

Apostle Dundas Global Equity Fund

Investment Objective

- The target is to exceed the MSCI All Country World ex Australia Index by 2.5% p.a. after all fees and expenses on a rolling 5-year basis.
- Capital and income growth to exceed the benchmark and inflation
- To achieve lower volatility than the benchmark

Investment Firm

Dundas Global Investors ('Dundas') started in 2010 as an independent Investment Management firm based in Edinburgh that manages a single investment strategy, global equities.

Dundas can best be categorised as Defensive Growth, with a focus on companies with strong and sustainable returns on equity and a growing dividend stream.

Key Advantages

- Pro-active management of both components of total return (capital and dividends)
- Fee minimisation and alignment of incentives
- Lower cost base
- Enhanced research that capitalises on technology

Investment Style

Dundas invests for capital and income growth. The team uses fundamental, bottom-up research to find companies capable of real long-term wealth generation that will lead to both capital and dividend growth. While dividends are an important part of the investment proposition, Dundas places greater emphasis on future income streams as opposed to current payout ratios. The resulting portfolio is globally diversified, has an average holding period of more than five years, satisfactory upside and good downside capture statistics.

Characteristics

Unit Price – Class C (NAV)	AUD\$1.9596
Fund Size	AUD\$2,025.70M
Tax Losses Available (As at last distribution period)	AUD\$294.98M
Portfolio Inception Date	August 2012
Inception Date – Class C	June 2015
Companies in Portfolio	Targeting 60–100 holdings
Investment Manager	Dundas Global Investors
Management Fee	0.90%
Buy/Sell Spread	15/15 (bps)
Portfolio Management Team	Alan McFarlane – Senior Partner Russell Hogan – Partner James Curry – Partner Gavin Harvie – Partner David Keir – Partner
Responsible Entity	K2 Asset Management Ltd
Custodian/Registry	State Street Australia Limited

Performance (%)

AUD return	1 mth	3 mths	1 yr	3 yr Pa	5 yr Pa	7 yr pa	Incep pa
Total (gross)	2.95	9.97	12.32	12.14	13.22	14.11	11.32
Total (net)	2.88	9.73	11.32	11.14	12.21	13.09	10.33
Relative*	0.04	1.28	2.40	0.62	3.33	2.66	1.88

Source: State Street Performance & Analytics Australia. Fund performance calculated using exit prices and shown on a total return basis (net dividends reinvested). Performance inception date is 4th June 2015.
*Relative calculated as the difference between the Fund's gross (of fees) return and that of the Solactive GBS Global Markets ex Australia Large & Mid Cap AUD Index. Past performance is not a reliable indicator of future performance.

Portfolio Characteristics

No of Holdings	62
Dividend Yield	1.32%
Turnover* (last 12 months)	8.34%
Price/Earnings	27.6x
Price/Cash Flow	21.4x
Price/Book Value	5.4x
Beta (ex-ante)	0.97
Average market capitalisation	\$200.57bn
Median market capitalisation	\$65.99bn
Tracking error (1 year)	4.72

*Turnover calculated as ((Purchases + Sales)/2) / average assets during the period.

Market Cap Exposure (% weight by capital)

Range	Fund
>US\$ 500bn	7.25
US\$ 100 - 500bn	30.31
US\$ 50 - 100bn	19.15
US\$ 10 - 50bn	35.82
US\$ 2 - 10bn	5.50

Top Ten Holdings by Capital (%)

Stock	Fund	Active Weight*
Microsoft	3.31	-0.54
WW Grainger	3.09	3.04
Novo Nordisk	2.75	2.29
Atlas Copco	2.29	2.23
Analog Devices	2.12	1.96
Accenture	2.09	1.77
Apple	2.09	-2.52
Marsh & McLennan	1.99	1.84
Essilorluxottica	1.98	1.88
Abbott Laboratories	1.95	1.62
TOTAL	23.66	13.57

Active weight relative to the Index.

Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
DBS Group	4.62
Home Depot	4.07
Sage Group	3.50
Roche Holding	3.39
Analog Devices	3.30
TOTAL	18.87

Regional Allocation (%)

Country	Fund	Active Weight*
United States	54.18	-4.89
France	9.97	6.94
Switzerland	8.48	5.69
Sweden	5.27	4.32
Denmark	4.58	3.78
United Kingdom	4.21	0.12
Japan	3.81	-2.30
Netherlands	1.40	0.19
Taiwan	1.33	-0.34
Singapore	1.24	0.81
Germany	1.06	-1.11
Hong Kong	1.05	0.17
India	0.83	-0.87
Norway	0.63	0.42
Other Countries	0.00	0.00

Active Weight relative to the Index.

Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	25.47	5.22
Health Care	21.29	8.72
Financials	15.18	-0.30
Industrials	14.55	3.91
Consumer Discretionary	7.19	-3.65
Consumer Staples	6.05	-1.87
Communication Services	4.58	-2.97
Materials	3.73	-0.64
Energy	0.00	-5.18
Real Estate	0.00	-2.24
Utilities	0.00	-2.97
Cash	1.96	1.96

Active Weight relative to the Index.

Performance and Portfolio Comment –April 2023

Market overview

In the US, the major exchanges were little changed over the month, with the S&P modestly higher and the Nasdaq near unchanged. Analysts continue to flag the risks around the growing gap between markets and the central bank rate path outlook, a scenario that could see the Fed restarting hikes later this year if the economy continues to perform well and inflation doesn't recede. Despite the March bank failures, regional bank results were seen as better than feared. European equity markets ended higher in April with the longest winning streak for stocks since the fourth quarter of 2022. Macro data continued to point to a more stable economic backdrop, but inflation dynamics were only a bit more favourable and fed into risk of prices staying higher for longer than previous expectations. China's reopening-driven rebound was supported by higher-than-expected retail sales, however concerns around geopolitical tensions remain.

Falling energy prices helped bring headline inflation down in the major developed economies with the contribution from energy turning negative in the US and the eurozone. Overall, data in April showed economic activity remained resilient in the face of mounting headwinds. Equity markets continued their rally and have now broadly recovered from the tumult in March.

Performance overview

Over the past 12 months, the Fund has posted a total return gross of fees of 12.32% while the market returned 9.92%*. In March, the Fund gained 2.95%, outperforming the market by 0.04%.

While allocation was negative for the month, this was negated by positive stock selection, resulting in the Fund's outperformance. The Health Care sector was the strongest contributor, with both selection and allocation a boost to performance. This was followed closely by both the Consumer Discretionary and Materials sectors. Stock selection within the Industrials sector was robust, although there was a slight negative effect from the Fund's overweight to the sector. The rollercoaster effects of the Energy sector's fluctuating fortunes continue, as this month the Fund's zero exposure to the sector was a negative. The Fund's overweight to the IT sector cost performance and stock selection within the sector was the largest detractor for the month, with all five bottom five stock detractors coming from this sector.

On a regional basis, stock selection within Europe and the Fund's overweight to the region were the primary sources of outperformance. Allocation to Asia Pacific was also a benefit, albeit stock selection has a slight negative impact. With four of the five bottom five stock detractors US-listed, it is not surprising that stock selection within North America was the main drag on performance.

The top five contributors was topped by the Swedish multinational industrial stock **Atlas Copco**, followed by the US-listed insurance products broker **Brown & Brown**. Also on the list were French-listed global eyewear firm **EssilorLuxottica**, and two US-listed stocks, medical conglomerate **Abbott Laboratories** and global consulting organisation **Marsh & McLennan**.

Of the bottom five detractors, four were US-listed, one Taiwan based and all came from the IT sector. The list consisted of circuit protection specialist **Littelfuse**, semiconductor manufacturers **Analog Devices** and **TSMC**, electronic manufacturing company **Amphenol** and measurement equipment manufacturer **Keysight Technologies**.

Dividends

There were five dividend announcements in April with an average increase of 17.1%. **Keyence**, at the forefront of development and manufacturing of factory automation equipment, declared a dividend increase of 50.0%. The Indian-listed **HDFC Bank's** annual dividend was 22.6% higher than last years. **Costco**, the US box retail conglomerate, and **WW Grainger**, the US industrial supply company, posted dividend increases of 13.3% and 8.1%, respectively. Finally, **Misumi**, one of the world's largest suppliers of components for the manufacturing industry, reported a dividend decrease of 8.8%.

Portfolio changes

No complete sales or new investments were made in April.

*Solactive GBS Global Markets ex Australia Large & Mid Cap AUD Index

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