Akambo International Equities Fund

AFSL 322056

The Fund's objective is to provide long-term capital appreciation by investing primarily in a portfolio of securities of companies which are traded, listed or due to be listed, on recognised exchanges and/or markets throughout the world.
The portfolio may include investments in the securities of companies traded, listed or due to be listed, on recognised exchanges and/or markets, or developing countries.

Top 10 Holdings

as at October 31, 2024

	Weight
Microsoft Corporation	6.23%
Betashares Japan ETF	5.24%
VanEck Gold Miners ETF	4.95%
Amazon.Com Inc	4.91%
Bank of America Corp	4.68%
Freeport-McMoran inc	4.58%
Palo Alto Networks Inc	4.22%
VanEck MSCI International Small Companies ETF - AUD Hedged	4.12%
Linde PLC	4.01%
India Avenue Equity Fund	3.63%

Market Update and Commentary

October Update

International share markets were mostly lower in October. The S&P 500 fell 0.99%, Europe's STOXX 600 fell 3.35%, the UK's FTSE 100 fell 1.54%, China's Shanghai Composite fell 1.70%, while Japan's Nikkei 225 rose 3.06%. U.S. stock markets snapped a 5-month winning streak with the S&P 500 taking a slight breather, affected by weakness in the semiconductor sector. Overall, the U.S. market remained in what many analysts see as a maturing bull cycle, approaching its second anniversary since recovery from the 2022 bear market. The Federal Reserve appeared ready to ease monetary policy further, with expectations of another rate cut in early November. This shift has come as inflation continued to decelerate, with core inflation remaining slightly elevated at 3.31% and the unemployment rate holding steady at 4.1%. Analysts observed that the Fed's "soft landing" approach was supporting market stability, though concerns about future growth persisted, as earnings growth rates showed signs of peaking. Sector-wise, there was a rotation favouring value and small-cap stocks, reflecting a broader investment trend diverging from the previous dominance of large-cap tech stocks. Utility stocks performed well, while energy stocks lagged amid fluctuating oil prices. Tech giants like Microsoft and Alphabet saw solid performance driven by their cloud divisions, while some tech stocks with more mature products, such as Apple, faced growing caution from investors about their ability to continue to grow earnings. Economic data was mixed, with a slowdown in hiring, as only 12,000 jobs were added, marking the lowest since late 2020. This reflected the ongoing impact of recent strikes and a decline in labour force participation. Despite these headwinds, service industries continued to show growth, and consumer spending increased slightly, indicating resilience in consumer sectors. We continued to see choppiness in Chinese equities as the market weighed the potential impact of a range of stimulus measures from authorities over the past several weeks. The Q3 U.S. earnings season dominated the latter part of the month and revealed a mixed but generally positive performance across major sectors. Approximately 75% of companies in the S&P 500 reported earnings that exceeded analyst expectations, although this rate was slightly below recent averages. Earnings grew by 5.3% overall, marking five consecutive quarters of positive growth, led by sectors such as Communication Services and Health Care. However, Energy and Materials reported year-over-year declines. The Communication Services sector also led in beating expectations, with companies like Alphabet and Meta showing significant outperformance.

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Market Update and Commentary

Monthly Performance:

The Portfolio rose 0.85% in October while the benchmark MSCI All Country World Index rose 3.29% in AUD terms.

The largest contributors to the Portfolio in October were Palo Alto Networks (PANW) up 11.70% ahead of their upcoming results, and Bank of America (BAC) up 11.67% and Alphabet (GOOG) up 9.44% on their better-than-expected earnings results.

The largest detractors were ASML (ASML) down 13.94%, Dassault Systemes (DSY) down 8.85% as earnings results disappointed, and Lloyds Bank (LLOY) down 7.75% despite a strong result but getting an unfavourable court ruling on auto loans.

Portfolio changes:

There were several changes again in October as we continue to reposition the portfolio including new positions in leading clean energy utility company Constellation Energy (CEG), leading Asian life insurance company AIA Group (1299), and leading semiconductor solutions and infrastructure software company Broadcom (AVGO). We reduced larger positions in Alphabet (GOOG), Bank of America (BAC), Novo Nordisk (NOVO) following strong runs over recent years, and reduced ASML (ASML) on a disappointing earnings result.

Company updates:

ASML Holdings (ASML), the world's leading supplier to the semiconductor manufacturing industry, reported a strong headline Q3 result in October with Q3 net income of €2.08B ahead of the €1.91B expected. Q3 revenue of €7.47B was also ahead of the €7.15B expected and ahead of company guidance of €6.7B-€7.3B. With long lead times due the complexity of the machines they manufacture, net bookings (a closely watched indicator) for the September quarter was just €2.6 billion, a decent miss on the €5.6 billion expected. ASML also provided FY 2025 total net sales to be between €30B and €35B, the bottom end of the consensus range (consensus was for €35.8B). "While there continue to be strong developments and upside potential in AI, other market segments are taking longer to recover. It now appears the recovery is more gradual than previously expected," company CEO Christophe Fouquet said in the earnings release.

