DUNDAS GLOBAL INVESTORS

APOSTLE Funds Management

Apostle Dundas Global Equity Fund

Class D

Q1 2024

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Quarterly business update

All data in US Dollars.

Dundas strategies	Inception	AUM	USA	Aus / NZ	UK
Global Equity Growth	Aug 2012	2,040	0	1,619	421
International Equity Growth	May 2016	249	249	0	0
– International Equity Growth ADR 20 stock*	Jun 2015	181	181	0	0
– International Equity Growth ADR*	Aug 2019	43	43	0	0
Global Smaller Companies Equity Growth	Sep 2021	17	0	0	17
		2,530			

Firm update

- Brand refresh and new website launched New Website Here
- Operation Due Diligence document completed
- GIPS annual verification completed

Sources: Dundas. *AUM as at 31 March 2024. Note AUM may not sum due to rounding.

Quarterly Review

Index performance

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 quarter, the Fund returned 12.35% net of fees underperforming the market by 0.90%.

Quarterly performance review

All our funds entered 2024 off a really strong Q4 in absolute and relative terms. In Q1 our Global Equity Growth Strategy generated a gross return of 7.67% (US$ terms).

Dividends at Dundas

For our global funds dividend growth announcements averaged 13% in the first quarter. 25 of our 61 holdings made dividend announcements. Notable increases include Novo Nordisk which has been in our portfolio since inception. Its 51% increase in its annual dividend reflects the continuing high rates of growth in its weight loss drug portfolio, including Ozempic and Wegovy. Many headlines currently focus on Nvidia for its AI chip design. One of our holdings, Applied Materials, produces the machines that make those chips and will benefit from the rising demand for artificial intelligence. Applied Materials was added to our portfolio in 2018 after studying the whole of the semiconductor sector. It recently increased its dividend by 25%. Another example is American Express, another holding in the portfolio since inception. It increased its dividend by 16% reflecting its accelerated growth post-pandemic. In the last two years it has added 25 million new customer accounts to its network which now boasts a total of 140m accounts. There has been a significant increase in spending per account furthering management's confidence in its ability to deliver higher levels of dividend growth.

In the US dividends rose by $16bn in the first quarter. One-third of this increase was driven by three US technology initiators, Meta, Salesforce, and Booking Holdings, each committing to pay dividends for the first time. As higher interest rates raise the competition for capital, perhaps we are at the beginning of a paradigm shift against the broader market trends of the last three decades. At Dundas, we continue to double down on dividend growth and are delighted that these companies have joined our increasing dividend growth opportunity set. Dividends are the cash-based returns that investors realise reflecting the growth in revenue, profits, and cash flows. We hope more Boards realise their significance and importance.

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

Quarterly Review

Market valuations

Growth and value components of the market show there are already pockets of high valuations in the parts of the market currently driving returns. In the small cap space, it is even more extreme. We operate at the intersection of quality, growth, and valuation discipline. The valuations of our global funds are reflective of owning around 60 of the best companies in the world which have announced on average 11% dividend growth each year since we started managing client funds.

Inflation

The world's policymakers remain cautious. Yet, Eurozone inflation fell to 2.4% in March, lower than expected. This new data supports the consensus view that the ECB will soon begin to cut rates as they near the 2% target. Concerns appear to linger over the impact of rapid wage growth raising costs in the services sector. Across the pond rapidly developing artificial intelligence and significant government spending plans support the view of higher long-term interest rates. In this landscape those companies with strong balance sheets and low levels of debt are less impacted by higher interest rates on profits and cash flows. Their ability to continue reinvesting in new capacity and innovative products and services is persistent, ensuring the best chance to thrive when others are less resilient.

