

## Pendal Focus Australian Share Fund

ARSN: 113 232 812

## Factsheet

Equity Strategies

30 September 2025

### About the Fund

The Pendal Focus Australian Share Fund (**Fund**) is an actively managed concentrated portfolio of Australian shares.

### Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes), that significantly exceeds the S&P/ASX300 (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 from a concentrated portfolio of primarily 15-30 Australian shares 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.

### Fund Positioning

The Fund is designed to complement a conventional, core share portfolio by providing satellite exposure to selected Australian equities with the potential for performance enhancement.

### 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.

### Other Information

|   |                 |
|---|-----------------|
| Fund size (as at 30 September 2025)   | \$2,280 million |
| Date of inception   | April 2005      |
| Minimum investment  | \$25,000        |
| Buy-sell spread <sup>1</sup>  |                 |
| For the Fund's current buy-sell spread information, visit<br><a href="http://www.pendalgroup.com">www.pendalgroup.com</a> |                 |
| Distribution frequency  | Half-yearly     |
| APIR code   | RFA0059AU       |

<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.

### Investment Guidelines

|   |             |
|---|-------------|
| Ex-ante tracking error                    | 3.0% - 6.0% |
| Max absolute stock position               | 15%         |
| Min/max sector position relative to index | +/- 15%     |
| Min/Max BARRA style factors               | +/- 0.5 SD  |
| SIRA style factors                        | Within 1 SD |
| Maximum cash level                        | 30%         |
| Shorting                                  | No          |
| Borrowing                                 | No          |

### Performance

| (%)                   | Total Returns<br>(post-fee) | Total Returns<br>(pre-fee) | Benchmark<br>Return |
|-----------------------|-----------------------------|----------------------------|---------------------|
| 1 month               | -0.66                       | -0.59                      | -0.65               |
| 3 months              | 3.07                        | 3.26                       | 4.99                |
| 6 months              | 12.86                       | 13.27                      | 14.94               |
| 1 year                | 10.78                       | 11.89                      | 10.76               |
| 2 years (p.a)         | 16.19                       | 17.21                      | 16.09               |
| 3 years (p.a)         | 15.31                       | 16.27                      | 15.03               |
| 5 years (p.a)         | 13.11                       | 14.09                      | 12.88               |
| Since Inception (p.a) | 9.53                        | 10.60                      | 8.19                |

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: April 2005.

Past performance is not a reliable indicator of future performance.

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

|                               |       |
|-------------------------------|-------|
| Energy                        | 3.5%  |
| Materials                     | 19.6% |
| Industrials                   | 7.4%  |
| Consumer Discretionary        | 3.5%  |
| Consumer Staples              | 2.1%  |
| Health Care                   | 7.0%  |
| Information Technology        | 8.8%  |
| Telecommunication Services    | 8.8%  |
| Utilities                     | 0.0%  |
| Financials ex Property Trusts | 27.2% |
| Property Trusts               | 6.5%  |
| Cash & other                  | 5.7%  |

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

|                                 |      |
|---------------------------------|------|
| BHP Group Ltd                   | 9.5% |
| National Australia Bank Limited | 7.8% |
| Commonwealth Bank of Australia  | 7.5% |
| CSL Limited                     | 7.0% |
| Telstra Group Limited           | 5.2% |
| Evolution Mining Limited        | 4.8% |
| Xero Limited                    | 4.3% |
| Goodman Group                   | 3.6% |
| QBE Insurance Group Limited     | 3.5% |
| Aristocrat Leisure Limited      | 3.5% |

## 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>  | 0.75% pa   |
| Performance fee <sup>3</sup> | 15% of the Fund's performance (before fees) in excess of the performance hurdle. |

<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.

<sup>3</sup> 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 15% of the Fund's performance in excess of the performance return hurdle. The performance hurdle is the performance of the Fund's benchmark (S&P/ASX 300 (TR) Index) plus the management fee of 0.75% 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.

## 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 performed in line with the benchmark for September. There were strong gains from the gold exposure via Evolution Mining. The banking exposure was also net positive, with an overweight in National Australia Bank (NAB, +3.2%) and an underweight in Commonwealth Bank (CBA, -2.0%). Elsewhere, positions in Downer (DOW, +4.0%), Nine Entertainment (NEC, +5.5%) and Seek (SEK, +3.6%) made positive contributions.

The largest drag came from Santos (STO, -13.9%) which fell on the combination of energy sector weakness and withdrawal of the takeover offer from ADNOC. However this was largely offset by the underweight in Woodside Energy (WDS, -12.8%). Positions in CSL (CSL, -5.8%), Viva Energy (VEA, -14.8%) and Metcash (MTS, -9.5%) also detracted.

### 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.

#### 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 National Australia Bank (NAB, +3.2%)

NAB continued to rise in the wake of a well-received quarterly update in August, outperforming the other banks. It is seeing better margin trends than peers, despite not having adjusted pricing for deposits, and calmed market fears around the outlook for its business banking division.

### 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.

#### 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](http://pendalgroup.com)**

**PENDAL**

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