Greencape Broadcap Fund

Quarterly report - September 2025

Performance #	Quarter %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	15 years % p.a.	Inception % p.a.
Fund return	2.98	2.42	12.90	10.20	10.46	9.84	9.42
Growth return	2.52	-2.38	6.40	2.49	3.70	2.83	2.94
Distribution return	0.46	4.80	6.50	7.71	6.76	7.00	6.48
S&P/ASX 300 Accumulation Index	4.99	10.76	15.02	12.88	10.11	8.82	7.35
Active return^	-2.01	-8.33	-2.12	-2.68	0.35	1.01	2.07

Past performance is not a reliable indicator of future performance.

Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

^ Numbers may not add due to rounding

Investment objective

The Fund aims to outperform its benchmark over rolling three-year periods.

Responsible entity

Fidante Partners Limited

Investment manager

Greencape Capital Pty Ltd

Investment strategy

Greencape is an active, 'bottom-up' stock picker. Whilst Greencape does not target any specific investment style and will invest in stocks displaying 'value' and 'growth' characteristics, its focus on a company's qualitative attributes will generally lead to 'growth' oriented portfolios. This is an outcome of its bottom-up process. As such, Greencape's investment style may be classified as 'growth at a reasonable price'.

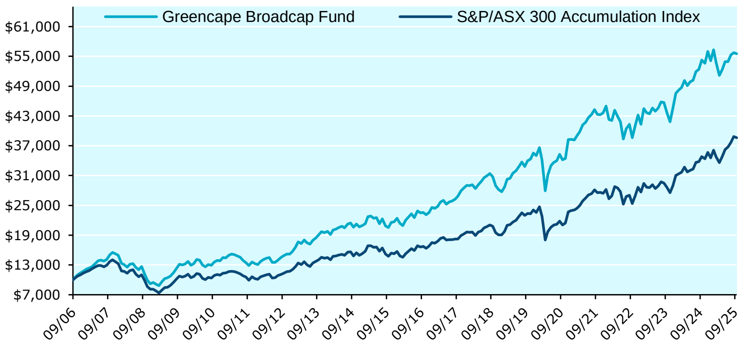
Distribution frequency

Quarterly

Suggested minimum investment timeframe

At least five years

Growth of $10,000 invested since inception (net of fees)



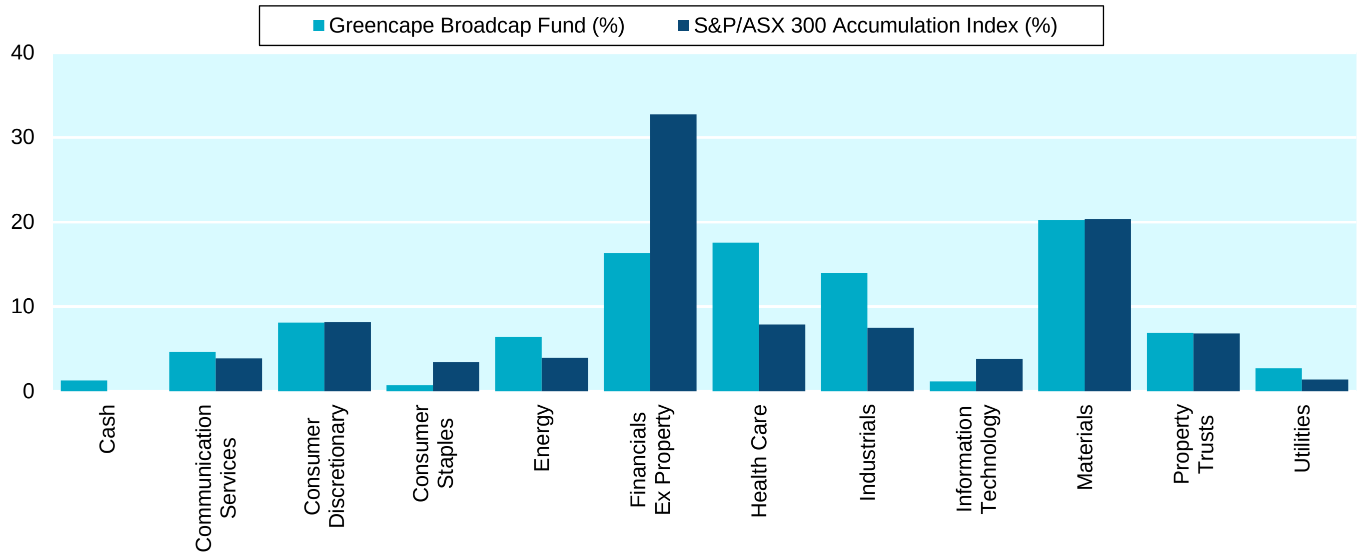
Asset allocation	Actual %	Range %
Security	98.71	85-100
Cash	1.29	0-15