A step up in M&A

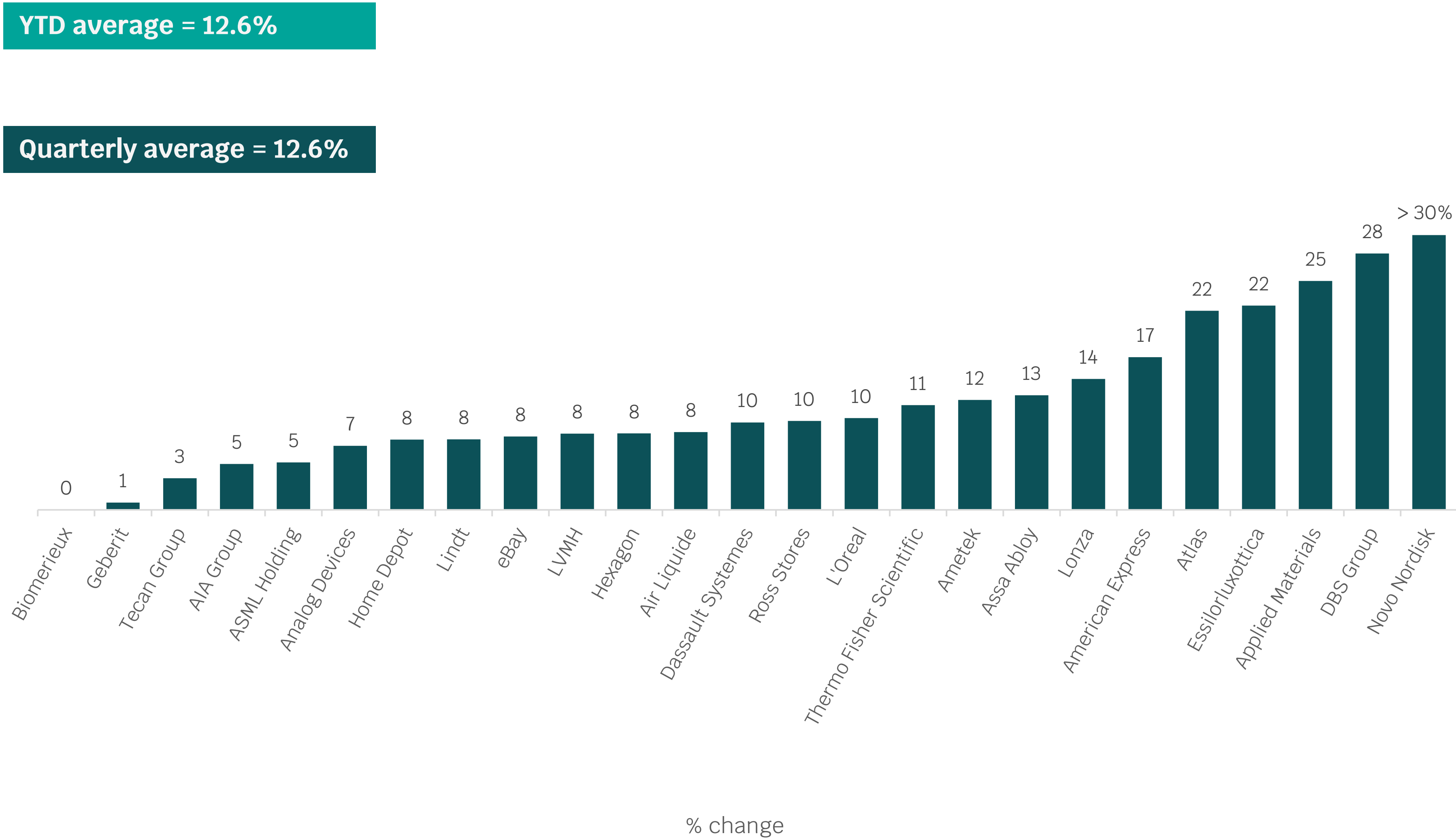
While minds are turning to lower prospective interest rates the persistent messaging of higher for longer is lowering the uncertainty around future funding costs. M&A volumes globally rose 30% to $755bn with 14 individual deals worth more than $10bn, almost triple the number of deals in the same period of 2023. Deals were most prevalent in the US and Europe while in Asia deals fell significantly. In the same vein there were two successful IPOs, Astera Labs and Reddit, and in the world of private equity the mismatch between buyer and seller values remains. Many of our companies grow in part through acquisitions. While cautious of these deals we prefer self-funded bolt-on acquisitions adding complementary products, services, geographic locations or customer groups, especially when management has a track record of successful integration supporting cash flow growth.

