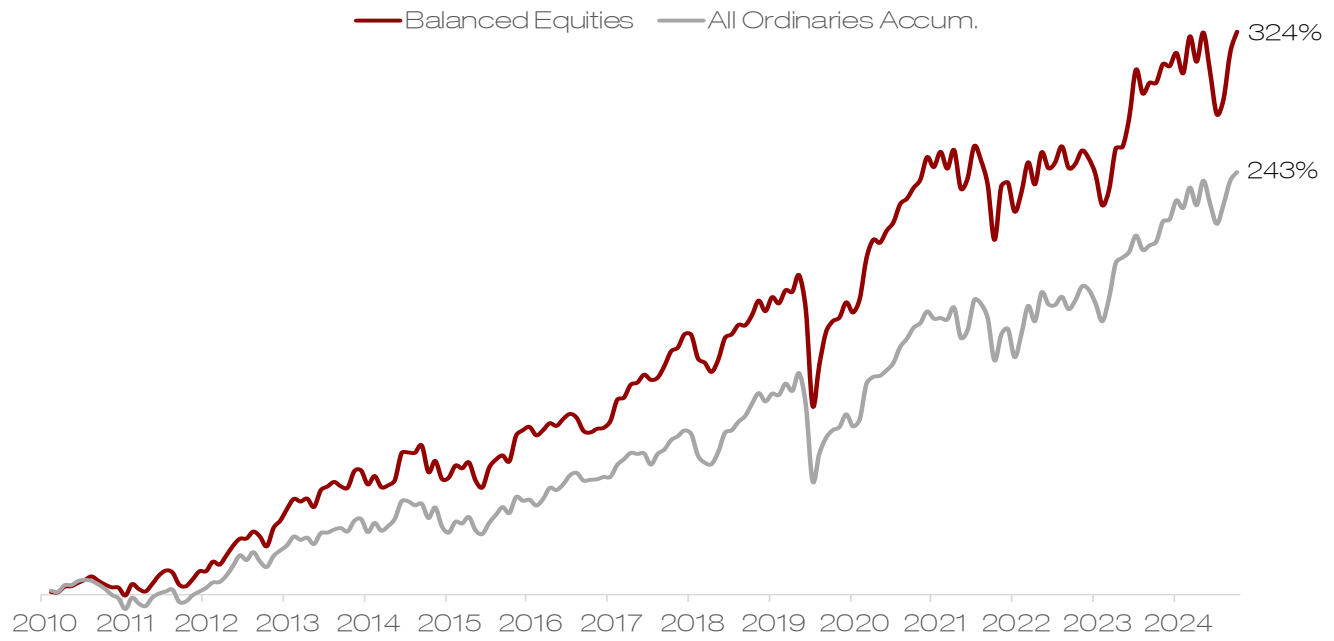
Endeavor Asset Management

Balanced Equities

June 2025

Performance*	Month	Quarter	1 Yr	3 Yr pa.	5 Yr pa.	10 Yr pa.	14 Yr pa.	Inception
Balanced Equities	2.9%	12.7%	7.4%	11.7%	10.5%	9.6%	10.5%	324%
All Ordinaries Accum.	1.4%	9.5%	13.2%	13.5%	12.0%	9.1%	8.9%	243%
Outperformance	1.4%	3.2%	-5.8%	-1.8%	-1.5%	0.5%	1.6%	81%



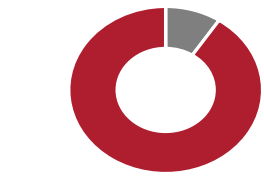
Top Contibutors

Zip Co Ltd
Macquarie Group Ltd
Superloop
Westpac Banking Corp
National Aust. Bank

Top Holdings ASX 200

BHP Group Ltd
Light & Wonder Inc
Macquarie Group Ltd
National Aust. Bank
Worley Ltd

Cash Weighting



Cash9% Equities 91%

Bottom Contibutors

BHP Group Ltd
South32 Ltd
Life360 Inc
Siteminder Ltd
Xero Ltd

Ex 200

EML Payments Ltd
Smart Parking Ltd
Life360 Inc
Superloop

Portfolio Characteristics

Low / Moderate Risk
85% ASX200 Limit
15% Ex200 Limit
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. Top holdings and contributors are listed in alphabetical order. Past performance is not an indicator of future performance.

