully diluted for all options exercised since inception. Calculation of pre-tax NTA is prior to the provision and payment of tax.
3. Inception Date is 22 September 2015.
4. All returns assume the reinvestment of dividends. Past performance is not a reliable indication of future performance.

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Our strong outperformance continues to reflect improvements to our investing process and a positive shift in market sentiment towards smaller caps and deeper value stocks that has directly benefited our core positions. In particular, Macmahon, SRG Global, Fleetwood, Count and Service Stream all reported strong earnings that were at the top end of guidance/consensus, together with a positive FY25 outlook. Austin Engineering however, while reporting solid year on year growth in earnings and cash flow, issued conservative FY25 guidance against overly bullish market expectations for a much stronger outlook. This resulted in a share price decline of ~-11% on reporting day and a decline of ~-8% over the quarter. We see a case for Austin to outperform their FY25 guidance over the course of FY25 and so we see this setback as more of a re-set than a breakdown to our investment thesis.

Disappointingly, Janison Education continues to underperform, reporting slow to negligible year over year revenue growth, aggravated by a slow leadership transition period and a tempered FY25 outlook. However, looking forward and whilst possibly a little premature on our part, we have confidence in the new CEO's turn-around and growth plans. With a degree of success in executing the plan, there is material upside for the Janison share price from this deeply depressed valuation.

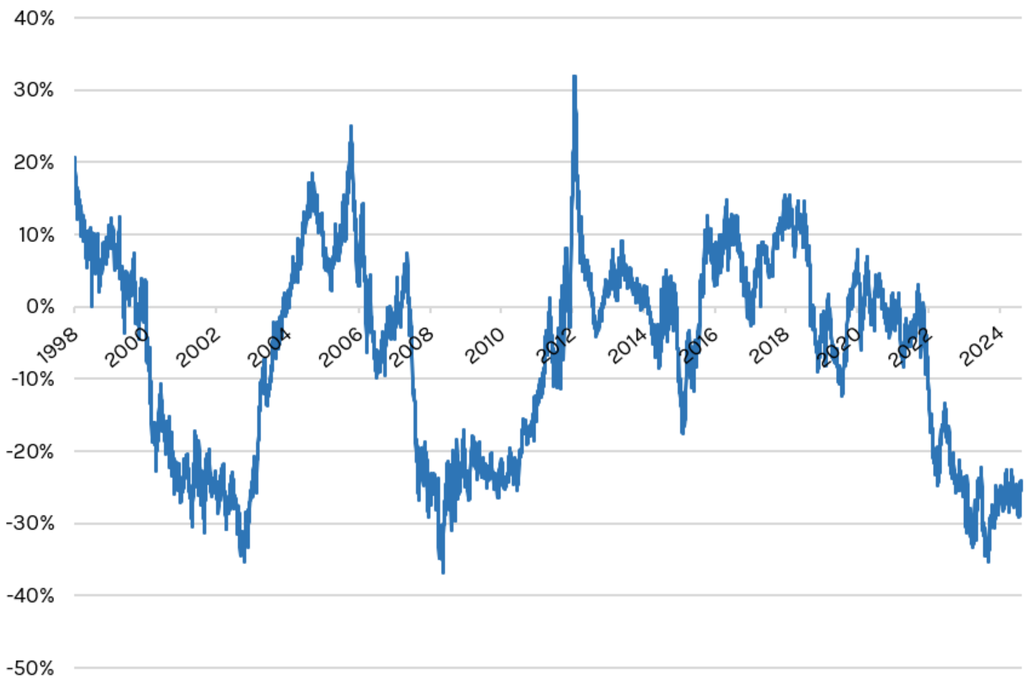
Small Caps Performance

The below chart represents the return differential between the ASX Small Industrials and the ASX All Ords indices, which is updated to reflect the last quarter. Since June, small cap performance remains near historic lows despite a minor improvement. A continuation of the reversion of underperformance in favour of small caps is well supported by a more accommodative environment with interest rates forecast to ease, together with positive economic data coming out of the US increasing the likelihood of a soft landing for the economy. This renewed interest presents opportunities for Ryder in identifying undervalued small caps that can generate outsized returns given their relatively low valuations when compared to the overall market.

