



iInvest Securities

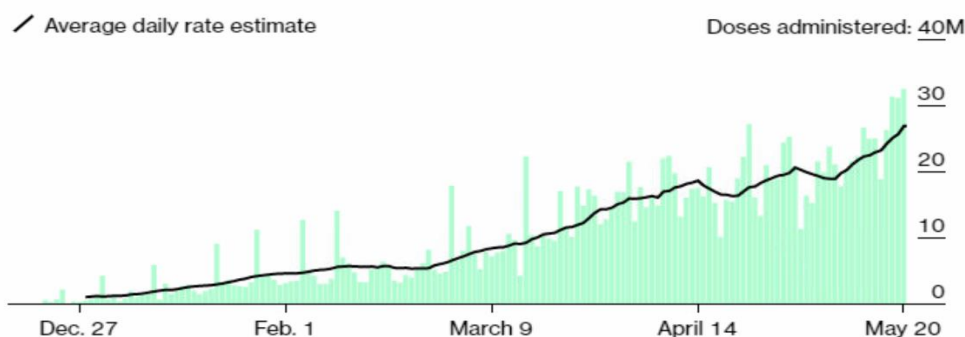
Equity Strategy

Timeframe to Global Immunity...

24 May 2021

Covid-19 has no doubt made the exercise of valuation an ever more so difficult task – Investors have had to grapple with how long and how Covid-19 has impacted earnings during the pandemic and what will earnings look like in a post-Covid-19 world – with a purpose to financial modelling, to ascertain the intrinsic value of investments. One crucial aspect to valuation is time. Understanding time to reaching global immunity, so we can more accurately plug assumptions on time, in our financial models has been crucial. According to recent data from Bloomberg's Covid-19 Tracker, which gathers extensive data from countries, provinces and their official representatives – the biggest vaccination campaign in history is underway with more than 1.57 billion doses already administered across 176 countries. The latest rate was ~26.8 million doses a day according to Bloomberg. If we consider U.S. top infectious-disease official, Dr. Anthony Fauci, who has argued that vaccinating 70% to 85% of the U.S. population would enable a return to normalcy and apply this on a global scale, at the current pace of 26.8 million a day, it will take another year to achieve global immunity. Importantly, the rate, is steadily improving. In Australia, the latest vaccination rate is 68,137 doses per day, on average. At this pace, it will take another 17 months to cover 75% of the population. Whilst it is beginning to appear that we can more accurately financially model and value equities for the end of Covid-19 (assuming current assumptions hold), the question remains as to how Covid-19 has structurally shaped Company earnings going forward. Indeed, this then, is an exercise, our investment managers are continuously rigorously pursuing, in undertaking fundamental analysis and meetings with Company executives, regardless of the pandemic.

Figure 1: Global – vaccination rate of 26,832,310 doses per day, on average ≈ another 12 months to cover 75% of the population.



Note: Immunity calculations take into account the number of doses required and the current rate of administration for each vaccine type. The "daily rate estimate" is a seven-day trailing average; interpolation is used for jurisdictions with infrequent updates. Data are from Bloomberg's Covid-19 Vaccine Tracker.

Figure 2: Global Markets Overview

			Units	Current Value	Price Performance				FWD P/E		FWD Div Yld	
					1-day	1-mth	6-mth	1-year	1-YR	2-YR	1-YR	2-YR
Europe Markets												
	FTSE 100 Index		GBP	7,018.1	0.0%	1.1%	9.1%	17.1%	14.0x	13.0x	3.9%	3.9%
	DAX Index		EUR	15,437.5	0.4%	1.0%	16.1%	39.4%	15.6x	14.1x	2.8%	3.0%
	CAC 40 Index		EUR	6,386.4	0.7%	2.1%	14.9%	43.7%	18.2x	15.9x	2.6%	2.9%
US Markets												
	S&P 500 Index		USD	4,155.9	-0.1%	-0.6%	14.3%	40.6%	22.4x	20.0x	1.4%	1.5%
	NASDAQ		USD	13,411.7	-0.6%	-3.8%	11.0%	42.5%	27.7x	24.5x	0.7%	0.8%
Asia Pacific												
	S&P/ASX 200		AUD	7,030.3	0.2%	-0.4%	5.8%	27.9%	19.1x	17.8x	3.7%	3.8%
	NZX All Ords		NZD	2,037.1	0.2%	-1.6%	-1.5%	15.5%	29.2x	22.4x	2.5%	2.8%
	HANG SENG Index		HKD	28,458.4	0.0%	-2.1%	7.0%	24.1%	12.4x	11.1x	2.9%	3.2%
	NIKKEI 225		JPY	28,317.8	0.8%	-2.4%	8.2%	38.9%	19.7x	17.6x	1.7%	1.9%
	Shanghai Composite		CNY	3,486.6	-0.6%	0.4%	2.5%	23.9%	12.7x	11.6x	2.4%	2.7%
	India 50 Index		INR	15,175.3	1.8%	5.8%	16.2%	67.9%	20.7x	18.1x	1.4%	1.6%

