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

Quarterly Commentary

Report for the quarter ended 31 March 2024

Skerryvore

bennelong

Contents

Executive Summary

C SHARE CLASS INVESTMENT RESULTS – PERIOD RETURNS TO 31 MARCH 2024

	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	Since Inception[1] (%)
Fund (net)	2.08	6.13	10.25	13.51	13.99
Benchmark[2]	2.28	7.07	9.23	11.03	-2.48
Value Added	-0.20	-0.94	1.01	2.48	16.47

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

KEY CHARACTERISTICS

Number of holdings	44
Number of countries	20
Number of sectors	8
Number of industries	24
Active share (%)	88

FUND VALUE

31 December 2023	**31 March 2024**
AUD $ 64,740,259	AUD $ 79,495,100

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	+/-0.3%
Entry/exit fees	Nil
Management fees and costs*	1.10% p.a. of Net Asset Value of the fund

1. Inception date – 02 August 2021
2. MSCI Emerging Markets Index (AUD)

Source: Landy Tech as at 31 March 2024

Past performance is not indicative of future returns

Quarterly Commentary

INVESTMENT OVERVIEW

Global emerging market equities rose during the quarter. The strategy rose in value and 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 in the previous year. This resulted in a dull period of 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 strongly 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 **Jerónimo 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 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 persist. More positively, our new holding in pharmacy operator **Yifeng** has done reasonably well as it continues to execute on its growth plans.

PORTFOLIO 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.

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.

1. Benchmark MSCI EM Net Total Return, as of 31 March 2024

The information provided in this document relating to specific stock examples should not be considered a recommendation to buy or sell any particular security. Past performance does not predict future returns

Investment Results

PERFORMANCE OBJECTIVE

The fund'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 and underperformed the MSCI emerging markets index.

The fund 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.

C SHARE CLASS PERFORMANCE – PERIOD RETURNS TO 31 MARCH 2024

	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	Since Inception (%)
Fund (net)	2.08	6.13	10.25	13.51	13.99
Benchmark[1]	2.28	7.07	9.23	11.03	-2.48
Value Added	-0.20	-0.94	1.01	2.48	16.47

1. MSCI Emerging Markets Index (AUD)

Past performance is not indicative of future returns

Investment Results

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

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 benefiting 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.

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.

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. The shares have pulled back significantly over the last 12 months and offer a very attractive risk/reward opportunity at current levels.

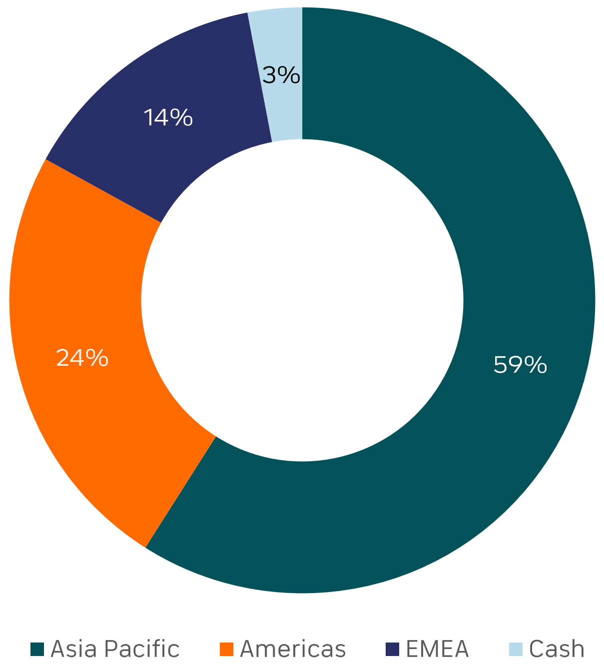
Past performance is not indicative of future returns

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

Disclaimer

SKERRYVORE

This document is issued by: (i) Skerryvore Asset Management LLP, based at 45 Charlotte Square, Edinburgh EH2 4HQ ("Skerryvore") acting as an appointed representative of BennBridge Ltd ("BennBridge") or (ii) Bennelong Funds Management Ltd. ("BFML"), as the case may be. Skerryvore, BennBridge and BFML are all members of the Bennelong group (such entities, together with their affiliates and connected persons, the "Bennelong Group"). BennBridge is authorised under Part 4A of FSMA and supervised by the United Kingdom's Financial Conduct Authority ("FCA") under Firm Reference Number: 769109. BennBridge is a limited company registered in England (registered number 10480050) with its registered office at Windsor House, Station Court, Station Road, Great Shelford, Cambridge CB22 5NE.

