Quarterly Commentary
March 2024

PELLA
RESPONSIBLE INVESTING

Investment Manager

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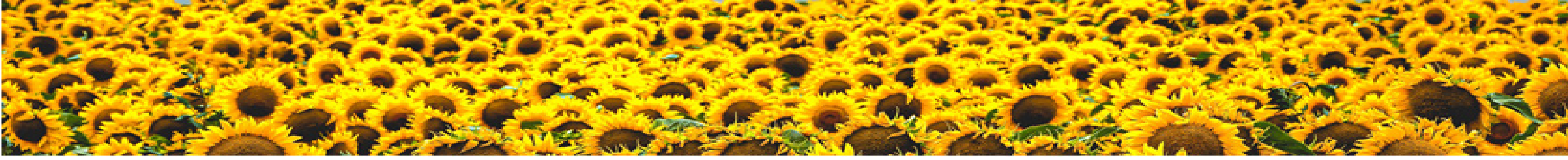
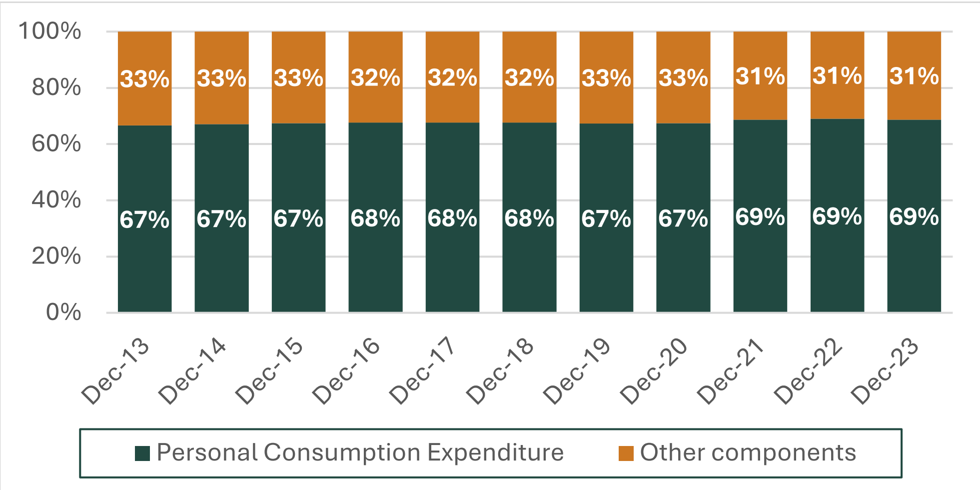


Message from the CIO

Jordan Cvetanovski
CIO and Portfolio Manager

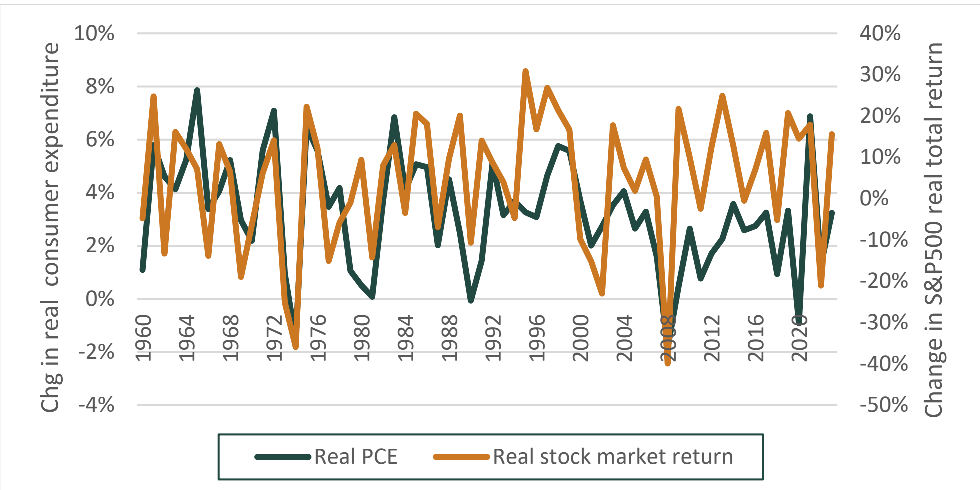
It is important to have an informed perspective on US consumer expenditure as it is the largest component of the US economy (Figure 1) and moves in the same direction as the stock market (Figure 2). In this note we explore the key drivers of consumer expenditure and the current positioning of those drivers. Our finding is that the key drivers have probably peaked and will no longer provide a meaningful tailwind for consumer expenditure. This is different to arguing that consumer expenditure will collapse, but it does mean consumer expenditure will provide less of a boost for the US economy and stock market in the foreseeable future than it has in the recent past.

Figure 1 – Components of US GDP



Source – US Bureau of Economic Analysis

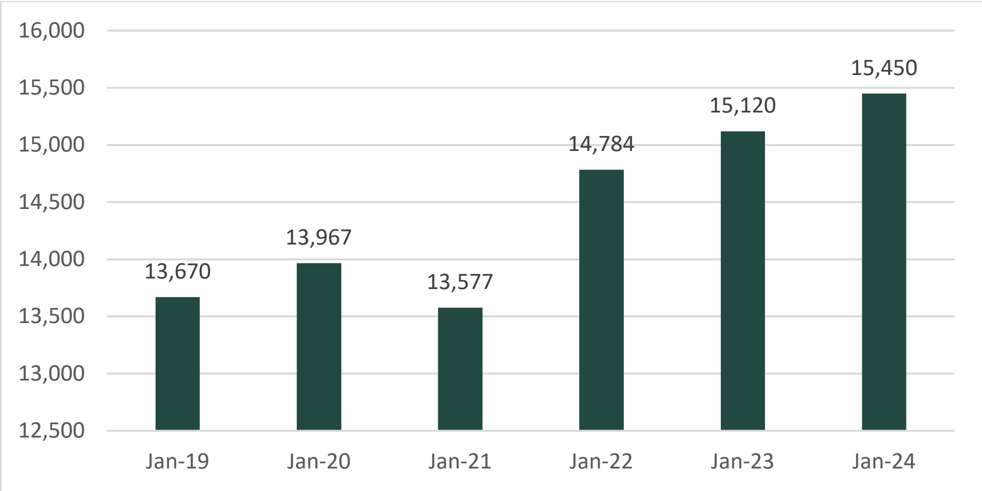
Figure 2- Annual change in real consumer expenditure [(1)] & S&P500 total return



Sources – US Labor Department; Yale University, Robert Shiller
(1) Measured using Personal Consumer Expenditure

Figure 3 illustrates that since 2021, real consumer expenditure has consistently grown and by Jan-24 had reached $15.45b. This contributed to solid US GDP growth and S&P500 returns.

