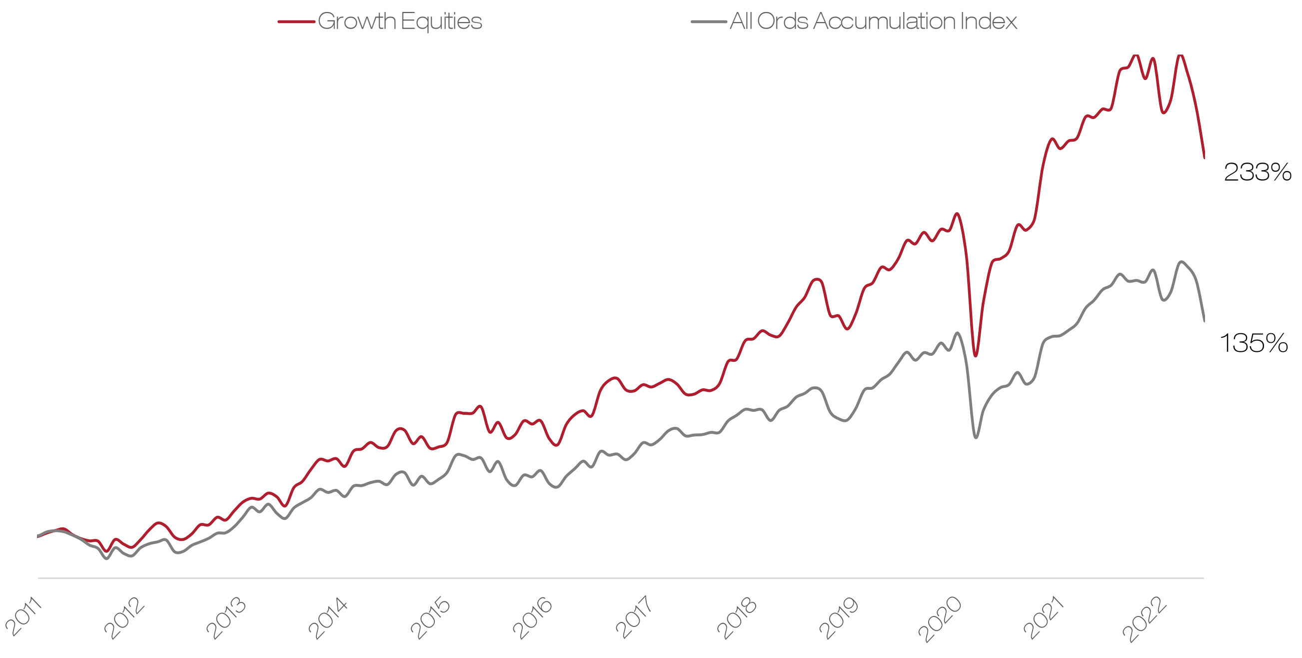
Endeavor Asset Management

Growth Equities

June 2022

Performance*	Month	Quarter	One Yr	2 Yr p.a.	3 Yr p.a.	5 Yr p.a.	10 Yr p.a.	11 Yr p.a.	Inception
Growth Equities	-8.3%	-15.7%	-8.1%	10.6%	6.9%	11.8%	12.4%	11.2%	233%
All Ordinaries Accum.	-9.4%	-12.9%	-7.4%	9.8%	3.8%	7.2%	9.4%	8.5%	135%
Outperformance	1.1%	-2.8%	-0.7%	0.8%	3.1%	4.6%	3.0%	2.7%	98%



Top Contributors

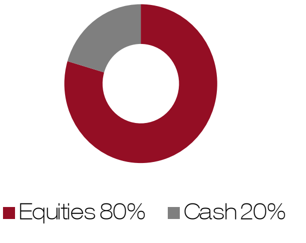
Block Inc.
ResMed Inc.
Tassal Group Limited

Top Holdings

ASX 200

Altium Limited
AMP Limited
Block Inc.
CSL Limited
Webjet Limited

Cash Weighting



Bottom Contributors

City Chic Collective
Imdex Limited
Silver Lake Resources

Ex 200

City Chic Collective
Imdex Limited
Money3 Corporation
Tassal Group Limited
Top Shelf

Portfolio Characteristics

PM: Hayden Beamish
Moderate/High Risk
75% ASX200 Limit
25% Ex200 Limit
20-35 ASX Listed Equities
Unconstrained Cash

*Note: Performance of the strategy group is representative of individual client portfolios, although performance can differ due to inherent differences between clients' portfolios such as initial entry timing, legacy holdings or requested stock exclusions. Performance measured is after fees, taxes and franking credits. Monthly performance figures include an accrual for fees charged quarterly. Top holdings and contributors are listed in alphabetical order.

