Warakirri Global Emerging Markets Fund
Quarterly Report
30 June 2024

Warakirri
ASSET MANAGEMENT

INVESTMENT OVERVIEW

The Warakirri Global Emerging Markets Fund ("WGEMF" or the "Fund") offers investors access to a high conviction portfolio of 20-40 high quality global emerging market stocks diversified by geography, industry and size of market capitalisation. Warakirri has appointed the high calibre global emerging market equities team at Northcape Capital as the underlying manager of WGEMF.

PERFORMANCE SUMMARY – NET OF FEES

Performance Period	1 month	3 Months	1 Year	2 Years (p.a)	3 Years (p.a)	Since Inception (p.a.)*
Net of Fees						
Fund	+3.30%	-1.02%	+5.38%	+11.14%	+0.90%	+3.65%
Benchmark	+3.51%	+2.57%	+12.18%	+8.59%	-1.29%	+4.42%
Relative Return	-0.21%	-3.59%	-6.80%	+2.55%	+2.19%	-0.77%

^ Benchmark: MSCI Emerging Markets Total Return Index in Australian Dollars. Returns shown are net of fees.
* Fund inception date was 22 July 2020.

NORTHCAPE PERFORMANCE TRACK RECORD - EMERGING MARKETS

Performance Period	1 month	3 months	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 Emerging Markets	+3.32%	-1.12%	+6.81%	+12.91%	+2.74%	+9.11%	+11.40%	+11.03%
Benchmark^	+3.51%	+2.57%	+12.18%	+8.59%	-1.29%	+4.12%	+6.41%	+4.80%
Relative Return	-0.19%	-3.69%	-5.37%	+4.32%	+4.03%	+4.98%	+4.99%	+6.23%

^ Benchmark: MSCI Emerging Markets Total Return Index in Australian Dollars
* Inception date Northcape Global Emerging Markets is 1 July 2008. Returns shown are gross of fees and taxes.

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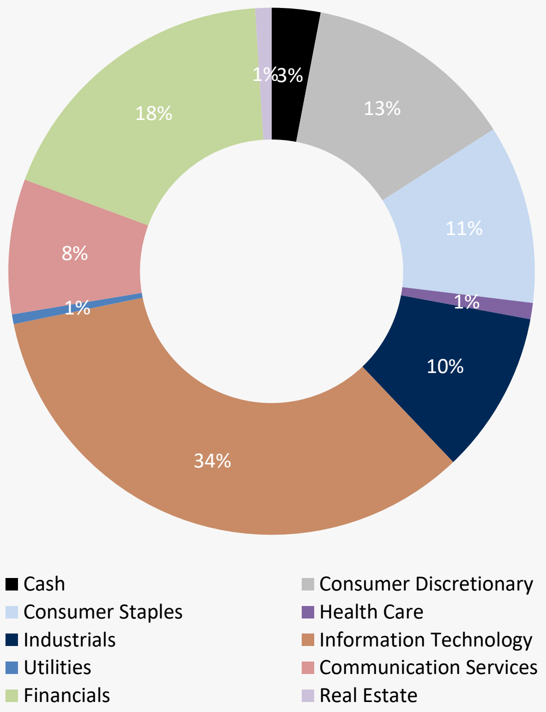
FUND FACTS

Fund Facts	
Investment Objective	Outperform benchmark over the long-term
Investment Time Horizon	5 Years +
Portfolio Managers	Patrick Russel, Douglas Ayton, Tom Pidgeon, Ross Cameron, Cameron Robson
Risk Level	High
Distribution Frequency	Semi-Annually
Minimum Investment	$25,000
APIR Code	WRA4779AU
ARSN Code	642 392 863
Fund Size	$103,060,178
Research Ratings	Zenith: Recommended Lonsec: Recommended
Platform Availability	BT Panorama, HUB 24, Netwealth, Praemium, Powerwrap, Macquarie Wrap, AMP North
Further Information	www.warakirri.com.au

INDUSTRY EXPOSURE



TOP 10 HOLDINGS

Security	Fund	Country	Sector
Taiwan Semiconductor Manufacturing company	9.4%	Taiwan	Information Technology
Hdfc Bank	8.0%	India	Financials
Samsung Electronics Co	7.5%	South Korea	Information Technology
Sk Hynix	6.2%	South Korea	Information Technology
Maruti Suzuki India	6.1%	India	Consumer Discretionary
Femsa Unit Ubd	5.1%	Mexico	Consumer Staples
Tata Consultancy	4.9%	India	Information Technology
America Movil Sab De Cv	4.6%	Mexico	Communication Services
Dino Polska	4.4%	Poland	Consumer Staples
Bank Central Asia	4.4%	Indonesia	Financials
Total	60.6%		

Portfolio holdings are subject to change.

