

# Vinva Australian Equity Fund

Exposure to a diversified portfolio of equities using an active systematic investment approach.



APIR: MGE2445AU | ARSN: 681 452 013

QUARTERLY REPORT

31 DECEMBER 2024

INVESTMENT STRATEGY	OBJECTIVE	INVESTMENT APPROACH	INVESTMENT RISKS
The Fund invests substantially all of its assets in the Vinva Australian Equities Fund, (the “Underlying Fund”), a registered managed investment scheme managed by Vinva Investment Management Limited. The Underlying Fund, invests substantially all of its assets in Australian listed securities (or derivatives that provide exposure to Australian listed securities or indices).	The primary objective of the Fund is to outperform the return of the S&P / ASX 300 Accumulation Index over periods of three years or longer.	Vinva uses an active systematic investment approach which harvests returns from Australian listed companies using a disciplined and repeatable process. The Underlying Fund’s portfolio will typically comprise over 90 investments. The Underlying Fund is managed to be style neutral and therefore not expected to be materially correlated to a single company, or to industry specific or macroeconomic risks.	All investments carry risk. While it is not possible to identify every risk relevant to an investment in the Fund, we have provided details of risks in the Product Disclosure Statement. You can view the PDS for the Fund on Magellan’s website <a href="http://www.magellangroup.com.au">www.magellangroup.com.au</a> .

## FUND FACTS

FUND SIZE	BUY/SELL SPREAD	DISTRIBUTION FREQUENCY	MANAGEMENT AND PERFORMANCE FEES <sup>1</sup>	INCEPTION DATE
AUD \$0.5 million	0.25% / 0.25%	Annually	0.70%	22 October 2024

## PERFORMANCE<sup>2</sup>

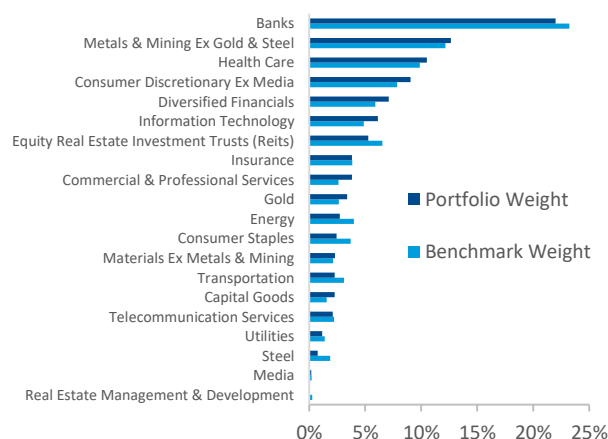
	1 MONTH (%)	SINCE INCEPTION (%)
Vinva Australian Equity Fund	-2.7	0.9
S&P/ASX300 Accumulation Index	-3.1	-0.1
Excess	0.4	1.0

Past performance is not a reliable indicator of future performance.

## UNDERLYING FUND - TOP 10 HOLDINGS<sup>3</sup>

STOCK	%
Commonwealth Bank of Australia	9.2
BHP Group Limited	9.1
CSL Limited	5.3
National Australia Bank Limited	4.2
ANZ Group Holdings Limited	4.0
Westpac Banking Corporation	3.3
Aristocrat Leisure Limited	2.7
Goodman Group	2.7
Rio Tinto Limited	2.5
Brambles Limited	2.2
Ex-top 10	54.7
Total	100.0

## UNDERLYING FUND - SECTOR WEIGHTS COMPARED TO BENCHMARK<sup>4</sup>



<sup>1</sup> Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST.

<sup>2</sup> Calculations are based on exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable). Returns are calculated by Magellan and denoted in AUD.

<sup>3</sup> Source: Vinva Investment Management. Portfolio holdings are based on the Underlying Fund.

<sup>4</sup> Source: Vinva Investment Management. Based on Vinva defined sectors. Portfolio exposures are based on the Underlying Fund.

## MARKET REVIEW

The S&P/ASX 300 Accumulation Index returned -0.8% in the December quarter.

Australian equities declined over the quarter, with a gain in November insufficient to offset losses in December and October. A combination of rising US yields and weaker domestic economic data were the primary drivers of the decline. Australia's Q3 GDP came in below consensus expectations, rising only +0.3% QoQ. Household consumption remained flat, with public sector demand accounting for most of the growth. On a per capita basis, this marked the seventh consecutive quarterly decline (-0.3% QoQ). The RBA acknowledged the weaker-than-expected data when communicating its decision to hold rates unchanged at 4.35% at its December meeting. The statement and comments from Governor Bullock were received as dovish by the market, raising expectations of a rate cut in February to 60%. Monthly trimmed mean CPI for October rose to +3.5%, driven by an increase in rents and household goods and the Australian 10-Year bond yield rose +39bps over the quarter. However, the economic backdrop remains mixed. House price growth has continued to slow (+5.4% YoY, down from +6.7% YoY at the start of the quarter), with Sydney and Melbourne prices experiencing continued monthly declines. The NAB Business Survey revealed weaker confidence and current conditions at their worst levels since August 2020. Weakness was broad-based, with trading conditions and profitability experiencing significant declines.

Financials (+5.8%) was the best-performing sector over the quarter, led by Block (+46.3%) and HUB24 (+19.2%) while Materials (-11.7%), dragged down by Mineral Resources (-34.1%) and Pilbara Min (-33.0%), underperformed the broader market. At a stock level, the best performers included Block (+46.3%), Pro Medicus (+40.3%) and Computershare (+34.3%) while Paladin Energy (-34.5%), Mineral Resources (-34.1%) and Pilbara Min (-33.0%) were amongst the biggest laggards.

## FUND HIGHLIGHTS

The Vinva Australian Equity Fund had positive alpha since its inception on 22 October 2024, outperforming the benchmark by 1.0%. As the Fund invests substantially all of its assets in Vinva Australian Equities Fund (Underlying Fund), the commentary below is provided in relation to the investments held by the Underlying Fund.

Underlying Fund performance was driven by positive contributions from behavioural, quality and valuation signals, partially offset by weakness from short horizon signals. Stock specific performance was positive during the quarter.

The biggest stock contributors to performance included an overweight position in Block (+26bps) and an overweight position in Qantas Airways (+22bps). Block (SQ2) outperformed after reporting strong Q3 results in November, including total revenue of \$5.98B (+6% YoY) and solid gross profit growth of +14% YoY. Cash App performed particularly well with gross profit +21% YoY and increased user metrics. SQ2 also upgraded FY24 guidance, targeting \$3.0bn in EBITDA. A strong Black Friday and Cyber Monday period saw consumer transactions rise +17% YoY. The overweight position in SQ2 is driven most significantly by our behavioural signals. Qantas (QAN) outperformed after reporting strong operational momentum with a +4% YoY increase in domestic passenger numbers for the September quarter. Improved Revenue per Available Seat Kilometre (RASK) due to lower domestic capacity, better international volumes and lower fuel costs were also positives. The overweight position in QAN is driven most significantly by value signals.

An overweight position in Resolute Mining (-18bps) detracted from performance during the quarter. Resolute Mining (RSG) underperformed after the CEO and two other employees were detained in November by Malian government officials over an alleged tax dispute. RSG agreed to pay US\$160m and signed a memorandum of understanding (MoU) with the government which includes agreement to migrate to the 2023 mining code. The MoU secured the release of the three employees, but uncertainty remains regarding the details of any final agreement with the government. The overweight position in RSG is driven primarily by value signals.



To find out more about our Vinva systematic equity funds, please contact Magellan on:

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