SKERRYVORE GLOBAL EMERGING MARKETS ALL-CAP EQUITY STRATEGY

Quarterly Strategy Update

Report for the quarter ended 31 March 2024

Skerryvore

bennbridge

Contents

Executive Summary

COMPOSITE PERFORMANCE (AUD)

	Strategy (Gross) (%)	Strategy (Net)* (%)	Benchmark (%)
Quarter	6.3	6.2	7.1
1 Year	14.2	13.6	11.0
3 Years (% p.a)	7.7	7.5	0.0
Since Inception (15 Dec 2020)	29.4	28.6	4.7

GEM ALL-CAP EQUITY STRATEGY AUM

Currency	Global Emerging Markets All-Cap Equity
AUD	580,555,560

KEY CHARACTERISTICS

Number of holdings	44
Number of countries	20
Number of sectors	8
Number of industries	24
Active share (%)	88
12 months trailing turnover (%)	20
7-day liquidity at 20% market participation (%)	96

KEY PORTFOLIO ACTIVITY

New Buys	Complete Sales
Hindustan Unilever	Colgate India Vinda International Holdings

TOP 10 HOLDINGS

Name	Weight (%)
Fomento Economico Mexicano	6.7
TSMC	6.1
Cipla	5.5
HDFC Bank Limited	4.4
Tata Consultancy Services	3.9
Franco Nevada	3.3
Advantech	3.3
Qualitas Controladora	3.2
Coca-Cola HBC	3.0
Mega Lifescience	3.0

Source: Landy Tech, Skerryvore as at 31 March 2024
*Net Return based on highest representative share class fee (of 55 bps). This is supplemental to the GIPS composite performance report that can be found attached in Appendix A.
Composite: Global Emerging Markets Equity All-Cap. Benchmark: MSCI EM Total Return Index.
Reference to the benchmark is for comparative purposes only and is not intended to indicate that the composite will contain the same investments as the benchmark. Investors have the opportunity for losses as well as profits. Past performance is no guarantee of future returns. Index Source: MSCI

Quarterly Commentary

INVESTMENT OVERVIEW

Global emerging market equities rose during the quarter. The strategy rose in value but underperformed the benchmark index[1].

POSITIONING & STRATEGY

We are fundamental, long term, bottom-up investors seeking to create a high-conviction portfolio of reasonably valued, high-quality companies that are exposed to, or operate in, emerging markets. Portfolio positioning is the output of our bottom-up based convictions, rather than a specific top-down view.

The strategy continues to have a significant exposure to well-managed consumer-facing businesses where there is evidence of strong pricing power.

During the first quarter of 2024 we saw some profit taking and consolidation in names that had performed well the previous year. This resulted in a dull period performance for the Strategy.

Exceptions were **Cipla**, which continues to execute on its strategy of improving Indian operations while also tackling the US market, and **Bajaj Auto** which is performing very well across all its divisions.

TSMC also helped returns as excitement builds around the potential for Artificial Intelligence (AI) to drive increased demand for the high-performance chips it manufactures. We believe other holdings such as **Tata Consulting, Infosys** and **Advantech** will also benefit from increased capex around automation should AI prove to be a genuine productivity innovation. In many ways all our companies can benefit from step changes in productivity, over 100 years ago people believed the invention of the steam engine would destroy employment and cause a recession, the reality of course was that, other than perhaps for some horses, the outcome was very positive for economic development.

Precious metal royalty businesses Franco Nevada and Wheaton also performed well thanks to rising gold prices. On the negative side food retailer Jeronimo Martins saw a significant correction as it made clear that it would prioritise price competitiveness over short term margins. We believe this is the correct long-term strategy for this far-sighted management team to adopt. Also, some Chinese companies continue to face challenges. Tigermed was one of the worst performers in the strategy as concerns about funding for new drug trials persists. More positively, our new holding in pharmacy operator Yifeng has done reasonably well as it continues to execute on its growth plans.

ALIGNMENT MATTERS – SOUTH KOREA

An area of excitement and strong returns within emerging markets this quarter has centred on the shares of South Korean conglomerates. There have been several policy announcements over the last twelve months by the Korean government under its "corporate value-up" program. These aim to firstly lower the cost of share ownership with lower capital gains and transaction related taxes. Secondly, to help domestic investors further by potentially boosting stock prices within local indices and reducing the perennial valuation discount that Korean conglomerates trade on relative to global peers by improving Korean corporate governance and capital efficiency. The impact of this latter program could be significant. Korean conglomerates form a dominant part of both the local economy and stock market. The top 10 conglomerates contribute 60% of Korean GDP[2] and represent approximately two-thirds of the Kospi 100 index[3]. The reason why the government has become so focussed on the stock market is in part because of key parliamentary elections taking place in April. According to the Korea Securities Depository, the number of retail investors grew from 5.6 million in 2018 to 14.2 million in 2022, a surge largely attributed to the strong market returns that occurred during the pandemic. This cohort makes up a significant part of the electorate in a country with a population of 44 million people[4].

