Consumer Alpha Global Leaders UCITS Fund

Q2 2024 Fund Commentary

Q2 2024 Fund Performance Overview

Dear Investor and Supporter,

The Fund returned -3.6% in Q2 2024 during a challenging environment for global consumer companies. On a YTD basis, the Fund has returned +2.6%. Importantly, our volatility remains below that of equity markets.

A long period of above average inflation has finally caught up to the global consumer and we continued to see signs of consumers being selective with their spending in 2024. This has weighed on consumer companies, particularly the consumer discretionary companies. For reference, the MSCI ACWI Consumer Staples Index was flat in the quarter and the MSCI ACWI Consumer Discretionary Index was down 1.4% in the quarter, both with dividends reinvested, while the broader global index was positive. This created a difficult backdrop for Infusive's consumer investments, but we believe this is a cyclical challenge as our companies have maintained their industry leading positions with strong competitive advantages.

Our return was materially impacted on the last day of trading for the quarter, with a warning from Nike. The company has been transitioning its strategy and the Investment Team has debated the merits extensively. Whilst we had intended to reduce our exposure, we were not aggressive enough on cutting the position when Management failed to execute their strategy. From a risk management perspective, we have since reduced our holding and are monitoring the situation closely.

Beyond Nike, we took advantage of the weakness in the quarter and added weight to selective consumer discretionary businesses. Specifically, we increased our exposure to the consumer discretionary sector by ~400bps (to ~38% of our Long Book exposure) while reducing our exposure to the consumer staples sector by the same amount. Despite the current challenges, we are cautiously optimistic on the backdrop for consumer discretionary companies for a several reasons.

1. First, the key consumer pressure is the cumulative increase in inflation they face. Today those inflationary pressures are easing, companies no longer need to take large price increases to maintain margins, and the consumer will become more comfortable with their new normal with each passing month. This bodes well for an increase in discretionary spending.
2. Second, many consumer discretionary companies are facing significantly easier prior year growth comparisons in the back half of 2024. In fact, across our Universe of consumer discretionary companies, the median company has a 500bps+ easier sales growth comparison in the second half of 2024.
3. Third, Bank of America analysis shows that the consumer discretionary sector has the highest hit rate among all sectors of outperforming the S&P 500 in the one to six months period after the Federal reserve's first interest rate cut.
4. Finally, within the sector we are highly targeted in our focus on sub industries with the highest quality companies. We have high exposure to things like travel, luxury, sportswear, restaurants, and home improvement – sub industries with attractive idiosyncratic stories and world class companies. Our recently increased exposure to the discretionary sector we think positions us well (see examples below).

Additionally, we maintained our positioning and ~29% Long Book exposure to our consumer digital champions. Our investments in dominant market leaders like Alphabet, Apple, Amazon, and Meta continued to drive strong performance in the quarter. These companies have proven to be critical parts of the consumer's daily life and generate impressive financial results thanks to their superior scale, attractive business models, and exposure to multiple secular growth tailwinds. We still see appealing upside across this collection of companies despite their size.

From a tactical standpoint, we actively increased our number of holdings from 31 to 44 at the end of the quarter, including 14 new positions and one exit. We believe this provides us the same general thematic exposures while also diversifying our single name risk across multiple consumer champions. A short description of each of the new positions follows below. We exited our small position in Roblox after additional due diligence did not give us high enough confidence in the risk reward that the position presented.

- Consumer Discretionary
  - Hilton Worldwide. We initiated a position in this global hotel brand owner. We view Hilton as the highest quality play on the attractive travel industry, which has proved resilient during economic downturns. According to their recent quarterly update:
    - They have a record pipeline of 470,000+ rooms and a significant proportion under construction. 60% of these are outside the US.
    - Further, the company's loyalty program is delivering the highest engagement rates ever, with 64% of occupancy attributed to members. The median income of Hilton Honors members is $150,000 Those companies with strong loyalty programs have historically outperformed their sectors over time.
    - Much of the growth in the business will come from regions where incomes are rising, such as Asia Pacific. During the first quarter, Hilton opened 100 hotels globally, with Asia-Pacific a large contributor to growth.
  - Puma. We initiated a position in Puma. We think the global sportswear company is positioned for strength after a period of underwhelming performance. In our view the market has become too negative on the business:
    - We see a compelling valuation for the company (0.7x sales vs. 20-year average of 1.3x).
    - Puma has substantial exposure to a strengthening European consumer (EMEA 37% of sales). Gaining share vs rivals (Nike and Adidas): "We are the number three globally, and the gap to the larger two is shrinking," said Arne Freundt, Puma CEO
  - Yum! Brands. We took a position in this global restaurant franchisor, with brands including KFC, Taco Bell and Pizza Hut. We have owned this business in the past and think highly of the company and its long term prospects for growth. In our view, YUM offers a steady path to high-single-digit operating profit growth while at the same time returning meaningful capital to shareholders given its asset light business model. We used the weakness in consumer discretionary spending as an opportunity to enter.
  - Home Depot. We initiated a position in US home improvement leader, Home Depot, following a significant pull back in shares as interest rates rose, resulting in a three decade low in housing turn over and existing home sales at levels comparable to the 2008/09 financial crisis. Periods of similar stress have often presented an opportunity.
    - Despite rising interest rate, the customer base is primarily homeowners, who have seen significant balance sheet expansion due to home price appreciation. Management have said "The homeowner has done exceptionally well over the last five years, really over the last 15 years, since the great financial crisis."
    - The market is forecasting flat to negative comparable sales. Whilst this may eventuate, we believe that housing is fundamental to the health of the US economy and sustained material weakness in housing will not be politically tolerated.
  - Lowe's. We also hold a position in Lowe's where like Home Depot, we see a positive multi year story ahead for the shares.
  - Kering. We initiated a position in this global luxury business as we see a compelling risk / reward set up given our expectation for an improvement in its core Gucci business and an unassuming valuation after recent struggles. While the environment is still challenged for the luxury sector, we see significant potential upside over a multi-year time frame and a

