Pendal MidCap Fund

ARSN: 130 466 581

Factsheet

Equity Strategies

30 June 2025

About the Fund

The Pendal MidCap Fund (**Fund**) is an actively managed portfolio of Australian mid cap shares.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the Pendal MidCap Custom 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 from a portfolio of primarily 40-60 Australian mid cap shares and are prepared to accept higher variability of returns. Pendal defines the mid cap universe to include companies ranked between 51 and 150 of the S&P/ASX 200 Index. The Fund may also invest in equivalent companies listed on the New Zealand Stock Exchange, 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).

The Fund may have assets denominated in foreign currencies. This means that changes in the value of the Australian dollar relative to foreign currencies may affect the value of the assets of the Fund. The Fund's foreign currency exposure may be hedged from time to time, in whole or part.

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 Equity team is headed up by Crispin Murray who has extensive experience and a strong record in equities research. The Fund is managed by Brenton Saunders.

A combination of the Australian equities large cap and small cap teams' research is used to construct the Pendal MidCap Fund.

Investment Guidelines

Investable universe	ASX and NZX listed and soon to be listed companies; derivatives; cash
Investment ranges	Australian shares 80 - 100% New Zealand shares 0 - 10% Cash 0 - 20%
Ex-ante tracking error	3 – 8%
Number of stocks	Typically 40 – 60
Absolute stock position	15%
Maximum active stock position	+/- 5%[1]
Maximum active sector position relative to index	+/- 10%[1]

[1] compared to benchmark.

Performance

(%)	Total Returns (post-fee)	Total Returns (pre-fee)	Benchmark Return
1 month	2.30	2.38	0.56
3 months	14.23	14.48	9.71
6 months	12.05	12.55	7.77
1 year	19.16	20.22	15.88
2 years (p.a)	12.68	13.69	11.87
3 years (p.a)	12.56	13.57	13.03
5 years (p.a)	11.25	12.25	11.50
Since Inception (p.a)	9.82	11.54	7.15

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: June 2008.

Past performance is not a reliable indicator of future performance.

Sector Allocation (as at 30 June 2025)

Energy	4.3%
Materials	16.7%
Industrials	15.5%
Consumer Discretionary	7.5%
Consumer Staples	3.7%
Health Care	6.3%
Information Technology	11.0%
Telecommunication Services	6.0%
Utilities	0.0%
Financials ex Property Trusts	15.9%
Property Trusts	8.6%
Cash & other	4.5%

Top 10 Holdings (as at 30 June 2025)

Charter Hall Group	4.1%
Technology One Limited	3.9%
SGH Limited	3.9%
Vicinity Centres	3.5%
Orica Limited	3.4%
JB Hi-Fi Limited	3.2%
Life360, Inc. Shs Chess Depository Interests Repr 3 Sh	3.1%
Nextdc Limited	3.0%
HUB24 Limited	2.9%
Challenger Limited	2.9%

Other Information

Fund size (as at 30 June 2025)	$371 million
Date of inception	June 2008
Minimum investment	$25,000
Buy-sell spread[2] For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Quarterly
APIR code	BTA0313AU

[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.

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]	0.90% p.a.
Performance fee[4]	20% of the Fund's performance (before fees) in excess of the performance hurdle

[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.

[4] This is the fee we charge if the Fund's investment performance exceeds its performance hurdle, and any performance deficit has been recouped. The Fund's performance fee is 20% of the Fund's performance in excess of the performance return hurdle. The performance hurdle is the performance of the Fund's benchmark (Pendal MidCap Custom Index) plus the management fee of 0.90% pa. If a performance fee is payable, it is charged in addition to the management fee. The performance fee is calculated in dollar terms each Business Day based on the investment performance and value of the Fund on that day. If we are entitled to a performance fee, it is paid to us as at 30 June each year.

Fund manager commentary

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 51-150 index returning 0.6%.

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.

Financials (+7.4%) did best, with broad-based strength across most stocks in the sector. Buy-now-pay-later provider Zip (ZIP, +54.7%) was the stand out, as data suggests that US consumption continues to hold up better than expected.

Energy (+5.3%) also outperformed. Demand for physical uranium on the back of a Canadian-listed investment trust boosted that sector and saw Paladin Energy (PDN, +29.3%) do well. So too did fuel refiner and distributor Viva Energy (VEA, +15.5%) on expectations of improvements in retail fuel margins.

Utilities (-4.1%) underperformed on rotation away from AGL Energy (AGL, -4.1%).

Materials (-3.8%) also lagged as several of the gold miners gave back some of their recent strength, prompted in part by some broker downgrades in the sector on valuation. Evolution (EVN) fell -11.6%, Genesis Minerals (GMD) -8.9% and Perseus Mining (PRU) -12.6%.

The Pendal Midcap Fund returned 2.30% after fees for the month, outperforming the 0.56% return from the benchmark index.

The overweight in Zip was a notable contributor. It bounced back from recent weakness as it upgraded cash EBITDA guidance for FY25, noting that total transaction volume has continued to grow and was above 40% year-on-year. This is despite market concerns around a slowing US economy and the potential impact of tariffs.

Fuel refiner and distributor Viva Energy benefited from some improved analyst sentiment and earnings upgrades in June. There is an expectation that a lower oil price through much of the second quarter will improve retail margins for fuel, which can help reduce the balance sheet risk for Viva Energy. Refining crack spreads – the difference between the price of crude oil and the refined products derived from it - also improved late in the period.

Positions in Charter Hall Group (CHC, +7.0%) and Ventia Services (VNT, +9.5%) also helped, as did the underweight in IDP Education (IDP, -53.0%).

Some of the portfolio's gold miners detracted – notably Ramelius Resources (RMS, -12.5%) and Genesis Minerals. However this was largely offset by underweights in Evolution, Perseus Mining and West African Resources (WAF, -19.8%).

The underweight in Washington H Soul Pattison was a drag, as was the overweight in Telix Pharmaceuticals, (TLX, -6.4%)

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 US 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**

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