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 MARCH 2025

INVESTMENT STRATEGY

The Fund invests substantially all of its assets in the Vinva Australian Equites 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).

OBJECTIVE

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.

INVESTMENT APPROACH

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.

INVESTMENT RISKS

All investments carry risk, returns are not guaranteed and there is a risk that investors may lose money on any investment they make. The Fund's Product Disclosure Statement (**PDS**) sets out the significant risks relevant to the Fund. You can view the PDS at www.magellangroup.com.au.

FUND FACTS

FUND SIZE	BUY/SELL SPREAD	DISTRIBUTION FREQUENCY	MANAGEMENT FEES[1]	INCEPTION DATE
AUD $0.5 million	0.15% / 0.15%	Annually	0.70%	22 October 2024

PERFORMANCE[2]

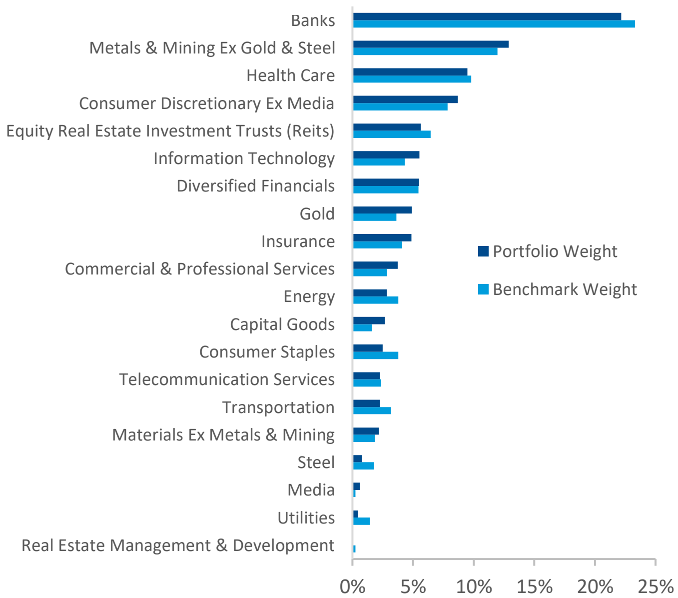
	1 MONTH (%)	3 MONTHS (%)	SINCE INCEPTION (%)
Vinva Australian Equity Fund	**-3.3**	**-2.9**	**-2.1**
S&P/ASX300 Accumulation Index	-3.3	-2.9	-2.9
Excess	0.0	0.0	0.8

Past performance is not a reliable indicator of future performance.

UNDERLYING FUND - TOP 10 HOLDINGS[3]

STOCK	%
Commonwealth Bank of Australia	10.0
BHP Group Limited	9.1
ANZ Group Holdings Limited	4.7
CSL Limited	4.2
National Australia Bank Limited	3.7
Westpac Banking Corporation	3.4
Goodman Group	2.6
QBE Insurance Group Limited	2.5
Wesfarmers Limited	2.3
Brambles Limited	2.2
Ex-top 10	55.3
Total	100.0

UNDERLYING FUND - SECTOR WEIGHTS COMPARED TO BENCHMARK[4]



[1] Transaction costs may also apply – refer to the Product Disclosure Statement. All fees are inclusive of the net effect of GST.
[2] 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.
[3] Source: Vinva Investment Management. Portfolio holdings are based on the Underlying Fund.
[4] 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 -2.9% in the March quarter.

Global equities ended Q1 2025 in negative territory (MSCI World Index -2.7%), as initial optimism in January gave way to growing concerns over trade tensions and potential stagflation. The quarter was dominated by President Trump's escalating protectionist policies, with tariffs imposed on multiple trading partners including Canada, Mexico, China, and various sectors such as steel, aluminium, and autos, triggering retaliatory measures and market volatility. Inflation remained above target levels, with Core PCE at +2.8% YoY by quarter-end, while growth indicators weakened. The US economy softened, with falling consumer confidence, slower manufacturing data, and the Atlanta Fed Nowcast suggesting a potential Q1 contraction. These combined pressures raised stagflation concerns in the US economy. The quarterly reporting season saw corporate sentiment decline, with the S&P 500 experiencing broad consensus earnings downgrades, leaving 2025 calendar year estimates below their end-2024 levels. Central banks responded divergently to regional conditions. The ECB cut rates twice during the quarter to 2.5%, citing "high levels of trade and policy uncertainty" while downgrading growth expectations. The Fed, however, maintained rates as it navigated the complex inflation and growth outlook in an increasingly uncertain trade environment. China continued stimulus efforts with fiscal measures amounting to approximately 2.5% of GDP announced at the annual Work Conference, while maintaining its "around 5%" growth target for 2025. The US dollar depreciated against a basket of major currencies, while the bond market reflected growing economic concerns with a re-inversion of the 10yr/3m yield curve. Commodity markets showed mixed performance, with gold demonstrating strength as a safe-haven asset, surpassing $3,000 per ounce. Copper and iron ore prices increased whilst crude oil prices were flat.

