

Warakirri Ethical Australian Equities Fund

Quarterly Fund Profile

30 September 2021



INVESTMENT OVERVIEW

The Warakirri Ethical Australian Equities ("WEAE" or the "Trust") has been established by Warakirri Asset Management Ltd (Warakirri) to offer tax-exempt organisations access to a high quality investment manager specialising in Australian equities, via a vehicle managed specifically to their tax-exempt status. The underlying investment manager, Northcape Capital seeks to invest in sustainable, high quality companies with attractive valuations listed on the Australian Securities Exchange (ASX), whilst ensuring the portfolio is compliant with the Warakirri Ethical Overlay:

- 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 and Thermal Coal & Coal Seam Gas Extraction.**

PERFORMANCE SUMMARY – NET OF FEES

Performance Period	NORTHCAPE CAPITAL			3 Years (p.a)	5 Years (p.a)	10 Years (p.a)	Since Inception (p.a)*
	1 month	3 months	1 Year				
After-Tax							
Fund	-0.7%	+4.6%	+30.7%	+10.7%	+11.2%	+11.3%	+11.3%
Benchmark^	-1.6%	+2.4%	+32.3%	+11.6%	+12.1%	+12.4%	+9.6%
Relative Return (After-Tax)	+0.9%	+2.2%	-1.6%	-0.9%	-0.9%	-1.1%	+1.7%

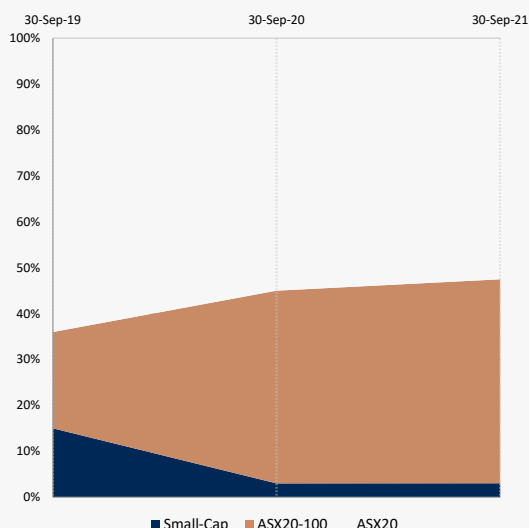
Performance Period	NORTHCAPE CAPITAL			3 Years (p.a)	5 Years (p.a)	10 Years (p.a)	Since Inception (p.a)*
	1 month	3 months	1 Year				
Before-Tax							
Fund	-1.1%	+4.1%	+29.5%	+8.2%	+8.9%	+9.1%	+11.3%
Benchmark^	-1.9%	+1.8%	+30.9%	+10.0%	+10.5%	+10.8%	+9.6%
Relative Return (Before-Tax)	+0.8%	+2.3%	-1.4%	-1.8%	-1.6%	-1.7%	+1.7%

Northcape Capital became the underlying investment manager effective 1 April 2020.

^ Benchmark is the S&P/ASX300 Accumulation Index. The after-tax benchmark has been calculated using the tax status of Tax-Exempt (0% tax rate).

* Fund inception date was 1 June 1993. Since inception returns are before-tax, franking credits are not included.

MARKET CAPITALISATION EXPOSURE



FUND SNAPSHOT

Key Information	
Investment Type	Long only, Australian equities
Investment Style	Active
Benchmark	After-tax benchmark based on the S&P/ASX 300 Accumulation Index
Investment Objective	Outperform benchmark net of fees over the long-term
Fund Size	\$269,045,544
Underlying Investment Manager	Northcape Capital
Stocks Held	37
Distributions	Quarterly

Signatory of:



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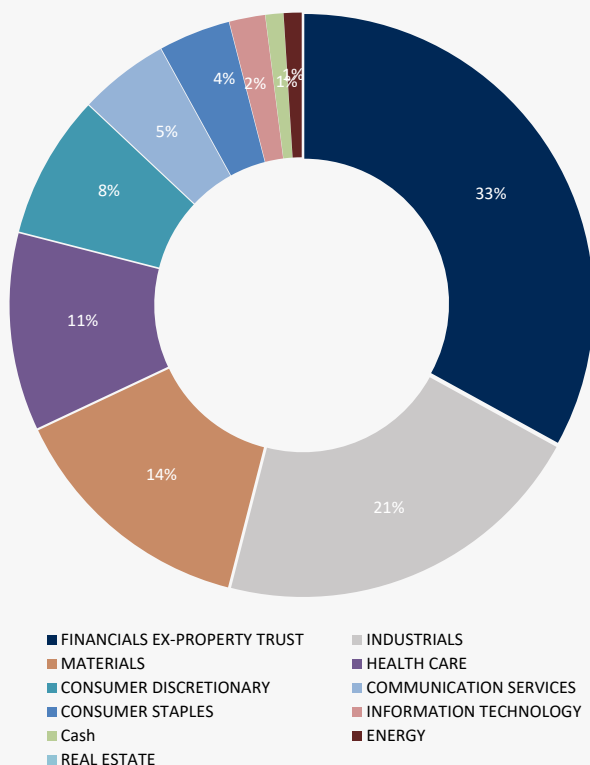
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TOP 10 HOLDINGS

