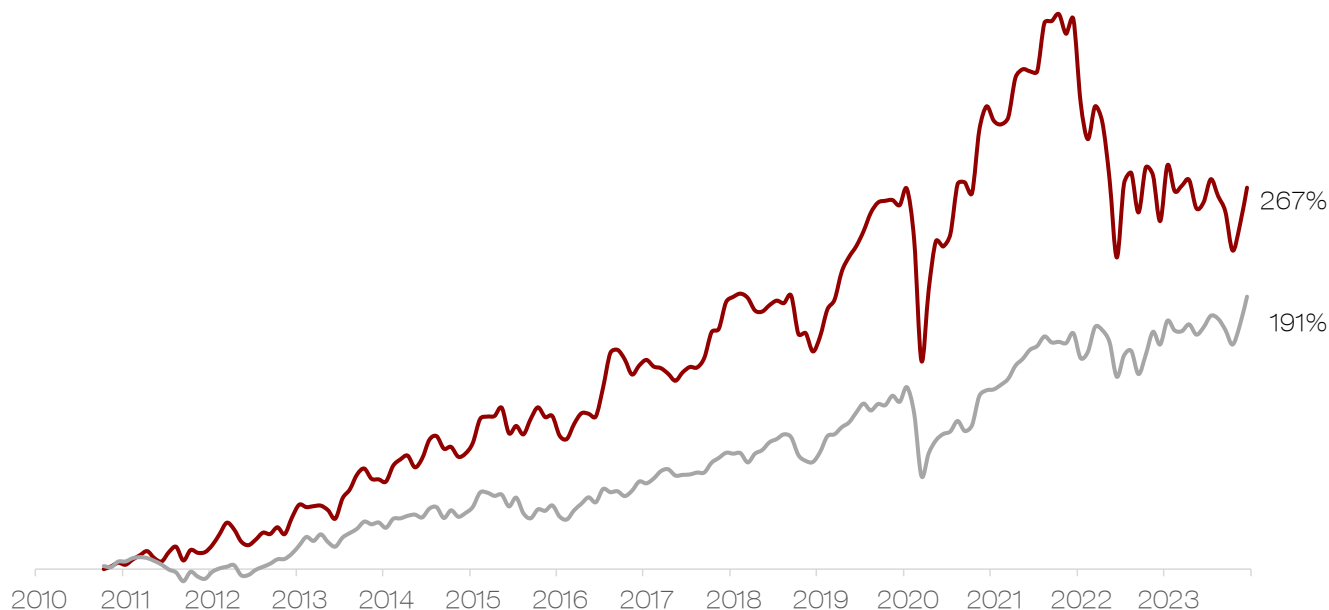


High Conviction

December 2023

Performance	Month	Quarter	One Yr	2 Yr pa.	3 Yr pa.	5 Yr pa.	10 Yr pa.	12 Yr pa.	Inception
High Conviction	7.8%	4.8%	6.8%	-13.0%	-4.7%	7.8%	8.5%	10.4%	267%
All Ordinaries Accum.	7.4%	8.7%	13.0%	4.7%	8.9%	10.7%	8.2%	9.9%	191%
Outperformance	0.4%	-3.9%	-6.2%	-17.7%	-13.6%	-2.9%	0.3%	0.5%	77%

— High Conviction — All Ordinaries Accum.



Portfolio Factsheet

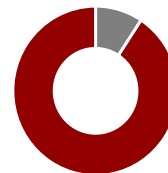
Top Contributors

Neuren Pharmaceut.
Solvar Limited
Zip Co Ltd
Polynovo Limited
Mineral Resources.

Top Holdings

Solvar Limited
Symbio Holdings Ltd
Neuren Pharmaceut.
Imdex Limited
Altium Limited

Cash Weighting



■ Cash 9% ■ Equities 91%

Bottom Contributors

Universal Biosensors
Lithium Plus
Pilbara Min Ltd
EML Payments Ltd
Synertec Corp

Portfolio Characteristics

High Risk
Unconstrained in ASX200
Unconstrained in Ex200
20-35 ASX Listed Equities
Unconstrained Cash
All Ords Accum. Benchmark

*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.

Portfolio Commentary

The High Conviction Portfolio returned +7.8% in December, compared to the All Ordinaries Accumulation Index's ("the Benchmark") +7.4% gain, which was its best monthly return in three years.

For the last ten years, the portfolio has returned 8.5% p.a. after fees, compared to the All Ordinaries Accumulation Index's 8.2% p.a. The portfolio has returned 267% (10.3% p.a.) since inception, compared to the Benchmark's 191% (8.4% p.a.)

The Market

The market defied gravity in 2023. Even with an aggressive increase in interest rates, the economy remained resilient. Now, there's growing optimism for a soft landing, thanks to declining inflation expectations and economists predicting interest rate cuts abroad and at home.