With Ryder's small cap focus, we are naturally excited and expect to benefit from this renewed interest and potential for small cap outperformance in the near term.

Rolling 3 Year Performance - All Ords (Acc) vs Small Industrials (Acc)

Higher = Smalls Outperforming, Lower = Smalls Underperforming



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September Quarter Activity

During the quarter we added to our position in Janison Education on price weakness while establishing several new small positions in Credit Clear, Medical Developments, Coventry Group and Cooper Energy, collectively approaching a ~ 5% portfolio weighting.

One of our largest positions, SRG Global reported strong FY24 earnings, together with the acquisition of the Diona business (a leading services company specialising in the asset management and maintenance of water security and energy transition related assets) and an associated capital raise. The Diona acquisition was attractively priced, providing earnings accretion to SRG, along with long term contracts and recurring revenue. To fund the acquisition, SRG raised $111m at $0.83 per share with Ryder adding to its holdings by investing $1.6m.

Finally, we increased our investment in Lumos Diagnostics at what we consider attractive levels via an accelerated rights entitlement (investing $528k) and jointly sub-underwriting the retail rights entitlement ($1.8m) with Tenmile Ventures, part of Tattarang. Ryder (and associated entities) now owns a significant portion of the company (17%) and with ~ $25m of cash and non-dilutive grant funding available from the US Government, Lumos is in a strong position to deliver on a number of important and value accretive projects over the coming 12 months.

During the quarter we exited Capitol Health, IDT Australia and Fenix Resources, whilst trimming overweight positions on value and risk management grounds in Aurelia Metals, Austin Engineering, SRG Global, Service Stream, and Macmahon.

Key Position Updates & Weighting (as at 30 September)

BCI Minerals ~13.3% Portfolio Weight

BCI gained +32% over the quarter after the company was granted Commonwealth Government environmental approval to begin operations for the Optimised Mardie Project in September after a lengthy delay. BCI remains committed to first salt on ship in Q2 FY27, construction is now over 50% complete and remains well on track for this timeframe and importantly within budget. Shortly after quarter end, BCI announced it had achieved Financial Close on its $981m syndicated project debt facility after meeting the required conditions precedent, with project debt agreements now formally binding the focus turns to meeting conditions precedent for debt drawdown in early CY2025. Over the next few months we expect to see additional positive updates on further offtake agreements, finalisation of approvals and construction progress supporting our positive outlook for BCI. After strong performance in the quarter driven by the positive market response to receipt of key approvals and progress in the project, BCI now represents the largest position in the Portfolio in terms of both present value ($17.1m) and historical cost ($14.9m).

Macmahon Holdings ~11.9% Portfolio Weight

Macmahon gained +12% over the quarter after reporting at the top end of their FY24 profit guidance whilst generating significant free cash flow providing for a healthy increase to their final dividend. With a strong outlook we expect to see a further improvement to free cash flow generation over the course of FY25/26 supported by strong profit growth together with opportunities to unlock capital. The recently completed acquisition of Decmil will create more opportunity to grow incremental earnings in a capital light manner while diversifying the business and providing exposure to growth sectors such as renewable energy and infrastructure.

SRG Global ~11.6% Portfolio Weight

SRG rose by +33% over the quarter after reporting another record profit at the top of their FY24 guidance supported by very strong free cash generation and record work in hand. Accompanying the result, SRG announced the strategic acquisition of the well credentialled Diona business which operates in the complementary water and energy services space. The outlook for SRG remains strong supported by industry tailwinds, further improvement in earnings quality and the likely inclusion to the ASX 300 in the March 2025 quarter rebalance.

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Fleetwood ~8.2% Portfolio Weight

Fleetwood rose +19% over the quarter after reporting a somewhat subdued FY24 result that was in line with guidance. Of note was the positive outlook where the company expects to see meaningful improvements in earnings for both the building and the communities business segments supported by a strong order book in building solutions and multi-year contracts at the Searipple accommodation village almost doubling occupancy. We remain constructive on FY25 and expect to see a step change in underlying earnings and free cash flow generation.