Outlook

Looking forward

We continue to invest for the long-term, in companies with highly sought after best-in-class products and services. In those with strong balance sheet, and a strong commitment to continual reinvestment for innovation driving future cash flow generation. These companies grow market share and outclass their peer's financial margins, while conscious of their impact and efficiency. For the long-term we are quietly confident in both the business resilience of our holdings and their ability to grow dividends, the ultimate driver of investor returns.

Dividend decisions in 2024



Data as at 31 March 2024.

Sources: Bloomberg, Dundas.

Quarterly dividend declarations

Excludes specials and buy backs

Dividends vary in payment frequency, largely dependant on the country of domicile. Frequency is either annually, quarterly or twice yearly, the latter often labelled as an interim and a final. Declarations are typically made at the fiscal year end to capture the firm's policy change.

Stock	Change	Comment
Novo Nordisk	51.6%	Marking its centenary year in 2024, by issuing a substantial dividend. This reflects a remarkable 50% surge in revenue and profits driven by their pioneering weight loss medication, Wegovy. With 40 million customers worldwide seeking treatment for chronic conditions, the firm has now expanded its focus to include prevention.
DBS Group	28.0%	A record year for income, profit and RoE, and the driver behind the high DPS announcement. A 10% bonus issue was also announced.
Applied Materials	25.0%	"Our latest dividend increase reflects our confidence in Applied Materials' ability to generate profitable growth and strong free cash flow," said Brice Hill, Senior Vice President and CFO. "We believe Applied can continue to outperform the semiconductor equipment market in the years ahead, and we expect our services business to deliver double-digit growth and more than enough operating profit to support a growing dividend."
Essilorluxottica	22.3%	Revenue and profits growing at 7%. Large re-investment in smart glasses - adding voice activated Meta AI to eyewear.
Atlas	21.7%	Revenues & profit up over 20%, dividend increase reflects this. Growth in compressor technology and industrial tools leading the growth.
American Express	16.7%	Earnings up 14%. Millennials and Gen Z accounted 20% of payment volume in Q4/2019, 30% in Q4/2022 and 31% in Q2/2023. The AXP brand, and consumer value proposition is being recognised by new generations of consumers and will therefore be desirable for merchants to accept.
Lonza	14.3%	Revenues up 11% for the TSMC of the pharma industry. Despite changes in the boardroom, still managed to post a good increase. Biologics the key growth driver.

Source: Bloomberg, Dundas.

Quarterly dividend declarations

Excludes specials and buy backs

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Stock	Change	Comment
Assa Abloy	12.5%	Sales & profits experienced mid double-digit growth. High R&D reinvestment in digitised locks 20%+.
Ametek	12.0%	US-domiciled global manufacturer of high-tech industrial solutions. Continuation of consistent five-year double-digit business and dividend growth.
Thermo Fisher Scientific	11.4%	Global leader who support the medical science industries. Consistent grower, mid double digits for the past five years.
L'Oreal	10.0%	Sales up 8%. L'Oreal Luxe division has become the global leader (in sales) in luxury beauty.
Ross Stores	9.7%	US discount retailer continues to deliver solid growth.The key driver is store openings of which an additional 70 were added in the past 12 months, taking the total to over 2100.
Dassault Systemes	9.5%	Earnings continue to grow steadily for this French design company – around 12% for the past five years. Dassault are at the heart of remodelling the future for manufacturing, life sciences and infrastructure clients.
Air Liquide	8.5%	Dividend growth for 30 years. New three-point strategy launched – ADVANCE. Aiming for 5% revenue growth, 10% return on capital employed and finally reduction in CO2 emissions.
Hexagon	8.3%	Organic growth 7%. Double-digit dividend growth over past 5 years reflected in total return. Tech conglomerate with geospatial speciality serving a variety of industries and geography providing cushioning.

