

The Fund's objective is to provide long-term capital appreciation by investing primarily in a portfolio of securities of companies which are traded, listed or due to be listed, on recognised exchanges and/or markets throughout the world. The portfolio may include investments in the securities of companies traded, listed or due to be listed, on recognised exchanges and/or markets, or developing countries.

## Top 10 Holdings

As at 31 October 2023

CME Group Inc	5.33%
Microsoft Corporation	5.31%
Betashares Japan ETF	4.94%
Novo Nordisk	4.57%
Diageo PLC	4.40%
Freeport-McMoran inc	4.09%
Amazon.com Inc	4.04%
Alphabet Inc Class C	3.97%
Invesco QQQ Trust	3.88%
Linde PLC	3.80%



## Market Update and Commentary

**International share markets** were lower again in October. The S&P 500 fell 2.20%, Japan's Nikkei fell 3.14%, Europe's STOXX 600 fell 3.68%, China's Shanghai Composite fell 2.95%, while the UK's FTSE 100 fell 3.76%. US equities were down for the 3<sup>rd</sup> month in a row in October, continuing the recent theme of good economic news being bad news for equities as bond yields rose further, weighing on equity valuations. Escalating Middle East tensions also weighed on risk sentiment. Jobs data was strong with the August JOLTS job openings report showing vacancies unexpectedly rising to 9.6M, well ahead of estimates, bouncing back on strong increases in professional/business services, finance/insurance, and education related openings. September Nonfarm payrolls of 336K were the strongest since January, more than double the 163K expected although the Unemployment rate was unchanged at 3.8%. The weekly Initial jobless claims fell to a nine-month low. The September ISM manufacturing came in ahead of estimates but still in contraction for the 11th consecutive month. The NY Fed's Empire manufacturing and Philadelphia Fed manufacturing indexes were a bit weaker than expected although the Markit Flash US Manufacturing PMI for October was stronger than expected and a six-month high, continuing the recent theme of improving manufacturing indicators. September retail sales smashed expectations, construction spending rose again for the 8th straight month and the September ISM services index continues to chug along, with the services sector making up around two thirds of the US economy. The NAHB housing market index missed expectations and was the lowest since January, not helped by the average 30-year rate on new mortgages nearing 8% for first time since 2000, although new home sales increased the most in 19 months, bucking the recent trend of softer housing indicators. The data highlight was the first estimate of US Q3 GDP coming in at a 4.9% annualised late in the month, well above consensus for 3.8% that had been revised higher throughout the quarter and was the strongest growth since Q4 2021 with the economy clearly carrying some momentum into year's end. Producer and Consumer Price Inflation data was a bit higher than expected last month, continuing the recent theme of waning disinflation trends. Annualized headline CPI of 3.7% was above the 3.6% expected although core CPI up 4.1% for the year was in line with consensus. It was the stickier components like Services, Shelter, and Owner Equivalent Rents all still rising, while prices for goods like used vehicles and apparel continued to fall. The September FOMC minutes were released with Fed members seeing policy as restrictive and restraining the economy as intended, although noted the data has been resilient with the economy still expanding at a solid pace. All agreed rates should stay restrictive for some time, while several argued the focus should shift from how high to raise rates to how long to hold rates. By the

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end of the month 49% of S&P 500 companies had reported Q3 earnings, with the blended annual earnings growth rate for Q3 S&P 500 EPS at +2.7%, well ahead of the 0.3% earnings decline expected at the beginning of the quarter.

The Portfolio rose 0.59% in October while the benchmark fell 1.45% in AUD terms.

Changes to the Portfolio in October included adding to the Nasdaq-100 ETF (QQQ) position with the high growth, high P/E part of the market suffering some of the largest falls during the recent decline. The largest contributors to the Portfolio in October were Verizon (VZ) up 12.88%, Microsoft (MSFT) up 9.16%, and CME Group (CME) up 8.68%. The largest detractors were Thermo Fisher (TMO) down 10.42%, Lloyds Bank (LLOY) down 8.78%, and Freeport McMoRan (FCX) down 7.27%.

**Novo Nordisk (NOVO)** upgraded sales and profit guidance...again. Novo upgraded their Q3 sales and FY2023 sales and profit outlook again with the updated guidance primarily reflecting higher full-year expectations for Ozempic volumes sold in the US, and gross-to-net sales adjustments for Ozempic and Wegovy in the US. FY2023 sales growth is now expected in the 32-38% range up from prior guidance of 27-33% provided in August. Operating profit growth (EBIT) is now expected in the 40-46% range, up from prior guidance of 31-37%. Novo is having a stellar year, now up 80% over the past 12 months with financial results for the first nine months of 2023 due early next month.

**Bank of America (BAC)** beats Q3 estimates. Bank of America reported Q3 EPS of \$0.90, ahead of the \$0.83 estimate with Net Interest Income and Net Interest Margins both better than expected. Expenses were lower than expectations, with investment banking fees, equities and FICC all ahead, although deposit costs were higher than expected. Provision and net charge-offs for bad and doubtful debts were better than expected, consistent with other recent bank reporting that consumers and businesses are handling the higher rates. Although on the earnings call management noted a recent slowdown in consumer spending and decline in demand for Commercial borrowing. They highlighted improving credit conditions in industries outside CRE, including on the consumer side where the credit card net charge-off rate rose but remain below pre-pandemic levels.

