



## Apostle Dundas Global Equity Fund

### Modern Slavery Statement Financial year ended 30 June 2022

#### The reporting entity

The reporting entity is K2 Asset Management Limited (ABN 95 085 445 094, AFSL No. 244393) **[K2AM]** as trustee 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

The ADEF is a unit trust constituted on the 10 December 1996 which, over the 2021-22 financial year, maintained and continued to issue units in three classes:

Unit Class	Class Description
B	Unlisted units, Institutional investors – made available to Wholesale Clients only.
C	Unlisted units – made available to Wholesale and Retail Clients.
D	ASX listed units (ASX:ADEF) – made available to Wholesale and Retail Clients.

Units in the ADEF are made available to Australian and New Zealand investors.

The assets of the ADEF are global listed equities. The ADEF targets holding between 60 to 100 different stocks at any time.

The trustee and responsible entity of the ADEF is K2AM. K2AM holds an Australian Financial Services Licence **[AFSL]** that authorises it to act as the responsible entity for the ADEF as a registered managed investments scheme.

K2AM outsources investment management, custody and administration of the ADEF. K2AM employs staff who are located at its office in Melbourne, Australia.

Investment management is delegated to Apostle Funds Management Pty Ltd (ABN 16 129 922 612, AFSL 458375) **[AFM]**. AFM has sub-delegated investment management in its entirety to Dundas Global Investors (operating name of Dundas Partners, LLP AFSL 527238) **[Dundas]**.

Dundas is a company registered in Scotland (Company No. SO304023). It has been authorised by UK Financial Conduct Authority **[FCA]** (Reference No. 587649) and is 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**] as the custodian. State Street engages third party sub-custodians globally to transact and hold assets for the ADEF.

State Street has also been appointed as administrator of the ADEF and unit registry for classes B and C. Responsibilities of State Street as administrator include:

1. calculating the net asset value and unit prices
2. preparing unaudited financial statements for the ADEF in accordance with international financial reporting standards; and
3. providing certain other administrative services relating to the ADEF.

Boardroom Pty Ltd (ABN 14 003 209 836) [**Boardroom**] has been appointed by K2AM to provide unit registry services for class D.

Annual financial statements for the ADEF are prepared by K2AM. These financial statements are audited by KPMG, an Australian partnership and member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited [**KPMG**]. Additionally, KPMG annually reviews K2AM's compliance with the compliance plan submitted to the Australian Securities & Investments Commission for the ADEF.

The legal adviser is King Irving (ABN 73 160 482 137), a legal practice based in Sydney, NSW

## Operations of ADEF

The ADEF is an investment trust. K2AM, as trustee and responsible entity, is ultimately responsible for the conduct of the trust. K2AM sets the investment objectives following advice from AFM and Dundas.

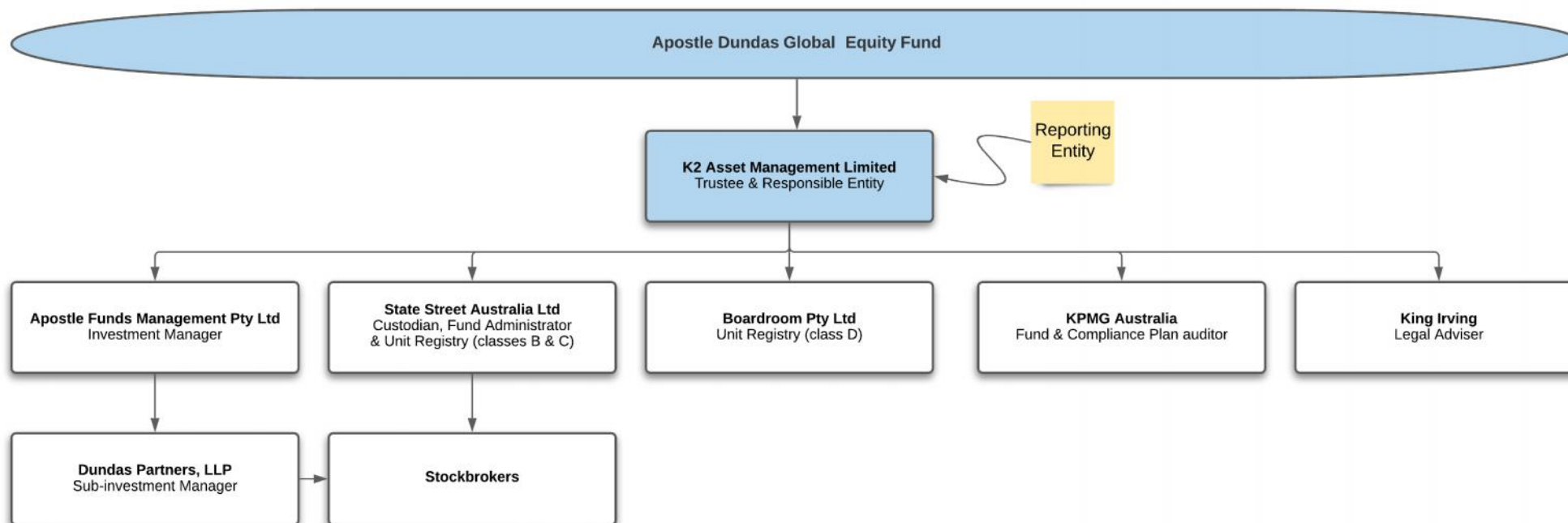
Dundas, as the sub-delegated investment manager, identifies and arranges for the ADEF to acquire listed equities on global exchanges. Investments must comply with the investment objectives and rules dictated by K2AM. The investment objectives and rules are incorporated into an agreement with AFM and sub-agreement with Dundas.