Source: Bloomberg, Dundas.

Quarterly dividend declarations

Excludes specials and buy backs

Dividends vary in payment frequency, largely dependant on the country of domicile. Frequency is either annually, quarterly or twice yearly, the latter often labelled as an interim and a final. Declarations are typically made at the fiscal year end to capture the firm's policy change.

Stock	Change	Comment
LVMH	8.3%	Revenues up 9%, profits up 8%. Strong organic growth in all areas except wines & spirits. Exceptional growth from beauty retailer Sephora.
eBay	8.0%	Revenue growth around 3%. The key metric for eBay is the gross merchandise value (GMV) which is the value traded on the platform. Expectations for this to grow.
Lindt	7.7%	Solid growth from the Swiss chocolate specialist –with revenues & profits up by high single digits over past three years.
Home Depot	7.7%	2023 was flat compared to exceptional results in previous years. Has historically been a steady grower.
Analog Devices	7.0%	19 years of dividend growth for semiconductor leader in analogue, mixed signal & power solutions. Aligned with high growth industries with increasing digitisation.
ASML Holding	5.2%	Although revenues and profits grew > 30% in 2023, the dividend growth did not reflect this. A significant buyback programme was created in 2022 and has continued in 2023.
AIA Group	5.0%	Value of new business up 33%, with Hong Kong up a staggering 82%. Large share buy-back initiative created in 2022 makes up a healthy return to shareholders.

Source: Bloomberg, Dundas.

Quarterly dividend declarations

Excludes specials and buy backs

Dividends vary in payment frequency, largely dependant on the country of domicile. Frequency is either annually, quarterly or twice yearly, the latter often labelled as an interim and a final. Declarations are typically made at the fiscal year end to capture the firm's policy change.

Stock	Change	Comment
Tecan Group	3.4%	Revenues were down in 2023, largely due to the previous years significant Covid demand. Underlying sales for fiscal year 2023 increased by 6.3% in local currencies, despite a challenging market environment and cautious investment behaviour among many customers. Underlying sales exclude the effects of lower Covid- related sales (estimated net effect of CHF -58.5m in local currencies).
Geberit	0.8%	The CEO summarised 2023 as "Convincing results in a strongly declining market environment". An extremely difficult year is behind the Geberit Group. Volumes were significantly lower due to the declining building construction industry in Europe and the high volume level in the prior year. Despite the negative overall forecasts for the European building construction industry in 2024, the expected reduction in interest rates during the course of the year and the structural trend towards higher sanitary standards should positively stimulate demand.
Biomerieux	0.0%	Revenues up 7%. Significant wave of innovation launches this year, will hopefully pay dividends in the years ahead.
Average	**12.6%**	

Source: Bloomberg, Dundas.

Performance – Class D

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.

Currency: AUD

Top & bottom stock contributors

Top 5	Total Return (%)	Sector	Country
Apple	–6.73	Information Technology	USA
WW Grainger	28.64	Industrials	USA
WR Berkley	30.97	Financials	USA
Novo Nordisk	29.95	Health Care	Denmark
Applied Materials	33.31	Information Technology	USA

Bottom 5			
Sonova Holding	–7.00	Health Care	Switzerland
Littelfuse	–5.01	Information Technology	USA
Dassault Systemes	–5.13	Information Technology	France
Zoetis	–10.13	Health Care	USA
Factset Research Systems	–0.17	Financials	USA

Data for the three month period to 31 March 2024.

Currency: AUD

Sources: Dundas, Bloomberg.