Bank of America (BAC) reported better than expected Q3 earnings in October with Q3 EPS of $0.81 ahead of the $0.76 estimate as year on year net income fell less than expected. Flat Q3 revenue of $25.35B was largely in line. Fixed income trading revenue rose 8% to $2.9 billion, topping the $2.74 billion estimate. Equities trading jumped 18% to $2 billion, topping the $1.81 billion estimate. Investment banking fees also surged 18% to $1.40 billion, topping the $1.27 billion estimate. For credit quality, analysts seem content with quarterly provision and loss rates but remain concerned on commercial real estate driving some of the nonperforming loan increase. On the other hand, they were pleased by the lower net charge offs in credit cards to 3.70% from 3.88% in Q2.

UK utility, **Scottish and Southern Energy** (SSE), provided a 2nd half trading update in October and expects to report interim adjusted earnings per share of more than 45 pence, reflecting the seasonal nature of operations that delivers the majority of annual earnings in the second half. Which was ahead of the 40 pence consensus estimate. Renewables performance for the first half is higher than previous years but in line with expectations, reflecting weather conditions across the first six months of the financial year. Despite the stable market environment limiting earnings from flexible thermal and gas storage during the first half, SSE continues to expect full year adjusted operating profits from these assets of at least £200m in the current market conditions.

**The above portfolio composition, weightings, and manager comments were current as of 31st October 2024. Past performance is not a reliable indicator of future performance. Returns are calculated and referenced in Australian Dollars before fees and net of franking credits.

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Portfolio Details

Top 5 Contributors and Detractors

Contributors

- Bank of America Corporation
- Palo Alto Networks Inc
- VanEck Gold Miners ETF
- Amazon.com Inc
- Shell PLC

Detractors

- ASML Holding NV
- Lloyds Banking Group PLC
- Thermo Fisher Scientific Inc
- Freeport McMoran Inc
- SSE PLC

Portfolio Characteristics

31/10/2024	Port	Bench	Relative
# of Holdings	29.00		
Price to Earnings Ratio	22.95	22.14	0.81
Price to Book Ratio	2.94	3.25	-0.31
Dividend Yield	2.39	2.02	0.37

Sector Weights

	% Wgt	
31/10/2024	Port	+/-
Communication Services	7.01	-0.80
Consumer Discretionary	11.98	1.61
Consumer Staples	1.23	-4.96
Energy	3.64	-0.41
Financials	14.51	-2.43
Health Care	7.54	-3.02
Industrials	6.43	-4.20
Information Technology	22.20	-2.58
Materials	14.40	10.56
Real Estate	0.17	-1.94
Utilities	5.76	3.04
Not Classified	5.13	5.13

Geography

	% Wgt	
31/10/2024	Port	+/-
North America	64.01	-5.12
South & Central America	0.43	-0.32
Western Europe	11.06	-0.36
Asia Pacific	20.29	5.22
Eastern Europe	0.05	-0.14
Central Asia	3.64	1.44
Africa / Middle East	0.52	-0.72

