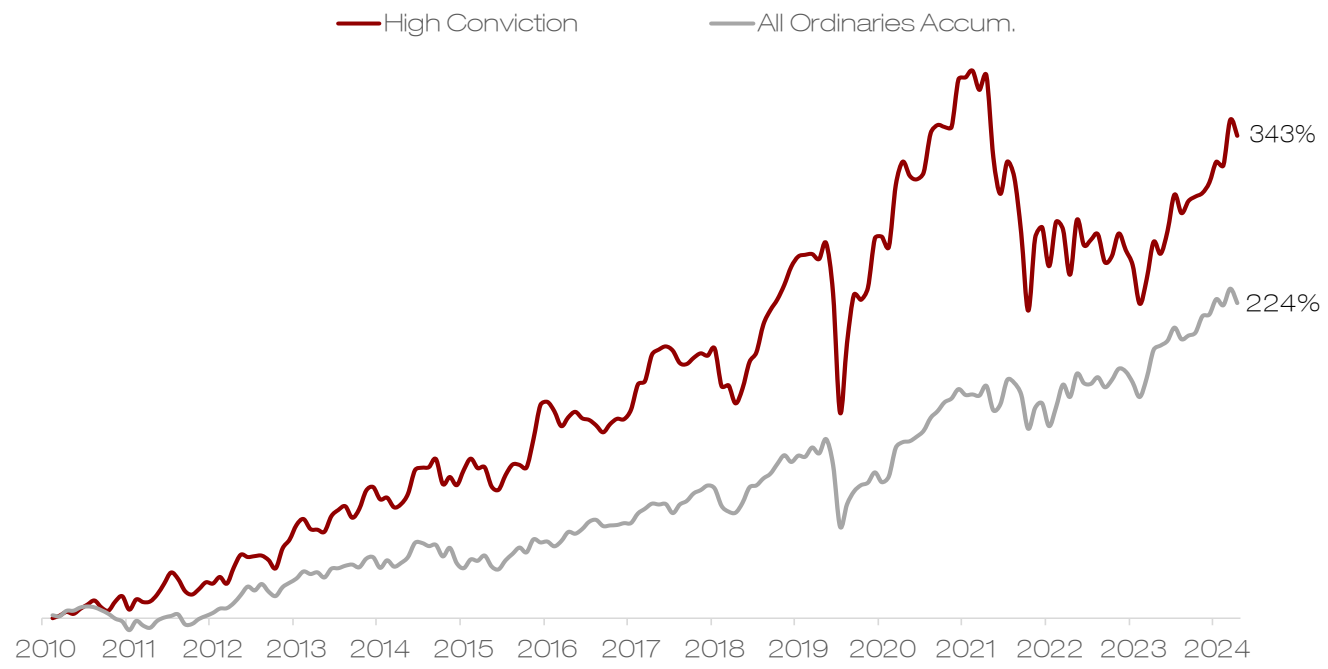
Endeavor Asset Management

High Conviction

December 2024

Performance	Month	Quarter	One Yr	3 Yr pa.	5 Yr pa.	10 Yr pa.	14 Yr pa.	Inception
High Conviction	-2.5%	4.3%	20.5%	-3.0%	4.5%	9.3%	10.9%	343%
All Ordinaries Accum.	-3.1%	-0.9%	11.4%	6.9%	8.3%	8.8%	8.9%	224%
Outperformance	0.6%	5.2%	9.1%	-9.9%	-3.8%	0.5%	1.9%	119%



Portfolio Factsheet

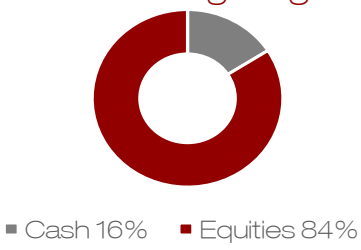
Top Contibutors

Bravura Solutions
Solvar Ltd
Monash IVF
Yancoal Australia Ltd
Block

Top Holdings

Smart Parking Ltd
Bravura Solutions
Yancoal Australia Ltd
Block
Paragon Care Ltd

Cash Weighting



Bottom Contibutors

EML Payments Ltd
Chalice Mining Ltd
Andean Silver Ltd
Life360 Inc
Webjet Ltd

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. Past performance is not an indicator of future performance.

Portfolio Commentary

Performance Summary

For 2024, the ASX All Ordinaries and the ASX Small Ordinaries returned 11.4% and 8.4%. The High Conviction Equities Portfolio delivered 20.5% after fees.

For the first half of FY25, the All Ords and Small Ords returned 6.9% and 5.5%. The High Conviction Equities Portfolio was up 10.8% after fees. For the month of December, the All Ords and Small Ords closed down 3.1% and the High Portfolio declined 2.5%.

The portfolio has returned 343% after fees since inception compared to the All Ords 224%.