Source: Banyantree, Bloomberg, Factset, Refinitiv; Pricing COB 24/05/21

Australian Core Model Portfolio (excludes Global)

PORTFOLIO OVERVIEW

Fund Overview: An actively managed, long-only model portfolio focused on Australian equities. The investment ideas incorporate Banyantree's views on global markets, domestic macro-economic outlook and bottom-up fundamental analysis.

Investment Strategy: Bottom-up fundamental analysis of listed companies, taking advantage of Banyantree's proprietary screens, sector-specific themes and emerging industries.

Investment Process: Banyantree follows a bottom-up process, with a macro over-lay, based on a disciplined evaluation of companies through an extensive direct visits program. The key components of the investment process: *Investment Universe* → *Selection Criteria* → *Quantitative Assessment* → *Qualitative Assessment* → *Recommendation Rating System (Buy / Neutral / Sell)* → *Portfolio Construction + Monitoring*.

Investment Universe: S&P/ASX 200, with the ability to invest up to 30% in ex ASX200 stocks.

Benchmark: iShares Core S&P/ASX200 ETF.

Investment Horizon: Minimum 5 years

Inception Date: 1 July 2015

PORTFOLIO CHARACTERISTICS

Fundamentals (as at 30 April 2021)

	Portfolio	Benchmark
Price-to-earnings (x)	42.6	59.4
Dividend Yield (%)	2.3	2.7
Price-to-Book (x)	2.8	2.3

Source: Bloomberg Portfolio

Key Stock Holdings

BHP Billiton (BHP)
Rio Tinto (RIO)
CSL Ltd (CSL)
Xero Ltd (XRO)
Commonwealth Bank of Australia (CBA)

Current Allocation

Australian Equities	93%
Global Equities	0%
Cash	7%

Performance (as at 30 April 2021)

	Portfolio*	Benchmark	Excess
1-month	5.00%	3.79%	+1.21%
3-month	5.89%	7.89%	-1.97%
6-month	16.86%	20.78%	-3.92%
YTD	5.11%	8.29%	-3.18%
CY20	6.10%	2.04%	+4.06%
CY19	21.84%	25.09%	-3.26%
CY18	0.01%	-1.97%	+1.98%
CY17	18.93%	12.99%	+5.94%
CY16	12.09%	12.72%	-0.63%
Since Inception (p.a.)	11.70%	9.62%	+2.08%

Source: Bloomberg Portfolio, Past performance is not indicative of future performance. *Total Returns and before costs.

Market Commentary

U.S. markets were stronger April, with the Dow Jones up +2.7% and S&P 500 up +5.2%, on bets of a vaccine-fueled recovery. European markets followed the U.S. lead, with the Stoxx Europe 600 Index up +1.8%, UK FTSE up +3.8% and German DAX up +0.9%. Asian markets were mostly higher, as data revealed Asia's manufacturing activity remained robust through April, with China's PMI at 51.1, Japan's PMI expanding for a third month to 53.6, Taiwan's PMI rising to 62.4 (highest reading since March 2010), South Korea's PMI at 54.6 (seventh straight month of expansion), and India's PMI inching up to 55.5. The Nikkei was down -1.3%, KOSPI up +2.8%, and the Shanghai Composite up +0.1%. In commodities, WTI oil gained +7.4% to US\$63.58/bbl, after OPEC+ increased its 2021 global oil demand forecast by 100,000 barrels a day pledging to slowly increasing supply by 2 million barrels a day over the next three months and raised its forecast for global economic growth by +30bps to 5.4%, and International Energy Agency (IEA) raised its global oil demand estimate for 2021 by 230,000 barrels per day (bpd) to 5.7 million bpd. Iron ore prices increased +20.3% to US\$185.53 per tonne, and spot gold gained +3.6% to US\$1,769 per ounce. The S&P/ASX 200 was up +3.5%.

