Claremont Global Fund

March 2025 Quarter Report

Performance to 31 March 2025

	Since inception p.a.	10 Years p.a.	7 Years p.a.	5 Years p.a.	3 Years p.a.	1 Year	6 Months	3 Months
Portfolio return (AUD)	13.4%	12.5%	14.9%	14.0%	9.8%	5.2%	8.7%	-1.9%
MSCI AC World Accum Index ex-Aust (AUD)	12.3%	11.2%	12.5%	14.8%	13.9%	12.3%	9.0%	-1.9%
Excess return	1.1%	1.3%	2.4%	-0.8%	-4.1%	-7.1%	-0.3%	0.0%

Benchmark is MSCI All Countries World Index Ex-Australia (AS). Performance is net of investment management fees. Inception date is 18th February 2014. Numbers may not sum due to rounding. Returns assume reinvestment of distributions and are annualised for periods greater than 1 year. Past performance should not be taken as an indication of future performance.

Market commentary

After a strong start to the year, global equity markets have since seen a pullback, ending the March quarter down 1.9% (all figures are in AUD unless noted otherwise). The Australian equity market was also weaker, underperforming the global market, falling 2.8%.

US equity markets were notably weak in the quarter, declining 5.1% (down 4.3% in local currency). Initially the market was buoyed by the prospects of a business-friendly Trump administration. However, when news broke of a Chinese AI model, DeepSeek, that was reportedly able to perform at similar levels to US counterparts, but at a fraction of the cost (impressive, but perhaps not quite as impressive as it first appeared), the tech sector sold-down. While most notable were the listed semiconductor companies, and then hyperscalers, many industries with secondary AI exposures were also impacted (from Data Centre REITs, to electronics manufacturers, to uranium companies). The prospect of sizeable, widespread tariffs began to cause uncertainty in equity markets towards the end of the quarter. This was not fully captured in the March quarter given President Trump's "Liberation Day" was April 2. We have since seen the U.S. announce a host of draconian tariffs, and there were large negative stock price movements in early April. The Federal Reserve held rates at 4.25-4.50% during the quarter, remaining cautious due to elevated macroeconomic and fiscal policy uncertainty. The forecast for 2025 GDP growth was revised down, however, the forecast for inflation was increased.

In contrast to the US, European equity markets saw strong gains, up 9.8% in the quarter (or up 6.2% in local currency). Comments from several EU leaders around policies supporting a more pro-growth agenda and prospects of increased defence spending saw financials and defence stocks outperform. However, the automotive sector declined due to the prospect of higher tariffs on exports into the US. European equities were further supported by the European Central Bank's interest rate cuts in January and March, as inflation eased. UK equity markets followed the EU markets, rising 9.0% (+6.4% in local currency), driven by financials and energy.

From a sector perspective, Energy (+8.5%) was the notable performer, while Information Technology (-12.2%), Consumer Discretionary (-8.2%), and Communication Services (-3.1%) ended in the red.

Fund details

Strategy FUM	$1.4Bn
ASX Ticker	CGUN
Number of Stocks	Up to 15
Maximum Single Stock Weighting	10%
Maximum Cash Weighting	10%
Minimum Investment[1]	$20,000
Investment Management Fee	1.25%
Performance Fee	Zero
APIR Code	ETL0390AU

[1] Does not apply to investments made via the ASX.

Top five holdings as at 31 March 2025

Top five	Region	Sector
CME Group	US	Financial Services
Dassault Systemes	FR	Industrial
Jack Henry	US	Financial Services
Visa	US	Financial Services
Zoetis	US	Healthcare

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

Portfolio characteristics – 7 years to Mar 2025

Standard deviation	12.9%
Realised beta	1.04
Tracking error	5.9%
Upside capture ratio	1.16
Downside capture ratio	0.97

Composition of portfolio performance

	Since inception p.a.	10 Years p.a.	7 Years p.a.	5 Years p.a.	3 Years p.a.	1 Year	6 Months	3 Months
Local currency return	10.9%	10.8%	12.2%	14.2%	3.4%	0.5%	-2.4%	-1.6%
Currency impact	2.5%	1.7%	2.7%	-0.3%	6.4%	4.7%	11.1%	-0.3%
Portfolio return (AUD)	13.4%	12.5%	14.9%	14.0%	9.8%	5.2%	8.7%	-1.9%

Performance is net of investment management fees. Inception date is 18th February 2014. Numbers may not sum due to rounding. Returns assume reinvestment of distributions and are annualised for periods greater than 1 year. Past performance should not be taken as an indication of future performance. Composition of portfolio performance provides an estimate of the currency contribution to portfolio returns, and derives an indicative local currency return, for each period. The currency contribution estimate reflects the Fund's weighted currency exposure (based upon the currency in which each portfolio security is traded) and the change in the relevant foreign exchange rates, relative to the Australian Dollar, over each period.

Portfolio performance

The Claremont Global Fund declined 1.9% during the quarter, in line with the broader market, which also saw a 1.9% decrease (numbers may not add due to rounding).

Key contributors to performance for the quarter were **CME** and **Visa**:

- **CME (CME-US)** – the company reported its fourth quarter results, completing the best year in the company's history. Revenue growth was 10%, adjusted operating margins were up 140 basis points to over 68%, and adjusted diluted earnings per share growth was 6%. Increasing volatilty results in higher trading volumes and so CME has been a beneficiary of heightened market volatility so far in 2025. While operational performance has been strong, sentiment has also been buoyed by the limited traction of a new entrant into the U.S. interest rates futures business. The company remains a core position in the portfolio.

