

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

Quarterly Commentary

Report for the quarter ended 31 March 2025



Skerryvore
ASSET MANAGEMENT



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The Fund is issued by Bennelong Funds Management Ltd ("BFML")



Executive Summary

C SHARE CLASS INVESTMENT RESULTS – PERIOD RETURNS TO 31 MARCH 2025

	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	Since Inception ¹ P.A (%)
Fund (net)	1.88	3.06	4.50	6.15	5.35
Benchmark ²	0.42	2.27	5.41	13.17	2.73
Value Added	1.46	0.79	-0.91	-7.01	2.62

TOP 10 HOLDINGS

Name	Weight (%)
HDFC Bank Limited	5.71
Cipla	4.82
Franco Nevada	4.24
Fomento Economico Mexicano	4.09
Raia Drogasil	3.63
Yifeng Pharmacy Chain	3.49
Kotak Mahindra Bank	3.42
Coca-Cola HBC	3.33
Tata Consultancy Services	3.12
Heineken Holding	2.88

KEY CHARACTERISTICS

Number of holdings	48
Number of countries	19
Number of sectors	8
Number of industries	23
Active share (%)	91

FUND VALUE

31 December 2024	31 March 2025
AUD \$ 700,188,898	AUD \$ 714,027,032

SHARE CLASS VALUE

31 December 2024	31 March 2025
AUD \$ 124,563,731	AUD \$ 127,762,444

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 – 03 August 2021

2. MSCI Emerging Markets Index (AUD)

Source: Landy Tech as of 31 March 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 equities rose in Australian dollar terms during the quarter. The fund also rose in value and outperformed the benchmark index¹.

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.

PORTFOLIO ACTIVITY

It has been a period of higher portfolio activity during this quarter. We have taken new positions in **Arca Continental** and another FEMSA entity, **Coca-Cola FEMSA**. Coca-Cola franchises have proven to be very resilient during the recent period of high inflation and both shares are attractively valued and offer strong long-term growth prospects. These purchases were also in part funded through a reduction in the **Coca-Cola HBC** position size following a significant re-rating of its shares. Having enjoyed some recovery in the share price of Mexican convenience store operator and Coca-Cola bottler, **Fomento Económico Mexicano (FEMSA)**, we decided to reduce the holding to diversify our holdings in the country. The company continues to execute well across its territories, which include most of eastern Europe, Italy, Greece, Egypt and Nigeria but at the current price we find the opportunity in its Latin American peers more compelling.

We also sold the position in **Koh Young Technology** following a sharp rally in the share price. This was driven by news that the company had received approval from the US Food and Drug Administration (FDA) to begin selling its new brain surgery robot. Although this is a significant milestone, we have concerns over the strength of the core semiconductor testing equipment business and felt the valuation that the market was placing on the company could no longer be justified. After a series of disappointing results, we also decided to exit Chinese contract research organisation, **Hangzhou Tigermed**.

The business has struggled to generate free cash flow since the slowdown in drug development activity in China and we have growing concerns over the strength of its franchise.

There have been a few other significant reductions and additions during the period. We continued to take profits in **TSMC** because the current price offers limited upside to our long-term price target. The assumptions required to believe in greater upside are too risky, in our opinion, for what has historically been a cyclical industry. We also reduced our position in the food and beverage company **Uni-President China**, whose shares enjoyed a strong recovery in 2024 from what we felt were oversold levels. The company continues to execute well in a competitive segment but today's valuation offers less upside going forward.

Bidcorp has become a more substantial position as we have added to it with the proceeds from some of the above sales. Bidcorp is a South African logistics business specialising in the food service industry. Its operations are globally diversified with significant operations in Europe, Australasia and South Africa. The company has a history of steady growth based on shrewd acquisitions and organic growth. We have also been trying to take advantage of the ongoing sell off in Brazil. High interest rates have made prices attractive, and we added to existing positions in family controlled holding company **Itaúsa** and drugstore operator **Raia Drogasil**.

Finally, we remain on the sidelines in Turkey. Many of the risks we worried about when we chose to exit our holdings in the country back in April 2023 appear to be crystallising with the arrest of opposition politicians and widespread protests.

