

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 December 2023

Microsoft Corporation	5.04%
Australian Dollar	5.00%
Betashares Japan ETF	4.75%
US Dollar	4.50%
CME Group Inc	4.42%
Freeport-McMoran inc	4.30%
Shell PLC	4.25%
Novo Nordisk	4.04%
Amazon.com Inc	3.93%
Alphabet Inc Class C	3.85%



## Market Update and Commentary

**International share markets** rose further in December. The S&P 500 rose 4.42%, Europe's STOXX 600 rose 3.77%, the UK's FTSE 100 rose 3.75%, while Japan's Nikkei was flat, and China's Shanghai Composite fell 1.81%. Despite the recession concerns at the start of the year following the equity market slump of 2022, there were some impressive gains for calendar 2023 with highlights including the Nasdaq +43.42%, Japan's Nikkei +28.24%, US S&P 500 +24.23%, and German DAX +20.31% for the year in local currency terms. The softer data in early Q4 had been a key driver of the early equity market rebound (bad news being good news for equities) bolstered by a surprisingly dovish Federal Reserve and waning inflation pressures with markets pricing in increasing aggressively rate cuts for 2024. Although the economic data started to firm in December, adding weight to the soft-landing narrative. November ISM Services index came in at 52.7, better than the expected and up from last month's 51.8. The December University of Michigan consumer sentiment index at 69.2 was also well ahead of estimates and a 3-month high. November retail sales were stronger than expected with annualized retail sales up 4.1% the highest since February. December NAHB builder confidence was up 3 points for the month, ahead of estimates and the first rise in 4 months. Also, November US housing starts surged 15% for the month, the highest since May with Single-family starts the highest this year.

November Nonfarm payrolls increased by 199K jobs, ahead of the 175K gain expected. It was a strong report with the participation rate up 0.1% to 62.8% (highest since Feb 2020) and the unemployment rate unexpectedly ticked down to 3.7%, versus expectations to hold steady at 3.9%. Equities rose on the November CPI report that was largely in line with expectations - up 3.1% for the year, down from 3.2% in October and the lowest annual increase since March 2021. Equities surged following the FOMC meeting with no change in rates as expected but Fed Chair Powell continuing the recent dovish narrative. Powell acknowledged inflation has eased and guided for increased 2024 rate cuts with the new dots (Summary of Economic Projections) showing an expected 75 basis points of cuts by the end of 2024, up from the 50 basis points of 2024 rate cuts at the last update in September. Supply chains through the Middle East were being disrupted late in the month as the conflict in the region broadened with an increasing number of ships avoiding the Red Sea and geopolitical risks remaining elevated during December.

### Monthly Performance:

The Portfolio rose 1.05% in December while the benchmark rose 1.28% in AUD terms.

## Portfolio changes:

We reduced the Nasdaq 100 ETF (QQQ) following a strong rally the past two months and as a tactical position in nature, we took the opportunity to lock in strong profits. We also Reduced the Global Materials ETF (MXI). Similar to QQQ, the Materials sector had seen a strong move higher, taking the opportunity to lock in profits also with proceeds from the ETF sales to be reallocated into direct stocks over the coming weeks, where we see value and upside catalysts. We added to Shell (SHEL) with the global energy giant down around 10% since the beginning of October on weaker global oil prices with the company continuing to produce strong free cash flow and dividends to investors.

## Top and bottom movers:

The largest contributors to the Portfolio in December were CVS Health (CVS) up 12.97%, Freeport McMoRan (FCX) up 10.89, and Lloyds Bank (LLOY) up 7.46%. The largest detractors were the China New Economy ETF (CNEW) down 5.33%, Verizon (VZ) down 4.38%, and CME Group (CME) down 3.40%.

**Intel (INTC)** introduced an unmatched portfolio of AI products to enable customers' AI solutions everywhere - across the data centre, cloud, network, edge and PC. The Intel Core Ultra mobile processor family, the first built on the Intel 4 process technology and the first to benefit from the company's largest architectural shift in 40 years, delivers Intel's most power-efficient client processor and ushers in the age of the AI PC. The 5th Gen Intel Xeon processor family is built with AI acceleration in every core, bringing leaps in AI and overall performance and lowering total cost of ownership (TCO). Intel CEO Pat Gelsinger also showed for the first time an Intel Gaudi3 AI accelerator, arriving on schedule next year.

**CVS Health (CVS)** introduces CVS CostVantage, initiates 2024 guidance, raises dividend. CVS CostVantage is a new approach that evolves the traditional pharmacy reimbursement model and brings greater transparency and simplicity to the system. CostVantage will define the drug cost and related reimbursement with contracted pharmacy benefit managers (PBMs) and payors, using a transparent formula built on the cost of the drug, a set markup, and a fee that reflects the care and value of pharmacy services. These changes will also help ensure that CVS Pharmacy locations will continue to be a critical touchpoint for consumers to access affordable health care in their communities. CVS also raised the quarterly dividend and provided FY24 guidance that was ahead of consensus estimates.

**Google (GOOG)** launches Gemini AI model - Google surprised the market with the launch of its latest artificial intelligence model, Gemini. This had been expected by the end of 2023, but then got pushed into 2024 a few months ago. Gemini will start being licensed to customers through Google Cloud in December. Google execs said Gemini outperforms OpenAI's GPT-3.5 chatbot, but the company didn't say how it compares with the latest model, GPT-4 Turbo.

\*\*The above portfolio composition, weightings, and manager comments were current as of 31<sup>st</sup> December 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

	31/12/2023	% Wgt		
		Port	Bench	+/-
Communication Services	7.71	7.23	0.48	
Consumer Discretionary	11.19	10.85	0.34	
Consumer Staples	3.07	6.82	-3.75	
Energy	6.47	4.71	1.76	
Financials	12.26	16.21	-3.95	
Health Care	14.79	11.28	3.51	
Industrials	2.62	10.90	-8.28	
Information Technology	14.32	22.60	-8.28	
Materials	12.99	4.42	8.57	
Real Estate	0.24	2.32	-2.08	
Utilities	2.63	2.65	-0.02	
Not Classified	11.69	0.00	11.69	

## 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

## Region of Risk

	31/12/2023		
	% Wgt		
	Port	Bench	+/-
North America	58.28	66.72	-8.44
South & Central America	0.31	0.93	-0.62
Western Europe	18.26	13.05	5.21
Asia Pacific	19.32	15.29	4.03
Eastern Europe	0.03	0.21	-0.18
Central Asia	3.49	2.05	1.44
Africa / Middle East	0.30	1.76	-1.46

## Portfolio Characteristics

	31/12/2023		
	Port	Bmrk	Relative
# of Holdings	35.00		
Price to Earnings Ratio	17.58	19.38	-1.80
Price to Book Ratio	2.51	2.61	-0.10
Dividend Yield	2.27	2.23	0.04

## Investment Returns (net of fees)\*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 21/22									-2.85%	-3.84%	-1.91%	-4.44%
Benchmark									-1.16%	-2.65%	-1.32%	-4.79%
+/-									-1.69%	-1.18%	-0.60%	0.35%
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%	2.86%	1.05%						
Benchmark	2.80%	1.04%	-3.70%	-1.45%	4.83%	1.28%						
+/-	-0.58%	-0.25%	-0.28%	2.04%	-1.97%	-0.23%	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)	-2.56%	9.76%	-12.32%
Trailing 5 year return p.a.			
Trailing 3 year return p.a.			
Trailing 12 month return p.a.	14.31%	21.92%	-7.60%
Trailing 3 month return p.a.	4.55%	4.63%	-0.08%

\* 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.

## 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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