Fund facts	
Inception date	11 September 2006
APIR code	HOW0034AU

Fees	
Entry fee	Nil
2022-2023 ICR	0.95%
Management fee	0.95% p.a.
Performance fee	15% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of S&P/ASX 300 Accumulation Index).
Buy/sell spread	+0.20% / -0.20%

Data Source: Fidante Partners Limited, 30 September 2025.

Sector exposure as at 30 September 2025



Data Source: Fidante Partners Limited, 30 September 2025.

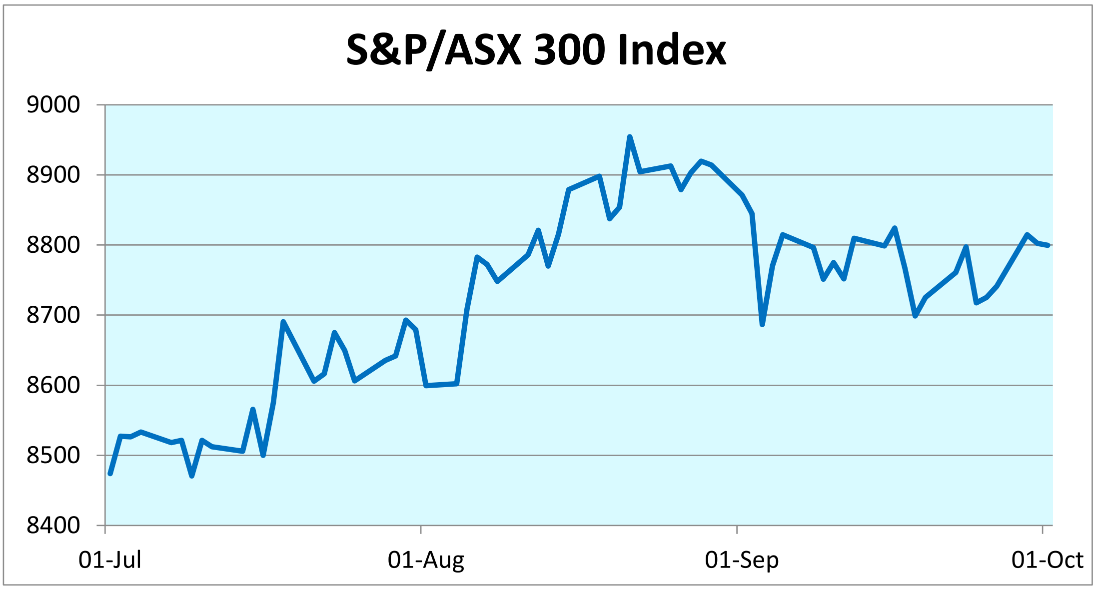
Fund performance summary

The S&P/ASX 300 Accumulation Index returned +4.99% for the quarter. The fund underperformed the market and delivered a +2.98% return over the quarter.

Market overview

The market continued its recovery from the tariff induced April lows, pushing through new all-time highs despite the ongoing geopolitical noise. After appearing as though momentum had plateaued, enthusiasm around AI reemerged as a key driver of markets, with several large transactions in the sector buoying investor sentiment. Locally, the August results season proved volatile with several large stalwart companies seeing meaningful price swings on result day.

