BT Investment Solutions

Bennelong Wholesale Plus ex-20 Australian Equities Fund

Quarterly report – 30 September 2025

Fund overview[1]

Inception date	3 November 2014
APIR	BTA0480AU
Fund size (AUD millions)	$130.81
Investment objective	To outperform the return generated by the benchmark by 4% per annum after fees on a rolling three-year basis. The Manager's investment team aims to achieve this goal by generating a combination of capital growth and income.
Recommended investment timeframe	6 years
Distribution frequency	Half yearly
Management fees and costs (%) pa[2]	0.82
Performance fees (%) pa[3]	0.81
Buy/sell spread (%)	0.40/0.00

Performance review[4]

Period ending 30 September 2025	1 month	3 months	1 year	3 years	5 years	Since inception
	%	%	%	%pa	%pa	%pa
Total Net return	(4.83)	2.11	(6.17)	6.89	3.33	8.45
Growth return	(4.83)	2.11	(10.05)	0.16	(3.02)	1.94
Distribution return	0.00	0.00	3.88	6.73	6.34	6.51
Benchmark return~	0.85	7.85	15.04	15.49	11.48	10.12

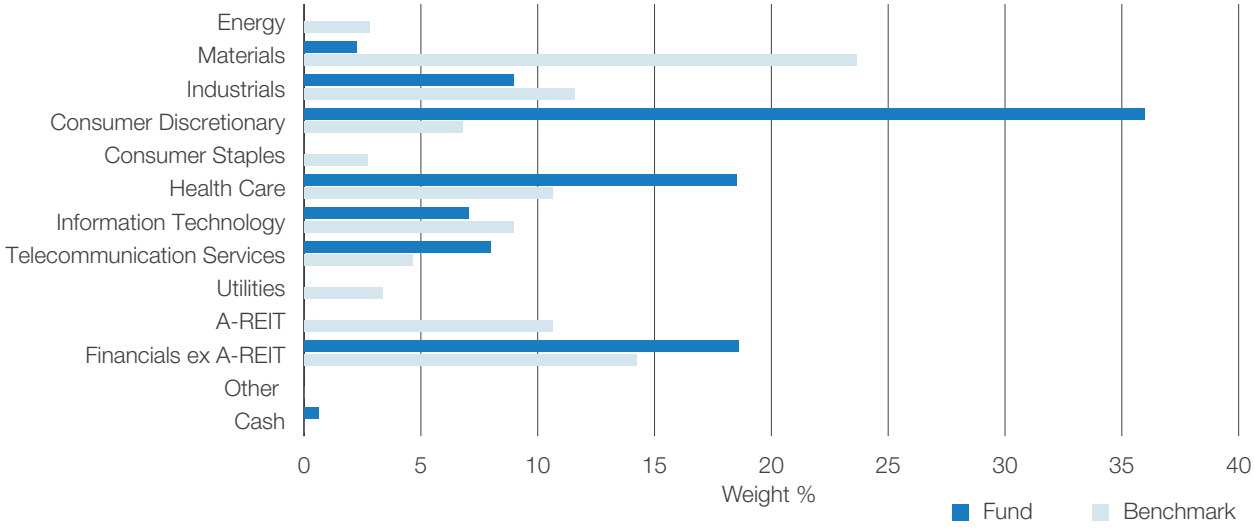
~ Benchmark: S&P/ASX 300 Accumulation Index excluding that part of the return that is generated by the stocks comprised in the S&P/ASX 20 Index.

Top 10 holdings[5,7]

Holding	Fund %	Benchmark %
Breville Group Limited	11.99	0.26
ARB Corporation Limited	10.33	0.26
ALS Limited	8.98	0.88
Fisher & Paykel Healthcare Corporation Limited	8.63	0.56
Corporate Travel Management Limited	7.68	0.18
Hub24 Ltd	6.59	0.71
Credit Corp Group Limited	6.07	0.09
Wisetech	5.37	1.66
Car Group Limited	5.18	1.21
Sigma Pharmaceuticals Limited	5.13	1.49

Please refer to the end of this report for the footnotes

Sector allocations[5,6,7]



Fund update[5,7]

The Bennelong Wholesale Plus Ex-20 Australian Equities Fund returned 2.11% over the quarter, underperforming against the benchmark 7.85%.

Market performance was characterized by significant rotation and divergences. The quarter saw a pronounced shift away from the prior year's leaders, particularly Banks, toward previously lagging sectors including Resources, small caps, and domestic cyclicals. This rotation accelerated through the quarter as the Australian economy strengthened, while global companies faced ongoing uncertainty from US tariff policies. The ASX300 Industrials rose by 1.2% while the ASX300 Resources rose by 20.5%. The gap was particularly stark in the midcaps with the MidCap Resources up +54.3% while the Mid Cap industrials increased just +3.7%.

