

# GuardCap Global Equity Fund

## Investment Objective

The Fund seeks to provide long-term growth of capital with lower than market volatility.

## Investment Approach

Philosophy: growth drives returns; quality protects against downside; valuation matters.

- Concentrated, long-only strategy with 20-25 high quality, sustainably growing companies
- Focused "total immersion", bottom-up analysis of selected high-confidence stocks
- Benchmark agnostic, unconstrained portfolio construction; high active share
- Genuine long-term investing with low portfolio turnover
- Large / Mid-cap focus

## Investment Team

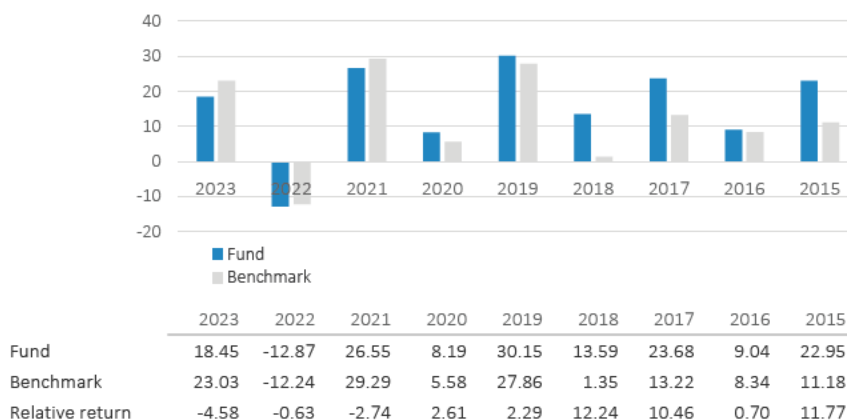
	Joined GuardCap	Years of experience
Michael Boyd	2014	35
Giles Warren	2014	26
Bojana Bidovec	2016	17
Orlaith O'Connor	2015	13

## Performance (%)

	Annualised							
	1 M	3 M	YTD	1 YR	3 YR	5 YR*	7 YR*	Inception*
Fund	4.04	8.17	6.66	21.24	11.59	13.31	15.96	16.96
Benchmark	5.82	12.69	10.55	29.41	15.10	13.65	13.42	13.24
Relative return	-1.78	-4.52	-3.89	-8.17	-3.51	-0.34	2.54	3.72

\*Performance prior to the inception of the fund is provided for the Guardian Fundamental Global Equity Composite, gross of fees, in AUD. Composite inception date 01/08/14. Due to the limited amount of time since fund inception, performance of the Composite is shown. The information is relevant because the GuardCap Global Equity Fund is modelled on the equity component of the Composite. Returns greater than 1 year are annualised. Past performance results are no indication of future results. For further information about the Composite, please see the Disclaimer. Fund inception date 04/09/2020. Performance start date 05/09/2020.

## Calendar Year Performance (%)



Performance prior to the inception of the fund is provided for the Guardian Fundamental Global Equity Composite, gross of fees, in AUD. Past performance results are no indication of future results. Fund inception date 04/09/2020. Performance start date 05/09/2020.

## Fund Facts

Fund Manager	GuardCap Asset Management Limited
Responsible Entity	Equity Trustees Limited
Legal Status	Registered MIS
Strategy Inception	1 August 2014
Fund Inception	4 September 2020
Benchmark	MSCI World Index (Net) AUD
Base Currency	Australian Dollar Net
Liquidity	Daily at NAV
Fund Size	AUD 129.85 million
Strategy AUM <sup>1</sup>	AUD 18.91 billion
Strategy AUA <sup>1</sup>	AUD 2.06 billion
Fund Manager (FUM)	AUD 21.10 billion
ABN	89 296 839 062
APIR	ETL6126AU
ARSN	642 341 106
ISIN	AUGOETL61263
Morningstar Ticker Code	43809

<sup>1</sup>AUM = Assets under management, AUA = Assets under advice; based on estimates and is not official

## Charges & Subscriptions

Annual management fee	0.95%
Buy/Sell Spread	0.25%
Minimum investment	AUD 20,000

## Portfolio Characteristics

Number of stocks	24
Net exposure	99.0%

## Risk

	Fund	Index
Tracking error	5.61	
Standard deviation	14.11	15.19
Information ratio	0.64	
Sharpe ratio*	0.81	0.52
Upside market capture	98.71	100.00
Downside market capture	82.54	100.00
Batting average	0.59	

The risk indicators shown are based on the strategy's returns in its base currency (USD). You should note that movements of the AUD versus the USD and other world currencies may have a material impact on both returns and risk parameters in AUD terms for Australian investors. \*Sharpe ratio calculated using Bloomberg US Generic Govt. 3 Month Yield. Strategy inception date 1/08/14. Risk calculations provided in USD.

