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

Quarterly Commentary

Report for the quarter ended 30 June 2025

Contents

Executive Summary

C SHARE CLASS – RETURNS TO 30 JUNE 2025

	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	2 Year p.a (%)	3 Year p.a (%)	Since Inception[1] p.a (%)
Fund (net)	-0.94	2.13	5.25	10.59	8.54	12.85	5.57
Benchmark[2]	4.10	6.49	8.90	17.49	14.78	11.46	4.22
Value Added	-5.05	-4.36	-3.64	-6.89	-6.23	1.38	1.35

TOP 10 HOLDINGS

Name	Weight (%)
HDFC Bank Limited	5.40
Cipla	4.00
Franco Nevada	3.68
Fomento Economico Mexicano	3.32
Raia Drogasil	3.31
TSMC	3.28
Bid Corporation	3.13
Yifeng Pharmacy Chain	3.12
Heineken Holding	3.00
Kotak Mahindra Bank	2.86

KEY CHARACTERISTICS

Number of holdings	49
Number of countries	19
Number of sectors	8
Number of industries	25
Active share (%)	91

FUND VALUE

31 March 2025	30 June 2025
AUD $ 791,604,675	AUD $ 819,165,446

SHARE CLASS VALUE

31 March 2025	30 June 2025
AUD $ 127,762,444	AUD $ 133,276,337

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	+/-0.25%
Entry/exit fees	Nil
Management fees and costs*	1.10% p.a. of Net Asset Value of the fund

1. Inception date – 03 August 2021
2. MSCI Emerging Markets Index (AUD)

Source: Landy Tech as of 30 June 2025

Past performance is not indicative of future returns

*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.

Quarterly Commentary

INVESTMENT OVERVIEW

Global emerging market all-cap equities rose in Australian dollar terms during the quarter. The fund 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.

This quarter began with so-called 'Liberation Day' in the US which involved the imposition of punitive tariffs on goods from overseas. If these tariffs remain in place they represent a huge change to the system of trade that has been in place for decades. This is a big **IF** as the subsequent market volatility appears to have forced a climb down on some of the more extreme proposals. It is quite possible that there will be further levels of uncertainty and volatility due to the chaotic way in which changes are being implemented.

Importantly the portfolio weathered this potential first bout of volatility as we would expect. The businesses we invest in all have aligned business owners and strong balance sheets and the majority of them are exposed to long-term demographic driven growth in local emerging markets. We were also helped by the low exposure to Chinese equities and our focus on businesses meeting the needs of domestic emerging consumers. From a return perspective this meant that the portfolio performed strongly in both absolute and relative terms during the early part of the quarter and unsurprisingly lagged the recovery in broader markets towards the end of the period. Compared with the index, being underweight TSMC and a lack of exposure to the Korean equity market had a significant negative impact on relative returns. A broader rally in Taiwanese and Korean AI exposed stocks, plus the strong move in the Taiwanese dollar accounted for much of the period's underperformance.

PORTFOLIO ACTIVITY

We took advantage of the turbulence within markets at the start of the period to reduce the holding in the precious metals royalty and streaming business **Franco-Nevada** which benefited from a flight to safety.

We continued to reduce the position in **Coca-Cola HBC (CCH)** on valuation grounds and a concern that the market is getting too comfortable with the notion that there will be some form of end to hostilities between Ukraine and Russia where CCH has business operations. The underlying business continues to perform well but the ongoing strength in the share price means that the risk-reward became less compelling relative to other opportunities in the portfolio.

We are finding a number of attractive investment opportunities in Brazil, a market which remains quite out of favour with investors due to very high real interest rates curbing demand for equities within the local market. This led us to **Sendas Distribuidora**, the operator of Brazil's Assaí cash-and-carry chain. The company's low-price, high-volume model is well suited to Brazil's economic climate, and its ongoing store conversion programme offers a multi-year growth runway. The decision to initiate a position reflects our growing conviction in the attractive characteristics of the cash-and-carry retail format. Following the sale of the business by the troubled French supermarket chain Casino, an experienced management team is now in control and are well incentivised to deliver earnings growth. The current valuation reflects neither the company's cash flow generation capability, nor the long-term growth opportunity that lies ahead.

