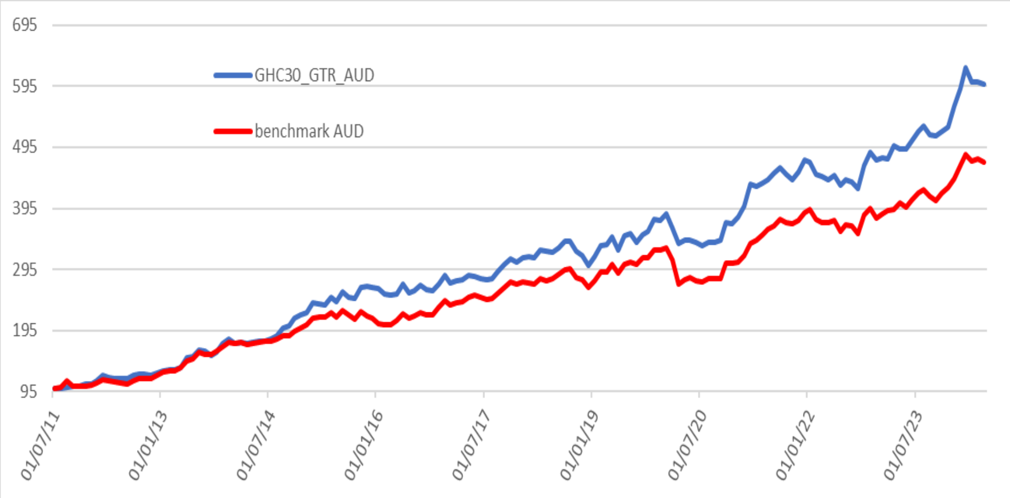
Global High Conviction

Strategy Update 31 Dec 2024

Global Investment Management

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



Delft Partners Global High Conviction is a global listed **value** 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 value bias and measure our value added by comparing our returns to a value index.**

Benefits

- Capital appreciation and dividends from attractively valued stocks
- Expected preservation of purchasing power against persistent inflation.
- Above market and peer group performance

For additional information please visit www.delftpartners.com

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Periods ended 31 Dec 2024	1 Month	3 Months	1 Year	3 Years	Inception
Portfolio*	-0.5%	6.7%	24.9%	11.7%	15.1%
Return vs. Benchmark	-1.1%	-1.9%	-0.1%	0.2%	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

31 Dec 2024	Portfolio
No. of securities	30
Wtd Avg Market cap	US$ 98.6bn
Price/Earnings	15.6x
Price/Book	4.79x
Dividend Yield	2.6%
Price/Sales	2.63x
Active Risk (vs Bmk)	4.6%
PAR Score (Portfolio/Universe)	79/50

PORTFOLIO REVIEW & MARKET UPDATE

- World markets declined marginally in US$ in the 4th quarter after a weak December eroded gains. Initial euphoria over the “Trump Trade” has dissipated as the true picture of the US economy emerges. Returns over the last few years however have been exceptional. The A$ was weak again—too much government intervention and regulation and not enough productivity gains from capital investment.
- Holdings in Heidelberg Materials and Tokyo Gas rose more than 25% in US$.
- The US economy is clearly less strong than the Democrats advertised. The Fiscal position is unsustainable, but a $6tln government spending reduction as per the DOGE duo suggest, will mean a reduction in aggregate demand unless compensated for in one or other of private sector spending, overseas sector demand increase, or private consumption. Given the US consumer looks very leveraged already, we would hope for some form of capital investment incentives to be deployed...tariffs, if they encourage firms to set up shop in the US may be the answer. It’s not an easy road ahead.
- Japanese and Chinese economies are both alive albeit stuttering. We have been “bottom fishing” in Hong Kong and China H shares in the last quarter. We remain constructive on Japanese equities where managements focus on return on capital.
- European energy policy and BIG government are causing concern in boardrooms. The German coalition crumbled, and the French lost another Prime Minister. European equities appear cheap but catalysts (political and energy policy change) don’t seem on the cards. We remain underweight. Our preferred non US region is Asia.
- European markets underperformed the US by the most in 25 years. The Euro is heading perhaps to parity. Value biased investing at some point will see a renaissance. Currently over 10% of all passive global equity risk is centred on the NVIDIA eco-system.
- We made trades re-investing dividends but no new names added.

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