For the purposes of this disclaimer the "Funds" referred to will include each of the funds described herein as well as any other funds, sub-funds, managed accounts, special purpose vehicles or investment vehicles in respect of which a member of the Bennelong Group has been appointed to act as or shall be appointed to act as, investment manager (each, a "Fund" and together, the "Funds").

The information contained herein is intended only for the person or entity to whom it is addressed and may contain confidential and/or sensitive material. Any dissemination or other unauthorised use of this information by any person or entity is strictly prohibited. The distribution of this document may be further restricted by law. No action has been or will be taken by any member of the Bennelong Group or any Fund to permit the possession or distribution of this document in any jurisdiction (other than as expressly stated by them) where action for that purpose may be required. Accordingly, this document may not be distributed, or forwarded to recipients, in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. It is the responsibility of the potential investor (or its agent or adviser, as the case may be) as the recipient of this document to ensure that any individuals (whether employed by them or otherwise) who receive the information herein do so in accordance with applicable law and regulation. Persons to whom this document is communicated should inform themselves about and observe any such restrictions.

Recipients of this communication should note that electronic communication, whether by email, website, SWIFT or otherwise, is an unsafe method of communication. Emails and SWIFT messages may be lost, delivered to the wrong address, intercepted or affected by delays, interference by third parties or viruses and their confidentiality, security and integrity cannot be guaranteed. None of the Funds or any member of the Bennelong Group bear any liability or responsibility therefore.

DISTRIBUTION AND SELLING RESTRICTIONS

The distribution of this document and the offering or purchase of interests in the Funds may be restricted in certain jurisdictions. No persons receiving a copy of this document in any such jurisdiction may treat this document as constituting marketing or an invitation to them to subscribe for interests in the Funds. Accordingly, this document does not constitute marketing, an offer or solicitation by anyone in any jurisdiction in which such marketing, offer or solicitation is not lawful or in which the person marketing or making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to market or make such offer or solicitation. It is the responsibility of any persons in possession of this document, including individuals who may be employed by or a consultant to the recipient, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. If any recipient, including individuals, is or becomes aware that the receipt of this document by them contravenes any law or regulation, they must destroy it or return it to [Skerryvore/BennBridge] immediately. Prospective applicants for interests in the Funds should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

Information for investors in Australia and New Zealand

This information is issued by Bennelong Funds Management Ltd (ABN 39 111 214 085, AFSL 296806) (BFML). BFML has appointed BennBridge Ltd ("BennBridge") as the Fund's Investment Manager, which is authorised and regulated by the UK Financial Conduct Authority. BennBridge is a Corporate Authorised Representative of BFML (AFSL Representative No. 1281639).

Skerryvore is a boutique asset management team. The company is majority owned by team members, and minority owned by BennBridge. Skerryvore's personnel are assigned to BennBridge in order to provide portfolio management and trading activities.

This is general information only, and does not constitute financial, tax or legal advice or an offer or solicitation to subscribe for units in any fund of which BFML is the Trustee or Responsible Entity (Bennelong Fund). This information has been prepared without taking account of your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, you should consider the appropriateness of the information based on your own objectives, financial situation or needs or consult a professional adviser. You should also consider the relevant Information Memorandum (IM) and or Product Disclosure Statement (PDS) which is available on the BFML website, bennelongfunds.com, or by phoning 1800 895 388 (AU) or 0800 442 304 (NZ).). Information about the Target Market Determinations (TMDs) for the Bennelong Funds is available on the BFML website. BFML may receive management and or performance fees from the Bennelong Funds, details of which are also set out in the current IM and or PDS. BFML and the Bennelong Funds, their affiliates and associates accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. All investments carry risks. There can be no assurance that any Bennelong Fund will achieve its targeted rate of return and no guarantee against loss resulting from an investment in any Bennelong Fund. Past fund performance is not indicative of future performance. Information is current as at the date of this document.