¹ Benchmark MSCI EM Net Total Return Index (AUD) as of 31 March 2025

Past performance does not predict future returns

Quarterly Commentary

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 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 and soft drinks makers. 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.

In an increasingly capricious 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.

Finally, 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 is designed to weather stormy waters. Historically these storms have originated within our own markets, but developed markets are the source of the current bout of volatility. 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 an attractive one.

Past performance does not predict future returns

Investment Results

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Benchmark ²	0.42	2.27	5.41	13.17	2.73
Value Added	1.46	0.79	-0.91	-7.01	2.62

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 and outperformed the MSCI emerging markets index.

HOLDING LEVEL COMMENTARY

The largest positive contributor to returns was from the holding in **Franco Nevada**, which is a gold royalties and licensing business. The business is benefiting from the significant increase in the underlying gold price as well as strong underlying demand for capital from mining businesses that it is looking to partner with.

The second largest contributor to returns was from **Coca-Cola HBC** which is a coke bottler with operations in central and eastern Europe and west Africa. The business recently announced strong results with organic revenue growing almost 14% from a year ago with similar levels of profit growth. Sentiment towards its eastern European business has also improved with hopes of a ceasefire in the Russian invasion of Ukraine. We have reduced the position size believing that whilst the business has strong long-term growth prospects this is now more reflected in the valuation.

The largest negative contributor to returns during the period was from the holding in **TSMC**, the world's leading semiconductor foundry. The business continues to produce exceptionally strong results however there are concerns that demand for AI related technology may be peaking, most notably after the release by Deepseek of a competing AI

STOCK LEVEL ATTRIBUTION

TOP CONTRIBUTORS TO RETURN

Name	Contribution (%)
Franco Nevada	1.09
Coca-Cola HBC	1.01
Fomento Economico Mexicano	0.61
Kotak Mahindra Bank	0.60
Heineken Holding	0.49

TOP DETRACTORS TO RETURN

Name	Contribution (%)
TSMC	-0.56
Tata Consultancy Services	-0.40
Cipla	-0.30
Infosys	-0.26
Nexon Co Ltd	-0.24

product that was produced without the latest hardware. We have been significantly reducing the position during the last six-months on valuation grounds and continued to reduce it during the period.

The second largest negative contributor to returns was from the holding in the Indian IT services business **Tata Consulting Services (TCS)**. There has been no specific company news to explain the performance, however we believe the recent stock weakness is related to concerns that demand for consulting services in North America will weaken due to lower government spending. We recognise that this is a risk, and demand for consulting demand is cyclical and will continue to be. We believe TCS has the balance sheet and management team to weather any future storms.

1. Inception date - 03 August 2021

2. MSCI Emerging Markets Index (AUD)

Source: Landy Tech as of 31 March 2025

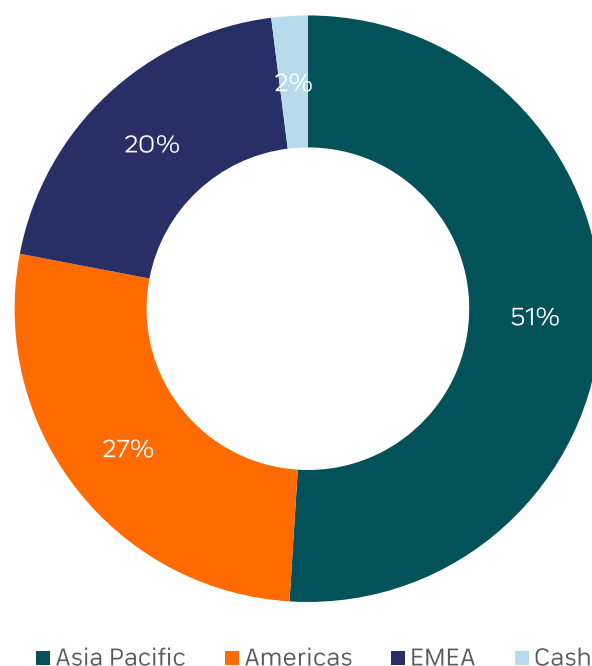
Past performance is not indicative of future returns