S&P/ASX 300 Index



Source: IRESS

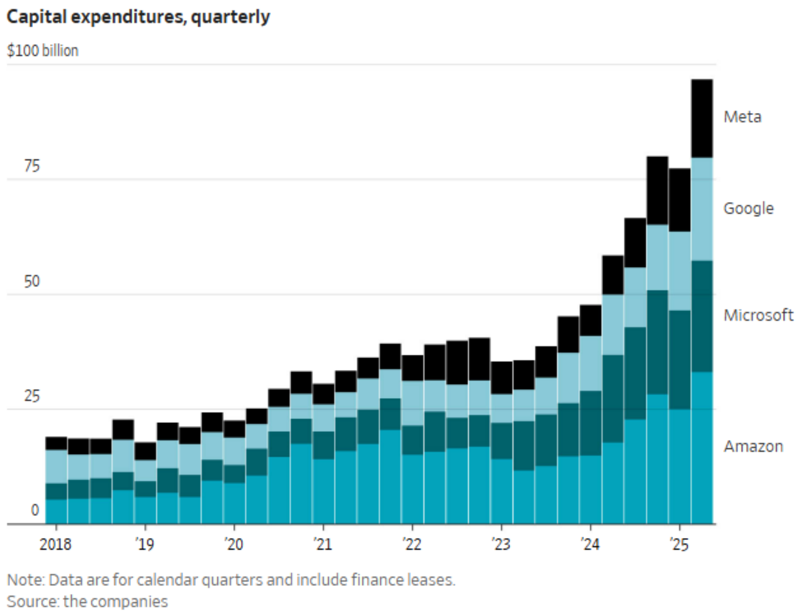
The RBA kept rates on hold in July before cutting the cash rate by 25 basis points in August, the third such cut this year. The market was positioning for one further cut this year until the August inflation print (released late September) proved firmer than expected. Whilst the headline rate of inflation was only slightly ahead of consensus, the detail pointed to underlying inflation remaining stubbornly above the RBA's comfort level for further rate cuts in the short term. The futures market now indicates the market is not expecting another cut until May next year.

News flow out of the US continued to keep investors on edge. President Trump ramped up his effort to exert his influence over the Federal Reserve, this time attempting to remove Lisa Cook from the board for alleged mortgage fraud. Whilst Cook remains on the board (for now at least), he was successful in appointing the White House Economic Advisor Stephen Miran in time for the Fed's September meeting. The President also continued to exert pressure on Fed Chair Powell, posting a cartoon on Truth Social where he tells the Chair – "You're Fired!" Despite his obsession with the makeup of the Federal Reserve, the President still had time to announce a range of new tariffs including 100% on branded pharmaceuticals, 25% on trucks and 50% on kitchen cabinetry.

AI sentiment soured earlier in the year in the wake of the DeepSeek model release and subsequent scepticism on the financial return companies were generating on their AI spend. This slowdown was short lived however, as hyperscale customers reiterated their commitment to AI related capex as use cases continued to build.

"The latest Indicator demonstrates that Australian SMEs have remained resilient. Profitability and productivity have held steady and payroll growth per employee has kept pace with the wider economy…With inflation easing, and a recent cash rate cut from the RBA, conditions should become more supportive for SMEs in the months ahead." Paul Robson, CEO of MYOB, 02/09/2025

"Great Numbers came out today on the Economy (3.8%!), and the SUCCESS we are having, but our Interest Rates are too high! If it weren't for Jerome "Too Late" Powell, we would be at 2% right now, and in the process of balancing our budget. The good news is that we're powering through his Incompetence, and we'll soon be doing, as a Country, better than we have ever done before!" Donald Trump, President of the USA, 26/09/2025

