Warakirri Concentrated Australian Equities Fund Quarterly Report
31 March 2024

Warakirri
ASSET MANAGEMENT

INVESTMENT OVERVIEW

The Warakirri Concentrated Australian Equities Fund (the "Fund" or "WCAEF") provides investors with access to one of Australia's leading active Australian equities managers. Northcape's high calibre Portfolio Management team seek to invest in sustainable, high quality companies with attractive valuations listed on the Australian Securities Exchange (ASX). The WCAEF aims to outperform the broader market over the medium to long term. The fund typically holds 15-30 companies. All trust income is distributed quarterly to investors.

PERFORMANCE SUMMARY – NET OF FEES

Performance Period	NORTHCAPE CAPITAL						5 Years (p.a)	10 Years (p.a)	Since Inception (p.a)*
Net of Fees	1 month	3 months	FYTD	1 Year	2 years (p.a)	3 years (p.a)			
Fund	+2.27%	+3.57%	+11.62%	+11.99%	+7.42%	+9.88%	+7.88%	+7.82%	+9.81%
Benchmark^	+3.26%	+5.43%	+13.28%	+14.40%	+6.66%	+9.43%	+9.15%	+8.27%	+8.84%
Relative Return	-0.99%	-1.86%	-1.66%	-2.41%	+0.76%	+0.45%	-1.27%	-0.45%	+0.97%

Northcape Capital was appointed the underlying investment manager effective 30 April 2020.
^ Benchmark is the S&P/ASX300 Accumulation Index. Returns shown are net of fees.
* Fund inception date was 25 April 1996.

NORTHCAPE PERFORMANCE TRACK RECORD - CONCENTRATED AUSTRALIAN EQUITIES

Performance Period	1 month	3 months	FYTD	1 Year	2 Years (p.a)	3 Years (p.a)	5 Years (p.a)	10 Years (p.a)	Since Inception (p.a)*
Gross of Fees									
Northcape Concentrated Australian Equities	+2.27%	+3.74%	+12.37%	+13.04%	+8.45%	+11.02%	+10.94%	+10.50%	+10.98%
Benchmark^	+3.26%	+5.43%	+13.28%	+14.40%	+6.66%	+9.43%	+9.15%	+8.27%	+7.92%
Relative Return	-0.99%	-1.69%	-0.91%	-1.36%	+1.79%	+1.58%	+1.78%	+2.24%	+3.06%

^ Benchmark: S&P/ASX300 Accumulation Index
* Inception date Northcape Concentrated Australian Equities is 1 April 2005. Returns shown are gross of fees and taxes.

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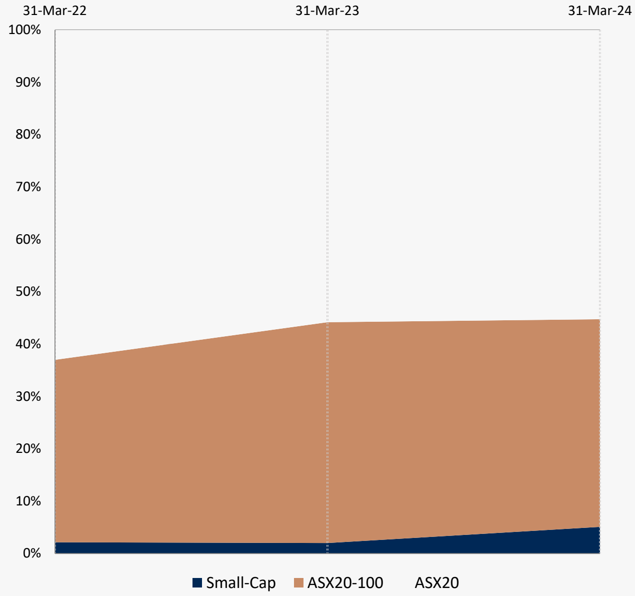
FUND FACTS