In many ways this multi-pronged government initiative appears entirely sensible. The question to ask therefore, is why haven't Korean conglomerates adopted corporate governance standards and improved capital efficiency to reduce this valuation discount? Who doesn't want a higher valuation on the holding of their business? In many ways the clue to these questions comes from origin of the Korean term used to describe these conglomerates – Chaebol. It is derived from chae (재), meaning wealth, and bol (벌), signifying clan. It is derived in part from the Japanese term Zaibatsu, which has a similar construction. The Zaibatsu's had a monopoly on the Japanese economy from the mid-nineteenth century and were dissolved by the US during their occupation of Japan in 1945. The Chaebol families similarly want to keep control of these businesses and the significant wealth and associated power that they have produced.

Past performance does not predict future returns

[1] Benchmark MSCI EM Net Total Return, as of 31 March 2024
[2] Daxeueconsulting (2022)
[3] Nikkei Asia (2024)
[4] Korea Times (April, 2024) Retail investors become key issue ahead of Korea's general elections

Quarterly Commentary

Chaebol's have been both a blessing and curse for Korean society. South Korea's leading business dynasties-built wealth and power as they drove the country from postwar ruin to among the world's biggest economies. Closely embedded within government circles, the Chaebol's benefitted from a program of "guided capitalism" that saw the government select specific family businesses to take the lead in developing industries and championed them with both foreign obtained capital and regulatory support. This has been of huge benefit for the development of the overall economy and the population. It has also however stifled competition due to an unfair playing field for small and medium sized enterprises and concentrated both financial and political power in the hands of these leading families. The political and governing structures of Korea have particularly struggled to manage the impact of this powerful self-interested group. It has attempted to elicit some form of control through inheritance taxation which is akin to holding a tiger by the tail.

Korea has the highest inheritance taxation among members of the Organisation for Economic Co-operation and Development which can rise to over 60% when related to passing on shares in companies where the family holds a majority stake. It is more than double the organisation's average. In practise what this means is that during a generation change, Chaebol family members can face tax bills that threaten their long-term control. For example, members of Samsung's founding family were hit with an inheritance tax bill of $10.3bn following the death of Samsung Chairman Lee Kun-hee[5]. This helps to explain the very complicated "snakes wedding" type corporate structures that can be found within Korean Chaebol's. Complex intragroup deals and shareholdings between parent companies and affiliates can be used to lower potential inheritance taxes. The other way to do this is to act in a way that reduces the total valuation of the businesses by maximising cashflows to the controlling shareholder rather than minority shareholders. This explains the perennial valuation gap. It has just not been in the controlling family's interests to maximise the valuation of their equity holdings. Their interests are not aligned with those of minority shareholders.

Whilst there have been various announcements about changing the inheritance tax rates throughout time, there have been no specific policy proposals to enact change. In part this is due to public sentiment, which conscious of the advantages these families possess in terms of both financial and political power has not found it willing to support raising the already huge inequality gap.

Were this to change, and Korean chaebols would be aligned with the interests of minority shareholders than our Korean watch-list would likely grow. However, until that time we will continue to stick to our investment philosophy that believes that positively aligning yourselves with the owners of businesses that are aligned with you is the best way to benefit from the power of compounding returns in emerging markets. Simply put – alignment matters!

PORTOLIO ACTIVITY

We completely sold the position in **Colgate India**. It has been a good investment for the strategy and we continue to admire the quality of its management and franchise. However, its valuation rose to a level where we no longer believed it would be possible to earn an acceptable return from the growth of this business. In comparison, the share price of **Hindustan Unilever** has moved sideways the past couple of years. It is a more diversified franchise with arguably better long term growth potential than Colgate and is now trading at a valuation that allows us to have confidence that we can earn our required absolute rate of return.

Our Chinese tissue business **Vinda** received a takeover bid and its share price rose to a level very close to the offer price. We decided to exit the position to avoid the risk of being exposed to a share price decline in the unlikely event the deal fell through.

OUTLOOK

Many years' experience of investing in inflation-prone emerging markets has taught us to seek out companies with strong pricing power. A proven ability to create intellectual property, ownership of strong brands and well-managed retail franchises are some of the attributes of companies we have seen navigate previous periods of high inflation. Regulated assets or assets at high risk of being regulated often lack pricing power, which can leave them more exposed to inflationary pressures and for that reason we have tended to avoid holding these in our portfolios.

Finally, as developed market central banks waver in the face of inflationary pressures caused in part by unsustainable levels of fiscal spending, it is likely that pricing power and balance sheet strength will continue to be rewarded. We take comfort from the fact the strategy has very little exposure to leveraged businesses. Importantly, though, we remain highly confident in the opportunities afforded to the emerging market businesses we invest in which we believe can navigate a more challenging monetary landscape for developed market investors.

