

# First Sentier Ex-20 Australian Share Portfolio

Quarterly Factsheet

30 June 2025

For Adviser use only

## Portfolio Description

A portfolio of 20-50 stocks that is benchmarked against the S&P/ASX 300 Accumulation ex the S&P/ASX Top 20 Index. As a result, the Portfolio will not hold the larger financials and resource companies that dominate the S&P/ASX Top 20 Index, focussing instead on the small to medium sized companies in its benchmark. Up to 10% can be held in cash with a minimum of 1%.

## Investment Strategy

We believe stronger returns are achieved by investing in growing companies that generate consistent returns and reinvest above their cost of capital. In-depth industry, stock and valuation analysis is the foundation of our process. By tapping into the broader opportunity set of the S&P/ASX 300, the Portfolio is able to diversify away from the larger financials and resources companies that dominate the S&P/ASX 20 Index and focus on medium to small cap, quality Australian companies with strong balance sheets, earnings growth and high or improving returns on invested capital.

## Investment Objective \*

To provide higher long-term capital growth with some income by investing in the broader set of Australian companies in the S&P/ASX 300, but outside the S&P/ASX 20 Index. The Portfolio aims to outperform the S&P/ASX 300 Accumulation Index ex the S&P/ASX Top 20 Index over rolling three year periods before fees.

## Key Investment Personnel and Experience (Industry / Firm)

Dushko Bajic	Head of Australian Equities Growth	(1996 / 2014)
David Wilson	Deputy Head	(1987 / 2015)
Christian Guerra	Head of Research	(1996 / 2016)

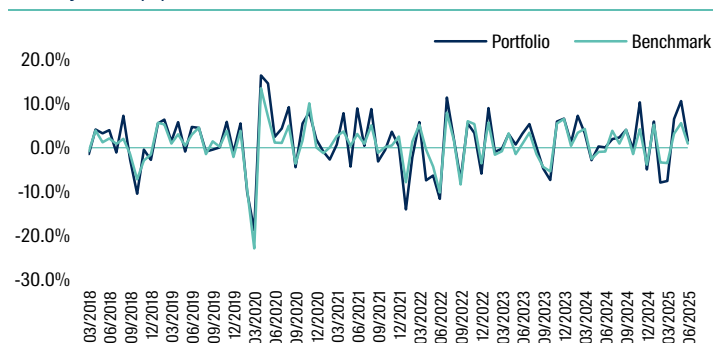
## Product Overview

Inception date	23 March 2018
Benchmark	S&P/ASX 300 Ex S&P/ASX 20 Total Return Index
Target Asset Allocation **	Australian shares 90-99% / Cash 1-10%
Number of stock holdings	Typically 20-50
Minimum investment	As per platform provider
Managed account fee (p.a.)***	0.75%

## Standard Risk Measure

Risk band / label	7 - Very High
Suggested time frame	7 years

## Monthly return (%)



## Top 10 holdings

Stock
AUB Group
HUB24
Pro Medicus
REA Group
ResMed
Sigma Healthcare
Steadfast
Technology One
WiseTech Global
Xero

Sorted alphabetically

## Performance summary (%)

Period	3mth	6mth	1yr	2yr	3yr	5yr	SI
Net return	19.8	8.1	22.7	18.8	20.8	12.7	13.8
Benchmark return	10.1	8.0	16.4	11.8	12.8	10.3	8.2
Excess net return	9.8	0.0	6.3	7.0	7.9	2.4	5.6

Past performance is not a reliable indicator of future performance.

