Vinva Australian Equity Fund

A diversified portfolio of equities using an active systematic investment approach.

APIR: MGE2445AU | ARSN: 681 452 013

QUARTERLY REPORT | 30 SEPTEMBER 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.magellaninvestmentpartners.com

FUND FACTS

FUND SIZE	BUY/SELL SPREAD	DISTRIBUTION FREQUENCY	MANAGEMENT FEES[1]	INCEPTION DATE
AUD $4.4 million	0.15% / 0.15%	Annually	0.70%	22 October 2024

PERFORMANCE[2]

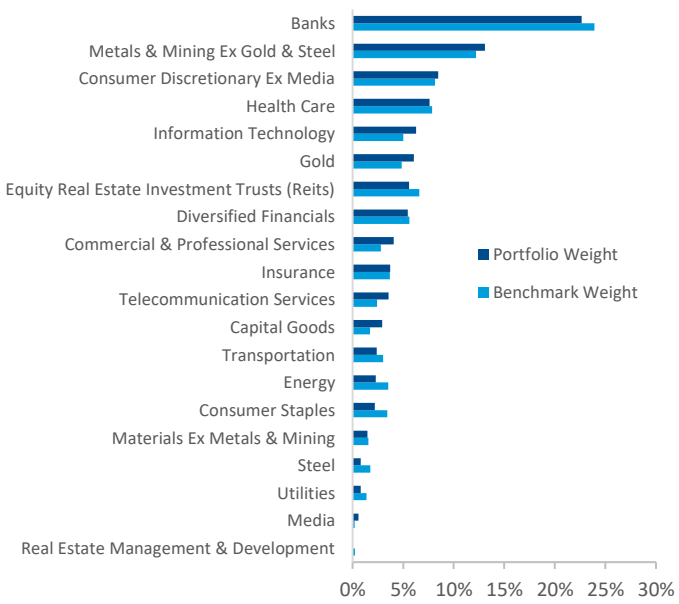
	1 MONTH (%)	3 MONTHS (%)	SINCE INCEPTION (%)
Vinva Australian Equity Fund	**0.2**	**6.9**	**16.0**
S&P/ASX300 Accumulation Index	-0.7	5.0	11.6
Excess	0.9	1.9	4.4

Past performance is not a reliable indicator of future performance.

UNDERLYING FUND - TOP 10 HOLDINGS[3]

STOCK	%
Commonwealth Bank of Australia	9.1
BHP	8.7
ANZ	4.7
National Australia Bank	4.7
Westpac Banking Corporation	3.8
CSL	3.5
Telstra	2.8
Wesfarmers	2.7
Aristocrat Leisure	2.7
Brambles	2.3
Ex-top 10	55.1
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 5.0% in the September quarter. Global equities posted three consecutive months of gains in Q3 2025. The rally was driven largely by resilient US earnings, shifting Federal Reserve expectations, and an improving outlook for global trade. US corporates continued to exceed expectations, with the S&P 500 delivering double-digit earnings growth for a third consecutive quarter and consensus upgrades lifting EPS growth forecasts to more than 10% for 2025–26. While economic data softened – with labour markets weakening, housing entering recession, and manufacturing contracting – profits remained resilient, supported by structural investment in technology (particularly AI) and tax reforms that incentivise capex and exporters. The Federal Reserve cut rates by 25bps in September, taking the Fed Funds Target Rate to 4.25%. Chair Powell described the move as a "risk management" cut, with the FOMC projecting an additional 50bps of easing in 2025 and 25bps in 2026. Inflationary pressures, linked partly to tariffs, were highlighted as likely to be transitory. Bond yields fell in response to softer data, while the US dollar ended broadly flat. Regional developments were mixed. In Europe, political uncertainty weighed on sentiment, including a failed French budget vote and ongoing challenges in Germany. Trade sentiment improved globally as the US secured new agreements to mitigate tariff exposure. Commodities saw varied performance: gold rallied strongly in September (+11%) on safe-haven demand, copper gained on the Anglo American/Teck merger, and iron ore remained stable despite weaker Chinese activity, supported by reported restrictions on BHP shipments. Oil prices were volatile, rising early in the quarter before retreating as OPEC increased output.