[5]Nikkei Asia (October 2021) Samsung family prepares to pay $10bn inheritance tax on Lee Kun-hee wealth

Past performance does not predict future returns

Key Portfolio Activity

NEW BUYS

Holding	Commentary
Hindustan Unilever	Hindustan Unilever is India's largest Fast-Moving Consumer Goods Business. It is a business that has sat on our watch-list for a while due to its dominant brands in attractive consumer categories, an extensive distribution network and strong positioning that should allow it to benefit from the secular trend of consumer premiumisation in India. The shares have moved sideways over the past couple of years, whilst the business has shown resilient profit growth such that we believe the current valuation allows us to earn our absolute required rate-of-return over the long-term.

COMPLETE SALES

Holding	Commentary
Colgate India	We sold the position purely on valuation grounds. Colgate India continues to be a very high-quality business, however, the valuation and the price of the stock is at such a level that we could not meet our absolute return requirement on a forward-looking basis for this stock. The business remains on our watch-list.
Vinda International Holdings	Vinda has accepted an acquisition offer by Asia Pacific Resources International for 100% of the business. The share price is very close to the offer price, and with the deal expected to close next quarter we decided to sell the position in order to allocate the capital to positions with a better risk/reward in the portfolio.

Past performance does not predict future returns

THE LONG VIEW

Hard Drive

We consider Skerryvore's approach to disruptive technology and why we're finding opportunities created by the evolution of the automotive sector.

'... he returned to Melbourne a little before the Australian gold fields were discovered. Everybody that could rushed off to the diggings. The city was deserted; and then people commenced to pour through Melbourne from all parts, delirious with the idea that they would soon all be wealthy. Walter Powell had the good sense to stop at his store and sell shovels and pickaxes at a premium, and so he suddenly grew rich'[1].

The rush to find gold that ignited the imagination of many in the 19th century created a great deal of new wealth. However, as we know, it wasn't generally the prospectors who made their fortunes but, rather, those who enabled them – the store owners who sold them the hardware they needed to chase their dreams.

California's first millionaire, Sam Brannan, was an apt example of this, as was Walter Powell, half a world away in Melbourne. Luck played an outsized role in the prospectors' success, making it more than a little tricky to identify the best opportunities for striking it rich.

We are naturally cautious investors and believe that the best way to generate positive returns over the long term is to avoid losing money. Emergent sectors can be challenging because they are often heavily luck-dependent and rife with capital misallocation. This can make the selection of a distinct or eventual winner tough.

Our approach to the IT services sector provides a window on how we go about investigating new sectors in this context.

INVESTING IN THE PICKS AND SHOVELS

The potential in IT services first became apparent with the rise of the internet and the disruption this brought to the way people would do business. Even if we were not sure which companies might dominate online commerce in emerging markets, we did know that companies throughout the world would need assistance to become more 'digital'. Similar to those hardware suppliers by the gold fields, this made it possible for us to then back the trend without having to identify a single 'winner'.

IT services originated as a way to arbitrage the cost of labour in the developed and developing world, but it was clear they were evolving and growing in importance for enterprises at large.

Where once IT service companies focused their efforts on the chief technology officer at prospective customer firms, attention was shifting towards the chief marketing officer or even the CEO. The services on offer were becoming less about taking out cost and more about supporting core business operations. This led us to consider companies like **Infosys** and **Tata Consultancy Services (TCS)**.

THE IMPORTANCE OF REPUTATION AND PATIENCE

TCS has been one of the largest positions within the strategy since Skerryvore launched in 2019. In addition to being a digital 'pick and shovel' provider, TCS is attractive for a couple of further reasons.

Firstly, the owner of TCS, the **Tata Group**, is one of the most respected business houses in India. The group's focus on and understanding of the importance of reputation has underpinned TCS wherever it does business. The Tata family owns the same shares in the business as we do as minority investors and one of TCS's previous highly regarded and successful CEOs now leads the holding company.

Secondly, the business has one of the highest returns on incremental invested capital in the industry[2]. Rivals often buy their way into new technologies or industries, but TCS has the long-term patience to move organically into new areas. This is not easy and has meant that TCS has not always been at the leading edge of technological development within its peer group. However, investment in its own best and brightest employees to learn, sell and deliver on new opportunities has allowed the business to be resilient and to stay abreast of change. This investment has resulted in the added advantage of retaining great talent and is one of the reasons why the company has among the lowest attrition rates in the industry[3].

KEEPING UP WITH THE AUTO REVOLUTION

Technology, by its very nature, does not stand still and constant evolution creates both threats and opportunities. The development of the humble automobile is nothing short of a revolution. The first cars were mechanical in nature, and compared with today's vehicles were simple in their construction, operation and repair.

