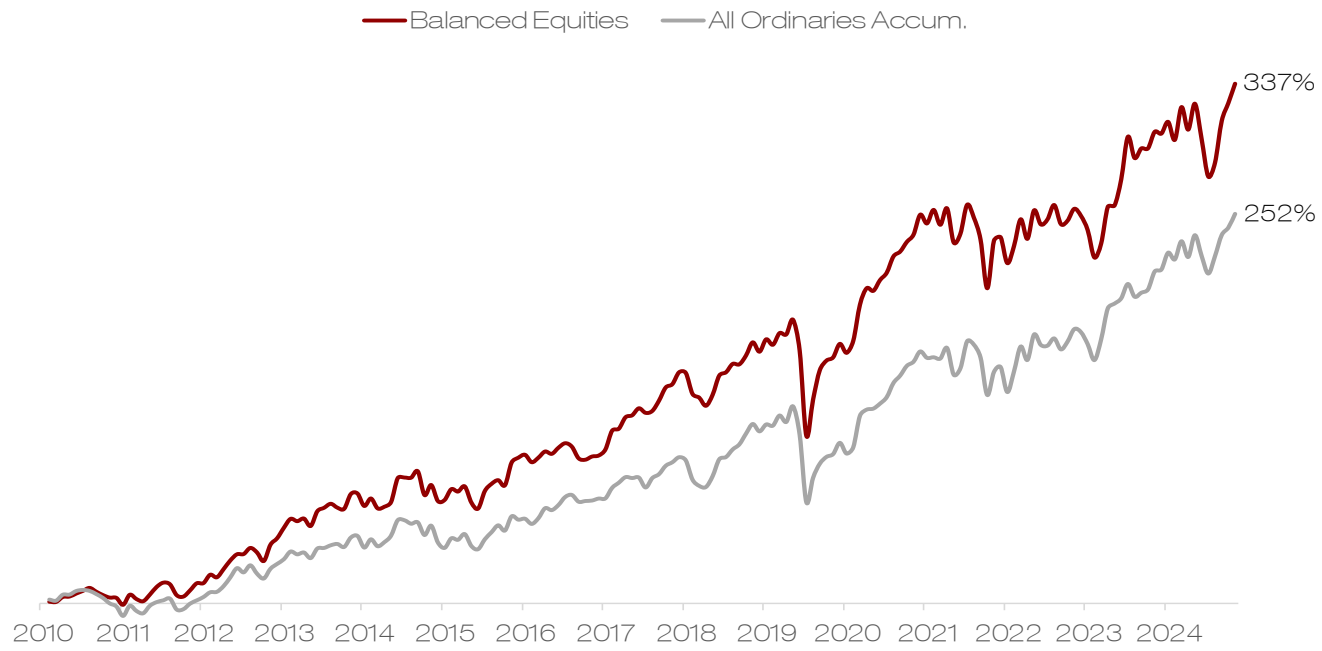
Endeavor Asset Management

Balanced Equities

July 2025

Performance*	Month	Quarter	1 Yr	3 Yr pa.	5 Yr pa.	10 Yr pa.	14 Yr pa.	Inception
Balanced Equities	3.0%	13.3%	7.7%	9.3%	11.0%	9.5%	10.8%	337%
All Ordinaries Accum.	2.6%	8.4%	11.9%	12.1%	12.4%	8.9%	8.9%	252%
Outperformance	0.4%	4.9%	-4.2%	-2.9%	-1.4%	0.6%	1.9%	85%



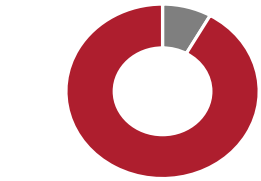
Top Contibutors

Clarity Pharmaceuticals Ltd
Neuren Pharmaceut
Life360 Inc
BHP Group Ltd
Block

Top Holdings ASX 200

BHP Group Ltd
Light & Wonder Inc
Macquarie Group Ltd
Worley Ltd
Wisetech Global Ltd

Cash Weighting



Cash8% Equities 92%

Bottom Contibutors

Smart Parking Ltd
Macquarie Group Ltd
EML Payments Ltd
National Aust. Bank
South32 Ltd

Ex 200

EML Payments Ltd
Smart Parking Ltd
Life360 Inc
Firefly Metals Ltd

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 3.0% for the month compared to the All Ordinaries Accumulation Index return of 2.6%.

Since inception, the portfolio has returned 337% after fees compared to the benchmark 252%.