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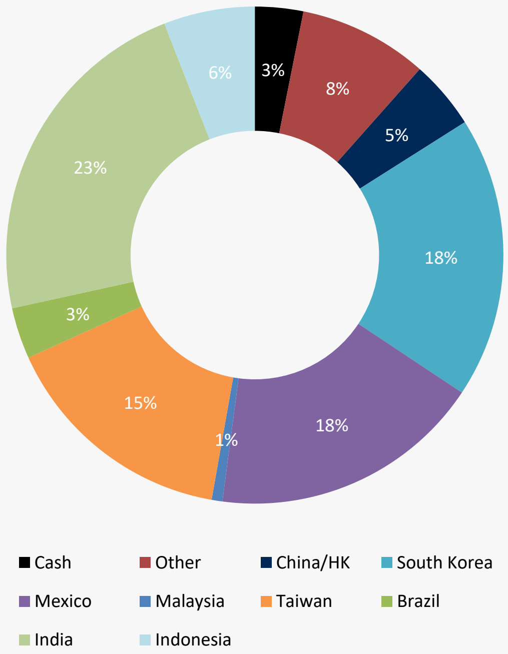
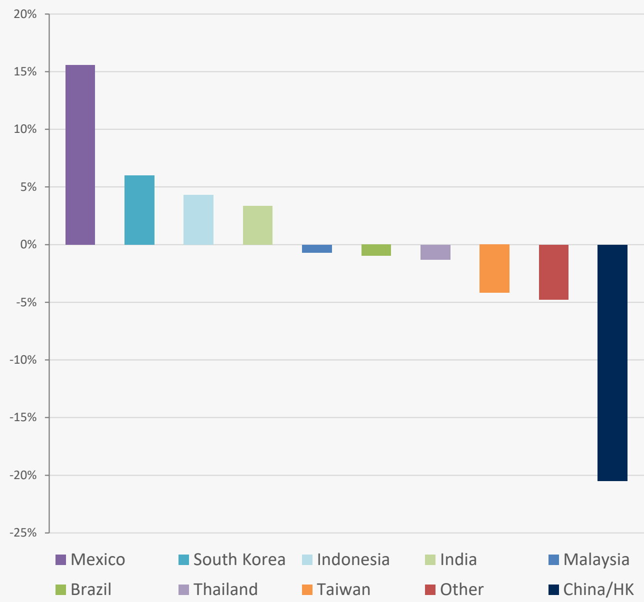
GEOGRAPHIC EXPOSURE



GEOGRAPHIC EXPOSURE RELATIVE TO INDEX



HOLDINGS BY MARKET CAPITALISATION

Size	Market Capitalisation	Exposure
Mega	Greater than US$100bn	37.90%
Larger	US$50bn - US$100bn	12.50%
Large	US$10bn - US$50bn	31.30%
Mid	US$2bn - US$10bn	18.20%
Small	Less than US$2bn	0.00%

Warakirri ASSET MANAGEMENT

INSIGHTS FROM THE MANAGER

MARKET REVIEW

The emerging market benchmark rallied over June, with the US$ MSCI EM index up +3.6%, taking the June quarter return to +4.1%, CY24 YTD to +6.1% and FY24 (June year-end) to +6%. Whilst posting a positive gain over the past year, EM's return has been well below global indices, with US$ DM index rising +16.8% FY24 (June year-end) – more than double EM. Global indices have been led by the US equity market and the material impact of technology, in particular AI related stocks.

Within EM, the main news over June was the intra month volatility for India, Mexico and South Africa related to the election results of these countries.

India

Prime Minister Narendra Modi started his election campaign with the slogan "Abki Baar 400 Paar". It was a confident projection that his Bharatiya Janata Party (BJP) and their allies would win 400 out of 543 lower house seats. Instead, India's election was a shock, with the BJP gaining just 240 seats (loss of 63 seats from 2019 election). India's stock market slumped -8% on 4 June. However, over the ensuing days, Modi was able to secure an additional 53 seats, through alliances with regional parties; Telugu Desam Party of Pradesh Andhra and Janata Dal (United) of Bihar. This took Modi's count to 293 seats, above the 272-seat threshold, and therefore enough to secure his third term as PM.

Subsequently, India's equity market started to recover, and finished June month up +6.9%. In the manager's view, they think it is positive BJP did not secure a "super majority" of seats, as this would raise risks of overreach, and potential social unrest from non-Hindu communities. In breaking down the result, the BJP had clearly lost ground in rural areas, which have not had the income growth and infrastructure investment to the extent of India's major urban centres. The team at Northcape now expect to see a pivot in policy support to address these rural concerns in Modi's third term, and potentially a more measured approach to the BJP's concept of a "Hindu national state" for India.