The rise of the microchip led to a 'second age', which was electronic. Systems such as anti-lock braking and drive-by-wire assistance began to appear in support of braking and driving functions.

The 'third age' in automobile development, and the one that we now find ourselves in, appears at first to be all about how cars are powered, with a shift from internal combustion engines to battery-driven all-electric powertrains. Dig a little deeper, however, and you discover that cars are becoming progressively more software-driven.

One of **Tesla's** huge strategic advantages is that all of its auto systems are integrated into a central controller that allows the car to receive new features over the air[4]. Traditional or legacy car manufacturers can only dream of this, with their many disparate systems that have never talked to each other – why should the brakes care what the in-car entertainment system is doing?

In addition to this, cars are becoming more autonomous, moving up the curve from simple lane-assist features to full control. All of this presents a huge test for the big automakers, who for years have concentrated on designing hardware-based systems. The software programming that drives this new generation of cars presents a quite different challenge, requiring new skills and talent and the development of new corporate cultures.

Car companies have struggled to build this expertise internally, which has led to the rapid rise of a new kind of IT service provider, one that has a greater focus on engineering and products than on more general enterprise IT. An error in this kind of software could result in a crashed car rather than simply a crashed computer, making the stakes very much higher.

Relatively low barriers to entry have meant that pricing power in the IT services industry has never been particularly strong. Many of the efficiencies gained over the years have been given back to customers rather than being retained by the industry – which is visible in the US dollar revenue per employee.

However, in these new engineering IT services disciplines, there appears to be more pricing power and returns are considerably higher.

We have recently visited a number of the emerging players in this space, including **Tata Elxsi**, **KPIT** and **Cyient**, and have undertaken a significant amount of work to become comfortable with the franchise and quality of these businesses.

PROFITING FROM DISRUPTION

When considering threats to the IT services sector, artificial intelligence (AI), and specifically generative AI, is something that even those with only a passing interest in technology will be aware of. There has been some speculation that perhaps this will replace the armies of people all over the world who work in the industry. Although this is possible, it is not our expectation. Rather, we see this as a means of generating improved productivity, allowing people to do more rather than to be replaced.

IT services have shown themselves in the past to be able to absorb disruptive technology, such as cloud computing. They have provided the expertise to adapt this to hugely complicated systems and processes already in existence. Sadly, history also suggests that many of these efficiencies will be passed on to clients in possession of superior buying power. Consequently, although these companies are likely to continue to grow, we would not expect them to ultimately benefit from better margins.

EMERGING OPPORTUNITIES

When looking for attractive businesses to invest in, often the holy grail is a company that doesn't require a lot of capital, is difficult to copy and has a long runway for growth. We believe that we have found this opportunity in the IT services industry. Although these companies are not immune to business cycles, low investment requirements mean that the best examples run balance sheets flush with cash to protect them when bad news hits. When challenges do arise, we are fortunate enough to have the time horizon and comfort in the quality of these companies to add to our positions.

We will continue to watch for opportunity in the emerging automotive sector, remaining ready to avoid those 'sure-fire prospects' heavily reliant on Lady Luck!

SOURCES

The General Baptist magazine (May 1876). 'Studies in Present-Day Biography: Walter Powell', p. 172. E. Marlborough & Co., London. https://books.google.co.uk/books?id=yiYEAAAAQAAJ&q=shovels&redir_esc=y#v=snippet&q=shovels&f=false

2 Gurufocus.com. 'Tata Consultancy Services ROIC %: 60.74%' (31 December 2023): Competitive Comparison Data. www.gurufocus.com/term/ROIC/NSE:TCS/ROIC-/Tata-Consultancy-Services-Ltd#:~:text=Tata%20Consultancy%20Services's%20annualized%20return,using%20TTM%20income%20statement%20data)

3 Livemint.com (12 July 2023). 'TCS attrition rate declines to 17.8%, 523 employees hired in Q1FY24; 12-15% hike given to top performers.' www.livemint.com/companies/company-results/tcs-attrition-rate-declines-to-17-8-523-employees-added-in-june-quarter-12-15-hike-given-to-top-performers-11689160707716.html

4 Tesla.com. Software Updates. www.tesla.com/en_gb/support/software-updatesInsert source

GEM All-Cap Strategy – Investment Results

PERFORMANCE OBJECTIVE

The strategy's objective is to seek to achieve long-term capital growth by outperforming the benchmark by 2-3% per annum net of fees annualised over rolling five year periods.

PERFORMANCE COMMENTARY

Global emerging market equities rose in Australian dollar terms during the period. The strategy produced a positive return but underperformed the MSCI Emerging Markets Index.

The strategy has performed strongly in absolute terms since its inception and we saw some profit taking and consolidation in names that had performed well the previous year. Areas such as South Korea also performed very strongly within the benchmark and our lack of exposure here was the largest negative relative contributor to returns.