We have also recently added to our position in **Raia Drogasil**, Brazil's leading pharmacy chain, after its share price declined on the back of near-term earnings headwinds. We believe that the valuation is undemanding for a business that has a long runway for store and revenue growth driven by the continued formalisation and consolidation of Brazil's pharmacy market.

[1] Benchmark MSCI EM Net Total Return Index (AUD) as of 30 June 2025

Past performance does not predict future returns

Quarterly Commentary

PORTFOLIO ACTIVITY

There have also been some changes in our Mexican holdings with reductions to **Qualitas** a leading car-insurance business and the Mexican convenience store operator and coke bottler, FEMSA due to share price appreciation. The capital raised has been put to work in a new holding in the retailer **Walmart de Mexico (Walmex)**. Walmex is the subsidiary of a family-owned American institution and is the largest retailer in Mexico. It operates the familiar Walmart and Sam's large format stores as well as the smaller discount format Bodega Aurrera. Walmex also operates stores in Central America. We are attracted by its omni-channel approach, where it has the opportunity to be both a price, proximity and e-commerce leader as the nascent e-tailing sector and formal economy continue to grow. The valuation appears attractive noting the resilience of the franchise, strong balance sheet and long-term growth opportunity.

We added a new holding in China's leading medical device manufacturer **Shenzhen Mindray**. The company was established in the early 1990s and continues to be run by its founders, who retain a large stake in the business. Through consistent investment in research and development, the company has built up a wide-ranging portfolio of products spanning patient monitoring, in-vitro diagnostics, and imaging systems. Mindray products have a strong reputation around the world with over 40% of the company's revenues coming from international markets. Tariff uncertainty and a slowdown in domestic demand have caused the valuation to reach a level that we believe reflects these near-term risks, prompting us to build a position.

We also sold out of **China Resources Beer (CR Beer)** on the back of management change, with the departure of the chairman and growing concerns over capital allocation. While CR Beer retains a strong brand portfolio as a result of its joint venture with **Heineken**, the business has signalled a willingness to pursue more aggressive expansion into non-core areas such as spirits, raising concerns over strategic focus and return discipline. The reduced confidence we have in this growth strategy means that the business no longer meets our standards for long-term ownership.

OUTLOOK

In an increasingly volatile political environment strong corporate governance is more important than ever to protect investors. We actively seek out owners and management teams with long track records of treating all their stakeholders fairly.

Many years of experience of investing in inflation-prone emerging markets has taught us to seek 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 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.

The strategy has a significant exposure to high quality domestic franchises such as leading retailers, soft drinks makers and financial institutions meeting unmet need. These may prove to be more defensive in the current period of trade friction and are also beneficiaries of the demographic opportunity available in some emerging markets which can be seen in structural trends such as urbanisation, rising incomes, and shifting consumption patterns.

Strong balance sheets help companies weather economic cycles, and as a result we won't invest in businesses with a record of excessive borrowing. Most importantly our investment philosophy and process are designed to ride out stormy waters. Historically these storms have originated within our own markets, but developed markets are the source of the current bout of volatility and may continue to be so.

Finally, we believe valuations for businesses within our portfolio look attractive on an absolute basis and the long-term return opportunity in emerging markets continues to be a very attractive one.

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Investment Results

C SHARE CLASS – RETURNS TO 30 JUNE 2025

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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 fund produced a positive return but underperformed the MSCI emerging markets index. The fund performed strongly in both absolute and relative terms during the early part of the quarter and, unsurprisingly, lagged the recovery in broader markets towards the end of the period. Compared with the index, being underweight TSMC and a lack of exposure to the Korean equity market had a significant negative impact on relative returns. A broader rally in Taiwanese and Korean AI-exposed stocks, plus the strong move in the Taiwanese dollar, accounted for much of the period's relative underperformance.

HOLDING LEVEL COMMENTARY

The largest positive contributor to returns was from the holding in Taiwanese semiconductor manufacturer **TSMC**. We took advantage of the weakness in the share price bought about by concerns over the impact of the tariff wars to add to the position. The stock has performed strongly over a very short period and is now more fairly valued.

The second largest positive contributor to returns during the period was from the holding in the Korean games developer **Nexon**. Its key game franchises are performing well and there have been news articles suggesting that it may be an acquisition target for larger games distributors in Asia.

