

## Pendal Australian Equity Fund

ARSN: 087 593 191

## Factsheet

Equity Strategies

30 June 2025

### About the Fund

The Pendal Australian Equity Fund (**Fund**) is an actively managed portfolio of Australian shares.

### Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the S&P/ASX 300 (TR) Index over the medium to long term. The suggested investment timeframe is five years or more.

### Description of Fund

This Fund is designed for investors who want the potential for long term capital growth and tax effective income, diversification across a broad range of Australian companies and industries and are prepared to accept higher variability of returns. The Fund may also hold cash and may use derivatives.

Pendal's investment process for Australian shares is based on our core investment style and aims to add value through active stock selection and fundamental company research. Pendal's core investment style is to select stocks based on our assessment of their long term worth and ability to outperform the market, without being restricted by a growth or value bias. Our fundamental company research focuses on valuation, franchise, management quality and risk factors (both financial and non-financial risk).

Derivatives may be used to reduce risk and can act as a hedge against adverse movements in a particular market and/or in the underlying assets. Derivatives can also be used to gain exposure to assets and markets.

### Investment Team

Pendal's nineteen member Equity team is one of the largest in the Australian fund's management industry. The portfolio manager for the Fund is Crispin Murray, who has more than 34 years' industry experience. Crispin is also Head of Equity.

### Investment Guidelines

Ex-ante (forward looking) tracking error	2.0% - 6.0%
Min/max stock position	+/-4%
Min/max sector position	+/-8%

### Other Information

Fund size (as at 30 June 2025)	\$118 million
Date of inception	August 1996
Minimum investment	\$500,000
Buy-sell spread <sup>1</sup>	
For the Fund's current buy-sell spread information, visit <a href="http://www.pendalgroup.com">www.pendalgroup.com</a>	
Distribution frequency	Quarterly
APIR code	BTA0055AU

<sup>1</sup> The buy-sell spread represents a contribution to the transaction costs incurred by the Fund, when the Fund is purchasing and selling assets. The buy-sell spread is generally incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

### Fees and costs

You should refer to the latest Product Disclosure Statement for full details of the ongoing fees and costs that you may be charged.

Management fee <sup>2</sup>	0.79% pa
-----------------------------	----------

<sup>2</sup> This is the fee we charge for managing the assets and overseeing the operations of the Fund. The management fee is deducted from the Fund's assets and reflected in its unit price.

### Performance

(%)	Total Returns (post-fee)	(pre-fee)	Benchmark Return
1 month	1.47	1.54	1.42
3 months	8.71	8.92	9.48
6 months	5.61	6.02	6.36
1 year	13.62	14.52	13.74
2 years (p.a)	13.38	14.28	12.83
3 years (p.a)	13.66	14.56	13.35
5 years (p.a)	12.27	13.16	11.77
Since Inception (p.a)	9.02	9.97	9.07

Source: Pendal as at 30 June 2025

"Post-fee" returns assume reinvestment of distributions and is calculated using exit prices. "Pre-fee" returns exclude the effects of management costs and any taxes. Returns for periods greater than one year are annualised. Fund inception: August 1996.

Past performance is not a reliable indicator of future performance.

### Sector Allocation (as at 30 June 2025)

Energy	4.6%
Materials	16.8%
Industrials	7.4%
Consumer Discretionary	4.9%
Consumer Staples	2.8%
Health Care	8.2%
Information Technology	7.8%
Telecommunication Services	8.0%
Utilities	0.0%
Financials ex Property Trusts	31.1%
Property Trusts	3.3%
Cash & other	5.1%

### Top 10 Holdings (as at 30 June 2025)

Commonwealth Bank of Australia	9.1%
BHP Group Ltd	7.3%
CSL Limited	7.3%
National Australia Bank Limited	6.1%
Telstra Group Limited	5.4%
Xero Limited	4.1%
QBE Insurance Group Limited	3.6%
Qantas Airways Limited	3.4%
Santos Limited	3.4%
Aristocrat Leisure Limited	3.0%

## Market review

June was largely dominated by geopolitical headlines as Israel launched attacks on Iran, followed by US involvement, culminating in a cease-fire by the month's end.