Security	Fund
BHP BHP Billiton Ltd	8.0%
MQG Macquarie Group Ltd	7.7%
CSL CSL Limited	7.0%
TCL Transurban Group	7.7%
CBA Commonwealth Bank	6.2%
SYD Sydney Airport	5.0%
QAN Qantas Airways	4.5%
JHX James Hardie Indust	4.3%
ASX Australian Stock Ex	4.1%
WBC Westpac Banking Corp	3.9%
Total	58.4%

INDUSTRY EXPOSURE



PORTFOLIO ATTRIBUTION

Top five contributors to relative performance

Security Name	Sector	Return	Average Weight	Contribution
Sydney Airport	Industrials	+42.3%	4.7%	+1.1%
IDP Education Limited	Consumer Discretionary	+39.0%	3.3%	+1.0%
Qantas Airways	Industrials	+21.7%	3.9%	+0.7%
Macquarie Group	Financials	+16.3%	7.2%	+0.6%
Forescue Metals Not Held	Materials	-28.6%	0.0%	+0.5%

Top five detractors to relative performance

Security Name	Sector	Return	Average Weight	Contribution
BHP Group	Materials	-17.6%	9.7%	-0.7%
JB Hi-Fi Limited	Consumer Discretionary	-7.9%	2.6%	-0.2%
REA Group	Communication Services	-5.6%	2.7%	-0.2%
Wisetech Global Not Held	Information Technology	+68.2%	0.0%	-0.2%
National Australia Bank	Financials	+6.1%	0.7%	-0.1%

PORTFOLIO INCOME YIELD

WEAE Current Portfolio Yield	
Income Yield	2.8%
Franking Credit Yield	1.0%
Total Grossed-Up Yield	3.8%

PERFORMANCE – RISING & FALLING MARKETS

Market	Total Months	Outperformed Months	Underperformed Months
Rising	222	108	114
Falling	118	79	39
Total	340	187	153

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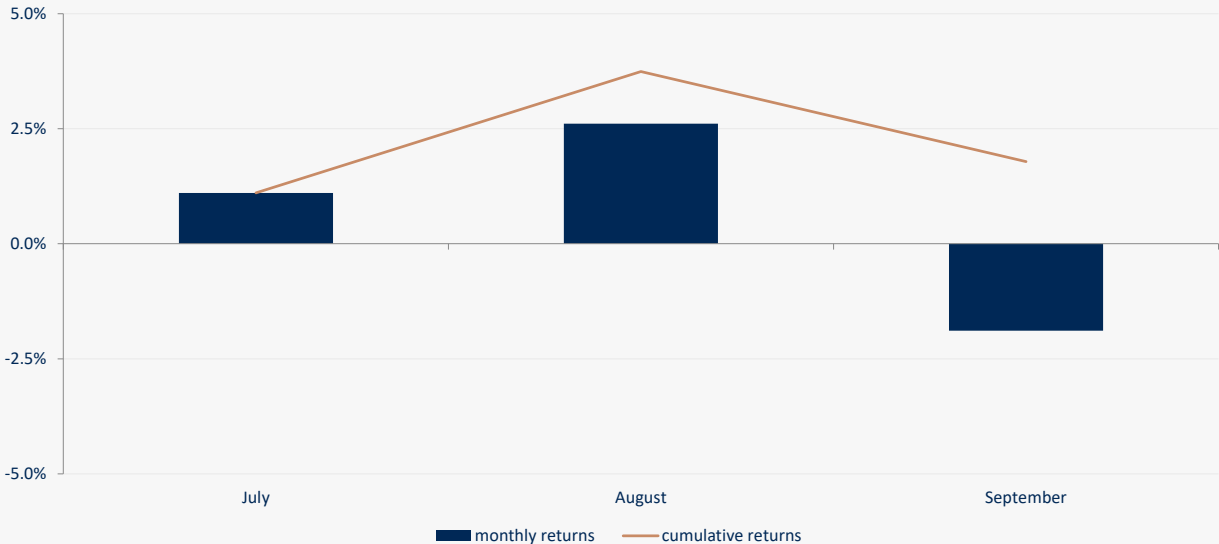
MARKET REVIEW

On a before-tax basis the S&P/ASX 300 Accumulation Index (Index) returned +1.8% over the September quarter, underpinned by robust company results during the recent reporting season. Changes in key macro variables during the September quarter included:

