PENDAL

Pendal Horizon Sustainable Australian Share Fund

ARSN: 096 328 219

Factsheet

Equity Strategies

30 June 2025

The future is worth investing in

About the Fund

The Pendal Horizon Sustainable Australian Share 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 rolling 5 year periods. The suggested investment timeframe is five years or more.

Description of Fund

The Fund is designed for investors who want the potential for long term capital growth from a high conviction, values-oriented, concentrated portfolio of typically 15-35 stocks. The Fund offers investors exposure to companies that advance the transition to the Fund's vision of a sustainable future economy through their products and service and/or business practices, while avoiding those that Pendal considers to negatively impact this transition[1].

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 analysis. 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 analysis focuses on valuation, franchise, management quality and risk factors (both financial and non-financial risk).

The Fund may hold cash and may use derivatives. 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.

The Fund applies a sustainable approach to investments and applies exclusionary screens. For more information on the Fund's sustainable investment approach and how exclusions are applied, refer to section 5 'How we invest your money' of the Fund's Product Disclosure Statement at www.pendalgroup.com/PendalHorizonSustainableAustralianShareFund-PDS.

Investment Team

Pendal's nineteen member Australian Equities team is one of the largest in the industry. The portfolio manager is Head of Equities, Crispin Murray, assisted by Elise McKay, Oliver Renton and Patrick Teodorowski on the application of the Fund's investment framework.

Investment Guidelines

Ex-ante (forward looking) tracking error	3.0% - 8.0%
Min/max stock position	+/-10%
Min/max sector position	+/-10%

Performance

(%)	Total Returns (post-fee)	Total Returns (pre-fee)	Benchmark Return
1 month	1.44	1.52	1.42
3 months	11.03	11.30	9.48
6 months	8.85	9.36	6.36
1 year	20.88	22.03	13.74
2 years (p.a)	15.24	16.34	12.83
3 years (p.a)	15.21	16.30	13.35
5 years (p.a)	10.95	12.00	11.77
Since Inception (p.a)	8.49	9.54	8.35

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: May 2001.

Past performance is not a reliable indicator of future performance.

Sector Allocation (as at 30 June 2025)

Energy	0.0%
Materials	17.1%
Industrials	7.8%
Consumer Discretionary	2.9%
Consumer Staples	0.0%
Health Care	7.6%
Information Technology	9.6%
Telecommunication Services	10.0%
Utilities	0.0%
Financials ex Property Trusts	35.5%
Property Trusts	4.6%
Cash & other	4.9%

Top 10 Holdings (as at 30 June 2025)

Commonwealth Bank of Australia	9.4%
CSL Limited	7.6%
Telstra Group Limited	6.6%
National Australia Bank Limited	6.5%
Rio Tinto Limited	5.3%
Westpac Banking Corporation	4.9%
Xero Limited	4.6%
QBE Insurance Group Limited	4.1%
Qantas Airways Limited	3.7%
Goodman Group	2.9%

[1] As defined by the Fund's exclusionary screens and gross revenue thresholds.

Signatory of: PRI Principles for Responsible Investment

CERTIFIED RESPONSIBLE INVESTMENT ™ CERTIFIED BY RIAA

The Pendal Horizon Sustainable Australian Share Fund has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsiblereturns.com.au for details.

The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

Other Information

Fund size (as at 30 June 2025)	$339 million
Date of inception	May 2001
Minimum investment	$25,000
Buy-sell spread[2]	0.44 (0.22%/0.22%)
Distribution frequency	Quarterly
APIR code	RFA0025AU

[2] 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. Buy-sell spread effective 14 February 2025.

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[3]	0.95% pa

[3] 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.

On 4th April 2025, the Pendal ESG Watchlist Assessment Panel, has temporarily excluded WiseTech Global, from the investible universe for Pendal's sustainable portfolios. Milestones have been set for the company for future removal of the exclusion.

Carbon performance

The estimated weighted average carbon intensity (WACI) of a portfolio provides an indication of the portfolio's exposure to carbon intensive companies.

The estimated WACI of the Portfolio, using greenhouse gas emissions (scope 1 and 2[1]) data supplied by ISS and weighted by the size of the Portfolio's holding in each company, is shown in the table below. We also compare this to the weighted average emissions for the companies in the aggregated ASX300 index.

We caution that there are limitations with using carbon metrics as an indicator of a portfolio's overall exposure to climate-related risks. For example, not all companies report their emissions data and hence some of the below analysis includes estimates. Also, it does not include scope 3 emissions. Further, portfolio carbon analysis does not capture exposure to physical climate-related risks, or the unique transition risks some companies within the Portfolio face. Nevertheless, the WACI metric is recommended by the Task Force on Climate-related Financial Disclosures (TCFD)[3], noting it supports greater comparability of investor reporting.

Weighted Average Carbon Intensity (tonnes CO_2e / $M revenue)

Pendal Horizon Sustainable Australian Share Fund	ASX 300	Relative to ASX300
92.38	98.10	-5.72

Source: ISS STOXX, Pendal holdings as at 30 June 2025.

Report run on 7/07/2025 using latest ISS STOXX data. Currency AUD

[1] Scope 1 emissions result from sources directly owned or controlled by the company. Scope 2 accounts for emissions from the generation of purchased electricity consumed by the company.

[2] Scope 3 emissions result from activities not directly owned or controlled by the company but are associated with its operation such as business travel, waste management, commuting, and the use of sold products and services. https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf

[3] Recommendations of the Task Force on Climate-Related Financial Disclosures, June 2017 https://www.fsb-tcfd.org/recommendations/

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 marginally outperformed the benchmark over the month of June.

Key contributors

Underweight BHP (BHP, -3.9%)

Concern over a seasonal reduction in steel production – and possible mandated production cuts – in China, coupled with broader concerns over the economic impact of tariffs, weighed on the iron ore price, which fell -2.1% in June. This weighed on the major miners, including BHP.

Overweight NextDC (NXT, +10.6%)

NextDC announced a 7% increase in their order book contracted across the KL1 data centre in Kuala Lumpur as well as data centress in Melbourne and Sydney. This is the first contract award internationally for NXT and implies 15% utilisation for KL1 before the facility has been completed. The ramp up on this contract win should be quick with full run-rate in FY28, driving upgrades to consensus numbers. We believe the pipeline remains strong and any further contract wins should drive further upgrades and support sentiment for the stock.

Key detractors

Overweight Evolution Mining (EVN, -12.0%)

Evolution underperformed in June along with Northern Star, the other of the largest cap gold miners. There were some sell-side changes in ratings following the strong performance of the sector. EVN did downgrade the resource estimate for their Red Lake mine, although there was already a high degree of scepticism in the market that the company could achieve previous estimates. We continue to expect strong free cash flow generation which can drive further deleveraging and shareholder returns.

Overweight Rio Tinto (RIO, -4.9%)

Concern over a seasonal reduction in steel production – and possible mandated production cuts – in China, coupled with broader concerns over the economic impact of tariffs, weighed on the iron ore price, which fell -2.1% in June. This weighed on the major miners, including RIO. IN addition, there was some political instability in Mongolia, raising the risk that RIO's Oyu Tolgoi copper mine could once again get caught up in political machinations.

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.