

October 2024

About the Fund

The Blackwattle Global Quality Fund is a high conviction long only fund that aims to provide exposure to the highest quality companies in the world, trading at attractive valuations. The fund adopts an 'All-weather Quality' approach for investing.

Our approach recognises a company's persistent competitive edge and the durability of earnings power allowing for the compounding of capital over the business cycle.

Risk is managed through portfolio and stock exposure limits and process discipline.

Blackwattle Investment Partners

Blackwattle is a new generation, highly aligned, Australian investment manager investing in quality businesses and people.

Alignment

Shared staff ownership, zero personal trading, profit and personal salary reinvestment, and most importantly significant personal investment alongside our clients.

Quality

We aim to buy businesses that have a forward advantage, trustworthy aligned management, priced below intrinsic value.

Trust

We believe that honesty and transparency builds trust with our clients, stakeholders, and community.

Key Information

| | |
|------------------------------|---|
| Fund Name | Blackwattle Global Quality Fund |
| Inception Date | May 2024 |
| Typical no. of Stocks | 20-35 |
| Cash Limit | 10% |
| Cash Distributions | Semi Annually |
| Redemptions | Daily |
| Constrained Capacity | \$10bn |
| Objective | <p>The Fund aims to outperform the MSCI AC Net World (after fees and before taxes) over the long term.</p> <p>To deliver performance of 8-12% p.a over the long-term.</p> |

Investment Team



Sunny Bangia

18+ years' investment experience. Previously Co-Founder and Portfolio Manager of Antipodes Partners, and Co-Portfolio Manager of Antipodes Global funds and lead Portfolio Manager of Antipodes Asia Fund.



Edward Li

8+ years' investment experience. Previously Investment Analyst at Antipodes Partners (Global Strategies). Investment Associate at Colinton Capital Partners and Investment Banking Analyst at Macquarie Capital



Nicholas Tan

13+ years' investment experience. Previously Senior Investment Analyst at Antipodes Partners (Global and Emerging Markets) and at Platinum Asset Management

Fund Performance¹

Blackwattle Global Quality Fund Performance (net of fees) as of 31 October 2024.

| | 1 month | 3 months | 6 months | 1 Year | 2 Years | 3 Years | Inception p.a ² |
|------------------------------|---------|----------|----------|--------|---------|---------|----------------------------|
| Fund (Net) | 4.18% | 2.41% | - | - | - | - | 11.92% |
| Benchmark³ | 3.54% | 2.25% | - | - | - | - | 10.20% |
| Active Return | 0.64% | 0.15% | - | - | - | - | 1.72% |

¹ Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance. Source: Apex.

² The inception date for the Fund is 2 May 2024

³ MSCI AC Net World (AUD)

Top 5 Holdings



Market Commentary

In October 2024, the MSCI AC World Index (AUD) saw an increase +3.54% of primarily driven by the strength in Financials & Technology. While Materials, Consumer Staples, Healthcare and Real Estate detracted. The headline and sector advancements were led by the US elections.

October saw a pronounced shift in global interest rates as economic resilience, corporate earnings, anticipation of the US elections, and ongoing geopolitical tensions pressured markets, complicating both growth expectations and inflation forecasts. Global equities, having touched recent highs, pulled back to levels near the month's start as investors weighed the impact of the upcoming US presidential election. Despite fears, corporate earnings largely exceeded expectations, though the outlook for economic momentum remains ambiguous.

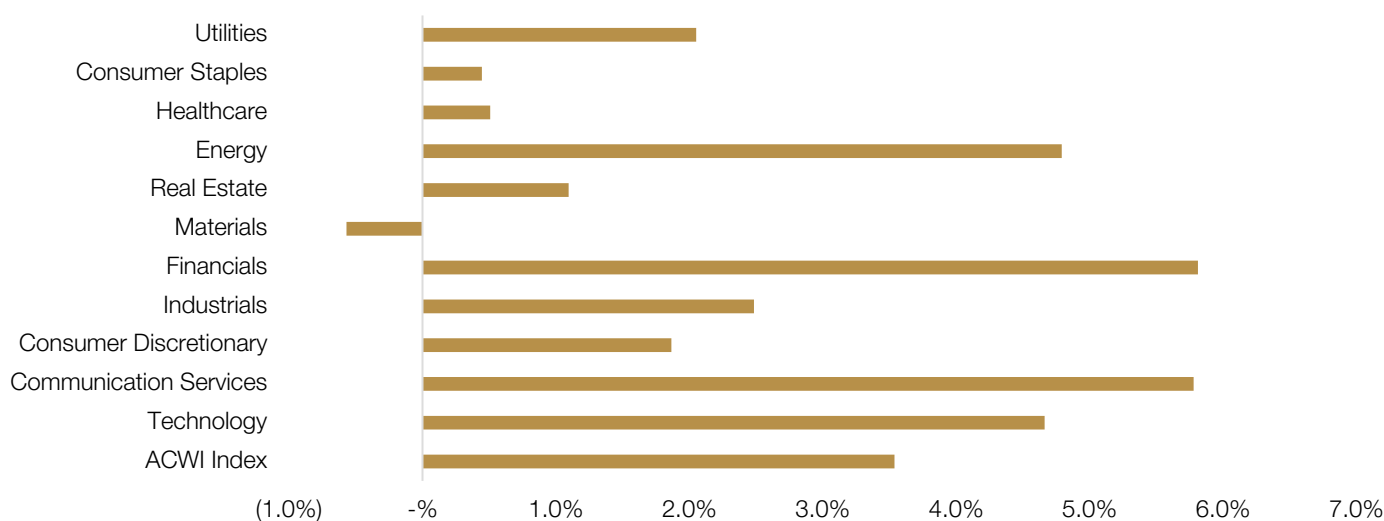
US equities initially found support from strong economic data, resilient consumer spending, and a favorable interaction between growth and Federal Reserve policy. Retail sales data, paired with positive commentary from major US financial institutions, highlighted the strength of the US consumer, defying pessimistic forecasts. Toward month-end, volatility picked up as election-related uncertainty and key earnings releases created a contentious environment around forward spending and growth guidance. The inflation outlook remains closely linked to the election outcome, with potential policy shifts under either a Republican or Democratic administration adding to uncertainty.

