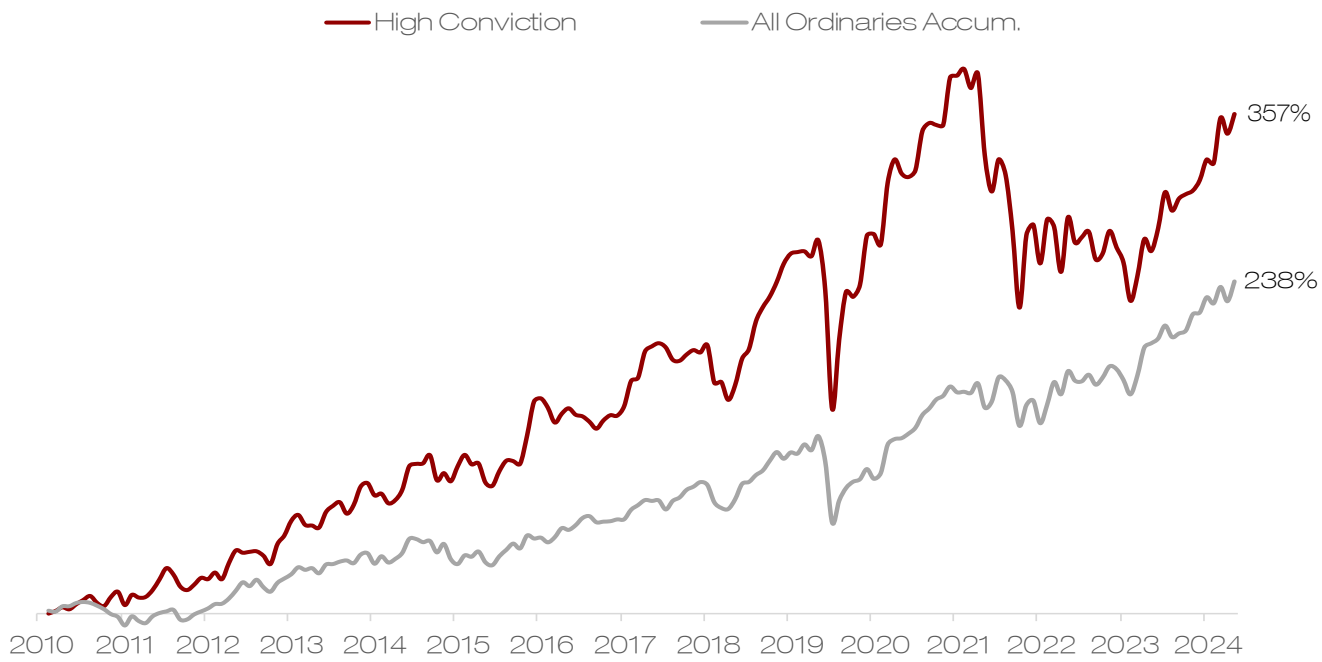
Endeavor Asset Management

High Conviction

January 2025

Performance	Month	Quarter	One Yr	3 Yr pa.	5 Yr pa.	10 Yr pa.	14 Yr pa.	Inception
High Conviction	3.2%	8.4%	27.3%	2.2%	4.5%	9.3%	11.2%	357%
All Ordinaries Accum.	4.4%	4.9%	15.1%	10.9%	8.3%	8.9%	8.9%	238%
Outperformance	-1.2%	3.5%	12.2%	-8.7%	-3.8%	0.3%	2.3%	119%



Portfolio Factsheet

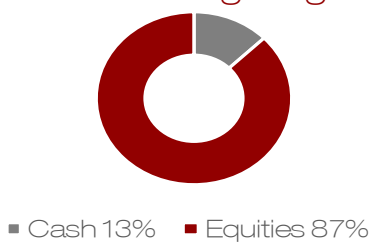
Top Contibutors

Andean Silver Ltd
Austal Ltd
Paragon Care Ltd
Life360 Inc
Webjet Ltd

Top Holdings

Smart Parking Ltd
Life360 Inc
Block
Webjet Ltd
Paragon Care Ltd

Cash Weighting



Bottom Contibutors

Carnarvon Energy Ltd
Solvar Ltd
Credit Clear
Monash IVF
South32 Ltd

Portfolio Characteristics

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

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Portfolio Commentary

Performance Summary

The High Conviction Equities Portfolio returned +3.2% after fees in January 2025 compared to the ASX All Ordinaries Accumulation Index's) return of +4.4%. Over the past 12 months, the High Portfolio has returned +27.3% compared to Index's +15.1%. The portfolio has returned +324% after fees since inception compared to the Index's return of +238%.