This momentum continued into December, with almost all sectors rallying, led by Real Estate surging 11.3% and Healthcare increasing 9.1%. These sectors benefited from the continued rotation towards oversold sectors. Utilities were the worst performing sector with a 1.5% increase.

As negative expectations unwound, economic data reinforced the soft landing narrative, boosting both earnings expectations and valuations across the board.

The Portfolio

Rare disease therapy company, **Neuren (NEU)**, was a top contributor and closed the month, at \$24.97/sh, 227% higher than the portfolio average cost price (\$7.64/sh). Share price momentum seen throughout November was bootstrapped by the release of clinical trial results that saw shares appreciate 61% in December.

Neuren's phase II trial for Phelan-Mcdermid Syndrome (PMS) had two goals: to prove the drug is safe to use and to show symptom improvement (efficacy). Goals were met with an exceptional data validation. Symptoms for this difficult condition can include moderate to severe difficulties with expressive communication, developmental delay, intellectual disability and dysmorphic facial features. The estimated prevalence in the US is 1% of people with autism but, due to the non-existence of a treatment option, it has been historically under-diagnosed.

Not only were the patient improvements that caregiver testimonials spoke to touching, but they will likely help raise awareness to the potential therapy option for the PMS patient population. This would support Neuren in regulatory formalities, much the same as it did for the Company's commercial drug Daybue (now generating US\$268m sales per annum, based on Q3 2023 annualised). The next catalyst for the PMS program includes the release of secondary endpoints data which can provide further evidence of the drug's safety and efficacy characteristics.

The good news didn't stop there for Neuren. The start of the new calendar year saw a potential competitor, Avavex, fail a phase III trial that aimed to treat Rett Syndrome. The failed trial cements Daybue as the only available treatment for Rett Syndrome patients, removing the competitive cloud that was forming over NEU's royalty earnings. The Company continues to trade below our risk-adjusted DCF valuation, and in our view, the de-risked economic opportunity of the second drug could see corporate interest heat up.

Diversified mining operator **Mineral Resources (MIN)** was a top contributor to performance in December, driven by a 5% increase in iron ore prices. Not only does this bode well for the company's current iron ore operations, but it also lifts the spot DCF valuation of the Ashburton operation which is set for first shipment of iron ore on 8th June. Chris Ellison, CEO, noted the engineering and construction segment to be the Company's 'secret weapon'. The Company's in-house engineering team have been on the front foot on the move to a new frontier in mining methodologies.

This innovation has progressed to delivery of tangible assets, such as the world's first fully autonomous road train that was tested at the Ashburton project in December. **On a per kilometre basis this machinery along with the private haul road are anticipated to see trucking costs that are ~60% lower than standard.** Additionally, the project's resort-style accommodation pods saw their first occupants arrive. The project's unique aspects, though subtle, show management's commitment to gaining an edge in a competitive labour market. MIN is one of our largest positions, and the share price rallied 14% in December.

In December we started buying ZIP Co (ZIP) at \$0.41/sh following our internal research and a meeting with management and analysts. We had previously viewed ZIP as an overvalued, low quality business reliant on low interest rates. But things have changed. Over the past two years management have refocused on profitable growth by exiting non-core markets. They have launched new products, reduced operational expenses and improved unit economics. Furthermore, they have announced cash profitability and are expected to grow earnings strongly.

During this turnaround period the ZIP share price declined 98% (not a typo!) from a staggering ~\$9b market cap. We received an average entry price of \$0.47/sh or ~\$436m market cap. Our valuation target is significantly higher, but we'll keep this target confidential for now. The stock closed the month up 35% on our entry price and was a top contributor to performance.

Solvar (SVR) is a holding that we have highlighted often in the newsletters over the past two years. The share price has been under pressure which has impacted our returns, but we now believe the worst is behind them. Last month we mentioned that we recently averaged down at \$1.03/sh, "the company represents deep value" and that "we are being paid a >12% fully franked dividend to be patient". In December, the share price rallied 26% to close at \$1.32/sh. It was a top contributor to performance. **While we expect a softer year for Solvar, it is still trading below NTA, expected to generate >\$25m NPAT this year, will pay a healthy dividend, and should directly benefit from the RBA no longer increasing interest rates.** We continue to hold.

Entries and Exits

As discussed above, in December we added Zip Co to the portfolio. We increased our weighting in Mineral Resources and Life360 on weakness.

Companies we exited included Pilbara Resources and Next Science based on changes to our valuation.

Cash weightings decreased from 10.6% to 9.3%.