Australian equities fell over the first quarter, as a strong January rally gave way to declines in February and March amid growing global trade tensions. The quarter was defined by the RBA's first rate cut of the cycle in February, lowering the cash rate to 4.1% in response to moderating inflation, although Governor Bullock maintained a more hawkish tone than markets expected. The domestic economy showed resilience throughout the quarter with the unemployment rate stabilizing at 4.1% despite volatility in the employment data. Q4 GDP improved to +1.3% YoY, exceeding RBA forecasts, with quarterly per capita growth turning positive for the first time since 2022. Consumer sentiment reached a three-year high in March, while retail sales remained strong at +3.6% YoY. February's corporate reporting season delivered mixed results, with slightly positive earnings surprises overshadowed by downgraded FY25 earnings estimates that were lower than FY24 levels. The housing market showed signs of recovery following the rate cut, with prices rising modestly after four consecutive monthly declines, while building approvals strengthened to levels not seen since August 2021. The pre-election FY26 Federal Budget introduced fiscal stimulus through healthcare spending, electricity rebates, and future tax cuts, alongside a larger FY25 deficit forecast of $27.6bn. The NAB business surveys over the quarter showed business confidence fluctuating, whilst conditions remained below average.

Industrials (+2.4%) was the best-performing sector over the quarter, led by Computershare (+16.4%) and SGH (+8.3%) while Information Technology (-18.2%), dragged down by WiseTech Global (-32.8%) and NEXTDC (-24.9%), underperformed the broader market. At a stock level, the best performers included Evolution Mining (+49.4%), The A2 Milk Company (+38.4%) and Newmont Corporation (+30.2%) while Block (-38.6%), Viva Energy Group (-33.6%) and WiseTech Global (-32.8%) were amongst the biggest laggards.

FUND HIGHLIGHTS

The Vinva Australian Equity Fund had a neutral alpha quarter, performing in line with the benchmark. As the Fund invests substantially all of its assets in the Vinva Australian Equities Fund (Underlying Fund), the commentary below is provided in relation to the investments held by the Underlying Fund.

Fund performance was driven by quality, valuation and global linkages signals, while behavioural, short-horizon signals detracted. Stock specific performance was positive during the quarter.

The biggest stock contributors to performance included an overweight position in Perseus Mining Ltd (+32bps) and an overweight position in Regis Resources (+31bps). Perseus Mining (PRU) outperformed as it benefited from the rise in the gold price above US$3,000 per troy ounce, driven by geopolitical and macroeconomic uncertainty. The company also delivered strong December quarter production and first-half FY25 results ahead of consensus expectations. PRU reported underlying EBITDA of US$352 million, supported by robust production metrics and solid cash generation. The company also announced a record-high interim dividend. The overweight position in PRU is driven by a combination of behavioural and value signals. Regis Resources (RRL) outperformed as it reported a strong preliminary second quarter FY25 production of 101,000 ounces, exceeding expectations, with notable performance from the Tropicana joint venture. Additionally, Regis generated A$149 million in free cash flow for the quarter, with its unhedged position allowing it to fully capture the benefits of the recent gold price rally. RRL announced a small earnings beat compared to consensus expectations but did not declare a dividend, opting instead to prioritise debt repayment. Management maintained FY25 production guidance of 350– 380koz. The overweight position in RRL is driven by a combination of behavioural, quality, segmentation and value signals.

An overweight position in Block Inc (-22bps) detracted from performance during the quarter. Block (XYZ) underperformed, largely in February and March, after reporting Q4 FY24 earnings and guidance that fell short of elevated expectations. Revenue of US$6.03 billion was below consensus of US$6.3 billion, and gross profit (GP) of US$2.31 billion was marginally below consensus of US$2.33 billion. Management reiterated FY25 GP growth guidance of +15% YoY, but lowered Q1 FY25 guidance to +11% YoY, impacted by an unfavourable FX headwind and the leap-year effect. More recently, the share price has suffered from risk-off selling due to concerns around the strength of the U.S. consumer. The overweight position in XYZ is driven by a combination of behavioural and segmentation signals.

Stock contributors/detractors are based in local currency terms unless stated otherwise.

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

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