COMPOSITE PERFORMANCE (AUD)

	Strategy (Gross) %	Strategy (Net)* (%)	Benchmark (%)
Quarter	6.3	6.2	7.1
1 Year	14.2	13.6	11.0
3 Years (% p.a)	7.7	7.5	0.0
Since Inception (15 Dec 2020)	29.4	28.6	4.7

HOLDING LEVEL COMMENTARY & ANALYSIS

The largest contributor to returns during the period was from the holding in **TSMC** which is the world's largest chipmaker**.** The business is benefitting from the significant demand for high-powered chips that can meet the demand of applications that are using Artificial Intelligence (AI). This is driving strong revenue growth which is up 16% over the past twelve months. The business is also benefitting from the US Chips Act and has agreed to produce its latest cutting-edge 2-nanometre chips in a fabrication plant in Phoenix, Arizona.

STOCK LEVEL ATTRIBUTION

TOP CONTRIBUTORS TO RETURN

Name	Contribution (%)
TSMC	1.5
Cipla	1.2
Bajaj Auto	0.8
Qualitas Controladora	0.6
Century Pacific Food	0.5

TOP DETRACTORS TO RETURN

Name	Contribution (%)
HDFC Bank Limited	-0.6
Jeronimo Martins	-0.4
Banco Bradesco	-0.3
Hindustan Unilever Ltd	-0.2
Clicks	-0.2

The second largest contributor to returns during the period was from the holding in **Cipla.** All its underlying business units are performing well, with consolidated revenues up over 14% from a year ago and mid-teens levels of profit growth. We continue to believe that the shares are attractively valued and offer an acceptable absolute return opportunity underpinned by increasing consumption of healthcare products in India and Cipla's strong execution.

The largest headwind to returns came from the holding in **HDFC**. The shares were weak due to concerns that the newly merged entity would have to compete more fiercely for customer deposits, impacting both profitability and the long-term growth rate. We see deposit competition having cyclical elements within it, and over the long term HDFC's branch expansion plans should allow it to gain its fair share of deposits. During periods of economic weakness there is a flight to safety and HDFC has been a consistent winner during these periods. We added to the position on this recent weakness.

Source: Landy Tech, Skerryvore as at 31 March 2024
*Net Return based on highest representative share class fee (of 55 bps). This is supplemental to the GIPS composite performance report that can be found attached in Appendix A.
Composite: Global Emerging Markets Equity All-Cap. Benchmark: MSCI EM Total Return Index.
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Investment Results

The second largest negative contributor to returns during the period was from the holding in **Jerónimo Martins.** The business reported strong mid-teens revenue growth but warned that 2024 would be a more challenging year for profit growth as food deflation would probably hurt near-term margins. We believe that there are various cyclical leads and lags with regards to food inflation and the ability of businesses such as Jerónimo Martins to pass this on. The business has been able to compound profits over the long term and we believe that the management team will continue to do the right things to protect the long-term competitive position of the franchise.

Source: Landy Tech, Skerryvore as at 31 March 2024
*Net Return based on highest representative share class fee (of 55 bps). This is supplemental to the GIPS composite performance report that can be found attached in Appendix A.
Composite: Global Emerging Markets Equity All-Cap. Benchmark: MSCI EM Total Return Index.
Reference to the benchmark is for comparative purposes only and is not intended to indicate that the composite will contain the same investments as the benchmark. Investors have the opportunity for losses as well as profits. Past performance is no guarantee of future returns. Index Source: MSCI

Sustainability

We are long-term investors, with a fiduciary duty to be responsible stewards of our clients' capital. A consequence of this is that the businesses we invest in must be sustainable. We do not however have a sustainability objective and we do not put sustainability above investment returns. We consider ESG factors to be a subset of a more holistic definition of a sustainable business and these are taken into account but only to the extent that they financially affect the investment. In this context, we believe that sustainable investing is indivisible from investing in good quality companies, the core tenet of our philosophy. The Skerryvore GEM All-Cap Fund is not a sustainability fund as defined by the Australian Prudential Regulation Authority.

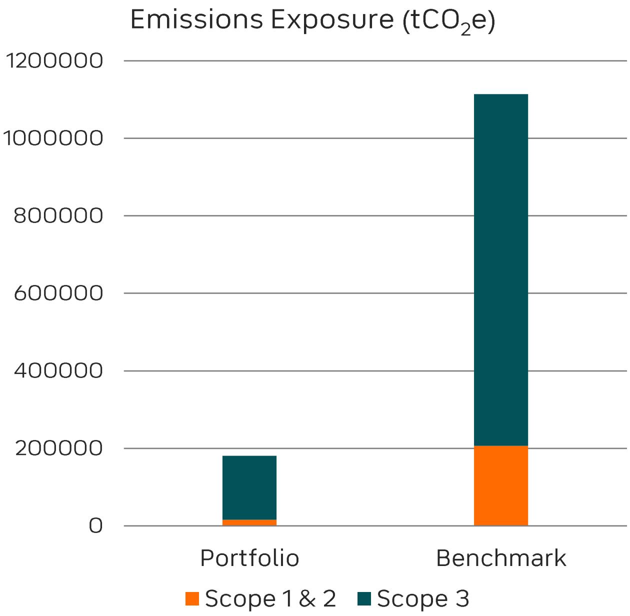
PORTFOLIO ACTIVITY

There were no significant portfolio actions related to sustainability issues during the period.

