Warakirri Ethical Global Equities Fund
Quarterly Fund Profile
31 December 2020

Warakirri ASSET MANAGEMENT

INVESTMENT OVERVIEW

The Warakirri Ethical Global Equities Fund ("WEGE" or the "Fund") provides charitable and institutional investors access to a professionally managed global equities portfolio, offering diversification by geography, industry sector, and market capitalisation, while incorporating the Warakirri Ethical Overlay. Warakirri has appointed the high calibre global equities team at Northcape Capital as the underlying manager of WEGE, taking over investment managment responsibilities as at 30 April 2020. The Warakirri Ethical Overlay is outlined below:

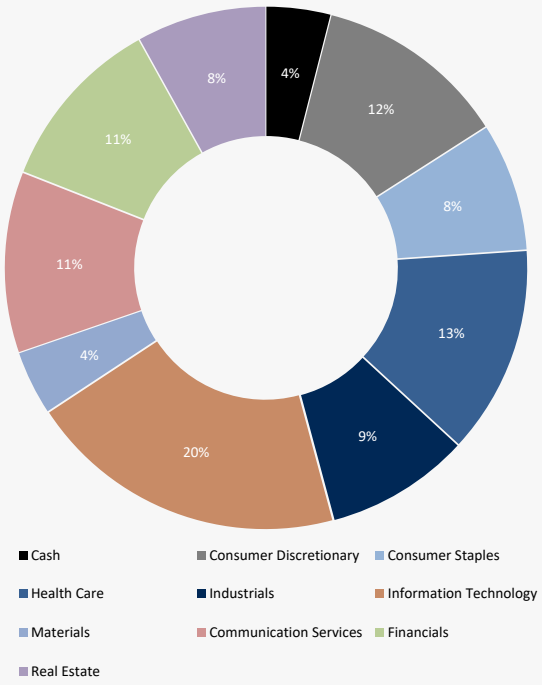
- Positive Overlay: Investment in companies that operate sustainable businesses that exhibit sound practices across: Environmental, Social and Governance.
- Negative Overlay: Warakirri excludes investment in companies that have significant businesses in the following industries: Gaming Products/Services, Tobacco Products, Alcoholic Beverages, Military Applications, Obesity & Thermal Coal and Coal Seam Gas Extraction.

PERFORMANCE SUMMARY – NET OF FEES

Performance Period	1 month	3 months	FYTD	1 Year	3 Years (p.a)	Since Inception (p.a)*
Net of Fees						
Fund	-0.8%	-0.8%	+3.3%	+0.0%	+9.6%	+12.2%
Benchmark^	-0.5%	+5.9%	+9.7%	+5.2%	+10.4%	+13.1%
Relative Return	-0.3%	-6.7%	-6.4%	-5.2%	-0.8%	-0.9%

Northcape Capital became the underlying investment manager of WEGE towards the end of April 2020.
^ MSCI World Total Return Index with Net Dividends in AUD
* Fund inception date was 1 November 2016.

INDUSTRY EXPOSURE



FUND SNAPSHOT

Key Information	
Investment Type	Long only, Global Equities
Investment Style	Active
Benchmark	MSCI World Total Return Index with Net Dividends in AUD
Investment Objective	Outperform benchmark net of fees over the long-term
Fund Size	$32,305,787
Currency	Unhedged
Distributions	Semi-Annually
Stocks Held	28

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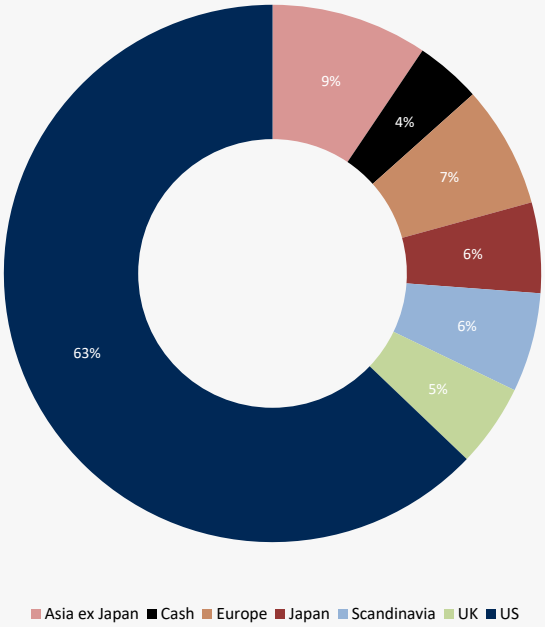
TOP 10 HOLDINGS