Top 5 stock contributors

Top 5	Comment
Apple	Apple's first quarter results celebrated two things: the 40th anniversary of the Mac, and an installed based of more than 2.2bn active devices. Management's outlook for the second quarter suggests revenues will be weaker, the result of a tough comparative quarter in the previous year. The stock's share price fell and our relative underweight position versus the index was favourable for relative performance.
WW Grainger	WW Grainger, the US distributor of maintenance, repair, and operating products, re-emphasised its target for double-digit annual EPS growth driven by success in both its High-Touch US business and its Endless Assortment. The company expects that it will soon exceed its initial plan for 40% gross margins, realising supply chain efficiencies. It will continue to invest in capacity and automation to further improve service levels, lower costs of delivery, ultimately enhancing its already significant competitive advantage.
WR Berkley	WR Berkley, the US property and casualty insurer, reported 12% premium growth in its Q4 2023 results, driving its operating return on equity up 150 basis points in its full-year results.
Novo Nordisk	Novo Nordisk believes top-line growth, scalability, investing in manufacturing and building out its R&D pipeline are its priorities for the future. Operating margins are nearing 45% and further expansion is no longer the primary objective. The company served 42 million patients at the end of Q4, adding 5 million in the year, and increased revenues by 36% in 2023. Its obesity drugs increased revenues by 154% in 2023 and its diabetes market share also increased.
Applied Materials	Applied Materials has announced a 25% increase in its quarterly dividend. Management is confident that the business will continue to outperform the semiconductor equipment market, driving profitable growth and strong free cashflow trends.

Sources: Dundas

Bottom 5 stock contributors

Bottom 5	Comment
Sonova Holding	Sonova is the world's largest hearing aid maker. The company operates in a market growing 4-5% p/a driven by aging populations and increasing penetration of hearing products, especially in emerging countries. It is a highly concentrated industry with four companies controlling the market, and Sonova is the leader with 31% market share. Lately, Sonova's share price came under pressure as investors became more concerned around rising competition from low cost products. There is a counter argument, that these entry level products will ultimately grow the penetration of hearing aids more broadly. The stock currently yields 1.8% and has grown the dividend at 11% p.a. over the last decade.
Littelfuse	Littelfuse primarily manufactures products used in electrification such as fuses, diodes, switches and sensors. The company saw inventory destocking and variable end demand throughout 2023. Guidance for 2024 was below expectations, as the company continues to grapple with an uncertain demand outlook. Over the long term the company expects to deliver an organic growth rate in the mid to high single digits and complement that with value-accretive M&A, altogether leading to a double digit dividend per share increase. The past would suggest that this is achievable once this period of inventory clearing has passed.
Dassault Systemes	French software company Dassault Systemes' guidance disappointed sell-side expectations. We, on the other hand believe that management forecasts of 8-10% revenue growth and operating margin of around 32-33% are highly respectable, supported by powerful structural drivers such as the digitisation of industrial processes.
Zoetis	Zoetis, the world leader in animal health products, was weak in March. There was no meaningful newsflow, and the company remains well positioned to benefit from consistent and growing demand for its products as well as long term margin accretion to support the growth in the dividend. The company has grown its dividend per share at a rate of 23.5% over the last 5 years.
Factset Research Systems	Factset, a provider of information and analysis tools to financial professionals, issued guidance towards the lower end of its full year expectations, after losing 605 of its c207k users. Given its role as a data analytics tool, Factset is investing heavily in areas such as generative intelligence to drive further value for its clients.

Sources: Dundas.

Portfolio activity

There was one new investment and one complete sale made during the quarter.

- Annual portfolio turnover 10.6%
- Five year average annual turnover 12.3%

Purchases	Date	Sector	Listed
Resmed	April	Health Care	US

Resmed is a global leading provider of respiratory support for those suffering with respiratory disorders, principally sleep apnea and chronic obstructive pulmonary disease. Their products are principally deployed at home, keeping patients out of hospital enabling them to live healthier, higher quality lives. They sell machines, which have 3 year lives plus consumables such as masks and tubing which need to be replaced regularly. The shares had de-rated significantly to around 20X PER and a dividend yield of 1.1% on concerns about the impact of weight loss drugs on the susceptibility of patients to suffer from respiratory disorders, particularly sleep apnea which is linked to obsesity. We believe these concerns are misplaced and bought the shares.