The market largely shrugged off the conflict; oil prices spiked towards US\$75 a barrel, but declined again on de-escalation.

The equity market ploughed on, with the S&P/ASX 300 returning 1.4%.

There was further commentary on trade negotiations, with intimations that the US was nearing agreements with several key counterparts ahead of the 9th July deadline.

The Fed continued to take the view that there was no need to cut rates, preferring to keep their powder dry until there was greater clarity on the economic impact of tariffs.

There were indications that US consumer concerns about the impact of tariffs are receding.

In Australia, March quarter GDP data was weaker than consensus, but still reflects a slowing economy, rather than one facing recession. Inflation remains near the lower end of the RBA's target band and underpins expectations of two-to-three more rate cuts in 2025.

Energy (+8.9%) was the best-performing sector, helped by higher oil prices and by a takeover bid for Santos (STO, +16.2%).

Financials (+4.3%) also continued to do well. The banks remain well-supported by flows, which saw Commonwealth Banks (CBA) gain a further 5.0%.

Materials (-3.0%) was the weakest sector, with broad-based underperformance. BHP (BHP, -3.9%), Rio Tinto (RIO, -4.9%), Fortescue (FMG, -0.7%) and South32 (S32, -4.6%) all lost ground, while even the gold miners had a rare soft month with Northern Star (NST, -11.6%) and Evolution (EVN, -12.0%) finishing lower.

Consumer Staples (-2.3%) also underperformed as risk appetite remained sound. Woolworths (WOW) fell -2.3% and Coles (COL) -3.5%. Metcash (MTS, +15.7%) bucked the trend on the back of a well-received result.

## Fund performance

The Fund outperformed the benchmark over the month of June.

## Key contributors

### Overweight Santos (STO, +16.2%)

Santos received a takeover offer from Abu Dhabi National Oil Company (ADNOC) and Carlyle, at a ~30% premium to Santos's previous price, subject to satisfactory completion of confirmatory due diligence. STO is trading at a large discount to the proposed transaction price given uncertainty around regulatory approval as well as due diligence and the expectations that the whole process will take 9 – 12 months. The Board appears favourable to the transaction.

### Overweight Metcash (MTS, +15.7%)

Metcash's FY25 result came in at the high end of the pre-announced range, with EBIT 2% ahead of consensus. The key positives came at a divisional level. MTS is holding market share in Supermarkets and winning customers through its distribution network. While the Liquor segment remains tough – driven in part by the base effect of an inflationary bump last year – MTS continues to grow market share. Hardware – which has weighed on the company in recent halves – appears to be bottoming and offers material operating leverage upside as and when margins start to recover. Metcash is being well managed in an environment of earnings headwinds and is well positioned to grow from FY25.

## Key detractors

### Overweight Xero (XRO, -2.4%)

Xero announced the US\$2.5bn acquisition of US company Melio and raised A\$1.8bn to fund the transaction. We like the deal's rationale, which is aligned with the company's strategy, improves their product market fit and customer value proposition, offers significant scale opportunities from bringing two very complementary platforms together, and solves a critical need for US small-to-medium businesses in an attractive and growing end-market. There is some sticker-shock on the price and it is expected to be low to mid-teens earnings dilutive in FY27, before being almost breakeven in FY28 and then accelerating accretion from FY29 onwards.

### Overweight CSL (CSL, -3.0%)

CSL remained soft, with a degree of uncertainty persisting around the pricing outlook for the US. We continue to see this risk as overdone, given flexibility in supply chains and a strong competitive position. From here, we believe that CSL's return on capital will recover, driven by lower capex and higher margins in the core plasma business as the benefits of investment in new technology begin to manifest. At the same time, the company has recently announced a focus on greater efficiency and cost reduction. We believe this should support both earnings growth and a valuation re-rating.

## Outlook

Newsflow around tariffs and trade deals is likely to dominate near-term market sentiment.

Macro data and corporate anecdotes suggest that the US economy, while decelerating, is proving reasonably resilient. Most economists expect Q4 CY2025 GDP to fall to a range of 1%-2%.