In Europe, a more subdued economic picture emerged, with projected earnings growth barely in the low single digits through year-end. The European Central Bank (ECB) demonstrated caution, contrasting with other major central banks by opting for a 25bp cut in early October but avoiding any firm forward guidance. Some ECB policymakers voiced concerns about downside risks to the Eurozone economy, advocating a more measured approach to easing and creating an air of uncertainty around future policy moves.

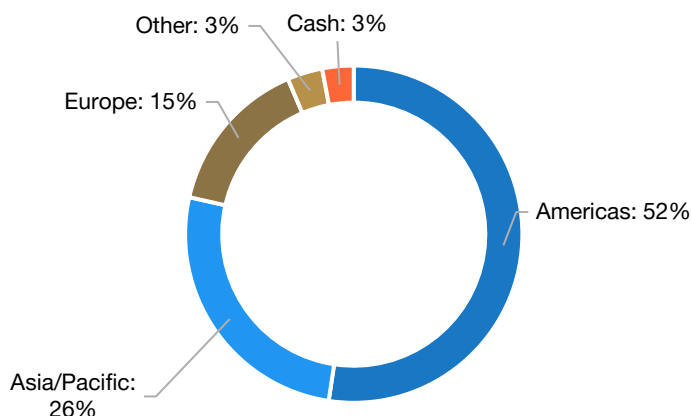
In China, initial skepticism over the effectiveness of stimulus measures gave way to renewed optimism following government interventions in the equity market. However, questions about the durability of this rally remain, particularly around the anticipated timing and scale of fiscal stimulus. Investors are closely watching for upcoming policy announcements, which will serve as key indicators of market sentiment and future capital flows.

October was marked by pronounced regional contrasts: while the US maintained momentum with strong data and consumer resilience, Europe lagged under subdued growth expectations and a cautious ECB. In China, government intervention fueled volatility, underscoring uncertainty about the fiscal package's impact. Central bank policies and fiscal measures continue to shape market trajectories, emphasizing the role of structural reforms in fostering sustainable growth. As November begins, investors are looking to US election results, upcoming policy developments in China and Europe, the potential impact of further earnings reports, and key geopolitical events to shape the outlook.

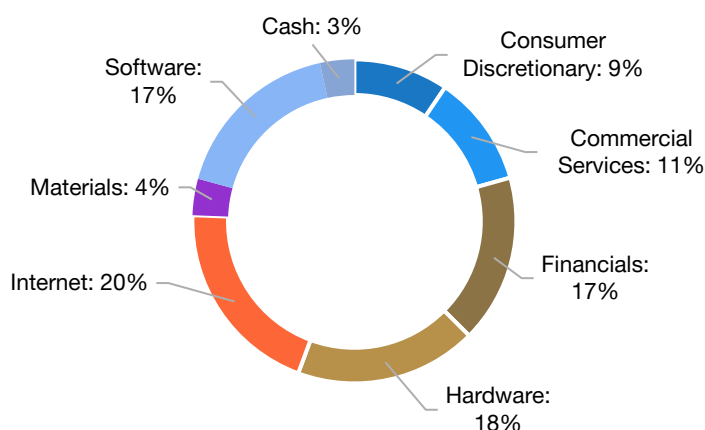
MSCI ACWI October returns (AUD) (%)



Geographic Revenue Exposure



Sector Exposure



Portfolio Commentary

The Blackwattle Global Quality portfolio outperformed the MSCI AC World Index (AUD) by +0.64% during the month.

Key Contributor – Amazon

Amazon was a key contributor this quarter, as it exceeded operating income expectations for both 3Q and 4Q guidance. The beat in profitability was driven by exceptional AWS margins (38%) as management demonstrates its ability to drive growth whilst maintaining profitability.

AWS’s AI revenue is already at “multi-billion dollar” revenue run rate and growing triple digits, and management is optimistic on adoption of its inhouse AI chips. Amazon’s increase in capex guidance for 2024 to \$75b and expectation to be higher in 2025 is also a positive sign for future AWS growth.

For retail, Amazon’s focus on cost efficiency and regionalisation is paying off. Initiatives like same-day delivery are not only improving customer experience but also driving down costs and boosting retail margin.

Key Detractor – Hemnet

Hemnet was a detractor this quarter. Whilst revenue grew strongly, the 42% growth in Revenue Per Listing (ARPL) was slightly lower than high market expectations. Furthermore, the commissions paid to agents increased due to the rollout of the new compensation model. There remains a long growth runway for Hemnet as the Swedish housing market recovers and the agents are strongly incentivised to upsell premium listing packages. The proportion of such higher ARPL premium listings rose to two-thirds of total.

How to Invest

To invest click on the link <http://www.blackwattlepartners.com/invest/> or call 02 7208 9922.

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