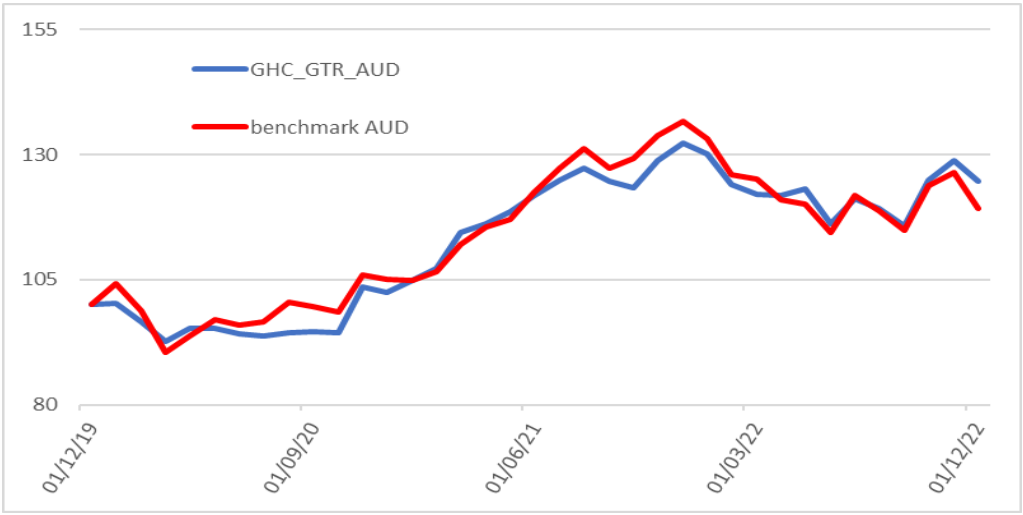
Global Diversified

Strategy Update 31 Dec 2022

Value of AUD 100 since inception - Inception Date: 1 Jan 2020. Returns over 1 year are pa annualised



Periods ended 31 Dec 2022	1 Month	3 Months	1 Year	2 Years	Inception
Portfolio*	-3.3%	7.7%	-5.8%	10.3%	7.6%
Return vs. Benchmark	2.5%	3.7%	7.9%	3.5%	1.5%

*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 Diversified is a global listed equity strategy.

We produce an efficient portfolio designed to outperform typical global market cap based equity indices on a medium term basis

- We invest in all major markets and sectors to capture diversification benefits.
- We are typically unhedged
- We do not try to time style, Beta or market exposure, preferring to typically remain fully invested
- Active position sizes are based on risk and return estimates and constructed with the help of optimisation software
- We do not invest in companies where we believe poor Governance is likely to penalise shareholders.

Benefits

- Diversified portfolio
- Controlled risk
- Access to key decision makers

For additional information please visit www.delftpartners.com

31 Dec 2022	Portfolio
No. of securities	101
Wtd Avg Market cap	US$ 129.8bn
Price/Earnings	10.9x
Price/Book	11.0x
Dividend Yield	3.4%
Beta (MSCI W)	0.86
Active Risk (vs Bmk)	5.3%
ESG Score* (Portfolio/Universe)	68/ 50

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

PORTFOLIO REVIEW & MARKET UPDATE

- World markets fell further in q4 as language from central banks regarding interest rate increases gave way to further action. US equity markets had their worst half-year in a long time. 10 Year Treasury Notes rose in price as yields declined with the expectation of a reduction in inflation.
- We have already seen a significant slowdown in economic activity as price rises, mortgage rate rises and tighter lending standards kick in, especially in the USA. Equity EPS will be revised down.
- However, the US government fiscal policy is hampering the Fed's attempt to squeeze inflation. The latest spending bill of $1.7 TRILLION includes many non productive outlays. Simple supply demand mechanics show us heading to stagflation. In this scenario P/E ratios get compressed along with EPS downgrades.
- In the absence of a fiscal "U-Turn" the chances of capital controls are looming since even higher interest rates are essentially unaffordable for most governments given recently acquired debt levels. We believe we are at a turning point which needs to be taken. The US mid term election results might provide a more balanced approach to fiscal policy.
- We still have a small Value bias to the portfolio which is benchmarked to the cap weighted global index. We made few trades in the 4th quarter, revisiting NYK, purchasing HCA and a little more MSFT to reduce active risk ,and trimming profitable positions in PWR, LNG and Targa..
- After such a poor year (especially for everyone's favourite stocks) it is likely that 2023 provides a modest positive return BUT the longer term returns for equity holders are being compromised by poor macro policy.
- For sector and country weightings please visit our website. https://www.delftpartners.com/