truly idiosyncratic opportunity in the luxury sector. 68% of group revenue and 92% of EBIT come from luxury brands like Gucci, Bottega Veneta, and Saint Laurent.
  - Booking Holdings. We initiated a position in this leading global online travel agent as we see an attractive travel backdrop and believe Booking is well positioned to capitalize on it, as the leading online travel agency. The company is gaining share in global travel and has an asset light business that allows for both growth and significant capital returns, through share buybacks.
  - Starbucks. We re-initiated a position in the global coffee chain after exiting it earlier this year, following our on the ground research trip surveying Chinese demand, competition and growth opportunities. The company reported underwhelming FQ2 results and reset expectation far lower for the full year, which sent shares meaningfully lower. We used this as an opportunity to take a position as we see many of the headwinds as temporary and the valuation as compelling.
  - Chipotle Mexican Grill. We initiated a position in Chipotle as we view it as one of the highest quality businesses in the industry with a runway of unit growth and greater levels of profitability as it further improves restaurant throughput. In a tough environment, Chipotle delivers real value to its customers.
- Consumer Digital
  - Visa. We own Visa's close peer Mastercard and saw an opportunity to initiate a position in Visa as well. Visa is a leading global payments company and we believe it has an incredible business model and strong secular tailwinds that will drive outsized growth for years to come.
  - We estimate global purchasing to be more than $40 trillion per annum, with over half of this, presenting itself to be addressable for Visa. The onboarding of counterparts and merchants continues, with over 100 million Visa credentials added over the Christmas quarter.
  - Walt Disney. We initiated a position in this global content and entertainment business after a pullback in shares created an attractive entry point. Disney is successfully growing its streaming business, which is on the cusp of sustainable profitability, while its theme park business continues to deliver solid profit growth, supported by leading intellectual property and brands that consumers love.
- Consumer Staples
  - Ulta Beauty. Ulta is a leading specialty beauty business in the U.S. and we took advantage of a large share price correction to initiate a position. The long term prospects remain attractive despite near term noise. Approximately 89% of sales are to its 45 million loyalty members, providing excellent data and insight into the consumer.
  - Diageo. We initiated a position in the global spirits company. Diageo is a high quality consumer business and we believe the market is being too short sighted in its focus on the current softness in the U.S. spirits market. For a patient investor, we see much higher normalized growth and earnings power.
  - Walmart. We took a position in this leading retailer given its excellent execution and Walmart's strong competitive position that is allowing it to take market share. We view this as one of the highest quality consumer companies with a runway for steady growth.
  - Colgate-Palmolive. We initiated a position in this consumer champion as we believe the company is exposed to high growth emerging markets, has a dominant oral care franchise, and has an attractive pet business. Colgate is executing well and we intend to capitalize on any future weakness to increase our position.

Looking out to the balance of 2024, we believe the portfolio is well positioned. Our consumer discretionary names should begin to see the benefits of easing inflationary pressures just as they are facing easy prior year growth comparisons. Furthermore, we expect our core consumer digital companies to continue to deliver resilient growth. Finally our consumer staples businesses and Risk Mitigation Program will help ensure our volatility remains below that of the broader market. Our broad collection of world class companies that delight the global consumer should continue to generate steady returns for the Fund.

Business Update

We are excited to share that Riccardo Villa joined our team in the quarter as Head of European Distribution. Riccardo brings ~20 years' experience to the team. Riccardo's vast experience will be critical as we grow the wealth of our partners and clients. He has a deep understanding and empathy of the financial advisory network and goals of clients. Riccardo's relationships and network across wholesale and retail segments of the industry aligns with IAM's growth strategy and differentiated portfolio. We're thrilled he has joined the team and look forward to working together to strengthen and grow our presence in the Italian and European markets and he will focus on relationships will help us grow Infusive so that we can realize our full potential in Europe.

Thank you for your support.

Infusive Asset Management

Jack Dwyer, Chief Executive Officer.

