DELFT PARTNERS

Global Investment Management

Global High Conviction

Strategy Update 30 June 2022

Value of AUD 100 since inception - Inception Date: 15 July 2011. Returns over 1 year are pa annualised

Delft Partners Global High Conviction is a global listed equity strategy.

We select the best 30 stocks from the holdings in our diversified Global Equity strategy

- We invest in all major markets and sectors to capture diversification benefits.
- Position sizes are based on risk and return estimates
- We do not invest in companies where we believe poor Governance is likely to penalise shareholders.
- We have a moderate value bias preferring to pay less for future earnings and dividends if we can identify a catalyst for a re-rating

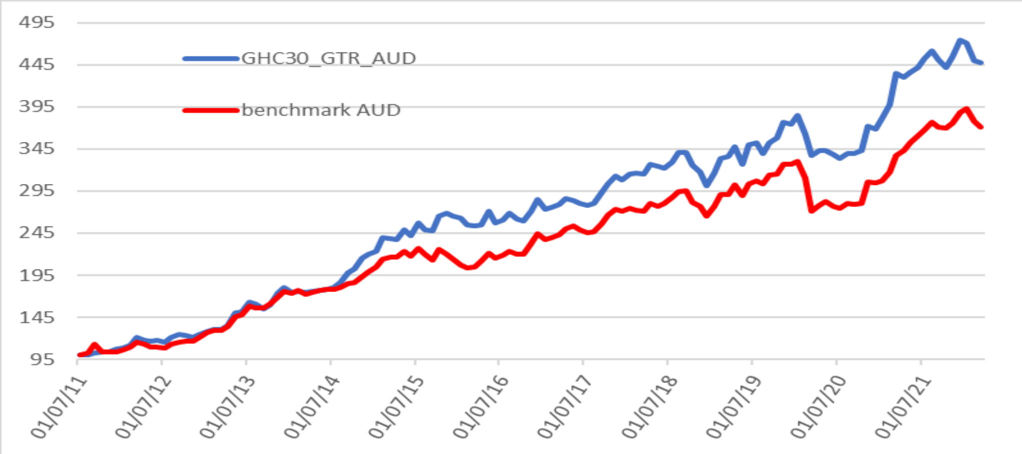
Benefits

- Capital appreciation and dividends from attractively valued stocks
- Consistent application of a proven investment process
- Above market and peer group performance

For additional information please visit www.delftpartners.com

30 June 2022	Portfolio
No. of securities	30
Wtd Avg Market cap	US$ 98.2bn
Price/Earnings	11.2x
Price/Book	4.4x
Dividend Yield	3.1%
Return on Equity	32.8%
Active Risk (vs Bmk)	4.3%
ESG Score* (Portfolio/Universe)	74/ 50

* Source: CIQ ,
Tile images https://www.antiquetileshop.com



Periods ended 30 June 2022	1 Month	3 Months	1 Year	3 Years	Inception
Portfolio*	-3.6%	-3.3%	-2.2%	7.3%	14.4%
Return vs. Benchmark	1.3%	0.6%	-1.4%	1.6%	1.8%

*Portfolio total return net Interest Withholding Tax in AUD, gross of fees. Based on a live portfolio managed by that represents an expectation of returns. The returns will differ per account due to execution timing differences, account size and minimum lot constraints. This sheet provides general information only. Intended for wholesale professional investors in Australia only, and is not a recommendation for a product. Delft Partners operates as owner of API Capital Advisory P/L AFSL 329133

PORTFOLIO REVIEW & MARKET UPDATE

- World markets fell further in q2 as more aggressive language emanated from central banks regarding interest rate increases. Most are way behind the curve. US equity markets had their worst half-year in a long time. The S&P 500 worst performer was Netflix @ -70%.
- However, we believe we have already seen a significant slowdown in economic activity as price rises, mortgage rate rises and tighter lending standards kick in, especially in the USA.
- China is likely to ease monetary policy as the USA tightens. Europe remains between a rock and a hard place. The long term issues of large differences in productivity and debt load have not been addressed and thus any further tightening by the ECB will exacerbate the already widening spreads in EU Euro sovereign bond yields.
- We remain underweight European financials, Europe, and the Euro in general. We remain constructive on Japan but acknowledge our overweight has hurt recent performance.
- On a fundamental basis (accretion of earnings and book value, revenue growth etc) Japan has outperformed the US. It is only P/E expansion which has produced better returns in the latter.
- We made a trade during the quarter to witch from Manulife to Hartford Financial Services a USA based composite insurance company. Premium rates will rise, and the steeper yield curve should benefit investment income. Capital returns or better use of capital are likely as the company remains under activist pressure. The prospective P/E of 10x provides a decent cushion.
- Our average holding period remains in excess of 3 years.
- Corporate profits remain elevated relative to wages. Expectations for long run returns should be tempered by an acknowledgment that this balance needs to shift. Getting some of these lower returns from dividends will once again prove wise.
- For sector and country weightings please visit our website. https://www.delftpartners.com/actively-managed-strategies.html