

Akambo International Equities Fund

AFSL 322056

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 February 2024

| Growth | Weight |
|--------------------------|--------|
| Microsoft Corporation | 5.67% |
| Betashares Japan ETF | 5.54% |
| US Dollar | 5.24% |
| Amazon.com Inc | 4.10% |
| Shell PLC | 4.05% |
| CME Group Inc | 3.98% |
| Linde PLC | 3.97% |
| Freeport-McMoran inc | 3.92% |
| Novo Nordisk | 3.84% |
| India Avenue Equity Fund | 3.51% |



Market Update and Commentary

International share markets were higher again in February. The S&P 500 rose 5.17% for the 4th month in a row, Europe's STOXX 600 rose 1.84%, Japan's Nikkei surged another 7.94%, China's Shanghai Composite rebounded 8.13%, while the UK's FTSE was flat. The phenomenal rally continued with the S&P 500 and Dow moving further into all-time high territory and the Nasdaq hitting an all-time high for the first time since late 2021. By month's end the S&P 500 had risen 16 out of the previous 18 weeks which has only happened once before in history, in 1971. The hot streak has also seen the S&P 500 forward P/E ratio rise above 20 for first time in 2 years, to 20.5 times. Gains had broadened out well beyond the "Magnificent 7" or "Big Tech" names in early 2024 with Japan's Nikkei 225 making a new all-time for the first time since 1989. Europe's STOXX 600 and India's NIFTY 50 also hit all-time highs late in the month. The US Q4 reporting season had largely concluded with the blended annual earnings growth rate for Q4 S&P 500 EPS at +3.2%, better than the +1.5% earnings growth expected at the beginning of the reporting season. The economic data continued to strengthen early in the month. The January non-farm payrolls were a blowout with a 353K jobs gain, double what was expected and the largest gain in 12 months. The January ISM Services index jumped to 53.4 from 50.5. And the NAHB housing market index rose for the 3rd month in a row to the highest since August. Inflation data started coming in a bit higher than expected last month. Headline CPI increased 0.3% for the month, the highest since September, up 3.1% for the year which was also ahead of the 2.9% annual rate expected. The Federal Reserve January meeting minutes showed participants judged that the policy rate was likely at its peak for this tightening cycle, but also showed most participants fearing risks of cutting too early with market rate cut expectations getting pushed out towards the middle of the year. The economic data weakened somewhat late in the month with new home sales, February consumer confidence, durable-goods orders, February ISM Manufacturing and final University of Michigan Consumer Sentiment all weaker than expected prompting some downgrades to expected Q1 GDP growth with estimates now around a still reasonable 2% growth, but down from the +3% growth previously expected.

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Market Update and Commentary

Monthly Performance:

The Portfolio rose 4.11% in February while the benchmark rose 5.91% in AUD terms.

The largest contributors to the Portfolio in February were Palto Alto up 19.14%, Amazon (AMZN) up 15.61%, and Linde (LIN) up 12.53%. The largest detractors were Sony (SONY) down 10.89%, the Goldminers ETF (GDX) down 4.23%, and Verizon (VZ) down 4.08%.

Portfolio changes:

Changes to the portfolio in February included a new position in Dassault Systemes (DSY), a high-quality technology provider with long-term structural growth drivers in the design software space and digitalization of the manufacturing industry. We also initiated a position in Palo Alto Networks (PANW), a high-quality leader in cybersecurity with the company expected to win a disproportionately higher market share of cybersecurity that is exhibiting above average growth in IT spend. We added to the International Quality Small Companies ETF (QSML) with global small caps trading at attractive levels. The "quality" focus mitigates risks with a bias towards profitable Industrials. We exited the Nasdaq 100 ETF (QQQ) as our conviction grows on our individual stock investments. We also trimmed positions in some core portfolio stocks such as Apple (AAPL), Amazon (AMZN), Google (GOOG) and Novo Nordisk (NOVO), after they had delivered significant outperformance over the past year and their market valuations starting to look a bit stretched in the short term.

CME Group (CME) beats Q4 estimates – Posts record year. CME Group reported Q4 EPS of \$2.37 in February, a decent beat on the \$2.28 expected. It was the strongest year in company history with interest rate products driving record annual average daily volume and revenue. Total Q4 Average daily volume (ADV) was 25.5M contracts, up 17% versus Q4 2022, including non-U.S. ADV of 7.2M contracts, up 28% compared with the same period in 2022. Interest rate ADV surge 35.8% to 13.3 million contracts in the quarter, driven by record U.S. Treasury futures and options volumes with the company continuing to benefit despite a pause in rate hikes as customers needed to manage risk against the backdrop of diverging views about where the rates were heading. CEO Terry Duffy said "I've never seen such a disparity in opinions on what the Fed may or may not do, and I believe that is a tailwind for CME Group in our rates products,"