Figure 3 – Trailing 12-month real US personal consumption expenditure, $b

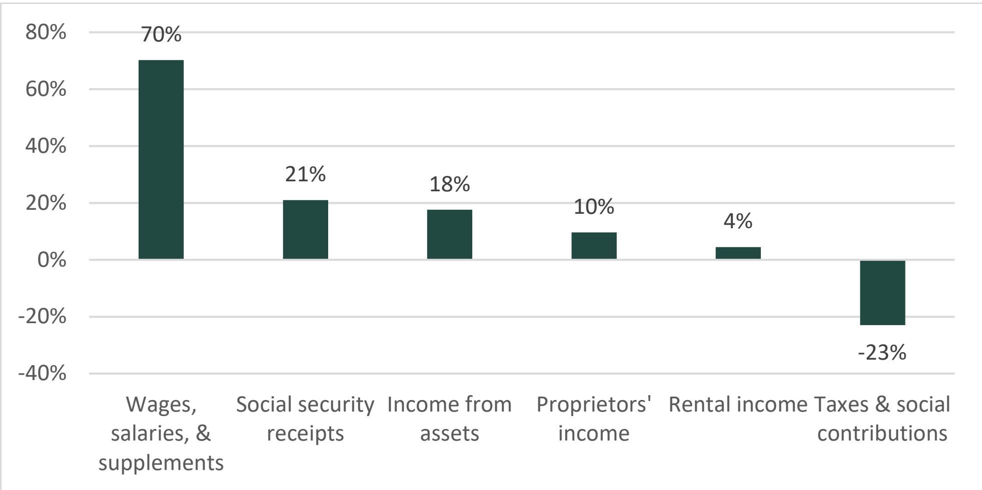


Source – US Bureau of Economic Analysis
Units: billions of Chained 2017 dollars

To assess the future direction of consumer expenditure Pella disaggregates it into its two main drivers: disposal personal income ("DPI"), and the consumer's access to liquid wealth.

Disposable Personal Income

Figure 4 – Components of DPI [1]

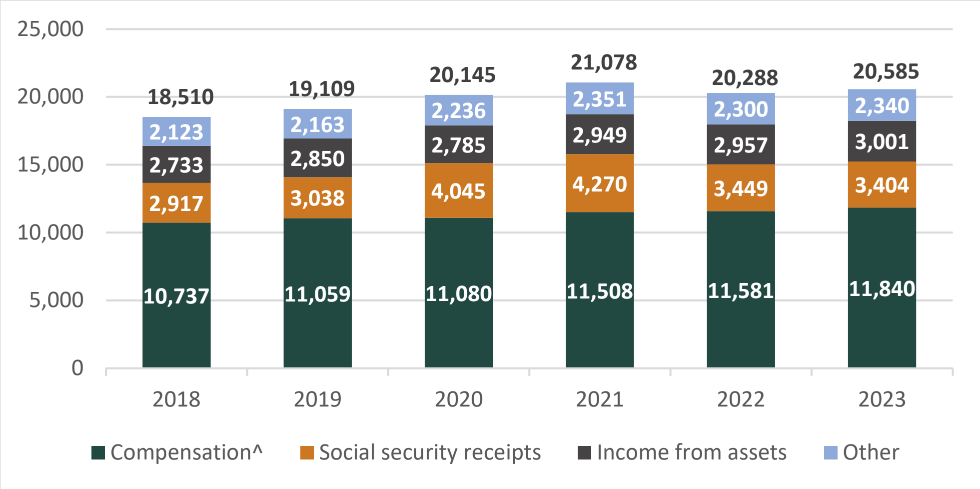


Source – Pella using data taken Department of Labor
(1) Figures represent the weighted average contribution over the 20 years ending Jan-24
Wages, salaries and supplements includes overtime pay, bonuses, commissions, severance pay, sick pay, and allowances
Proprietors' income is income earned by sole proprietors and partnerships

Figure 4 illustrates the components of DPI and demonstrates that wages, salaries and supplements (collectively 'compensation') account for 70% of DPI, followed by social security income, while taxes and social security contributions detract c23%.

Figure 5 illustrates the progression of US personal real pre-tax income since Covid. In CY20 pre-tax income increased due to large social security receipts from the Covid stimulus packages. In CY21 pre-tax income grew due to social security receipts and compensation. In CY22 pre-tax income declined, with lower social security receipts, and picked up again in CY23 due to increased compensation. The key message is that compensation and social security have been the key drivers of US pre-tax income, and those are the areas we focus our analysis.

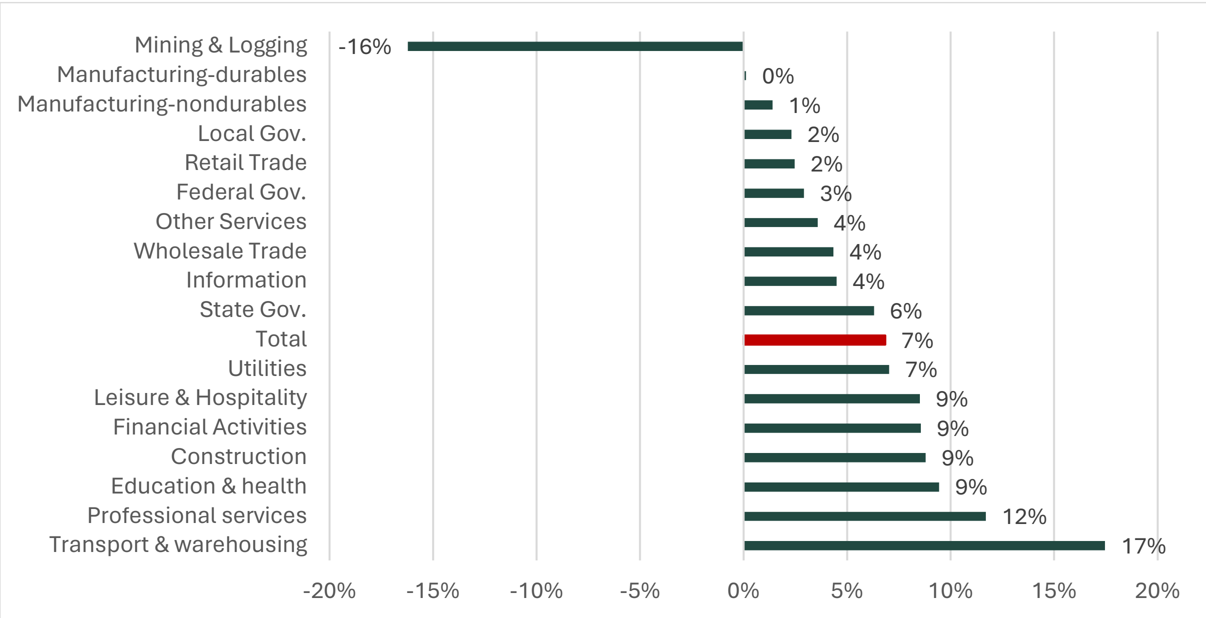
Figure 5 - Real personal pre-tax income; $b [(1)]



Source – Pella using data taken Department of Labor
(1) Real figures using the CPE price deflator, based on 2017 prices
^ Compensation is composed of wages, salaries and supplements. We define it as Compensation to avoid confusion with average weekly wages.

Figure 6 illustrates that total real compensation across the US increased 7% between Covid and 2023 with all sectors except for Mining & Logging experiencing real compensation growth. Growth in real compensation has been one input into increased consumer expenditure.