Mexico

Claudia Sheinbaum, representing the MORENA party, won the presidential election on 2 June by a landslide with 61% of the vote. In doing so, Sheinbaum became the first woman and the first person of Jewish descent to be elected president of Mexico.

Whilst the re-election of MORENA was not a surprise, the shock came in attaining a near super majority in the senate, which potentially paves the way for AMLO to enact his contentious reform agenda before he leaves office on 1 October.

The key reform is to judicial system. Judges, in all courts, including Mexico's supreme court, are to be publicly elected under the proposed reforms, rather than appointed. Thus, raising risks of political bias in the judicial system and reducing checks and balances on the government.

Mexico's capital markets reacted very badly to the election result, with Mexico Index (in US$) slumping by -13% by 13 June. However, over the second half of June, Mexico's US$ equity index did recover by +3% from its low, reflecting Sheinbaum's cabinet appointees (with strong technical experience), and a range of commitments to reduce the fiscal deficit, encourage increased foreign direct investment, refocus on border security and consider some dilution in the contentious judicial reform.

South Africa

Equities rallied +6% in USD over June after the ANC announced it would form a GNU (Government of National Unity) with the Democratic Alliance (DA, an economically liberal party). This seems like a more palatable outcome for capital markets, compared to ANC forming an alliance with Jacob Zuma's MK party – which would increase corruption risks. The DA has its roots in the Cape province and has a track record of better administration relative to other regions in South Africa. While Parliament voted in the President and Speaker of the House (both ANC), at month end markets were still waiting on the final cabinet announcements, which will have a bearing the new government's credibility.

PORTFOLIO PERFORMANCE

The Warakirri Global Emerging Markets Fund was down 1% over the June quarter, underperforming the benchmark by 3.6%.

Our performance over June month and quarter was assisted by the overweighting to India, which bounced back strongly after the initial post-election correction. The continued strength from Taiwan and South Korea semiconductor stocks, which we are overweight, also added value over these periods. Our deep underweight towards China also helped our performance, as this market started to sell off following a raft of weaker economic data released over the past month.

The key detractor for the June month and quarter was Mexico, which is a sizeable overweight for our strategy. Our underweight to South Africa also detracted, with the manager remaining concerned about the deep structural problems the country faces (large energy deficit, high youth unemployment, weak economic growth, poor productivity and risks of social unrest).

INSIGHTS FROM THE MANAGER (continued)

CONTRIBUTORS & DETRACTORS JUNE QUARTER 2024

Top 5 Contributors to Relative Performance	Sector	Return	Average Weight	Contribution
SK Hynix Inc.	*Information Technology*	+23.8%	5.3%	+0.9%
HDFC Bank Limited	*Financials*	+14.8%	7.3%	+0.7%
Taiwan Semiconductor Manufacturing Co., Ltd.	*Information Technology*	+19.9%	9.2%	+0.5%
Voltronic Power Technology Corp.	*Industrials*	+13.1%	1.9%	+0.2%
Coway Co., Ltd.	*Consumer Discretionary*	+9.5%	3.2%	+0.2%

Top 5 Detractors from Relative Performance	Sector	Return	Average Weight	Detraction
Fomento Economico Mexicano SAB de CV	*Consumer Staples*	-18.3%	5.7%	-1.2%
Techtronic Industries Co., Ltd.	*Industrials*	-17%	3.7%	-0.7%
Grupo Financiero Banorte SAB de CV	*Financials*	-24.1%	2.9%	-0.7%
America Movil SAB de CV	*Communication Services*	-11.3%	5.0%	-0.7%
Tencent Holdings Ltd *(Not Held)*	*Information Technology*	+21.1%	0.0%	-0.7%

SK Hynix (South Korea) was the top contributor to performance for the quarter. The company is the leading producer of High Bandwidth DRAM Memory (HBM), used in AI processing. The demand for this type of memory chips has surged in 2023 and into 2024 causing a severe global shortage of DRAM memory chips. SK Hynix is therefore enjoying a strong recovery in both pricing and a rapid turnaround in profitability. The last three months has seen a growing realisation that this tight supply situation will not only see SK Hynix's profitability reach higher than expected levels, but these high levels of profitability will also last for longer than expected given it takes several years to build any new semiconductor fabs.

HDFC Bank Ltd (India) is the largest private bank in India and was our second largest contributor for the quarter. Performance 2024 year to date was initially negatively impacted by the fallout from the December quarter result, where the company guided for a slowdown in loan growth in the short-term, in order to reduce its loan to deposit ratio (LDR) post the merger with its parent HDFC Ltd. However, this impact has proved transitory, with the strong recovery in deposit growth taking place in the March quarter, yielding a strong LDR improvement. This combined with the election result, where Modi's BJP won a third term, has greatly assisted the stock price over the past month.

