Australian PDS and New Zealand Clients

Apostle Dundas Global Equity Fund – Class C

THE NAME BEHIND THE NAMES

Monthly Portfolio Information Sheet as at 31 August 2021

Global Equity

Investment Objective

- Global Equity Market* Index ex Australia + 2.5% per annum after all fees and expenses on a rolling five-year basis
- Capital and income growth to exceed the benchmark and inflation
- To achieve lower volatility than the Global Equity Market* Index ex Australia

Investment Firm

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

Dundas can best be categorised as Defensive 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 both 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, satisfactory upside and good downside capture statistics.

Characteristics

Unit Price – Class C (NAV)	AUD$2.0101
Fund Size	AUD$1,384.49M
Tax Losses Available (As at last distribution period)	AUD$325.21M
Portfolio Inception Date	August 2012
Inception Date – Class C	June 2015
Companies in Portfolio	Targeting 60–100 holdings
Investment Manager	Dundas Global Investors
Management Fee	0.90%
Buy/Sell Spread	15/15 (bps)
Portfolio Management Team	Russell Hogan – Managing Partner Alan McFarlane – Senior Partner James Curry – Partner Gavin Harvie – Partner David Keir – Analyst Amer Mahmood –Associate
Responsible Entity	K2 Asset Management
Custodian/Registry	State Street Australia Limited

*Solactive GBS Global Markets ex Australia Large & Mid Cap

Performance (%)

AUD return	1 mth	3 mths	1 yr	3 yr pa	5 yr pa	Incep pa
Total (gross)	3.02	14.85	33.60	18.79	19.14	14.63
Total (net)	2.94	14.59	32.41	17.73	18.08	13.61
Relative*	(0.09)	3.98	3.39	4.76	4.12	2.62

*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 calculated as the difference between the Fund's gross (of fees) return and that of the Global Equity Market* Index ex Australia. Past performance is not a reliable indicator of future performance. *Solactive GBS Global Markets ex Australia Large & Mid Cap AUD Index*

Portfolio Characteristics

No of Holdings	71
Dividend Yield	1.17%
Turnover* (last 12 months)	11.09%
Price/Earnings	34.7x
Price/Cash Flow	23.4x
Price/Book Value	6.0x
Beta (*ex-ante*)	0.86
Average market capitalisation	$206.61bn
Median market capitalisation	$65.32bn
Tracking error (1 year)	4.61

*Sources: Dundas, Bloomberg. *Turnover calculated as ((Purchases + Sales)/2) / average assets during the period.*

Market Cap Exposure (% weight by capital)

Range	Fund
>US$ 500bn	10.29
US$ 100 - 500bn	31.09
US$ 50 - 100bn	18.41
US$ 10 - 50bn	32.18
US$ 2 - 10bn	6.73

Sources: Dundas, Bloomberg.

Top Ten Holdings by Capital (%)

Stock	Fund	Active Weight*
Microsoft	2.92	(0.30)
Lonza Group	2.80	2.71
Sonova Holding	2.48	2.45
Alphabet	2.47	1.19
Accenture PLC	2.26	1.95
Abbott Laboratories	2.21	1.88
Hexagon	2.20	2.15
Littelfuse Inc	2.20	2.20
Costco Wholesale	1.99	1.69
Apple	1.95	(1.84)
TOTAL	23.48	14.08

*Sources: Dundas, Bloomberg. *Active weight relative to the Index*.*

Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
Costco Wholesale	5.34
Reckitt Benckiser	3.38
Roche Holding	3.37
Home Depot	3.14
Taiwan Semiconductor ADR	2.94
TOTAL	18.17

Sources: Dundas, Bloomberg.

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Regional Allocation (%)

Country	Fund	Active Weight*
United States	50.75	(8.37)
Switzerland	9.82	6.88
France	8.24	5.38
Japan	5.91	(0.03)
United Kingdom	5.20	1.52
Sweden	3.96	3.03
Denmark	3.79	3.09
Emerging Markets	2.63	(9.30)
Netherlands	1.79	0.10
Germany	1.39	(1.00)
Canada	1.38	(1.54)
Hong Kong	1.05	0.02
Norway	0.98	0.82
Singapore	0.97	0.70
Spain	0.86	0.24