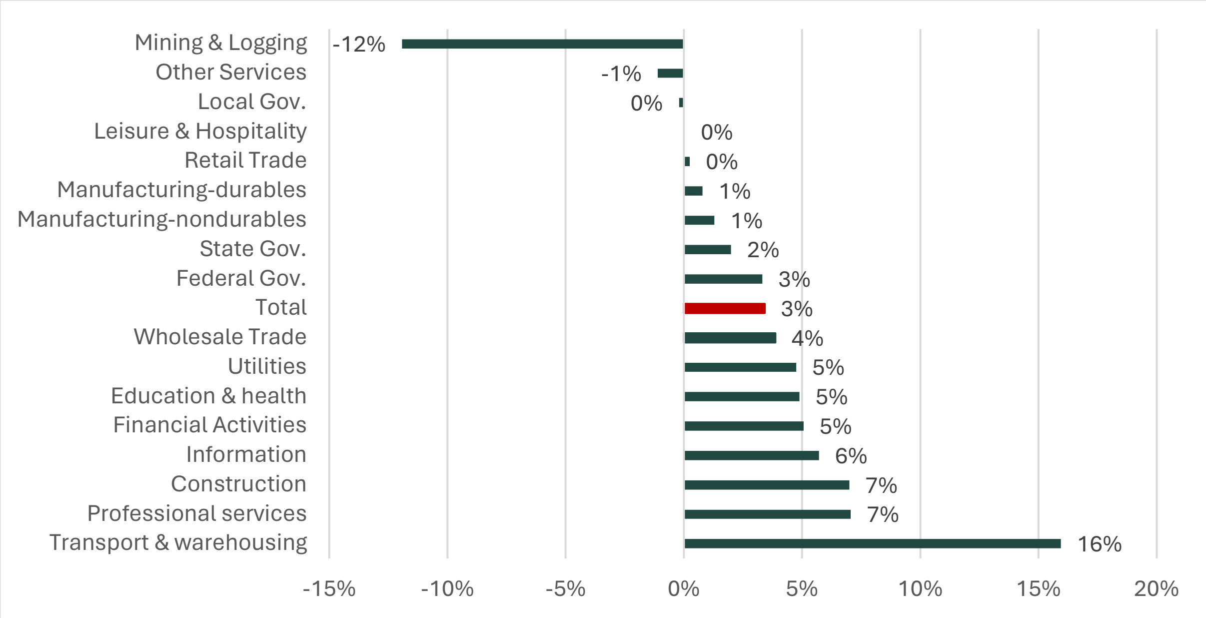
Figure 6 – Change in real Av. weekly compensation by employment sector in 2019-2023 [(1)]



Source – Pella, US Department of Labor Statistics
(1) Av. weekly compensation is calculated using real average weekly wages multiplied by the number of people employed in each sector

Total compensation is an outcome of employment levels and wage levels. Figure 7 demonstrates that, since Covid, employment has been strong across most sectors with only Mining & Logging experiencing a notable decline (explaining the decline in total compensation in that sector). Strong employment has been a key driver of the growth in total compensation and, consequentially, consumer expenditure.

Figure 7 – Change in average number of people employed by sector in 2019-2023

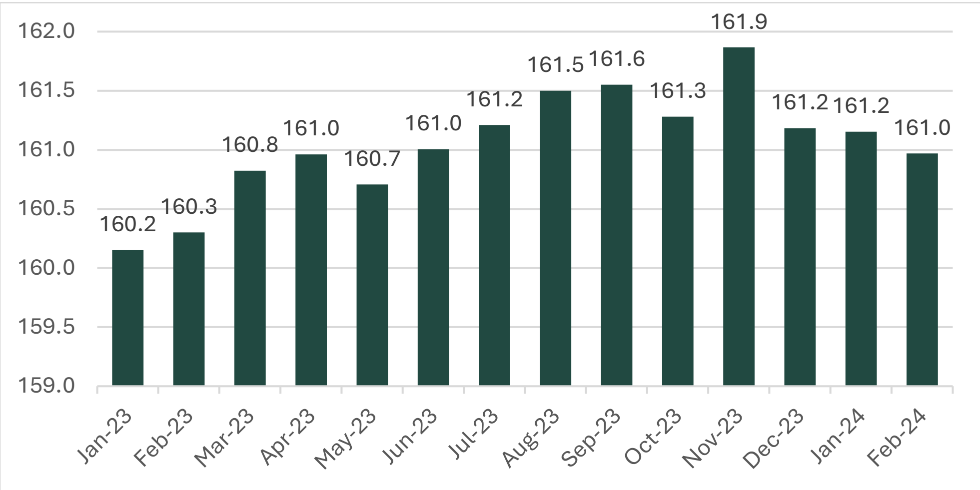


Source – Pella, US Department of Labor Statistics

The strong employment tailwind appears to have peaked. Figure 8 demonstrates that since Sep-23 the number of people employed has steadily declined.

Based on this data, we believe consumer expenditure is unlikely to get a further boost from employment.

Figure 8 - Number of people employed, mils



Source – US Department of Labor

Wages are the other important input into total compensation. Figure 9 illustrates the changes in real wages by sector since the onset of Covid. Over the period since Covid (CY20-CY23) real wages increased across most sectors, however virtually all that growth occurred in CY20 and in the period since then (CY21-CY23) real wages declined across most sectors.

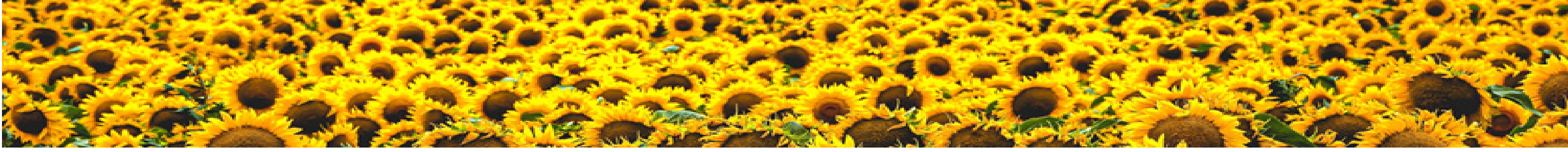
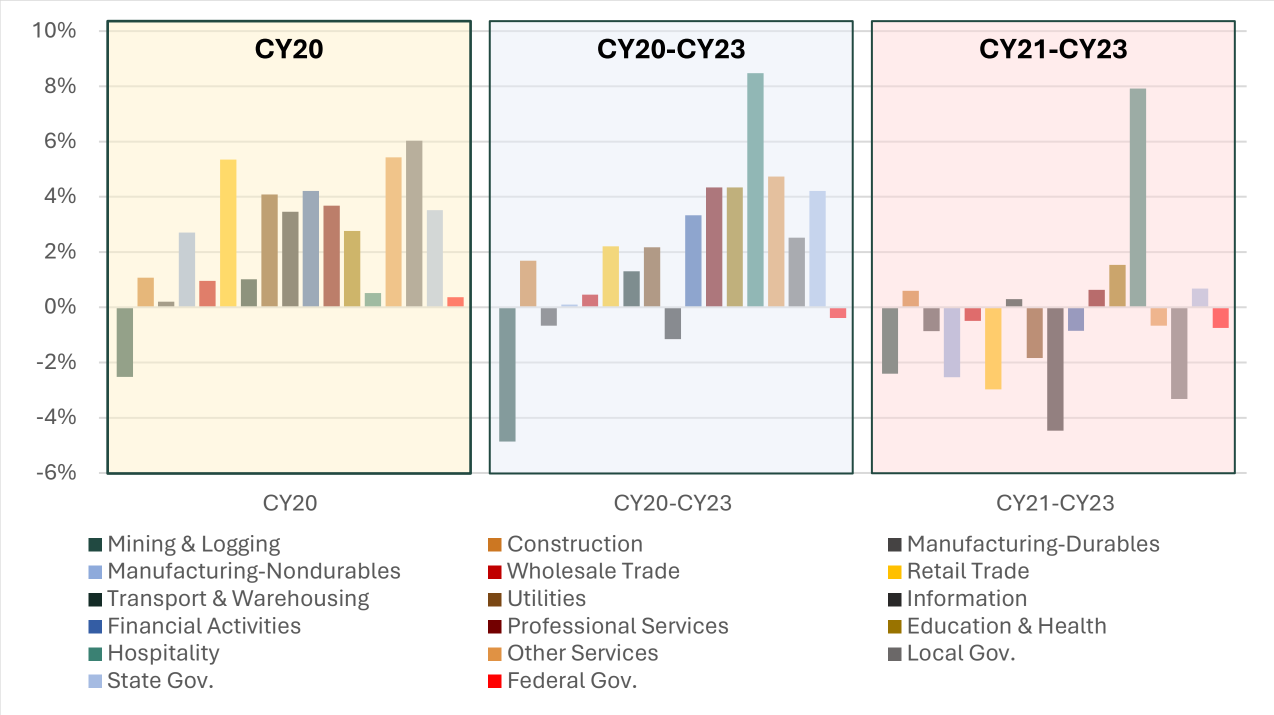


