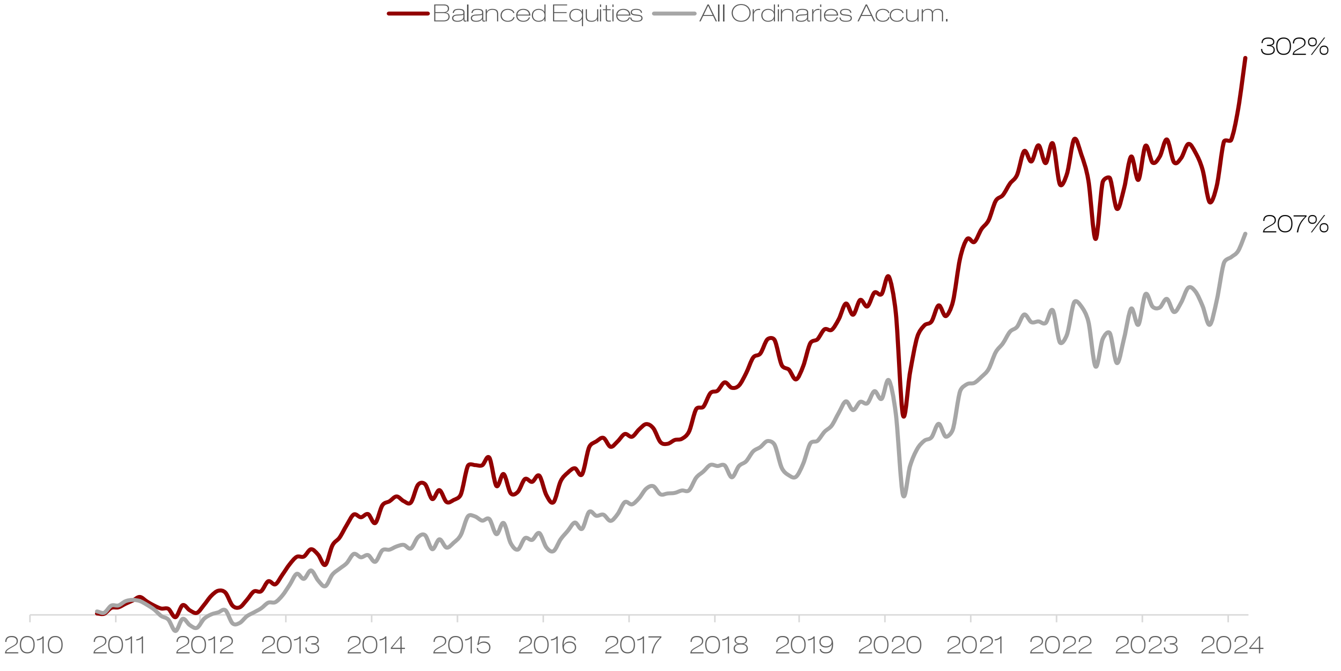
Endeavor Asset Management

Balanced Equities

March 2024

Performance*	Month	Quarter	One Yr	2 Yr pa.	3 Yr pa.	5 Yr pa.	10 Yr pa.	12 Yr pa.	Inception
Balanced Equities	7.4%	12.7%	15.4%	6.0%	8.6%	10.0%	9.5%	11.1%	302%
All Ordinaries Accum.	3.1%	5.5%	15.0%	6.7%	9.5%	9.5%	8.5%	9.6%	207%
Outperformance	4.3%	7.3%	0.4%	-0.7%	-0.9%	0.5%	1.0%	1.5%	95.7%



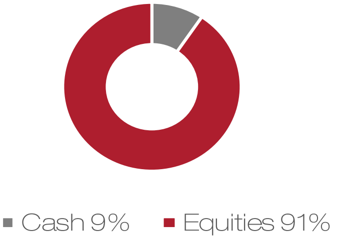
Top Contibutors

Life360 Inc.
Zip Co Ltd
Webjet Limited
ResMed Inc.
Bellevue Gold

Top Holdings
ASX 200

BHP Group Limited
National Aust. Bank
ANZ Banking Grp Ltd
ResMed Inc.
Mineral Resources.

Cash Weighting



Bottom Contibutors

Polynovo Limited
Synertec Corp
Domain Holdings Australia Limited
Westpac Banking Corp
EML Payments Ltd

Ex 200

Life360 Inc.
Zip Co Ltd
Solvar Limited
EML Payments Ltd
Imdex Limited

Portfolio Characteristics

Low/Moderate Risk
85% ASX200 Limit
15% Ex200 Limit
20-35 ASX Listed Equities
Unconstrained Cash
All Ords Accum. Benchmark

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Portfolio Commentary

In March, the Balanced Equities Portfolio returned 7.4% compared to the All Ordinaries Accumulation Index 3.1%. The return for the quarter was 12.7% compared to the All Ordinaries 5.5%.

