APOSTLE FUNDS MANAGEMENT

Apostle Dundas Global Equity Fund – Class D ASX: ADEF

THE NAME BEHIND THE NAMES

Monthly Portfolio Information Sheet as at 30 November 2022

Global Equity

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 D (NAV)	AUD$4.5106
Fund Size	AUD$ 1,900.66M
Class D Size	AUD$ 14.37M
Tax Losses Available (As at last distribution period)	AUD$ 285.95M
Portfolio Inception Date	August 2012
Inception Date – Class D	February 2021
Companies in Portfolio	Targeting 60–100 holdings
Investment Manager	Dundas Global Investors
Management Fee	0.90%
Portfolio Management Team	Russell Hogan – Managing Partner Alan McFarlane – Senior Partner James Curry – Partner Gavin Harvie – Partner David Keir – Partner Julie Tay – Senior Investment Analyst
Responsible Entity	K2 Asset Management Ltd
Custodian	State Street Australia Limited
Unit Registry	Boardroom Limited

Performance (%)

AUD return	1 mth	3 mths	1 yr	3 yr Pa	5 yr pa	7 yr pa	Incep pa
Total (gross)	4.08	7.62	-9.12	9.17	12.71	12.21	11.01
Total (net)	4.01	7.38	-9.94	8.20	11.71	11.21	10.03
Relative*	1.35	2.00	-2.34	2.34	3.66	2.57	1.90

Source: State Street Performance & Analytics Australia. Fund performance calculated using exit prices for Class C and shown on a total return basis (net dividends reinvested). Performance inception date is 4th June 2015. Class D of the Fund was created on 24th February 2021, has a similar fee structure to Class C and is hence comparable. Different future expenses between the classes may impact the returns of each class. *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	1.48%
Turnover* (last 12 months)	7.96%
Price/Earnings	26.7x
Price/Cash Flow	20.9x
Price/Book Value	4.9x
Beta (*ex-ante*)	4.87
Average market capitalisation	$183.85bn
Median market capitalisation	$69.00bn
Tracking error (1 year)	1.03

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

Market Cap Exposure (% weight by capital)

Range	Fund
>US$ 500bn	6.62
US$ 100 - 500bn	30.15
US$ 50 - 100bn	19.14
US$ 10 - 50bn	34.65
US$ 2 - 10bn	7.68

Top Ten Holdings by Capital (%)

Stock	Fund	Active Weight*
Microsoft	2.89	-0.43
WW Grainger	2.82	2.77
Accenture	2.36	2.01
Ross Stores	2.24	2.17
Factset Research Systems	2.21	2.21
WR Berkley	2.17	2.14
Analog Devices	2.13	1.97
Novo Nordisk	2.13	1.78
Costco Wholesale	2.11	1.69
Littelfuse	2.06	2.08
TOTAL	23.13	18.38

**Active weight relative to the Index*.*

Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
Intel	4.97
DBS Group	4.13
Home Depot	3.54
WR Berkley	3.24
Sage Group	3.09
TOTAL	18.96

Regional Allocation (%)

Country	Fund	Active Weight*
United States	58.57	-1.31
France	8.66	6.00
Switzerland	6.67	4.02
Sweden	5.02	4.16
United Kingdom	4.03	-0.14
Japan	3.76	-2.26
Denmark	3.69	3.01
Taiwan	1.38	-0.29
Singapore	1.36	0.93
Netherlands	1.34	0.16
Germany	1.03	-0.89
Hong Kong	1.03	0.15
India	0.88	-1.02
Norway	0.81	0.56
Other Countries	0.00	0.00

**Active Weight relative to Index*.*

Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	31.99	10.83
Health Care	19.29	6.27
Financials	13.25	-1.20
Industrials	11.93	1.61
Consumer Discretionary	7.45	-3.49
Consumer Staples	5.66	-1.93
Communication Services	5.38	-1.66
Materials	3.29	-1.17
Energy	0.00	-5.61
Real Estate	0.00	-2.36
Utilities	0.00	-3.04
Cash	1.77	1.77

**Active Weight relative to the Index*.*

Performance and Portfolio Comment – November 2022

Market overview

Equity markets continued their recovery into November, with developed market equities gaining 7% and emerging markets raising by nearly 15%. The start of the month saw the ongoing concerns about inflations and more central bank tightening, a focus of investor sentiment. The Federal Reserve (Fed) and the Bank of England (BoE) increased rates by 75bps to 4.0% and 3.0% respectively. The release of US October inflation numbers, with the 7.7% year-on-year (y/y) increase below consensus expectations, boosted market's hope that US inflation has peaked, in line with the Fed's attempts at a controlled slowdown. The idea that falling inflation could mean that the end to the rate hiking cycle is not far off, gave both stocks and bonds a lift. Meanwhile, October eurozone CPI (consumer price index) rose 10.6% y/y, which is a new high with food prices and energy costs the main drivers. However, there has been preliminary indications that inflationary pressures from input prices are easing. In the UK, headline inflation hit 11.1% year on year in October, driven by rising food prices and utility bills. Core inflation remained stable at 6.5% y/y. Like in the eurozone, economic activity in the UK improved from depressed levels.

China's strict "zero Covid" approach had remained a concern that was eased by the government's announcement of 20 measures to relax Covid restrictions. Although this was followed by a fresh surge in new Covid cases that brought about new, broad lockdown, and also sparked a series of nationwide protests. Still, by month's end investors seemed to believe that normalisation would come, if perhaps by a circuitous path. Added to this was optimism about the government's plans to support the country's stressed property sector.

Performance overview

Over the past 12 months, the Fund has posted a total return gross of fees of -9.12% while the market returned -6.78%*. In November, the Fund rose by 4.08%, outperforming the market by 135bps.

The outperformance over the month was as a result of strong stock selection. Stocks within the I.T., Consumer Discretionary and Health Care sectors contributed positively. All sectors bar Energy posted a positive return in November. The turbulence in energy was seen as oil was lower for the fifth time in the past six months, and the sector switched from being the best performing last month to worst performing this month. Not holding any positions within the sector led to the biggest contribution to the Fund from an allocation perspective. Communications Services and Materials detracted from Fund performance, the Funds underweight to the sectors resulted in a marginal negative from allocation, but the majority of the damage was caused by stock selection. On a regional basis, North America had the biggest impact, with the Fund's underweight to the market a positive and boosted by the biggest contribution to the Fund's performance during the month, stock selection within the region. The Fund's overweight to Europe was positive. The underweight to Asia Pacific was the largest detractor, and stock selection was also a marginal negative, although the best performing stock over the month TSMC came from this region.

Four of the five top contributors came from the I.T sector, the other from Consumer Discretionary and four of the five were US listed. The list was topped by Taiwan-listed chip foundry **TSMC,** followed by discount retailer **Ross Stores,** tech conglomerate **Apple,** and the semiconductor manufacturers **Analog Devices** and **Applied Materials.**

All of the five bottom contributors hailed from the US. The list consisted of the media and entertainment giant **Walt Disney,** digital payments firm **PayPal**, the gaming content specialist **Activision Blizzard,** the industrials supplier **WW Grainger** and insurance solutions provider **WR Berkley.**

Dividends

There were three dividend announcements in November with an average increase of 10%. Global HR solutions and software provider, **Automatic Data Processing**, declared a dividend increase of 20%. **Coloplast**, the Danish medical device manufacturer, increased its final dividend by 7% (excluding interim). Accounting software company **Sage Group** raised its dividend by 4%.

Portfolio changes

No new investments or complete sales were made in November.

Contacts

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

Disclaimer

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