



# Apostle Dundas Global Equity Fund

## Modern Slavery Statement

Financial year ended 30 June 2023

### The reporting entity

The reporting entity is K2 Asset Management Limited (ABN 95 085 445 094, AFSL No. 244393) [**K2AM**] as trustee/responsible entity of the Apostle Dundas Global Equity Fund (ARSN 093 116 771, ASX: ADEF) [**ADEF**].

### Structure, operations and supply chains of the reporting entity

#### Structure of ADEF

ADE, established as a unit trust on 10 December 1996, maintained and issued units across the following three classes during the 2022-23 financial year:

Unit Class	Class Description
B	Unlisted units for Institutional investors, exclusively available to Wholesale Clients.
C	Unlisted units accessible to both Wholesale and Retail Clients.
D	ASX listed units (ASX: ADEF) available to Wholesale and Retail Clients.

These units are open to Australian and New Zealand investors, with the ADEF's assets primary consisting of global listed equities. The ADEF typically holds between 60 to 100 different stocks at any given time.

K2AM serves as the trustee and responsible entity for the ADEF, holding an Australian Financial Services Licence [**AFSL**], permitting it to oversee the ADEF as a registered managed investments scheme. Investment management, custody and administration of the ADEF are outsourced by K2AM. K2AM employ staff based in Melbourne and Sydney, Australia.

Investment management is delegated to Apostle Funds Management Pty Ltd (ABN 16 129 922 612, AFSL 458375) [**AFM**]. AFM, which, in turn, has entirely sub-delegated investment management

responsibilities to Dundas Global Investors (operating as Dundas Partners, LLP AFSL 527238) [**Dundas**].

Dundas is registered in Scotland (Company No. SO304023), authorised by UK Financial Conduct Authority [**FCA**] (Reference No. 587649) and registered as an Investment Adviser Firm with the USA Securities Exchange Commission [**SEC**] (CRD No. 197522, SEC No. 801-96275).

Assets of the ADEF are held by State Street Australia Limited (ABN 21 002 965 200, AFSL 241419) [**State Street**], acting as the custodian. State Street engages third party sub-custodians globally to transact and hold assets for the ADEF.

State Street also serves as the administrator of the ADEF and unit registry for classes B and C. Their responsibilities include calculating the net asset value, unit prices, preparing unaudited financial statements in accordance with international financial reporting standards, and providing other administrative services relating to the ADEF.

For Class D, K2AM has appointed Boardroom Pty Ltd (ABN 14 003 209 836) [**Boardroom**] to handle unit registry services.

Annual financial statements for the ADEF are prepared by K2AM and audited by KPMG, an Australian partnership affiliated with KPMG International Limited [**KPMG**]. KPMG also conducts annual reviews K2AM's compliance with the compliance plan submitted to the Australian Securities & Investments Commission for the ADEF.

## Operations of ADEF

The ADEF functions as an investment trust, with K2AM as the trustee and responsible entity. K2AM sets the investment objectives based on advice from AFM and Dundas.

Dundas, as the sub-delegated investment manager, identifies and arranges suitable listed equities on global exchanges, ensuring compliance with the ADEF's investment objectives and rules set by K2AM. The investment objectives and rules are incorporated into an agreement with AFM and sub-agreement with Dundas.

Dundas collaborates with AFM and K2AM to engage stockbrokers, who receive standard settlement instructions (**SSI**) from the custodian, State Street.

Dundas identifies equity positions aligned with the ADEF's investment objective, execute trades through stockbroker, and informs the custodian for settlement. The custodian holds the stock on behalf of K2AM as responsible entity and trustee of the ADEF. Cash for settlements is held in the custodian's name.

AFM continuously monitors Dundas's trading activities for compliance and performance.

State Street calculates a daily net asset value of the portfolio to facilitate application and redemption requests.

## Supply Chains

The supply chains for the ADEF comprise of:

1. Equity positions held in ADEF
2. The investment managers
3. Global banks
4. The custodian and administrator
5. The unit registry service providers
6. Auditor

## 1. Equity positions held in the trust

ADEF holds minority positions in large, globally traded, companies. K2AM as responsible entity and trustee has no ability to influence decision making of the companies in which ADEF holds stocks.