Market Overview

In December, the Federal Reserve reduced policy rates by 25 basis points, aligning with market expectations, while adopting a more measured tone that underscored its cautious approach to monetary policy. The Federal Open Market Committee (FOMC) highlighted considerations regarding the "extent and timing of additional adjustments" to the policy rate, signalling a shift towards a more deliberate pace of rate cuts.

This approach reflects the central bank's commitment to balancing robust economic indicators, particularly in the labour market, with its long-term inflation objectives. While this tempered pace resulted in some market volatility, it also highlights the resilience of the global economy.

In Australia, the All Ordinaries returned 11.4% after including dividends. This performance surpassed the average annual gains of the past decade, reflecting the resilience of the Australian market. The Australian dollar experienced a 5% decline against the U.S. dollar in December.

While this depreciation introduces some uncertainty, it offers potential benefits for businesses with significant offshore revenue streams. Additionally, the NASDAQ recorded a modest gain of 0.6% during the month, indicating stability in growth oriented sectors.

Overall, the global and Australian markets demonstrated resilience in 2024, with significant gains despite some volatility in December. The cautious stance of the Federal Reserve and the depreciation of the Australian dollar are key factors to monitor as we move into 2025.

Top Contributors: BVS, SVR, MVF, YAL

At the end of November, we invested in **Bravura Solutions** (BVS), a company that provides software solutions for the wealth management, life insurance, and funds administration industries. In early December, BVS released updated guidance, leading to significant upgrades and an increase in its share price. The midpoint of its revenue and cash EBITDA guidance was raised by 2% and 15%, respectively, to $242.5 million and $34.5 million. As a result, BVS's share price surged 46% over the month.

Car financier **Solvar** (SVR) saw its share price rise by 8.8% in December. While no specific company news was announced during the month, the company's share buyback program likely contributed to the increase. We took this opportunity to lock in some profits. SVR is currently trading at 9.5x FY25 P/E and is expected to deliver an 8% dividend yield to shareholders.

Shares in fertility services provider **Monash IVF Group** (MVF) rose 5.8%, supported by positive Medicare data. November IVF cycle data showed a 3.5% increase compared to the prior corresponding period. Additionally, new data was introduced to monitor one of MVF's key growth drivers: genetic testing.

As awareness grows, MVF anticipates that a significant proportion of individuals considering pregnancy will opt for at least three-gene testing. We consider MVF's 16x FY25 P/E to be attractive given the Company's defensive earnings profile, opportunities for further market share gains, and favorable industry tailwinds.

Shares in thermal coal producer **Yancoal** (YAL) rose 5.2% during the month. Market discussions centered on the sale of Anglo Coal assets, with increased competitive tensions suggesting YAL was less likely to emerge as the winning bidder. This development is positive for shareholders, as YAL's substantial cash reserves can instead be distributed as surplus capital.

Bottom Contributors: EML, CHN, ASL, 360, WEB

Global payments company **EML Payments** (EML) has experienced a volatile couple of months, beginning with the launch of its "EML 2.0 Strategy Plan" in November and followed by significant leadership changes in December. The 2.0 strategy focuses on driving organic profit growth, simplifying operations, and fostering product-led innovation. Aspirations for $95 million EBITDA by FY28, equate to 13% annual growth. While the initial market response to the strategy was positive, sentiment shifted after the termination of CEO Ron Hynes' employment during his probation period, which led to a 17% decline in the share price for the month of December.

EML is trading at 12x FY25 P/E and 6.5x EV/EBITDA, which we believe represents an attractive valuation. We remain optimistic about the company's ability to address its leadership challenges and commend the board's focus on selecting personnel aligned with EML's long-term strategic goals.

Resource stocks were generally weaker in December as most commodity prices declined. This resulted in shares of **Chalice** (CHN) falling by 19% and **Andean Silver** (ASL) by 22.1% over the month. Chalice's performance was primarily affected by a 7% drop in the palladium price, while Andean's decline was driven by a 6% decrease in the silver price.

Significant Changes: Exit C79

Over 12 months ago, we initiated an investment in **Chrysos Corporation** (C79, +4.2%), drawn to the strong competitive advantage of its core technology, PhotonAssay, which enables efficient analysis of gold elements in samples. At the time, the gold price hovered around US$2,000 per ounce. During the first half of 2024, the gold price rose to over US$2,300 per ounce, which we anticipated would drive additional orders for PhotonAssay units. Unfortunately, the pace of new unit sales did not increase as expected. As a result, we exited the stock during the month, incurring a loss.

