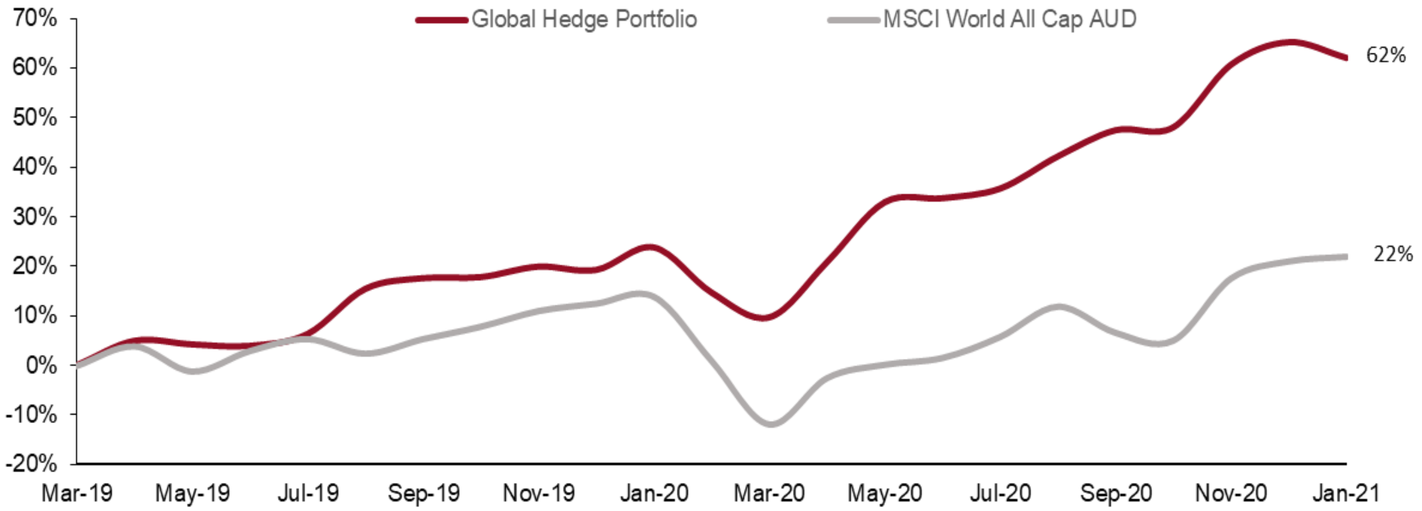
Global Hedge Equities Portfolio
January 2021

Endeavor ASSET MANAGEMENT

Net Performance	Month	Quarter	Year	Inception p.a.	Inception total
	-1.9%	9.5%	30.9%	30.4%	62.2%

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CY
2021	-1.9%												-1.9%
2020	3.8%	-7.4%	-4.4%	10.2%	10.0%	0.6%	1.5%	4.8%	3.7%	0.4%	8.5%	2.8%	35.9%
2019	-	-	-	5.0%	-0.7%	-0.3%	2.3%	8.6%	1.9%	0.2%	2.1%	-1.0%	20.3%



Risk Metrics	Hedge	MSCI
Sortino Ratio	3.5x	0.4x
Sharpe Ratio	1.5x	0.3x
Standard Deviation	5%	8%
Annualised return	30%	12%
Best Month	10%	12%
Worst Month	-7%	-13%
Upside Capture	82%	-
Downside Capture	0%	-
Beta	0.5x	-

Top Holdings
- Twitter Inc.
- Cedar Woods Prop.
- Apple Inc
- Money3 Corp.

Avg. Exposure

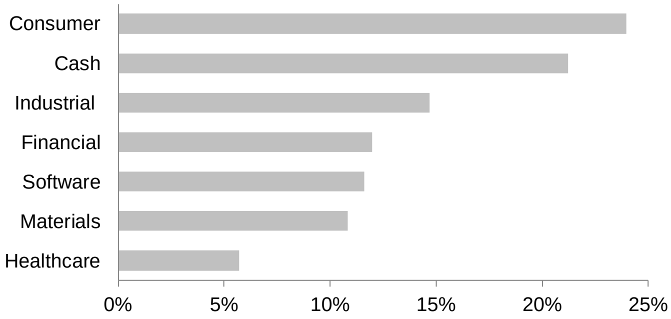
Net	70%
Gross	98%
Cash	17%

Top Contributors
- Redbubble Limited
- Cedar Woods Prop.
- Alibaba Group
- Ozon Holdings

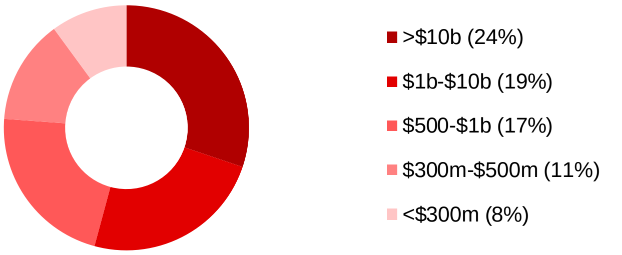
Top Detractors
- Polynovo Limited
- Twitter Inc
- Altium Limited

Portfolio Characteristics	
Universe	Global
Holdings	15-25
Avg. Mkt Cap	$185b
Avg. Daily Traded	$1666m
Max Net Exposure	100%
Mgmt. Fee	1.35%
Perf. Fee	15%
Hurdle Rate	7%
Portfolio Manager	Hayden Beamish

Long Portfolio Sector Exposure



Portfolio by Market Cap



Investment Philosophy

Use hedging to protect against capital loss and to reduce risk

Hold only the best investment ideas in a high conviction, concentrated portfolio

Remain long biased with less volatility and lower downside the MSCI Global Equity Index

Use bottom up, fundamental research to identify mispriced securities over a 3-year time horizon

Focus on high quality businesses that can compound internally invested capital at high rates of return

Maximise investment returns through fundamental company research combined with active portfolio management

Note: Endeavor Hedge portfolio was initiated on 8 April 2019. The performance of the strategy is representative of individual client portfolios and is measured after fees and brokerage..

