

# Apostle Dundas Global Equity Fund – Class C



Australian PDS and New Zealand Clients – ARSN 093 116 771, APIR ETL0438AU

Monthly Report – February 2025

## 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\$2.5530
Fund Size (AUD)	AUD\$2,772.82M
Tax Losses Available (As at last distribution period)	AUD\$215.36M
Portfolio Inception Date	August 2012
Inception Date - Class C	June 2015
Companies in Portfolio	Targeting 50–65 holdings
Sub-Investment Manager	Dundas Global Investors
Management Fee	0.90% p.a. (inc. GST and RITC)
Buy/Sell Spread	15/15 (bps)
Portfolio Management Team	Alan McFarlane – Chair David Keir – Managing Partner James Curry – Partner Gavin Harvie – Partner Andrew Brown – Partner
Responsible Entity	K2 Asset Management Limited
Custodian/Registry	State Street Australia Limited

Source: Dundas Global Investors as at 28/02/25

## Performance

Return (%)	1 mth	3 mth	1 yr	3 yr (p.a.)	5 yr (p.a.)	7 yr (p.a.)	Incep (p.a.)
Total (gross)	-0.81	4.81	12.60	12.86	13.21	14.38	12.39
Total (net)	-0.88	4.58	11.60	11.86	12.20	13.36	11.39
Relative (gross)*	-0.57	-0.50	-7.80	-2.11	-0.40	1.32	0.67
Relative (net)**	-0.64	-0.73	-8.80	-3.11	-1.41	0.30	-0.33

Source: State Street Performance & Analytics Australia. Fund performance calculated using exit prices and shown on a total return basis (net dividends reinvested). Performance inception date is 4th June 2015. \*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 Characteristics

No of Holdings	55
Dividend Yield	1.22
Turnover* (last 12 months)	13.99%
Price/Earnings	29.73
Price/Cash Flow	21.75
Price/Book Value	5.54x
Beta (ex-ante)	0.90
Average market capitalisation	\$296.95bn
Median market capitalisation	\$96.09bn
Tracking error (1 year)	4.90

\* Turnover calculated as ((Purchases + Sales)/2) / average assets during the period. Source: Dundas Global Investors and Apostle Funds Management as at 28/02/25

## Market Cap Exposure (% weight by capital)

Range	Fund
>US\$ 500bn	13.46
US\$ 100 - 500bn	36.58
US\$ 50 - 100bn	12.08
US\$ 10 - 50bn	37.11
US\$ 2 - 10bn	0.00

Source: Dundas Global Investors as at 28/02/25

## Top Ten Holdings by Capital (% weight)

Stock	Fund	Active Weight*
WW Grainger	3.52	3.46
Microsoft	3.41	-0.38
WR Berkley	3.24	3.22
Essilorluxottica	3.00	2.89
Visa	2.91	2.09
Brown & Brown	2.72	2.72
Atlas Copco	2.62	2.56
Sage Group	2.49	2.47
American Express	2.39	2.17
Alphabet	2.39	1.23
TOTAL	28.68	22.42

\* Active Weight relative to the Index. Source: Dundas Global Investors and Apostle Funds Management as at 28/02/25

## Regional Allocation (%)

Country	Fund	Active Weight*
United States	58.29	-5.72
France	11.31	9.07
Switzerland	7.04	4.72
Sweden	5.89	4.98
Denmark	4.22	3.62
United Kingdom	2.49	-0.79
Taiwan	2.22	0.17
Japan	2.06	-3.43
Hong Kong	1.66	1.08
Netherlands	1.63	0.63
Singapore	1.47	1.03
India	0.96	-0.97
Other Countries	0.00	0.00

\* Active Weight relative to the Index. Source: Dundas Global Investors and Apostle Funds Management as at 28/02/25

## Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	23.85	-1.05
Health Care	22.82	12.75
Financials	22.10	4.89
Industrials	13.20	2.69
Consumer Discretionary	7.21	-3.88
Consumer Staples	3.91	-2.22
Communication Services	3.69	-4.89
Materials	2.46	-0.77
Energy	0.00	-3.83
Real Estate	0.00	-1.93
Utilities	0.00	-2.52
Cash	0.76	0.76

\* Active Weight relative to the Index. Source: Dundas Global Investors and Apostle Funds Management as at 28/02/25

## Performance and Portfolio Comment

### Market overview

February 2025 was marked by significant economic challenges and market volatility across various regions. European equities continued their outperformance over US stocks in February and ended the month as the top performing major equity index. Optimism on a potential end to the Ukraine war, the German election outcome and upbeat earnings were supportive drivers.

There remained uncertainty over US tariffs on European goods, with Trump floating 25% reciprocal tariffs on European cars and other goods, but so far there has been little clarity. While Europe is less exposed to reciprocal tariffs, further risks could emerge if the US targets trade imbalances or valued-added tax (VAT). The macro picture was little changed with activity in the region relatively weak, but the risk of inflation remains. One potential fillip for the region was the biggest fall in European natural gas prices in a year. After hitting its highest level in two-years on supply concerns it reversed on hopes for an end of the Ukraine war.

Major US equity indices finished lower for February with the Nasdaq and Russell 2000 sharply underperforming (now lower YTD). Trade war developments dominated headlines this month with President Trump announcing tariffs on Canada, Mexico and China. The tariffs are pending ongoing negotiations. Another factor weighing on returns was lingering worries over the sustainability of earnings from US mega cap tech stocks, notably those exposed to the artificial intelligence theme.

Asian shares rose over the month, driven by Chinese equities. Excitement about the implications of DeepSeek continued to support the broader Chinese tech complex and high-profile meetings between Xi Jinping and senior business leaders also hinted at an improved regulatory environment. However, these returns were concentrated in the export focused offshore market. Concerns about the real estate market meant that GDP sensitive domestic equities lagged.

Overall, investors sharpened their focus on the growth risks in the US and continued to question whether high earnings expectations and rich valuations are justified.

### Performance overview

Over the past 12 months, the Fund has posted a total return net of fees of 11.60%, while the market returned 20.40%\*. In February, the Fund returned -0.88% net of fees underperforming the market by 0.64%.

The relative underperformance was predominately driven by the Fund's holdings in the IT and Health Care sectors.

The Financials and the Consumer Discretionary sectors were the most significant relative contributors. Regionally, North America added value, Europe and Asia Pacific detracted.

The top five contributors were Brown & Brown, WR Berkley, Essilorluxottica, March & McLennan and Analog Devices.

The bottom five detractors were TSMC, Alphabet, Applied Materials, Sonova Holding and Thermo Fisher Scientific.

### Dividends

There were 14 dividend declarations with an average increase of 10.4%. The dividend announcements consisted of: DBS Group 27.2%, Novo Nordisk 21.3%, Alcon 16.7%, Air Liquide 13.4%, Straumann Holding 11.8%, Ametek 10.7%, Thermo Fisher Scientific 10.3%, Booking 9.7%, Assa Abloy 9.3%, Analog Devices 7.6%, L'Oreal 6.1%, Home Depot 2.2%, Essilorluxottica 0.0% and Novonesis 0.0%.

### Portfolio changes

There was one change to the Fund in the month.

Prudential, the British-domicile multinational insurance and asset management company was sold.

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



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