Austin Engineering ~8.0% Portfolio Weight

Austin Engineering disappointed against overly bullish market expectations despite delivering a record result, strong order book and incremental growth outlook for FY25. With a miss to market expectations Austin's share price declined -8% over the quarter. Despite this set back in market confidence, and subdued outlook commentary, we expect to see Austin meet or exceed its conservative guidance for FY25 driven by new market opportunities with an OEM and manufacturing capacity upgrades to support growing demand in the US. With an undemanding valuation we see room for Austin to perform positively from here.

Count ~5.0% Portfolio Weight

Count rallied by +17% over the quarter after reporting solid FY24 profits that were ahead of market expectations. Count completed a record number of acquisitions during the year including the Diverger acquisition which settled in March 2024. We expect to see the full benefit of these acquisitions, including synergies and organic growth opportunities in FY25. Count continues to trade at a very low multiple compared to peers despite strong organic growth and a large consolidation opportunity in a fragmented and disrupted industry. With legacy remediation now complete and momentum in the business we expect a positive valuation re-rate.

Service Stream ~3.6% Portfolio Weight

Service Stream rose by +19% over the quarter after reporting ahead of market expectations with solid margin improvements, strong cash flow generation and a positive outlook supported by industry tailwinds and a strong order book providing for earnings visibility over the coming years, warranting a higher valuation. The business has undergone a major reset over the last 2 years with almost 100% of earnings now related to low-risk minor capital works under panel arrangements or long-term operations and maintenance contracts.

Janison Education ~2.9% Portfolio Weight

Janison continues to disappoint, declining by -25% over the quarter as growth in the business has stalled and the market has lost patience in the turnaround. Operating at cash flow breakeven with a net cash balance sheet and a large and growing addressable market opportunity driven by the digital transition of the education industry, Janison presents a highly asymmetric investment case. We remain committed to seeing the Janison leadership team execute its reset business plan over FY25 and FY26 and expect a meaningful re-rate as earnings growth reaccelerates and operating leverage benefits are realised.

Lumos Diagnostics ~1.1% Portfolio Weight

Lumos rose +25% over the quarter as the company progressed several initiatives around their rapid point of care products in women's health and their bacterial vs viral infection detection device FebriDx. To assist with the development of the FebriDx market opportunity, which is potentially significant, Lumos raised $10m before costs. Together with new shareholders Tenmile Ventures, Ryder supported this capital raise by jointly sub-underwriting the retail component. FY25 should be a pivotal year for Lumos if management can successfully execute on their plans.

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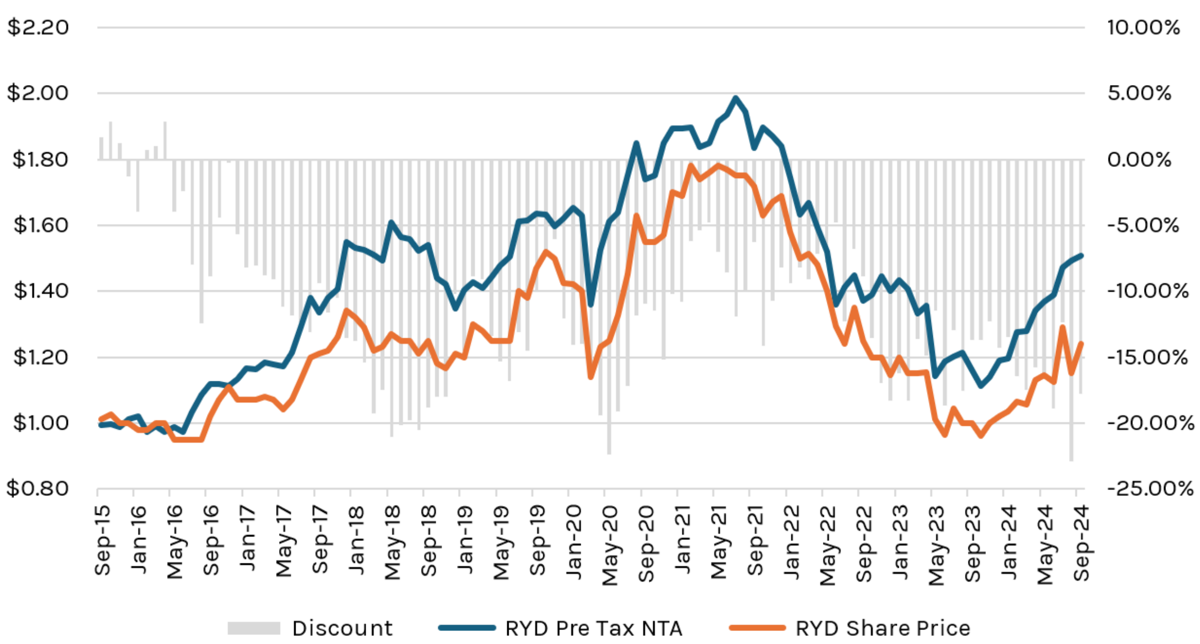
Corporate Update

