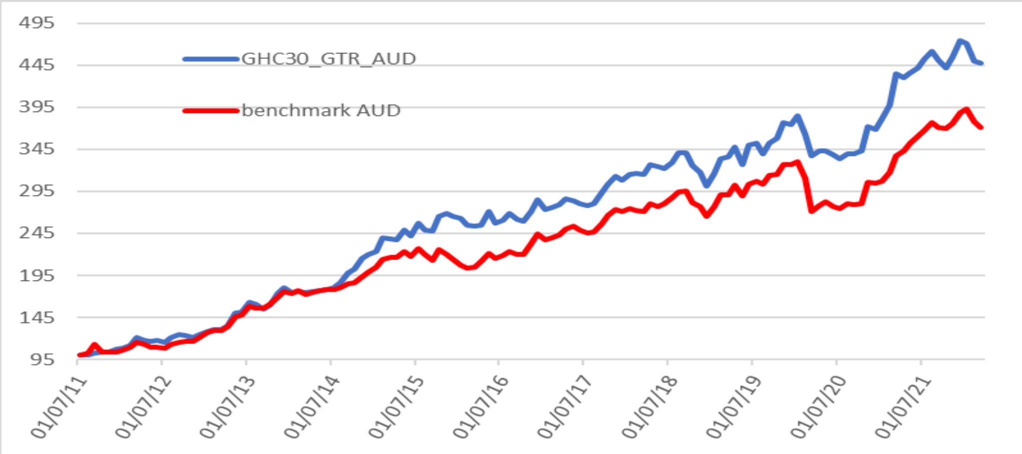
# Global High Conviction

## Strategy Update 31 March 2022

Value of AUD 100 since inception - Inception Date: 15 July 2011. Returns over 1 year are pa annualised




| Periods ended 31 Mar 2022 | 1 Month | 3 Months | 1 Year | 3 Years | Inception |
|---|---|---|---|---|---|
| Portfolio* | -0.6% | -5.7% | 3% | 10.0% | 15.1% |
| Return vs. Benchmark | 1.0% | -1.4% | -6.7% | 1.4% | 1.8% |

*Portfolio total return net Interest Withholding Tax in AUD, gross of fees. Based on a live portfolio managed by that represents an expectation of returns. The returns will differ per account due to execution timing differences, account size and minimum lot constraints. This sheet provides general information only. Intended for wholesale professional investors in Australia only, and is not a recommendation for a product. Delft Partners operates as owner of API Capital Advisory P/L AFSL 329133

Delft Partners Global High Conviction is a global listed equity strategy.

We select the best 30 stocks from the holdings in our diversified Global Equity strategy

- We invest in all major markets and sectors to capture diversification benefits.
- Position sizes are based on risk and return estimates
- We do not invest in companies where we believe poor Governance is likely to penalise shareholders.
- We have a moderate value bias preferring to pay less for future earnings and dividends if we can identify a catalyst for a re-rating

## Benefits

- Capital appreciation and dividends from attractively valued stocks
- Consistent application of a proven investment process
- Above market and peer group performance

**For additional information please visit www.delftpartners.com**

| 31 Mar 2022 | Portfolio |
|---|---|
| No. of securities | 30 |
| Wtd Avg Market cap | US$ 102.8bn |
| Price/Earnings | 13.3x |
| Price/Book | 5.4x |
| Dividend Yield | 2.6% |
| Return on Equity | 25.5% |
| Active Risk (vs Bmk) | 4.6% |
| ESG Score* (Portfolio/Universe) | 70/ 50 |

* Source: CIQ ,
Tile images https://www.antiquetileshop.com

## PORTFOLIO REVIEW & MARKET UPDATE

- World markets fell as interest rate increases, higher inflation pressures, and Russian incursions into Ukraine proved too much of a headwind. Covid, or more precisely the strategy to deal with Covid, remains a problem in Asia.
- China is likely to ease monetary policy as the USA tightens, albeit to a miniscule degree. Europe remains between a rock and a hard place. For more detailed commentary on this please ask us. We have Doug McWilliams an economist and former adviser to Governments as a consultant.
- The rise in energy and agricultural prices as a result of the Russian invasion lays bare poor strategic policy by 'The West' in the areas of energy, defence security and food. There will be long term investable trends as a consequence.
- We like Japan but the fall in the Yen for an unhedged portfolio hurt returns. This overweight position alone accounted for the underperformance of the strategy in the 1st quarter. On a fundamental basis (accretion of earnings and book value, revenue growth etc) Japan has outperformed the US. It is only P/E expansion which has produced better returns in the latter.
- Our best guess is that the US 10 year note yield will settle at 2.5% or near. It currently looks to be headed to over 3%. If it remains here for a prolonged period the consumer slowdown will be both rapid and meaningful
- We made very few trades during the quarter. Our holding period remains in excess of 3 years.
- Corporate profits remain elevated relative to wages. Expectations for long run returns should be tempered by an acknowledgment that this balance needs to shift. Getting some of these lower returns from dividends will once again prove wise.
- For sector and country weightings please visit our website.