PENDAL

Factsheet

Equity Strategies

28 February 2025

Pendal MicroCap Opportunities Fund

ARSN: 118 585 354

About the Fund

The Pendal MicroCap Opportunities Fund (**Fund**) is a portfolio of stocks in the rapidly expanding and highly diversified micro cap sector. The universe includes more than 1,100 companies listed on the ASX and NZX with a market capitalisation of generally less than $250 million.

Investors should be aware that due to the characteristics of micro cap companies there is some additional risk involved in investing in the Fund compared to a conventional Australian equities fund.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the S&P/ASX Small Ordinaries (TR) Index over the medium to long term. The suggested investment timeframe is five years or more.

Investment Strategy

The Fund is actively managed and invests primarily in a portfolio of 40-60 Australian companies with market capitalisation or free float of generally less than $250 million at initial investment that we believe are trading below their assessed valuation. The Fund may also invest in equivalent companies listed on the New Zealand Stock Exchange.

The Fund's holdings that become constituents of the S&P/ASX 200 Index will generally be sold within 18 months, having regard to the interests of investors.

Investment Philosophy

At the cornerstone of Pendal's investment philosophy is the view that markets are not always rational and the inefficient market pricing of securities creates investment opportunities. This is particularly the case in micro caps where the sector is under-researched and sentiment will often drive periods of under-valuation and over-valuation. This reflects our belief that in the absence of structural change security prices will revert to their intrinsic value through the course of an investment cycle.

As with Pendal's other Australian equity portfolios, the Fund will be managed in a way that is style indifferent, it will be invested in both 'value' and 'growth' companies, without a predetermined 'value' or 'growth' bias.

Investment Team

The Pendal MicroCap Opportunities Fund is managed by Pendal's experienced Small Cap team. The Fund is managed by Lewis Edgley and Patrick Teodorowski. They are supported by an experience Small Cap team as well as the insight of Pendal's broader Australian equities team.

Portfolio Characteristics

Benchmark	S&P/ASX Small Ordinaries (TR) Index
Number of stocks	Between 40 - 60
Maximum cash weighting[1]	25%
Ex-ante (forward looking) tracking error[2]	5 - 20%
Maximum absolute stock position	10% (5% for developing companies)
Maximum ownership of any company	15%
Shorting	No
Borrowing	No

[1] We may hold higher levels of cash following large applications or if suitable investment opportunities cannot be identified.

[2] The Fund is measured against the S&P/ASX Small Ordinaries (TR) Index, which is a widely used measure of the performance of micro cap funds. Only a portion of the index will comprise companies with a market capitalisation of less than $150m and as a result the Fund's ex-ante tracking error is expected to vary more widely than the tracking error for most other types of active Australian share funds.

Performance

(%)	Total Returns (post-fee)	Total Returns (pre-fee)	Benchmark Return
1 month	-1.84	-1.71	-2.80
3 months	1.92	2.92	-1.46
6 months	11.15	13.09	5.73
1 year	28.71	35.83	7.33
2 years (p.a)	19.07	23.26	7.59
3 years (p.a)	8.85	11.75	2.13
5 years (p.a)	14.87	18.56	5.56
Since Inception (p.a)	16.77	21.36	3.79

Source: Pendal as at 28 February 2025

"Post-fee" returns assume reinvestment of distributions and is calculated using exit prices. "Pre-fee" returns exclude the effects of management costs and any taxes. Returns for periods greater than one year are annualised. Fund inception: March 2006.

Past performance is not a reliable indicator of future performance.

Sector Allocation (as at 28 February 2025)

Energy	1.5%
Materials	10.2%
Industrials	25.5%
Consumer Discretionary	23.9%
Consumer Staples	0.0%
Health Care	4.8%
Information Technology	19.6%
Telecommunication Services	3.2%
Utilities	0.0%
Financials ex Property Trusts	8.4%
Property Trusts	0.0%
Cash & other	2.9%

Other Information

Fund size (as at 28 February 2025)	$409 million
Date of inception	March 2006
Minimum investment	$25,000
Buy-sell spread[3] For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Yearly
APIR code	RFA0061AU

[3] The buy-sell spread represents a contribution to the transaction costs incurred by the Fund, when the Fund is purchasing and selling assets. The buy-sell spread is generally incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

Fees and costs

You should refer to the latest Product Disclosure Statement for full details of the ongoing fees and costs that you may be charged.

Management fee[4]	1.20% pa
Performance fee[5]	20% of the Fund's performance (before fees) in excess of the performance hurdle.

[4] This is the fee we charge for managing the assets and overseeing the operations of the Fund. The management fee is deducted from the Fund's assets and reflected in its unit price.

[5] This is the fee we charge if the Fund's investment performance exceeds its performance hurdle, and any performance deficit has been recouped. The Fund's performance fee is 20% of the Fund's performance in excess of the performance return hurdle. The performance hurdle is the performance of the Fund's benchmark (S&P/ASX Small Ordinaries (TR) Index) plus the management fee of 1.20% pa. If a performance fee is payable, it is charged in addition to the management fee. The performance fee is calculated in dollar terms each Business Day based on the investment performance and value of the Fund on that day. If we are entitled to a performance fee, it is paid to us as at 30 June each year.

Fund manager commentary

The Pendal Microcap Opportunities fund returned -1.84% in February, ahead of the -2.80% return from the S&P/ASX Small Ordinaries.

Positions in Generation Development Group (GDG, +17.03%), Energy One (EOL, +44.93%) and Southern Cross Electrical (SXE, +19.60%) were among the largest contributors to relative performance.

GDG announced a capital raising to fund the acquisition of Evidentia Group. Management noted the acquisition build's GDG's presence in the investment managed accounts market, which ix expected to frow at 15% per annum out to 2030. It is expected to be low double-digit EPS accretive in the first full year of ownership and also result in other material benefits.

Energy One, which provides software and advisory to the wholesale energy, environmental and carbon trading markets, and Southern Cross Electrical, which provides electrical and communications maintenance services, both delivered well-received half-yearly results.

The largest detractions came from positions in financial platform Praemium (PPS, -19.54%), contractor Macmahon Holdings (MAH, -18.30%) and datacentre operator Macquarie Technology (MAQ, -18.60%).

Praemium's half-yearly result beat consensus expectations for revenue, but lagged on earnings due to costs coming in higher than expected around its recent Onevue acquisition. Management maintained the view that this acquisition will deliver synergies, but pushed the timing back to the end of FY26.