Key Stock Views

Cleanaway Waste Management Ltd (CWY) surged +15.9%, after Suez SA agreed to sell its recycling and recovery business in Australia to CWY for A\$2.5bn.

Australian Dividend Opportunities Model Portfolio

PORTFOLIO OVERVIEW

Fund Overview: An actively managed, long-only model portfolio focused on Australian equities, with a focus on dividend yield. The investment ideas incorporate Banyantree's views on global markets, domestic macro-economic outlook and sector & stock specific themes.

Investment Strategy: Bottom-up fundamental analysis of Australian listed companies, with a focus on quality companies with defensive earnings which can support a sustainable and growing dividend yield.

Investment Process: Banyantree follows a bottom-up process, with a macro over-lay, based on a disciplined evaluation of companies through an extensive direct visits program. The key components of the investment process: *Investment Universe* → *Selection Criteria* → *Quantitative Assessment* → *Qualitative Assessment* → *Recommendation Rating System (Buy / Neutral / Sell)* → *Portfolio Construction + Monitoring*.

Investment Universe: S&P/ASX 300, with the ability to invest up to 30% in global stocks and 30% in ex ASX300 stocks.

Benchmark: iShares S&P/ASX Dividend Opportunities ETF.

Investment Horizon: Minimum 5 years

Inception Date: 20 March 2017

PORTFOLIO CHARACTERISTICS

Fundamentals (as at 30 April 2021)

	Portfolio	Benchmark
Price-to-earnings (x)	32.3	20.9
Dividend Yield (%)	4.2	4.6
Price-to-Book (x)	1.9	3.7

Source: Bloomberg Portfolio

Key Stock Holdings

BHP Group (BHP)
 Fortescue Metals Group (FMG)
 Commonwealth Bank of Australia (CBA)
 Wesfarmers Ltd (WES)
 Amcor Plc (AMC)

Current Allocation

Australian Equities	92%
Global Equities	0%
Cash	8%

Performance (as at 30 April 2021)

	Portfolio	Benchmark	Excess
1-month	3.42%	4.18%	-0.76%
3-month	5.29%	4.30%	+0.99%
6-month	17.99%	18.32%	-0.33%
YTD	4.01%	4.10%	-0.09%
CY20	6.75%	0.05%	+6.70%
CY19	18.43%	28.67%	-10.24%
CY18	-2.87%	-9.23%	+6.37%
Since Inception (p.a.)	7.56%	6.21%	+1.35%

Source: Bloomberg Portfolio, Past performance is not indicative of future performance. Total Returns and before costs.

Market Commentary

U.S. markets were stronger April, with the Dow Jones up +2.7% and S&P 500 up +5.2%, on bets of a vaccine-fueled recovery. European markets followed the U.S. lead, with the Stoxx Europe 600 Index up +1.8%, UK FTSE up +3.8% and German DAX up +0.9%. Asian markets were mostly higher, as data revealed Asia's manufacturing activity remained robust through April, with China's PMI at 51.1, Japan's PMI expanding for a third month to 53.6, Taiwan's PMI rising to 62.4 (highest reading since March 2010), South Korea's PMI at 54.6 (seventh straight month of expansion), India's PMI inching up to 55.5, Indonesia's PMI rising to 54.6 (highest since the series began) and Malaysia's PMI rising to 53.9 (highest reading since the series began). The Nikkei was down -1.3%, KOSPI up +2.8%, and the Shanghai Composite up +0.1%. In commodities, WTI oil gained +7.4% to US\$63.58/bbl, after OPEC+ increased its 2021 global oil demand forecast by 100,000 barrels a day pledging to slowly increasing supply by 2 million barrels a day over the next three months and raised its forecast for global economic growth by +30bps to 5.4%, and International Energy Agency (IEA) raised its global oil demand estimate for 2021 by 230,000 barrels per day (bpd) to 5.7 million bpd. Iron ore prices increased +20.3% to US\$185.53 per tonne, and spot gold gained +3.6% to US\$1,769 per ounce. The S&P/ASX 200 was up +3.5%.

