APOSTLE FUNDS MANAGEMENT

Apostle Dundas Global Equity Fund – Class D ASX: ADEF

THE NAME BEHIND THE NAMES

Monthly Portfolio Information Sheet as at 31 March 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 D (NAV)	AUD$4.6650
Fund Size	AUD$ 1,965.40M
Class D Size	AUD$ 9.53M
Tax Losses Available (As at last distribution period)	AUD$294.98M
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 Russell Hogan –Partner James Curry – Partner Gavin Harvie – Partner David Keir – Partner
Responsible Entity	K2 Asset Management Ltd
Custodian	State Street Australia Limited
Unit Registry	Boardroom Limited

Performance (%)

AUD return	1 mth	3 mths	1 yr	3 yr Pa	5 yr pa	7 yr pa	Incep pa
Total (gross)	5.31	9.74	5.82	12.03	13.07	13.86	11.03
Total (net)	5.23	9.50	4.88	11.03	12.06	12.84	10.04
Relative*	1.34	0.98	1.98	0.36	3.26	2.52	1.89

Source: State Street Performance & Analytics Australia. Fund performance calculated using exit prices for Class C and shown on a total return basis (net dividends reinvested). Date is for Class C from its inception date of 4th June 2015. Class D commenced on 24 February 2021 with the same management fee, hence the information would be comparable for Class D. Different future expenses between the classes may impact the returns of each class. *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	62
Dividend Yield	1.45%
Turnover* (last 12 months)	8.34%
Price/Earnings	26.9x
Price/Cash Flow	20.7x
Price/Book Value	5.3x
Beta (*ex-ante*)	0.97
Average market capitalisation	$195.25bn
Median market capitalisation	$65.57bn
Tracking error (1 year)	4.80

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

Market Cap Exposure (% weight by capital)

Range	Fund
>US$ 500bn	7.02
US$ 100 - 500bn	32.09
US$ 50 - 100bn	17.45
US$ 10 - 50bn	34.02
US$ 2 - 10bn	7.67

Top Ten Holdings by Capital (%)

Stock	Fund	Active Weight*
Microsoft	3.15	-0.52
WW Grainger	3.11	3.06
Novo Nordisk	2.66	2.22
Analog Devices	2.36	2.19
Littelfuse	2.19	2.19
Accenture	2.17	1.84
Apple	2.06	-2.48
Atlas Copco	2.05	1.99
Amphenol	1.99	1.91
Ross Stores	1.95	1.89
TOTAL	23.70	14.30

**Active weight relative to the Index*.*

Top Five Holdings by contribution to Dividend Yield (%)

Holding	Fund
DBS Group	4.19
Home Depot	3.57
Sage Group	3.24
Roche Holding	3.11
WR Berkley	2.90
TOTAL	17.02

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Regional Allocation (%)

Country	Fund	Active Weight*
United States	55.03	-4.07
France	9.67	6.74
Switzerland	8.23	5.56
Sweden	5.10	4.16
Denmark	4.43	3.65
United Kingdom	4.02	0.06
Japan	3.97	-2.20
Netherlands	1.52	0.22
Taiwan	1.50	-0.27
Singapore	1.27	0.82
Hong Kong	1.04	0.15
Germany	0.97	-1.17
India	0.81	-0.84
Norway	0.81	0.48
Other Countries	0.00	0.00

**Active Weight relative to Index*.*

Sector Exposure (%)

Sector	Fund	Active Weight*
Information Technology	26.72	5.99
Health Care	20.72	8.41
Industrials	15.01	-0.22
Financials	14.53	3.83
Consumer Discretionary	7.11	-4.00
Consumer Staples	5.94	-1.82
Communication Services	4.68	-2.87
Materials	3.55	-0.87
Energy	0.00	-5.04
Real Estate	0.00	-2.24
Utilities	0.00	-2.93
Cash	1.75	1.75

**Active Weight relative to the Index*.*

Performance and Portfolio Comment –March 2023

Market overview

It was a tale of two halves for US equity markets in March. The first half was besieged by banking problems and persistent inflation, which drove down investor sentiment. In the second half, big technology firms and expectations for tempered interest rates drove recovery. The month saw a rapidly evolving banking crisis when accelerating deposit flight brought about the quick regulatory shutdown of Silicon Valley Bank and Signature Bank, and several others also seemed vulnerable. The Fed, FDIC, and Treasury stepped in to backstop all depositors at SIVB and SBNY to help quell contagion fears, but bank stocks remained under close scrutiny. Amid this banking storm, the Federal Open Markets Committee (FOMC) hiked interest rates by one quarter of a percentage point—a second consecutive smaller raise after the mega hikes of 2022.
The banking crisis then shifted to Europe, where Credit Suisse suffered a catastrophic liquidity crisis. UBS agreed to buy its rival for $3 billion in an emergency rescue deal coordinated in part by Swiss regulators. The Swiss government pledged to provide more than $100 billion in liquidity and $9 billion in funds for UBS to backstop losses the bank may incur from Credit Suisse's assets.
Overall, two key market catalysts remain front and centre, inflation and interest rates.

Performance overview

Over the past 12 months, the Fund has posted a total return gross of fees of 5.82% while the market returned 3.84%*. In March, the Fund gained 5.31%, outperforming the market by 1.34%.

Both stock selection and allocation were positive for the month, with the former the main reason for Fund's outperformance. While in absolute terms the Financials sector was the weakest sector, it was the Fund's strongest contributor, with very a pleasing affect from stock selection and the Fund's underweight to the sector also a positive. Stock selection within Health Care was also robust and there was benefit from the zero exposure to the Energy sector. The Fund's overweight to the I.T. sector added performance, but stock selection to the sector was the largest detractor. Stock selection within the Consumer Discretionary sector was also poor, there was also a negative impact from the Fund's underweight to the sector.

On a regional basis, stock selection within Europe was the standout contributor, with a positive impact from all eight of the Fund's European country exposures. Stock selection within the Asia Pacific region was a boost to performance, with a similar story in North America, albeit four of the five bottom stock detractors hailed from this region.

On a regional basis, allocation to Asia Pacific was the largest contributor, although stock selection was a slight negative. Allocation to Europe was positive over the month, although this was negated by the stock selection negative impact. Stock selection within North America was the main drag on performance.

The top five contributors came from three sectors, Health Care, Consumer Staples and Communication Services, with two stocks US listed. The lineup was topped by Swiss-listed hearing aid maker **Sonova** and the Danish multinational pharmaceutical firm **Novo Nordisk.** Also on the list was French personal care company **L'Oréal,** and two US Communication Services stocks **Activision Blizzard** and **Alphabet.**

Of the bottom five detractors, four were US listed, one UK based and encompassed three sectors. The list consisted of **Apple**, due to the Fund's relative underweight compared to the benchmark. the insurance solutions provider **WR Berkley**, the discount retailer **Ross Stores,** the UK based life insurer **Prudential**, and finally e-commerce platform **eBay.**

Dividends
There were 11 dividend announcements in March with an average increase of 8.4%. **Dassault Systemes** and **Applied Materials** both posted dividends over 20% (23.5% and 23.1% respectively), while **American Express** posted a 15.4% increase in dividend. **Prudential** declared a 9.0% increase and **Lindt** 8.3%. **AIA Group's** dividend was 5.3% higher than last year, and there were also dividend increases from **Tecan** 3.6%, **Symrise** 2.9% and **Geberit** 0.8%. Meanwhile both **bioMerieux** and **Activision Blizzard** held their dividends.

Portfolio changes
No complete sales or new investments were made in March.

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

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Disclaimer

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