Sold	Date	Sector	Listed
Misumi	April	Industrials	Japan

Misumi is a Japanese manufacturer of components and distributor of components/other products for manufacturing industries. It provides services that improves efficiency of manufacturing customer's production materials procurement process. Misumi's exposure to consumer electronics and automotive end markets has resulted in its profits being more cyclical than we expected. The result has been minimal dividend growth over our holding period. We therefore sold the shares.

Data as at 31 March 2024.

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

Sources: Bloomberg,

Portfolio metrics

Portfolio Metrics	Fund
Holdings (#)	60
Average market capitalisation	$244.20bn
Median market capitalisation	$70.50bn
Sectors (#)	8
Countries (# by listing)	12
Price/earnings (next 12 months)	24.34x
Trailing 12 month dividend yield	1.24%
Pay-out ratio	37%
Active share	86%

Data as at 31 March 2024.

Sources: Bloomberg,

Engagement

Change to Proxy Voting Policy

Dundas' general approach to proxy voting historically, has been to vote in line with ISS' Guidelines and Benchmark Policy recommendations alongside our Customised Global Voting Policy.

Action

In-light of our intention to commit to net zero by 2050 for its portfolios, Dundas took the decision to review the Proxy voting and Engagement policy. Our review highlighted the ISS benchmark policy was no longer aligning with our evolving ESG and climate priorities.
We assessed another ISS offering, in the form of the ISS Climate policy – noting some key areas that would enhance our current agreement:

- Risk oversight failure: Recommends vote against directors due to failure to manage environmental, social and governance (ESG) risks, including climate change.
- Climate Accountability: Recommends voting against or withhold all votes for all companies not taking the following minimum steps; detailed disclosure of climate-related risks, a declared target of Net Zero by 2050 or sooner that includes scope 1, 2, and relevant scope 3 emissions, A set medium-term target, whether the company has a decarbonization strategy.
- Board Representation: Recommends voting against if the board lacks at least one director of an underrepresented gender identity or where the board has no racially or ethnically diverse members.

Outcome

The investment committee approved a move from using ISS's Benchmark policy to the ISS Climate policy.

In addition to the ISS benchmark and climate policies, Dundas applies our customised voting policy to apply relatively stricter thresholds as follows.

- Board independence and average tenure should be above 70% and below 7 years, respectively.
- Director over-boarding should be limited to three board seats total for non-executives and two board seats total for executives, except for Japanese corporates where outside board commitments are not monitored.
- Audit firm tenure should be 10 years or less, except for small cap stocks where tenure is undisclosed.

A full copy of our Proxy Voting and Engagement Policy is available on our website.

Diversification

Allocation built bottom up, stock by stock

Market Cap Exposure	# stocks	Fund (%)
> $500bn	6	14.01
$100bn - $500bn	18	29.51
$50bn - $100bn	9	13.03
$10bn - $50bn	25	39.53
$2bn - $10bn	2	2.47
Cash		1.46

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

Top 10 Holdings	Weight (%)	Sector	Country
Microsoft Corp	3.74	I.T.	USA
WW Grainger	3.74	Industrials	USA
Novo Nordisk	3.16	Health Care	Denmark
WR Berkley	2.63	Financials	USA
Sage Group	2.46	I.T.	UK
Applied Materials	2.39	I.T.	USA
Amphenol Corp	2.28	I.T.	USA
Essilorluxottica	2.23	Health Care	France
Atlas Copco	2.22	Industrials	Sweden
Ross Stores	2.19	Cons. Disc.	USA
TOTAL	**27.04**		

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

Data as of 31 March 2024.

Currency: AUD

Sources: Bloomberg, *Active Weight relative to the Solactive GBS Global Markets ex Australia Large & Mid Cap AUD Index.

Apostle Funds Management Pty Limited
Level 14, 50 Pitt Street
Sydney, NSW. 2000, Australia

P +612 8278 9554
F +612 9247 9976

apostleclientservice@apostlefm.com.au

www.apostlefm.com.au

Dundas Global Investors
41 Northumberland Street
Edinburgh EH3 6JA
United Kingdom

P +44 131 556 2627

info@dundasglobal.com

www.dundasglobal.com