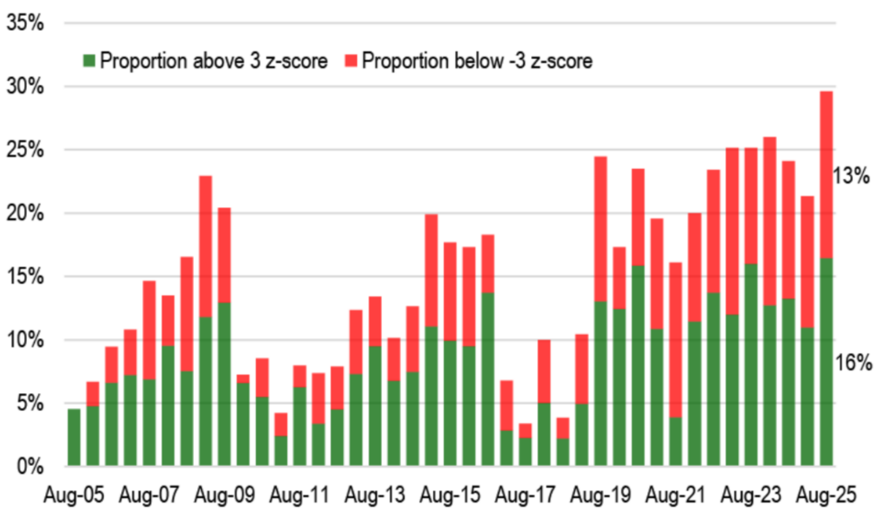


Whilst sentiment is buoyant, the numbers in question are large. We thought the snippet below from Bobby Molavi at Goldman Sachs was worth reproducing in full.

"Then there were 4. Nvidia, Alphabet, Microsoft, Apple all now above $3 trillion market cap. The 5 largest companies in America now account for roughly 20% of the world's equity market cap. Arguably 9 of the 10 largest companies in the S&P are AI plays. The Nasdaq market cap relative to the US M2 money supply has hit a record 176%…or put another way…the market value of the Nasdaq is now nearly 2x the 'total stock of liquid money in the economy'. This metric is now 45 percentage points higher than the 2000 bubble peak. At the same time the Nasdaq market cap relative to US GDP also hitting a record 129%, or almost 2x the dot.com peak."

Locally, investors were focused on the August reporting season, where earnings beats and misses were relatively even, although downgrades were larger than upgrades seeing future consensus earnings revised lower on balance.

Statistically it was the most volatile reporting season ever, with nearly 30% of ASX200 names moving by over 3 standard variations on result day. This included several 'blue chips' where the market (in theory) should be relatively efficient.



Source: JP Morgan

"The NFL has to get rid of that ridiculous looking new Kickoff Rule. How can they make such a big and sweeping change so easily and quickly. It's at least as dangerous as the "normal" kickoff, and looks like hell. The ball is moving, and the players are not, the exact opposite of what football is all about. "Sissy" football is bad for America, and bad for the NFL! Who comes up with these ridiculous ideas? It's like wanting to "roll back" the golf ball so it doesn't go (nearly!) as far. Fortunately, college football will remain the same, hopefully forever!!" Donald Trump, President of the USA, 15/09/2025

	QUARTER	YEAR
ASX300 Accumulation Index	5.0%	10.8%
Best Performing Sectors		
Materials	21.2%	7.4%
Utilities	11.4%	18.0%
Consumer Discretionary	9.6%	18.7%
Worst Performing Sectors		
Healthcare	-9.7%	-14.3%
Consumer Staples	-1.4%	-2.1%
Energy	-1.0%	-3.1%

Materials fared well, partly driven by the gold price which continued to scale to fresh records. Rare Earth producers rallied strongly after the US Government reached a deal with MP Materials in the US, whereby the Department of Defence would invest in preferred stock of the company as well as committing to buying their output at a floor price well above the prevailing spot price. Copper prices also rallied after Freeport declared force majeure at the Grasberg mine in Indonesia, one of the world's largest copper operations.

Utilities rallied, led by Origin Energy which reported a strong result in August. The share price rallied further in September, after an article in the Wall Street Journal detailed that Octopus, a British based renewables company which Origin owns 23% of, was looking to spin off Kraken, the core technology platform which underlies the company. Based on the high-level numbers mentioned in the article, Origin's stake in Octopus could be worth as much as AUD$4 a share.

