

Global Equity

Investment Objective

- MSCI All Country World Index ex Australia + 2.5% per annum after all fees and expenses on a rolling five-year basis
- Capital and income growth to exceed MSCI ACWI and inflation
- To achieve lower volatility than the MSCI All Country World 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\$1.4044 |
| Fund Size | AUD\$912.66M |
| Tax Losses Available (As at last distribution period) | AUD\$ 376.83M |
| 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 Katie Muir – Partner |
| Responsible Entity | Equity Trustees Limited |
| Custodian/Registry | State Street Australia Limited |

Performance (%)

| AUD return | 1 mth | 3 mths | 1 yr | 2 yr pa | 3 yr pa | Incep pa |
|---------------|-------|--------|-------|---------|---------|----------|
| Total (gross) | -3.84 | -3.17 | 14.83 | 14.64 | 16.55 | 10.42 |
| Total (net) | -3.91 | -3.39 | 13.80 | 13.62 | 15.51 | 9.44 |
| Relative* | 4.80 | 6.24 | 11.47 | 7.65 | 7.10 | 2.96 |

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 MSCI All Country World Index ex Australia. Past performance is not a reliable indicator of future performance.

Portfolio Characteristics

| | |
|-------------------------------|-----------|
| No. of Holdings | 67 |
| Dividend Yield | 1.72% |
| Turnover (last 12 months) | 15.98% |
| Price/Earnings | 26.6x |
| Price/Cash Flow | 19.1x |
| Price/Book Value | 4.2x |
| Beta (ex-ante) | 0.89 |
| Average market capitalisation | USD 113bn |
| Median market capitalisation | USD 41bn |
| Tracking error (1 year) | 4.59% |

Market Cap Exposure (% weight by capital)

| Range | Fund |
|-----------------|-------|
| >USD 500bn | 6.26 |
| USD 100 - 500bn | 30.30 |
| USD 50 - 100bn | 9.45 |
| USD 10 - 50bn | 39.70 |
| USD 2 - 10bn | 13.10 |

Top Ten Holdings by Capital (%)

| Stock | Fund | Active Weight* |
|----------------------|-------|----------------|
| Microsoft | 3.00 | 0.08 |
| Costco Wholesale | 2.67 | 2.35 |
| Abbott Laboratories | 2.50 | 2.14 |
| Lonza | 2.49 | 2.41 |
| Ross Stores | 2.48 | 2.39 |
| Baxter International | 2.35 | 2.25 |
| Accenture | 2.18 | 1.92 |
| Grifols | 2.18 | 2.15 |
| Sonova | 2.09 | 2.07 |
| Reckitt Benckiser | 2.07 | 1.93 |
| TOTAL | 24.01 | 19.69 |

Sources: Dundas, Bloomberg. *Active Weight relative to the MSCI ACWI ex Australia.

Top 5 Holdings by contribution to Dividend Yield (%)

| Holding | Fund |
|--------------------------|-------|
| Legal & General | 5.86 |
| Taiwan Semiconductor ADR | 4.34 |
| DBS Group | 4.14 |
| Reckitt Benckiser | 3.63 |
| Analog Devices | 3.14 |
| TOTAL | 21.10 |

Sources: Dundas, Bloomberg.

Regional Allocation (%)

| Country | Fund | Active Weight* |
|------------------|-------|----------------|
| United States | 44.69 | -11.28 |
| Switzerland | 8.85 | 5.43 |
| France | 8.52 | 5.46 |
| Japan | 8.20 | 0.54 |
| United Kingdom | 6.45 | 1.88 |
| Denmark | 4.25 | 3.62 |
| Emerging Markets | 3.42 | -8.52 |
| Canada | 2.20 | -0.63 |
| Ireland | 2.18 | 1.22 |
| Spain | 2.18 | 1.42 |
| Germany | 1.98 | -0.39 |
| Netherlands | 1.76 | 0.37 |
| Hong Kong | 1.45 | -0.10 |
| Singapore | 1.03 | 0.68 |
| Sweden | 0.92 | 0.17 |
| Norway | 0.80 | 0.64 |

Sources: Dundas, Bloomberg. *Active Weight relative to the MSCI ACWI ex Australia.