Portfolio Commentary

The June quarter was a difficult one for equity markets following what was already a tough start to the year. The market continued to price in further rate hikes, which pressured equity valuations and led to recessionary fears. We have now finished the worst first half year for equities in over 50 years.

For the June quarter, The All Ordinaries returned -13% in the June quarter. The sell-off was broad based. The Energy sector was flat and the only one to avoid losses. Other segments of the market fell quite hard. The Small Ordinaries returned -20%, the Technology sector returned -27% and the Emerging Companies index returned -28%.

The good news is that global valuations are now below their average since 1990. The discount is even more pronounced among growth names and small-cap stocks. There is significant risk to the earnings prospects of many companies. It's important to remember, however, that the market is forward looking and discounts issues well ahead of time. Equities have already fallen a long way, and thus has discounted in a bleak outlook already. This includes much higher interest rates.

In the month of June, stronger than expected US inflation data triggered a selloff in equities, since it heightened fears of greater than expected rate rises and recessionary concerns. Once supply chain issues inevitably ease, so will the pressure to increase interest rates. On the demand side, higher interest rate expectations will lower global demand and help cool inflation.

We think it's becoming increasingly likely that inflation expectations have now peaked or will peak in the near term. Commodity and agriculture prices have declined from the highs. The Institute of Supply Management (ISM) survey for June revealed weakness in forward orders and rising inventories in the US, which is consistent with anecdotal commentary about Australian retailers. The market has rapidly priced in higher rates for the long term but there are now signs this is beginning to ease. The Australian 10 year bond yield (interest rate expectations) declined to 3.6% after hitting 4.2% late in the month and a similar pattern played out in US 10 year bond yields.

A recession would lead to earnings downgrades in more cyclically and financially leveraged stocks. It would support higher quality and long-duration growth stocks. We are currently underweight cyclicals, commodities, financials, consumer discretionary and property related businesses. We are overweight high-quality companies, run by excellent management teams, that we believe will prove to be resilient during an economic downturn.

Our views are best reflected in how our portfolio is positioned. After returning 30% in FY21, we were relatively fully invested in July 21 with sector exposures as below:

- Cash 2%

- Real Estate 6%

- Technology 10%

- Materials 20%

- Financials 25%

- Other 36%

In late CY21 / early CY22 we increased cash, reduced technology and increased materials which benefitted to portfolio this calendar year. As of last month, our positioning has changed significantly to adapt to the market pricing of the current macro environment:

- Cash 20%

- Real Estate 0%

- Technology 20%

- Materials 13%

- Financials 18%

- Other 30%

After month end, we reduced cash levels due to some opportunistic buying which we will elaborate on in next month's newsletter.

We continue to focus on ensuring most of our investments have a strong competitive advantage, in a sector with high barriers to entry, with strong organic earnings growth outlooks, that are well managed and trade on what we consider to be compelling valuations. Operationally, they have been performing to expectation with no earnings downgrades heading into reporting season so far. We reiterate that nothing has changed our view about the long-term earnings prospects of the portfolio's holdings.

There are some significant pullbacks in the market and some holdings in our portfolio, and we have increased our weightings in the companies we believe are buying opportunities. A negative economic outlook has a minor impact on the earnings outlooks of our investments, and ultimately, we are confident that company fundamentals will prevail in time. We have experienced these types of markets before. In the short-term investors may ignore fundamentals, but earnings growth ultimately determines long-term share price performance. General economic headwinds will likely bring to the fore the importance of investing in companies that are not at the mercy of the economic cycle. Our portfolio is well placed for this. Market corrections like we are currently experiencing often create compelling investment opportunities which ultimately leads to significant future returns.

