

Apostle Dundas Global Equity Fund – Class D ASX: ADEF

ARSN 093 116 771

Monthly Report – December 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.
- Long term dividend growth and capital appreciation.
- 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\$6.0721
Fund Size (AUD)	AUD\$2,686.74M
Class D Size	AUD\$20.00M
Tax Losses Available (As at last distribution period)	AUD\$215.36M
Portfolio Inception Date	September 2012
Inception Date – Class D	February 2021
Companies in Portfolio	Targeting 50–65 holdings
Sub-Investment Manager	Dundas Global Investors
Management Fee	0.90% p.a. (incl. GST & RITC)
Portfolio Management Team	Alan McFarlane – Senior Partner James Curry – Partner Gavin Harvie – Partner David Keir – Partner Andy Brown – Partner
Responsible Entity	K2 Asset Management Ltd
Custodian	State Street Australia Limited
Unit Registry	Boardroom Limited

Source: Dundas Global Investors as at 31/12/24

Performance

Return (%)	1 mth	3 mth	6 mth	1 yr	3 yr (p.a.)	Incep. (p.a.)	^Portfolio Incep. p.a.
Total (gross)	1.18	7.13	10.57	20.96	6.80	13.17	12.19
Total (net)	1.10	6.89	10.08	19.88	5.85	12.16	11.19
Relative (gross)*	2.52	2.70	4.53	3.06	-1.66	0.27	0.53
Relative (net)**	2.44	2.46	4.04	1.98	-2.61	-0.74	-0.47

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 (gross) 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	58
Dividend Yield	1.24
Turnover* (last 12 months)	12.29%
Price/Earnings	30.70
Price/Cash Flow	23
Price/Book Value	6.17x
Beta (ex-ante)	0.89
Average market capitalisation	\$286.86bn
Median market capitalisation	\$81.12bn
Tracking error (1 year)	4.78

*Turnover calculated as ((Purchases + Sales)/2) / average assets during the period.
Source: Dundas Global Investors as at 31/12/24

Market Cap Exposure (% weight by capital)

Range	Fund
>US\$ 500bn	13.10
US\$ 100 - 500bn	34.26
US\$ 50 - 100bn	15.32
US\$ 10 - 50bn	36.14
US\$ 2 - 10bn	0.00

Source: Dundas Global Investors as at 31/12/24

Top Ten Holdings by Capital (% weight)

Stock	Fund	Active Weight*
WW Grainger Inc	3.77	3.71
Microsoft	3.75	-0.39
WR Berkley	3.11	3.09
Alphabet	2.73	1.40
Visa	2.63	1.92
Sage Group	2.58	2.56
Essilorluxottica	2.55	2.46
TSMC	2.51	2.51
American Express	2.45	2.23
Brown & Brown	2.43	2.43
TOTAL	28.51	21.92

*Active Weight relative to the Index. Source: Dundas Global Investors as at 31/12/24

Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
DBS Group	5.62
Home Depot	3.53
Essilorluxottica	3.47
Sage Group	3.37
Diageo	3.15
TOTAL	19.14

Source: Dundas Global Investors as at 31/12/24

Regional Allocation (%)

Country	Fund	Active Weight*
United States	58.79	-6.04
France	8.87	6.83
Switzerland	7.62	5.48
Sweden	5.16	4.35
Denmark	3.95	3.36
United Kingdom	3.78	0.64
Taiwan	2.51	0.39
Japan	2.22	-3.42
Hong Kong	1.77	1.20
Netherlands	1.68	0.68
Singapore	1.43	0.99
India	1.03	-1.18
Other Countries	0	0.00

*Active Weight relative to the Index. Source: Dundas Global Investors as at 31/12/24

Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	24.37	-1.97
Health Care	21.79	12.23
Financials	21.46	5.04
Industrials	13.70	3.37
Consumer Discretionary	6.82	-4.67
Consumer Staples	4.30	-1.72
Communication Services	4.06	-4.44
Materials	2.31	-0.88
Energy	0.00	-3.74
Real Estate	0.00	-1.87
Utilities	0.00	-2.53
Cash	1.19	1.19

*Active Weight relative to the Index. Source: Dundas Global Investors as at 31/12/24

Performance and Portfolio Comment

Market overview

Global stocks fell in December, with broad-based weakness across regions. US equities ended the month mostly lower after stocks had rallied in November. The big event this month was the Fed's December FOMC meeting at which it was decided to cut rates by 25bps (as expected). However, takeaways from the meeting were more hawkish-than-expected as statement language received a small but important tweak about the committee preparing to look at the "extent and timing" of additional moves.

It was another mixed performance for Europe's leading equity indices. Markets were choppy over the month with uncertainty surrounding the pace of central bank easing limiting gains. The macro picture remained weak in Europe, but inflation risks were evident with headline inflation edging up and core and services prices holding firm.

In addition, concerns remain over Trump trade policies and the impact on inflation.

Asian markets navigated a complex landscape in December, with attention focused on China's monetary policy and South Korea's political dynamics. China marked a historic pivot by loosening its monetary policy stance for the first time in 14 years, signaling a shift towards a "moderately loose" monetary policy stance next year, moving away from the current "prudent" approach to address the mounting challenges in the economy. Market reactions were largely positive.

Geopolitics remained uneasy, particularly in Ukraine and the Middle East – in the latter, the Assad regime fell in Syria. Dynamics in Ukraine shifted ahead of the Trump presidency, pointing to a path of potential negotiation.

Performance overview

Over the past 12 months, the Fund has posted a total return net of fees of 19.88%, while the market returned 17.90%*. In December, the Fund returned 1.10% net of fees outperforming the market by 2.44%.

Both asset allocation and stock selection were negative this month. The cumulative effect of having no exposure to the Energy, Utilities and Real Estate sectors was of most benefit to the Fund. In addition, both Consumer Staples and Materials did return positive stock selection and being underweight both sectors was also additive.

Health Care was the biggest detractor, the Fund's sizable overweight ~12%, was the singular largest deficit to performance, augmented by negative stock selection. Stock selection within the Consumer Discretionary sector was an impediment to performance, as was being underweight the sector. Stock selection in the Financials, IT and Industrials sectors was poor.

On a regional basis, the Fund saw some positive benefit from stock selection in Europe, with holdings in Switzerland, the UK, France and Sweden coming to the fore. However, this was negated by the negative impact from the Fund's overweight to the region. Both allocation to and stock selection within the Asia Pacific region was anemic. Stock selection in North America was the largest detractor from performance over the month.

The list of top five stock contributors consisted of Taiwan-listed chip foundry TSMC, Swedish measurement technology group Hexagon, Google's parent company Alphabet, UK-listed multinational beverage firm Diageo and finally French luxury conglomerate LVMH.

Four of the five stock detractors came from the US. The list included industrials supplier WW Grainger, Danish multinational pharmaceutical firm Novo Nordisk, tech giant Apple, industrial technology companies Nordson and insurance solutions provider WR Berkley.

Dividends

There were five dividend declarations with an average increase of 15.3%. The dividend announcements consisted of Walt Disney 33.3%, Zoetis 15.7%, Mastercard 15.2%, Abbot Laboratories 7.3% and Stryker 5.0%.

Portfolio changes

There were no new investments and e-commerce platform eBay and measurement equipment manufacturer Keysight Technology, both US listed stocks, were sold in December.

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

Contact us

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