Fund Facts	
Investment Objective	Outperform benchmark over the long-term
Investment Time Horizon	5 Years +
Portfolio Managers	Rob Inglis, Craig McCourtie, Richard Maynier & Paul Parsons
Risk Level	High
Distribution Frequency	Quarterly
Minimum Investment	$25,000.00
APIR Code	WRA3342AU
ARSN Code	642 392 041
Fund Size	$71,100,586
Platform Availability	Netwealth IDPS, AMP North
Research Ratings	Zenith: Recommended LONSEC: Recommended
Further Information	www.warakirri.com.au

MARKET CAPITALISATION EXPOSURE



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TOP 10 HOLDINGS

Security		Fund	Index	Variance
BHP	BHP Billiton Ltd	11.0%	9.3%	1.7%
CSL	CSL Limited	10.8%	5.8%	5.0%
MQG	Macquarie Group Ltd	9.8%	3.0%	6.8%
TCL	Transurban Group	7.7%	1.7%	6.0%
NAB	National Aust Bank	6.4%	4.5%	1.9%
JHX	James Hardie Indust	5.5%	1.1%	4.4%
QAN	Qantas Airways	4.9%	0.4%	4.5%
BXB	Brambles Limited	4.5%	0.9%	3.6%
FPH	Fisher & Paykel H	4.1%	0.2%	3.9%
CBA	Commonwealth Bank	3.7%	8.3%	-4.6%
Total		68.4%	35.2%	33.2%

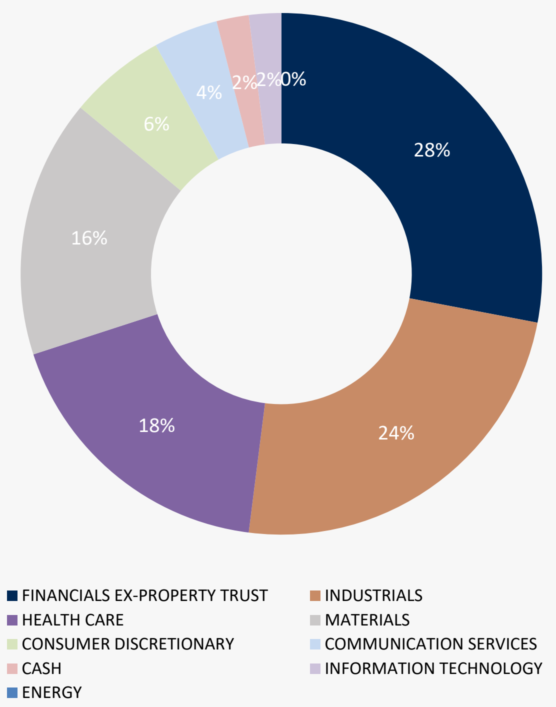
TOP 5 ACTIVE HOLDINGS

Security		Fund	Index	Variance
MQG	Macquarie Group Ltd	9.8%	3.0%	6.8%
TCL	Transurban Group	7.7%	1.7%	6.0%
CSL	CSL Limited	10.8%	5.8%	5.0%
QAN	Qantas Airways	4.9%	0.4%	4.5%
JHX	James Hardie Industries	5.5%	1.1%	4.4%

BOTTOM 5 RELATIVE HOLDINGS

Security		Fund	Index	Variance
CBA	Commonwealth Bank	3.7%	8.3%	-4.6%
WBC	Westpac Banking Corp	0.0%	3.8%	-3.8%
ANZ	ANZ Banking Group	0.0%	3.7%	-3.7%
WES	Wesfarmers	0.0%	3.2%	-3.2%
GMG	Goodman Limited	0.0%	2.4%	-2.4%

INDUSTRY EXPOSURE



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Warakirri
ASSET MANAGEMENT

INSIGHTS FROM THE MANAGER

MARKET REVIEW

The Australian equity market was up 5% over the March quarter, following a strong 8% rise in the December quarter of the prior year. Earnings season was similar to previous reporting periods where slightly more companies exceeded consensus expectations than fell short. Revenue growth moderated back to a more normal level as companies had less scope to use price/ mix and were more dependent on volume growth. Corporates were generally well hedged and protected to some extent from higher interest rates.

