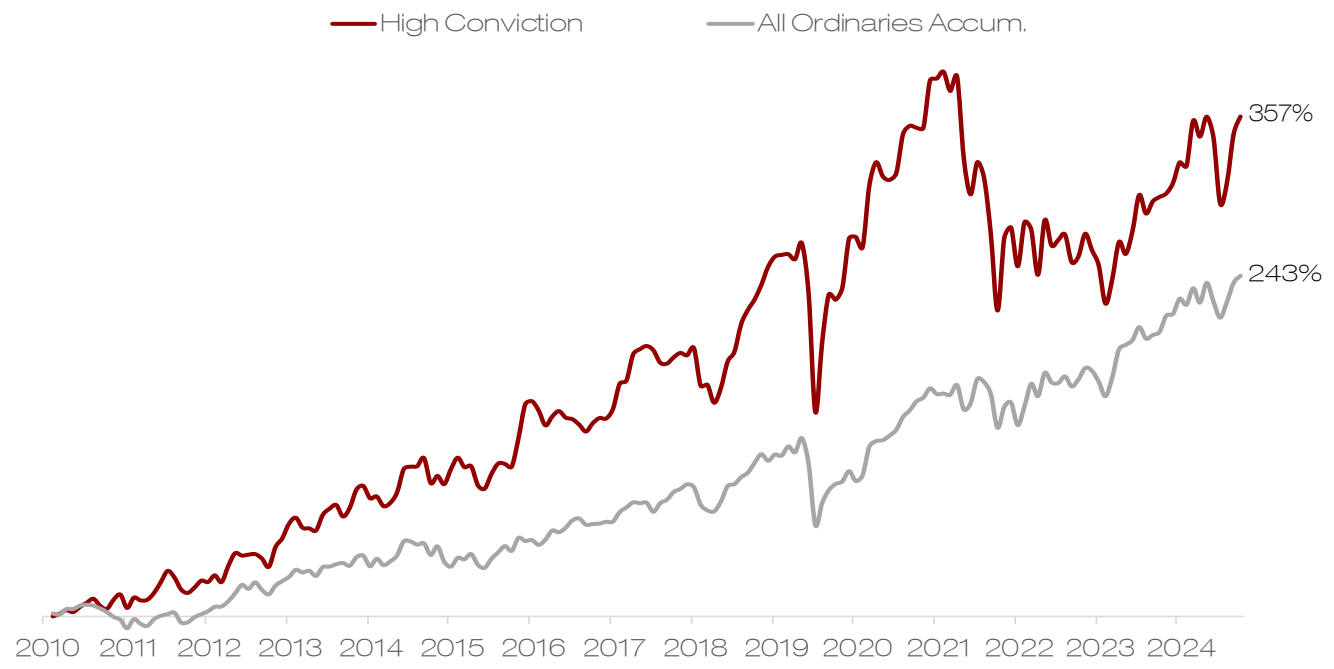
Endeavor Asset Management

High Conviction

June 2025

Performance	Month	Quarter	One Yr	3 Yr pa.	5 Yr pa.	10 Yr pa.	14 Yr pa.	Inception
High Conviction	2.8%	15.8%	14.4%	12.8%	7.0%	8.9%	11.0%	357%
All Ordinaries Accum.	1.4%	9.5%	13.2%	13.5%	12.0%	9.1%	8.9%	243%
Outperformance	1.3%	6.2%	1.2%	-0.7%	-5.0%	-0.2%	2.1%	114%



Portfolio Factsheet

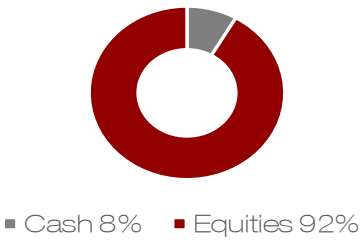
Top Contibutors

Zip Co Ltd
Qoria
Block
Superloop
Clarity Pharmaceuticals Ltd

Top Holdings

Smart Parking Ltd
Light & Wonder Inc
EML Payments Ltd
Zip Co Ltd
Block

Cash Weighting



Bottom Contibutors

Bravura Solutions
Airtasker Limited
IRESS Limited
Polynovo Ltd
Life360 Inc

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

The High Conviction Portfolio returned 2.8% for the month and 15.8% 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 357% 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 High Conviction portfolio is up 24%, 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

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.

Life360 (360) shares eased in June as investors locked in gains after the stock touched record highs in late May. Nonetheless, the company was one of the portfolio's standout performers in FY25, advancing 97%. Rapid subscriber growth, faster advertising monetisation, widening margins and a stronger balance sheet underpinned confidence in the platform's flywheel. We expect advertising to become a more material revenue stream in FY26 and see international markets adding meaningful momentum. After a strong run we trimmed the holding, yet the valuation still offers compelling upside.