Figure 9 – Change in real average weekly wage by sector [1]



Source – Pella, US Depart of Labor Statistics,
(1) Real figures using the CPE price deflator, based on 2017 prices

The absence of real wage growth since 2021 is striking given the strong employment market. If real wages did not grow in such a market, they are unlikely to grow in a slowing labour market. Based on this, we believe real wages are unlikely to increase in the near term.

The other major component of consumer income, Social Security, requires less discussion than compensation. It is well known that the US government made generous handouts during Covid that would not continue. Increasing US public indebtedness, combined with a potential Republican government, suggests further declines in Social Security income. We also believe that the US will not make broad tax cuts to offset the declining Social Security income.

The above analysis points to a slowing employment market, creating an unlikely backdrop for real wage growth. In addition, social security income has passed its peak. These factors suggest that DPI is unlikely to see broad real growth (growth in excess of inflation) in the foreseeable future.

Access to Liquid Wealth

The other key driver of consumer expenditure is access to liquid wealth, which is composed of the consumer's balance sheet, as well as how open credit markets are.

Figure 10 summarises the US's household balance sheet. Deposits account for 10% of the balance sheet. Real Estate is the largest single asset but is often not as readily liquid as the financial assets component. On the liabilities side, home mortgages are the largest component and consumer credit is a relatively small component.

Figure 10 – US household balance sheet [1]

	Contribution
Financial Assets	
Deposits	10%
Equities	22%
Fixed income	7%
DB entitlements	12%
Other	16%
Non-Financial Assets	
Real estate	24%
Consumer durables	5%
Nonprofits nonfinancial assets	3%
Total Assets	**100%**
Home mortgages	10%
Consumer credit	3%
Other liabilities	2%
Total Liabilities	**14%**

Source – Pella using data taken from the Federal Reserve
(1) Figures represent the weighted average contribution over the 20 years ending Jan-24

Figure 11 illustrates the development of the inflation-adjusted (real) balance sheet over time and demonstrates that, relative to pre-Covid (Dec-19), households have larger net cash balances, equity holdings and net equity in their homes (Real Estate less mortgages). The trend in deposit balances is our focus as this represents consumers' most readily available source of wealth to fund purchases.

Figure 11 – US households' balance sheet, using real numbers [(1)]

	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23
Financial Assets					
Deposits	12,809	15,345	16,092	15,157	14,847
Equities	32,932	38,661	43,689	33,543	39,148
Fixed Income	8,961	8,807	7,913	7,859	9,042
DB Entitlements	15,447	15,570	15,024	13,690	13,677
Other	19,634	20,947	22,294	21,813	21,130
Non-Financial Assets					
Real Estate	28,660	31,203	34,660	35,991	36,923
Consumer Durables	5,437	5,701	6,235	6,460	6,487
Nonprofits Nonfinancial Assets	4,142	4,347	4,739	4,566	4,273
Total Assets	**128,022**	**140,581**	**150,645**	**139,079**	**145,526**
Home Mortgages	10,048	10,278	10,626	10,728	10,748
Consumer Credit	4,020	3,959	4,053	4,135	4,133
Other Liabilities	1,862	2,040	2,117	2,010	2,022
Total Liabilities	**15,931**	**16,277**	**16,796**	**16,873**	**16,903**
Aggregates					
Net Cash [(2)]	8,789	11,386	12,039	11,022	10,714
Net Real Estate [(3)]	18,612	20,925	24,034	25,263	26,176

Source – Pella, Federal Reserve, US Bureau of Labor Statistics

(1) Real figures using the CPE price deflator, based on 2017 prices

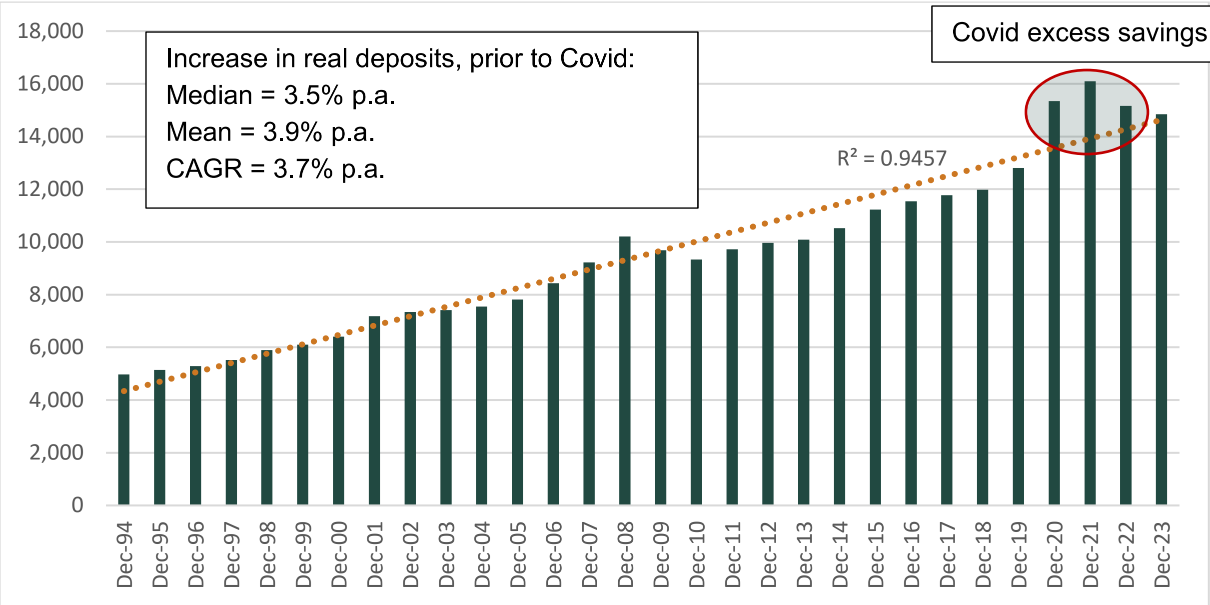
(2) Deposits less Consumer credit

(3) Real Estate less Home Mortgages

Excess savings, manifested by large deposit balances, has been widely cited as a key enabler of consumer expenditure since Covid. The flipside of this is that a depletion of the excess savings would cease to provide a consumer expenditure tailwind.