Security	Fund	Country	Sector
Electronic Arts	8.8%	United States	Communication Services
Dollar General Corp	7.9%	United States	Consumer Discretionary
Becton Dickinson	6.7%	United States	Health Care
Techtronic Industries Co	4.9%	Hong Kong	Industrials
Marsh & Mclennan Cos	4.9%	United States	Financials
American Tower Corp	4.9%	United States	Real Estate
Paypal Holdings	4.8%	United States	Information Technology
Cerner Corp	4.4%	United States	Health Care
Visa A	4.2%	United States	Information Technology
Givaudan	3.9%	Switzerland	Materials
Total	55.4%		

GEOGRAPHIC EXPOSURE



PORTFOLIO ATTRIBUTION

Top five contributors to relative performance

Security Name	Sector	Return	Average Weight	Contribution
Informa Plc	Communication Services	+43.1%	2.8%	+0.9%
ASML Holding NV	Information Technology	+22.9%	3.7%	+0.5%
PayPal Holdings Inc	Information Technology	+10.7%	4.2%	+0.3%
Amazon.com, Inc. *Not Held*	Consumer Discretionary	+2.8%	0.0%	+0.3%
Microsoft Corporation *Not Held*	Information Technology	+3.2%	0.0%	+0.2%

Top five detractors to relative performance

Security Name	Sector	Return	Average Weight	Contribution
SAP SE	Information Technology	-21.9%	3.9%	-1.1%
Dollar General Corporation	Consumer Discretionary	-6.6%	8.6%	-1.1%
American Tower Corporation	Real Estate	-13.2%	4.9%	-0.9%
Givaudan SA	Materials	-9.3%	4.3%	-0.7%
S&P Global, Inc.	Financials	-15.1%	3.1%	-0.6%

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DECEMBER QUARTER MARKET REVIEW

On a before-tax basis the MSCI World Total Return Net (Index) returned +5.9% during the December quarter. November was a particularly strong month, driven by the news of an effective COVID-19 vaccine, and the market alleviating concerns and uncertainty around the US election. The appreciating Australian Dollar was a headwind to returns during this period, rising +8.4% during the quarter.

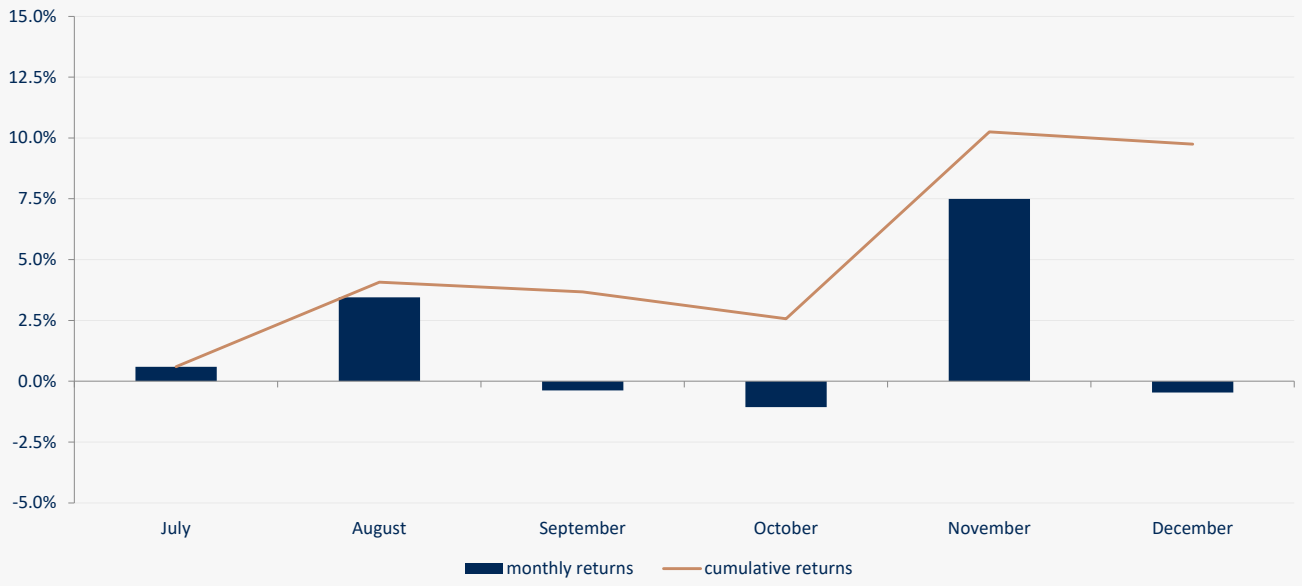
The best performing sectors for the December 2020 quarter were Financials (+14.9%), Energy (+14.9%) and Materials (+9.5%). The worst performing sectors were Consumer Staples (-0.4%), Health Care (-0.2%) and Real Estate (+0.0%).

