PENDAL

Factsheet

Equity Strategies

30 September 2025

Pendal Australian Equity Fund

ARSN: 087 593 191

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 September 2025)	$115 million
Date of inception	August 1996
Minimum investment	$500,000
Buy-sell spread[1] For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Quarterly
APIR code	BTA0055AU

[1] 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[2]	0.79% pa

[2] 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)	Total Returns (pre-fee)	Benchmark Return
1 month	-0.97	-0.91	-0.65
3 months	3.08	3.28	4.99
6 months	12.05	12.49	14.94
1 year	9.04	9.90	10.76
2 years (p.a)	15.29	16.21	16.09
3 years (p.a)	14.86	15.77	15.03
5 years (p.a)	12.81	13.71	12.88
Since Inception (p.a)	9.05	10.01	9.17

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: August 1996.

Past performance is not a reliable indicator of future performance.

Sector Allocation (as at 30 September 2025)

Energy	3.8%
Materials	21.2%
Industrials	7.4%
Consumer Discretionary	5.4%
Consumer Staples	3.1%
Health Care	7.3%
Information Technology	8.6%
Telecommunication Services	8.5%
Utilities	0.0%
Financials ex Property Trusts	29.2%
Property Trusts	4.1%
Cash & other	1.4%

Top 10 Holdings (as at 30 September 2025)

BHP Group Ltd	9.0%
Commonwealth Bank of Australia	7.9%
National Australia Bank Limited	6.7%
CSL Limited	6.6%
Telstra Group Limited	5.1%
Xero Limited	3.9%
Aristocrat Leisure Limited	3.4%
QBE Insurance Group Limited	3.2%
Qantas Airways Limited	3.2%
Goodman Group	3.1%

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 underperformed the benchmark over the month of September.

Key contributors

Underweight Woodside Energy (WDS, -12.8%)

Further commentary from OPEC+ that they would continue to increase supply is driving a cautious market outlook around the oil price and energy sector. We continue to prefer Santos to Woodside within the space, with the former reaching an inflection point in terms of cash flow as capex declines and production from the newly-developed Barossa field start to ramp up, underpinning the outlook for capital return.

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.

Key detractors

Overweight Santos (STO, -13.9%)

Santos weakened in response to the news that the proposed takeover by the ADNOC consortium had fallen through after the parties could not reach agreement on binding terms for the Scheme of Arrangement. We maintain a positive outlook for STO, which produced the first gas flows from its Barossa field in September. This underpins the outlook for increased cash flow which, combined with a reduction in capex, should see increased scope for capital return. The underweight in Woodside Energy largely offset the detraction from holding Santos.

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**