Fund Performance

Q2 2024 Performance Attribution

(Class A EUR ISIN LU1288897876)

	Net Return (%)
April	(4.1)
May	1.0
June	(0.5)
Q2	(3.6)

Risk Metrics	*Q2 (%)*
Volatility: Fund[1]	14.4

Sample of Portfolio Holdings (as at 30/06/2024)

mastercard amazon Lindt MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845 Coca-Cola

Alphabet Ferrari LVMH

[1] Volatility is the annualized standard deviation of the monthly returns.
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Portfolio Construction and Key Statistics

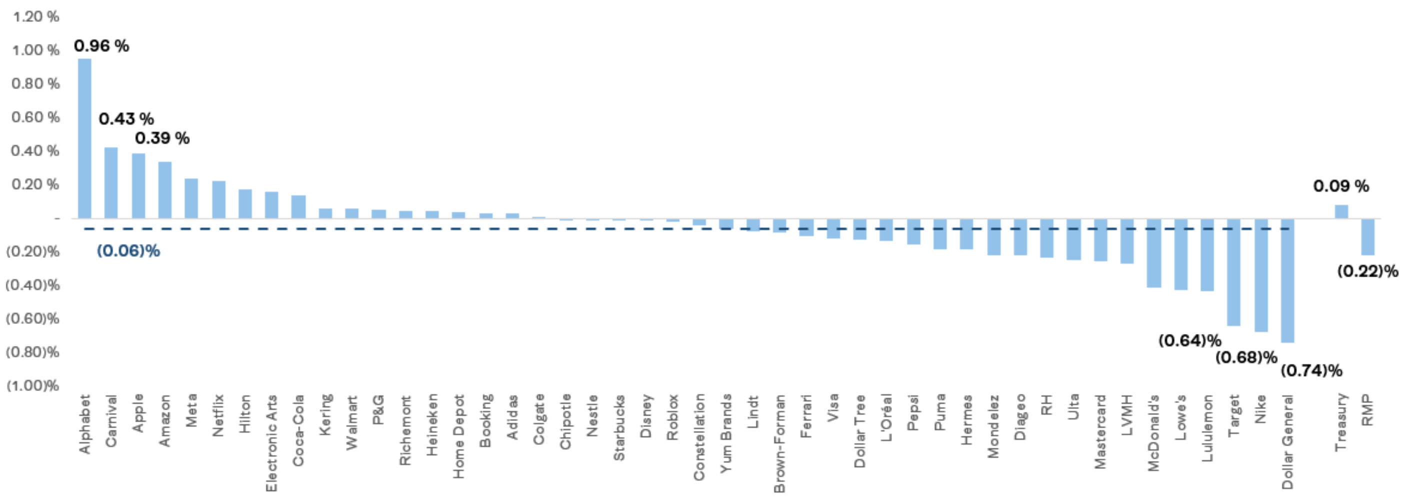
Exposure by Sector	*Fund (%)*
Consumer Staples	33
Consumer Discretionary	38
Consumer Digital	29

Exposure by Market Cap	*Fund (%)*
Large Cap	77
Mid Cap	23
Small Cap	0

Exposure by Sales	*Fund (%)*
North America	53
Europe	22
Asia Ex	7
China	7
Latam	4
Japan	4
Africa	3

Fund Construction	*Long Book*	*RMP*
Number of Positions	45	6
Average Size (% of NAV)	2.10%	-0.22%
% of NAV	94.36%	-4.44%

Portfolio Attribution



Fund Performance (Net of Fees, %)

Share Class	*Inception Date*	*MTD*	*QTD*	*YTD*	*Since Inception*
Class A EUR	Nov. 7 2016	(0.5)	(3.6)	2.6	48.4
Class A USD	Jul. 27, 2019	(0.4)	(3.2)	3.5	23.4
Class A CHF	May. 6, 2020	(0.7)	(4.2)	1.3	1.2
Class B EUR	Jun. 7, 2016	(0.5)	(3.8)	2.3	43.8
Class B USD	Sep. 25, 2019	(0.4)	(3.3)	3.1	16.4
Class B GBP	Oct. 31, 2019	(0.4)	(3.5)	2.9	10.5

Fund Structure
Luxembourg UCITS (Infusive SICAV)

Liquidity
Daily (Daily liquidity on any Business Day i.e. when both London and Luxembourg are open, if received before noon Luxembourg time, otherwise next day.)

Notice Period
1 day (Before 12pm Luxembourg) Notification to Investors if 25% AUM is redeemed in 1 day

Fees
1.00% Institutional Share Class A
1.65% Retail Share Class B
0.00% / 20% Institutional Shares

Fund Base Currency
USD

Share Classes
EUR, USD, GBP, CHF

Countries and Regions Available for Distribution
Austria, France, Germany, Hong Kong, Italy, Luxembourg, Netherlands, Spain, Switzerland, the UK

Fund Platforms
AllFunds, Clearstream, Hargraves Lansdown

Capacity
Open

Service Providers
Management Company/KIID: Waystone

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