Sector Exposure (%)

| Sector | Fund | Active Weight* |
|------------------------|-------|----------------|
| Information Technology | 27.97 | 8.81 |
| Health Care | 25.26 | 12.04 |
| Consumer Staples | 11.04 | 2.18 |
| Financials | 9.49 | -4.62 |
| Industrials | 7.47 | -2.21 |
| Consumer Discretionary | 7.26 | -3.67 |
| Materials | 5.89 | 1.71 |
| Communication Services | 4.50 | -4.94 |
| Energy | - | -3.71 |
| Real Estate | - | -3.09 |
| Utilities | - | -3.62 |
| Cash | 1.12 | - |

Sources: Dundas, Bloomberg. *Active Weight relative to the MSCI ACWI ex Australia.

Performance and Portfolio Comment – March 2020

Market overview

Measured by the ACWI ex Australia benchmark index in Australian Dollars, global equity markets fell 8.64% in March as Government measures put in place to prevent the spread of COVID-19 brought countries and economies almost to a standstill. Central banks around the world stepped in with emergency interest rate cuts to record lows, with Governments in the US, UK, Europe and Asia announcing fiscal stimulus packages in support.

Of the major regions, Asia Pacific held up the best with a decline of 4.28%, with China down 1.46% and Japan down 2.15%. North America declined 8.49% with the US market falling 7.91% while Canada, with its large exposure to commodities and banks, fell 16.88%. Europe was the worst performer, down 9.81%.

All but one sector fell in March with the typically defensive ones – Health Care (+1.74%) and Consumer Staples (-0.26%) – holding up best. The biggest declines came from Energy (-24.29%), impacted by the oil price collapse, and Financials (-17.57%), following the fall in interest rates. Airlines dragged Industrials down with the sector declining 13.27%.

Performance overview

Over the past 12 months, the Fund has delivered a total return gross of fees of 14.83% while the benchmark index gained 3.36%. For the calendar year to date, the Fund has fallen 3.17% against a benchmark decline of 9.41%. During March the Fund's gross total return was -3.84%, a relative performance of +4.80%.

Both allocation and stock selection contributed positively to performance relative to the benchmark index. The Fund's Healthcare exposure and underlying holdings in this sector were the biggest drivers of relative performance with Consumer Staples holdings and I.T. also contributing strongly. Positives from the Fund's lack of direct exposure to the worst performing Energy sector and good stock selection in Materials was partially offset by Communication Services and Consumer Discretionary holdings. By region, stock selection in Europe and the Fund's Japanese holdings were key contributors.

At the stock level, the top five contributors to relative performance were pharmaceutical manufacturer **Lonza** (+10.83%), diagnostics specialist **bioMerieux** (+29.53%), blood plasma collection and distributor **Grifols** (+12.49%), US wholesaler **Costco** (+6.84%), and blood diagnostics firm **Sysmex** (+19.90%). The biggest detractors were aviation trainer **CAE** (-50.57%), hearing care specialist **Sonova** (-20.03%), UK insurer **Legal & General** (-23.76%), the Fund's relative underweight in **Apple** (-2.00%), and airline booking software firm **Amadeus** (-27.73%).

Dividends

12 Fund holdings made new dividend declarations in March with median growth in dividend per share of 8.9% in local currencies. Average dividend growth was skewed higher by a 75% increase from Swiss chocolatier **Lindt & Sprungli** to mark the company's 175th anniversary. Whilst **Lindt** has since reaffirmed its dividend declaration, several Fund holdings have subsequently announced they are either re-evaluating or revising their dividend in light of the evolving COVID-19 pandemic. This is also true for some company declarations made earlier in the year.

Portfolio changes

During March there were six portfolio changes – three new investments and three full sales. US-listed **Visa**, **W.R. Berkley**, and **Stryker** were added to the Fund. Spanish-listed airline bookings software firm **Amadeus IT**, Japanese retailer **Ryohin Keikaku**, and UK investment manager **M&G** were sold in full.

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