

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\$2.0511
Fund Size	AUD\$1,425.39M
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 AUD Index

Performance (%)

AUD return	1 mth	3 mths	1 yr	3 yr pa	5 yr pa	Incep pa
Total (gross)	4.49	2.65	29.75	23.13	20.14	14.49
Total (net)	4.41	2.42	28.60	22.03	19.07	13.47
Relative*	1.03	1.21	5.64	5.92	5.10	2.20

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.

Portfolio Characteristics

No of Holdings	68
Dividend Yield	1.09%
Turnover* (last 12 months)	16.84%
Price/Earnings	32.80
Price/Cash Flow	23.1x
Price/Book Value	5.9x
Beta (ex-ante)	0.88
Average market capitalisation	\$207.16bn
Median market capitalisation	\$52.15bn
Tracking error (1 year)	4.64

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

Market Cap Exposure (% weight by capital)

Range	Fund
>US\$ 500bn	9.63
US\$ 100 - 500bn	30.04
US\$ 50 - 100bn	13.65
US\$ 10 - 50bn	39.81
US\$ 2 - 10bn	5.31

Sources: Dundas, Bloomberg.

Top Ten Holdings by Capital (%)

Stock	Fund	Active Weight*
Microsoft Corp	3.20	(0.37)
Alphabet	2.42	1.17
Sonova Holding	2.41	2.38
Accenture	2.40	2.06
Costco Wholesale	2.35	1.99
Littelfuse	2.30	2.30
Abbott Laboratories	2.20	1.86
WW Grainger	2.14	2.10
Home Depot	2.13	1.49
Apple	2.12	(2.04)
TOTAL	23.68	12.94

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

Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
Costco Wholesale*	5.70
Roche Holding	3.54
Home Depot	3.43
Taiwan Semiconductor ADR	3.25
DBS Group	3.23
TOTAL	19.15

Sources: Dundas, Bloomberg. * Including special dividend

Regional Allocation (%)

Country	Fund	Active Weight*
United States	56.31	(4.46)
France	8.45	5.70
Switzerland	7.77	4.87
Japan	5.81	(0.01)
United Kingdom	3.84	0.28
Denmark	3.77	3.11
Sweden	3.39	2.51
Emerging Markets	2.39	(8.63)
Netherlands	1.70	0.04
Canada	1.19	(1.77)
Norway	1.09	0.93
Singapore	0.95	0.66
Hong Kong	0.93	(0.02)
Germany	0.87	(1.30)

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

Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	32.22	8.06
Health Care	20.94	9.54
Financials	11.15	(2.38)
Industrials	9.90	0.36
Consumer Discretionary	7.56	(5.38)
Consumer Staples	6.44	(0.20)
Communication Services	5.13	(3.72)
Materials	5.09	0.73
Energy	0.00	(3.38)
Real Estate	0.00	(2.55)
Utilities	0.00	(2.64)
Cash	1.56	1.56

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

Performance and Portfolio Comment – November 2021

Market overview

Irrespective of the late sell off in November, the ACWI ex Australia index rose 3.46% when measured in Australian Dollars.

Broadly positive news continued from Q3 earnings, with indications of robust build-up demand and a peaking of supply chain constraints. Nevertheless, ongoing concerns about Covid levels, especially in Europe and inflationary pressures due to the increased costs of production and transit played on market sentiment. The news late in the month of the new Omicron variant then weighted heavily on risk assets. I.T. was the best performing sector, and along with Consumer Discretionary and Utilities outperformed the index. Energy turbulence continued, and this was the worst performing sector over the month. Oil saw its worst monthly decline since March 2020, with WTI crude falling 20.8%. Communications Services had a difficult month, and along with Financials lagged the market.

Performance overview

Over the past 12 months, the Fund has delivered a total return gross of fees of 29.75% while the index gained 24.11%. For the calendar year to date, the Fund returned 29.15% gross of fees against a benchmark increase of 24.24%. In November the Fund rose gross of fees by 4.49%, outperforming the benchmark by 1.03%.

The Fund's relative outperformance was driven by both positive stock selection and allocation. Stock selection within Industrials, Consumer Staples and Health Care was particularly strong. Having no holdings in Energy, aided performance. The Fund's underweight to the poorly performing Communication Services was a positive, but it was not enough to mitigate the negative impact of stock selection within this sector. Particular weakness was seen in Activision Blizzard which is under investigation by the SEC regarding the adequacy of disclosures relating to sexual harassment and bullying in the workplace as well as state and federal lawsuits relating to these incidents. While the Fund's overweight to the best performance sector I.T. was positive, stock selection within the sector was the Fund's largest laggard.

Regionally, the Fund's overweight to the underperforming European markets was a small negative, however that was more than compensated by healthy stock selection, especially the holdings in France, Denmark and Norway. Stock selection within Asia Pacific was also constructive, specifically the Fund's Japanese stocks.