Healthcare lagged the market, partly driven by Telix which suffered various setbacks during the period. The therapeutic and diagnostic company advised that operating expenditure would be higher than market expectations, which reflected the ongoing strategy to reinvest earnings in commercial growth and product pipeline. Later in the period, the company received a Complete Response Letter (CRL) related to its FDA approval application for Zircaix, its investigational PET imaging agent to non-invasively diagnose and characterise clear renal cell carcinoma. In the CRL, the FDA requested additional data which is expected to delay the product's commercial launch.

Consumer Staples were also weaker during the period, with Woolworths dragging the sector lower as it warned that FY26 earnings would be lower than market expectations as the company continued to face various headwinds including an accelerated decline in tobacco sales, ongoing system transition costs and lower than expected sales.

Another area of the Staples sector which has been under pressure of late is Alcohol. The debate raging amongst investors is whether the current softness in consumption is structural or cyclical. A recent survey undertaken in the US by Gallup highlights the declining consumption trends and lessening view of the category amongst consumers, which tends to suggest the trend is structural.

Recent Trend in Percentage of U.S. Adults Who Report They Drink Alcohol, by Subgroup

	2023 %	2024 %	2025 %	Since 2023 (pct. pts.)
U.S. adults	**62**	**58**	**54**	−8
Gender				
Men	62	61	57	−5
Women	62	56	51	−11
Race/Ethnicity				
White adults	67	64	56	−11
People of color	54	48	52	−2
Age				
18 to 34	59	50	50	−9
35 to 54	66	70	56	−10
55 and older	61	54	56	−5
Annual household income				
Less than $40,000	53	43	39	−14
$40,000 to $99,999	58	61	54	−4
$100,000 or more	79	71	66	−13
Party ID				
Republicans	65	57	46	−19
Independents	61	58	55	−6
Democrats	64	61	61	−3

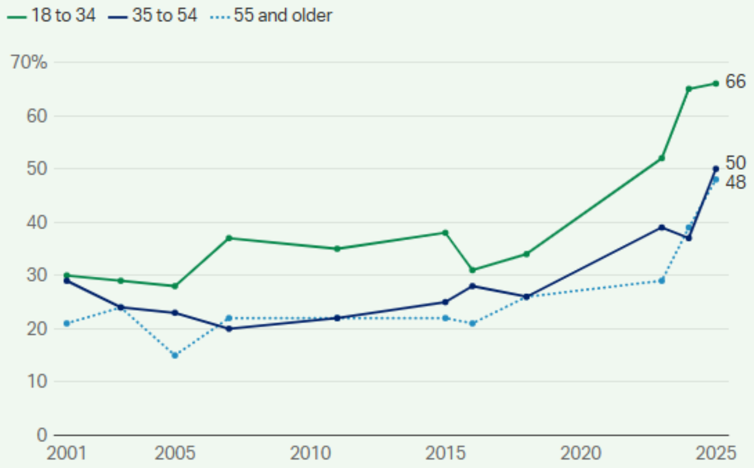
July 7-21, 2025

Get the data • Download image GALLUP

Perception Alcohol Is Bad for Health, by Age

Do you, personally, think drinking in moderation — that is, one or two drinks a day — [ROTATED: is good for your health, makes no difference or is bad for your health]?

% Bad for your health



Those saying drinking is good for your health, saying it makes no difference or with no opinion are not shown.

Get the data • Download image GALLUP

Source: Gallup

Trip Snippets

During the period we travelled to the US on two separate occasions.

- AI demand is inflecting positively yet again, with increased token generation driven by Generative AI and early layers of Agentic AI. Training and inference are still scaling, and Jevon's Paradox (efficiency leading to more usage and demand) is evident.

- Companies now have clarity on the implementation and integration of AI agents with rapid development, testing and deployment being seen across industries. Salesforce for example has been able to dramatically increase productivity of their customer support function and are helping companies such as Disney and Williams Sonoma do the same.