## 2. The Investment Managers

AFM is based in Sydney NSW and consists of 12 employees. Although not a reporting entity, AFM has published a Modern Slavery Statement<sup>1</sup>.

As a professional investor regulated by the FSC and SEC, Dundas has implemented a sophisticated investment selection and management process. It provides an annual, publicly available, report addressing the requirements of the *UK Stewardship Code 2020* and *European Union Shareholder Rights Directive II 2019 [SRD II]*<sup>2</sup>. Additionally, Dundas is a signatory to the UN PRI and it applies the principles for responsible investment into its investment process.

Dundas has a philosophy of investing in companies that provide sustainable investment returns. In identifying companies that meet this key criterion, it embeds robust analysis of environmental, social and governance [ESG] factors into its investment process. Dundas has included consideration of modern slavery matters as part of its ESG filter for selecting investments.

## 3. The Custodian and Administrator

The custodian and administrator, State Street, produces a Modern Slavery Statement under the *Modern Slavery Act 2018 [Act]* and members of the State Street group of companies are required to report under the *UK Modern Slavery Act 2015*. Details of State Street's practices for meeting the requirements of the Act are set out in its report<sup>3</sup>.

## 4. Global Banks

K2AM has an indirect relationship with the stockbrokers used by Dundas and the banks used by State Street for holding cash on behalf the ADEF. These organisations are large, international, stockbrokerages and both local and international banks. K2AM relies on State Street as the counterparty to securities transactions to address modern slavery matters with both the stockbrokers and banks.

## 5. The Unit Registry Service Providers

State Street provides the unit registry services for classes B and C. Information regarding State Street is set out above.

Boardroom is an Australian registered and domiciled business which provides listed and unlisted unit registry services. It provides unit registry services for class D. It is not a reporting entity under the Act. Boardroom has published articles on its website setting out detailed information about the Act and how to comply with it. Although this information is largely directed at its clients, Boardroom has demonstrated an awareness of the requirements of the Act.

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<sup>1</sup> [Modern-Slavery-Statement.pdf \(apostlefm.com.au\)](https://apostlefm.com.au/Modern-Slavery-Statement.pdf)

<sup>2</sup> [Dundas Global Investors Stewardship Report 2022](#)

<sup>3</sup> [Modern-slavery-statement-2022.pdf \(statestreet.com\)](https://statestreet.com/Modern-slavery-statement-2022.pdf)

## 6. Auditor

KPMG as financial and compliance auditor also provides its own Modern Slavery Statement under the Act<sup>4</sup>.

### **Risks of modern slavery practices in the operations and supply chain of the reporting entity**

The ADEF operates as an Australian regulated management investment scheme serviced by established and reputable institutions. Its core activities revolve around funds management, particularly in the realm of equities traded on regulated open markets.

In practical terms, the operations of ADEF predominantly involve electronic record-keeping and transactions. These are efficiently managed and recorded through computerised data systems under the control of the Fund's trusted service providers.

Given the unique nature of ADEF's investments and operations, as well as the fact that most of the supply chain partners either produce their own modern slavery statements or are subject to scrutiny in this record, K2AM assesses the risk of modern slavery practices within ADEF's operations or supply chain as minimal.

### **Actions taken to evaluate and address the risks of modern slavery practices.**

K2AM has diligently communicated the legal requirements of the Act, to all its supply chain providers.

Dundas has thoughtfully integrated modern slavery considerations into its ESG filter as an integral part of its investment management procedures

State Street, being a reporting entity itself, plays a vital role in K2AM's compliance efforts. K2AM relies on State Street's reporting to ensure compliance with the Act.

K2AM has instituted comprehensive policies and procedures to actively monitor and review ADEF's operations and supply chains. These measures encompass various aspects, including but not limited to:

- Quarterly Compliance checks of Apostle and Dundas, with immediate reporting of any breaches are required by legal and contractual obligations.
- Annual review of K2's policies and procedures relevant to the Act. These encompass critical areas such as whistleblower policies, code of conduct, AML/CTF transaction monitoring, risk management policies, corporate governance, AFSL compliance manuals, and stringent due diligence when engaging new external partners on behalf of ADEF, adhering to APRA outsourcing standards.
- Regular internal and external audits conducted on ADEF's compliance plan, ensuring alignment with pertinent laws and regulations.
- Thorough recording and reporting of all incidents, breaches and complaints concerning ADEF to the statutory Compliance Committee, duly established for this purpose.