STOCK LEVEL ATTRIBUTION

TOP CONTRIBUTORS TO RETURN

Name	Contribution (%)
TSMC	0.31
Nexon Co Ltd	0.20
Raia Drogasil	0.15
WEG SA	0.09
Jumbo	0.09

TOP DETRACTORS TO RETURN

Name	Contribution (%)
Heineken Holding	-0.19
Yifeng Pharmacy Chain	-0.19
Fomento Economico Mexicano	-0.18
Bank Central Asia	-0.18
Franco Nevada	-0.18

The largest negative contributor to returns during the period was from the holding in **Heineken**. The stock had performed strongly in absolute terms at the start of the year and there has been no specific company news to explain the slight pull back that we have seen during this period.

The second largest negative contributor to returns was **Yifeng Pharmacy Chain**. The business has recently announced steady profit growth and is performing in-line with our expectations. The stock performed strongly during the early part of the quarter and appears to have been used as a source of funds over the very short-term as market participants have looked to more cyclical businesses as the threat of a global tariff war has receded for now. We continue to see this is a very attractively valued share with good long-term growth prospects.

1. Inception date – 03 August 2021
2. MSCI Emerging Markets Index (AUD)

Source: Landy Tech as of 30 March 2025

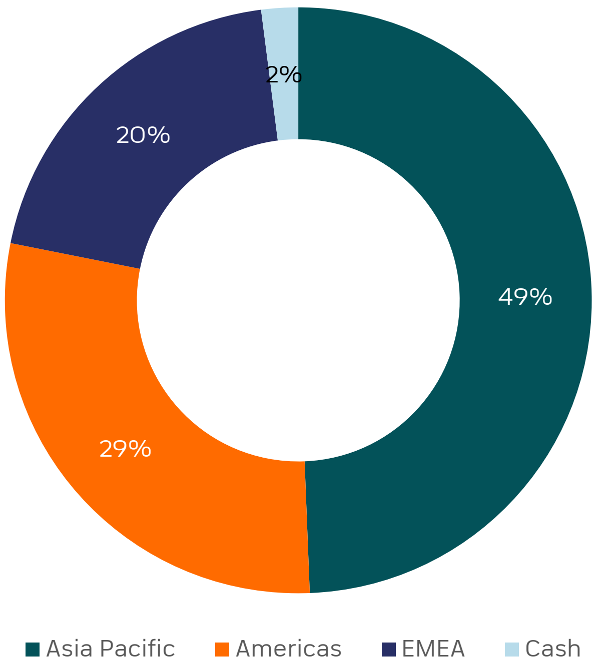
Past performance is not indicative of future returns

Portfolio Characteristics

COUNTRY WEIGHTS

Country	Portfolio (%)	Benchmark[1] (%)
India	21.66	18.12
Taiwan	11.79	18.92
Mexico	10.43	1.97
Brazil	9.36	4.44
South Africa	7.09	3.23
China	6.65	27.34
Canada	3.68	0.00
Greece	3.55	0.62
Chile	3.14	0.46
Netherlands	3.00	0.00
Portugal	2.82	0.00
Switzerland	2.34	0.00
Japan	2.24	0.00
Argentina	2.15	0.00
Thailand	2.12	0.99
Philippines	2.02	0.46
Indonesia	2.01	1.17
United Kingdom	1.03	0.00
Hong Kong	0.90	0.83
Cash	2.03	0.00

REGIONAL WEIGHTS



SECTOR WEIGHTS

Sector	Portfolio (%)	Benchmark[1] (%)
Consumer Staples	43.36	4.36
Financials	15.76	24.29
Information Technology	11.02	26.07
Consumer Discretionary	8.46	11.28
Health Care	7.98	3.30
Industrials	5.05	6.67
Materials	4.11	5.81
Communication Services	2.24	9.81
Energy	0.00	4.26
Real Estate	0.00	1.63
Utilities	0.00	2.53
Cash	2.03	0.00

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

Source: Landy Tech as of 30 June 2025

Totals may not sum to 100% due to rounding

Past performance does not predict future returns

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Information for investors in Australia and New Zealand

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Skerryvore may be referred to herein as the Investment Manager or Firm. The registered office of the Firm is Windsor House, Station Court, Station Road, Great Shelford, Cambridge CB22 5NE.

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Disclaimer

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skerryvoream.com

1800 895 388 (AU) or 0800 442 302 (NZ)

client.experience@bennelongfunds.com

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Visit how to invest to find out more.

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