PORTFOLIO CARBON EMISSION REPORTING

Independent analysis of the GEM All-Cap Strategy conducted by the ISS Climate Change model highlights that the strategy has a significantly lower emissions exposure than an emerging markets benchmark.

PORTFOLIO EMISSIONS EXPOSURE vs BENCHMARK[1]

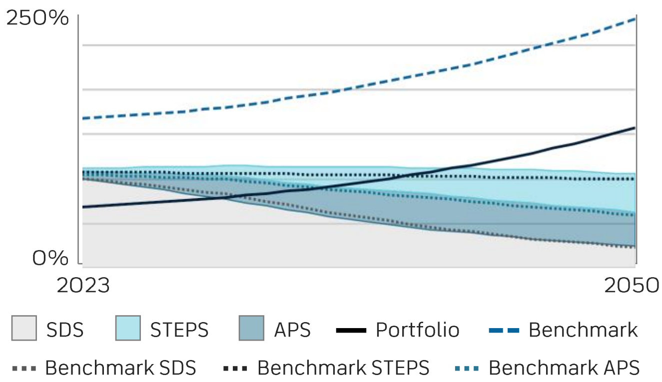


By seeking and providing this information it is consistent with our desire to understand the intended risks in a portfolio and avoid unintended risks. We wish to reiterate that the portfolio's carbon emission profile is an output rather than an input into our bottom-up investment process.

CLIMATE SCENARIO ANALYSIS

The scenario analysis that is conducted for the Skerryvore Global Emerging Markets All-Cap Equity Strategy compares current and future portfolio greenhouse gas emissions with the carbon budgets for a below 2 degrees Celsius scenario as well as warming scenarios of 4 degrees Celsius and 6 degrees Celsius until 2050. The Skerryvore Global Emerging Markets All-Cap Equity Strategy in its current state is aligned with a 2 degrees scenario up until 2037.

PORTFOLIO EMISSIONS PATHWAY vs CLIMATE SCENARIOS PORTFOLIO



The above ISS analysis comes with a 'health warning'. We have philosophical and practical doubts as to the accuracy and weight that one should attach to models attempting to predict the future. Many small uncertainties multiplied together yield significant aggregate uncertainties. Our preference is to heed the aphorism that "all models are wrong - but some are useful". To plan for a future beyond our forecasting horizon we must plan for uncertainty. It is why we look for management teams and businesses that have demonstrated adaptability and resilience in the past, and an open-minded attitude to the future. We believe this approach is risk-averse and should serve clients well over the long-term.

Source: [1] ISS Climate Impact Report & MSCI EM benchmark as at 31 March 2024

Engagement

Part of the responsibility that comes with being a long-term investor is to engage with companies on matters that may affect long-term returns. It also requires us to actively listen, rather than simply instruct. Understanding why a course of action has been followed creates the foundation on which meaningful engagement can occur. We are looking for corporate owners and management teams who practise what they preach. It is why we look beyond the glossy sustainability report and discuss with the leaders of a business how they view their specific sustainability challenges.

Good management teams should be continually assessing the threats facing their businesses – be they competitive, industry, societal or environmental. Doing so leads to a different style of interaction with management. It also helps us to build long-term relationships because the management teams we engage with understand that our interests are broader than simply trading in their paper.

Please find below the significant engagements that we have conducted during this period.

Company	Engagement Type	Engagement Detail	Investment Outcome
Coca-Cola HBC	Social	Discussion on the risks and realities of operating a business in Russia today: we engaged with the CEO on the options available to him and the risk of reputational damage to the wider business. The wellbeing of employees and the prevention of misuse of company assets and cash flow have led the company to believe the best course of action for now is continuing to own the local business. For context, Russia was 12% of 2023 group revenue.	Continue to monitor CCH approach to managing local Russian business in support of local employees. Not profiteering and staff are remunerated on a discretionary basis, not linked to volume or profit increase.
CIPLA	Governance	Independent director Peter Mugyenyi resigned from the board on 13 May 2023. Board remains independent as per management (55%), although proxy advisers disagree (45%) given long tenure (>10 years) of Ashok Sinha. In a meeting with management, we discussed the fact that Ashok's retirement is upcoming. A separate discussion around CEO remuneration relating to specific subsidiaries was also addressed following an earlier flag.	Continue to monitor for board evolution. New members should reflect strategy. Feedback on CEO remuneration was sensible and aligned with shareholders.