The long-term outlook for the HDFC is very favourable, as India remains one of the most under banked economies in EM. Mortgages in particular are deeply under penetrated at just 11% of India's GDP (versus 90% in Australia), and post-merger, HDFC Bank has become one of leading mortgage providers. HDFC Bank has demonstrated a long history of managing credit risk, whilst retaining ample capital adequacy to support future loan growth. Despite the short-term slowdown, over the long-term the team anticipate loan growth of 15-20% pa, whilst retaining a ROE at a similar attractive level.

Fomento Economico Mexicano (FEMSA) was our largest detractor in the portfolio over the June quarter. It is the largest consumer group in Latam, with 30,000 convenience stores trading under the name OXXO. It also owns 47% of Coca-Cola FEMSA (KOF) – the largest Coke bottler in the world. The stock was negatively impacted by the Mexico election, where the ruling MORENA party retained power, but with super majority, which was not anticipated. This does pave the way for contentious judicial reform, which may undermine checks and balances on the government, to pass into law. The team at Northcape believe the sell-off in Mexico equities is overdone and take solace in the improved cabinet assembled by new President, Claudia Sheinbaum. Further, the new President has pledged to reassess elements of the judicial reform, reduce the fiscal deficit, encourage foreign investment and work with the US to improve border security. On a long-term basis, the team believe FEMSA is an attractive structural growth proposition, trading at a reasonable valuation. Under the new corporate strategy, FEMSA is also divesting non-core assets, which is further enhancing returns on capital. The manager has used the weakness in the share price to add to the position over June.

Techtronic (Hong Kong) was our second largest detractor this quarter. The global power tools leader underperformed over the June quarter following the surprise retirement of its popular CEO, Joe Galli, for personal reasons following 18 years in the position. Although the short-term share price reaction was negative, Northcape believe that Mr Galli's announced successor – Steve Richman – is an excellent choice, having run Techtronic's flagship Milwaukee brand for the past 17 years, over which time the brand delivered double digit compound revenue growth. As such, the team so no impact to fundamental value from Mr Galli's departure and view any further stock weakness as a good buying opportunity.

INSIGHTS FROM THE MANAGER (continued)

PORTFOLIO POSITIONING

Over June the team at Northcape added to our Mexico positions, following the sharp selloff in this equity market post the presidential election on 2 June. This was funded by trimming our IT exposures, especially related to semi-conductors, which have performed well over the past year reflecting very strong AI computer chip demand.

MARKET OUTLOOK

Main Opportunities and Risks in Emerging Markets

In addition to the usual risks that are assessed at the EM company and sovereign levels, there are a range of themes that the team at Northcape are considering with respect to portfolio positioning.

Industry consolidation, driving increased pricing power and higher ROEs for industry leaders:

In the manager's view the days of zero interest rates are gone for a few years at least. At a macro level it seems that interest rates will stay higher for longer and will put a limit (or much higher cost) on the supply of capital to start-ups and/or businesses with negative free cashflows. This is especially the case in EM where interest rates are generally much higher than in US, Europe and Japan. This will enhance the competitive position of the leading EM companies which have strong free cashflows, a fully funded business model, and will enable them to grow their market share by reinvesting in their business at a higher rate than their poorly funded competitors. This should drive industry consolidation, improving pricing power for the market leaders. Returns on capital for leading EM companies, to which the portfolio is strongly biased, should also increase and therefore support higher valuations. Looking at the portfolio at 30 June 2024 – 79% of the of companies (26 out 33) are ranked number one by market share in their respective categories. This highlights how dominant this theme is in the Northcape EM strategy.

AI benefiting North Asia semi-industry for many years:

Northcape's assessment of the North Asian semiconductor stocks, is that they are well placed to benefit as mission critical suppliers of AI chips. TSMC (10% EM portfolio) is the undisputed leader in logic chips, with only one main foundry competitor, Samsung Electronics. TSMC will also potentially continue to take market share from Intel, again due to the fact it has superior logic chip technology. Indeed, it is possible over the long-run Intel may fully abandon its own chip making and outsource its manufacturing to TSMC.

Samsung Electronics (7% portfolio) and SK Hynix (5% portfolio), likewise, will continue to benefit from the AI boom for DRAM chips, and the team have presently slanted the weighting towards Samsung Electronics given it has a more favourable valuation than SK Hynix. Crucially all these companies will also benefit from the US Chips Act.

Supply Chain Relocation from China:

The advent of COVID was a seminal event, which recognised the folly of having a supply chain overly exposed to one country, such as China. Furthermore, by way of how and where protein is processed in China, there is an ongoing risk of another pandemic emanating from this country. This coupled with the US "economic, investment and trade divorce" with China is leading to a more distributed global supply chains, that are not dependent on any one country. In the manager's view, the key EM beneficiaries of the redistribution of supply chains from China will be Vietnam, Malaysia, Indonesia, India and especially Mexico. India, Indonesia and Mexico are key overweights in the Northcape EM portfolio, whilst China is a deep underweight.