The increase in deposits since Covid should be viewed across a wide perspective. Figure 12 illustrates the real cash balance held by households as of December each year since 1994. It demonstrates that, pre-Covid, real cash balances tended to grow 3.5%-to-3.9% p.a. This is explained by the tendency for households to increase savings as they age, and a growing population. If we apply a 3.7% growth rate to the 2019 (pre-Covid) deposit balance, the 2023 deposit balance would be $14.8T, which is in line with the realised deposit balance. The regression line (ochre dots) in the chart provides further support for the argument that deposits are now at the "normal" level we would expect based on historical experience. Based on this analysis, households have run down their Covid-related excess savings.

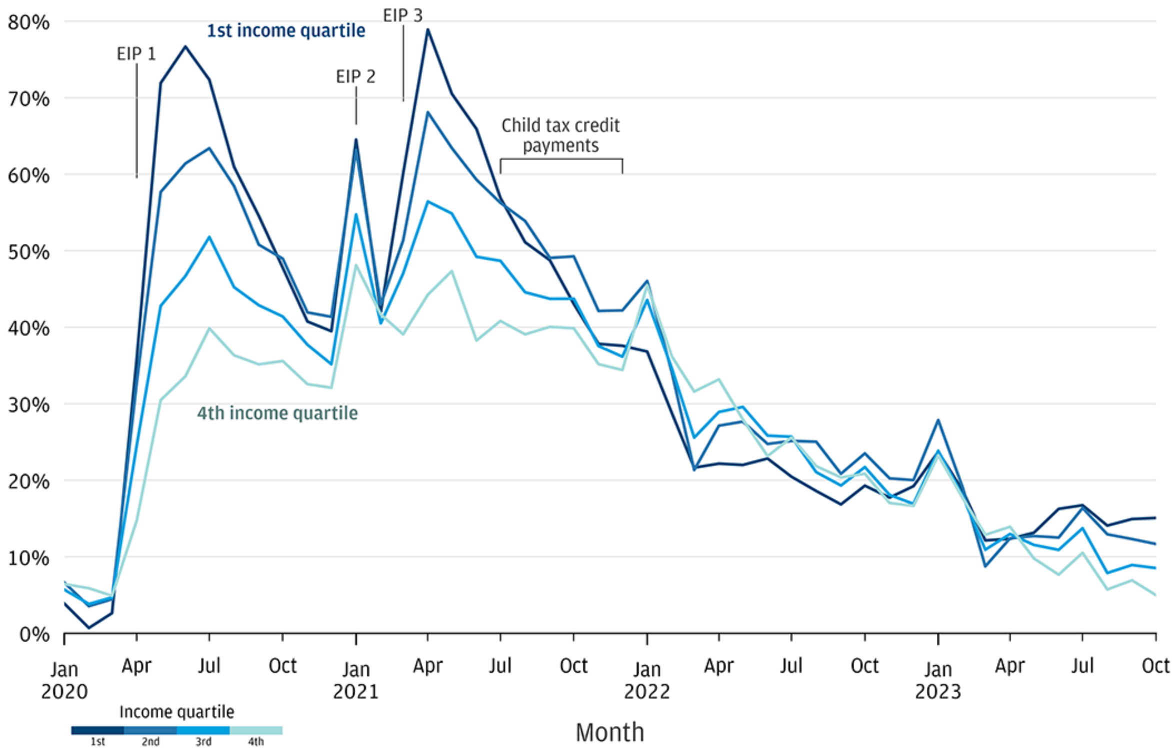
Figure 12 – Value of real households deposits, $b



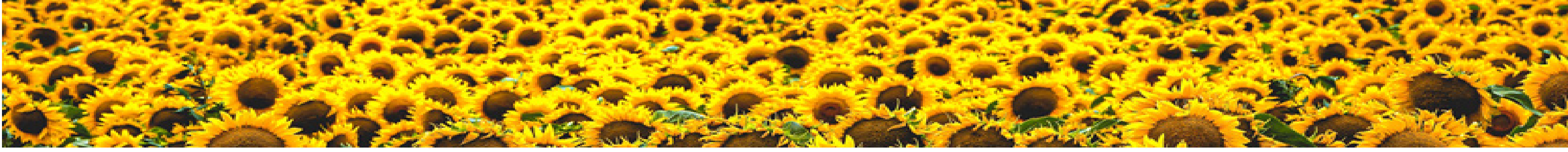
Source – Pella, Federal Reserve, Bureau of Labor Statistics
(1) Real figures using the CPE price deflator, based on 2017 prices

It is also instructive to review deposit balances based on income quartiles. Figure 13 illustrates the percent change in real cash balances by income quartile. The darker lines are the wealthier quartiles than the lighter lines. The chart demonstrates that real cash balances across all quartiles have consistently declined since 1Q21 and today the cash balances across all quartiles are 5-15% above the pre-Covid period. Applying the 3.7% expected annual growth rate (described above) we would expect cash balances to be 16% above the pre-Covid level. This means the cash balances of the richest quartile are aligned with expectations, but the deposits of the lowest two quartiles are probably below the normal levels.

Figure 13 – % change (relative to 2019) in median monthly real cash balances, by income quartile

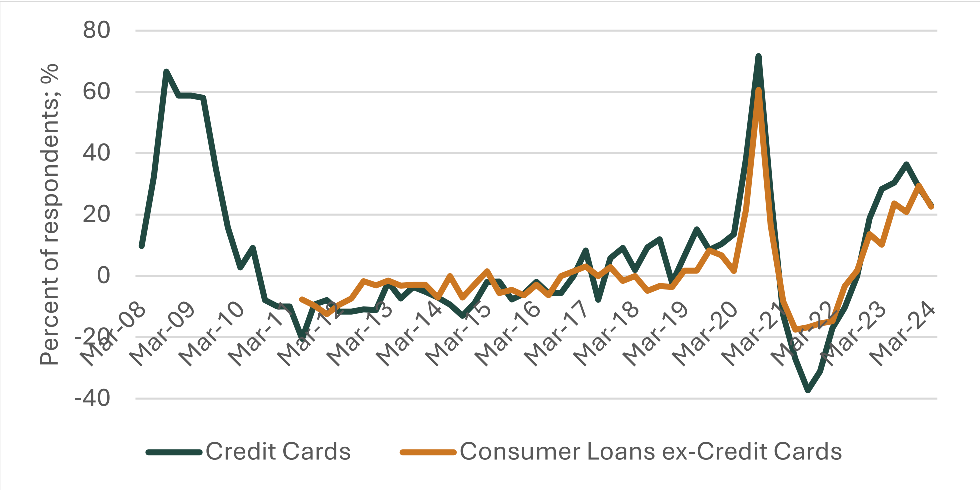


Source – [JP Morgan, Household Pulse: Balances through October 2023, 25 January 2024](#)
EIP (Economic Impact Payments) – handouts made by the US government during Covid



The absence of excess savings could be offset by increased consumer credit, and US households currently have the capacity to fund more credit. This may be offset by banks' tightening credit standards, as illustrated by Figure 14, which demonstrates that approximately 20% of credit departments are tightening standards for credit cards and consumer loans. This figure is large by historical standards, and we believe it may need to decline to support real growth in consumer expenditure.

