

Select Fund: Equity Class

Quarter 3 2023

Objective

To offer a convenient vehicle for investing in an international portfolio of equity mutual funds, which are anticipated to provide the best opportunities for capital growth.

Investment policy

To invest in a diverse range of top-performing offshore equity mutual funds, as well as a number of indexed products, in order to control overall costs.

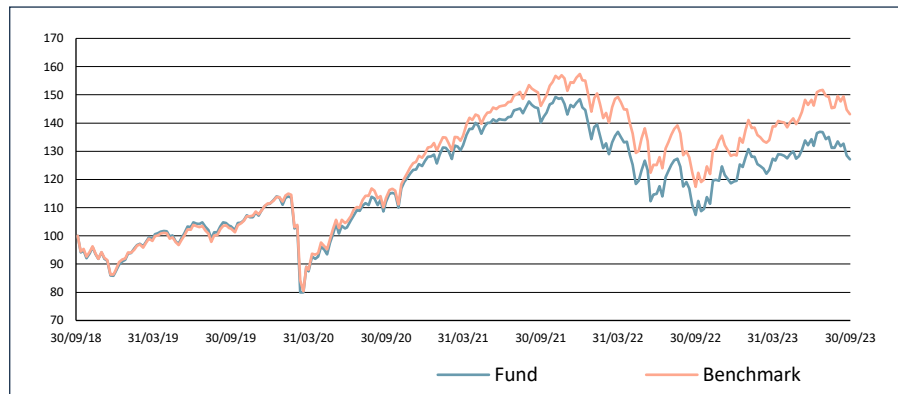
Investment process

A quantitative analysis of fund performance is undertaken relative to peer groups to ensure the consistency of performance. This is followed with a qualitative analysis to understand the manager's philosophy, process and style.

Key facts as at 30 September 2023

Currency	USD
Valuation	Weekly
Dealings	Thursday
Front end fee	None
Units available	Accumulation
Identifier	BUTSLEQ.BH
Fiscal year end	30 June
Minimum investment	USD 10,000
Total expense ratio	1.13%
Size of fund (millions)	USD 72.57
NAV per share	USD 20.68

Performance chart



Average annual compound returns

	Quarter	1 year	3 years	5 years	10 years
Total returns	-5.31%	18.44%	4.31%	4.67%	5.95%
Benchmark	-3.46%	21.95%	8.08%	7.26%	8.26%

Fund review

The fund returned -5.3% in the third quarter of 2023, behind the MSCI World benchmark, which returned -3.5% over the period. The main theme over the quarter was a realisation that interest rates are likely to remain higher for longer previously expected. This reassessment was due to a combination of factors. Firstly, economic growth in the US has been more resilient than expected. Secondly, the Federal Reserve's latest Summary of Economic Projections showed fewer interest rate cuts next year than previously forecast. Thirdly, elevated US budget deficits were in focus. Lastly, weakness in global bonds, notably upside risks to yields in Japan, were another headwind.

This combination of factors had contrasting fortunes for global equities. On the positive side, second quarter S&P 500 aggregate sales beat expectations by 2%, which was in line with previous quarters. While aggregate earnings per share beat consensus by 7.7%, the highest since the third quarter of 2021. However, this positive news was offset by downward pressure on price-earnings ratios due to higher bond yields.

The Energy sector was one of only two to generate a positive return in the third quarter. Energy stocks benefited from higher oil prices and strongly outperformed the board market with a 12% return. Energy stocks have exhibited a low correlation to the market over the last couple of years, so have been good diversifiers in a more inflationary environment with elevated geopolitical risk. Communication Services also generated a small positive return of 1.5%, helped by the heavyweights of Alphabet and Meta.



Contact us

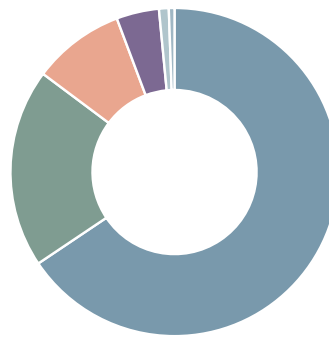
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Defensive sectors, such as Utilities and Real Estate underperformed as interest rates moved higher, while Technology also lagged after very strong performance in the first half of the year. At a regional level, European equities lagged but UK and Japanese equities outperformed.

This year has been a tricky environment to navigate for active managers, particularly within US equities. The outperformance of the “Magnificent 7” large-cap Technology orientated stocks meant that the Equal Weight S&P 500 index lagged the market cap weighted index by 1.7% in the third quarter. The Lazard US Equity Concentrated and MFS Global Equity fund both notably underperformed during the quarter. On the flipside, the Artisan Value fund outperformed over the quarter due to good stock selection in Industrials, Consumer Discretionary and Financials. Nomura Japan was well positioned to benefit from higher Japanese bonds yields with an overweight to Financials and good stock selection within Financials both contributing to relative performance.

Asset allocation



North America	65.6%
Europe developed	19.6%
Asia/Pacific	9.1%
UK	4.2%
Emerging markets	1.0%
Other	0.6%

Top 10 holdings

1	BNY Mellon Long-Term Global Eq Fund	15.2%
2	American Century Global Growth Eq Fund	14.5%
3	Artisan Value Fund Institutional	12.9%
4	Lazard US Equity Concentrated Fund	10.9%
5	Carmignac - Grande Europe	10.4%
6	Findlay Park American Fund	8.3%
7	MFS Meridian - US Value Fund	7.8%
8	MFS Meridian - Global Equity Fund	7.8%
9	Wellington Global Opps Eq Fund	6.4%
10	Nomura - Japan Strategic Value Fund	4.8%

Benchmark composition

100% MSCI World (Free) Index.