Iress (IRE) drifted lower in June. The sale of its Superannuation division to Apex Group is now complete, yet management has held FY25 adjusted EBITDA guidance at $127–135 million, an implicit upgrade given the guidance had assumed a full-year contribution from the divested unit. A slimmer cost base should support organic earnings growth and margin expansion. Trading on 19× forward P/E and 11× EV/EBITDA, the shares look inexpensive, and we used the pull-back to increase our holding.

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.

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 8% 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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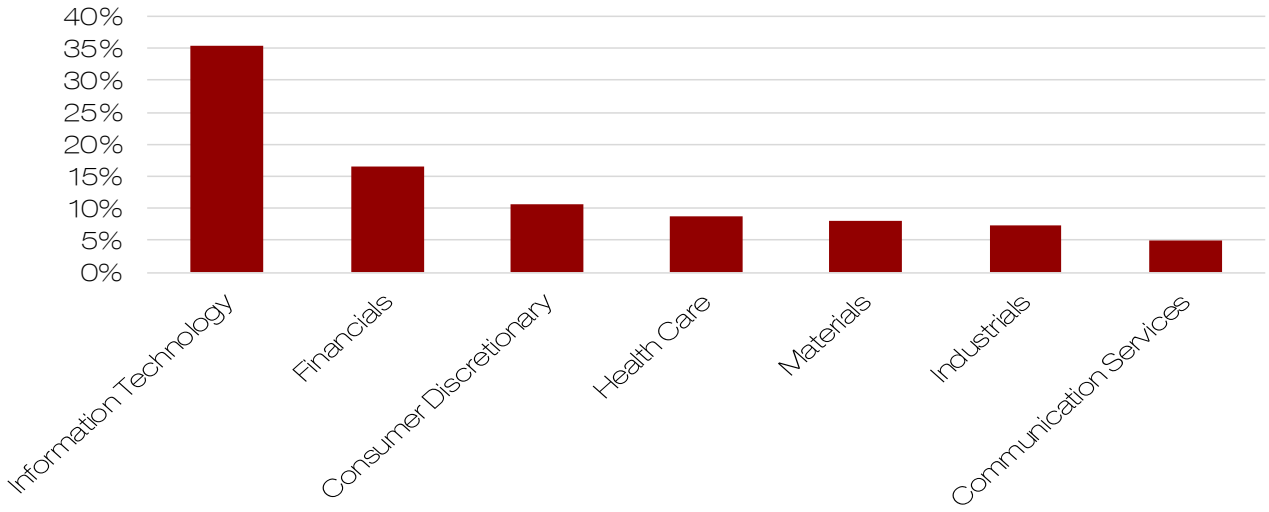
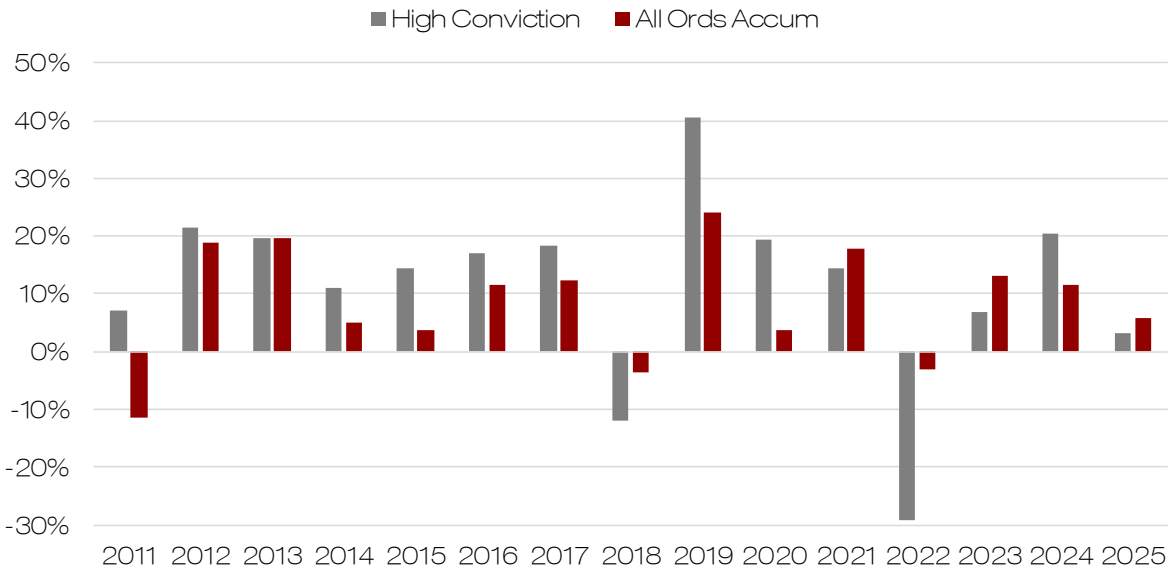
Portfolio Factsheet

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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