Of the top five stock contributors, one hailed from France and the four remaining were US listed stocks. Top of the list was the discount retailer **Costco**, followed by the French healthcare supplier **BioMerieux**, industrial supplier **W.W. Grainger**, the financial data provider **Factset** and finally the semiconductor manufacturer **Analog Devices**.

Similarly of the five biggest detractors, four were US listed stocks and one from the UK. **Apple** led the way, due to the Fund's relative underweight compared to the benchmark. Also on the list was the gaming content king **Activision Blizzard**, the digital payments firm **PayPal**, the UK based life insurer **Prudential** and the e-commerce platform **eBay**.

Dividends

November saw six new dividend declarations from the Fund's holdings. **DBS** increased its dividend 83% YoY to the same level as 2019. The previous cut was due to a government mandated retention of profits in the face of the pandemic. Having completed the large acquisition of Maxim, **Analog Devices** increased its dividend 11% YoY which is a continuation of its current quarterly dividend. **ADP** also announced a 12% increase to its quarterly dividend. **WR Berkley** increased its regular dividend by 8% p.a. while also paying out \$1.50 in special dividends, taking the full year dividend to \$2.03, for a yield of 2.5%. Other declarations came from **Sage** which declared an increase of 3% and **Coloplast** which increased its final dividend 6%.

Portfolio changes

One new purchase was made in the US based industrial stock **Equifax**. The global data, analytics and technology company, provides info solutions for businesses, governments and consumers, as well as employment services for employers. **Sundrug** was sold during November. The operator of drug stores in Japan has endured a significant slowdown in revenue growth in recent years, as the company has been outpaced in its store opening programmes, by industry peers.

Contacts

Apostle Funds Management Pty Limited
Level 25, 259 George St Sydney NSW 2000
T +61 2 8278 9554 F +61 2 9247 9976
www.apostlefm.com.au

K2 Asset Management
Level 32 101 Collins Street Melbourne
T +61 3 9691 6111
<https://www.k2am.com.au/forms-apostle- Dundas>

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

Disclaimer

Apostle Funds Management Pty Limited ABN 16 129 922 612 AFSL No. 458375 (“Apostle”)

This document has been prepared by Apostle Funds Management Pty Limited (“Apostle”) (ABN 16 129 922 612) (AFSL No. 458375) and may be issued to retail clients under the license of K2 Asset Management Ltd (“K2”) (ABN 95 085 445 094) (AFSL No. 244393). This material and the content of any Product Disclosure Statement for the investment are principally governed by Australian rather than New Zealand law. This material may contain information provided directly by third parties which include Dundas Partners, LLP (AFSL No. 527238). K2 is the Responsible Entity of the Apostle Dundas Global Equity Fund. K2 is a subsidiary of K2 Asset Management Holdings Ltd (ABN 59 124 636 782).

This material is for information purposes only. It is not an offer or a recommendation to invest and it should not be relied upon by investors in making an investment decision. Offers to invest will only be made in the relevant Product Disclosure Statement and this material is not intended to substitute suitable disclosure documents which will outline the risks involved and other relevant information. Any investment carries potential risks and fees which are described in the relevant Product Disclosure Statement. An investor should, before deciding whether to invest, consider the appropriateness of the investment, having regard to both the relevant Product Disclosure Statement in its entirety and the investor's objectives, financial situation and need. This information has not been prepared taking into account your objectives, financial situation or needs. Please note that past investment performance is not a reliable indicator of future investment performance. No representation is made as to future performance or volatility of the investment. In particular, there is no guarantee that the investment objectives and investment strategy set out in this presentation may be successful. Any forward-looking statements, opinions and estimates provided in this material are based on assumptions and contingencies which are subject to change without notice and should not be relied upon as an indication of the future performance. Persons should rely solely upon their own investigations in respect of the subject matter discussed in this material. No representations or warranties, expressed or implied, are made as to the accuracy or completeness of the information, opinions and conclusions contained in this material. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available to Apostle. To the maximum extent permitted by law, all liability in reliance on this material is expressly disclaimed.

This document is strictly confidential and is intended solely for the use of the person to whom it has been delivered. It may not be reproduced, distributed or published, in whole or in part, without the prior approval of Apostle. Third party distributors may be used to market the investment to New Zealand investors. Where this occurs, this material can only be provided to New Zealand persons that the New Zealand distributor is authorised to deal with under New Zealand law, and is not available to any person to whom it would be unlawful to make such offer or invitation.

The rating issued 04/2021 Apostle Dundas Global Equity Fund Class C (APIR:ETL0438AU), are published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2020 Lonsec. All rights reserved.

A product disclosure statement for the Apostle Dundas Global Equity Fund may be accessed at <https://www.k2am.com.au/forms-apostle- Dundas>