The Australian market gained over the quarter, with a dip in September, the first decline since March. The quarter was marked by shifting RBA policy expectations, volatile reporting season dynamics, and ongoing strength in housing. The RBA initially surprised by holding rates at 3.85% in July, citing trimmed mean inflation at the top of its 2–3% target band and a still-tight labour market. A month later it cut rates by 25bps to 3.60%, while lowering growth forecasts for consumption, investment and exports but keeping its inflation outlook unchanged. By September, the bank maintained rates and used a more hawkish tone, even as domestic data suggested easing conditions: CPI indicators rose modestly to 3.0% YoY, unemployment remained around 4.2–4.3%, and house prices continued to climb, up 0.9% in September and 4.3% over the year. Reporting season proved volatile, with record result-day share price moves and consensus downgrades to FY25–26 EPS growth. Sector performance diverged: Materials outperformed on the back of gold, while Healthcare lagged in September under pressure from US tariffs, and Energy underperformed after the withdrawal of Adnoc's bid for Santos. The NAB survey at quarter-end highlighted improving business conditions, led by stronger profitability and employment, though confidence edged lower.

Materials (+21.2%) was the best-performing sector over the quarter, led by Lynas Rare Earths (+95.2%) and Mineral Resources. (+90.8%) while HealthCare (-9.7%), dragged down by Telix Pharmaceutical (-40.3%) and Sonic Healthcare (-17.7%), underperformed the broader market. At a stock level, the best performers included Lynas Rare Earths (+95.2%), Mineral Resources. (+90.8%) and Pilbara Minerals Ltd (+88.7%) while Telix Pharmaceutical (-40.3%), James Hardie Industries (-32.6%) and Reece Limited (-21.3%) were among the biggest laggards.

FUND REVIEW

The Fund had a strong positive alpha quarter, outperforming the benchmark by 1.9%. 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.

Performance was driven by most of our signal groups, led by our behavioural, segmentation and quality signals. Stock-specific performance was positive during the quarter.

The biggest stock contributors to performance included an overweight position in Life360 Inc. (+34bps) and an underweight position in James Hardie Industries (+33bps). Life360 Inc (360.ASX) delivered a +65.38% outperformance after reporting 2Q25 EBITDA 49% above consensus and raising its FY25 guidance by 14% to $72–82 million, driven by higher-than-expected subscription revenue. The strong performance is further supported by analyst expectations for improved financial results in the coming year, driven by anticipated reductions in app store commissions following the US court ruling in Apple vs Epic and the European Commission's Digital Markets Act. The overweight position in Life360 is driven primarily by our behavioural signals. James Hardie Industries Plc (JHX.ASX) underperformed in the third quarter with a return of -32.66%, most likely due to disappointing 3Q25 earnings and a pessimistic FY26 EBITDA guidance of $1.05–1.15bn, which is 17% below analyst expectations, reflecting an expected slower recovery in homebuilder activity and delayed product launches. The underweight position in JHX is driven primarily by our behavioural signals.

An underweight position in Lynas Rare Earths (-25bps) detracted from performance during the quarter. Lynas Rare Earths Ltd (LYC.ASX) has rallied +95.24% in 3Q25 due to increased demand for non-China rare earths, driven by geopolitical shifts and it being the only ex-China rare earths producer at scale. A $400m investment in US rare earths producer MP Materials and a US$100/tonne price floor for Neodymium/Praseodymium support this trend, pushing positive investor expectations for LYC despite a $750m capital raise and a FY25 earnings miss compared to FactSet consensus. The underweight position in LYC is driven by a combination of behavioural, quality and value signals.

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

To find out more about our Vinva active equity funds, please contact Magellan Investment Partners on:

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