Market Overview

Australian data softened. Second quarter CPI cooled to 2.1% y/y while unemployment inched up to 4.3%. Futures now price a 90% chance the RBA cuts the cash rate at its 12 August meeting, helping the ASX post its fifth rise in six months. In the United States the Federal Reserve held rates at 4.25% to 4.5% and signalled the next move is likely down. Strong tech earnings pushed the S&P 500 to fresh highs. China's fiscal support is lifting industrial production, and euro area PMIs have firmed. Brent crude is steady near USD 69.

Key Movements

The Balanced portfolio benefitted from strong performance in healthcare, with **Clarity Pharmaceuticals** (CU6) and **Neuren Pharmaceuticals** (NEU) both rising meaningfully in July. In February, we rotated out of CSL and redeployed capital into CU6 and NEU, reflecting our view that these emerging names offered greater upside potential. Since the switch, CU6 and NEU have returned +23% and +24% respectively, significantly outperforming CSL, which has risen just +1% over the same period.

Clarity was a standout in July, with strong anticipation building around its upcoming co-PSMA trial, which will directly compare its prostate cancer imaging agent against the current standard of care. The Company also completed a $203 million equity raise during the month at a premium to the prevailing share price, an encouraging signal of investor confidence. Well capitalised and with multiple shots on goal across its oncology pipeline, we see material upside should the co-PSMA trial deliver a favourable readout.

Shares in **BHP** rose 7% in July as Beijing's latest infrastructure-focused stimulus revived demand expectations for steel-linked commodities and lifted the benchmark iron-ore price 6%. The company's fourth-quarter FY25 result beat on most metrics, with FY26 guidance broadly matching consensus. While analysts expect iron-ore prices to ease in FY26 as new supply enters the market, that headwind is well understood and leaves room for upside risk. BHP trades on 13 times forward earnings and offers a fully franked 4.2% yield.

Worley (WOR) will release its full-year results in late August. The share price has been weighed down in recent months by oil-price volatility and uncertainty over the timing of Venture Global's US$27 billion CP2 LNG development, where Worley is the lead EPC contractor. That overhang eased in July when Venture Global issued Worley a full notice to proceed on the project's first phase, a milestone that will materially expand the company's backlog. We will also listen out for signals of process automation and offshoring of selected functions that could unlock operating leverage. Trading at around 10x FY26 EV/EBIT, close to multi-year lows, with EPS expected to grow roughly 15 % per annum, Worley looks compelling value.

Macquarie Group (MQG) declined by 5.0% during July following a soft start to the financial year reporting that its commodities division's income was down and the asset management division negatively affected by timing of transactions. Additionally, the resignation of Alex Harvey (CFO) due to finish in mid-2026, as well as the future CEO succession planning has weighed on the share price. Lastly, the board was at risk of receiving their first strike on the remuneration report at the AGM. This follows a period of regulatory issues and the need to increase capital going forward (limiting future dividend growth). We reduced the size of the Portfolio's investment in MQG during July but continue to prefer it as our long-term banks' exposure.

Significant Entries and Exits

The Balanced Equities Portfolio re-entered **Aurizon Holdings** (AZJ) in July primarily due to its stable infrastructure like earnings profile and expectation of a valuation re-rate as the company transitions from thermal coal to higher bulk earnings. With the company trading on 12.50x P/E and offering a greater than 6.0% dividend yield, we think the Portfolios are being well compensated for holding this strategic asset. The transition has not been smooth sailing thus far (the original reason we exited the stock in November 2024), we're confident the company has turned a corner now. A significant positive is the winning of the BHP Copper haulage contract in South Australia, viewed as a crucial step for the Bulk business. Additionally, the consolidation of the Bulk and Containerised Freight segments is expected to yield operational benefits. We expect the FY25 result to be a low in the earnings cycle for AZJ and begin to get YoY upward revisions going forward. The business has ample capacity to expand within its existing infrastructure footprint, with significant growth potential from new volumes in the Bulk Central region, especially given BHP's longer-term expansion ambitions. Cost reduction initiatives, normalization of coal volumes, and further bulk contract wins are identified as key catalysts to drive future earnings growth and close the valuation gap.