## Risk Characteristics

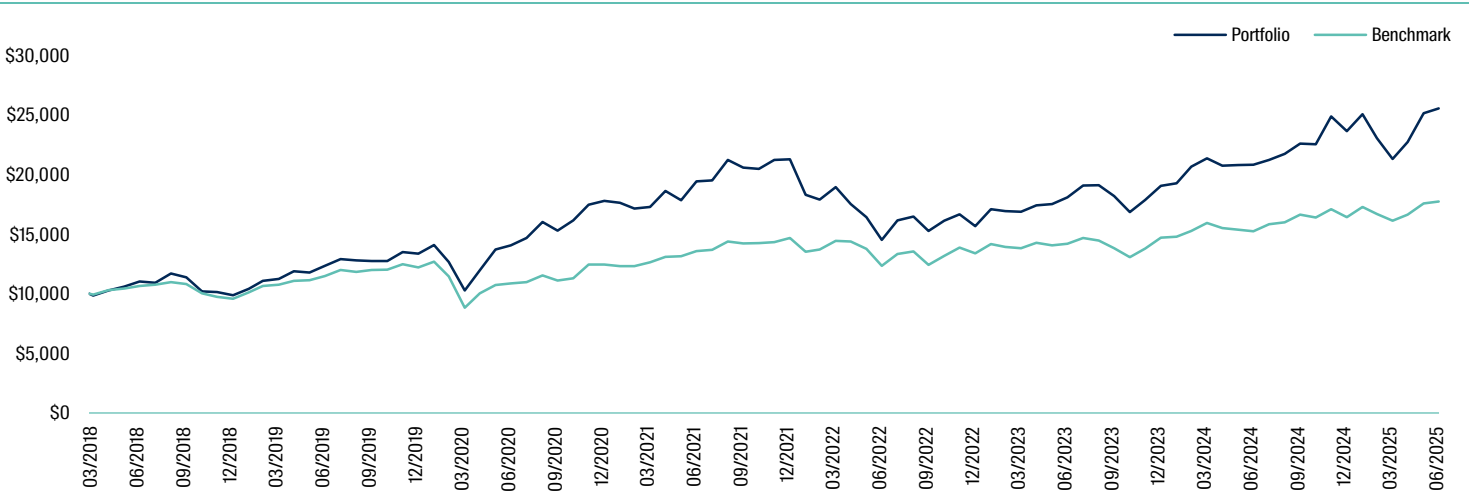
Period	1yr	2yr	3yr	5yr	SI
Portfolio standard deviation (%)	20.7	18.3	18.2	19.9	21.3
Benchmark standard deviation (%)	11.8	12.5	13.6	14.0	16.8
Tracking error (%)	10.8	8.4	7.8	9.7	9.2
Portfolio Sharpe ratio	0.9	0.8	0.9	0.5	0.5
Information ratio	0.6	0.8	1.0	0.2	0.6
Beta	1.6	1.4	1.2	1.3	1.2

\* Investment objective is not a forecast and returns are not guaranteed.

\*\* The target asset allocation should only be used as a guide. The portfolio managers aim to maintain each portfolio within target investment allocation ranges, however, the actual asset allocation may vary from the target investment allocation.

\*\*\* Additional fees and charges may apply. Please consult your platform provider.

Growth of AUD 10,000 Investment Since Inception



Top 5 attributors to performance (3 months)

Sector	Attr.
Information Technology	4.47%
Health Care	2.41%
Financials	1.62%
Materials	0.68%
Consumer Staples	0.33%

Top 5 detractors to performance (3 months)

Sector	Attr.
Industrials	-0.23%
Energy	-0.19%
Consumer Discretionary	0.08%
Communication Services	0.25%
Utilities	0.30%

Data source: First Sentier Investors 2025  
Data as at: 30 June 2025

Market Review

Australian equities delivered a strong performance in the June quarter, with the S&P/ASX 300 ex 'Top 20' Total Return Index surging 10.1%. The quarter began with heightened volatility, driven by tariff-related announcements from the U.S. and rising tensions with China. Despite these headwinds, the Australian market demonstrated resilience, supported by the country's relative economic insulation and a subsequent softening in global trade rhetoric. Market sentiment improved further as trade negotiations progressed and corporate updates during annual conferences painted a broadly positive picture. While geopolitical tensions in the Middle East increased volatility in June, solid trading updates across several sectors helped sustain positive momentum.

The Information Technology sector (+26.9%) rebounded strongly in the June quarter, driven by a number of strong trading updates and company earnings results. The rally was led by Life360 (+62.4%), which surged after reporting strong user growth and a 31% increase in quarterly revenue. TechnologyOne (+47.5%) impressed investors with its half-year earnings and lifted its FY30 target to over \$1 billion in annual recurring revenue. WiseTech Global (+34.2%) continued its upward trajectory, buoyed by its largest-ever acquisition US-based E2open for US\$2.1 billion.

