Apostle Dundas Global Equity Fund – Class D

Monthly Report – **March 2024**

APOSTLE

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

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

Dundas can best be categorised as Quality 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 sustainable 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, with satisfactory upside and good downside capture statistics.

Characteristics

Unit Price (NAV)	AUD$5.7181
Fund Size (AUD)	AUD$2,483.34M
Class D Size	AUD$17.22M
Tax Losses Available (As at last distribution period)	AUD$257.32M
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	Alan McFarlane – Senior Partner, James Curry – Partner, Gavin Harvie – Partner, David Keir – Partner, and Andy Brown – Investment Manager
Responsible Entity	K2 Asset Management Ltd
Custodian	State Street Australia Limited
Unit Registry	Boardroom Limited

Performance

Return (%)	1 mth	3 mth	6 mth	1 yr	2 yr (p.a.)	3 yr (p.a.)	Incep. (p.a.)	^Portfolio Incep. p.a.
Total (gross)	1.24	12.60	22.40	23.97	14.60	13.15	13.96	12.39
Total (net)	1.16	12.35	21.85	22.86	13.58	12.14	12.94	11.39
Relative (gross)*	-1.61	-0.65	3.61	-2.95	-0.20	0.50	0.29	1.37
Relative (net)**	-1.69	-0.90	3.06	-4.06	-1.22	-0.51	-0.73	0.37

Source: State Street Performance & Analytics Australia. Fund performance calculated using exit prices for Class D and shown on a total return basis (net dividends reinvested). Class D commenced on 24 February 2021. *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.**Relative (Net) calculated as the difference between the Fund's net (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 Inception pa returns refers to Class C of the Apostle Dundas Global Equity Fund from its inception date of 4th June 2015. Class C has the same management fee, hence the information would be comparable for Class D. Different future expenses and other factors between the classes may impact the returns of each class.

Portfolio Characteristics

No of Holdings	60
Dividend Yield	1.24%
Turnover* (last 12 months)	10.59%
Price/Earnings	29.51
Price/Cash Flow	21.29x
Price/Book Value	5.58x
Beta (ex-ante)	0.99
Average market capitalisation	$244.2bn
Median market capitalisation	$70.49bn
Tracking error (1 year)	4.15

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

Market Cap Exposure (% weight by capital)

Range	Fund
>US$ 500bn	14.01
US$ 100 - 500bn	29.51
US$ 50 - 100bn	13.03
US$ 10 - 50bn	39.53
US$ 2 - 10bn	2.47

Top Ten Holdings by Capital (% weight)

Stock	Fund	Active Weight*
Microsoft	3.74	-0.70
WW Grainger	3.74	3.68
Novo Nordisk	3.16	2.61
WR Berkley	2.63	2.60
Sage Group	2.46	2.44
Applied Materials	2.39	2.18
Amphenol	2.28	2.19
Essilorluxottica	2.23	2.14
Atlas Copco	2.22	2.16
Ross Stores	2.19	2.12
TOTAL	26.95	21.42

*Active Weight relative to the Index

Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
DBS Group	5.08
Home Depot	3.81
Essilorluxottica	3.59
Diageo	3.39
Sage Group	3.21
TOTAL	19.09

Regional Allocation (%)

Country	Fund	Active Weight*
United States	57.89	-4.14
France	9.23	6.67
Switzerland	7.57	5.24
Denmark	5.50	4.64
Sweden	5.14	4.25
United Kingdom	3.89	0.52
Japan	2.04	-4.28
Netherlands	2.01	0.73
Taiwan	1.78	-0.14
Hong Kong	1.59	1.01
Singapore	1.11	0.77
India	0.79	-1.26
Other Countries	0.00	0.00

*Active Weight relative to the Index

Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	26.36	2.28
Health Care	22.20	11.04
Financials	17.98	2.16
Industrials	13.86	3.05
Consumer Discretionary	6.80	-4.09
Consumer Staples	4.75	-1.73
Communication Services	3.65	-4.18
Materials	2.97	-0.92
Energy	0.00	-4.53
Real Estate	0.00	-2.01
Utilities	0.00	-2.50
Cash	1.46	1.46