- Power is consistently cited as a key bottleneck for Data Centre development. And despite rhetoric suggesting otherwise, hyperscale customers are still compute constrained. Data Centre capital structures are being rethought, with yield achieved on costs set to increase from already strong levels.

- US Prediction market offerings are currently the biggest concern for US investors of Online Sports Betting (OSB) companies such as Flutter and DraftKings. The prediction markets rely on a federal legal loophole that allows 'peer-to-peer' predictions on sports results to take place, bypassing US state taxes which gives them a relative cost advantage compared to the regulated OSB companies. The highest profile prediction market offeror, Kalshi, even made it into a recent South Park episode!

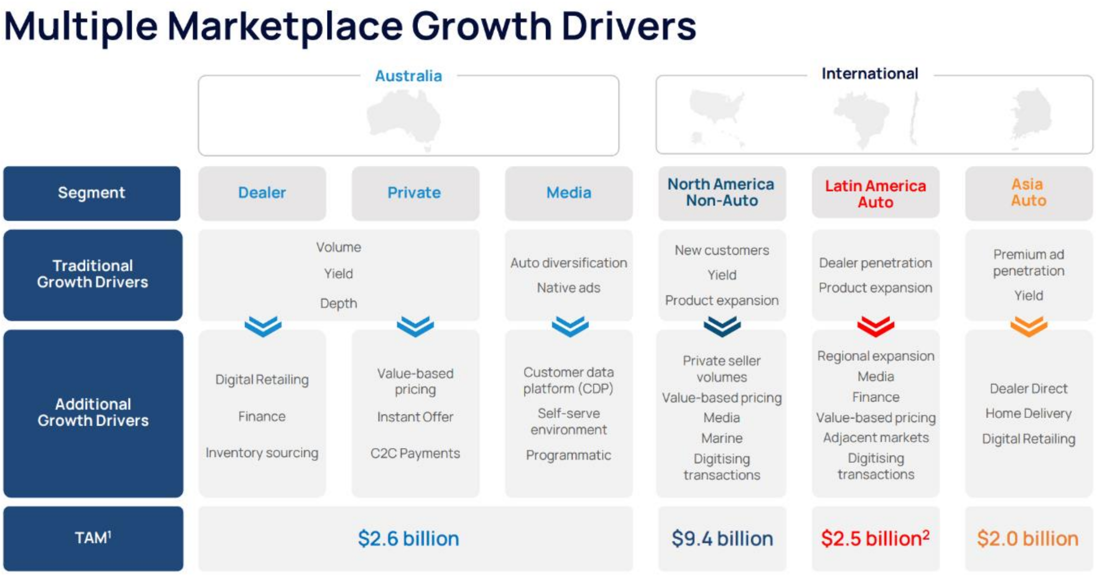
- Border casinos in southern Oklahoma, which includes the 2 largest properties in the world by Electronic Gaming Machine (EGM) count, continue to experience solid growth due to strong population growth in neighbouring Texas. This is of particular benefit to Aristocrat which has a large Class II EGM footprint in this market.

- iGaming - The value of hit land-based EGM game titles to US online casinos is increasing following the success of FanDuel's 3-month exclusive deal with Light & Wonder's Huff & Puff game. Both FanDuel and DraftKings have recently called out the exclusive content deal as a driver of the former's market share gains. This will benefit both Light & Wonder and Aristocrat going forward as they bring more of their hit land-based games online.

CAR Group

CAR Group (CAR) is name that has recently made its way into our portfolio. We were initially sceptical on the North American Trader Interactive (TI) acquisition (49% purchased late 2021 and the balance late 2022), a non-auto marketplace focused on Recreational Vehicles (RV's), trucks and powersports. The vendors of TI were Goldman Sach's private equity division, and the acquisition occurred at a point of uncertainty with respect to the US consumer cycle. With that in mind, CAR management have done a commendable job, with FY25 delivering double-digit revenue and EBITDA growth. This was underpinned by a resilient Australian performance and improving momentum across the international geographies. TI is likely to be at a low point, albeit still delivering ~10% growth, whilst the rest of the international portfolio have proven scale with significant runway remaining in their respective markets. CAR now finds itself in a position where over 50% of group revenues are generated from offshore, in markets that should grow faster than Australia, all whilst delivering further operating leverage.