Portfolio Commentary

Performance Summary

The Balanced Equities Portfolio returned 2.9% for the month and 12.7% for the quarter. Compared to the All Ordinaries Accumulation Index 1.4% for the month and 9.5% for the quarter.

Since inception, the portfolio has returned 324% after fees compared to the benchmark 243%.

Market Overview

The Australian economy remains in reasonable shape. The RBA considered a 50bp rate cut at its last meeting - a signal that there is more policy support to come. Quarterly GDP Growth came in at 0.2%, monthly CPI has eased to 2.1% year on year, unemployment is steady, and discretionary spending is softer. We're in an okay spot, with monetary policy likely to stay accommodative.

In the US, the One Big Beautiful Bill moved closer to law. It locks in a near term strategy of running the USA economy hot via deficit spending while pressuring the Fed to keep rates lower than they arguably should be. Globally, most central banks are shifting toward easing as inflation moderates.

The media briefly tried to stir panic around the US/Iran/Israel conflict. After US airstrikes on Iran, the AFR ran a weekend headline calling for a 10% drop - of course, that didn't happen.

Equity investors have now weathered three sharp market dislocations in five years: COVID in 2020, inflation in 2022, and tariffs in 2025. Each proved to be a great buying opportunity. **From the April low, the Balanced portfolio is up 20%, versus 14% for the All Ords Accum.**

We expect global policy to be clearer by year end, once the full impact of tariffs across sectors is better understood.

Key Movements

A core holding of the Balanced Portfolio is **Macquarie Group** (MQG) which saw its share price increase by 6.8% in June. The business is expected to experience positive impacts from escalating military conflict between Israel and Iran, which drove a rise in oil prices and increased volatility in energy markets. This heightened volatility generally leads to higher revenue for MQG's Commodities and Global Markets (CGM) segment which is forecast to increase by 5-6% year-over-year for FY26. This should deliver approximately 2% of EPS growth to the bottom line.

Telecommunications provider **Superloop** (SLC) was a standout contributor in June. On the back of firm trading conditions, management upgraded FY25 EBITDA guidance to at least $91 million, 6 per cent above the midpoint of the prior range. September's NBN pricing reforms are expected to spark heightened churn across internet service providers; we believe Superloop's value-led offering and growing brand recognition leave it well placed to win share in this environment. Supported by a solid balance sheet, the company should extend its organic growth trajectory in FY26 while retaining the capacity to pursue selective bolt-on opportunities. Over the financial year the shares climbed 87% to $3.05, comfortably ahead of our $1.41 entry price.

Xero (XRO) has agreed to acquire Melio, a US-based payables platform serving small businesses, funding the A$3.9 billion purchase with a A$1.85 billion equity raising. The deal advances Xero's "3 × 3" framework by deepening its presence in its three priority markets, US, UK and Australia, and rounding out its core suite of accounting, payroll and payables products. Strategically the acquisition closes a critical product gap and broadens Xero's US customer reach; however, the consideration is rich and integration is likely to weigh on near-term earnings. We therefore declined to participate in the raising, though XRO remains a core holding.

Commodities were generally weaker in June (ASX 200 Resources Index –2%) which negatively impacted our **BHP** and **South32** (S32) positions. Looking ahead, a trio of supportive macro themes is emerging: governments in the United States, Europe and Asia are pivoting toward growth-oriented fiscal programmes; major central banks have adopted a distinctly dovish tone, signalling lower funding costs and a friendlier backdrop for real assets; and early signs of détente in several geopolitical flashpoints have begun to ease supply-chain frictions and restore trade visibility. Together these dynamics leave high-quality, low-cost producers such as BHP and South32 well placed to recapture recent losses.

Outlook

The policy backdrop is improving. Markets price an 85 % chance the RBA will trim the cash rate by 25 bp at the early July meeting, giving extra support to an economy with low inflation and low unemployment but softer consumer demand.

In the United States, futures still look for at least two Fed cuts before December, and other major central banks are on the same easing path. Together with the One Big Beautiful Bill's deficit fuelled stimulus, this synchronised shift reinforces the run it hot stance in the US.

We remain constructive on FY26. Earnings expectations have reset, and we see room for upgrades in technology, industrials and other quality growth names.

The fiscal impulse is alive in Washington and Canberra, valuations across our portfolio are reasonable, and tariff uncertainty should be resolved by the end of year.

Holding 9% cash, we are ready to deploy into quality growers with pricing power, capital light compounders and mis-priced cyclicals whenever volatility offers an opening. We await August reporting season which often provides attractive entry points.