Figure 14 – Percent of Senior Loan Officers reporting tightening credit standards



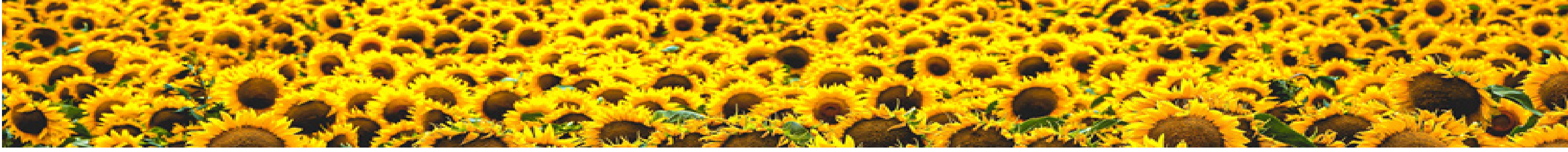
Source – [Federal Reserve, Senior Loan Officer Survey on Bank Lending Practices]

In aggregate, the above analysis indicates that excess savings have been consumed and there may be an argument that lower income households now have below-trend savings. As a result, excess savings are unlikely to provide a tailwind for consumer expenditure in the foreseeable future. This could be offset by expanded consumer credit; however, bank credit departments will need to shift from their current position and loosen credit standards to enable this.

Conclusion

Pella's analysis indicates that consumer expenditure is unlikely to get a material lift from employment, real wages, or social security income. Meanwhile excess savings have probably been exhausted and, while the consumer's balance sheet can accommodate more credit, access to that credit will require banks to loosen their credit standards. This is not a doomsday scenario as employment remains strong and savings are not below trend. Rather, it implies that consumer expenditure will not get an abnormal uplift (as it did in the years following COVID) and will be more lethargic in 2024 than in recent history. As a result, we do not expect consumer expenditure to be a notable tailwind (nor a disruptive headwind) for US economic growth and share market performance.

Given these factors, Pella is generally avoiding investing in companies that are highly sensitive to US consumer expenditure and is more focused on themes and regions that are distinct to US consumer expenditure. Top of that list is Artificial Intelligence and Health Care, which we wrote about in the 2Q23 Quarterly and 4Q23 Quarterly, respectively.



Portfolio Positioning

In 1Q24 the Pella Global Generations Fund ("Fund") delivered a return of 10.8%, underperforming its benchmark[1] by 2.4%, which increased 13.2% with the Information Technology sector making the largest positive contribution and Real Estate was the worst performing sector.

As with prior quarters, the 'Magnificent Seven' were the key market driver, accounting for approximately 25% of the Benchmark's total quarterly return. Within that group, the highlight was NVIDIA, which continued its upward march following the release of its FY24 (yearend Jan-24) result, demonstrating that the AI market is larger than what is currently built into consensus models. On the flip side, Apple and Tesla were relatively weak as those companies are delivering insipid growth relative to their valuations.

Over the quarter, the Fund was notably underweight the Magnificent Seven as it has no exposure to Apple, Amazon, Meta, and Tesla. However, we invested in NVIDIA early in the quarter and benefited from that stock's performance during the quarter.

Another strong area of the Market is the group of pharmaceutical companies that make the GLP-1 weight loss/diabetes medications. During the quarter the best performing company in the US market was Viking Therapeutics, which announced (somewhat) positive results from its Phase 2 trial of its GLP-1/GIP weight loss treatment. The Fund has meaningful exposure to the theme with a substantial investment in Novo Nordisk, a Danish company that pioneered GLP-1 pharmaceuticals and is already generating almost $20b p.a. of revenue from that class of pharmaceutics.

During the quarter, the Market readjusted its interest rate expectations. Based on the CME's FedWatch tool, Pella calculates the Market cut its expected number of 25bps rate cuts in the current year from five (at the start of 2024) to two. This was likely the key explanation for the relatively weak performance of sectors that are considered bond proxies, such as Real Estate, Utilities, and Consumer Staples. The Fund benefited from only having 2% exposure to those sectors.

Pella's portfolio structure will always be a diversified combination of companies that satisfy our valuation-to-growth and sustainability requirements, rather than being dictated by any top-down country or sectoral bias. We believe this is the best way to achieve consistency in delivering on our three goals of better returns, lower volatility, and superior sustainability to the benchmark.

During the quarter Pella exited five positions and added three new positions to the portfolio. We exited Intuitive Surgical on valuation grounds as that company appears excessively expensive given its growth outlook. Antofagasta was exited following its strong share price performance with the backdrop of solid copper prices, while Albemarle, Nurtien, and Enphase hit out stop loss triggers in the Cyclical and Innovation segments of the portfolio. The three positions added during the quarter included two Health Care companies and NVIDIA.

The biggest change to the Fund's sector exposure was reducing exposure to Materials by 5.5%, increasing the weight of Information Technology by 4.7%, and Financials by 2.7%. Health Care remains the Fund's largest sectoral exposure with a 24% weighting, which is close to the ceiling sector weight limit of 25%. The Fund held 6% in cash at quarter end, which is its lowest cash weighting for some time.

Portfolio Segments

Core:

The Fund's exposure to the Core segment remained relatively unchanged at 79%. During the quarter the fund exited a single Core position (Intuitive Surgical) reduced the weight of ResMed and Thermo Fisher Scientific, and increased the weight of several positions, including AIA Group, Vertiv Holdings, and Adobe.

Cyclical:

Exposure to the Cyclical segment was reduced from 10% (4Q23) to 5% (1Q24) as the Fund exited Antofagasta, Nutrien, and Albemarle, while also decreasing the weight of HDFC Bank.

Innovation:

Exposure to Innovation was increased from 3% (4Q23) to 10% (1Q24) as the Fund added three new positions (two Health Care companies and NVIDIA) and exited Enphase Energy.

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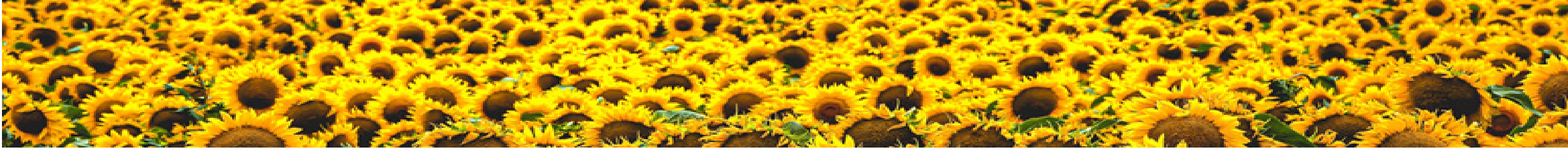
[1] *MSCI ACWI ($A, net)*



Stock in Focus

Ryam Fisher
Investment Analyst

AIA Group – Compounder at a "Value" Price

AIA is the largest life and health insurer in Asia. Figure 15 summarises the company's market exposures and demonstrates that it is well diversified, with leading positions in most of its markets. This geographic exposure is one of AIA's key attractions.

Pella sees little appeal in life insurers operating in mature markets (US, UK/Europe, Japan, Australia). Those markets offer little structural growth, and the profit margins are often barely high enough to cover the companies' risk-adjusted cost of capital.

In contrast, most of the life insurance markets across Asia are highly attractive. Product penetration is low (tends to be highly correlated with the growth in GDP and income per capita), barriers to entry remain high, and margins are generally healthy. For example AIA is currently able to generate an internal rate of return (IRR) of >20% on its investment in new business across Asia whereas most developed market life insurers would be doing well to get their returns into the low teens.

