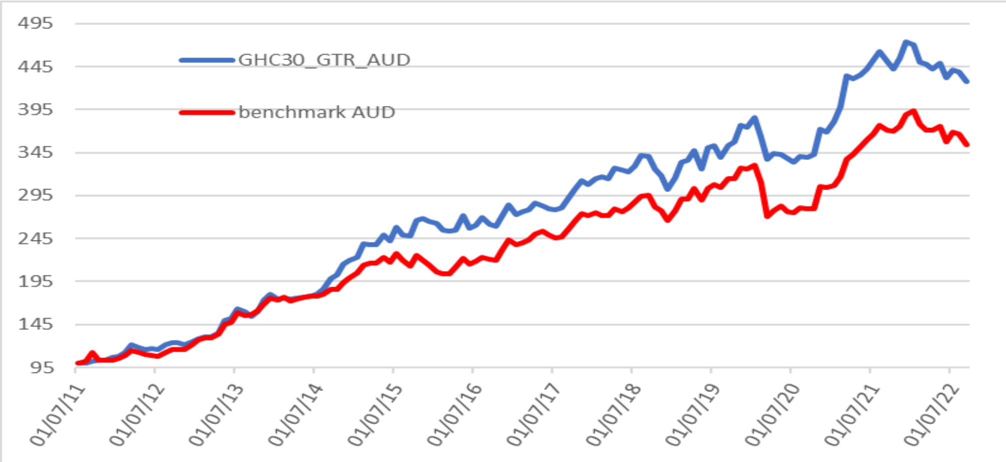
Global High Conviction

Strategy Update 30 Sep 2022

DELFT PARTNERS
Global Investment Management

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



Periods ended 30 Sep 2022	1 Month	3 Months	1 Year	3 Years	Inception
Portfolio*	-2.6%	-1.1%	-5.3%	6.7%	13.9%
Return vs. Benchmark	0.7%	-0.2%	-0.7%	2.5%	1.7%

*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

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 Sep 2022	Portfolio
No. of securities	30
Wtd Avg Market cap	US$ 85.6bn
Price/Earnings	10.1x
Price/Book	6.9x
Dividend Yield	3.3%
Price/Sales	1.8x
Active Risk (vs Bmk)	4.5%
ESG Score* (Portfolio/Universe)	71/ 50

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

PORTFOLIO REVIEW & MARKET UPDATE

- World markets fell further in q3 as language from central banks regarding interest rate increases gave way to action. US equity markets had their worst half-year in a long time. 10 Year Treasury Notes also fell heavily. Equities and bonds were unusually correlated.
- 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. Equity EPS will be revised down which will remove much of the P/E multiple expansion from the USA.
- China and Japan have no inflation problem since monetary policy was never too lax. Europe remains between a rock and a hard place for reasons discussed in previous missives. The Euro is likely to remain the weakest major currency.
- Demand destruction as evidenced by falls in the price of oil and copper will help reduce price pressure in the short term but longer term the issue is supply, especially of energy, but also to reduce the imposition of regulation and taxation, promoting private sector capital investment.
- In this regard the UK mini budget was a sensible attempt (badly coordinated and communicated) to "re-set the agenda". The panic over the fiscal impact is misplaced.

https://cebr.com/reports/public-borrowing-may-be-less-out-of-control-than-the-markets-think/?fbclid=IwAR2W_OjQ_UHA9mYngraNRMlE978zwSPlCfEZFtJLITQefMWAER4tRhlyc9k

- In the absence of a "re-set" the chances of capital controls are looming since higher interest rates are essentially unaffordable for most governments given recently acquired debt levels. We believe we are at a turning point which needs to be taken.
- General Mills raised profit forecasts illustrating the pricing power of consumer staples companies. Fedex missed eps estimates; blamed declining volumes; and then raised prices an average of 6%. This clearly illustrates the problem of lack of competition and supply.
- For sector and country weightings please visit our website. https://www.delftpartners.com/