January

The global vaccine roll-out and expectations of further stimulus helped the market overlook the economic impact from COVID restrictions. Inflation data came in higher than expected which saw bond yields rise and market participants fear a reversal of easy money policy. Although the FED has made it clear that central bank policies will remain supportive for quite some time. The MSCI World All Cap increased 1%, in AUD terms it increased 0.8%, USA equities declined 1.1% and Australia managed a 0.3% return.

The Global Hedge portfolio is now up 31% for the rolling 12 months following a 1.9% decline for the month of January. Since inception in April 2019 the portfolio has annualised 30% after fees. After gaining 36% after fees in 2020 we now have a slightly more conservative exposure. A pause and consolidation in our holdings and markets is not an uncommon event.

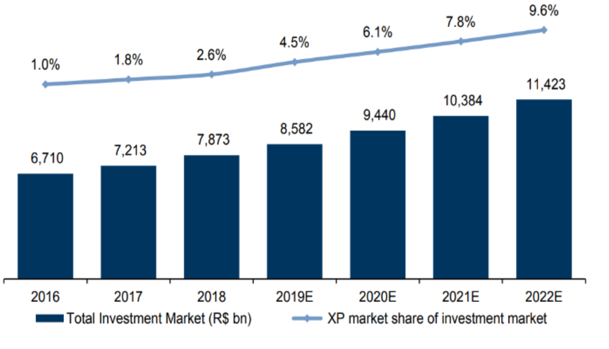
We remain cautiously optimistic with a diverse portfolio of great businesses that have compelling valuations, defendable competitive advantages, underappreciated earnings prospects, and excellent management.

Investments

During the COVID-19 capitulation in equity markets we were quick to hedge the portfolio and buy great businesses at discounted valuations such as **Broadcom, Microsoft, Macquarie, Xero, City Chic & Nanosonics**. Around mid-2020 we took profits in some of these quality investments and positioned for a global cyclical recovery which positively contributed to the performance in the second half of the calendar year.

In January we exited some cyclical investments that reached fair value since the market has now priced in a global economic recovery. Sales include **Caterpillar Inc.** after a 37% gain, **NRW Holdings** after a 60% gain and the **USA Industrials Sector ETF** after an 11% gain. We still hold several undervalued businesses that are exposed to the synchronised global economic recovery which we expect to accelerate in 2021. After reducing weightings in cyclicals, we reinvested profits into some great businesses at compelling valuations including Russian eCommerce platform **Ozon Holdings** and **Apple** which were discussed in previous newsletters. Another recent addition discussed below is **XP Inc** which is a Brazilian financial advisory business that trades on the Nasdaq with a $24b enterprise value.

XP Inc. is the largest independent financial advisor in Brazil with 1.5m clients and a wide breadth of products. The wealth management industry in Brazil is dominated by the top 5 banks which together control 93% of retail assets. XP is disrupting the business of retail investing and is uniquely positioned to gain market share. The different offerings (on demand brokerage, online self-service platform, structured products, own funds, third party fund distribution, fixed-income securities etc.) give it a competitive advantage which is difficult to replicate. By offering a best in class client journey and enjoying a positive tailwind of affluent retail investors moving to risker assets, XP has been fast growing and profitable company. XP is forecast to grow assets by 41% CAGR from 2019 to 2022 which would only imply 10% market share, up from 5% in 2019.



Source: Oliver Wyman, Company data, Goldman Sachs Global Investment Research

Would healing technology manufacturer **Polynovo** was the main detractor to the portfolio in January after the share price declined 32%, retracing the gains in the preceding two months. We trimmed our holding prior to the share price weakness which was caused by a weaker trading update than anticipated, with first half sales growth through surgery patient numbers impacted by Covid more than envisaged by the market. The positive was a near doubling in new account openings in CY20 vs the pcp, but this rate of new account growth overlayed with lower sales growth concerned the market in thinking it could be slow levels of uptake among new customers rather than just Covid. Those new customers are likely to become more active users in the coming months, especially if patient volumes recover well in a post-vaccine environment. As we highlighted in the previous newsletter, we anticipate further strong growth in new customers as Polynovo secures major Group Purchasing Organisation (GPO) contracts which will provide the critical mass to drive deeper engagement with hospitals. We remain optimistic about Polynovo's future and have since added to our position following the share price weakness.

Looking Forward

We are now entering a busy news flow period with companies releasing quarterly and half year results. Reporting season has started well and barometers of global economic health have broadly beaten expectations. Now that the AUD is approaching 80c we will be looking to increase weightings in compelling international opportunities over the coming three to six months.

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