Demographics:

Exposure of the portfolio is heavily weighted towards countries where salary mass and household formation are both growing. China's salary mass is in structural decline and will worsen with its extremely low fertility rate (approaching 1). As such, salary mass and household formation is falling in China, which creates an awful headwind for domestic demand. Long-term sales growth for domestic China companies is set to fall, and materially in Northcape's view. Conversely, countries with favourable population pyramids and healthy fertility rates will potentially have very strong growth in salary mass and household formation, thus driving robust consumption growth for decades ahead. This is a massive long-term "tailwind" for sales growth of the companies addressing these countries. Essentially the company's sales base in the terminal year (10- 20 years out), is set to be substantially higher, thus supporting a vastly higher stock valuation over time. This is so called "demographic dividend". However, this dividend is not omni-present in EM. The selected few that are best placed in Northcape's view are India, Indonesia and Mexico, whilst having other important and favourable characteristics. These countries are key overweights in the portfolio, whilst China is a deep underweight.

INSIGHTS FROM THE MANAGER (continued)

If Donald Trump is elected US President, it's another headwind for China:

Current polling has Donald Trump leading in the seven battleground states. Trump is a more "transactional" person, and less inclined to comply with the "rules-based global order" and "multi-lateral" agreements. The main risk for EM is China where Trump plans to impose a 60% tariff on all goods imported from the country. A general 10% tariff would be applied to all imports.

Trump has also mentioned that 11m undocumented immigrants currently resident in the US would be deported, tax cuts would not be rolled back, and has mentioned potential change in leadership of the US Federal Reserve. In Northcape's view, these policies (plus the 60% tariff) will be very damaging for China, inflationary for the US, and potentially negatively impact global growth by reducing trades flows.

Taiwan is strategically important to the US:

Given all the leading-edge AI semiconductor chips are still made in Taiwan by TSMC, the US, even under Trump, will still provide a strong umbrella of protection for the island state, in the manager's view. The US cannot afford China getting around the Chips Act by taking over Taiwan and commandeering TSMC's leading-edge foundries, then using the technology in military applications against the US and its allies. As such, the team do not see Trump's election being unduly negative for Taiwan and TSMC. In short, Democrats or Republicans are both big headwinds for the China geopolitically. This is a factor in the team's current low weighting towards China, in addition to others mentioned.

INSIGHTS FROM THE MANAGER (continued)

VIEW AND ASSESSMENT OF OUR TOP POSITIONS

Northcape's strategy has a significant bias to quality, which has been hit by higher interest rates, and has impacted valuation over the past twelve months.

A sign of the valuation decline is in Table 1 below, we can see the forward P/E as at 30 June 2024 was 17.1x. The 2024 forward P/E is broadly in line with Northcape's average since inception and compares with a portfolio P/E of 21.0x as 30 April 2020 (the recent high), and the P/E of 15.8x a year ago (close to Northcape's low point). The RoE has improved over the past four years from 15.4% to 20.4% and is well above the MSCI EM Index RoE of 13.1% 2024.

The manager believes that as interest rates start to fall as inflation ebbs, we should see P/E expansion in our portfolio valuations again. And when combined with solid earnings growth gives rise to very robust prospects of good capital growth over the medium term.

It is worth noting that based on the Northcape team's current conservative assumptions all portfolio major positions are currently undervalued, some materially. The current median discount to the HOLT valuation is at an attractive 28% for the top ten holdings.

To illustrate this, we have included three fact sheets focusing on the the top three positions in the Fund – TSMC, HDFC Bank & Samsung Electronics. Supporting these are HOLT valuation summary charts, constructed using Northcape's assumptions.

Table 1: Northcape EM Portfolio cf MSCI EM Index as at 30 June 2024, 30 June 2023 and 30 April 2020

	P/e (x) Current Year +2	RoE Current Year	Div Yield Current Year +2	% Companies in Portfolio net cash on balance sheet
Northcape EM (weighted ave., ex-MELI US P/e) **30-06-2024**	**17.1x**	**20.4%**	**2.5%**	**31%**
MSCI EM Index **30-06-2024**	**10.1**	**13.1%**	**3.5%**	**n/a**
Northcape EM (weighted ave., ex-MELI US P/e) 30-06-2023	15.8x	20.4%	2.5%	35%
MSCI EM Index 30-06-2023	9.8x	12.2%	3.6%	n/a
Northcape EM (weighted ave., ex-MELI US P/e) 30-04-2020	21.0x	15.4%	2.5%	35%
MSCI EM Index 30-04-2020	10.8x	10.6%	3.4%	n/a

INSIGHTS FROM THE MANAGER (continued)

Taiwan Semiconductor Manufacturing Company (TSMC) (9.4% weight)

TSMC is the leading provider of semiconductor foundry services. Its technological leadership allows it to earn a high real return on capital well above its cost of capital (see HOLT valuation below).