*Active Weight relative to the Index

Performance and Portfolio Comment

Market overview

Stock indices continued to rise, with global stocks recording their longest positive monthly streak since 2021. Key themes included subdued volatility persisting as global stocks rose for a fifth consecutive month, central banks signalling rate cuts were likely to occur later this year, and a Biden-Trump rematch confirmed for the US Presidential Election. Energy and Materials were the best performing sectors amid higher commodity prices. Oil nearly rose by 5%, to $87 per barrel (Brent). US equities were higher in March, with the major indices all gaining. The S&P 500 logged its fifth straight monthly increase, finishing higher for the 10th month of the past 13 and setting multiple fresh record highs along the way.

The Federal Reserve left its target rate range unchanged at 5.25%-5.50% for the fifth consecutive meeting, while its updated interest rate projections reiterated three rate cuts in 2024. Gold rose to a record high in US dollar terms – exceeding the $2,200 threshold – as did bitcoin which briefly surpassed $70,000.

In Europe, markets had a positive month as a result of improving consumer confidence, due to the mild winter and a rise in real wages due to falling inflation and a tight labour market. The European Central Bank left the deposit rate at 4.00% – with hints that the easing cycle could begin in June – and the Bank of England's base rate remained at 5.25%. Unexpectedly, the Swiss National Bank was the first developed-market central bank to cut interest rates, by 25bps to 1.50%.

Performance overview

Over the past 12 months, the Fund has posted a total return net of fees of 22.86%, while the market returned 26.92%*. In March, the Fund returned 1.16% net of fees underperforming the market by 1.69%.

The Fund underperformed its index this month due to negative stock selection and to a lesser extent negative allocation. On an absolute basis, all sectors posted positive returns. Stock selection within the Communication Services was the largest contributor to performance, although the Fund's underweight was a slight negative. Stock selection with the Consumer Discretionary sector was also positive and the underweight also added to performance. Stock selection in all the other sectors invested in by the Fund was negative.

On a regional basis, the Fund's holdings in France, United Kingdom and Sweden where the culprits for the negative stock selection within Europe, while the three holdings in Japan were the main reason for the disappointing stock selection within the Asia Pacific region. The Fund's underweight to the US detracted from performance, which was augmented with negative stock selection.

Again, this month the tech conglomerate Apple was on the top five stock contributors due to its larger benchmark weighting. This was followed by Swiss-listed global pharma outsourced manufacturer Lonza, the US stock exchange Nasdaq, the Danish multinational pharmaceutical firm Novo Nordisk and US-listed e-commerce platform eBay.

Heading up the bottom five stock detractors were two US-listed stocks, tech consulting giant Accenture and veterinary products and services firm Zoetis. Also on the list were Swiss global hearing aid maker Sonova, Asian life insurers AIA Group and Swedish multinational industrial stock Atlas Copco.

Dividends

There were nine dividend announcements in March, with an average increase of 8.7%. The dividends declarations comprised of *Applied Materials* 25.0%, *American Express* 16.7%, Ross Stores 9.7%, *Dassault Systemes* 9.5%, *Lindt* 7.7%, *AIA Group* 5.0%, *Tecan Group* 3.4%, *Geberit* 0.8% and *Biomerieux* 0.0%.

Portfolio changes

In March, the US-listed ResMed, which engages in providing digital health and cloud-connected medical devices, was purchased and the Japanese industrial stock Misumi was sold.

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

Contact us

Apostle Funds Management Pty Ltd

Level 14, 50 Pitt Street Sydney NSW 2000
T: +61 2 8278 9554 F: +61 2 9247 9976
www.apostlefm.com.au

K2 Asset Management

Level 32 101 Collins Street Melbourne
T: +61 3 9691 6111