Since inception over thirteen years ago the Balanced Portfolio has returned 96% more than the benchmark (Balanced 302% vs All Ords 207%).

March saw the positive momentum continue following an upbeat reporting season in February. We continue to see encouraging macroeconomic data which supports a soft landing in the global economy. Speakers from various central banks confirmed that rate cuts are expected later this year.

<u>Stock Commentary</u>

Life360 delivered a great earnings report in March which saw the share price rally 60%. Some highlights were revenue growth of 33% to US\$305m, and subscription growth of 52% to US\$200m. They achieved positive EBITDA of US\$21m and upgraded FY24 guidance to US\$30-35m. Our average entry price is \$7.7/sh and we took profits at \$12.0/sh during the month. Life360 is cheaper than offshore peers and it remains a core weighting in the portfolio.

We added Webjet to the portfolio at \$7.1/sh. It closed the month up 25%, marking it as a top contributor to performance. The decision to buy came as the share price had pulled back, seemingly lost in the reporting season noise, especially since it reports out of cycle. Following our investment, management outlined several catalysts for growth at the investor day, notably upgrading its FY24 EBITDA guidance to above \$180m-\$190m, reflecting performance better than the market had feared. This move, along with initiatives aimed at consolidating the B2B market and leveraging acquisitions in the Americas to boost margins, contributed to the share price rally. Management also revised FY25 B2B guidance 6% above consensus, indicating a substantial uplift in WEB Group EBITDA.

Zip Co was a top performer for the fourth month in a row. It increased 45% in March taking the return to 240% since our entry in December. Even though we have been taking profits along the way, the share price has still has considerable upside. Please refer to our past three newsletters and video updates for more detail. We look forward to the next earnings update in April.

We exited Wisetech at \$95/sh in March. This was a 60% return in four months following our buy at \$60/sh in November. Operationally, the business is hard to fault. They have delivered consistent organic and inorganic (acquired) revenue growth. They are market leader, positioned to be the industry standard for freight forwarders with significant adoption by large players. But for us, 91x P/E is too expensive. We're confident we will have an opportunity to reinvest in Wisetech at a more compelling valuation in the future.

We exited CSR at \$8.82/sh following a takeover offer from French building materials giant Saint-Gobain. CSR delivered us 64% since we first invested almost a year ago in May 2023.

Despite a positive earnings report in late February that showed strong revenue growth and positive EBITDA, Polynovo's share price declined 4% in March, likely due to consolidation following a significant rally. It was a detractor to our performance. The company's fundamentals remain strong, with broad adoption of its core product and ongoing regulatory progress supporting its long-term growth potential.

Bellvue Gold was a top performer in March. We added the stock to the portfolio at \$1.30 per share and began taking profits after a 40% gain at \$1.80 per share. The rally was driven by improved gold sentiment and positive developments at their namesake mine, including ore grade tracking above pre-production models and costs coming in line with expectations. This has led to increased confidence in future free cash flow generation. The stock remains undervalued relative to its potential, but we took advantage of the short-term rally to lock in profits.

In March, we continued to identify opportunities in the energy sector. We trimmed Beach Energy and used the proceeds to invest in Karoon Energy. Karoon Energy presents a compelling opportunity for exposure to the oil & gas sector. The company boasts strong cash generation, low production costs, and significant growth potential. Karoon's recent acquisition of the Who Dat asset in the U.S. Gulf of Mexico enhances its scale and diversification, while upcoming drilling activity and potential development projects offer exciting possibilities for the future. We believe Karoon is currently undervalued compared to its peers and represents a better long-term investment opportunity than BPT at this time.

We invested in EML Payments to capitalise on a turnaround opportunity. EML has exited the problematic PCSIL subsidiary, eliminating a drain on profitability. The sale of Sentenial further strengthens their financial position, with proceeds used to reduce debt and build a cash buffer. They are now focused on core profitable businesses – Australian and Global Gifting, and the successful UK arm of PFS (PFSL) – EML is poised for growth. Analyst projections suggest significant upside based on future earnings, and EML's management team is actively implementing a turnaround strategy focused on cost reduction, margin expansion, and core business growth. We believe the streamlined operations, clear path to profitability, and valuable core business put the company in a good position.

<u>Outlook</u>

Overall, we remain optimistic about our investments and the Australian equity market. The economy is on track for a soft landing and rate cuts have been confirmed by central bankers. The biggest risk to this narrative is the rising oil price which we are monitoring closely. We also expect to benefit from this scenario through several investments in the portfolio.

We have rotated a portion of our technology investments into more cyclical beneficiaries which we expect to perform well this year. We also expect volatility and have a good cash buffer in the portfolios. Our focus will be on identifying high quality companies with the potential to weather any storm, grow earnings organically and reward shareholders.