- Domestic bond yields fell to a 7-month low in August (1.08%) before bouncing back to finish the quarter close to where it started (1.49%) given rising inflation expectations.
- ABS Retail sales fell by ~3% and ~1% in July and August on the prior year respectively, unsurprisingly reflecting the impact of the extended lockdowns. Past experience (for example, Victoria in November 2020) has shown a sharp recovery in sales growth once restrictions are lifted.
- The unemployment rate in Australia fell to 4.5% in August, levels not seen in over a decade. Whilst this is distorted by lockdown impacts on participation, we anticipate relatively strong labour market conditions once states are reopened consistent with strong job vacancy and employment intentions data

- The iron ore price declined from a high of US\$217/t in July, to a low of US\$99/t in September, before finishing the quarter at US\$117/t.
- The gold price remained relatively stable, finishing the quarter at US\$1,757/oz. The oil price jumped 8% during the quarter to finish at US\$78/bbl.
- A weakening in the AUD against the USD, from \$0.75 to \$0.72.

Chart 1: S&P/ASX 300 Accumulation Index Monthly and Cumulative Return



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MARKET REVIEW (Continued)

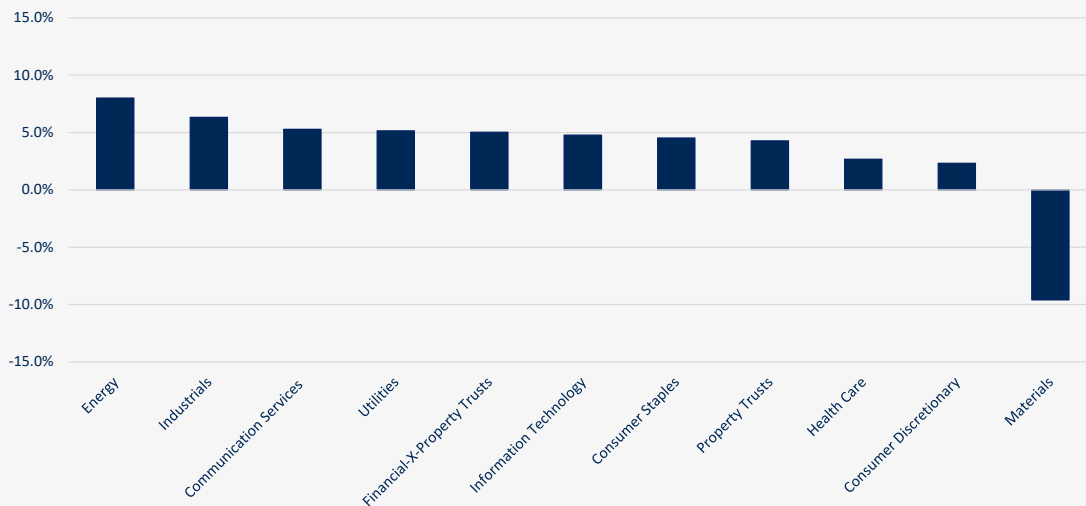
Nearly every sector ended the September quarter higher, with the Energy sector the best performer (+9%) due to a 17% gain in the month of September alone. The unfolding global energy crisis, marked by soaring gas prices and tightness of supply in the Chinese market, boosted demand for energy stocks such as Whitehaven Coal (WHC +66%), Viva Energy Group (VEA +23%) and Beach Energy (BPT +21%).

The Telco sector was up 8% during the September quarter, with Telstra up 5% following its Strategy Day, which included indications of a bottoming of Fixed and Corporate earnings, further cost-out benefits and more modest capex requirements moving forward. Industrial stocks (+7%) were boosted by gains predominantly from the Transport sector, with Qantas (QAN +22%) outperforming the broader market by 19% over the September quarter, as it announced international travel from Australia to select destinations is set to restart as early as November this year. We expect a strong rebound in underlying demand once borders reopen, with Qantas likely to capture the majority of the international outbound demand in the initial stages.

The Consumer Discretionary sector rose 3% over the last three months as household savings remain at elevated levels and is creating pent up demand for retail spend once restrictions ease, particularly with international travel yet to resume. JB Hi-Fi (JBH -10%) is well positioned as the low-cost leader in its core Consumer electronics sector, with strong seasonal growth expected as it heads into the busy Black Friday/Cyber Monday and Christmas trading period.

The Materials and Resources sectors were the only two laggards during the September quarter, with both sectors falling by ~9%. BHP Group (BHP -17%), RIO Tinto (RIO -21%) and Fortescue Metals (FMG -36%) were hit by the rapid decline in the iron ore price, which halved over the September quarter as a result of Government-ordered curtailments in steel production due to the air pollution crackdown in China ahead of the 2022 Beijing Winter Olympics. Curbs on the Chinese property sector and alarming headlines around the potential default of its largest property developer, Evergrande, also contributed to the negative sentiment for raw materials. Although the decline in iron ore has been faster than expected, at current prices the sector still remains highly cash flow generative, and dividends yields remain robust throughout the sector.

Chart 2: September Quarter Sector Total Returns



FURTHER INFORMATION

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