Strong gains in uranium stocks contributed positively to Energy sector's performance (+17.0%). Boss Energy (+88.3%), Paladin Energy (+57.9%), and Deep Yellow (+57.5%) rallied on the back of rising uranium prices, boosted by news of a \$200 million physical uranium purchase by asset manager Sprott and supportive U.S. executive orders aimed at accelerating nuclear energy development. In contrast, oil-exposed names such as Beach Energy (-8.0%) and Amplitude Energy (0.0%) underperformed, reflecting earlier weakness in crude prices.

The Consumer Staples sector experienced a slight decline of 0.2%, underperforming the broader market. Treasury Wine Estates was the worst performer in this area of the market, declining by -20% after investors reacted to softer wine export data and potential impact of tariffs on consumer demand, coupled with a series of negative trading updates including announcing its CEO is stepping down and downgrading its earnings expectations for the Penfolds business. This decline more than offset a positive contribution from Metcash (+23.7%) which rallied after releasing its FY25 earnings result.

The Utilities sector lifted 'only' by 2.0% and was weighed down by AGL Energy (-7.5%). Origin Energy (+2.5%) was softer in May after downgrading its FY25 guidance for Octopus Energy, expecting a loss in the range of \$0 to \$100m compared to previous guidance of up to \$100m. The energy provider cited unseasonably warm weather impacts in the UK and one-offs related to the UK governments price guarantee subsidy.

Portfolio Performance

The Ex-20 Australian Share Portfolio delivered a return of +19.8% in the June quarter after fees, outperforming its benchmark, the S&P/ASX 300 ex "Top 20" Total Return Index, by +9.8%.

Contributing to the Portfolio's outperformance was its overweight positions in logistics solutions company WiseTech Global Ltd (WTC) and medical imaging software company Pro Medicus (PME). WiseTech Global rallied 34.2% higher. The company announced the acquisition of U.S.-based supply chain software provider E2open for US\$2.1 billion, a move that significantly expands WTC's addressable market by extending its reach into cargo owners and shipping companies. This acquisition provides an opportunity to enhance the CargoWise ecosystem and supports the creation of a fully integrated digital platform across the global logistics chain. We were also pleased with WTC's leadership updates over the period, including the formal appointment of founder Richard White as Executive Chair and Chief Innovation Officer and the appointment of two new independent non-executive directors. With a dominant market position, a robust product pipeline, and growing demand for its customs and freight forwarding solutions, particularly amid evolving U.S. trade policy, we believe WTC remains well-positioned to capitalise on structural tailwinds in global logistics.

Pro Medicus lifted by 42.7% in the June quarter and materially outperformed the broader market. The company announced a multi-year research collaboration with the University of California San Francisco (USCF), aimed at advancing its Visage AI capabilities. We believe the partnership underscores PME's robust product development efforts, reinforcing its leadership in cloud and technology solutions. Additionally, the signing of a \$20 million, five-year full-

stack contract with the University of Iowa further validated its reputation for delivering scalable, best-in-class technology. These developments reinforce PME's industry leading position, pricing power and ability to drive sustained revenue growth through continued market penetration and contract renewals with existing clients.

Somewhat offsetting these positive contributions were negative contributions from the Portfolio's overweight position in Mexican food chain Guzman Y Gomez (GYG) and zero-weight position in logistics solutions company Brambles (BXB). Guzman Y Gomez declined by 12.2%. In April the company reported a strong third-quarter sales result, with an 11.1% like-for-like growth and a ~23% increase in overall sales, underscoring the robustness of its business model. With >211 stores currently in Australia and a target of 1,000, we are drawn to the company's extensive growth pipeline. Additionally, GYG's financial model boasts a 50% return on investment for corporate stores, which exceeds that of most peers, presenting a significant growth opportunity as GYG seeks to expand in the U.S. and Japanese markets.

Brambles lifted 16.9% higher in the June quarter. In April, the company provided a trading update for the first nine months of FY25 which featured sales revenue rising by 3% at constant FX rates, driven by 2% price realisation and 1% volume growth. Divisionally, CHEP Americas, EMEA and Asia-Pacific sales respectively grew by 4%, 1% and 2%. BXB upgraded its FY25 free cash flow guidance by US\$50 million to US\$900-1,000 million and narrowed its sales revenue guidance from 4-6% to 4-5%.