Figure 15 – AIA core geographic exposures

Region	% business (1)	Description
Hong Kong	33%	• Largest insurer in HK, with strong presence across all distribution channels (#1 in both Agency and IFA distribution; long-term bancassurance relationships with Citi and The Bank of East Asia). • Almost half its sales in HK are to Mainland Chinese visitors seeking $US denominated savings and protection policies
China (mainland)	25%	• Largest foreign insurer in China, but its market share is still only in the low single digits, leaving plenty of room for growth. • Growth prospects are enhanced by: (i) most productive sales force in the country; (ii) plenty of room for geographic expansion; (iii) high-quality, targeted bancassurance relationships (The Bank of East Asia for affluent customers, China Post Life for mass market customers).
ASEAN	35%	• Largest life insurer and health insurer across the ASEAN region with its largest businesses in Thailand, Singapore, and Malaysia. • An under-estimated part of the company, with good long-term growth prospects.
Other	7%	• Includes relatively mature markets such as Aus/NZ, South Korea, and Taiwan, as well as growth markets such as India (where AIA's JV has outgrown the broader market to become the #3 private life insurer).

Source – Pella
(1) Measured as new business value generation

One of the primary concerns about investing in emerging markets is that they can be riskier than more developed ones. AIA's management of those risks is another attraction of the company. This is demonstrated by its performance through the Covid-lockdown and China-slowdown period from 2019 to 2023. Despite the obvious headwinds during the period, AIA generated between 3% and 9% compounded growth across most key operational and financial metrics. This resilience is a function of three main things: (1) geographic diversification; (2) its skew towards protection-oriented life/health insurance products rather than investment-spread type products; (3) its robust and relatively conservative balance sheet.

AIA has been listed since 2010. With its strong performance and attractive characteristics, it soon became a key holding for foreigners investing in the HK stock market. An unfortunate consequence is that, with HK/China having fallen so far out of favour with global investors in recent years, the company's share price has suffered. It is currently around 30% lower than where it was five years ago, despite the company having grown its revenue, operating earnings, and embedded value over that time span. AIA stock is now trading on all-time-low valuation multiples:

- 12x operating profit vs a high-teens historical average.
- 1.1x embedded value vs a historical average of roughly 1.7x.
- 2x the value of one year's new business vs a mid-teens historical average.

We do see some reasons for the stock to trade on lower multiples than in the past. For example:

- **Law of large numbers –** AIA is a lot larger now than it was when it listed and is unlikely to grow as fast as it did in the pre-COVID years (when it saw mid-teens or better compound growth in most metrics). However, Pella's view is that future growth will be a lot better than the mid-single digit growth that we've seen over the last 5 years. Analyst estimates are consistent with our expectation (current forecasts are for c10% pa compound growth in coming years).
- **Political landscape -** changes in the geopolitical landscape mean that foreign investors are unlikely to pay the multiples they previously used for China-related assets and growth opportunities.

Pella believes the above factors only justify a portion of AIA's de-rating and we see the last few legs of the de-rating as having been due to non-fundamental factors, such as the massive reduction in foreign investor portfolio weightings in the HK/China market. This has had both direct and second-order impacts on AIA's stock price.

- **Direct impact -** a continuous selldown of the HK-listed names that had previously been *"foreigner favourites*", with insufficient new demand to soak this up.
- **Second-order impact -** an extraordinarily weak stretch of performance for the HK stock market as a whole, with that market declining in every one of the past 4 years and down almost 40% in aggregate over that period. A meaningful portion of AIA's equity portfolio is invested in the greater China region. Therefore, the year-over-year-over-year declines in the China/HK stockmarket have depressed AIA's reported profit, leading some investors to question whether the trend will continue.

Pella believes the above technical factors are likely transitory, while AIA's fundamentals remain strong and enduring. Based on this reasoning, AIA is compellingly cheap, and the value will be realised with its ongoing operational performance and unwind of the technical factors.

The stock is now trading on a free cashflow yield of 5%, which more than satisfies Pella's price-for-growth valuation requirements. Importantly, AIA has already been "showing us the money". Its base dividend yield is just over 3% and has been augmented by a sizeable buyback program (c5% of shares bought back in each of the last two years). The current buyback program is likely to be completed in 3Q and the company appears to have sufficient balance sheet capacity to announce another program after that. Therefore, we have taken the opportunity to increase the weighting of the stock in the portfolio.

Responsible Investing

During 1Q24, Pella's key Responsible Investing initiative was pursuit of B Corporation certification for the Pella Group. While this is not directly related to the Fund's portfolio attributes, Pella has long believed that our behaviour is critical for the delivery of Responsible Investing funds.

We believe B Corp. certification is the premier demonstration that a for-profit business is committed to social and environmental responsibility. To obtain that certification involves meeting high social and environmental standards, demonstrating transparency and accountability, and a long-term focus.

B Corp certification is not a mere 'tick-the-box' exercise, and the process is long and involved. Pella commenced the process in Mar-23 and reached the final stages of the assessment process during Jan-24.

Pella is waiting for B Corp to complete its assessment, but we believe Pella is well position. Pella obtained an overall score of 136 versus a required score of 80 in the B Corp Impact assessment, and Pella has fulfilled the B Corp legal requirements. We are hopeful that we will be able to report successful completion of the process shortly.

Aligned with our Pledge 1% commitment, during the quarter Pella employees, along with some of our corporate partners, volunteered at Thread Together, a charity that solves the problem of too much new clothing heading to the dump, by diverting it to people in need. Our experience there has led us to discover the mass overproduction of fast fashion, size 6 dresses. This highlights Pella's concern with fast fashion, and we are exploring several initiatives to curb the overproduction of fast fashion garments.

In addition, during the quarter Pella's CIO, Jordan Cvetanovski (and his son), spent a week in Cambodia with Habitat for Humanity International as a volunteer for the Global Village program. Volunteers with this program work with vulnerable families to improve their living conditions and overall well-being by building safe, disaster-resilient homes of concrete blocks.

Following the 3Q23 launch, Pella's Monthly Sustainability Reports are continuing to develop to develop a deeper track record. These reports provide a succinct and quantifiable summary of the Fund's key sustainability measures. We believe the positive impact table is particularly useful. One of the key issues with positive impact reporting is that some companies are classified as positive impact due to a portion of their revenue being derived from positive impact activities, while other elements do not have a positive impact. Our solution is to report our calculation of the bands of positive impact revenue generated by the Fund's positions.

Pella ensured that the Fund complied with its Responsible Investment guidelines. Approximately 30% of the Fund is invested in companies rated AAA by MSCI and 100% of the Fund is invested in companies with a rating equal to or higher than a BBB rating. In addition, the Fund's carbon intensity is significantly lower than its target, 30% below the benchmark.

During the quarter Pella participated in two shareholder votes and missed one (Sika). Pella submitted its votes via our proxy voting tool, but the ballot was stuck in Approved status and was not submitted. We are exploring the issue and will strive for it never to reoccur.

Figure 16 summarises Pella's voting track-record during the period. There was only one notable ESG-related vote to discuss. In the Intuit meeting, we voted against a proposal that for Intuit to report on climate risks in its retirement plan options. We believe a vote against this resolution is warranted because Intuit's retirement plan is managed by a third-party fiduciary and employees are offered an option for investing more responsibly.