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<sup>4</sup> [KPMG Modern Slavery Statement FY23](#)

## How the effectiveness of actions is assessed

K2AM maintains a comprehensive controls management system, encompassing the meticulous documentation of all legal and regulatory obligations, their alignment with corresponding controls, and the assignment of controls ownership. The controls undergo rigorous scrutiny through self-assessment questionnaires and controls reviews. Additionally, KPMG the appointed auditor, conducts annual controls testing as mandated by statutory requirement for reporting on the compliance plan of the ADEF, a registered managed investments scheme.

Furthermore, K2AM has instituted an effective incident reporting framework. K2AM closely monitor the efficacy of the modern slavery controls by assessing the responses received from questionnaires and incident reporting. Notably, there were no adverse questionnaire responses were or incidents concerning modern slavery throughout the 2022-23 financial year.

## Consultation process with entities owned or controlled by the reporting entity.

The ADEF maintains minority stakes in companies listed on global stock exchanges, but it does not possess full ownership over these entities.

## Approval

This Statement has been approved by the Board of K2AM as responsible entity of ADEF.



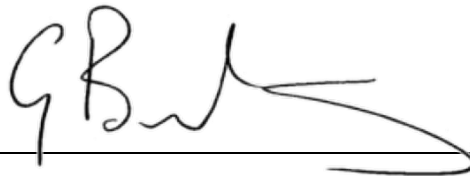
**Campbell Neal**

Executive Director



**Hollie Wight**

Executive Director



**George Boubouras**

Executive Director

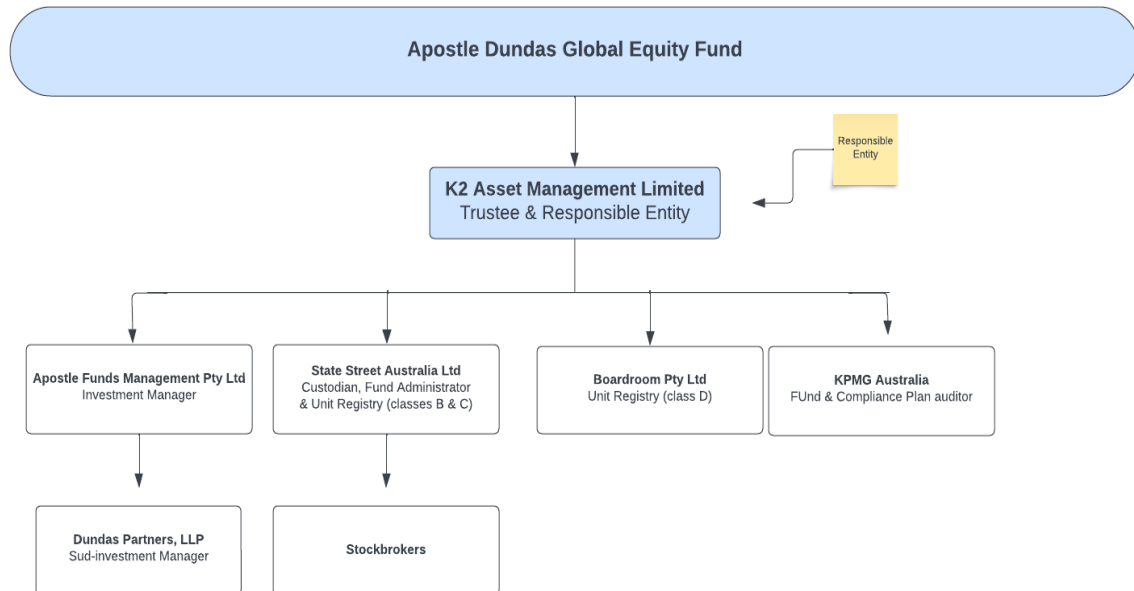


**Neil Sheather**

Non-executive Director

Date: 6 December 2023

## Appendix A



**The reporting entity (blue colour) and supply chain service providers**