TSMC has significant long-term growth potential, driven by industry consolidation, a shift towards semiconductor foundries (away from in-house production) and the growing use of semiconductor "chips" in a variety of applications including mobile phones, automobiles, robotics, cloud computing, Internet of Things (IoT) and Artificial Intelligence (AI). These trends have driven TSMC's revenue growth of 14% per annum since 2012.

TSMC is currently at the forefront of the development of AI technology. As the manufacturer of the most advanced semiconductor chips, TSMC dominates the production of AI chips for companies such as NVIDIA. TSMC's COWOS packaging technology also is a key enabler of AI, integrating AI processors with the required memory chips into an integrated "package".

To date the demand for TSMC's AI processors and COWOS packaging solutions have outstripped the company's ability to supply these products. It therefore appears that AI will provide a significant tailwind for TSMC's revenue and profits into next year and beyond.

TSMC's industry leading position appears to be highly defensible. Its business model is based on building an ecosystem of customers that share intellectual property amongst themselves. Competitors such as Samsung and Intel, which have a big internal demand for chips, are unable to build this ecosystem giving TSMC a significant competitive advantage. As this advantage has grown over time, TSMC's return on capital has improved.

Over the longer term, the technological limitations of semiconductor devices may result in the industry's commoditisation, however this is likely to take a significant amount of time (>7-10 years). This long-term risk is offset by TSMC's reasonable valuation, increasing return profile and strong medium-term structural growth prospects. Despite this solid performance Northcape's valuation is still well above the current share price, which assumes TSMC's competitive position will be slowly eroded over the next ten years, which is a conservative assumption.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED (2330)

Semiconductors
Market Cap: 25,053 TWD

Price: 966.00 (28 Jun, 2024)
Warranted Price: 1,328 TWD (+38%)

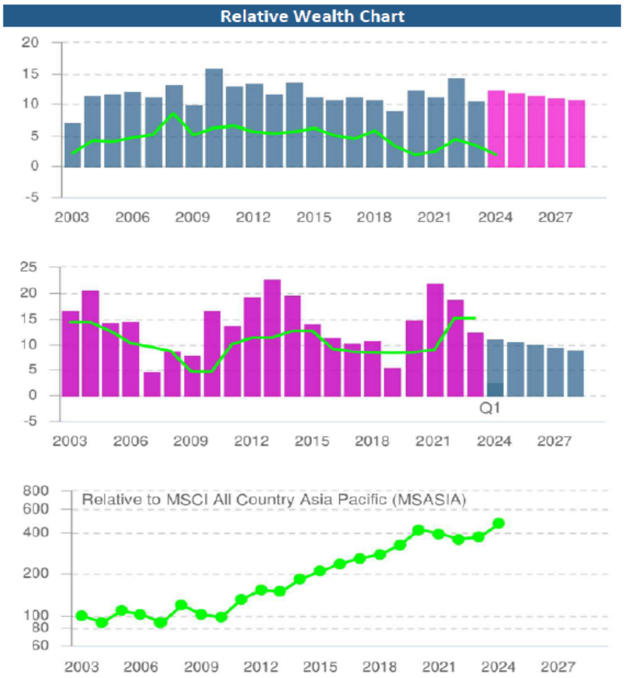
CFROI & Asset Growth Inputs

	2020	2021	2022	2023	t + 1	t + 5
CFROI % (Economic Return)	12.42	11.43	14.49	10.79	12.46	10.84
Real Asset Growth %	14.84	22.20	18.83	12.42	11.33	9.00
Discount Rate	1.93	2.47	4.45	3.47	1.97	

Warranted Valuation

	Amount (MM)	Per Share
+ PV Cash Flow Existing Assets	12,424,748	479.07
+ NPV Cash Flow Future Investments	23,384,810	901.67
+ Market Value Investments	29,617	1.14
Total Economic Value	35,839,176	1,381.88
- Market Value of Debt & Equivalents	1,161,474	44.78
- Market Value of Minority Interest	176,135	6.79
Warranted Equity Value	**34,453,192**	**1,328.44**
Winddown Value/Share		428.64
Winddown Ratio		2.25
Shares Outstanding	25,935	**upside +38%**

Relative Wealth Chart



INSIGHTS FROM THE MANAGER (continued)

HDFC Bank (7.6% weight)

HDFC Bank is India's leading private financial institution. Established in 1994, the company has created sustainable competitive advantages built around its capital adequacy, risk management, IT platform, transaction network, national branch distribution, wide product portfolio, strong customer service culture, and brand positioning. HDFC compares favourably to the public banks in India, which have legacy issues associated with technology, products, weak customer service and high levels of underperforming loans, which has limited their ability to innovate and invest.

