



## Performance to 31 March 2021

	Since inception p.a.	5 Years p.a.	3 Years p.a.	1 Year	6 Months	3 Months
Portfolio return (AUD)	14.3%	15.2%	19.0%	22.4%	12.1%	6.8%
MSCI AC World Accum Index ex-Aust (AUD)	12.2%	13.5%	12.4%	24.0%	12.7%	6.0%
Excess return	2.1%	1.7%	6.6%	-1.6%	-0.6%	0.8%

Performance is net of investment management fees. Inception date is 18th February 2014. Numbers may not sum due to rounding. Since inception return is annualized and assumes reinvestment of distributions. Past performance should not be taken as an indication of future performance.

## Market commentary

Global equity markets rose 6.0% over the March quarter (all figures are in AUD unless noted otherwise) supported by the ongoing rollout of the COVID-19 vaccines and further stimulus in the US. Locally, the Australian equity market appreciated 4.8% over the same period.

The US market was buoyed on news of further government stimulus, rising 6.8% in the quarter (or 5.4% in local currency terms) and driven largely by a strong performance through March. After a rocky start to the year, which centered around the riots at the Capitol building in Washington, President Biden confirmed a fiscal stimulus package of \$1.9 trillion while also promising a \$2.0 trillion infrastructure spending plan. The 10-year US Treasury yield rose from 0.91% to 1.74%, and with the two-year yield remaining relatively flat, this resulted in a steeping of the yield curve, signaling rising growth expectations. This provided a tailwind to 'value' sectors such as Energy, Financials, and Industrials while certain 'growth' sectors, such as Information Technology and Health Care, were relatively constrained by the rise in yields. Large cap technology was largely unaffected, as the competitive advantages of the businesses and recurring revenues associated with products deeply integrated in customers processes, continue to be prized by investors.

European equity markets advanced strongly in the first quarter, rising 5.4% (or 7.6% in local currency terms). While the markets performed strongly, new waves of COVID-19 infection began spreading through various regions of the Eurozone, outpacing the rollout of vaccines, and leading to renewed lockdowns. UK equities also rose strongly, up 7.6% (or 5.2% in local currency terms). As was consistent across the globe, unloved sectors during the pandemic such as Energy and Financials were the best performers, with sectors less tied to the economic recovery underperforming.

Emerging market equities continued their rally, posting a 3.6% rise (4.0% in local terms) following double-digit growth last quarter and despite a stronger US dollar. However prevailing concerns around the vaccine rollout strategies saw emerging countries falling behind that of their developed counterparts. As was consistent with other parts of the globe, a pick-up in new COVID-19 infections, particularly in Brazil which is struggling to contain the spread of a new mutant strain of the virus, saw countries forced into new lockdown restrictions. China underperformed international markets, with the China A market falling 3.5% in local currency terms, as regulatory and policy uncertainty combined with geopolitical concerns weakened sentiment.

Those sectors that benefited the most during the midst of the pandemic saw relative underperformance, with reopening and an economic rebound anticipated, some investors rotated into more economically sensitive sectors. Energy was the best performer (+19.2%). Financials also performed strongly (+12.9%) benefiting from rising rates. Consumer Staples (+0.5%), Health Care (+1.8%) and Information Technology (+3.1%) all lagged.

## Fund details

Strategy FUM	+\$1.2 Billion
Number of Stocks	10-15
Maximum Single Stock Weighting	10%
Maximum Cash Weighting	10%
Minimum Investment	\$20,000
Investment Management Fee	1.25%
Performance Fee	Zero

## Top five holdings as at 31 March 2021

Top five	Region	Sector
Alphabet	US	Information Technology
Automatic Data Processing	US	Business Services
Equifax	US	Business Services
Lowe's	US	Consumer
Microsoft	US	Information Technology

Please note the top five holdings of the portfolio are in alphabetical order.

## Portfolio characteristics – 3 years to March 2021

Standard deviation	12.9%
Realised beta	1.02
Tracking error	5.3%
Upside capture ratio	1.14
Downside capture ratio	0.69



## Composition of Portfolio performance

	Since inception p.a.	5 Years p.a.	3 Years p.a.	1 Year	6 Months	3 Months
Local currency return	13.2%	15.6%	19.6%	41.8%	17.9%	5.5%
+/- currency impact on return	1.0%	-0.4%	-0.5%	-19.4%	-5.8%	1.3%
<b>Portfolio return (AUD)</b>	<b>14.3%</b>	<b>15.2%</b>	<b>19.0%</b>	<b>22.4%</b>	<b>12.1%</b>	<b>6.8%</b>

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## Portfolio performance

The Claremont Global Fund portfolio rose 6.8% during the quarter, outperforming the broader market by 0.8%, which saw a 6.0% increase on a net basis (numbers may not add due to rounding).

