

### THE NAME BEHIND THE NAMES

### Monthly Portfolio Information Sheet as at 31 July 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\$1.9454
Fund Size	AUD\$1,340.85M
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 K2 Asset Management
Responsible Entity	
Custodian/Registry	State Street Australia Limited

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

#### Performance (%)

AUD return	1 mth	3 mths	1 yr	3 yr pa	5 yr pa	Incep pa
Total (gross)	5.44	13.84	31.30	19.34	18.70	14.29
Total (net)	5.36	13.58	30.13	18.28	17.64	13.27
Relative*	2.56	4.90	1.34	5.11	4.03	2.11

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 4<sup>th</sup> 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	1.19%
Turnover* (last 12 months)	11.09%
Price/Earnings	34.5x
Price/Cash Flow	22.6x
Price/Book Value	6.0x
Beta (ex-ante)	0.85
Average market capitalisation	\$199.39bn
Median market capitalisation	\$62.43bn
Tracking error (1 year)	4.41

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

#### Market Cap Exposure (% weight by capital)

Range	Fund
>US\$ 500bn	10.18
US\$ 100 - 500bn	31.06
US\$ 50 - 100bn	17.35
US\$ 10 - 50bn	32.58
US\$ 2 - 10bn	7.45

Sources: Dundas, Bloomberg.

#### Top Ten Holdings by Capital (%)

Stock	Fund	Active Weight*
Microsoft	2.83	(0.28)
Lonza Group	2.65	2.56
Sonova Holding	2.60	2.57
Alphabet	2.36	1.14
Accenture PLC	2.19	1.89
Abbott Laboratories	2.17	1.85
Hexagon	2.17	2.12
Littelfuse Inc	2.11	2.11
WW Grainger	2.03	1.99
Analog Devices	1.98	1.89
<b>TOTAL</b>	<b>23.09</b>	<b>17.84</b>

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

#### Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
Costco Wholesale	5.36
Reckitt Benckiser	3.45
Roche Holding	3.43
Home Depot	3.17
Taiwan Semiconductor ADR	3.07
<b>TOTAL</b>	<b>18.48</b>

Sources: Dundas, Bloomberg.

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### Regional Allocation (%)

Country	Fund	Active Weight*
United States	51.00	(7.91)
Switzerland	9.69	6.73
France	8.35	5.44
Japan	5.58	(0.32)
United Kingdom	5.23	1.51
Sweden	3.97	3.01
Denmark	3.79	3.09
Emerging Markets	2.60	(9.37)
Netherlands	1.67	0.09
Germany	1.43	(0.98)
Canada	1.34	(1.65)
Hong Kong	1.09	0.03
Singapore	1.00	0.72
Norway	0.95	0.79
Spain	0.92	0.29

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

### Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	31.96	9.26
Health Care	24.06	12.22
Financials	9.47	(4.06)
Consumer Staples	8.53	1.66
Consumer Discretionary	7.43	(5.07)
Industrials	6.58	(3.38)
Materials	5.51	0.78
Communication Services	5.08	(4.37)
Energy	0.00	(3.17)
Real Estate	0.00	(2.57)
Utilities	0.00	(2.69)
Cash	1.38	(1.38)

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

### Performance and Portfolio Comment – July 2021

#### Market overview

Measured by the Global Equity Market\* Ex Australia index in Australian Dollars, global equity markets rose 2.88% in July.

North America once again was the best performing region over the month, posting a return of 4.39%, meaning that is has been the best performing region for five out of the seven months of 2021. The US market delivered a return of 4.50% while Canada gained 2.31%. Following a disappointing month in June, when it was the worst performing region, Western Europe rebounded in July recording a return of 4.22%, with all major markets delivering gains including Ireland (+8.43%), Finland (+8.08%), Sweden (+7.10%) and Denmark (+7.09%). Asia Pacific was the laggard in July, falling by 3.71%, with China down 12.21%, while Japan and Taiwan returned a negligible 0.84% and 0.11%, respectively.

It was a return to form for Health Care, as it topped the returns table with a gain of 5.26% followed by I.T (+5.03%). Utilities (4.94%) and Materials (+4.78%) had a better month while Real Estate (+3.94%), Industrials (+2.89%) and Consumer Staples (+2.58%) all outperformed the broader market, continuing their positive run. Communication Services (+2.01%) and Financials (+1.66%) also stayed in positive territory. Lagging the benchmark were Consumer Discretionary (-0.16%) and most notably the worst performing sector over the month, Energy (-3.86%) which gave up some of its gains posted over the course of 2021.

#### Performance overview

Over the past 12 months, the Fund has delivered a total return gross of fees of 31.30% while the index gained 29.96%. For the calendar year to date, the Fund returned 22.12% against a benchmark increase of 18.79%. In July the Fund rose 5.44%, outperforming the benchmark by 2.56%.

Performance for the month was ahead of benchmark, reflecting both positive stock selection and sector allocation effects. Once again, the Fund's Health Care holdings were a significant contributor and being overweight to the sector also added to performance. Strong stock selection within I.T. and Consumer Discretionary contributed positively, as did the fact that the Fund has no exposure to Energy, which was the worst performing sector. Regionally, stock selection in Western Europe continued to boost performance, with Switzerland, France, Denmark and Sweden leading the pack while the U.K. and Spain detracted slightly. Stock selection in Asia Pacific was also positive as the portfolio's Japanese holdings performed strongly, while having no exposure to one of the worst performing markets – China – benefitted the Fund.

Of the top five stock contributors, three were Swiss-listed, the Consumer Staples stock **Lindt** (+14.87%) and two Health Care stocks, the global pharma outsourced manufacturer **Lonza** (+12.03%), and **Tecan Group** (+18.75%) which manufactures automated testing machines used in hospitals and labs. Also in the list was the Swedish measurement technology group **Hexagon** (+14.09%) which was added to the Fund in March; and the tech consulting company **Accenture** (+10.38%).

The five biggest detractors were led by the UK household products group **Reckitt Benckiser** (-11.24%), followed by three US stocks, the gaming content specialist **Activision Blizzard** (-10.51%); the tech giant **Apple** (+8.78%) due to its larger benchmark weighting, and the digital payments firm **PayPal** (-3.45%). The Spanish blood plasma provider **Grifols** (-4.13%) rounded off the list of detractors.

#### Dividends

July saw another strong set of dividend announcements. Marsh McLennan, the global leader in insurance brokerage, investment & business consultancy, declared a 15.1% increase in their quarterly dividend. Their integration of Jardine Lloyd Thompson continues to go well, while premium pricing remains strong. Furthermore, the evolving sources of risk such as cyber, or the pandemic is driving demand for new policies, which plays directly to Marsh McLennan's strengths. Littelfuse announced a 10.4% dividend increase driven by demand in automotive. PPG Industries, one of the world's leading paint and coatings businesses continues to deliver on their strategy to consolidate a fragmented industry. Despite uncertainty around the pace of recovery in different parts of the world, PPG announced a 9.3% increase in the dividend, a testament to their broad portfolio of coatings businesses. Diageo announced a 5% increase in their final dividend, a good result despite disruption to some of their sales channels such as bars and restaurants. Capacity investments in recent years have placed Diageo in a good place to expand with growing profitability.

#### Portfolio changes

There were no full sales or new investments made during July

#### Contacts

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