HDFC has therefore been able to grow its loan book consistently above the overall system, whilst maintaining high levels of capital adequacy (above Basel III requirements), strong funding position (via its leading deposit position), above average NIMs, and significantly lower credit costs. This has delivered industry-leading returns to shareholders. EPS CAGR over the past 10 years has been close to 20%, with a range of 17-22% on ROE.

The merger of HDFC Bank and its parent company HDFC Ltd became effective on 1 July 2023. The merger increased the bank's loan book by 40% to US$240bn and has shifted the bias to mortgages from 11% to 31% of loans. The long-term outlook for HDFC Bank remains very favourable driven by growing demand for financial services. India remains one of the most underpenetrated markets in EM for loans, mortgages, credit and debit cards, insurance, and various wealth management and savings products.

The company has strong market share in all these categories, plus one of the largest payment platforms in India, which enables the bank to capture the opportunities from rising e-commerce penetration. Taken together these elements should underpin strong double-digit earnings growth for many years into the future. HDFC Bank continues to look undervalued, especially when taking into account cost and revenue benefits of the pending merger, and long-term growth potential.

The merger has temporarily reduced margins. However, as deposits are mobilised, higher cost liabilities of HDFC LTD will be migrated to lower costs funding from HDFC Bank, thereby returning margins to more normalised levels over the next 2-3 years. We have taken the opportunity to add to HDFC Bank, whilst the transition is underway.

HDFC BANK LIMITED - HDFC - PROFORMA (HDBK)

Diversified Banks
Market Cap: 12,692 INR

Price: 1,669 (20 Jun, 2024)
Warranted Price: 2,053 INR (+23%)

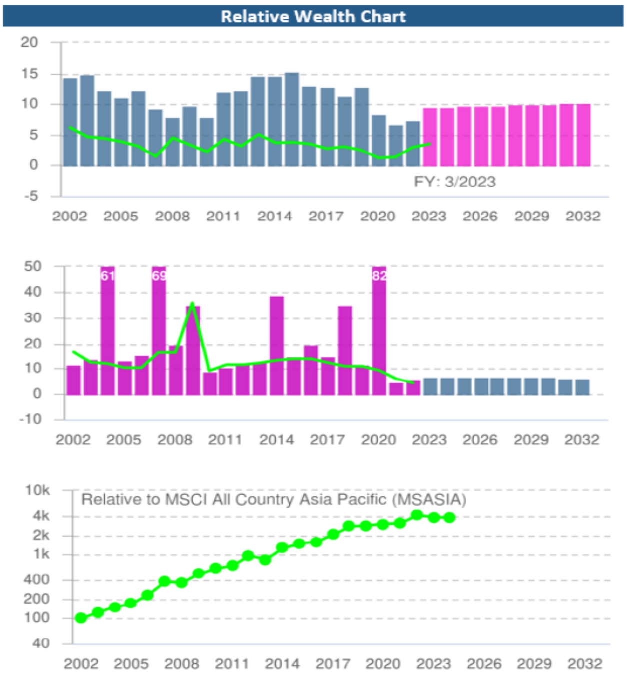
CFROE & Equity Growth Inputs

	2019	2020	2021	2022	t + 1	t + 10
CFROE % (Economic Returns)	13.00	8.49	6.64	7.46	9.59	10.26
Equity Growth %	12.02	81.62	4.92	5.76	7.12	6.68
Discount Rate	2.57	1.24	1.37	3.02	3.55	

Warranted Valuation

	Amount (MM)	Per Share
+ PV Cash Flow Existing Assets	6,548,832	861.33
+ NPV Cash Flow Future Investments	9,483,316	1,247.29
+ Market Value Investments	NA	0
Total Economic Value	16,032,148	2,108.63
- Market Value of Debt & Equivalents	2,272	0.30
- Market Value of Minority Interest	417,845	54.96
Warranted Equity Value	**15,612,031**	**2,053.37**
Implied HOLT Price to Book		3.30
Shares Outstanding	7,603	upside +23%

Relative Wealth Chart



INSIGHTS FROM THE MANAGER (continued)

Samsung Electronics (7.3% weight)

Samsung Electronics is a South Korean multinational conglomerate, with operations in semiconductor chips, smartphones, communications equipment, leading edge display panel technology and consumer electronics.

Its leadership in the manufacturing of DRAM and NAND semiconductor memory chips allows it to earn solid real return on capital through the cycle (see HOLT valuation below). The memory chip industry has consolidated down from 12 to 3 players over the past 10 years, creating significantly more rational behaviour by the industry players. This change in industry behaviour is expected to maintain Samsung's profitability and lower earnings volatility into the future.