There are signs that households have been managing budgets carefully and that many companies – including some of the larger retailers – are looking to absorb the impact of tariffs via supply chains rather than passing the cost on to consumers.

This is all bolstering the view that the economy can cope with the impact of tariffs better than many feared.

It is also important in supporting the equity market. The consensus expectation is for the June quarter S&P 500 earnings to grow 4% year-on-year, versus the 12% growth seen in the March quarter, with softness in the commodity and cyclical sectors expected to contribute to lower growth. Concerns over a tariff-driven margin compression for FY26 guidance is the largest risk around reporting season.

Slower, but positive, economic growth and earnings suggests that equity markets can remain well supported, but are likely to consolidate in coming months as we wait on trade deals and clarity on the economic effects of tariffs.

The Fed has scope to cut rates, given the slowing economy, however they are looking to keep their powder dry given uncertainty over the impact of tariffs on the economy and inflation.

In the Australian market, aggregate earnings-per-share for the S&P/ASX 300 are expected to be modestly negative for FY25, dragged down by the resource sector.

However this is expected to swing back to positive territory in FY26 helped by improved returns from resources and mid-single digits gains from industrials ex-banks.

This earnings support is important for local markets, given that the index has returned to the upper end of its historical valuation range, making it harder for continued re-rating to drive returns.

The outlook for the domestic economy continues to look reasonable, helped by limited direct exposure to tariffs, continued government spending, and signals from the RBA that they are looking to cut rates further before the end of the year. The market continues to price close to three further cuts in 2025.

For more information please call 1300 346 821,  
contact your key account manager or visit [pendalgroup.com](http://pendalgroup.com)

**PENDAL**

This factsheet has been prepared by Pental Fund Services Limited (PFSL) ABN 13 161 249 332, AFSL No 431426 and the information contained within is current as at the date of this factsheet. It is not to be published, or otherwise made available to any person other than the party to whom it is provided.

PFSL is the responsible entity and issuer of units in the Pental Australian Equity Fund (Fund) ARSN: 087 593 191. A product disclosure statement (PDS) is available for the Fund and can be obtained by calling 1300 346 821 or visiting [www.pentalgroup.com](http://www.pentalgroup.com). The Target Market Determination (TMD) for the Fund is available at [www.pentalgroup.com/ddo](http://www.pentalgroup.com/ddo). You should obtain and consider the PDS and TMD before deciding whether to acquire, continue to hold or dispose of units in the Fund. An investment in the Fund is subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested.

This factsheet is for general information purposes only, should not be considered as a comprehensive statement on any matter and should not be relied upon as such. It has been prepared without taking into account any recipient's personal objectives, financial situation or needs. Because of this, recipients should, before acting on this information, consider its appropriateness having regard to their individual objectives, financial situation and needs. This information is not to be regarded as a securities recommendation.

The information in this factsheet may contain material provided by third parties, is given in good faith and has been derived from sources believed to be accurate as at its issue date. While such material is published with necessary permission, and while all reasonable care has been taken to ensure that the information in this factsheet is complete and correct, to the maximum extent permitted by law neither PFSL nor any company in the Pental group accepts any responsibility or liability for the accuracy or completeness of this information.

Performance figures are calculated in accordance with the Financial Services Council (FSC) standards. Where performance returns are quoted "Post fees" then this assumes reinvestment of distributions and is calculated using exit prices which take into account management costs but not tax you may pay as an investor. Where performance returns are quoted "Pre fees and tax", they exclude the effects of management costs and any taxes. Past performance is not a reliable indicator of future performance.

If market movements, cash flows or changes in the nature of an investment (e.g. a change in credit rating) cause the Fund to exceed any of the investment ranges or limits specified, this will be rectified by PFSL as soon as reasonably practicable after becoming aware of it. If PFSL does so, it will have no other obligations in relation to these circumstances. The procedures, investment ranges, benchmarks and limits specified are accurate as at the date of this factsheet and PFSL reserves the right to vary these from time to time.