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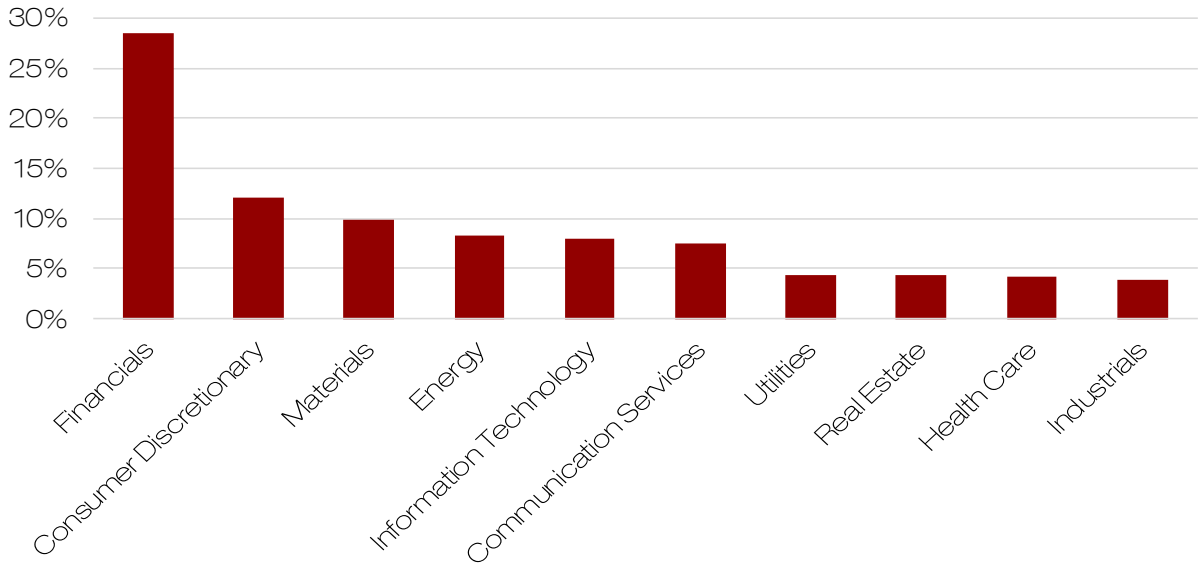
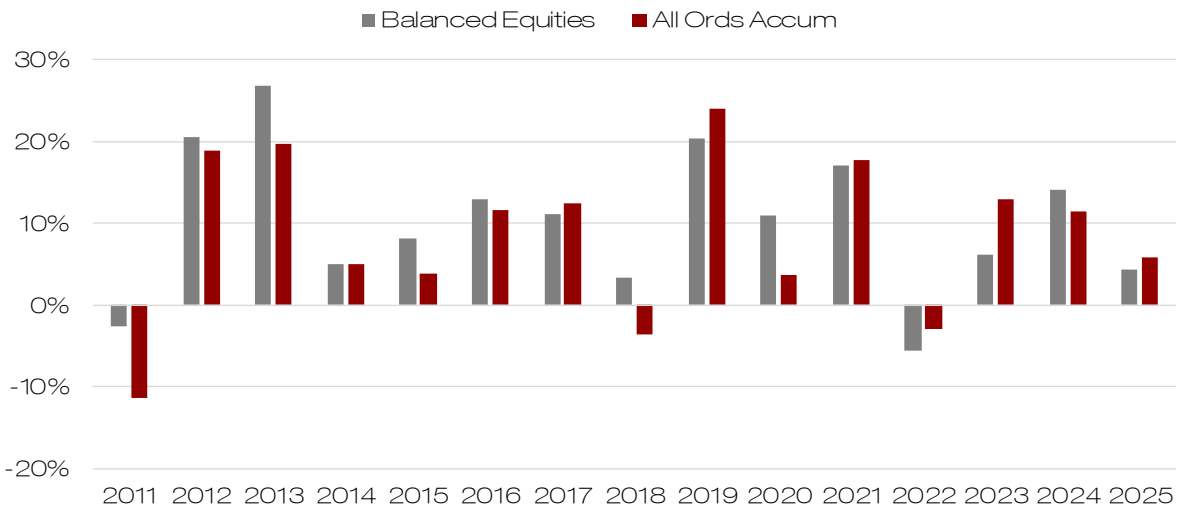
Portfolio Factsheet

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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