Company	Engagement Type	Engagement Detail	Investment Outcome
Nexon	Governance	Review of remuneration structure with company given proxy adviser pushback. Overall, the discussion highlighted that Nexon pays for performance and is aligned with shareholders. Though it did also highlight differences in pay between subsidiaries and various teams.	Continue to monitor and discuss with company management.

Proxy Voting

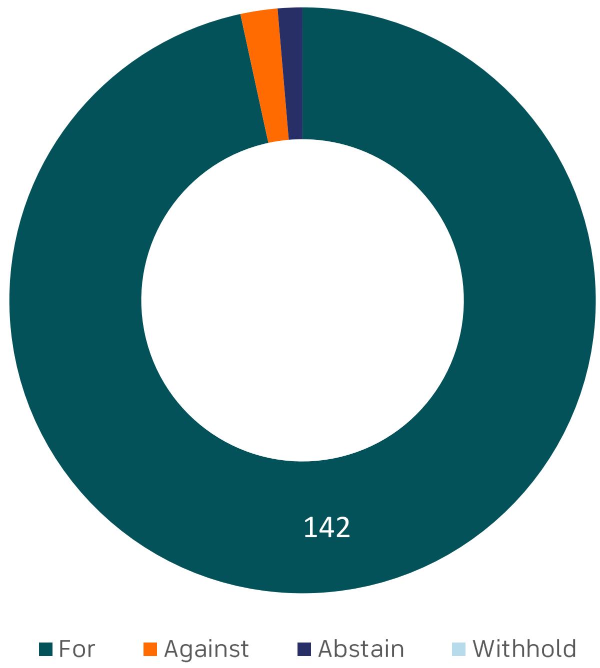
MEETING OVERVIEW

Number of votable meetings	17
Number of meetings voted	17
Number of meetings with at least one vote against, withheld, abstained	3

PROPOSAL OVERVIEW[1]

Category	Number
Number of votable items	147
Number of items voted	147
Number of votes FOR	142
Number of votes AGAINST	3
Number of votes ABSTAIN	2
Number of votes WITHOLD	0
Number of votes With management	144
Number of votes Against management	3

VOTING OVERVIEW



There were no significant votes against management during the period.

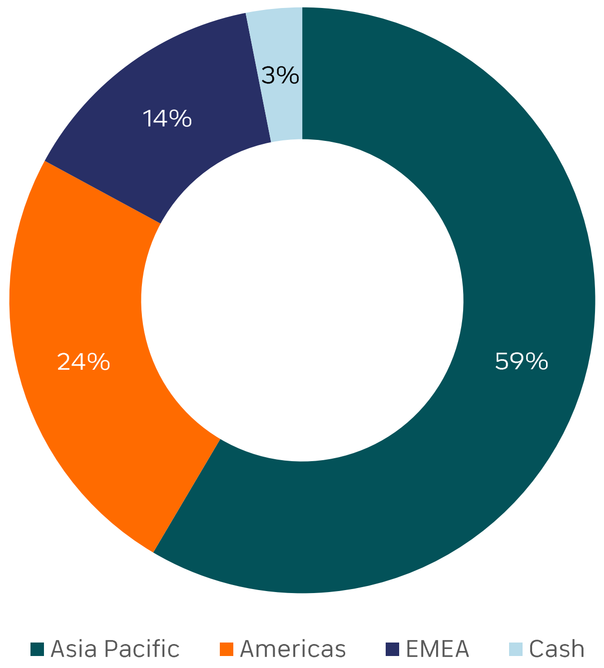
Source: ISS as at 31 March 2024
1. In cases of different votes submitted across ballots for a given meeting, votes cast are distinctly counted by type per proposal where total votes submitted may be higher than unique proposals voted.

Portfolio Characteristics

COUNTRY WEIGHTS

Country	Portfolio (%)	Benchmark[1] (%)
India	26.5	17.6
Taiwan	14.3	16.7
Mexico	9.8	2.6
Brazil	7.2	5.5
China	6.2	25.0
Canada	3.3	0.0
Switzerland	3.0	0.0
Thailand	3.0	1.6
Netherlands	3.0	0.0
Japan	2.8	0.0
Chile	2.6	0.5
Philippines	2.4	0.7
South Africa	2.3	2.7
Greece	2.0	0.5
Portugal	1.9	0.0
United Kingdom	1.7	0.0
Argentina	1.5	0.0
South Korea	1.2	12.5
Indonesia	1.2	1.9
Hong Kong	0.9	0.8
Cash	3.1	0.0