Market Overview

Markets kicked off the year with plenty of action as political and economic shifts drove investor sentiment. In the United States, the inauguration of President Trump ushered in a pro business agenda focused on growth and deregulation. Optimism is growing as companies expand operations, leading to productivity gains and improved margins. However, late month tariffs on-market Canada, Mexico, and China introduced some uncertainty despite initial relief over trade policy.

Central banks continue to follow different paths as they balance inflation and growth. The United States Federal Reserve held rates steady, signaling a patient yet hawkish stance. In contrast, the European Central Bank and Bank of Canada eased policy to support slowing economies. Here in Australia, cooling inflation has fuelled expectations for a Reserve Bank of Australia rate cut, though timing remains uncertain.

Domestically, mixed signals emerge from consumer spending trends and a stabilised housing market; retail spending was strong in November due to heavy discounting, but a pullback is expected in December. We continue to monitor how these factors could impact sectors within our portfolio.

Top Contributors: ASL, ASB, PGC, 360, WEB

Defence ship-builder **Austal** (ASB) rallied 24%. Our investment in Austal dates back to September last year, following the announcement of a significant US$450 million contract from General Dynamics. This contract is set to fund the construction of a facility dedicated to producing submarine modules, a critical step in accelerating production cadence. Notably, this agreement effectively grants Austal substantial infrastructure funding from the U.S. government, enhancing its long-term operational capacity. Following this announcement, Austal's market capitalization rose by approximately $200 million, reaching $1 billion, a move we viewed as undervaluing the impact of the contract. The contract equates to an A$670 million infrastructure windfall, alongside a tangible boost to production capabilities. Recognising this opportunity, we initiated a position at $2.84 per share.

The U.S. Navy and other defence agencies are currently grappling with shipbuilding constraints, particularly in submarine production, which remains behind schedule. U.S. regulations prohibit the construction of military vessels overseas, placing greater reliance on domestic shipbuilders such as Huntington Ingalls, Austal, and General Dynamics Electric Boat. These firms are poised to benefit as the U.S. government prioritises increased naval production capacity. The demand for an accelerated shipbuilding cadence has been well demonstrated, and we foresee a scenario in which Austal benefits from sustained order growth, stronger revenue, and expanding margins. This shift should drive a meaningful uplift in earnings, leading to a potential re-rating of ASB shares as earnings quality improves. Currently, Austal is trading at 15x consensus FY26 EBIT and shares are up 35% since our initial investment.

Global B2B travel business, **Web Travel Group** (WEB) was up +11.3% in January on the back of a more resilient international travel market than expected. Overseas peers reported healthy underlying trends in geographies such as Europe and stable booking trends in the USA (previously expected to be a YoY decline). We recently increased our position in early January as we saw early signs of these improving conditions. We expect this trend to continue and are confident of WEB making progress on achieving its 50% segment EBITDA margin target. Additionally, the second largest web beds competitor is due to IPO in Spain in mid-Feb which we believe will bring more interest in WEB given the peer is expected to list on multiples that are in line with WEB despite WEB growing faster, at a better margin and no debt.

Silver-gold developer **Andean** (ASL) saw its share price surge by 41% in the first month of the year. This strong performance was supported by a 6% rise in the gold price and an 8% increase in the silver price, in Australian dollar terms, leading to a higher net present value for ASL's flagship project, Cerro Bayo. Looking ahead, we anticipate several key catalysts in the coming months, including an updated mineral resource estimate and continued drilling across the company's tenements.

Bottom Contributors: CVN, SVR, CCR, MVF, S32

West Australian oil developer **Carnarvon Energy** (CVN) was a detractor this month, as setbacks at its flagship Dorado project weighed on sentiment. Dorado, a Joint Venture (JV) between Santos Limited (80%), Carnarvon Energy (10%), and OPIC Australia Pty Ltd (10%), faced an unexpected delay as the JV partners decided not to proceed with the Front-End Engineering and Design (FEED) phase at this stage.