Disclaimer

GENERAL RISK FACTORS

This document is not intended to constitute, and should not be construed as the provision of any investment services and/or activities, including, for instance investment advice, investment recommendations or investment research. Prospective investors acknowledge that no member of the Bennelong Group has conducted or will conduct any investment services and/or activities, including, for instance the activity of reception and transmission of orders in relation to the interests of the Funds, whether for the Funds, investors or otherwise. Potential investors in the Funds should seek their own independent financial, tax, legal and other advice. This document has been provided to you for informational purposes only and may not be relied upon by you in evaluating the merits of Investing in any securities or interests referred to herein or for any other purpose. This document is not intended as and is not to be taken as an offer or solicitation with respect to the purchase or sale of any security or interest, nor does it constitute an offer or solicitation in any jurisdiction, including those in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such a solicitation or offer. Before making any investment decision you should obtain independent legal, tax, accounting or other professional advice, as appropriate, none of which is offered to you by the members of the Bennelong Group or any of their affiliates. None of the members of the Bennelong Group or any of their affiliates accepts any duty of care to you in relation to any investment in the Funds.

The terms of investment in any of the Funds described herein or any other Fund are solely as 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 and/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"). Before acquiring an interest in any Fund, each prospective investor is required to confirm that it has 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 any such conflicts.

Although the information in this document is believed to be materially correct as at the date of issue, no representation or warranty is given as to the accuracy of any of the information provided. Furthermore no representation or warranty is given in respect of the correctness of the information contained herein as at any future date. Certain information included in this document is based on information obtained from third-party sources considered to be reliable.

Any projections or analysis provided to assist the recipient of this document in evaluating the matters described herein may be based on subjective assessments and assumptions and may use one among many alternative methodologies that produce different results. Accordingly, any projections or analysis should not be viewed as factual and should not be relied upon as an accurate prediction of future results.

Furthermore, to the extent permitted by law, the members of the Bennelong Group, the Funds and their affiliates, agents, service providers and professional advisers assume no liability or responsibility and owe no duty of care for any consequences of any person acting or refraining to act in reliance on the information contained in this document or for any decision based on it.

The current outbreak of COVID-19 which is causing economic disruption in most countries (which may last for an extended period of time) could have a potentially adverse economic impact on the assets in which the Funds invest.

Interests in the Funds and other investments and investment services to which this document relates are only available to the persons referred to in the relevant paragraphs above, and other persons should not act on the information contained herein.

Any decision to purchase securities or interests with respect to any of the Funds 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. 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.

Among the risks we wish to call to the particular attention of prospective investors are the following: (1) each Fund's investment programme is speculative in nature and entails substantial risks; (2) 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; (3) as there is no recognised market for many of the investments of the Funds, it may be difficult or impossible for a Fund to obtain complete and/or reliable information about the value of such investments or the extent of the risks to which such investments are exposed; (4) the use of a single adviser group could mean a lack of diversification and, consequently, higher risk, and may depend upon the services of key personnel, and if certain or all of them become unavailable, the Funds may prematurely terminate; (5) an investment in a Fund is illiquid and there is no secondary market for the sale of interests in a Fund and none is expected to develop; (6) there are restrictions on transferring interests in a Fund: (7) the members of the Bennelong Group and their affiliates may receive performance-based compensation, which may result in riskier investments, and the Funds' fees may offset trading profits; (8) the Funds are subject to certain conflicts of interest; (9) certain securities and instruments in which the Funds may invest can be highly volatile; (10) the Funds may be leveraged; (11) a substantial portion of the trades executed for the Funds take place on non-U.S. exchanges; (12) changes in rates of exchange may also have an adverse effect on the value, price or income of the investments of each Fund; and (13) the Funds are not mutual funds pursuant to, and are therefore not subject to regulation under, the United States Investment Company Act.

GET IN TOUCH

skerryvoream.com

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

client.experience@bennelongfunds.com

HOW TO INVEST

The fund is open to investors directly via the PDS (available on our website) or via the following platforms: Hub24 - Netwealth – Mason Stevens - Powerwrap - Praemium

Visit how to invest to find out more.

SKERRYVORE

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

Email: client.experience@bennelongfunds.com

www.skerryvoream.com

Skerryvore

bennelong