Figure 16 – Pella's 4Q23 voting track-record

Name	Meeting Type	Vote String
Intuit	Annual	FFFFFFFFFFFF1FFA
Novo Nordisk	Annual	FFFFFFFFFFFFFFFFFFFF

The second quarter is the busiest one for shareholder votes. We have submitted votes for several meetings and are currently working through the agenda and proposals for others. We will fully disclose our votes in the 2Q24 quarterly.

Performance

Net of all fees	PGGF Class B	MSCI ACWI (AUD, net)	Relative
1 month	3.5%	2.9%	0.6%
1 quarter	10.8%	13.2%	-2.4%
1 year	21.1%	26.5%	-5.4%
2 years	31.6%	31.3%	0.4%
Inception to date [1]	8.6%	8.6%	0.0%

(1) Per annum return since inception on 1 January 2022

Past performance is not indicative of future performance. Performance returns are net of fees and assume reinvestment of distributions. Actual investor performance may differ due to the investment date, date of reinvestment of income distributions, and withholding tax applied to income distributions.

Fund Holdings

As of 29 February 2024

Holdings Name	Sector	Country
3i Group	Financials	United Kingdom
Adobe	Information Technology	United States
AIA Group	Financials	China
Alphabet	Communication Services	United States
Arthur J Gallagher & Co.	Financials	United States
Ashtead Group	Industrials	United Kingdom
ASML	Information Technology	Netherlands
CME Group	Financials	United States
Coloplast A/S	Health Care	Denmark
Darling Ingredients	Consumer Staples	United States
Deutsche Börse	Financials	Germany
Halozyme Therapeutics	Health Care	United States
HDFC Bank	Financials	India
IMCD NV	Industrials	Netherlands
Intuit	Information Technology	United States
IQVIA	Health Care	United States
JD Sports Fashion	Consumer Discretionary	United Kingdom
Lantheus Holdings	Health Care	United States
Marsh & McLennan	Financials	United States
Microsoft	Information Technology	United States
Novo Nordisk	Health Care	Denmark
NVIDIA	Information Technology	United States
ResMed, Inc.	Health Care	United States
Rightmove	Communication Services	United Kingdom
Schneider Electric	Industrials	France
Shockwave Medical	Health Care	United States
Sika AG	Materials	Switzerland
Thermo Fisher Scientific	Health Care	United States
TSMC	Information Technology	Taiwan
UnitedHealth Group	Health Care	United States
Vertiv Holdings	Industrials	United States
VINCI	Industrials	France

Fund Analytics

As of 31 March 2024

Geographic & Asset Allocation

Asset Class	Fund	Benchmark
Developed Markets	**82%**	**90%**
United States	46%	62%
Europe	36%	15%
Japan	0%	6%
Others	0%	8%
Emerging Markets	**12%**	**10%**
Emerging Asia	12%	8%
Latin America	0%	1%
Others	0%	1%
Cash	**6%**	**0%**

Source – Pella Funds Management

Top Ten Holdings

Company	Sector	Country
3i Group	Financials	UK
Novo Nordisk	Health Care	Denmark
TSMC	Information Technology	Taiwan
Microsoft	Information Technology	USA
UnitedHealth Group	Health Care	USA
AIA Group	Financials	China
ASML	Information Technology	Netherlands
Marsh & McLennan	Financials	USA
JD Sports Fashion	Consumer Discretionary	UK
Vertiv Holdings	Industrials	USA

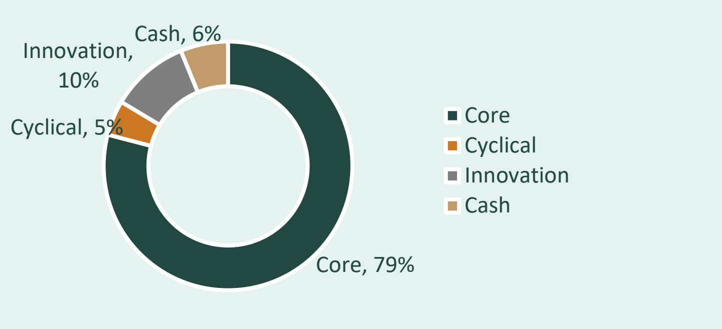
Source – Pella Funds Management

Currency Exposure

Currency	Direct	Exposure
USD	51%	51%
GBP	15%	15%
EUR	14%	14%
DKK	8%	8%
HKD	4%	4%
AUD	3%	3%
SEK	3%	3%
CHF	2%	2%

Source – Pella Funds Management

Fund Segment Allocation



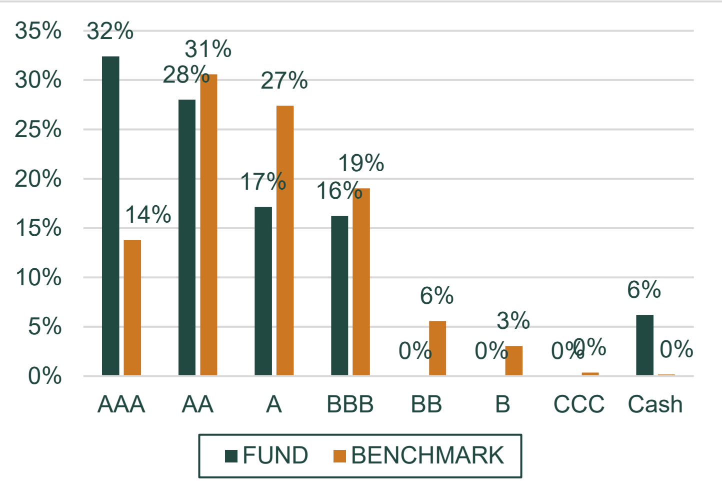
Source – Pella Funds Management

Sector (GICS) Allocation

Sector	Fund	Benchmark
Health Care	24%	11%
Financials	22%	16%
Information Technology	22%	24%
Industrials	13%	11%
Communication Services	5%	8%
Consumer Discretionary	4%	11%
Materials	2%	4%
Consumer Staples	2%	6%
Utilities	0%	2%
Real Estate	0%	2%
Energy	0%	5%
Cash	6%	0%

Source – Pella Funds Management

MSCI ESG Rating Distribution



Source – Pella, using MSCI ESG data

Key Information

Portfolio Manager	Jordan Cvetanovski
Inception date	1-January-2022
Price Class B (NAV)	$1.43
Buy/Sell spread	+0.25% /-0.25%
Minimum	$25,000
Additional Investment	$1,000/ $1,000 per month on a regular savings plan.
Pricing frequency	Daily
Distribution frequency	Annual
Base fee	0.65%
Performance fee	15% above benchmark
Benchmark	MSCI All Country World Index ("MSCI ACWI") (A$, net) *
APIR code	PIM5678AU
ISIN	AU60PIM56781
Platform Availability	Macquarie Wrap Netwealth HUB24 North/MyNorth BT Panorama Direct Online Application

* The fund's investable universe differs to its benchmark. The fund's negative screen excludes several activities that are included in the benchmark such as fossil fuel mining, transportation, or electricity generation; weapons; alcohol; and casinos. The fund also excludes companies that are rated CCC by MSCI. In addition, the fund can invest in companies that are not included in the benchmark, provided those companies satisfy the fund's liquidity requirements. Thus, the fund may be of a different return and risk profile then the benchmark.

Contact Us

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