This postponement pushes back the Final Investment Decision (FID), which was originally targeted for 2025.

Despite this delay, the JV remains confident in the long-term potential of Dorado and the broader Bedout Basin, with plans to drill further exploration wells in 2026 in line with tenure commitments. Carnarvon Energy remains financially sound, with over A$180 million in cash and a US$90 million development cost carry, positioning it well to navigate these project adjustments. Following the update, the company announced an on-market share buyback of up to 10% of its capital, providing some relief to shareholders. We continue to hold CVN and will closely monitor the company's next steps.

Significant Entries ART, SDR, HUM

During the month, we initiated a position in **Airtasker** (ART), an Australian-founded company that operates a digital marketplace for everyday tasks. The Airtasker platform enables users to post everyday jobs they need completed, specifying details and a suggested payment amount. Individuals willing to complete the work, known as taskers, can then submit their interest and propose their own pricing for the task. The job poster selects the most suitable tasker based on their profile, task history, and ratings. Airtasker generates revenue by charging taskers a service fee, ranging from 12.5% to 20% of the task price, which is deducted upon task completion and payment.

This model has proven highly effective, seeing Airtasker establish a strong market presence in Australia with impressive self-sustaining growth. In FY24, the Australian marketplace delivered $45.2 million in revenue and 24% growth in attributable EBITDA to $31.0 million. After accounting for corporate overheads and innovation investment, Airtasker retained $12.8 million in EBITDA, which is being strategically reinvested in international expansion starting with the UK and US. Early indicators for these new markets are encouraging, with rising gross marketplace volume (total booked tasks multiplied by the average task price) and increasing brand awareness.

At an enterprise value of $170 million, we believe the $13 million in cash flow generated from Airtasker's Australian business provides a solid foundation that limits downside risk. If ART succeeds in scaling its UK and US businesses, the upside remains significant. Given the company's 90%+ gross profit margins and the ability to leverage existing infrastructure without replicating head office costs, both expansion markets could become substantial cash flow contributors at scale. With growth in motion and key catalysts ahead, we remain positive on Airtasker's trajectory and its ability to deliver long-term shareholder value.

We began buying a new high quality technology business in January named **SiteMinder** (SDR). SDR is a hotel technology company that services ~44,500 properties in over 150 countries. SDR operates two hotel management platforms within the hotel/accommodation market, the first one is targeted at small hotel operators of less than 20 rooms, whilst the second platform is target at medium-large hotel operators with more than 20 rooms. The core of SDR's technology platform enables hotel operators to manage rooms, rates and room availability across more than 400 booking channels (e.g. Booking.com, Flight Centre, wholesalers, etc). Additionally, SDR has complimented its core hotel management software with offerings such as a hotel website builder, intelligence and performance reporting, payments capabilities and a white-label booking engine.

We believe the total addressable market for SDR is greater than 1 million properties globally, meaning that SDR is still significantly underpenetrated in its core market (~4%). This leads us to believe that with SDR's track record, innovative product suite and addressable market, the business can deliver greater than 20% revenue CAGR through to FY29. Beginning in FY26, we believe that a lot of this revenue growth from the core and ancillary offering, will begin to drop down to NPAT as the business generates attractive incremental operating margins of 40-50%, which will culminate in attractive FCF.

Outlook

The upcoming half year results in February will provide key insights into how companies have been performing. With inflation trends, interest rate expectations, and geopolitical developments shaping sentiment, investors will be looking for clarity on earnings resilience and forward guidance.

While economic conditions remain mixed, corporate performance has been strong in many sectors, particularly those quality companies benefiting from structural growth trends. However, markets will continue to face unexpected challenges, whether from policy shifts, supply chain disruptions, or global economic uncertainty. We continue to focus on companies with strong fundamentals and pricing power which should be best positioned to weather volatility and capitalise on opportunities.

As always, we remain focused on high quality businesses with strong competitive advantages, solid balance sheets, and compelling growth potential. The broader macro backdrop will continue to evolve, but our disciplined investment approach ensures we are well positioned to navigate uncertainty and deliver strong long term returns.