Global equity markets remain focussed on the timing and magnitude of potential rate cuts. This will be dependent on inflation returning closer to target ranges. Central banks (including the RBA) have been surprised at the time taken for tighter policy settings to impact on economic activity and this outcome may be due to "excess" savings from COVID which are now being depleted. US bond yields pushed higher (3.84% to 4.2%) over the quarter as the timeframe for rate cuts (and magnitude of the decline) was pushed out while Australian bond yields were flat. Investors have been quick to price in an easing cycle and any deferral may see a short-term correction.

A feature of our market was a 21% fall in the iron ore price, leading to a selloff in the major miners. The fall in the iron ore price could be attributed to rising ore stockpiles at the ports and medium-term concerns over the outlook for the Chinese property market. Excess steel in China is currently being used to add capacity in the manufacturing industry. However, this may lead to trade problems in the long run as other countries use tariffs to protect their own industries from dumped manufactured goods. Excess steel output is also being exported, leading to record low Asian steel spreads which BlueScope noted are now below the cash breakeven level.

The 4 major banks have been strong relative performers over the last 3 quarters. The team at Northcape has been somewhat surprised by these gains as recent earnings results suggest the medium-term outlook for bank sector profits is relatively flat and valuations are now at extended levels. Intense competition for deposits is contributing to a gradual decline in net interest margins while at the same time credit growth has been anaemic. Cost growth remains a headwind due to limited productivity offsets. The cost story for the major banks is in contrast to Macquarie Group where its significant investment in platform and compliance resource is largely complete and could benefit from positive operating leverage in FY 25.

Positive global sentiment for AI stocks spilled over into the Australian market as both Goodman Group and NextDC were re-rated on the profit potential from their respective data centre development pipelines. The team are cautious on stocks such as NextDC which advanced approximately 30% over the quarter. It remains unprofitable due to continued re-investment in new data centres and is probably best viewed as a property infrastructure company. The market is currently paying 4x net asset backing which seems excessive to the manager despite it currently being Buy-rated by all 11 broking analysts who cover the stock (no sells, no holds). Goodman Group is a different investment proposition and looks set to generate strong earnings growth over the next 3-5 years. Management have forecast a data centre development pipeline > $50bn over the next 5-7 years and investors have been quick to incorporate future development profits into their valuations. Northcape believe there is limited allowance for risk factored into the current share price.

M&A activity picked up in the quarter, especially from foreign buyers. Takeover bids for Australian building material stocks (CSR, Adelaide Brighton & Boral) were prominent. A successful takeover offer for Altium by a foreign company led to funds being re-invested in other technology stocks such as Wisetech, which advanced 25% over the quarter. While there are some high-quality stocks in this sector, the team are cautious at current extended valuation multiples, especially where earnings quality is questionable. Implied organic revenue growth for stocks such as Wisetech seems over optimistic to the team.

PORTFOLIO PERFORMANCE

The Warakirri Concentrated Australian Equities fund rose 3.6% for the quarter underperforming the benchmark by -1.9%. Negative contributions came from our overweight exposure in Transurban (TCL -3%), IDP Education (IEL -9%) and nil exposure in Goodman Group (GMG +34%). The main contributors to performance were our overweight position in Ventia Services (VNT +26%), Brambles (BXB +21%) and our nil position in Woolworths (WOW - 10%).

CONTRIBUTORS & DETRACTORS MARCH QUARTER

Top 5 Contributors to Relative Performance	Sector	Return	Average Weight	Contribution
Ventia Services Group Limited	*Industrials*	+25.7%	2.8%	+0.5%
Brambles Limited	*Industrials*	+20.5%	3.4%	+0.3%
Woolworths Group Ltd *(Not Held)*	*Consumer Staples*	-9.5%	0.0%	+0.3%
Rio Tinto Ltd *(Not Held)*	*Materials*	-7.3%	0.0%	+0.3%
Fortescue Metals Group *(Not Held)*	*Materials*	-7.8%	0.0%	+0.3%

INSIGHTS FROM THE MANAGER (continued)