Linde Plc (LIN) beats Q4 estimates. Industrial gasses giant Linde has beaten Q4 estimates again and been a solid contributor in the portfolio reporting Q4 adjusted earnings of \$3.59 per share, up from \$3.16 a year earlier and ahead of the \$3.50 expected. Q4 revenue of \$8.3 billion also up nicely on the \$7.9 billion a year earlier and ahead of the \$8.07 billion expected. Full year 2023 adjusted EPS of \$14.20 was up 16% for the year. The company said it expects full year 2024 EPS guidance is in the \$15.25 to \$15.65 range, in line with the \$15.45 consensus estimate for the year ahead. CEO Sanjiv Lamba said, "Despite the challenging environment in 2023, the Linde team once again delivered industry leading results including a 25.4% ROC, 27.6% operating margin and EPS growth rate of 16%. In addition, we closed the year with a strong balance sheet and a high-quality project backlog of \$8.5 billion which will contribute earnings growth for years to come."

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Market Update and Commentary

Nippon Steel (5401) raises full year profit guidance. Japanese Steel maker Nippon Steel, increased their full year profit and dividend forecasts with their Q3 results in February, revising up full-year plans for pure business profit by ¥50.0bn (to ¥890.0bn) and the dividend by ¥10 (to ¥160). It will be the 2nd year in a row of record profits due to improving margins from better cost management with potential for a 3rd straight year of record profits if recent trends of improving prices in Asia and improving domestic margins continue, a restructuring of production facilities is planned, and the Canadian coking coal business driving growth if coking coal prices were to remain around current levels. The firm also gave an update on progress with the planned US Steel acquisition, which will likely be a lengthy process.

******The above portfolio composition, weightings, and manager comments were current as of 29th February 2024. 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.

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Portfolio Details

Sector Weights

| | % Wgt | | |
|------------------------|-------|-------|-------|
| 29/02/2024 | Port | Bench | +/- |
| Communication Services | 5.86 | 7.44 | -1.58 |
| Consumer Discretionary | 9.89 | 10.85 | -0.96 |
| Consumer Staples | 3.10 | 6.53 | -3.43 |
| Energy | 6.20 | 4.52 | 1.68 |
| Financials | 11.96 | 16.17 | -4.21 |
| Health Care | 14.79 | 11.28 | 3.51 |
| Industrials | 2.98 | 10.92 | -7.94 |
| Information Technology | 19.81 | 23.61 | -3.80 |
| Materials | 12.80 | 4.04 | 8.76 |
| Real Estate | 0.16 | 2.17 | -2.01 |
| Utilities | 2.34 | 2.45 | -0.11 |
| Not Classified | 10.10 | 0.00 | 10.10 |

Fund Facts

| | |
|--------------------|--|
| Investment Manager | 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 by Listing Domicile

| | % Wgt | | |
|-------------------------|-------|-------|-------|
| 29/02/2024 | Port | Bench | +/- |
| North America | 57.83 | 67.72 | -9.89 |
| South & Central America | 0.21 | 0.86 | -0.65 |
| Western Europe | 21.01 | 12.71 | 8.30 |
| Asia Pacific | 15.29 | 14.81 | 0.48 |
| Eastern Europe | 0.03 | 0.21 | -0.18 |
| Central Asia | 3.50 | 2.02 | 1.48 |
| Africa / Middle East | 0.26 | 1.68 | -1.42 |

Portfolio Characteristics

| 29/02/2024 | Port | Bench | Relative |
|-------------------------|-------|-------|----------|
| # of Holdings | 30 | | |
| Price to Earnings Ratio | 19.19 | 21.39 | -2.20 |
| Price to Book Ratio | 2.71 | 3.06 | -0.35 |
| Dividend Yield | 2.02 | 2.23 | -0.21 |

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Portfolio Details

Investment Returns

| | 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% | 1.53% | 4.11% | | | | |
| Benchmark | 2.80% | 1.04% | -3.70% | -1.45% | 4.83% | 1.28% | 4.25% | 5.91% | | | | |
| +/- | -0.58% | -0.25% | -0.28% | 2.04% | -1.97% | -0.23% | -2.72% | -1.80% | 0.00% | 0.00% | 0.00% | 0.00% |

| | Akambo International Equities Fund | MSCI ACWI (net in USD) | -/+ |
|---|------------------------------------|------------------------|---------|
| Cumulative return (since inception 16/02/2022) | 3.00% | 21.19% | -18.19% |
| Trailing 12 month return p.a. | 16.19% | 28.04% | -11.85% |
| Trailing 3 month return p.a. | 6.81% | 11.82% | -5.01% |

*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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Company Details

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.

Akambo Financial Group

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Contact Details

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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.**
- **"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.**
- **A concentrated, large capitalisation global equities exposure through the one fund.**
- **A highly regarded investment management team with extensive experience, demonstrating robust investment and risk management processes and approach.**

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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Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Akambo International Equities Fund. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). Akambo Financial Group ACN 123 078 900 is the Investment Manager of the Fund AFSL 32205.

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