Liquidity and Discount to NTA

As reported in the 2024 Annual Report, the Board concluded its Strategic Review, and whilst no immediate changes to the structure of Ryder were initiated the Board continues to review and consider options to improve liquidity in parallel with reducing the discount to NTA.

Rolling 3 Year Performance - All Ords (Acc) vs Small Industrials (Acc)



As previously stated, progress towards a sustainable improvement to the NTA discount and trading liquidity starts with a meaningful and sustained improvement in investment performance. With a refined and refocused investment process, performance has improved materially. Pleasingly, FY24 finished with a pre-tax NTA gain of 25.15% over the twelve months to 30 June. Importantly, this strong broad based performance has continued into FY25 with Q1 delivering a +12.66% return, taking the 1- year pre-tax NTA return to +39.28%. As of 30 September, we have achieved 11 consecutive positive months of NTA growth and continue to see significant opportunity within the core portfolio. Whilst recent performance has been strong, we remain cognisant that there remains further work to do over the medium term in restoring Shareholder confidence.

Ryder's share price discount to NTA widened slightly to 18% as at quarter end. We believe this widening is more a function of the strong gains in NTA continuing to lead the share price, which should in time close to reflect our improving performance and positive outlook, strong dividend yield and active capital management initiatives.

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Share Buyback

Ryder purchased 598k shares during the quarter, all ex-dividend, at an average price of $1.19. The buyback remains an attractive form of capital management due to the current discount to NTA and embedded intrinsic value in the Portfolio, presenting a ‘double discount’. As previously stated, the buyback will continue where it is accretive to NTA, balanced against portfolio liquidity and investment opportunities.

Dividend and Dividend Reinvestment Plan

The FY24 final, fully franked dividend of 5 cents per share was paid in September, representing an 18% increase on the prior corresponding period, taking the annual dividend to 9 cents per share fully franked, yielding 7.26% at the quarter end share price of $1.24. Ryder maintains a strong profits reserve of $0.315 per share of which $0.18 per share is available as fully franked dividends (prior to the receipt of Portfolio franked income), providing support to Ryders dividend policy of paying steady to increased fully franked dividends over time.

The dividend reinvestment plan (DRP) continued, enabling Shareholders to reinvest all or part of their final FY24 dividend. This strategy allows Shareholders to increase their investment in Ryder without the costs of brokerage. We are pleased to report a greater number of Shareholders participated for the final dividend DRP, reinvesting $295k of dividends at an issue price of $1.1452.

The Board is mindful that implementing a DRP whilst Ryder shares trade at a discount to NTA is dilutionary, however, it is intended that Ryder will buyback more than what is issued at or close to the DRP price to neutralise dilution, whilst providing flexibility to Shareholders who want to purchase additional Ryder Shares in an efficient, equitable and low cost manner where liquidity may otherwise not present an opportunity to do so.

Outlook

There is no shortage of points of interest to support a bet each way on how markets will perform over the coming quarters, including the Middle East Wars, economic policy in China, domestic inflation and the impending US elections. However, the single most powerful and immediate of factors remains the economic growth outlook and whether the Australian and more importantly, US economies execute a soft landing where employment gains are maintained, inflation continues to abate, and interest rates fall to a neutral or to a slightly accommodative setting.

Our view, for what’s it is worth is that markets will likely ebb and flow through periods of volatility in a positive direction with small and mid-caps continuing to make up for lost ground by outperforming large-cap indices as the outlook for interest rates improves. However, our conviction on this outcome is not high and so we will look to take profits, add to cash and continue to invest only where we see clear and absolute value.

Yours sincerely,

Peter Constable, David Bottomley, Lauren De Zilva and Alex Grosset

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