Outlook

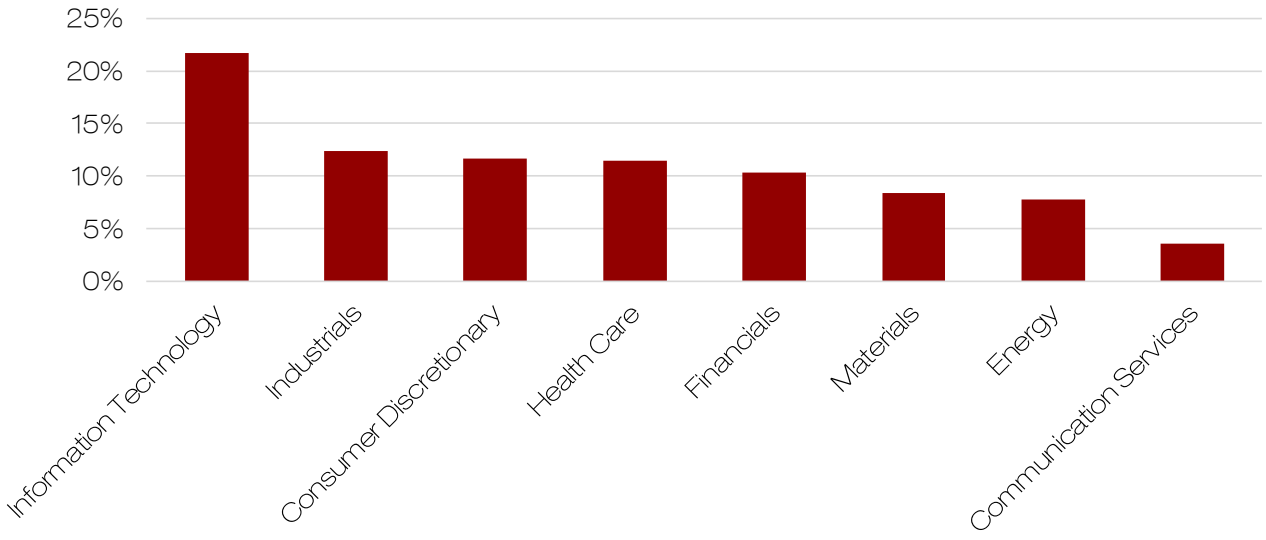
As we welcome 2025, central banks like the Federal Reserve and the Reserve Bank of Australia are likely to remain cautious, adjusting interest rates carefully amid evolving economic conditions and inflation. This will remain a critical factor shaping markets. Meanwhile, the Australian dollar's decline against the U.S. dollar presents both opportunities and challenges, especially for businesses with offshore revenues.

In this dynamic environment, we remain focused on quality investments and active management to navigate risks and seize opportunities. With a cash weighting of approximately 10%, we are well positioned to capitalise on market volatility and uncover investments that support long term growth. We are confident in the outlook for our portfolios and the value they will deliver in the years ahead.

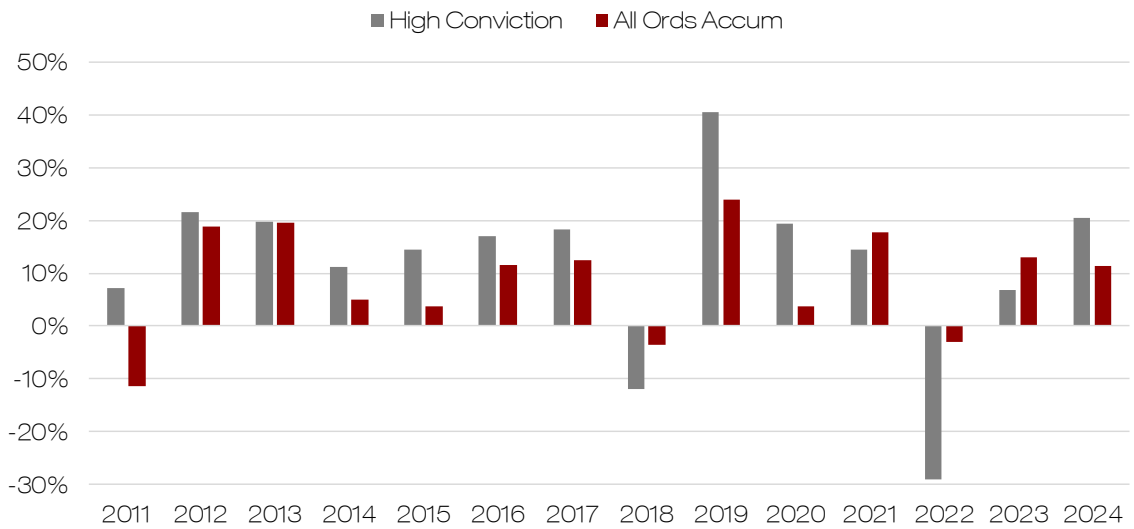
*Note: Performance of the strategy group is representative of individual client portfolios, although performance can differ due to inherent differences between clients' portfolios such as initial entry timing, legacy holdings or requested stock exclusions. Performance measured is after fees, taxes and franking credits. Monthly performance figures include an accrual for fees charged quarterly. Top holdings and contributors are listed in alphabetical order. Past performance is not an indicator of future performance.

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

*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. Past performance is not an indicator of future performance.