**Geographic Allocation (%)**

United States	64.68
Denmark	11.55
France	10.95
United Kingdom	6.50
Switzerland	3.08
Japan	2.19
Cash	1.05


**Sector Allocation (%)**

Health Care	23.92
Financials	17.03
Consumer Staples	14.29
Consumer Discretionary	13.45
Information Technology	11.65
Industrials	8.52
Communication Services	5.81
Materials	4.29
Cash	1.05


**Top 5 Holdings**

	% of assets
EssilorLuxottica	7.34
CME Group	6.97
Mastercard	6.10
Alphabet	5.81
Accenture	5.47

**Monthly Contributors / Detractors**

	Contribution to return
+ Yum China	0.81
+ EssilorLuxottica	0.61
+ CME Group	0.57
- Reckitt Benckiser	-0.46
- Nestlé	-0.27
- MarketAxess	-0.16

**YTD Contributors / Detractors**

	Contribution to return
+ Novo Nordisk	1.46
+ Mastercard	0.95
+ EssilorLuxottica	0.75
- MarketAxess	-1.07
- Reckitt Benckiser	-0.23
- Nestlé	-0.19

**Manager Commentary**

The top contributors to performance year to date were **Novo Nordisk, Mastercard and EssilorLuxottica**.

**Novo Nordisk** reported a strong end to 2023 led by the GLP-1 franchise and obesity. The company served 42 million patients in 2023, an increase of 5 million, and expects to add another 5 million in 2024. Initial guidance for 2024 points to 18-26% sales growth and 21-29% operating profit growth. **Mastercard** reported solid results with continued strong growth in cross border volumes. Value-added services and solutions now account for 40% of sales, aided by a virtuous cycle of payments, services and new networks reinforcing each other. The company guided to 2024 organic sales growth of around 12%. **EssilorLuxottica** is the leader in the design, manufacture, and distribution of ophthalmic lenses. It reported consensus beating sales growth with a sequential acceleration in Q4. The initial outlook provided for 2024 was positive. The company is expected to benefit from strong pricing/product mix and materially expanding margins as inflationary headwinds fade.

The top detractors year to date were **MarketAxess, Nestlé and Reckitt Benckiser**.

Negating positive news of increased trading in longer duration bonds, **MarketAxess** reported market share losses. The decrease in high yield market share was driven by lower levels of credit spread volatility, a greater focus on new issuance, and a higher mix of lower-rated bonds. Whilst new issuance has a negative impact for market share, it is a longer term positive for market volumes. The company will launch a raft of initiatives in 2024 to grow corporate bond market share. **Nestlé** saw a deceleration in organic growth in Q4 and provided guidance for FY24 that was slightly below its longer-term target. Growth was negatively impacted by Nestlé Health Science, which is suffering from IT integration related disruption. Management outlined three strategic topics that will be at the forefront of growth going forward: premium products, healthy aging and companion products for GLP-1 drugs. **Reckitt Benckiser**, the world's leading consumer health and hygiene company reported disappointing full year results. It also highlighted a number of operational issues including a voluntary recall of Nutramigen infant formula and accounting misstatements in the Middle East. The company is guiding for 2-4% like for like growth in 2024, below its medium term, mid-single digit target.

Returns are expressed in U.S. dollars and attribution commentary refers to the USD share class

## ESG Reporting

### Fund ESG Ratings

Morningstar Sustainability Rating™

Morningstar Low Carbon Designation™

MSCI ESG Rating™



Ratings are for our representative portfolio. Ratings are not the only factor to be taken into account when deciding whether to invest in a financial product or take up a credit product. Ratings are likely to change from time to time.