REGIONAL WEIGHTS



SECTOR WEIGHTS

Sector	Portfolio (%)	Benchmark[1] (%)
Consumer Staples	37.8	5.7
Information Technology	16.2	23.4
Financials	15.0	22.8
Health Care	10.3	3.6
Consumer Discretionary	7.0	12.5
Materials	4.1	7.4
Industrials	3.7	6.5
Communication Services	2.8	8.3
Energy	0.0	5.6
Real Estate	0.0	1.6
Utilities	0.0	2.7
Cash	3.1	0.0

1. Benchmark MSCI EM Net Total Return Index (AUD)

Source: Landy Tech as at 31 March 2024
Totals may not sum to 100% due to rounding
Past performance does not predict future returns

GIPS PERFORMANCE REPORT

Skerryvore Global Emerging Markets Equity All-Cap Strategy Composite

January 1, 2021 to December 31, 2023

					3 YEAR STANDARD DEVIATION					
Year	Composite Gross Return (TWR) (%)	Composite Net Return (TWR) (%)	Benchmark Return (Gross) (%)	Benchmark Return (Net) (%)	Composite (Gross) (%)	Benchmark (Gross) (%)	Number of Portfolios	Internal Dispersion (%)	Composite Assets ($M)	Firm Assets ($M)
2021*	5.50	4.46	-2.22	-2.54	-	-	1	-	72	951
2022	-9.88	-10.78	-19.74	-20.09	-	-	1	-	199	961
2023	17.37	16.21	10.27	9.83	13.60	17.14	1	-	365	1198

**Performance Inception: January 1, 2021. This composite was created on December 15, 2020. All figures stated in USD.*

Disclosures

Skerryvore Asset Management LLP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Skerryvore Asset Management LLP has been independently verified for the periods January 1, 2020 through December 31, 2023 by ACA Group. A copy of the verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the composite will contain the same investments as the benchmark. Investors have the opportunity for losses as well as profits. Past performance is no guarantee of future results.

Skerryvore Asset Management LLP (or "Skerryvore) is a boutique asset management firm specializing in emerging market equity management. Skerryvore is an appointed representative of BennBridge Ltd. BennBridge Ltd is authorized and regulated by the Financial Conduct Authority. BennBridge US LLC has entered into an agreement with BennBridge Ltd whereby BennBridge Ltd and, by extension Skerryvore, is a participating affiliate entity of BennBridge US LLC. BennBridge US LLC is a Delaware limited liability company, located in Boston, Massachusetts, United States of America, registered with the U.S. Securities and Exchange Commission as an investment adviser pursuant to the Investment Advisers Act of 1940 (Registration with the U.S. Securities and Exchange Commission does not imply that an adviser has attained a particular level of skill or training). Both BennBridge entities are subsidiaries of the Bennelong Funds Management Group.

Methodology: Returns are net of estimated foreign withholding taxes on dividends, interest, and capital gains. Skerryvore's methodology to produce a more accurate gross return figure by eliminating modest cash flows, such as securities lending income and custodial fees, which are regarded as independent of the investment management process; the reinvestment of all income and trading expenses continue to be included. Gross returns will be reduced by investment advisory fees and other expenses. Monthly composite results are asset-weighted by beginning-of-month asset values of member portfolios which are geometrically linked to arrive at the annual composite return. Net-of-fee performance is calculated on a monthly basis by deducting a model management fee equal to, or higher than, the highest annual management fee listed in the standard fee schedule for accounts shown below. Management fees may vary according to the range of services provided, investment performance, and the amount of assets under management. Net-net-of-fees may include incentive fees which, when applicable, are booked on 12/31 of the year in which they are earned. Gross Return = ((1 + Net Return) * (1 + Model Fee)) – 1, where Model Fee = 1% per annum, applied using calendar days. One account does have performance fees. The Performance Fee is equal to 15.375% (including GST net of RITC) of any amount by which the investment net return of the account is greater than the return generated by the MSCI Emerging Markets Index (Benchmark) + 1% per annum for that Performance Period. Any further information is available upon request.

Dispersion: The 'Dispersion' statistic presented above uses gross of fee return and is an annual, asset-weighted standard deviation calculation performed only on those portfolios who have been members for the entire calendar year. This will be calculated when 6 or more portfolios are included in the composite for a full year. Thirty-six months are required to calculate the 'Three Year ex-Post Standard Deviation' statistic. These figures are not shown if the requirements necessary to perform the calculations are unavailable.

Composite Description: This composite focuses on investments in emerging market all-cap equities worldwide. A list of composite and limited distribution pooled fund descriptions and a list of broad distribution pooled funds are available upon request.

Benchmark Description: Gross - The benchmark for the composite is the MSCI Emerging Markets Gross Total Return USD Index (MXEF). Gross returns are calculated using monthly index levels. Net - The benchmark for the composite is the MSCI Emerging Markets Net Total Return USD Index (M1EF). Net returns are calculated using monthly index levels.

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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.

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.

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Disclaimer

- 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.
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- 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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