#### Portfolio Activity

During the quarter, we diversified the Fund's gold exposure by adding two new miners. One low-cost, open-cut gold producer operating in Western Australia. The company currently manages a single producing asset and is nearing final approvals for a second project, expected to yield approximately 150,000 ounces of gold annually over a 15-year mine life. Recent exploration success has enhanced the potential for future underground development once production commences.

The second new gold miner holds two key assets in Western Australia: one is a shorter-life gold operation acquired in 2024, with potential for life extension under favourable gold price conditions; the other is a nearby gold-copper development project, now fully owned after increasing its stake from 30% to 100%. The development is considered low-cost and longer-life, located approximately 55km from the operational site. The company currently maintains a net cash position of around \$400 million.

Conversely, we exited our position in Block (XYZ) following a disappointing 1Q25 result in May. The lack of explanation for weak trading, coupled with a break in pattern of beating earnings guidance, has led to us losing confidence in the company and its ability to deliver quality earnings growth.

We exited our position in ARB Corporation (ARB) due to increasing macroeconomic headwinds. The business is facing pressure from subdued consumer demand, driven by cost-of-living challenges in both Australia and the U.S., which are expected to weigh on car sales in the short to medium term. While lower interest rates may eventually support a recovery, recent tariff changes have negatively impacted imports into the U.S., posing an additional risk to demand. ARB is also a significant user of steel and aluminium—materials that have been disproportionately affected by these tariff adjustments. Given the near-term earnings risk in this environment, we have chosen to divest.

#### ESG Activity

Corporate governance was topical in the June quarter due to some noteworthy developments, including the James Hardie acquisition of The AZEK Company (AZEK), the challenge to RIO Tinto's dual listed share structure, and multiple changes to company boards.

James Hardie's US\$9 billion acquisition of Azek was particularly controversial because it resulted in James Hardie shifting its primary listing to the New York Stock Exchange without James Hardie shareholders having a say in the move. Additionally, the ability to avoid a shareholder vote was possible because of a gap in the ASX listing rules and a waiver from the Australian Stock Exchange. The move to the NYSE was concerning because it enables JHX to seek to excuse itself from all ASX listing rules in future, a point we raised with the JHX board in April. JHX has since said it will not head down this road without shareholder approval, and that it will continue to put executive pay to a shareholder vote.

On climate and decarbonisation, both Santos and Woodside moved closer to obtaining the approvals they need to pursue the Narrabri and North West Shelf extension projects, but both received legal appeals from activists within weeks of making announcements of progress. In both cases, activists are appealing the way in which emissions were considered by courts and regulators, respectively. For both companies, project uncertainty remains.

In the June quarter, we raised ESG issues with companies including Woodside, James Hardie, JB Hi-Fi, Macquarie Group, CSL, BHP and National Australia Bank.

#### Market Outlook

Investor sentiment has shifted back toward high-quality growth names, following a period of caution driven by global policy uncertainty. As attention returns to company fundamentals and the delivery of growth against expectations, we anticipate this trend will continue into the August reporting season. While macroeconomic volatility remains a feature of the landscape, we continue to be optimistic about Australian companies, supported by a stable domestic economic backdrop, characterized by low unemployment, inflation within the RBA's target range, and healthy credit growth.

We will continue to focus on investing in businesses that can lift productivity for their customers and are at the centre of solving problems that are faced by individual businesses and the wider economy. We are focused on identifying companies that can 'run their own race' and don't need an uplift in activity from lower interest rates or pricing derived from general inflation in order to deliver strong top-line and earnings growth at attractive returns on invested capital.

Any apparent discrepancies in the numbers are due to rounding. Performance returns are calculated net of management fees and transaction costs. Performance returns for periods greater than one year are annualised.

**Portfolio Beta** measures the portfolio's sensitivity to benchmark movements. Mathematically, it is the covariance of the portfolio vs the benchmark divided by the variance of the benchmark. The covariance and variance are ex ante calculations based on current weights and historic patterns of return over the past five years.

[www.firstsentierinvestors.com.au](http://www.firstsentierinvestors.com.au)

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