

SKERRYVORE GLOBAL EMERGING MARKETS ALL-CAP EQUITY FUND
C SHARE CLASS

Monthly Report

Report for the month ended 31 December 2024



Skerryvore
ASSET MANAGEMENT



Investment Results

C SHARE CLASS – PERIOD RETURNS TO 31 DECEMBER 2024

	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	2 Year p.a (%)	Since Inception p.a ² (%)
Fund (net)	3.19	1.40	5.07	9.31	12.07	4.81
Benchmark ¹	5.07	3.08	7.88	18.48	13.70	2.26
Value Added	-1.88	-1.68	-2.81	-9.17	-1.63	2.56

FUND OBJECTIVE

The fund's objective is to achieve long-term capital appreciation through investing in companies operating in, or exposed to, emerging markets.

COMMENTARY

Global emerging market equities rose in Australian dollar terms during the period. The strategy rose in value and underperformed the MSCI emerging markets index. Following a period of strong performance over the past three years, 2024 was a difficult year for the All-Cap strategy with acceptable absolute returns but trailing behind a very strong benchmark performance. There were three causes for this. Firstly, it is taking consumers time to digest the higher inflation experienced over the last few years which has slowed growth in our companies exposed to consumer staples such as beer. Secondly, on a relative basis we were not big beneficiaries of the huge stimulus unleashed by China in the second half of the year and finally our Latin American holdings suffered on the basis of political changes. We believe most of these effects are temporary and that the moves in price do not represent changes in the longer-term value of our companies.

HOLDING LEVEL COMMENTARY

The largest contributor to returns during the period was from the holding in the semiconductor foundry **TSMC**. The business has maintained its leading position through consistent expenditure in research and development and is the most advanced chipmaker in the world, given its ability to manufacture leading-edge semiconductors. The company has been helped by the strong demand for AI chips, particularly from Nvidia, which has resulted in the business announcing revenue growth of 38% from the previous year.

With the shares up over 80% from a year ago we have continued to reduce the holding size in TSMC. This is purely on valuation grounds as there's no doubt that TSMC is a clear beneficiary of the emergence of artificial intelligence and more generally the incorporation of more microchips into more things.

Growth in the business has narrowed and we worry that others have become overly optimistic. This as well as many other names in the AI supply chain which in our view, look stretched from a valuation perspective and would be vulnerable to any disappointment.

The second largest positive contributors to the strategy were from the holding in the Indian bank **HDFC**. The stock has been weak during the early part of the year, and we are starting to see the share price recover. Merging the wholesale funded parent with the deposit-gathering bank was always likely to cause some short-term indigestion. We are pleased to see that the bank continues to maintain its leading position in deposit gathering, has undergrown the potentially frothy post-covid retail loan market and continues to show the highest asset quality. We believe the long-term earnings power of this franchise is undiminished and the shares remain attractively valued.

1. MSCI Emerging Markets Index (AUD)
2. Inception date – 02 August 2021

Past performance does not predict future returns



Skerryvore



Investment Results

STOCK LEVEL ATTRIBUTION

TOP CONTRIBUTORS TO RETURN

Name	Contribution (%)
TSMC	1.08
HDFC Bank Limited	0.65
Qualitas Controladora	0.46
Advantech	0.41
Uni-President China Holdings	0.38

TOP DETRACTORS TO RETURN

Name	Contribution (%)
Raia Drogasil	-0.49
Nexon Co Ltd	-0.38
Heineken Holding	-0.34
Bajaj Auto	-0.32
Hindustan Unilever Ltd	-0.28

HOLDING LEVEL COMMENTARY & ANALYSIS

The largest negative contributor to returns during the period was from the holding in Brazilian pharmaceutical retailer **Raia Drogasil**. There has been no specific company news to explain this weakness, as we believe it is the weakness of the underlying Brazilian currency that is impacting the share price. The business model which, with a lag, generates strong profit-growth during inflationary periods created by weaker currencies and to that end we believe this is a cyclical rather than a structural issue which the business and share price should recover from. We have added to the position in FEMSA during this period of share price weakness as the shares look very attractively valued relative to the long-term growth opportunity.

