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APOSTLE
Funds Management

K2

The Manager, Announcements
ASX Market Announcements Office
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By E-lodgement

17 July 2024

Dear Manager

Apostle Dundas Global Equity Fund – Class D: Correction to Monthly Factsheet – June 2024

We regret to inform you that the Monthly Factsheet issued on 15 July 2024 contained errors around fund performance for the month of June and subsequently impacted the performance table on the first page of the document.

Attached to this letter is the correct Monthly Factsheet for June 2024.

Yours sincerely

Hollie Wight
Company Secretary
K2 Asset Management Ltd
as responsible entity for Apostle Dundas Global Equity Fund

Apostle Dundas Global Equity Fund – Class D ASX: ADEF

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Monthly Report **– June 2024**

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$5.5173
Fund Size (AUD)	AUD$2,405.22M
Class D Size	AUD$17.35M
Tax Losses Available (As at last distribution period)	AUD$215.36M
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, 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)	0.30	-2.85	9.39	14.27	18.44	8.21	11.88	11.68
Total (net)	0.22	-3.07	8.90	13.25	17.38	7.24	10.89	10.68
Relative (gross)*	-1.60	-3.46	-4.55	-4.92	-1.45	-1.48	-0.89	0.90
Relative (net)**	-1.68	-3.68	-5.04	-5.94	-2.51	-2.45	-1.88	-0.10

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	61
Dividend Yield	1.24%
Turnover* (last 12 months)	13.70%
Price/Earnings	27.63
Price/Cash Flow	20.12x
Price/Book Value	5.37x
Beta (ex-ante)	0.97
Average market capitalisation	$268.3bn
Median market capitalisation	$76.02bn
Tracking error (1 year)	4.34

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

Market Cap Exposure (% weight by capital)

Range	Fund
>US$ 500bn	15.40
US$ 100 - 500bn	29.44
US$ 50 - 100bn	15.48
US$ 10 - 50bn	38.71
US$ 2 - 10bn	0.00

Top Ten Holdings by Capital (% weight)

Stock	Fund	Active Weight*
Microsoft	4.05	-0.55
Novo Nordisk	3.64	3.09
WW Grainger	3.38	3.26
Applied Materials	2.79	2.61
Atlas Copco	2.74	2.68
WR Berkley	2.59	2.57
ASML Holding	2.59	2.02
Sonova Holding	2.34	2.34
TSMC	2.32	2.32
Analog Devices	2.27	2.15
TOTAL	28.70	22.48

*Active Weight relative to the Index

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Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
DBS Group	5.43
Home Depot	3.75
Essilorluxottica	3.51
Diageo	3.34
Sage Group	3.23
TOTAL	19.26

Regional Allocation (%)

Country	Fund	Active Weight*
United States	56.39	-6.51
France	8.30	6.07
Switzerland	8.17	5.87
Sweden	5.84	4.96
Denmark	5.58	4.68
United Kingdom	3.40	0.03
Netherlands	2.59	1.29
Taiwan	2.32	0.14
Japan	2.24	-3.63
Hong Kong	1.91	1.34
Singapore	1.24	0.89
India	1.09	-1.24
Other Countries	0.00	0.00

*Active Weight relative to the Index

Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	25.60	-0.68
Health Care	22.19	11.35
Financials	19.51	4.20
Industrials	14.20	3.90
Consumer Discretionary	6.96	-3.49
Consumer Staples	4.66	-1.60
Communication Services	3.44	-4.74
Materials	2.46	-1.20
Energy	0.00	-4.33
Real Estate	0.00	-1.87
Utilities	0.00	-2.52
Cash	0.96	0.96

*Active Weight relative to the Index

Performance and Portfolio Comment

Market overview

Global stocks rose to fresh highs in June, though this was again largely driven by the US market. US equities were mostly higher this month as the S&P 500 and Nasdaq logged a second-straight monthly gain, and fifth gain in the first six months of the year. The AI enthusiasm theme was again in play as Nvidia surpassed Microsoft mid-month to become the world's most valuable company. However, shares subsequently fell over 15% amid fears including extended valuations, crowded positioning, and a concentrated base of the company's revenue sources. This month also saw more disinflation traction and support for the soft landing narrative.

European equity markets were lower on the month as political risks weighed on sentiment. French President Macron shocked markets after calling a snap election following a strong performance for the far-right parties across Europe in the EU elections. Days after the announcement by President Macron, the French CAC 40 Index down by more than 6%, wiping out the majority of gains year to date. There were no such pre-election jitters in the UK as the market remained relatively upbeat about the prospect of a large Labour victory. In June, the European Central Bank (ECB) was the first major central bank to cut interest rates by 0.25% to 3.75%, citing that the fall in the deposit rate was in response to a more than 2.5 percentage point fall in Eurozone inflation since September 2023. In the UK, it is expected that the first interest rate cut of 0.25% will take place at the Bank of England's August meeting. Within Asia, the two big semiconductor-intensive nations – Taiwan and Korea – outperformed.

Performance overview

Over the past 12 months, the Fund has posted a total return net of fees of +13.25%, while the market* returned +19.19%. In June, the Fund returned +0.22% net of fees underperforming the market by 1.68%.

Similar to last month, the Fund underperformed its index due to negative stock selection, allocation was a slight positive.

Only two sectors returned positive stock selection for the Fund, Materials and Industrials. However, while the Fund's underweight to Materials also added to performance, the overweight to Industrials negated the positive return from the selection of stocks within that sector. The benefit of not owning any stocks in the Utilities and Energy sectors were the two largest benefits from a contribution perspective. IT was the best performing sector this month, however the Fund's stock selection within the sector was the largest detractor from performance. Stock selection in the Health Care sector was disappointing and Fund's overweight to sector was also a slight negative.

On a regional level, the positive from the Fund's stock selection within Europe, was all but erased by the negative impact of the Fund's overweight to the region, meaning that the net contribution was a small loss. The Fund's best contributing stock TSMC was not enough to register a positive charge within the Asia Pacific region. However, it was stock selection within North America that caused the most damage to performance.

Three semiconductor equipment makers, TSMC, Applied Materials and ASML headed up the list of top five stock contributors, followed by the Danish multinational pharmaceutical firm Novo Nordisk and Indian-listed HDFC Bank.

The five stock detractors consisted of the tech conglomerate Apple, the French personal care company L'Oreal, the US industrials supplier WW Grainger, Asian life insurers AIA Group and French software solutions provider Dassault Systemes.

Dividends

There was one dividend declaration, with WR Berkeley announcing an increase of 9.1%.

Portfolio changes

There were no new investments or complete sales in June.

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

Contact us

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