We believe the risks around the business are more manageable today due to the portfolio nature of the group's revenues. Previously, growth was leveraged to a narrower set of drivers such as sales lead volumes in Australia. It's for this reason that we think the quality of the business has increased over time.



Source: Company reports

"It's going to be a strategy of continuity and evolution. We have so many growth levers in front of us. And your second question was around product pipeline. But you can see in the FY '26 focus areas that we're just scratching the surface in terms of our involvement in the full transaction journey." Will Elliot, Incoming CEO of CAR, 11/08/2025

Australia remains a market leading, high single digit solid growth business; however, we believe there are some interesting new levers to growth from here that can help augment depth and value based pricing. Consumer to Consumer (C2C) payments opens attach points for insurance, ownership information, further finance and registration transfer options, making life easier for consumers on both sides of the transaction. We expect ongoing margin expansion domestically and the ability to potentially lift and scale features such as C2C into other markets.

North America's TI business has upside risk from a reacceleration of revenues and earnings driven by both cyclical and structural factors. These are large markets that remain less digitally penetrated with money still being spent on relatively lower performing channels such as outdoor and radio. Dealers are also yet to be fully penetrated with upside to come from dealer acquisition and further maturity of the products which over time, which we expect to also drive incremental yield opportunities. Category expansion including marine provides for further optionality.

Latin America has delivered strong growth in recent periods, driven by expansion into regional markets outside of Sau Paulo and Rio de Janeiro along with strong finance growth. This growth has required initial investment in field teams and marketing to drive dealer awareness however from here, as scale increases, we expect margin expansion to be increasingly prevalent. We also note that media and private markets remain longer term options.

South Korea (Encar) has seen material investment in recent periods which has seen EBITDA growth lag revenue growth as Encar continues to shift its model towards more premium product. 'Guaranteed inspections' now accounts for around 60% of listings with further runway as an update iteration is likely to land soon. Our expectation is that this should add to top line growth and enhance the margin mix on an expanded network base. Home delivery services also continue to grow strongly, highlighting the demand for premium services in the market.

We expect CAR to be a solid earnings compounder, delivering strong cash flow and generating roughly mid-teens total shareholder return over time as they execute what we believe to be a compelling global strategy.

Outlook

In the June quarterly outlook, we highlighted increased uncertainty and a market at record highs. A quarter on, there is some lessening of uncertainty as tariff noise has reduced and Middle East tensions appear to be on an improved path. The exception is the US government shutdown, which the market is currently ignoring due to the benign impact of past shutdowns. We also note the China-US tariff situation, which remains unresolved (and the negotiations of which have proven out the strategic value of Lynas Rare Earths). The market has therefore continued to make new highs, albeit with narrowing leadership.

Greencape's research highlights caution over the US consumer; however, the 'K-shaped recovery' dynamic is back: the affluent are spending on discretionary items while others are struggling with necessities. In contrast, we observe a stable Australian consumer, China as being resilient (albeit pending US tariff negotiations), Europe patchy but generally improving off a low base, and Emerging Markets remaining nervous from Trump tariff impacts.

As flagged previously, reporting surprises positive or negative were amplified. This shorter-term focus by the market, once again, creates opportunities to buy well managed, high quality companies which are mispriced. We are observing some of the large index weight constituents which have been non-fundamental driven outperformers (e.g. major banks, Wesfarmers, Telstra) are beginning to show signs their share price momentum is slowing. Greencape is positioned for fundamental value drivers to once again command the market's attention.

"Despite global uncertainty, the Australian economy has remained resilient, with strong fundamentals including a healthy labour market, steady immigration and ongoing public sector investment. Even though sentiment remains subdued, we expect economic growth to improve modestly as the year progresses." Matt Comyn, CEO of CBA, 13/08/2025

More information

To find out more about investing with Greencape, please contact:

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