

Vinva Australian Equity Fund

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



APIR: MGE2445AU | ARSN: 681 452 013

30 NOVEMBER 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 www.magellangroup.com.au .

FUND FACTS

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

PERFORMANCE²

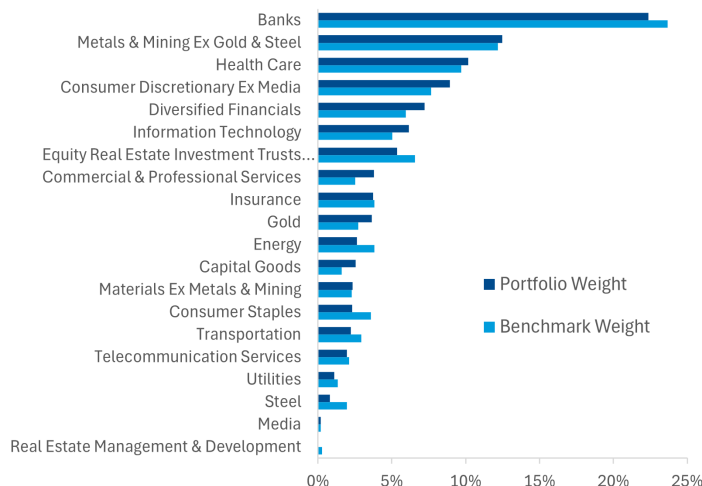
	1 MONTH (%)	SINCE INCEPTION (%)
Vinva Australian Equity Fund	3.9	3.7
S&P/ASX300 Accumulation Index	3.7	3.1
Excess	0.2	0.6

Past performance is not a reliable indicator of future performance.

UNDERLYING FUND - TOP 10 HOLDINGS³

STOCK	%
Commonwealth Bank of Australia	9.2
BHP Group Limited	9.1
CSL Limited	5.3
National Australia Bank Limited	4.4
ANZ Group Holdings Limited	4.3
Westpac Banking Corporation	3.4
Aristocrat Leisure Limited	2.8
Goodman Group	2.6
Rio Tinto Limited	2.4
Brambles Limited	2.1
Ex-top 10	54.3
Total	100.00

UNDERLYING FUND - SECTOR WEIGHTS COMPARED TO BENCHMARK⁴



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 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 3.68% in November. Global equities rebounded in November, recording their strongest month of the year (MSCI World Index +4.9%). A decisive election victory by Donald Trump in the Presidential race, along with the Republican Party securing a majority in both the House and Senate, provided greater clarity on policy. Market expectations for tax cuts and an expansionary fiscal regime, combined with a more domestically-oriented trade agenda, drove US equities higher. Additionally, economic data remained resilient. S&P's Global Composite PMI for the US stayed in expansionary territory, driven by services, while the US ISM manufacturing index rose by more than the consensus expected. Core PCE rose +0.27% MoM in October, raising the three-month average to +2.8% annualized. The Fed cut interest rates by 25bps at the November meeting; however, the prospect of potentially inflationary tariffs alongside continued economic strength pushed the US Dollar higher, rising +2% against a broad basket of currencies. Equity markets in Europe and Asia lagged their US counterparts, as investors digested the potential impact of future tariffs on growth prospects. The strong US Dollar also weighed on commodity prices. Copper, gold, and oil prices all fell, while the iron ore price rose.

Australian equities rose over the month, in contrast to the weakness seen in other non-US developed markets. Stocks with higher exposure to the US were some of the stronger performers due to market expectations that they will be beneficiaries of a future US corporate tax rate cut under President Trump. Following a global bond sell-off during October there was a partial reversal during November, with the Australian and US 10-year bond yields ending the month -16bps and -22bps lower, respectively. Expectations for the first RBA rate cut continue to shift later, with May now the consensus. Monthly trimmed mean CPI for October rose to +3.5%, driven by an increase in rents and household goods. However, the economic backdrop remains mixed. There are some signs that building activity is beginning to recover with approvals rising from cycle lows (+4.2% MoM), but house price growth remains subdued (annual growth fell to +5.4%) with month-on-month declines recorded in Sydney and Melbourne. The NAB monthly business survey showed a broad-based improvement in business confidence, rising back to around its average level and reaching its highest since early 2023. Business conditions remained unchanged, with trading conditions slightly higher but employment moving lower.

Information Technology (+10.1%) was the best-performing sector over the month, led by Technology One (+24.3%) and Xero (+16.2%) while Materials (-2.8%), dragged down by Pilbara Minerals (-16.1%) and Mineral Resources (-14.6%), underperformed the broader market. At a stock level, the best performers included Pro Medicus (+29.2%), Technology One (+24.3%) and Block (+23.8%) while Paladin Energy (-25.4%), Pilbara Min (-16.1%) and Mineral Resources (-14.6%) were amongst the biggest laggards.



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

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IMPORTANT INFORMATION

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FUND HIGHLIGHTS

The Fund had a positive alpha month, outperforming the benchmark by 0.2%. 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 quality, valuation and segmentation signals, partially offset by weakness from short horizon signals. Stock specific performance was positive during the month.

The biggest stock contributors to performance included an overweight position in Block (+13bps) and an overweight position in Xero (+9bps). Block (SQ2) outperformed after reporting strong Q3 results including a total revenue of \$5.98B (+6% YoY) and solid gross profit growth (+14%). Cash App performed particularly well with gross profit +21% YoY and increased user metrics. SQ2 also upgraded FY24 guidance, targeting \$3.0bn in EBITDA. The overweight position in SQ2 is driven primarily by Vinva's behavioural signals. Xero (XRO) outperformed after delivering strong 1H25 results, with revenue reaching \$996m (+25% YoY) and EBITDA rising to \$312m (+52% YoY). Effective cost control measures drove improved margins and free cash flow, while XRO reiterated its FY25 operating expense guidance of approximately 73%. The company added 186k subscribers and demonstrated robust average revenue per user (ARPU) growth (+15%). The overweight position in XRO is driven by a combination of behavioural, quality and segmentation signals.

An overweight position in Resolute Mining (-22bps) detracted from performance during the month. Resolute Mining (RSG) underperformed after the CEO and two other employees were detained by government officials in Mali 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 our value signals.