The surge in demand during 2023 and into 2024 for High Bandwidth Memory (HBM), used in AI processing, is causing a severe shortage of DRAM chips globally. Samsung is therefore enjoying a strong recovery in both pricing and profitability for its chip division in 2024.

There has been a lack of investment in industry wide DRAM manufacturing capacity over the last few years (driven by the post COVID slump in IT spending). It will take several years to build the semiconductor fabs needed to meet rising demand, so we expect Samsung's profitability to remain strong until at least 2027.

Samsung's position as one of the three global memory chip manufacturers appears to be highly defensible. With over 30 years of experience in the manufacturing of such chips, it has built significant intellectual property in the manufacturing of the most advanced memory chips.

Over the longer term, the technological limitations of memory semiconductor devices may result in the industry's commoditisation, allowing new competitors to enter the memory chip market. However, this is likely to take a significant amount of time (>7-10 years).

This long-term risk is offset by Samsung's low valuation (the company is trading on a price to book value of 1.3x) and strong medium-term growth prospects. HOLT has assessed a valuation 42% above the current stock price on account of a more sustainable competitive advantage period and conservatively assuming lower growth going forward compared to Samsung's historic experience.

SAMSUNG ELECTRONICS CO., LTD. (005930)

Technology Hardware, Storage & Peripherals
Market Cap: 553,603 KRW

Price: 81,500 (28 Jun, 2024)
Warranted Price: 115,526 KRW (+42%)

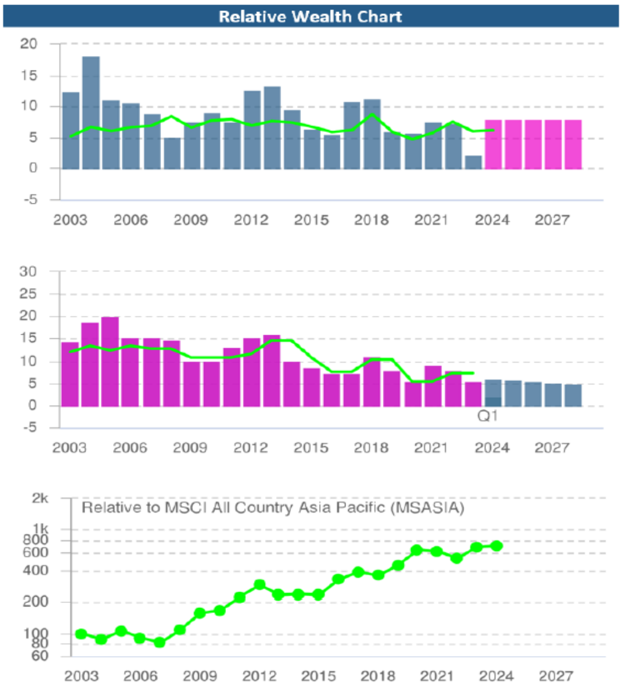
CFROI & Asset Growth Inputs

	2020	2021	2022	2023	t + 1	t + 5
CFROI % (Economic Return)	5.92	7.61	7.37	2.26	8.00	8.00
Real Asset Growth %	5.65	9.17	7.97	5.38	6.04	5.00
Discount Rate	4.73	5.73	7.53	6.01	6.16	

Warranted Valuation

	Amount (MM)	Per Share
+ PV Cash Flow Existing Assets	706,928,960	104,072.34
+ NPV Cash Flow Future Investments	116,847,248	17,201.96
+ Market Value Investments	11,767,444	1,732.37
Total Economic Value	835,543,616	123,006.66
- Market Value of Debt & Equivalents	28,396,766	4,180.50
- Market Value of Minority Interest	16,543,676	2,435.52
Warranted Equity Value	**784,731,648**	**115,526.25**
Winddown Value/Share		99,188.69
Winddown Ratio		0.82
Shares Outstanding	6,793	**upside +42%**

Relative Wealth Chart



Warakirri Global Emerging Markets Fund
Quarterly Report
30 June 2024

Warakirri
ASSET MANAGEMENT

NORTHCAPE GLOBAL EMERGING MARKETS TEAM

Patrick Russel

Director | Portfolio Manager | Analyst

34 years investment experience

Douglas Ayton

Portfolio Manager | Analyst

36 years investment experience

Tom Pidgeon

Portfolio Manager | Analyst

21 years investment experience

Ross Cameron

Portfolio Manager | Analyst

16 years investment experience

Cameron Robson

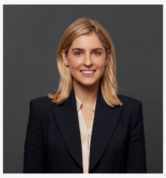
Portfolio Manager | Analyst

15 years investment experience

Oliver Johansson

Research Analyst

5 years investment experience



Aimee Jordan

Senior Analyst

4 years investment experience

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

Climate Active Carbon Neutral ORGANISATION

PRI Principles for Responsible Investment