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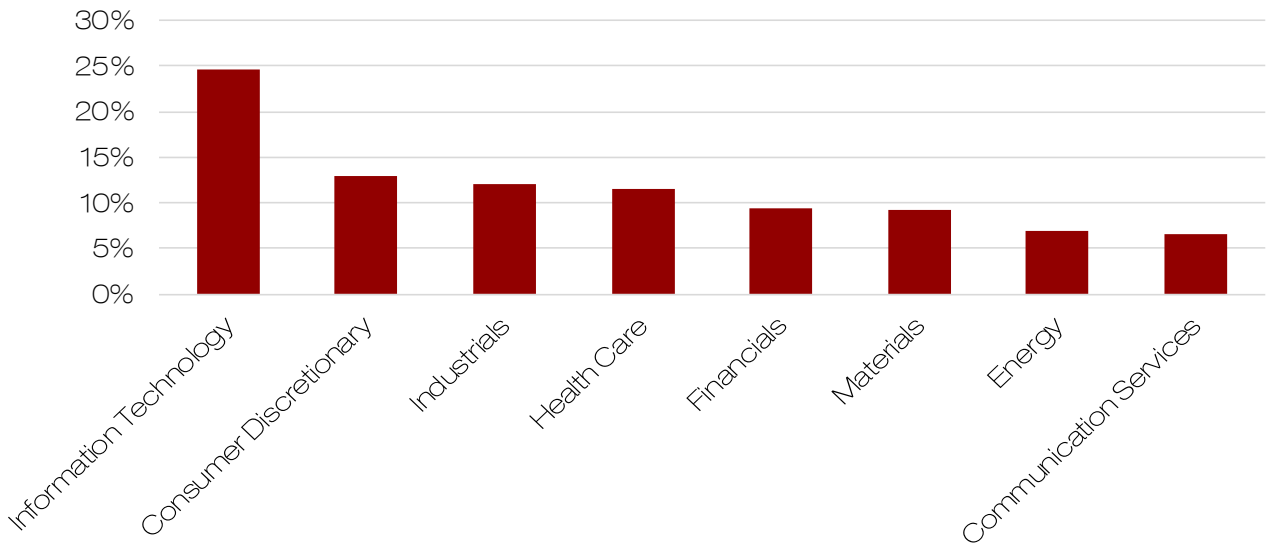
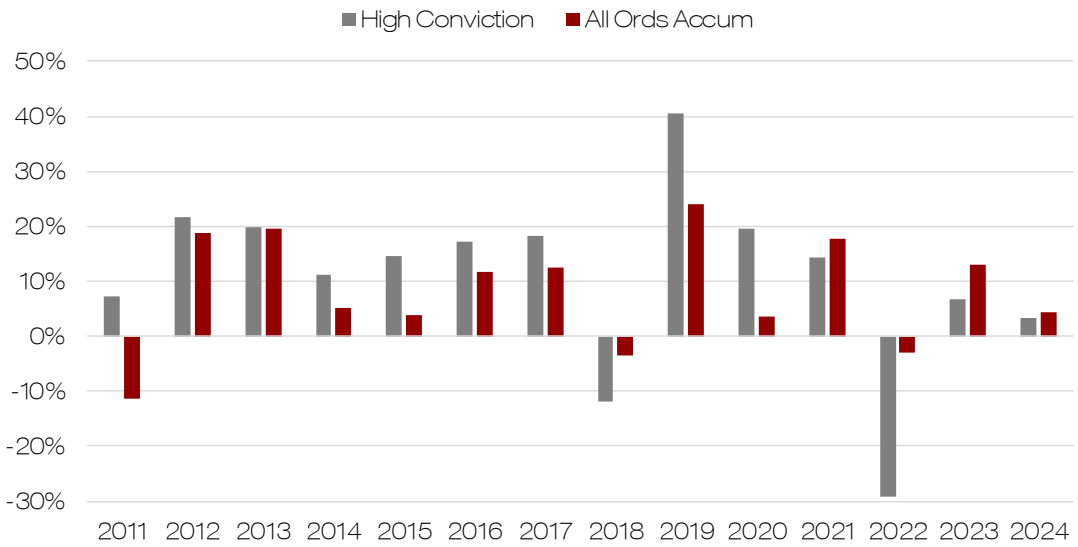
Portfolio Factsheet

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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