- **Visa (V-US)** – the company's first quarter result saw a modest reacceleration in payments volume growth to 9%, with the US growing 7%. Processed transactions were up 11%, with crossborder transactions growing 16%. The strong start to the year saw management upgrade full year revenue guidance modestly. Further, the company hosted their 2025 Capital Market Day, where they highlighted their expectations for medium-term revenue growth of 9-12%, boosting investor sentiment around the name. The stock remains a key holding in the portfolio.

Key detractors to performance for the quarter were **Alphabet** and **Adobe**:

- **Alphabet (GOOGL-US)** – the company's fourth quarter result was solid, posting constant currency revenue growth of 12%, with Google Search accelerating to 13% and YouTube ads also accelerating to 14% growth. However, the market's focus was on the Cloud business (GCP), which posted ~30% growth. This business can be lumpy, based on the timing of contract signings and expiries, but supply constraints were a key contributor to the 5% deceleration in this segment's growth rate (from 35% last quarter, to 30%). Acrosss the industry, we have consistently heard that supply constraints have been restrictng growth. But taking a step-back from quarterly earnings, and the noise of short-term expectations, the 30% growth remains very healthy in our view. There has been consideration of the increased 2025 capex guidance (large, as they build out data centre capacity!), the associated increase in depreciation, and the company's likely commitment to, and ultimately success in "re-engineering the cost base" (to which the new CFO has recently recommitted). We remain positive on the name.

- **Adobe (ADBE-US)** – reported its first quarter earnings, with revenues and earnings per share both ahead of management's prior guidance. Full year 2025 guidance was maintained. For the quarter, revenue growth was 11% in constant currency, the adjusted operating margin was flat at ~48%, and non-GAAP earnings per share growth was a healthy 13%. Following the results announcement, the market focused on the re-segmentation of revenue, as well as the likely growth trajectory of the Creative Cloud business. However, more detail around strategy, revenue, new products and innovation were released at the company's Investor Summit the following week,

Fund details

ARSN	166 708 792
ISIN	AU60ETL03901
Responsible Entity	Equity Trustees
Administrator	Apex
Market Maker	Nine Mile
Custodian	JP Morgan
Currency Exposure	Unhedged
Fund Inception	18th February 2014
Buy/Sell Spread	0.10% / 0.10%

Contribution to portfolio return – Quarter March 2025 (%)

Top Three	%
CME	1.20
Visa	0.90
Dassault Systems	0.46
Bottom Three	**%**
Alphabet	-1.33
Adobe	-1.14
Amazon.com	-1.02

Portfolio performance (cont'd)

which helped reassure investors. We came away incrementally positive from the Summit with respect to management's overall strategy and appproach. Importantly, financial performance has been in line with management's, and our, expectations. Now that Adobe have the product suite in place, we recognise that further evidence of monetisation in the Creative Cloud non-professional/commmunicator market will be required to further reasssure the market.

Portfolio additions

Waste Management (WM-US) – we initiated a position in WM in January. The company is North America's leading provider of waste and environmental solutions. The company is a quality compounder, given waste management is an essential service with very low cost to value for both industry and residential customers. WM's revenues are very consistent, as these are largely contracted with contract lengths varying from 3-10 years. Around 75-80% of revenue can be considered recurring in nature.

The industry is still fragmented with regional and local players holding c.45% of market share. This provides WM with ongoing bolt-on M&A opportunities. With nearly 25% market share, WM is the largest player in the space resulting in scale advantages. The provider with the most assets (e.g. landfills, transfers stations) in a particular region tends to be the most competitive driving better margins. The industry is service driven (key factor for client retention), and WM has a strong reputation for the quality of their service.

Management is seasoned and CEO James Fish has been with the company since 2001 and CEO since 2016. The company has a disciplined, high-performance culture.

Revenue growth has historically been in the mid-single-digits and margin expansion has averaged c.40 basis points p.a. over the last decade, helping to drive low-double-digit earnings growth. WM has been investing in renewable energy (landfill gas) and recycling automation in recent years. These investments carry very attractive returns and are expected to drive solid incremental growth over the medium-term.

Portfolio removals

Equifax (EFX-US) – following prior sell-downs of the portfolio's Equifax position, in August and September 2024, we completely exited the fund's remaining holding (which was just below 3% prior to the sale).

This exit was primarily based on relative value considerations. The shares traded at c.27x NTM consensus earnings, versus a ten-year average of c.24x. Consensus forecasts were factoring in a partial recovery in the U.S. mortgage market (where higher mortgage rates continue to negatively impact transaction volumes), as well as near-term margin expansion assumptions that appear somewhat optimistic given management's recent public comments.

Securities movements for the quarter

Bought in	Waste Management
Sold out	Equifax
Increased holding	Allegion
Decreased holding	Visa

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Strategy Inception	Companies Held	Strategy FUM	7-year total return per annum (net)	7-year alpha per annum (net)
2011	15	$1.4Bn	14.9%	2.4%

Past performance is not a reliable indicator of future performance. Returns assume reinvestment of distributions and is net of fees.

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 investing 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 more cyclical or leveraged industries including banks and resources. 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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riaa Responsible Investment Association Australasia

Important information