Top 5 Detractors from Relative Performance	Sector	Return	Average Weight	Detraction
Transurban Group Ltd.	*Industrials*	-2.8%	8.3%	-0.6%
IDP Education Ltd.	*Consumer Discretionary*	-9.3%	3.7%	-0.6%
Goodman Group *(Not Held)*	*Real Estate*	+33.6%	0.0%	-0.5%
Wesfarmers Ltd *(Not Held)*	*Consumer Discretionary*	+21.6%	0.0%	-0.5%
Seek Ltd	*Communication Services*	-5.6%	3.2%	-0.3%

Ventia Services Group (VNT) was our largest contributor for the quarter outperforming the market, as it delivered a better-than-expected FY23 profit result. The resultant share price strength was largely due to the market gaining confidence in the company's ability to deliver steady growth and consistent profitability. Ventia provides essential services under a wide array of inflation linked contracts, mostly with the public sector, providing a relatively stable base of high free cash flow generating operations. As the equity market becomes more comfortable with the characteristics of the business model, the team at Northcape see further scope for a positive re-rating of the business.

Brambles Limited (BXB) outperformed the market after a strong half year result which featured an upgrade to full-year profit guidance. The company is demonstrating strong pricing power which is enabling profit growth in an inflationary environment.

Transurban Group (TCL) underperformed by 8% over the quarter, with the market slightly disappointed by the lack of a distribution guidance upgrade for FY24. Further, an interim report released by the NSW Independent Toll Review raised some questions over the long-term viability of the Public-Private Partnership model TCL has deployed to develop additional toll road assets in the state. The team at Northcape are confident that current concession entitlements will be honoured by government stakeholders and believe the combination of population growth and inflation linked tolls will deliver an attractive income stream for shareholders for years to come.

IDP Education (IEL) underperformed mainly due to the expected impact of government decisions on the near-term earnings outlook. Governments in Canada, Australia and UK are seeking to moderate the rapid growth in international student arrivals and increase scrutiny of the quality education providers. These moves are likely to reduce international student numbers in the near term, however Northcape remain confident in the long-term outlook for this industry. Governments will tinker with the rules in this area from time to time, but they also derive large benefits from the international education sector and are fundamentally committed to ensuring its long-term success.

PORTFOLIO POSITIONING

During the quarter the team at Northcape initiated a new position Medibank (+8%). Unusual operating conditions during covid have obscured underlying improvements in the health insurance industry and in Medibank's business in particular. The manager believes the combination of more resilient earnings, good cash flow and moderate growth is relatively appealing.

The team also increased our holding in Auckland International Airport (-5%). Auckland Airport is one of the best assets they have encountered globally and should deliver strong earnings growth over the long term as a result of its substantial investment program. In addition they added to Brambles (+20%) on improving confidence in outlook for free cash flow and Telstra (flat) on relative valuation appeal.

The manager reduced our position in Seek (-6%). They have lower conviction around the company's offshore strategy and its pricing power in the relatively competitive Australian market. They also exited JB Hi-Fi (+24%) on valuation grounds after strong performance, as the anticipated re-rating had played out.

MARKET OUTLOOK

After a strong market rally in recent months, investor enthusiasm seems high while the equity risk premium is at a low level in Australia, similar to overseas equity markets. Traditional defensive stocks are being ignored at the expense of more thematic names. Our portfolio has a slight defensive bias which is not doing us any favours in the current market setting but should prove resilient on any market setback.

NORTHCAPE AUSTRALIAN EQUITIES TEAM

Rob Inglis

Director | Portfolio Manager | Analyst

42 years investment experience

Paul Parsons

Portfolio Manager | Analyst

22 years investment experience

Craig McCourtie

Director | Portfolio Manager | Analyst

35 years investment experience

Richard Maynier

Portfolio Manager | Analyst

18 years investment experience

Kevin Soo

Senior Analyst

8 years investment experience

Peiting Liang

Senior Analyst

6 years investment experience

For more information, please contact us on 1300 927 254 or visit www.warakirri.com.au

Carbon Neutral Organisation — Climate Active

PRI Principles for Responsible Investment

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