Dundas, in consultation with AFM and K2AM, engage stockbrokers. The engaged stockbrokers are provided with standard settlement instructions (**SSI**) by the custodian, State Street.

Dundas identifies equity positions that meet the investment objectives of the ADEF. Dundas will then trade in this equity via a stockbroker. The trade is notified to the custodian, who settles the trade on receipt of proper instructions. The custodian holds the stock on behalf of K2AM as responsible entity and trustee of the ADEF. Cash used for settlements is held with banks in the name of the custodian.

AFM monitors the trading activities of Dundas for compliance and performance.

State Street calculates a daily net asset value for the portfolio which is used to fulfill application and redemption requests.



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

## 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
7. Legal advisor

### 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 located in Sydney NSW and consists of 10 employees. Although it is 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,

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<sup>1</sup> <https://apostlefm.com.au/wp-content/uploads/2022/03/17.-Modern-Slavery-Statement.pdf>

<sup>2</sup> <https://dundasglobalevents.co.uk/wp-content/uploads/sites/19/2022/05/Dundas-Partners-LLP-Stewardship-Report-2021.pdf>

<sup>3</sup> <https://www.statestreet.com/web/disclosures-and-disclaimers/uk/modern-slavery-act-statement-for-2021.pdf>

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.

## 6. Auditor

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

## 7. Legal advisor

The legal adviser, King Irving, is a professional advisory business comprising of 9 employees located in Sydney and Brisbane. This business specialises in providing legal and compliance advisory services to the funds management industry. It is aware of the requirements of the Act.

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

The ADEF is an Australian regulated management investment scheme serviced by large and reputable institutions. Its operations consist of funds management, specifically, equities traded on open markets which are regulated. In practice, the operations of ADEF consist of electronic records and transactions which are effected by and recorded on computerised data management systems controlled by its service providers.

Given the nature of ADEF's investments, operations, and that the majority of the supply chain providers either prepare their own modern slavery statements or a subject to consideration by such providers, K2AM considers the risk of modern slavery practices occurring in either the operations used to support ADEF, or its supply chain, to be low.

### Actions taken to assess and address risks of modern slavery practices

K2AM has made its supply chain providers aware of the requirements of the Act.

Dundas has incorporated consideration of modern slavery concepts into its ESG filter as part of its investment management procedures

State Street is a reporting entity itself. K2AM relies on State Street's reporting to confirm that it complies with the requirements of the Act.

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<sup>4</sup> <https://assets.kpmg/content/dam/kpmg/au/pdf/2022/kpmg-australia-modern-slavery-statement-fy22.pdf>

K2AM has implemented policies and procedures to ensure that the ADEF's operations and supply chains are monitored and reviewed including but not limited to:

- Compliance monitoring of Apostle and Dundas on at least a quarterly basis however any breaches are reported as soon as practicable – these are legal and contractual obligations on both Apostle and Dundas
- At least an annual review of K2's policies and procedures that are relevant to the Act including but not limited to the following policies and procedures:
  - ) Whistleblower policy
  - ) Code of conduct
  - ) AML/CTF transaction monitoring
  - ) Risk management policy
  - ) Corporate governance
  - ) AFSL compliance manual
- Rigorous due diligence on any new external engagements on behalf of the ADEF using the APRA Outsourcing standards as a basis
- Internal and external audits are conducted on the ADEF's compliance plan which includes compliance with relevant laws and regulations
- All incidents, breaches and complaints pertaining to the ADEF are recorded and reported to the statutory Compliance Committee established.

#### How the effectiveness of actions is assessed

K2AM maintains a controls management system, which includes documenting all legal and regulatory obligations, matching the obligations to controls and assigning controls to owners. The controls are tested by self-assessment questionnaires and controls reviews. Further, the ADEF is subject to controls testing by KPMG, the appointed auditor, as an annual statutory requirement for reporting on the compliance plan of the ADEF as a registered managed investments scheme.

K2AM has also implemented an incident reporting regime.

The effectiveness of the modern slavery controls is monitored by the responses received to the questionnaires and incident reporting.

No adverse questionnaire responses were received, or incidents reported, during the 2021-22 financial year regarding modern slavery.

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

The ADEF does not fully own or control entities. It holds minority positions in companies traded on international stock exchanges.

Approval

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

Three handwritten signatures in black ink are positioned above a horizontal dashed line. The signatures are for Campbell Neal, George Boubouras, and Hollie Wight.

**Campbell Neal**  
Executive Director

**George Boubouras**  
Executive Director

**Hollie Wight**  
Executive Director

Date: 16 January 2023