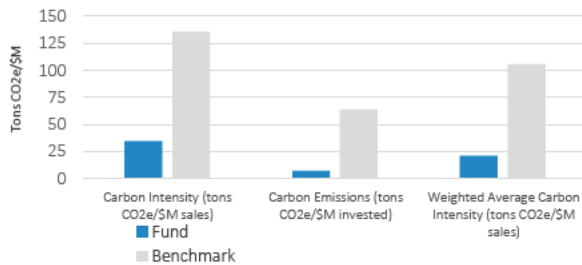
### ESG Integration

All investee companies must meet the team's ten Confidence Criteria, including strong "Foundations for Sustainable Growth" (FSG), which ensures that a company's ESG practices align with its potential for long-term sustainable growth. The Fund's concentrated approach (20-25 stocks) enables a thorough understanding of the sustainability risks and opportunities relevant to each company and an analysis of a company's ESG issues forms a key part of every investment decision.

### Active Ownership

Active ownership is deeply embedded in our investment philosophy and we endeavour to vote on all resolutions related to our companies. If a company is engaged in a practice that concerns us, we will engage with the company on the issue, seek to learn more about it and encourage positive change.

### Carbon Footprint Metrics (Scope 1 and 2)



	Fund	Benchmark
Carbon Intensity (tons CO <sub>2</sub> e/\$M sales)	34.6	135.2
Carbon Emissions (tons CO <sub>2</sub> e/\$M invested)	7.0	63.7
Weighted Average Carbon Intensity (tons CO <sub>2</sub> e/\$M sales)	20.9	105.5

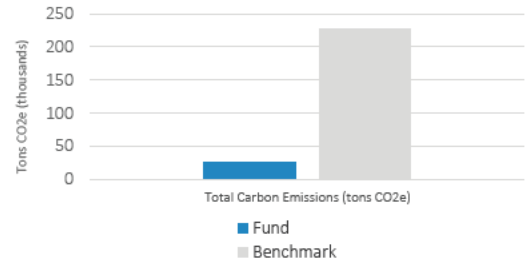
Source: MSCI as at 31 December 2023. Data is for our representative portfolio. Includes Scope 1 and Scope 2 emissions.

Carbon Intensity (tons CO<sub>2</sub>e/\$M sales) measures the carbon efficiency of a portfolio, defined as the ratio of carbon emissions for which an investor is responsible to the sales for which an investor has a claim by their equity ownership. Emissions and sales are apportioned based on equity ownership (% market capitalisation).

Carbon Emissions (tons CO<sub>2</sub>e/\$M invested) measures the carbon emissions, for which an investor is responsible, per USD million invested, by their equity ownership. Emissions are apportioned based on equity ownership (% market capitalisation).

Weighted Average Carbon Intensity (WACI) (tons CO<sub>2</sub>e/\$M sales) measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' Carbon Intensity (emissions/sales).

### Total Carbon Emissions (Scope 1 and 2)



	Fund	Benchmark
Total Carbon Emissions (tons CO <sub>2</sub> e)	24,846	227,235

Source: MSCI as at 31 December 2023. Data is for our representative portfolio. Includes Scope 1 and Scope 2 emissions.

Total Carbon Emissions (tons CO<sub>2</sub>e) measures the total carbon emissions for which an investor is responsible by their equity ownership. Emissions are apportioned based on equity ownership (% market capitalisation).

Scope 1 emissions are direct emissions from owned or controlled sources.

Scope 2 emissions are indirect emissions from the generation of purchased energy. Reference: GHG Protocol.

The decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in its prospectus.

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GuardCap Global Equity Fund’s Target Market Determination available here – [www.eqt.com.au/insto](http://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.

**GCLPI Performance Disclosure**
**Fundamental Global Equity Composite (gross) (USD)**

Year	Total Composite Return (Gross of fees)(%)	Total Benchmark Return (%)	Number of Portfolios (Accounts)	Composite Dispersion (Std. Dev)	3 Year Std. Dev Composite	3 Year Std. Dev Benchmark	Total Composite Assets (\$MM)	% of Firm Assets Under Management	Total Firm Assets (\$MM)
2021	20.62	21.82	14	0.27	15.45	17.30	11884.25	48.85	24,326
2020	18.77	15.90	8	0.37	15.64	18.53	6687.34	36.44	18,351
2019	29.96	27.67	<=5	n/a	10.36	11.29	2454.53	17.22	14,253
2018	2.32	-8.71	<=5	n/a	10.62	10.53	674.30	5.71	11,805
2017	33.71	22.40	<=5	n/a	10.45	10.38	333.60	2.15	15,507
2016	8.20	7.51	<=5	n/a	n/a	n/a	167.95	1.15	14,659
2015	9.63	-0.87	<=5	n/a	n/a	n/a	71.94	0.57	12,565
2014 *	3.06	0.43	<=5	n/a	n/a	n/a	3.46	0.02	16,244

\* Represents a five month period return since inception

**Schedule of Rates of Return (US Dollars)**  
 For the Period From August 1, 2014 to December 31, 2021

**Description of the Firm:** Guardian Capital LP (Institutional Division) (GCLPI) is an operating division of Guardian Capital LP (GCLP). GCLPI provides investment management services to primarily institutional clients. Institutional clients include defined benefit pension plans, defined contribution pension plans, group retirement plans, charitable organizations, foundations, endowments, external mutual funds and pooled funds, and investment holding companies.