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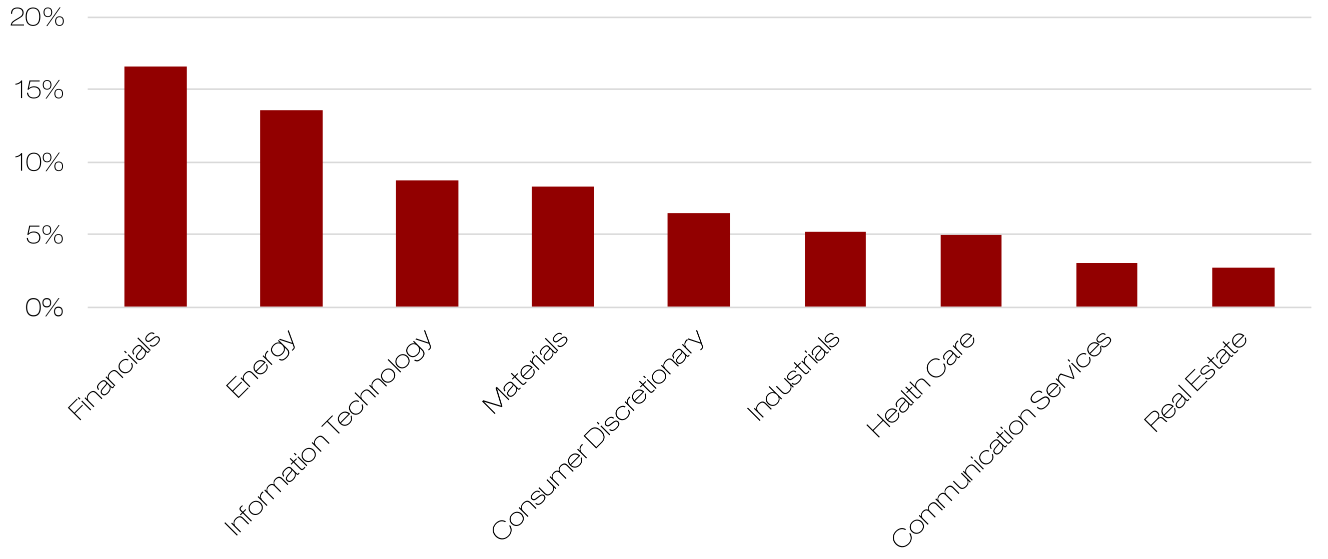
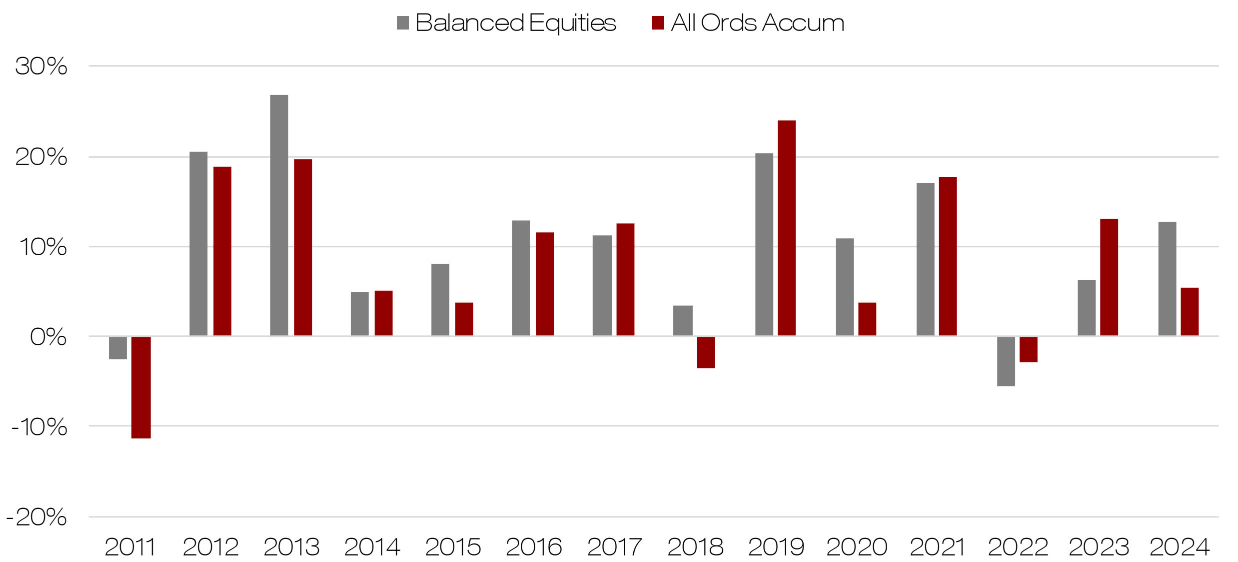
Portfolio Factsheet

Industry Exposures



Annual Return*



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

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