The second largest negative contributor to returns during the period was from the holding in Korean based gaming business **Nexon**. Recent results were strong with revenues +13% (YoY) and operating profits +11% (YoY) driven by robust game sales with a successful launch of The First Descendant and strong performance of MapleStory's localized versions. These results were below the markets elevated expectations and caused a sharp sell-off in the share price. We continue to believe that the shares are very attractively valued for this leading Asian video games producer and distributor.

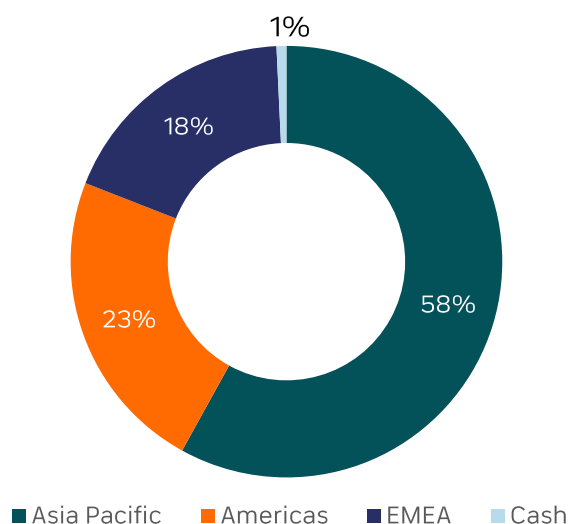
1. MSCI Emerging Markets Index (AUD)
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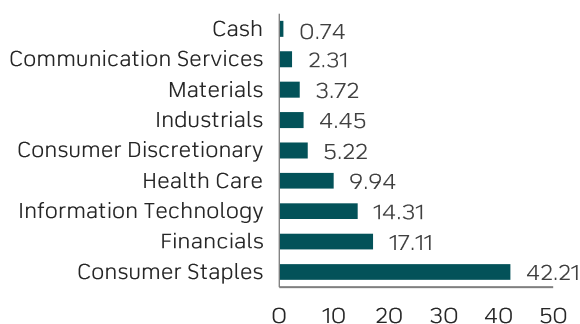
TOP 10 HOLDINGS

Name	Weight (%)
Fomento Economico Mexicano	5.82
HDFC Bank Limited	5.72
TSMC	5.10
Cipla	4.96
Tata Consultancy Services	3.61
Coca-Cola HBC	3.56
Yifeng Pharmacy Chain	3.37
Franco Nevada	3.28
Raia Drogasil	3.07
Kotak Mahindra Bank	2.91

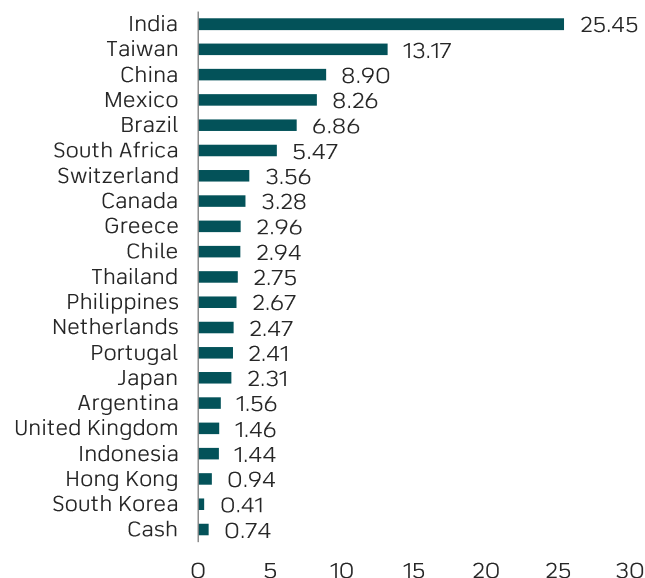
REGIONAL WEIGHTS



SECTOR WEIGHTS



COUNTRY WEIGHTS



THE FUND AT A GLANCE

Feature	Fund Facts
APIR code	BFL3229AU
Benchmark	MSCI Emerging Markets Index (AUD)
Investment objective	Achieve long-term capital appreciation through investing in companies, operating in, or exposed to, emerging markets
Portfolio managers	Glen Finegan, Nicholas Cowley, Michael Cahoon
Active stock limit	+10%
Cash	0-10%
Recommended investment period	Long term (five years plus)
Buy/sell spread	+/-0.3%
Entry/exit fees	Nil
Management fees & costs*	1.10% p.a. of Net Asset Value of the fund


HOW TO INVEST

The fund is open to investors directly via the PDS (available on our [website](#)) or via the following platforms: AMP North - BT (Panorama) - Hub24 - Macquarie Wrap - Netwealth - Mason Stevens - Powerwrap - Praemium

Visit [how to invest](#) to find out more.