Portfolio Characteristics

COUNTRY WEIGHTS

Country	Portfolio (%)	Benchmark ¹ (%)
India	23.92	18.51
Taiwan	10.69	16.84
Mexico	9.51	1.87
Brazil	7.79	4.41
China	7.32	30.35
South Africa	6.67	3.18
Canada	4.24	0.00
Chile	3.46	0.47
Switzerland	3.33	0.00
Greece	3.18	0.56
Netherlands	2.88	0.00
Portugal	2.66	0.00
Thailand	2.49	1.18
Philippines	2.21	0.49
Japan	2.02	0.00
Argentina	1.73	0.00
Indonesia	1.36	1.24
United Kingdom	1.09	0.00
Hong Kong	0.98	0.85
Cash	2.45	0.00

REGIONAL WEIGHTS



SECTOR WEIGHTS

Sector	Portfolio (%)	Benchmark ¹ (%)
Consumer Staples	44.22	4.60
Financials	17.53	24.33
Information Technology	10.82	22.45
Health Care	8.26	3.34
Consumer Discretionary	5.71	14.22
Industrials	4.66	5.96
Materials	4.33	6.13
Communication Services	2.02	10.16
Energy	0.00	4.54
Real Estate	0.00	1.68
Utilities	0.00	2.58
Cash	2.45	0.00

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

Source: Landy Tech as of 31 March 2025

Totals may not sum to 100% due to rounding

Past performance does not predict future returns

Disclaimer

Information for investors in Australia and New Zealand

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Effective 1 August 2024, following regulatory approval, from the UK's Financial Conduct Authority, Skerryvore became a wholly owned subsidiary of Skerryvore AM LLP.

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.

Skerryvore AM LLP is majority owned by eight partners, with Bennelong Funds Management Group Pty Ltd, the parent company of BFML, holding a minority stake in Skerryvore AM LLP. In addition, BFML has been appointed to act as a distributor for the Firm in relation to this Fund in Australia and New Zealand and with regards to the Firm's strategy(s) in certain other Agreed Jurisdictions as defined in a distribution agreement dated 1 August 2024.

For the purposes of this disclaimer "Fund" refers to the fund and/or share class described herein.

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The terms of investment in any of the Funds described herein (or any other fund) are solely 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/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"). Any decision to purchase securities or interests with respect to the Fund 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. Before acquiring an interest in any Fund, each prospective investor is required to confirm that they have 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 such conflicts. 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. Any investment in the Fund should be viewed as medium to long term. Past performance does not predict future returns.

Among the risks we wish to call to the particular attention of prospective investors are the following:

- Investments in Emerging Markets can involve a higher degree of risk.
- The Fund's investment programme is speculative in nature and entails substantial risks.
- 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.
- The Fund does not hedge currency exposure. If the currency of the share class is different from the local currency in the country in which you reside, the figures shown in this document may increase or decrease if converted into your local currency.
- Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. In difficult market conditions, the Fund may not be able to sell a security for full value or at all. This could affect performance and could cause the Fund to defer or suspend redemptions of its shares.

Disclaimer

- The Fund may be leveraged.
- A substantial portion of the trades executed for the Fund take place on non-AUS exchanges.
- The use of a single adviser group could mean a lack of diversification and, consequently, higher risk, and may depend on the services of key personnel, and if certain or all of them become available, the Fund may prematurely terminate.
- An investment in the Fund is illiquid and there is no secondary market for the sale of interests in the Fund and none is expected to develop.
- There are restrictions on transferring interests in the Fund.
- The Fund is not a mutual fund pursuant to, and therefore is not subject to regulation under, the United States Investment Company Act.
- The members of BFML and their affiliates may receive performance-based compensation, which may result in riskier investments, and the Fund's fees may offset trading profits.
- The Fund is subject to certain conflicts of interest.

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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: AMP North - BT (Panorama) - Hub24 - Macquarie Wrap - Netwealth - Mason Stevens - Powerwrap - Praemium

Visit [how to invest](#) to find out more.



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