The Global Investment Performance Standards (GIPS®) compliant firm (GCLPI) includes client accounts that represent \$18.4 billion (in US Dollars) out of GCLP’s total assets under management of \$ 23.8 billion (in US Dollars) as at December 31, 2020, of which \$5.4 billion (in US Dollars) consists of wrap accounts.

**Compliance statement:** GCLPI claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. GCLPI has been independently verified for the periods January 1, 2001 to December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Fundamental Global Equity Composite has been examined for the periods August 1, 2014 to December 31, 2020. The verification and performance examination reports are available upon request.

**Composite Description:** The Fundamental Global Equity Composite (the “Composite”) seeks to provide long-term capital appreciation through investment in a concentrated portfolio of high quality equity or equity-related securities of issuers throughout the world. Valuations are computed and composite performance is reported in US dollars.

**Composite Creation Date and Inception Date:** The Composite creation date is August 1, 2014 and its inception date is July 31, 2014.

**Benchmark:** The Composite’s benchmark is the MSCI World Index (Net in US Dollars).

**Performance Calculation:** Performance has been calculated on a trade-date basis, time weighted, valued monthly, with geometric linking of period returns. Performance is calculated gross of investment fees and net of transaction costs. GCLPI includes all similar portfolios in a composite regardless of size. Any withholding taxes on income and dividends paid to portfolios comprising the Composite are based on client's residency. The Composite's benchmark is net of withholding taxes. The Composite may include portfolios that are tax-exempt. All portfolios within the composite and benchmark are valued using WM/Reuters 4:00 p.m. (London) exchange rates. Prior to December 31, 2018, the portfolios and benchmarks were valued using IDC Foreign Exchange Rates (Formerly Bank of Canada "Noon Rate"). Past performance is not necessarily indicative of future results. Gross-of-fees returns are used to calculate presented risk measures. Internal dispersion is presented only for those years where the Composite had more than five accounts for the entire year. Only those accounts managed for the full year are included in the dispersion calculation. The internal dispersion calculation is using the equal weighted methodology. Performance history for the last ten years, or since inception of the Composite if less than ten years, has been disclosed.

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is presented once the composite has three full calendar years of performance. This measure of dispersion was not required for periods prior to January 1, 2011.

**Valuation:** Equity prices are supplied by SVC – Security Data Services (SS&C). Securities such as warrants where a publicly available price is not available are fair valued by management on a monthly basis using present fair valuation methods. Bonds that are in an index are priced using the index price in GCLPI's systems. For others, GCLPI relies on SVC supplied prices (Security Data Services from SS&C). In cases where SVC cannot supply a reasonable price, management determines the fair value based on sources such as NASD's (National Association of Securities Dealers Association), TRACE (Trade Reporting And Compliance Engine OTC trade reporting) and the average of dealer supplied prices. Private placements are priced based on market trading activity or based on valuation techniques with the guidance of dealers.

**Standard Fee Schedule:** The annual fee schedule is as follows: 0.80% of the first \$25 million, 0.75% of the next \$25 million, 0.70% of the next \$50 million and 0.65% thereafter for segregated portfolios, and 0.85% of the first \$25 million, 0.80% of the next \$25 million, 0.75% of the next \$50 million, and 0.70% thereafter for pooled fund participants.

**Other:** Policies for valuing portfolios, calculating performance, preparing GIPS reports, a complete list and description of firm composites and broad distribution pooled funds are available to clients and qualified potential clients upon request by contacting our client service department at [GCLPClient.Services@guardiancapital.com](mailto:GCLPClient.Services@guardiancapital.com).

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The Morningstar Sustainability Rating™ is a measure of how well the portfolio holdings are managing their ESG Risk relative to the portfolio's Global Category peer group. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical Sustainability Score. The Morningstar Low Carbon Designation™ is Sustainalytics' evaluation of the degree to which a firm's activities and products are aligned with the transition to a low-carbon economy.

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