

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

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\$5.7310
Fund Size (AUD)	AUD\$2,499.92M
Class D Size	AUD\$18.03M
Tax Losses Available (As at last distribution period)	AUD\$215.36M
Portfolio Inception Date	August 2012
Inception Date – Class D	February 2021
Companies in Portfolio	Targeting 60–100 holdings
Investment Manager	Dundas Global Investors
Management Fee	0.90%
Portfolio Management Team	Alan McFarlane – Senior Partner, James Curry – Partner, Gavin Harvie – Partner, David Keir – Partner, Andy Brown – Investment Manager
Responsible Entity	K2 Asset Management Ltd
Custodian	State Street Australia Limited
Unit Registry	Boardroom Limited

Performance

Return (%)	1 mth	3 mth	6 mth	1 yr	2 yr (p.a.)	3 yr (p.a.)	Incep. (p.a.)	^Portfolio Incep. p.a.
Total (gross)	3.95	5.38	8.59	18.80	15.96	7.69	12.84	12.03
Total (net)	3.87	5.14	8.11	17.74	14.93	6.73	11.83	11.03
Relative (gross)*	0.08	-2.10	-5.26	-2.13	-3.11	-2.38	-0.85	0.91
Relative (net)**	0.00	-2.34	-5.74	-3.19	-4.14	-3.34	-1.86	-0.09

Source: State Street Performance & Analytics Australia. Fund performance calculated using exit prices for Class D and shown on a total return basis (net dividends reinvested). Class D commenced on 24 February 2021. *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.**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 Inception pa returns refers to Class C of the Apostle Dundas Global Equity Fund from its inception date of 4th June 2015. Class C has the same management fee, hence the information would be comparable for Class D. Different future expenses and other factors between the classes may impact the returns of each class.

Portfolio Characteristics

No of Holdings	60
Dividend Yield	1.23%
Turnover* (last 12 months)	13.99%
Price/Earnings	28.49
Price/Cash Flow	20.84x
Price/Book Value	5.67x
Beta (ex-ante)	1.02
Average market capitalisation	\$268.33bn
Median market capitalisation	\$77.59bn
Tracking error (1 year)	4.08

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

Market Cap Exposure (% weight by capital)

Range	Fund
>US\$ 500bn	14.30
US\$ 100 - 500bn	33.83
US\$ 50 - 100bn	10.81
US\$ 10 - 50bn	40.12
US\$ 2 - 10bn	0.00

Top Ten Holdings by Capital (% weight)

Stock	Fund	Active Weight*
Microsoft	3.69	-0.56
WW Grainger	3.56	3.51
Novo Nordisk	3.24	2.66
WR Berkley	2.99	2.97
Atlas Copco	2.52	2.46
Applied Materials	2.44	2.19
Brown & Brown	2.32	2.32
Sonova Holding	2.25	2.25
ASML Holding	2.24	1.74
Analog Devices	2.23	2.07
TOTAL	27.48	21.61

*Active Weight relative to the Index

Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
DBS Group	5.36
Home Depot	3.65
Essilorluxottica	3.45
Diageo	3.30
Sage Group	3.19
TOTAL	18.95

Regional Allocation (%)

Country	Fund	Active Weight*
United States	57.48	-5.12
Switzerland	8.48	6.10
France	8.41	6.16
Sweden	5.49	4.61
Denmark	5.23	4.38
United Kingdom	3.32	-0.16
Netherlands	2.24	1.03
Japan	2.19	-3.95
Taiwan	2.15	0.10
Hong Kong	1.83	1.28
Singapore	1.25	0.89
India	0.99	-1.40
Other Countries	0.00	0.00

*Active Weight relative to the Index

Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	25.08	-0.25
Health Care	22.68	11.65
Financials	19.45	3.58
Industrials	14.66	4.11
Consumer Discretionary	7.05	-3.36
Consumer Staples	4.34	-2.00
Communication Services	3.16	-4.68
Materials	2.65	-1.03
Energy	0.00	-4.32
Real Estate	0.00	-1.96
Utilities	0.00	-2.63
Cash	0.94	0.94

*Active Weight relative to the Index

Performance and Portfolio Comment

Market overview

July was a volatile month, as markets absorbed a number of notable economic and political developments. US politics was dominated by the attempted assassination of Republican nominee Donald Trump and the sitting president curtailing his re-election bid owing to health concerns, and with still over three months until polling day, the election is likely to remain a source of market uncertainty. Overall, US equities were mostly higher, there was a rotation out of big tech/growth/momentum stocks and into value/cyclicals/small caps. This was initially sparked by a weaker than expected US Consumer Price Index (CPI) reading early in the month, combined with weaker US labour market data. After driving index performance for much of the year, most Magnificent 7 names pulled back sharply before paring declines near the end of the month

UK stocks outperformed, although markets did not react significantly to the general election, given that a Labour victory was already assumed. European stocks lagged their US and UK counterparts, with a disappointing Purchasing Managers' Index (PMI), which indicated a slight tempering of eurozone economic growth over the summer, this coupled with uncertainties around the French election, likely contributed to the weakness.

Chinese equity markets fell last month, despite some growth-friendly measures from Chinese authorities, as there seems to be little urgency to address the demand slump or property crisis.

Performance overview

Over the past 12 months, the Fund has posted a total return net of fees of 17.74%, while the market returned 20.93%. In July, the Fund returned 3.87% net of fees outperforming the market by 0.00%.

This month, the Fund performed in line with the index, with positive allocation and negative stock selection.

On an absolute basis, all sectors bar Communication Services posted positive returns, and all excepting Consumer Discretionary, IT and Communication Services beating the index. From a Fund perspective, the Industrials sector was the best contributor, with the overweight to the sector positive and augmented by additive stock selection. Another boost to performance came from the Health Care sector, again the Fund's overweight was rewarded. With Communication Services the weakest sector over the month, the Fund's underweight was a bonus, however the Fund's two stocks within the sector were weak. As technology was a big decliner this month, there is little surprise that stock selection to IT was the largest detractor to performance. Stock selection to Consumer Staples was also disappointing.

Regionally, stock selection within North America was the standout contributor, being underweight the region was a slight negative. Holdings in Japan, and the Fund's single holdings in Taiwan and India led to unfavourable stock selection. The Fund's overweight to Europe was a drag on performance and was not aided by poor stock selection in the UK, the Netherlands and Sweden.

The top five stock contributors came from Switzerland and the US and was headed up by Swiss pharma outsourced manufacturer Lonza Group, followed by two industrial stocks Equifax and WW Grainger. Also on the list were the financial stocks Brown & Brown and Nasdaq.

The five stock detractors consisted of the Danish multinational pharmaceutical firm Novo Nordisk, two semiconductor manufacturers, Applied Materials and ASML, Swedish multinational industrial stock Atlas Copco and Swedish measurement technology group Hexagon.

Dividends

There were three dividend declarations with an average increase of 23.3%. The dividend announcements consisted of Amphenol 50.0%, Marsh & McLennan 14.8% and Diageo 5.0%.

Portfolio changes

There were no new investments in July and Paypal was sold.

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

Contact us

Apostle Funds Management Pty Ltd

Level 14, 50 Pitt Street 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

www.k2am.com.au

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

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