GET IN TOUCH

 skerryvoream.com

 1800 895 388 (AU) or 0800 442 302 (NZ)

 client.experience@bennelongfunds.com

Data as of 31 December 2024

Source: Landy Tech

*Management fees and costs consist of annual management fee rate and capped recoverable expenses. For a detailed split of the fees and costs, please refer to the fund(s) PDS.

Disclaimer

Information for investors in Australia and New Zealand

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Effective 1 August 2024, following regulatory approval, from the UK's Financial Conduct Authority, BennBridge became a wholly owned subsidiary of Skerryvore AM LLP ("Skerryvore") and now trades as Skerryvore Asset Management.

Collectively, BennBridge and Skerryvore are referred herein as the Investment Manager or Firm. The registered office of the Firm is Windsor House, Station Court, Station Road, Great Shelford, Cambridge CB22 5NE.

Skerryvore is majority owned by eight partners, with Bennelong Funds Management Group Pty Ltd, the parent company of BFML, holding a minority stake in Skerryvore.

In addition, BFML has been appointed to act as a distributor for the Firm in relation to this Fund in Australia and New Zealand and with regards to the Firm's strategy(s) in certain other Agreed Jurisdictions as defined in a distribution agreement dated 1 August 2024.

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The terms of investment in any of the Funds described herein (or any other fund) are solely set out in the relevant Fund's prospectus or private placement memorandum (including any supplements or key investor information documents thereto), as the case may be, application forms/or memorandum and articles of association or limited partnership agreement or instrument of incorporation or other constitutional documents, as the case may be (collectively, the "Fund Documents"). Any decision to purchase securities or interests with respect to the Fund described herein must be based solely upon the information contained in the Fund Documents, which must be received and reviewed prior to any investment decision. Before acquiring an interest in any Fund, each prospective investor is required to confirm that they have carefully reviewed the various risks of an investment in the Fund, as set out in the Fund Documents, and is required to acknowledge and agree to the existence of any actual and potential conflicts of interests described in the Fund Documents and waives, to the fullest extent permitted by any applicable law, any claim with respect to the existence of such conflicts. Any person subscribing for an investment must be able to bear the risks involved (including the risk of a total loss of capital) and must meet the suitability requirements relating to such investments. Some or all alternative investment programmes may not be suitable for certain investors. Any investment in the Fund should be viewed as medium to long term. Past performance does not predict future returns.



Disclaimer

Among the risks we wish to call to the particular attention of prospective investors are the following:

- Investments in Emerging Markets can involve a higher degree of risk.
- The Fund's investment programme is speculative in nature and entails substantial risks.
- The investments of each Fund may be subject to sudden and large falls in price or value and there could be a large loss upon realisation of a holder's investment, which could equal the total amount invested.
- The Fund does not hedge currency exposure. If the currency of the share class is different from the local currency in the country in which you reside, the figures shown in this document may increase or decrease if converted into your local currency.
- Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. In difficult market conditions, the Fund may not be able to sell a security for full value or at all. This could affect performance and could cause the Fund to defer or suspend redemptions of its shares.
- The Fund may be leveraged.
- A substantial portion of the trades executed for the Fund take place on non-AUS exchanges.
- The use of a single adviser group could mean a lack of diversification and, consequently, higher risk, and may depend on the services of key personnel, and if certain or all of them become available, the Fund may prematurely terminate.
- An investment in the Fund is illiquid and there is no secondary market for the sale of interests in the Fund and none is expected to develop.
- There are restrictions on transferring interests in the Fund.
- The Fund is not a mutual fund pursuant to, and therefore is not subject to regulation under, the United States Investment Company Act.
- The members of the Bennelong Group and their affiliates may receive performance-based compensation, which may result in riskier investments, and the Fund's fees may offset trading profits.
- The Fund is subject to certain conflicts of interest.

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