Pendal Horizon Sustainable Australian Share Fund

Factsheet
Equity Strategies
30 September 2025

The future is worth investing in

ARSN: 096 328 219

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)	(pre-fee)	Benchmark Return
1 month	0.22	0.30	-0.65
3 months	3.80	4.05	4.99
6 months	15.25	15.80	14.94
1 year	15.19	16.28	10.76
2 years (p.a)	19.16	20.30	16.09
3 years (p.a)	16.50	17.61	15.03
5 years (p.a)	11.80	12.86	12.88
Since Inception (p.a)	8.56	9.61	8.47

Source: Pendal as at 30 September 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 September 2025)

Energy	0.0%
Materials	21.9%
Industrials	6.8%
Consumer Discretionary	2.2%
Consumer Staples	1.1%
Health Care	6.6%
Information Technology	9.0%
Telecommunication Services	9.2%
Utilities	0.0%
Financials ex Property Trusts	33.8%
Property Trusts	6.2%
Cash & other	3.2%

Top 10 Holdings (as at 30 September 2025)

Commonwealth Bank of Australia	8.3%
National Australia Bank Limited	7.0%
Rio Tinto Limited	6.7%
CSL Limited	6.6%
Telstra Group Limited	5.6%
Westpac Banking Corporation	4.5%
Xero Limited	4.1%
Fortescue Ltd	3.7%
QBE Insurance Group Limited	3.5%
Qantas Airways Limited	3.4%

[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 September 2025)	$344 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
109.54	102.23	7.31

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

Report run on 10/10/2025 using latest ISS STOXX data. Currency AUD

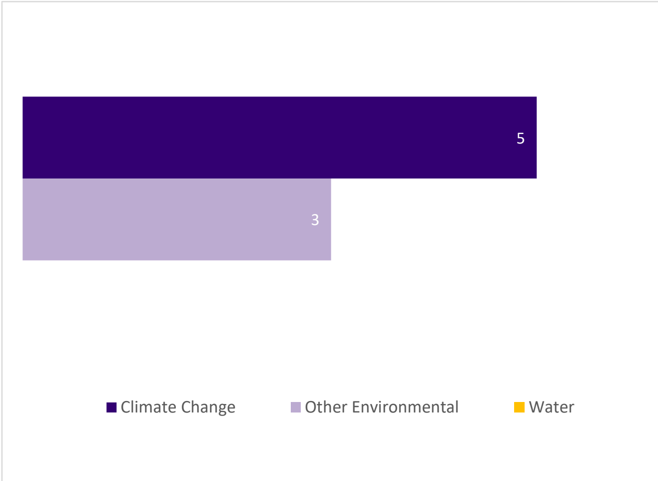
[1] Scope 1 emissions result from sources directly owned or controlled by the company. Scope 2 accounts for emissions from the generation of purchased electricity consumed by the company.

[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

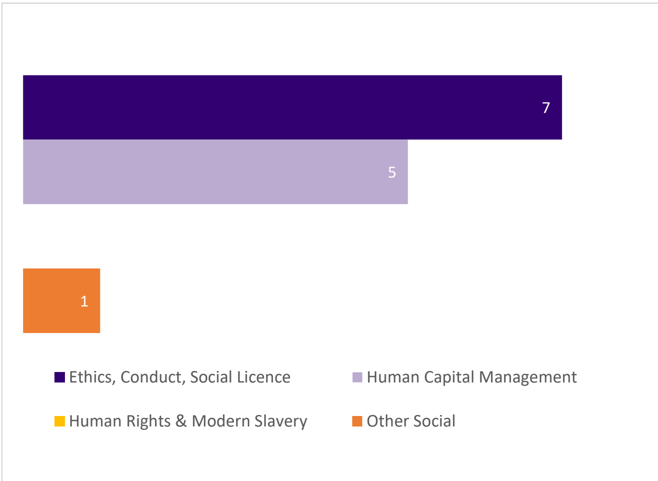
[3] Recommendations of the Task Force on Climate-Related Financial Disclosures, June 2017 https://www.fsb-tcfd.org/recommendations/

Quarterly engagements for the Fund by sustainability theme – 3 months to 30 June 2025

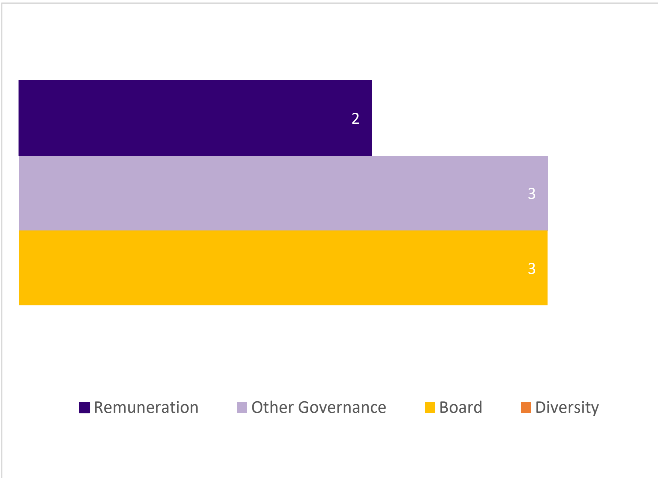
Environment



Social



Governance



Market review

Offshore equity markets generally defied concerns around seasonal weakness in September to end the month up.

In the US, the S&P 500 gained 3.5% as data painted a picture of an economy which is slowing, but not tipping into recession. The Fed cut interest rates and are expected to do so again twice more before the year's end.