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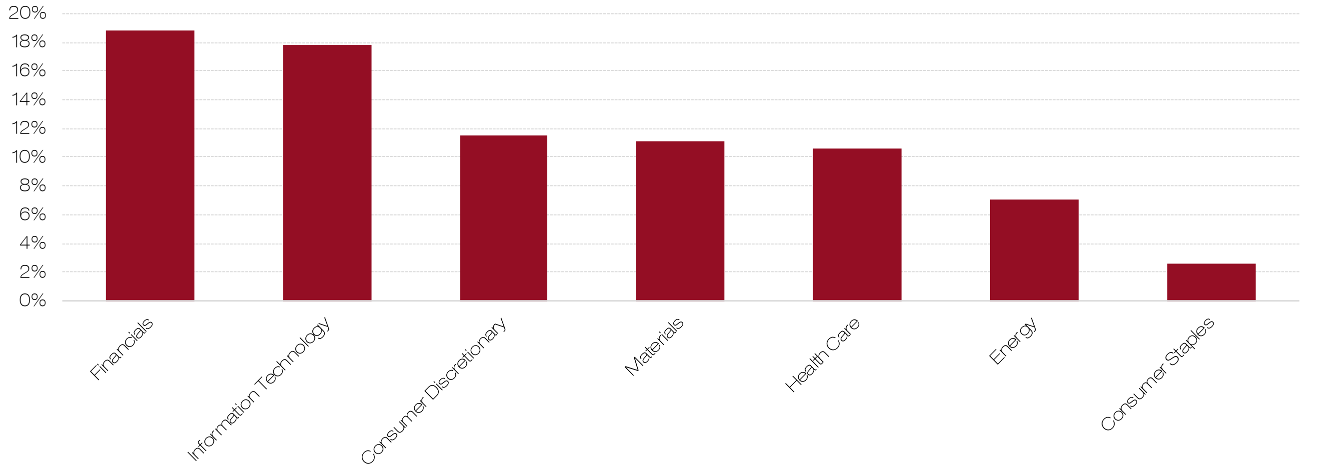
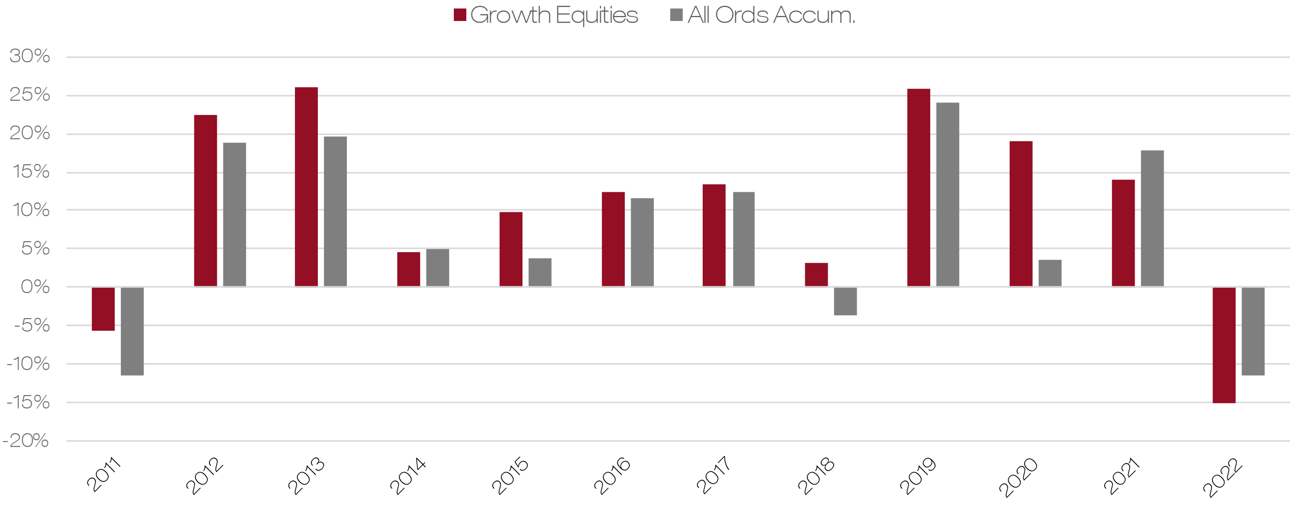
Portfolio Factsheet - June

Industry Exposures



Annual Return Chart



Investment Philosophy

Bottom up, fundamental focused investor with a 3-5 years time frame

Focus on under owned, under researched businesses

Returns can be maximized through fundamental industry and company research combined with active portfolio management

Small cap bias where inefficiencies in the market are the greatest

High conviction concentrated approach allows portfolios to hold only high conviction investment ideas

When investing in companies Endeavor take on the view of being the owner of the business

A concentrated portfolio with a flexible mandate

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