Key Stock Views

nib Holdings Ltd (NHF) surged +10.2%, after forecasting FY21 underlying operating profit of A\$200-225m.



Australian Small Companies Model Portfolio

PORTFOLIO OVERVIEW

Fund Overview: An actively managed, long-only model portfolio with a focus on Australian small cap equities. The investment ideas incorporate Banyantree's views on global markets, domestic macro-economic outlook, bottom-up fundamental analysis and sector-specific themes.

Investment Strategy: Bottom-up fundamental analysis of listed companies, taking advantage of Banyantree's proprietary screens, sector themes and emerging industries. The portfolio generally avoids speculative stocks and junior miners.

Investment Process: Banyantree follows a bottom-up process, with a macro over-lay, based on a disciplined evaluation of companies through an extensive direct visits program. The key components of the investment process: *Investment Universe* → *Selection Criteria* → *Quantitative Assessment* → *Qualitative Assessment* → *Recommendation Rating System (Buy / Neutral / Sell)* → *Portfolio Construction + Monitoring*.

Investment Universe: All companies outside the ASX100, with the ability to invest up to 30% in global stocks.

Benchmark: iShares S&P/ASX Small Ordinaries ETF.

Investment Horizon: Minimum 5 years

Inception Date: 24 April 2017

PORTFOLIO CHARACTERISTICS

Fundamentals (as at 30 April 2021)

	Portfolio	Benchmark
Price-to-earnings (x)	61.1	na
Dividend Yield (%)	2.4	2.7
Price-to-Book (x)	2.4	2.0

Source: Bloomberg Portfolio

Key Stock Holdings

Baby Bunting Group (BBN)
Fisher & Paykel Healthcare (PFH)
Premier Investments (PMV)
IDP Education (IEL)
NEXTDC Ltd (NXT)

Current Allocation

Australian Equities	88%
Global Equities	0%
Cash	12%

Performance (as at 30 April 2021)

	Portfolio	Benchmark	Excess
1-month	6.15%	4.90%	+1.25%
3-month	6.05%	7.45%	-1.40%
6-month	17.77%	21.62%	-3.85%
YTD	8.45%	7.44%	+1.01%
CY20	13.49%	9.34%	+4.15%
CY19	16.21%	21.35%	-5.14%
CY18	9.09%	-8.66%	+17.75%
Since inception (p.a.)	14.46%	11.44%	+3.02%

Source: Bloomberg Portfolio. Past performance is not indicative of future performance. Total Returns and before costs.

Market Commentary

U.S. markets were stronger April, with the Dow Jones up +2.7% and S&P 500 up +5.2%, on bets of a vaccine-fueled recovery. European markets followed the U.S. lead, with the Stoxx Europe 600 Index up +1.8%, UK FTSE up +3.8% and German DAX up +0.9%. Asian markets were mostly higher, as data revealed Asia's manufacturing activity remained robust through April, with China's PMI at 51.1, Japan's PMI expanding for a third month to 53.6, Taiwan's PMI rising to 62.4 (highest reading since March 2010), South Korea's PMI at 54.6 (seventh straight month of expansion), India's PMI inching up to 55.5, Indonesia's PMI rising to 54.6 (highest since the series began) and Malaysia's PMI rising to 53.9 (highest reading since the series began). The Nikkei was down -1.3%, KOSPI up +2.8%, and the Shanghai Composite up +0.1%. In commodities, WTI oil gained +7.4% to US\$63.58/bbl, after OPEC+ increased its 2021 global oil demand forecast by 100,000 barrels a day pledging to slowly increasing supply by 2 million barrels a day over the next three months and raised its forecast for global economic growth by +30bps to 5.4%, and International Energy Agency (IEA) raised its global oil demand estimate for 2021 by 230,000 barrels per day (bpd) to 5.7 million bpd. Iron ore prices increased +20.3% to US\$185.53 per tonne, and spot gold gained +3.6% to US\$1,769 per ounce. The S&P/ASX 200 was up +3.5%.