Key contributors to performance for the quarter were Alphabet and Lowes:

- Alphabet (GOOGL)** – The company reported their 4Q20 result in February, posting a 23% increase in revenue (constant currency), accelerating from +14% in 3Q20. As businesses began to recover from the impacts of the pandemic, so did their ad budgets, allowing Google's core advertising business to grow 22% in the quarter. Google Cloud continued to perform well, with revenues rising 47% as they increase their penetration in this fast-growing market. We believe that, as their Cloud business begins to scale, following upfront expenditure in infrastructure and the salesforce, there is likely considerable upside to the segment's operating margins (and in turn the company) over the medium-term. Better capital allocation continues to be on the agenda, with a lower allocation to loss making Other Bets and more capital returned to shareholders through their share repurchase program, which totaled \$31 billion in 2020.
- Lowe's (LOW)** – The company continued to deliver outsized sales across the US with same-store-sales (SSS) growth of 28% for the quarter driving full year SSS to 26%. Management's actions taken over the last two years has allowed the company to capitalize on the tailwinds the home improvement sector has experienced as a result of the COVID-19 pandemic. Pleasingly, the strong top-line growth was accompanied by margin expansion with operating margins rising ~170 basis points to 10.8%. While we expect the elevated sales growth to inevitably soften, our thesis is firmly intact, and we have increased confidence in management's ability to further improve the operations of their store base over the coming years.

## Portfolio additions

There were no portfolio additions in the March quarter.

## Portfolio removals

There were no portfolio removals in the March quarter.

## Securities movements for the quarter of March

Bought in	–
Sold out	–
Increased holding	Agilent, Diageo
Decreased holding	Alphabet, Aon, Broadridge, CME, Visa

## Fund details

APIR Code	ETLO390AU
ARSN	166 708 792
Responsible Entity	Equity Trustees
Number of stocks	10 - 15
Maximum cash weighting	10%
Maximum single stock weighting	10%
Currency exposure	Unhedged
Benchmark	MSCI All Countries World Accum Index ex-Australia (AS)
Minimum Investment	\$20,000
Distribution frequency	Bi-annually
Investment Management fee	1.25% incl. GST
Buy/Sell Spread	0.10% / 0.10%
Fund Inception	18th February 2014

## Contribution to portfolio return – Quarter March 2021 (%)

Top Three		%
Alphabet		1.80
Lowe's		1.48
CME Group		1.34
Bottom Three		%
Equifax		-0.53
Visa		-0.16
Ross Stores		-0.10

Numbers represent contribution in percentages of each stock to the percentage change in portfolio value.

## Contact Us



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 <p>Strategy Inception</p> <p>2011</p>	 <p>Companies Held</p> <p>10 - 15</p>	 <p>Strategy FUM</p> <p>+\$1bn</p>	 <p>Unit trust 3-year performance (net)</p> <p>20%</p>	 <p>Unit trust returns since inception</p> <p>188%</p>
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Past performance is not a reliable indicator of future performance. Returns assume reinvestment of distributions and is net of fees.

## Important information

This report has been prepared by Claremont Funds Management Pty Ltd (Investment Manager) (ACN 649 280 142, ABN 38 649 280 142, CAR No. 001289207), as investment manager for the Claremont Global Fund (ARSN 166 708 792) and Claremont Global Fund (Hedged) (ARSN 166 708 407), which are together referred to as the 'Funds'. Equity Trustees Limited (ACN 004 031 298, AFSL 240957) ('Equity Trustees') is the Responsible Entity of the Funds. For further information on the Funds please refer to each Fund's PDS which is available at [www.claremontglobal.com.au](http://www.claremontglobal.com.au). This report may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs. Past performance is not a reliable indicator of future performance. Future performance and return of capital is not guaranteed. The information may be confidential and is intended solely for the addressee. If you are not the intended recipient, any use, disclosure or copying of this information is unauthorised and prohibited. If you receive this e-mail in error please notify the sender and delete the e-mail (and attachments). This report may contain statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. The Investment Manager and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Claremont Funds Management Pty Ltd is a wholly owned subsidiary of E&P Financial Group Limited (ABN 54 609 913 457), a signatory to the United Nations Principles for Responsible Investment (UNPRI). Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information. The Parties give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this report. The Parties do not accept, except to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this report. Any recipient of this report should independently satisfy themselves as to the accuracy of all information contained in this report. MSCI indices source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representation with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent. Annualised performance as at March 2021, FUM figures in AUD.

[Research ratings disclaimer](#)

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## About Claremont Global

Claremont Global is a boutique fund manager located in Sydney, Australia. We run a high-conviction, fundamental strategy and only invest in international equities. Our evidence based and rigorous bottom-up approach allows us to identify the world's best companies. If these businesses satisfy our specific criteria and strict valuation methodology the team will consider to invest in them for the long term.

## Our Philosophy

Our investment philosophy can be described as buying quality growth businesses at a reasonable price. We look to acquire these securities at a discount to our estimate of their intrinsic value. We explicitly exclude specific industries and areas of the market. We invest in companies whose earnings growth drives intrinsic value, whilst their inherent quality (high margins, strong balance sheets and cash flow) will help to protect client capital in difficult markets.

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