The S&P/ASX 300 bucked the broader trend, to finish down -0.7%. Weakness was broad-based, with all sectors bar Materials and Utilities finishing down.

Stronger-than-expected Australian GDP data early in the month reflected observations in reporting season around resilient consumer spending. However it also dampened the market's expectations around further rate cuts. This was reinforced by inflation coming in stronger than expected later in September.

Gold continued to surge, up 11.9% for the month, with silver (+17.4%) also joining the party, while Brent crude oil was down -1.6%.

Materials (+6.5%) did best, fuelled by strong gains from gold miners Northern Star (NST, +27.5%), Evolution (EVN, +26.9%) and Newmont (NEM, +15.9%). Among the majors, BHP (BHP, +0.6%), Rio Tinto (RIO, +5.7%) and Fortescue (FMG, -0.1%) benefited from iron ore prices which remain relatively resilient.

Utilities (+0.7%) also outperformed, largely on the back of AGL Energy (AGL, +7.5%) which partially rebounded following its -12.7% fall in August.

Energy (-9.1%) was the weakest sector, as sentiment on oil soured as OPEC+ continues to talk about increasing supply. Woodside Energy (WDS) fell -12.8%, while Santos (STO) was down -13.9%. The latter was also hit by the news that its potential takeover deal had been withdrawn.

Health Care (-4.7%) also underperformed. The sector has been taking its lead from the US, where uncertainty around the impact of tariffs and pricing has been a headwind, although there have been some company-specific issues at play as well. CSL (CSL, -5.8%), ResMed (RMD, -2.5%) Cochlear (COH, -6.7%) and Sigma Healthcare (SIG, -4.4%) all gave up ground among the larger index-weights.

Fund performance

The Fund outperformed the benchmark over the month of September.

Key contributors

Overweight Evolution Mining (EVN, +26.8%)

A stronger gold price – helped by a weaker US dollar – continues to boost gains in the miners. Evolution's most recent earnings result was well-received, beating FY25 underlying NPAT consensus expectations by 4%. Free cash flow was a touch under $800m, the majority of which went towards deleveraging. The dividend also stepped up, worth an additional $260m. Operationally, EVN continues to track well and deleveraging should continue to be a tailwind, with a further $1bn of net debt to unwind. At spot gold prices free cash flow is due to step up to ~$1bn this year, implying a free cash flow yield of 6%, which remains high relative to most of the mining sector.

Overweight Rio Tinto (RIO, +5.7%)

Iron ore prices have remained relatively resilient, despite a still subdued outlook for construction – and the economy more broadly – in China. There has been a degree of hope that anti-involution policies may herald the return of a more stimulatory backdrop. At the same time copper prices rallied on news of disrupted supply and aluminium has also been stronger. All of this benefited Rio Tinto.

Key detractors

Underweight Northern Star (NST, +27.5%)

Gold miner Northern Star made strong gains on the back of a continued surge in the gold price, helped in turn by a weaker US dollar. The portfolio holds Evolution Mining as the primary gold exposure and that position more than offset the detraction from not owning NST. EVN is generating strong free cash flow, which it is using to reduce gearing, strengthen the balance sheet and fund capital return. It has a higher free cash flow yield than NST, although the latter does have a better outlook for production growth.

Overweight CSL (CSL, -5.8%)

CSL continued to drift off after a poorly-received earnings result in August, with further uncertainty over the impact of tariffs and pricing in the US continuing to weigh. We see CSL as relatively well placed in this regard, given it already has a material production presence in the US. Management have moved to calm market fears about the structural outlook for the key plasma market, while a new licencing deal demonstrates the more prudent approach it is taking to R&D investment. We see valuation as compelling for a company which should grow earnings in low double-digit compound annual growth rates for the next three years.

Outlook

Liquidity is one of the four factors we are watching to see if the market can sustain current levels, with the others being growth, long-end bonds and AI.

Liquidity barometers continue to look supportive for markets, with ETF flows picking up and bitcoin reaching new all-time highs and entering a seasonally strong period.

In aggregate, survey data continues to indicate that while growth in the US remains sluggish, it is not yet at a tipping point.

Our view remains that the US economy begins to re-accelerate in Q2 2026, on the back of the fiscal stimulus from the Big Budget Bill (which is expected to contribute ~0.9% to growth in CY26) plus rate cuts.

Consumption is set to slow from the recent strong pace - which has probably been driven a greater wealth effect than most economists expected - but should remain reasonably supportive of growth.

Investment spending - particularly AI-related - will also slow, but again provides a base level of support for the economy.

At this point demand for AI-related hardware – particularly chips – remains strong and sentiment towards the sector remains bullish. However we do note that some of the recent announcements have been "circular" in nature, with Nvidia's decision to invest $100bn in OpenAI to build AI data centres a case in point. This will be a factor to watch.

Australia's economy is holding up well, reflected in both a better-than-expected GDP data, but also inflation slightly above consensus expectations. RBA Governor Bullock noted that the upside in inflation was broadly in line with expectations, suggesting inflation will settle around the midpoint of the target band.

Markets are now pricing in no more RBA rate cuts this year. This perspective is in-line with our views coming out of reporting season; that the domestic economy is performing pretty well and does not require a significant cutting cycle to juice it up.

Australian equity valuations remain at the top end of its historic range, leaving the market largely reliant on earnings for further support and potential vulnerable to pullback in the event of an economic shock.

However the earnings outlook is supportive – with consensus expectations of mid-single digit earnings growth in FY26 following several years of declines. This is supported in turn by a relatively benign economic outlook.

For more information please call **1300 346 821**,
contact your key account manager or visit **pendalgroup.com**

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