The Australian Dollar continued to appreciate strongly over the quarter, rising +8.4% from 71 cents AUD/USD at the beginning of the quarter to end the quarter at 77 cents AUD/USD.

The Australian equity market recorded a strong positive return over the quarter, rallying on positive news of a COVID-19 vaccine, and RBA QE/rate cut driven optimism. Global equity markets posted a similar increase in share prices. Greater certainty around the US election result earlier in the month was viewed positively by investors, however it was the incremental positive vaccine news that was the key driver of the global rally in markets.

Two companies announced vaccines with over 90% effectiveness providing investors with some confidence that there is a clear line of sight to the end of the pandemic and a full reopening of the global economy. The strong rally in markets in November was characterised by a rotation to the sectors / companies that were most impacted by the pandemic. Travel related companies were amongst the stronger performers. Energy stocks also rallied in line with a rise in the oil price, a beneficiary of increased economic activity, especially of increased air travel and cruises. Financials, driven by the banks, also rallied.

Chart 1: MSCI World Total Return Net Index (Unhedged in AUD) Monthly and Cumulative Return



Warakirri ASSET MANAGEMENT

DECEMBER QUARTER MARKET REVIEW (Continued)

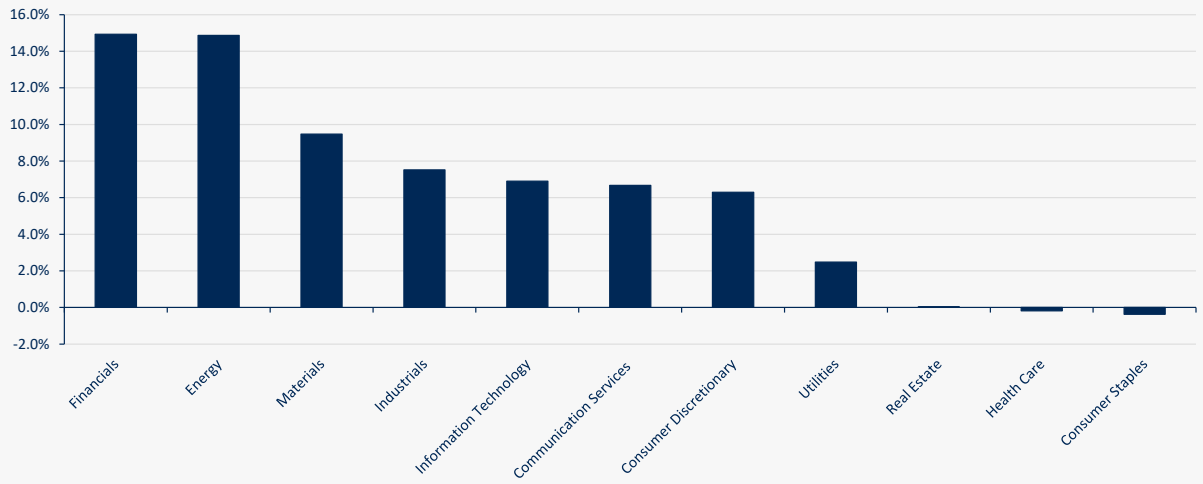
In addition to reducing the cash rate to 0.10% in the November meeting, the RBA introduced a further package of monetary measures in November including a reduction in the interest rate on Exchange Settlement balances held by financial institutions at the Bank to zero, a reduction in the target for the yield on the 3-year Australian Government bond to around 0.10%, a reduction in the interest rate on new drawings under the Term Funding Facility to 0.10% and the purchase of $100 billion of government bonds of maturities of around 5 to 10 years over the following 6 months.

According to the RBA minutes, central banks in most advanced economies continued to purchase significant amounts of government debt in secondary markets. Government bond yields have remained very low across advanced economies partly as a result of these purchases and despite strong issuance by governments. This issuance has also been met by strong demand from private sector investors.

According to the US Federal Reserve December press release, the Fed reaffirmed it is committed to using its full range of tools to support the U.S. economy in this challenging time, thereby promoting its maximum employment and price stability goals.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation running persistently below this longer-run goal, the Committee is aiming to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent. It is expected that an accommodative stance of monetary policy will be maintained until these outcomes are achieved. The Committee decided to keep the target range for the federal funds rate at 0-0.25% and expects it will be appropriate to maintain this target range until labour market conditions have reached levels consistent with the Committee's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In addition, the Federal Reserve announced it will continue to increase its holdings of Treasury securities by at least $80 billion per month and of agency mortgage-backed securities by at least $40 billion per month until substantial further progress has been made toward the maximum employment and price stability goals. These asset purchases should help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.

Chart 2: Quarterly Sector Total Returns



FURTHER INFORMATION

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