*Sources: Dundas, Bloomberg. *Active Weight relative to the Index*.*

Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	32.03	9.02
Health Care	23.91	12.07
Financials	9.59	(4.14)
Consumer Staples	8.27	1.47
Consumer Discretionary	7.33	(4.89)
Industrials	7.05	(2.78)
Materials	5.40	0.78
Communication Services	5.15	(4.41)
Energy	0.00	(3.09)
Real Estate	0.00	(2.58)
Utilities	0.00	(2.73)
Cash	1.27	1.27

*Sources: Dundas, Bloomberg. *Active Weight relative to the Index*.*

**Solactive GBS Global Markets ex Australia Large & Mid Cap*

Performance and Portfolio Comment – August 2021

Market overview

Measured by the ACWI ex Australia index in Australian Dollars, global equity markets rose 3.11% in August, amid of backdrop in which the economic indicators released during the month showed signs of slowing.

Continuing its robust run, North America (+3.39%) was the strong performing major region over the month. The S&P has now recorded its seventh straight monthly gain while also delivering 12 new record-high closes. Asia Pacific gained 2.41%, boosted by a positive return of 3.66% from its largest market Japan; while the Chinese market (+0.04%) was hit by President Xi's speech promoting common prosperity and calling for curbs on 'excessive' income. Western Europe (+2.26%) was the laggard this month, although almost all of its major markets delivered gains as investors continued to believe the global economic rebound would persist despite central banks preparing to scale back support. Eurozone inflation has now hit 3%, its highest since 2011.

Financials (+4.70%) were the best performing sector in August, with insurers and big banks leading the way. Communication services (+4.23%) and I.T. (+4.31%) also performed well, underpinned by large and mega cap names. Consumer Discretionary (+0.94%) was weighed down by auto names and disappointing retail sale numbers. Energy (+1.04%) lagged the benchmark, as oil was weaker and crude recorded its worst month since October 2020 as concerns about Covid's potential impact on global demand persist.

Performance overview

Over the past 12 months, the Fund has delivered a total return gross of fees of 33.60% while the index gained 29.62%. For the calendar year to date, the Fund returned 25.82% against a benchmark increase of 25.40%. In August the Fund rose 3.02%, underperforming the benchmark by -0.09%.

Performance for the month lagged the benchmark by 9bps, with the effects of negative sector allocation not quite offset by positive stock selection. The Fund's stock selection within Industrials and Consumer Discretionary contributed positively, as did the Fund's underweight to the latter. Stock selection within I.T. and Consumer Staples detracted. Regionally, stock selection in Western Europe continued to aid performance. The Fund's stock selection in the US hurt performance, although this was somewhat mitigated by the positive posting by the Fund's Canadian holding. Stock selection in Asia Pacific was also negative as the Fund's Japanese holdings performed poorly, however having no exposure to China, benefitted the Fund.

Of the top five stock contributors, two were from the I.T. sector; the US based circuit protection specialist **Littelfuse** (+8.12%) and the Dutch semiconductor equipment maker **ASML** (+10.39%). The Swiss Health Care stock **Lonza** (+9.35%) continued its strong run. Other contributors were the Japanese industrial supplier **Misumi** (+15.41%); and the US-listed e-commerce platform **eBay** (+13.42%), which was added to the Fund in March, continued to benefit from the WFH phenomena, as well as focusing on higher value customers.

The five biggest detractors were led by Japanese personal care company **Kosé** (-22.53%), followed by the US-listed laser maker **IPG Photonics** (-21.32%), the French luxury conglomerate **LVMH** (-6.88%), the Swiss hearing aid maker **Sonova** (-1.31%) and finally the Japanese blood diagnostics firm **Sysmex** (-3.16%).

Dividends

Dividend announcements during the month came from **AIA**, one of the world's largest insurance businesses which increased its dividend by 8.6% through the first half of the year. AIA focuses on Asian markets which are growing due to a vast underinsured population and a deepening of financialisation of the economy. AIA continues to serve these markets through appropriate products and low capital employed agency and bancassurance channels. **Novo Nordisk** also rewarded shareholders with a 7.7% increase to its interim dividend, in-line with an acceleration of earnings growth over the last few years. Novo Nordisk treats diabetes through modern insulin products as well as people that are pre-diabetic through novel therapies. Consumer products supplier **International Flavors & Fragrances (IFF)** also declared a 2.6% dividend increase. While this is below the sustainable growth potential, it is understandable due to the degree of change within the organisation as IFF continues to digest their merger with DuPont's nutrition business. Despite the challenges, the merger should create value for all stakeholders.

Portfolio changes

There were no full sales or new investments made during August.

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