APOSTLE FUNDS MANAGEMENT

Australian PDS and New Zealand Clients

Apostle Dundas Global Equity Fund – Class C

THE NAME BEHIND THE NAMES

Monthly Portfolio Information Sheet as at 30 June 2023

Apostle Dundas Global Equity Fund

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

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$2.0009
Fund Size	AUD$2,094.90M
Tax Losses Available (As at last distribution period)	AUD$285.95M
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	Alan McFarlane – Senior Partner Russell Hogan –Partner James Curry – Partner Gavin Harvie – Partner David Keir – Partner
Responsible Entity	K2 Asset Management Ltd
Custodian/Registry	State Street Australia Limited

Performance (%)

AUD return	1 mth	3 mths	1 yr	3 yr p.a.	5 yr p.a.	7 yr p.a.	Incep. p.a.
Total (gross)	2.39	5.28	22.54	11.84	12.75	14.10	11.38
Total (net)	2.32	5.05	21.45	10.85	11.75	13.09	10.39
Relative*	-0.42	-1.85	1.95	-0.34	2.33	2.35	1.60

*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 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	63
Dividend Yield	1.28%
Turnover* (last 12 months)	7.47%
Price/Earnings	27.96x
Price/Cash Flow	21.1x
Price/Book Value	5.2x
Beta (*ex-ante*)	1.02
Average market capitalisation	$212.35bn
Median market capitalisation	$66.27bn
Tracking error (1 year)	4.18

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

Market Cap Exposure (% weight by capital)

Range	Fund
>US$ 500bn	7.79
US$ 100 - 500bn	29.36
US$ 50 - 100bn	20.16
US$ 10 - 50bn	36.47
US$ 2 - 10bn	4.28

Top Ten Holdings by Capital (%)

Stock	Fund	Active Weight*
Microsoft	3.52	-0.59
WW Grainger	3.36	3.31
Novo Nordisk	2.31	1.88
Apple	2.29	-2.46
Accenture	2.21	1.87
Analog Devices	2.20	2.04
Atlas Copco	2.19	2.13
Sage Group	2.10	2.08
Marsh & Mclennan	1.99	1.84
Alphabet	1.98	0.95
TOTAL	24.15	13.05

**Active weight relative to the Index*.*

Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
DBS Group	4.70
Home Depot	4.04
Sage Group	3.56
Roche Holding	3.35
Analog Devices	3.27
TOTAL	18.93

Regional Allocation (%)

Country	Fund	Active Weight*
United States	56.25	-4.11
France	9.22	6.52
Switzerland	9.12	6.54
Sweden	5.19	4.32
Denmark	3.86	3.11
Japan	3.47	-2.84
United Kingdom	3.32	-0.31
Hong Kong	1.79	0.93
Netherlands	1.53	0.27
Taiwan	1.53	-0.27
Singapore	1.13	0.74
Germany	0.88	-1.14
India	0.80	-1.06
Other Countries	0.00	0.00

**Active Weight relative to the Index*.*

Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	27.39	5.04
Health Care	20.60	8.76
Financials	15.92	0.81
Industrials	13.79	3.15
Consumer Discretionary	6.68	-4.80
Consumer Staples	5.83	-1.48
Communication Services	4.52	-3.06
Materials	3.33	-0.82
Energy	0.00	-4.58
Real Estate	0.00	-2.17
Utilities	0.00	-2.80
Cash	1.93	1.93

**Active Weight relative to the Index*.*

Performance and Portfolio Comment –June 2023

Market overview

Global stock markets entered bull markets territory last month despite further evidence of a growth slowdown and hawkish rhetoric from central banks that caused yields to rise and rate cuts to be pushed out. The US major exchanges were all higher in June, with the S&P 500 and Nasdaq extending their monthly gains to four months. In line with expectations, the Fed refrained from hiking rates at its latest meeting for the first time since the beginning of the current tightening cycle in March 2022. At the same time, however, the FOMC is signalling further rate hikes and doesn't see any rate cuts till the end of 2023, a point emphasised by Jerome Powell during his press conference. Other key pieces of the bearish narrative include higher-for-longer Fed policy, dampened positioning and sentiment, fears around a China slowdown, global recession fears, pockets of sticky inflation, depletion of household excess savings and a consumer spending uncertainty.

China's economic activity slowed further in June as retail sales, industrial production, infrastructure and property investments slowed. Consumer price inflation remains close to zero, while producer price deflation has intensified to -4.5% YoY.

The European Central Bank (ECB) hiked rates in June and signalled further tightening to come. The core inflation forecast was raised and concerns around strong wage growth and weak productivity were highlighted in the press conference. The ECB is set to hike again in July but, as the economy is now slowing rapidly, a September hike appears less likely.

Performance overview

Over the past 12 months, the Fund has posted a total return gross of fees of 22.54% while the market returned 20.59%*. In June, the Fund gained by 2.39%, underperforming the market by 0.42%.

On an absolute basis all sectors bar Utilities posted a positive return over the month, with five of the 11 sectors outperforming the index. The Fund's underperformance for the month of June was the result of negative contributions from allocation and to a larger extent, weak stock selection. The Fund's underweight to the Consumer Discretionary sector, coupled with poor stock selection was the main detractor. Also at fault was the negative impact from the Fund's overweight to Health Care. Consumer Stapes was the strongest contributor, where along with robust stock selection, performance was positively impacted by the Fund's underweight to the sector.

From a regional perspective, stock selection in North America was the standout contributor, albeit the Fund's underweight to the region did have a negative effect. All five top stock contributors were US-listed. In a reversal of fortunes from last month, stock selection within Europe was the single largest detractor from performance. Although selection within the UK was positive, this was negated by disappointing results from Switzerland, Denmark, the Netherlands. Germany, France and Norway.

The top five contributors came from the industrials and IT sectors. Top of the list was industrial supplier **WW Grainger**, followed by circuit protection specialist **Littelfuse** and optic manufacturing company **Amphenol.** Rounding out the list was industrial technology companies **Nordson** and **Equifax.**

Heading up the bottom five detractors was the Fund's recent purchase **Nasdaq,** along with Japanese industrial supplier **Misumi** and Swiss pharma outsourced manufacturer **Lonza.** Also appearing on the list was Swedish multinational industrial stock **Atlas Copco** and the tech consulting giant **Accenture.**

Dividends

There was one dividend announcements in June. The US listed stock **WR Berkley** raised its dividend by 10%. 2022 was a record breaking year for this insurance & reinsurance business, with revenues up 17% and EPS up 26%.

Portfolio changes

In June, **Alcon** a Swiss-American pharmaceutical and medical device company specialising in eye care products was purchased, and **Tomra,** the Norwegian recycling and sorting specialist was sold.

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

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