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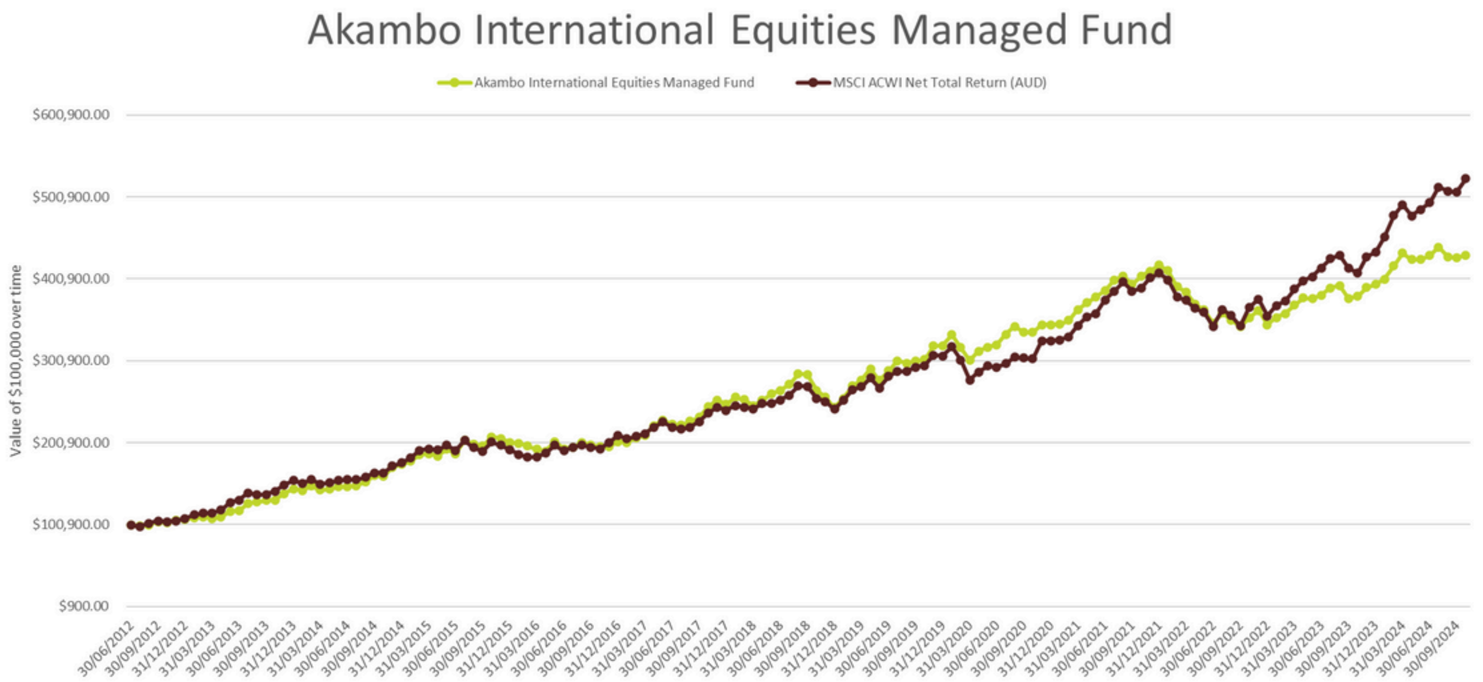
Portfolio Performance



Performance as at 31/10/2024	Akambo International Equities Fund	MSCI ACWI (net in AUD)	-/+
Since fund inception p.a 16/02/2022	4.39%	13.78%	-9.38%
Since strategy inception p.a 30/06/2012	12.56%	14.36%	-1.80%
10 year return p.a.	10.42%	12.29%	-1.87%
5 year return p.a.	7.30%	12.15%	-4.85%
3 year return p.a.	2.08%	10.34%	-8.26%
12 month return	13.34%	28.18%	-14.84%
6 month return	1.31%	9.52%	-8.20%
3 month return	-2.25%	2.00%	-4.25%
1 month return	0.85%	3.29%	-2.45%

Data sourced from Bloomberg

Past performance is no indication of future performance. Investments may rise and fall in value and returns cannot be guaranteed. Returns are based on the mid-point of unit prices and are net of all fees and charges. Unless otherwise stated, all figures are in Australian dollars and include GST. Return calculations covering a period greater than 12 months assume the reinvestment of distributions.

***The Akambo International Equities Fund (Fund) has been operating since 16/02/2022. The Fund employs the same International Equities strategy, that was used by Akambo who manage the Akambo International Equities strategy. To give a longer-term view of performance using this investment strategy, we have shown historical returns for the Akambo International Equities strategy. Returns shown for the period from 30/06/2012 reflect the returns of the Investment Strategy calculated after fees. This historical performance has been provided for information purposes only. While the strategy has been running since 1 July 2012, the Fund only became available/was incepted in 16/02/2022. Accordingly, the actual performance of the Fund since its inception will be different to the performance of the strategy. Past performance is not a reliable indicator of future performance.*

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Company Details

Investment Manager

Akambo Pty Ltd is an investment management and wealth advisory business which manages over $1 billion for retail, wholesale, and not-for-profit entities.

Founded in 2007, Akambo is owned and operated by highly regarded industry specialists, with a consistent track record of delivering strong risk-adjusted returns across a range of domestic and international asset classes.

Foremost in the philosophy of Akambo is the protection of capital and the management of risk, which is driven by a strong focus on robust investment management processes and systems.

Target Market Determination

The Fund's Target Market Determination is available here:

https://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.

Fund Features

- An international equities portfolio using the MSCI All Country World Index (Net in AUD) as its benchmark.
- A high conviction portfolio with a maximum 30 securities.
- "Style agnostic", with the portfolio consisting of both "growth" and "value" investments.
- A focus on large capitalisation global companies with strong brand awareness.
- A "long only" strategy with an active cash weighting in order to manage risk.
- A concentrated, large capitalisation global equities exposure through the one fund.
- A highly regarded investment management team with extensive experience, demonstrating robust investment and risk management processes and approach.

Contact Details

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