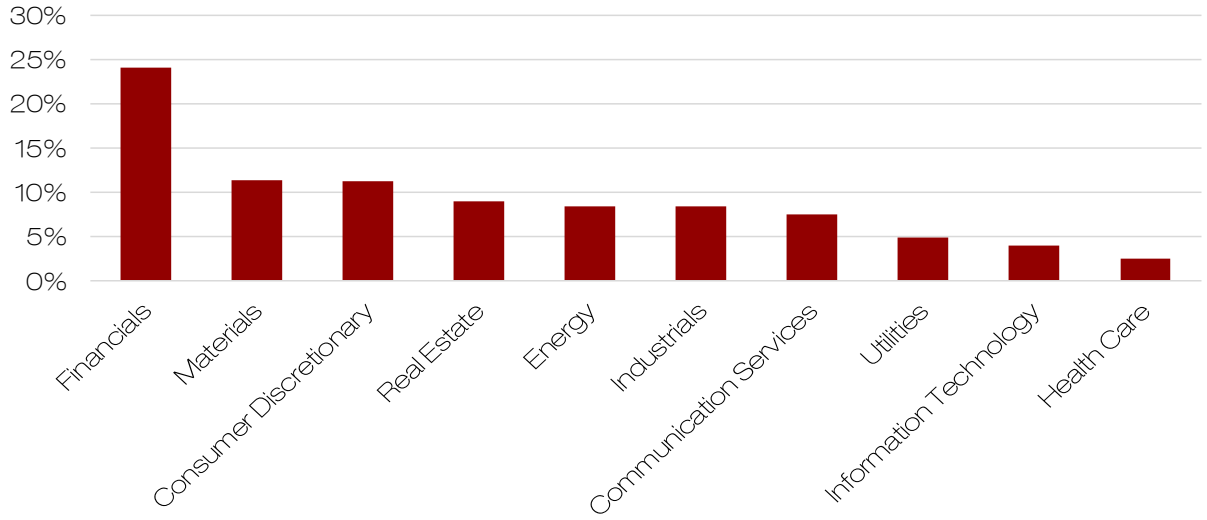
Outlook

A mix of easier monetary policy, stable economies and ongoing fiscal support underpins our constructive view for the next six to twelve months. Geopolitical headlines will add short term noise, but the medium term path for earnings growth looks clearer than it has in some time. We enter FY26 positioned for opportunity and confident that our process will continue to deliver attractive returns.

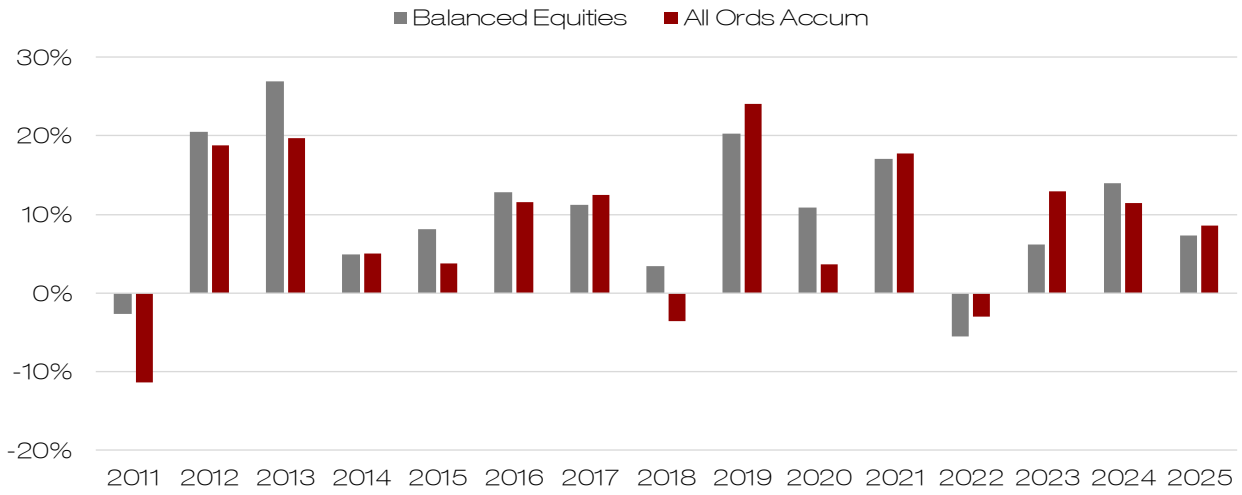
*Note: Performance of the strategy group is representative of individual client portfolios, although performance can differ due to inherent differences between clients' portfolios such as initial entry timing, legacy holdings or requested stock exclusions. Performance measured is after fees, taxes and 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.