There was a notable outperformance by smaller companies in the quarter with the ASX50 up by 2.8%, the MidCap50 (ie ASX50-100) +10.5%, Small Ordinaries (ie ASX100-300) +15.3% and Emerging Companies (ie below the ASX300) +29.7%. In terms of sectors, Healthcare experienced the most volatile quarter (-9.7%) due to ongoing uncertainty from changes in US Healthcare policy and a weak result from CSL. Consumer Staples (-1.4%) and Energy (-1.0%) were the other laggards. Materials were the quarter's standout, gaining +21.2%, benefiting from the 17% rally in gold bullion and broader commodity strength. Gold miners were exceptional performers, rising +40.3% over the quarter. Utilities (+11.4%) and Discretionary (+9.6%) were the other highlights. Interestingly, ASX Technology was only up 2.2%, underperforming the MSCI Developed market technology index which returned 7.5%. The bottom up drivers of the stocks across the two markets are very different.

The Australian economy was generally ahead of RBA expectations during the quarter. Retail turnover increased 1.2% in June (consensus 0.4%), accelerating to 4.9% YoY—the strongest since March 2023. Critically, the composition shifted toward discretionary goods, with household goods up 5.6% YoY and other retailing up 6.9% YoY. This contrasted with recent years when most growth came from non-discretionary food. This strength was underpinned by robust disposable income growth of 0.4% QoQ and 7.1% YoY. Employment expanded 25,000 positions in July, with unemployment dropping from 4.3% to 4.2%. September employment data was softer, rising only 15,000 (below consensus of 20,000) and unemployment increasing to 4.5% (well above expectations of 4.3%). This may be an early sign that labour supply is beginning to outstrip demand.

June quarter inflation increased 0.6% (below consensus 0.7%), or 2.7% YoY, with services inflation slowing for the first time since early 2024. However, inflation reaccelerated through the September quarter, with headline monthly CPI rising to 2.8% in July and 3.0% in August. Core inflation in the monthly series began annualizing above 3%. The RBA cut rates at its August meeting following the encouraging June quarter inflation data. However, at the September meeting, the RBA left rates unchanged at 3.60% and adopted a hawkish shift in its outlook, noting that "inflation may be persistent" rather than expecting that it may "continue to moderate." Governor Bullock subsequently commented that recent consumption and GDP data is "probably a little stronger than we thought it would be," suggesting potentially limited scope for further rate cuts.

The outlook for a rate cut is finely balanced due to a softening labour market while inflation remains elevated. Market pricing indicates a roughly 65% chance of a November cut by the RBA, with growing consensus that any cut would likely be the last in this cycle. US growth remained robust, with the Composite PMI ranging from 55.1 in July to 53.9 in September. Notably, very strong productivity growth—with AI already beginning to boost whitecollar productivity—kept unit labour costs nearly flat despite strong economic activity. Slower job growth reflected sharply reduced illegal immigration rather than economic weakness. With fewer workers entering the market, blue-collar wages grew rapidly, with real wage growth around +1.7% per annum—the highest since at least the 1950s. This represents a significant shift from the previous decade where elevated immigration kept wages low and squeezed the low-to-middle class. The unemployment rate edged up from 4.2% to 4.3% by quarter end.

The Fed held rates steady through most of the quarter, concerned about potential inflationary impacts from tariffs, though little evidence emerged of significant persistent inflation from this source. Fed Chairman Powell delivered a dovish speech at the Jackson Hole Symposium in August, and the Fed ultimately cut rates by 25bp in September, bringing the fed funds rate to 4.00%-4.25%. The market is pricing two further cuts in 2025 and two in 2026 (targeting a fed funds rate of around 3.0% by end of FY26). The US yield curve steepened notably in August, with the 2-year down 33bp while the 10-year fell 13bp and the 30-year rose 2.5bp. Yields then fell across the curve in September, with the 30-year seeing the largest move, down 20bp.

Despite the volatility, the 2, 10 and 30 year US bond yields finished the quarter down -10bp, -8bp and -5bp respectively. More broadly, for the major global economies' PMI releases in September there was a very consistent message: All PMIs were above 50 (ie economies growing), all were up on last month, and there were no signs of recession, or even slowdowns. The USA PMI was a very solid 53.9 while India is booming with 61. Even the weaker economies of Europe (51.2), Japan (51.3) and China (52.5) are growing. It is even more striking that this broad growth is being delivered despite conflict in the middle east, tariff uncertainty, Russia/Ukraine conflict, uncertainty around central bank cuts etc. Once these headwinds pass, we should have tailwinds from US tax cuts, Trump's deregulation agenda, reflation in Europe and Asia, low and stable energy prices, a weaker US$ and central bank rate cuts.

