Across the Australian Equity component of your portfolios, we have bought Seek (SEK.ASX).

Seek is an online employment marketplace provider in Australia, New Zealand & South East Asia. They run employment listings websites and provide recruitment management systems. It also owns interests in Education, HR & Contingent Labour hire platforms through the Seek Growth Fund.

We are attracted to Seek for the following reasons:

- Strong market position - #1 in ANZ and a market leader in South East Asia
- Pricing power
- Scalability of platform businesses
- Recent simplification of the business and improved transparency

Seek has two key levers for value creation:

- Leveraging pricing power
- Operating leverage
- Macro - volumes

Firstly, the business has demonstrated strong pricing power in recent years despite declining job placement volumes. Seeks increasing market share throughout this period reinforces our confidence that this pricing power is genuine. We think their ability grow price has been enabled by the AI & digital solutions they have rolled out to improve both the candidate experience & client productivity. This is an important driver of long-term revenue growth.

Secondly, under new management we have seen a commitment to leveraging the scalable cost base of a platform business and to reward shareholders with margin expansion. With a more constructive job ad outlook from FY26 supported by interest rate cuts, we see potential for strong profit growth (given operating leverage), as revenue growth returns.

We have funded the purchase of Seek via sale of Nine Entertainment (NEC.ASX). The decision was driven by two main considerations:

- The likelihood of NEC rejecting the offer / Co Star abandoning the bid for Domain Group ("DHG") and the likely ensuing sell-off;

The Co Star bid for DHG is accepted with NEC ultimately (timeframe unknown) returning cash to shareholders. With the sale of DHG, the remaining business is unlikely to rejoin the S&P ASX 100 Index, our investable universe, within any reasonable timeframe. In this scenario the policy would require us to sell the position.

We do acknowledge that other possibilities include a higher bid from Co Star for DHG or a consortium bid for NEC between Co Star and major NEC shareholder Bruce Gordon.

The downside of the bid being abandoned was seen to be greater than the upside of the other 2 scenarios.