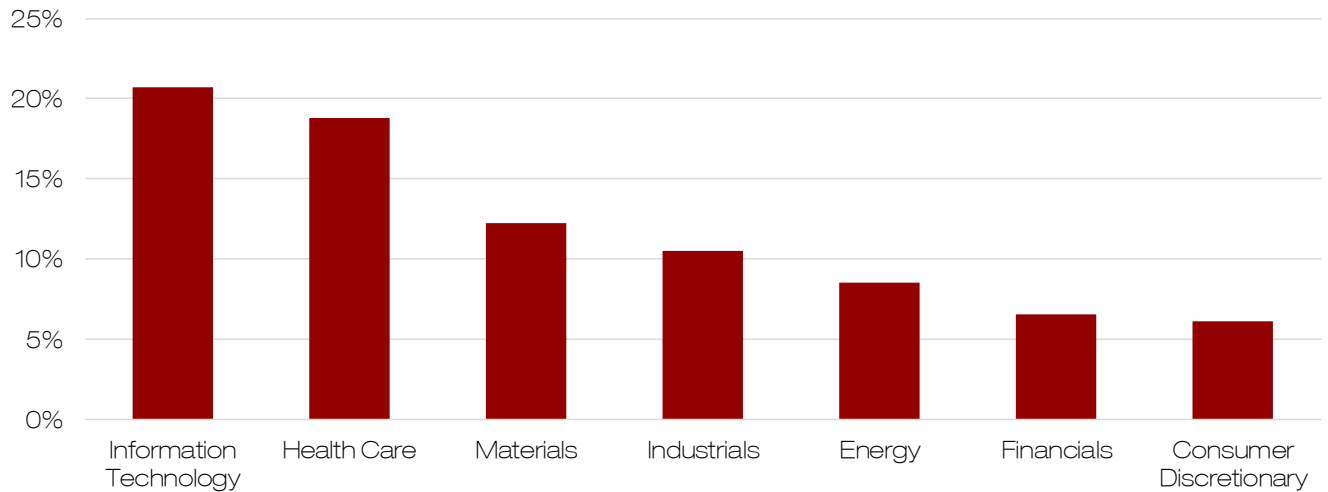
Outlook

We expect volatility in 2024 as the market will overreact and underreact to a plethora of factors. These factors range from inflation expectations and economic growth uncertainties to central bank expectations and evolving tech trends like generative AI.

In Australia, the market has priced in 1-2 rate cuts in 2024. The consensus is also the rate cuts will lag and be far less than FED rate cuts. We also do not expect further rate hikes. Economic growth is likely to soften, and for now inflation is contained and under control. The moderating landscape also suggests further monetary tightening isn't necessary which presents opportunities for certain sectors.

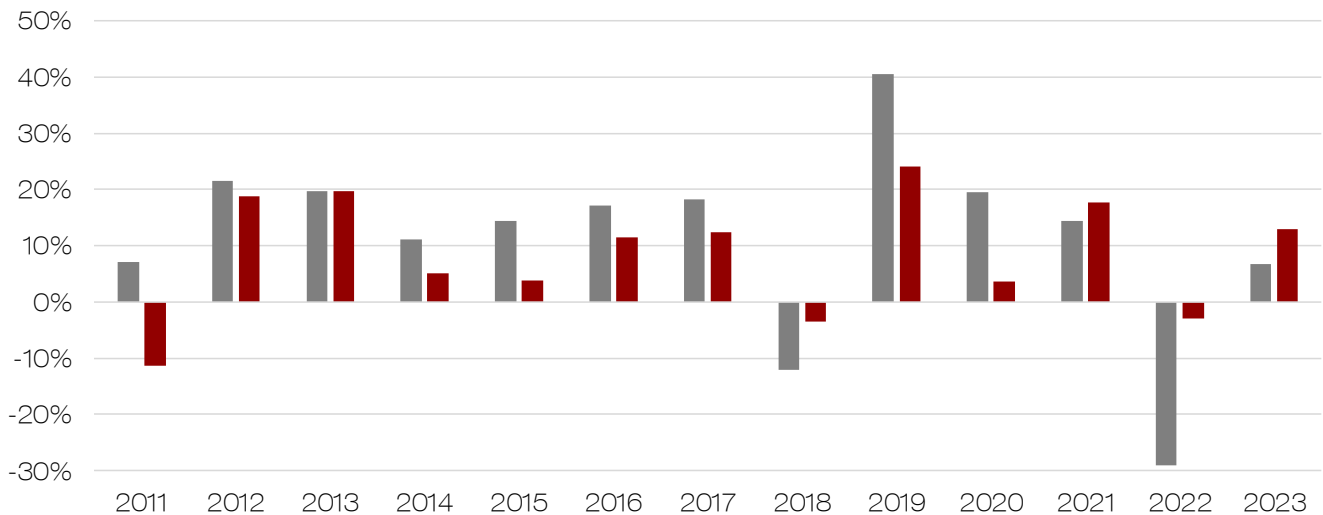
While the recent rally may take a breather in the short term, we think it is likely to broaden out this year which would benefit our portfolios. At Endeavor, we've implemented some positive changes that we believe position us to deliver good returns within the current environment.

Industry Exposures



Annual Return*

■ High Conviction ■ All Ords Accum



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 ideas

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

A concentrated portfolio with a flexible mandate