Key Stock Views

Megaport Ltd (MP1) gained +9.7%, after reporting 3Q21 revenue of A\$19.6m, up +4.7% q/q with monthly recurring revenue of A\$6.8m, up +7.9% q/q.



Global Core Model Portfolio

PORTFOLIO OVERVIEW

Fund Overview: An actively managed, long-only model portfolio focused on global equities, with a bias towards global mega large-cap companies. The investment ideas incorporate Banyantree's views on global markets, macro-economic outlook and bottom-up fundamental analysis.

Investment Strategy: Bottom-up fundamental analysis of listed companies (in developed and emerging markets), taking advantage of Banyantree's proprietary screens, sector-specific themes and emerging industries.

Investment Process: Banyantree follows a bottom-up process, with a macro over-lay, based on a disciplined evaluation of companies through an extensive direct visits program. The key components of the investment process: *Investment Universe* → *Selection Criteria* → *Quantitative Assessment* → *Qualitative Assessment* → *Recommendation Rating System (Buy / Neutral / Sell)* → *Portfolio Construction + Monitoring*.

Investment Universe: Listed securities in both emerging and developed markets.

Benchmark: Vanguard MSCI International Share Index ETF (VGS) in AUD [MSCI World ex-Australia Index]

Investment Horizon: Minimum 5 years

Inception Date: 1 January 2019

PORTFOLIO CHARACTERISTICS

Fundamentals (as at 30 April 2021)

	Portfolio	Benchmark
Price-to-earnings (x)	19.0	29.0
Dividend Yield (%)	1.8	2.1
Price-to-Book (x)	3.9	3.1

Source: Bloomberg Portfolio

Key Stock Holdings

UnitedHealth Group Inc (UNH)
Taiwan Semiconductor (TSM)
HFDC Bank Ltd (HDB)
BHP Group (BHP)
Paypal Holdings (PYPL)

Current Allocation

Global Equities	89%
Cash	11%

Performance (as at 30 April 2021)

	Portfolio	Benchmark	Excess
1-month	2.89%	3.19%	-0.30%
3-month	6.46%	10.25%	-3.79%
6-month	14.31%	17.32%	-3.01%
YTD	6.16%	9.74%	-3.58%
CY20	14.34%	5.82%	+8.52%
CY19	38.70%	28.11%	+10.60%
Since inception (p.a.)	25.03%	18.57%	+6.46%

Source: Bloomberg Portfolio, Past performance is not indicative of future performance. *Total Returns and before costs.

Market Commentary

U.S. markets were stronger April, with the Dow Jones up +2.7% and S&P 500 up +5.2%, on bets of a vaccine-fueled recovery. European markets followed the U.S. lead, with the Stoxx Europe 600 Index up +1.8%, UK FTSE up +3.8% and German DAX up +0.9%. Asian markets were mostly higher, as data revealed Asia's manufacturing activity remained robust through April, with China's PMI at 51.1, Japan's PMI expanding for a third month to 53.6, Taiwan's PMI rising to 62.4 (highest reading since March 2010), South Korea's PMI at 54.6 (seventh straight month of expansion), India's PMI inching up to 55.5, Indonesia's PMI rising to 54.6 (highest since the series began) and Malaysia's PMI rising to 53.9 (highest reading since the series began). The Nikkei was down -1.3%, KOSPI up +2.8%, and the Shanghai Composite up +0.1%. In commodities, WTI oil gained +7.4% to US\$63.58/bbl, after OPEC+ increased its 2021 global oil demand forecast by 100,000 barrels a day pledging to slowly increasing supply by 2 million barrels a day over the next three months and raised its forecast for global economic growth by +30bps to 5.4%, and International Energy Agency (IEA) raised its global oil demand estimate for 2021 by 230,000 barrels per day (bpd) to 5.7 million bpd. Iron ore prices increased +20.3% to US\$185.53 per tonne, and spot gold gained +3.6% to US\$1,769 per ounce. The S&P/ASX 200 was up +3.5%.

Key Stock Views

Beach Energy Ltd (BPT) slumped -24.1%, after cutting its FY21 pro forma production guidance to 25.2–25.7 MMboe from 26.5–27.5 MMboe and withdrawing its five-year outlook.

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