

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

# Monthly Report

Report for the month ended 28 February 2025



# Investment Results

## C SHARE CLASS – PERIOD RETURNS TO 28 FEBRUARY 2025

	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	2 Year p.a (%)	Since Inception p.a <sup>2</sup> (%)
Fund (net)	0.97	4.38	4.05	6.36	10.58	4.93
Benchmark <sup>1</sup>	0.79	7.00	9.52	15.26	13.90	2.67
Value Added	0.18	-2.62	-5.47	-8.90	-3.32	2.26

### 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 also rose in value and outperformed the MSCI emerging markets index. Having enjoyed some recovery in the share price of Mexican convenience store chain operator and Coca-Cola bottler, **Fomento Economico Mexicano (FEMSA)**, we made the decision to diversify our holdings in the country. We reduced the FEMSA position to partly fund new holdings in **Arca Continental** and another FEMSA entity, **Coca-Cola FEMSA**. Coca-Cola franchises have proven to be very resilient during the recent period of high inflation and we are comfortable having more exposure. These two new positions were also partly funded by profit taking in **Coca-Cola HBC** which has performed very strongly on a possible settlement over the war in Ukraine.

We continued to take profits in **TSMC** during the month as the current price offers very little upside to our five-year price target. The assumptions required to believe in greater upside are too risky, in our opinion, for what has historically been a cyclical industry.

After a series of disappointing results, we took the decision to exit Chinese contract research organisation **Hangzhou Tigermed**. The business has struggled to generate free cash flow since the slowdown in drug development activity in China and we have growing concerns over the strength of its franchise.

Finally, we fully exited the position in **Koh Young Technology** following strong performance of its shares and our lower conviction in the company's ability to diversify its revenue in line with its own ambition.

### OUTLOOK

We believe the strategy currently offers investors the opportunity to invest in long-term growth at attractive valuations. Through a challenging quarter and year, the companies we own continued to show underlying earnings growth, and a combination of currency weakness and lowered expectations from other participants means that the overall valuation of the strategy is more attractive than it was when we started a year ago. It is not unusual for the strategy to be pointing in a different direction to the crowd, and whilst this can be uncomfortable in the short-term, we believe it will allow us to generate attractive returns over the long-term.

Importantly, the demographic case for growth in the developing world has not changed. It also provides varied and different forms of growth to those that drove markets in 2024, and this may be helpful for protecting investors, particularly if any cracks appear in the US economy.

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

Past performance does not predict future returns



# Investment Results

## STOCK LEVEL ATTRIBUTION

### TOP CONTRIBUTORS TO RETURN

Name	Contribution (%)
Coca-Cola HBC	0.74
Heineken Holding	0.53
Fomento Economico Mexicano	0.46
Qualitas Controladora	0.35
Jerónimo Martins	0.23

### TOP DETRACTORS TO RETURN

Name	Contribution (%)
Raia Drogasil	-0.58
Tata Consultancy Services	-0.56
WEG SA	-0.32
Cipla	-0.25
Hindustan Unilever Ltd	-0.23

## HOLDING LEVEL COMMENTARY & ANALYSIS

**Coca-Cola HBC** and **Heineken Holding** were the strongest contributors to relative returns. Both reported impressive results for the final quarter of 2024 that showed the pressure from high raw material price inflation seen in recent years has eased. The result is that price initiatives being taken by both companies are now feeding through into operating margin expansion, resulting in steady earnings growth.

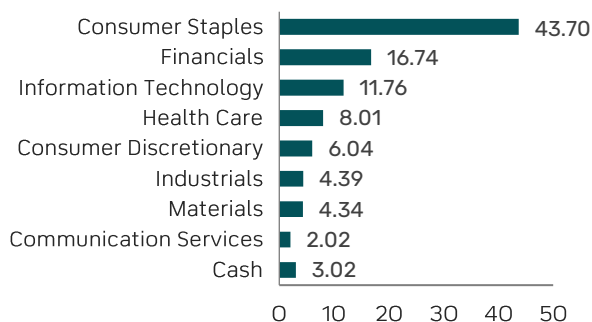
**Raia Drogasil** and **Tata Consultancy Services (TCS)** contributed negatively to returns during the month. Pharmacy operator Raia Drogasil reported good results but highlighted that the industry-wide annual regulatory drug price increase was below Brazilian inflation for the first time in many years. Despite this we expect the company to continue to deliver strong growth thanks to a significant runway of new store openings. TCS shares have weakened due to what we believe to be a temporary slowdown in revenue growth currently being seen by both them and their competitors.

Past performance does not predict future returns

## TOP 10 HOLDINGS

Name	Weight (%)
HDFC Bank Limited	5.37
Cipla	4.38
Fomento Economico Mexicano	4.00
Franco Nevada	3.91
Coca-Cola HBC	3.49
TSMC	3.40
Yifeng Pharmacy Chain	3.32
Advantech	3.12
Tata Consultancy Services	2.99
Kotak Mahindra Bank	2.97

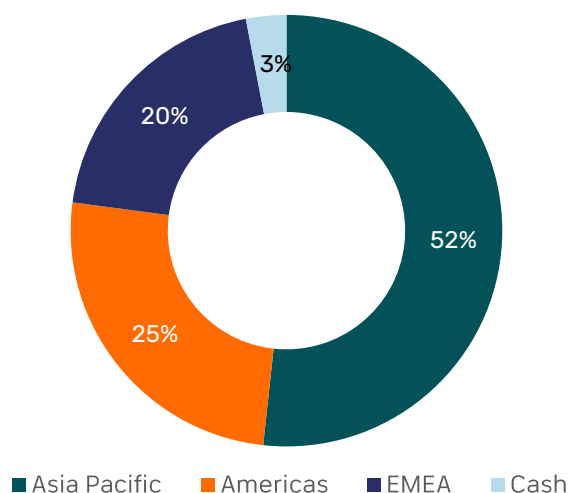
## SECTOR WEIGHTS



## 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

## REGIONAL WEIGHTS



## COUNTRY WEIGHTS




## 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](https://skerryvoream.com)

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 [client.experience@bennelongfunds.com](mailto:client.experience@bennelongfunds.com)

Data as of 28 February 2025

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, Skerryvore became a wholly owned subsidiary of Skerryvore AM LLP.

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Skerryvore AM LLP 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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# Disclaimer

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

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- 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.
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