Despite the many alarming mainstream press headlines, there is simply no evidence of a slowing global economy. US markets significantly outperformed Australia over the quarter, with the MSCI US gaining 8.1% versus MSCI Australia at +2.3%. The Magnificent 7 rose 17%, driving the NASDAQ up 11.2%. MSCI Emerging Markets also delivered strong performance at +12.5%, with particular strength in China, +19.8%.

The Australian August reporting season proved to be the most volatile on record, with more than 30% of the ASX50 recording share price moves of three standard deviations or more on reporting day. Overall, 33% of stocks beat consensus expectations while 22% missed. Beats were generally driven by stronger margins. Small caps substantially outperformed, with approximately 45% reporting EPS beats of more than 5%, compared to only 17% of ASX100 companies. This disparity reflects the strengthening domestic economy benefiting smaller, domestically focused companies, while larger companies with global operations faced uncertainty from tariffs.

Only 11% of domestic cyclicals missed earnings by more than 5%, versus 34% of global cyclicals. This pattern extended to FY26 guidance, where 14% of domestic cyclicals saw upgrades and 17% downgrades, compared to global cyclicals where only 10% had upgrades while 38% had downgrades. Domestic companies benefited from strengthening conditions and the knowledge that FY25 included headwinds such as the federal election, allowing more confident guidance. Global companies remained cautious given lingering uncertainty around tariffs and US policy changes.

We continue to maintain our high intensity of research where companies may be exposed to potential changes in tariffsor demand, and we are more mindful of position sizes and risk. However, the fact remains that the best way to deal with volatile and uncertain markets is to own quality companies that are less reliant on favourable government policy or broader macroeconomic trends. It is somewhat intuitive that if the companies' we hold are now cheaper following the market volatility, bond yields are lower, and the earnings are unchanged, then forward returns should be higher. This is the outlook we see.

Over the long term a company's share price is driven largely, if not entirely, by its earnings growth. The ASX companies that have managed to develop a globally competitive product or service (we call them the "global growers") have on average delivered far superior earnings growth and share price performance than the ASX300. Over the past ten years these global growers have had roughly double the return of the ASX300. Over the past 10 years these global growers have traded at an average 37% PE premium to the ASX200 given their stronger growth. The current aversion to anything that is perceived to be impacted either directly or indirectly by tariffs has seen this premium disappear, the global growers are now trading at around the market multiple. When people observe, "the market looks expensive", they are correct that the ASX300 is trading at a 20% premium to its 10 year average. The global growers however, are at a 6% discount to their historical average and a 37% discount to their historic market relative PE. Many of the higher quality global earners that have not had any change in their long term earnings growth. They continue to grow earnings at double digit rates and are substantially cheaper than they were at the start of the year.

BAEP's investment philosophy and approach remains unchanged. We invest in high-quality companies that are global leaders in their niche that can sustainably compound their earnings at above market growth rates over the medium to long term. They do this by investing in R&D to develop a superior product or service which enables them to take market share and grow earnings largely irrespective of the cycle. We take a bottom up research approach driven by extensive company and industry contact to deepen our understanding of the companies we invest in and where earnings prospects may be under-appreciated by the market.

Over the long term we believe earnings delivery drives company share prices. So, investing in quality companies delivering sustainable compound earnings growth is what will drive attractive returns for our portfolios over the medium and long term. The Fund's primary contributors this quarter included ARB Corporation, ALS Limited and HUB 24. The primary detractors this quarter included James Hardie, Fisher & Paykel Healthcare and WiseTech. At a sector level, performance was impacted by -415bp due to the rally in the metals and mining sector which the fund is underweight. Of this, -269bp was due to the rally in the gold miners.

Footnotes

1. Generally, the Wholesale Plus Funds are not open to direct investors. The Fund is only accessible through an Investor Directed Portfolio Service (IDPS), IDPS-like scheme or a nominee or custody service, a managed account or any other service or platform approved by us, or through a superannuation fund. Refer to the Product Disclosure Statement for the Fund which is available at bt.com.au/wholesaleplus or contact 1300 881 716 for more information.
2. The management costs identified in this fact sheet comprise the management fee, indirect costs and include the effect of GST (net of reduced income tax credit (RITC). Refer to the Product Disclosure Statement of the Fund and online disclosures for further information.
3. Performance fees are prescribed by legislation to be calculated based on the average of the performance fees incurred by the Fund or Underlying Fund (as relevant) over the previous 5 financial years
4. Past performance is not a reliable indicator of future performance. Performance figures are calculated net of all fees and costs and before taxes, other than any fees and costs deducted through an investment platform. Growth and distribution returns may not equal the total net return received due to rounding.
5. Information shown has been provided by the underlying manager.
6. Allocations may not equal 100% due to rounding.
7. S&P/ASX 300 Accumulation Index excluding Top 20 Leaders Index.

For more information

bt.com.au/wholesaleplus | 1300 881 716
Wholesale Plus Funds, GPO Box 2861, Adelaide, SA 5001

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