**CME Group (CME)** reports in line Q3 results. CME reported Q3 EPS \$2.25 ex items, largely in line with expectations, up 13% on Q3 last year and was CME's 9th consecutive quarter of double-digit EPS growth. Q3 revenue of \$1.34B grew 9% for the year and was also in line with expectations. Q3 average daily volume (ADV) was 22.3M contracts. Non-U.S. ADV reached 6.5M contracts, up 7%, including 16% growth in interest rates and double-digit growth across agricultural, energy and metals products. "We are operating in an environment that unquestionably requires risk management with so much uncertainty in the world we live in," and "Regardless of whether rates rise, fall or hold steady, the shape of the yield curve and interest-rate views continue to shift, and our customers need to manage that risk," said CEO Terry Duffy

\*\*The above portfolio composition, weightings, and manager comments were current as of 31<sup>st</sup> October 2023. Past performance is not a reliable indicator of future performance. Returns are calculated and referenced in Australian Dollars before fees and net of franking credits.

## Sector Exposure

	31/10/2023			
	% Wgt	Port	Bench	+/-
Communication Services	8.24	7.37		0.87
Consumer Discretionary	11.86	10.73		1.13
Consumer Staples	6.07	7.28		-1.21
Energy	6.64	5.36		1.28
Financials	12.46	15.91		-3.45
Health Care	15.97	11.69		4.28
Industrials	2.56	10.57		-8.01
Information Technology	13.21	21.77		-8.56
Materials	15.06	4.41		10.65
Real Estate	0.26	2.18		-1.92
Utilities	2.60	2.73		-0.13
Not Classified	5.06	0.00		5.06

## Fund Facts

Investment Manger	Akambo Financial Group
APIR Code	ETL6769AU
Inception Date	16th February 2022
Benchmark	MSCI All CountryWorld Index (Net in AUD)
Management Fee	0.52%
Buy / Sell Spread	0.25% upon entry and 0.25% upon exit
Minimum Investment	\$20,000
Distribution	Annually end of June
Performance Fee	10% of the outperformance over the MSCI All Country World Index (Net in AUD) subject to an absolute return hurdle of the yield of a 10-year Australian Government Bond
High Water Mark	Yes

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## Region of Risk

	31/10/2023		
	% Wgt		
	Port	Bench	+/-
North America	60.17	66.48	-6.31
South & Central America	0.37	0.90	-0.53
Western Europe	19.53	12.92	6.61
Asia Pacific	16.12	15.69	0.43
Eastern Europe	0.03	0.21	-0.18
Central Asia	3.42	1.96	1.46
Africa / Middle East	0.37	1.84	-1.47

## Portfolio Characteristics

	31/10/2023		
	Port	Bmrk	Relative
# of Holdings	34.00		
Price to Earnings Ratio	17.30	18.43	-1.13
Price to Book Ratio	2.59	2.51	0.08
Dividend Yield	2.54	2.55	-0.01

## Investment Returns (net of fees)\*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Since Inception
FY 21/22									-2.85%	-3.84%	-1.91%	-4.44%	-6.25%
Benchmark									-1.16%	-2.65%	-1.32%	-4.79%	3.39%
+/-									-1.69%	-1.18%	-0.60%	0.35%	-9.64%
FY 22/23	3.49%	-2.33%	-2.30%	3.11%	2.62%	-4.82%	2.55%	1.42%	2.81%	2.34%	-0.26%	1.28%	
Benchmark	5.97%	-1.97%	-3.58%	6.60%	2.70%	-5.46%	3.67%	1.41%	3.90%	2.69%	1.25%	2.57%	
+/-	-2.48%	-0.37%	1.28%	-3.49%	-0.07%	0.63%	-1.13%	0.01%	-1.09%	-0.36%	-1.51%	-1.29%	
FY 23/24	2.22%	0.79%	-3.99%	0.59%									
Benchmark	2.80%	1.04%	-3.70%	-1.45%									
+/-	-0.58%	-0.25%	-0.28%	2.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

	Akambo International Equities Fund	MSCI ACWI (net in USD)	+/-
Cumulative return (since inception 16/02/2022)	-6.25%	3.39%	-9.64%
Trailing 5 year return p.a.			
Trailing 3 year return p.a.			
Trailing 12 month return p.a.	7.43%	11.50%	-4.07%
Trailing 3 month return p.a.	-2.66%	-4.11%	1.45%

\* Data sourced from Bloomberg.

Past performance is no indication of future performance. Investments may rise and fall in value and returns cannot be guaranteed. Returns are based on the mid-point of unit prices and are net of all fees and charges. Unless otherwise stated, all figures are in Australian dollars and include GST. Return calculations covering a period greater than 12 months assume the reinvestment of distributions.

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## Investment Manager

Akambo Pty Ltd is an investment management and wealth advisory business which manages over \$1 billion for retail, wholesale, and not-for-profit entities. Founded in 2007, Akambo is owned and operated by highly regarded industry specialists, with a consistent track record of delivering strong risk-adjusted returns across a range of domestic and international asset classes. Foremost in the philosophy of Akambo is the protection of capital and the management of risk, which is driven by a strong focus on robust investment management processes and systems.

## Fund Features

An international equities portfolio using the MSCI All Country World Index (Net in AUD) as its benchmark. A high conviction portfolio with a maximum 30 securities. The portfolio managers are "style agnostic" with the portfolio consisting of both "growth" and "value" investments. A focus on large capitalisation global companies with strong brand awareness. A "long only" strategy with an active cash weighting in order to manage risk.

## Contact Details

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"The Fund's Target Market Determination is available here <https://www.eqt.com.au/insto>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e., the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed."

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