# Greencape High Conviction Fund

## Quarterly report - June 2023

| Performance # | Quarter % | 1 year % | 3 years % p.a. | 5 years % p.a. | 10 years % p.a. | 15 years % p.a. | Inception % p.a. |
|---|---|---|---|---|---|---|---|
| Fund return | 2.51 | 16.13 | 10.94 | 7.91 | 9.84 | 8.33 | 9.34 |
| Growth return | -2.28 | 8.42 | 1.30 | 0.53 | 1.51 | 1.67 | 2.33 |
| Distribution return | 4.79 | 7.70 | 9.64 | 7.38 | 8.33 | 6.65 | 7.01 |
| S&P/ASX 200 Accumulation Index | 1.01 | 14.78 | 11.13 | 7.15 | 8.56 | 6.66 | 6.60 |
| Active return^ | 1.50 | 1.35 | -0.18 | 0.75 | 1.29 | 1.67 | 2.74 |

**Past performance is not a reliable indicator of future performance.**

# Performance figures are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

^ Numbers may not add due to rounding

## Investment objective

The Fund aims to outperform its benchmark over rolling three-year periods.

## Responsible entity

Fidante Partners Limited

## Investment manager

Greencape Capital Pty Ltd

## Investment strategy

Greencape is an active, 'bottom-up' stock picker. Whilst Greencape does not target any specific investment style and will invest in stocks displaying 'value' and 'growth' characteristics, its focus on a company's qualitative attributes will generally lead to 'growth' oriented portfolios. This is an outcome of its bottom-up process. As such, Greencape's investment style may be classified as 'growth at a reasonable price'.

## Distribution frequency

Quarterly

## Suggested minimum investment timeframe

At least five years



Growth of $10,000 invested since inception (net of fees)
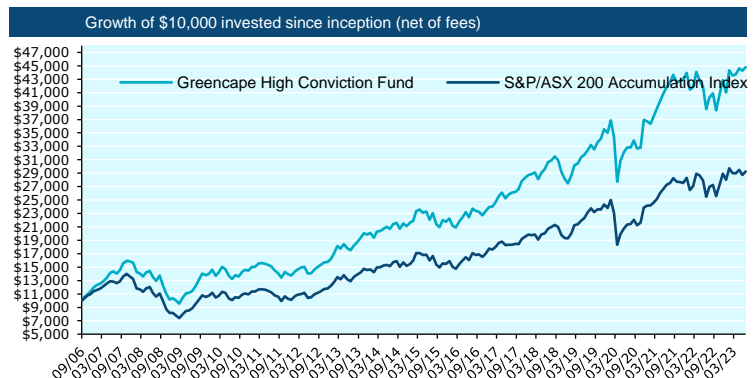
| Asset allocation | Actual % | Range % |
|---|---|---|
| Security | 94.19 | 85-100 |
| Cash | 5.81 | 0-15 |

| Fund facts | |
|---|---|
| Inception date | 11 September 2006 |
| APIR code | HOW0035AU |

| Fees | |
|---|---|
| Entry fee | Nil |
| 2020-2021 ICR | 0.91% |
| Management fee | 0.90% p.a. |
| Performance fee | 15% of the Fund's daily return (after fees and expenses and after adding back any distributions paid) above the Fund's Performance Benchmark (the daily return of S&P/ASX 200 Accumulation Index). |
| Buy/sell spread | +0.20% / -0.20% |

**Data Source: Fidante Partners Limited, 30 June 2023.**

## Sector exposure as at 30 June 2023



Legend: Greencape High Conviction Fund (%) ■ S&P/ASX 200 Accumulation Index (%)
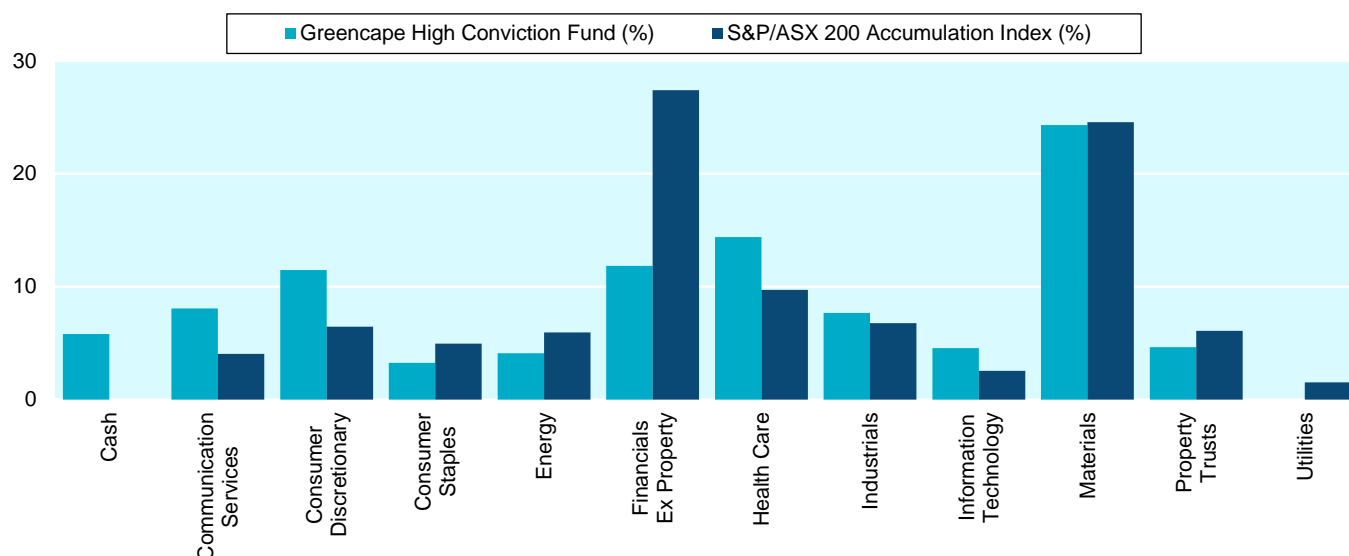
**Data Source: Fidante Partners Limited, 30 June 2023.**

## Fund performance summary

The S&P/ASX 200 Accumulation Index returned +1.01% for the quarter. The fund outperformed the market and delivered a +2.51% return over the quarter.

# Market overview

The market endured a volatile quarter but ended the period relatively flat. Market participants kept a watchful eye on inflation data for clues on the future direction of monetary policy, with most central banks around the world remaining staunch in their hawkish stances for the time being. Meanwhile, the market continued to anticipate renewed stimulus from the Chinese authorities, buoying commodity prices. Finally, after a relatively benign period, geopolitics fears flared up again in Eastern Europe.

**S&P/ASX 200 Index**



Source: IRESS

After 10 successive rate rises, the RBA opted to pause in April. Following the meeting there was some expectation in the market that interest rates had peaked, partly reflected in house prices which recovered some of the lost ground from the past 12 months. This optimism proved misplaced however, with the RBA hiking rates in both May and June, decisions which were given a less than even chance by the futures market. The RBA then paused in July following a softer than expected inflation print. The futures market currently indicates the expectation for at least one further rate hike by the end of the year.

*"High inflation is corrosive and damages our economy. It erodes the value of money and savings, puts pressure on household budgets, makes it harder for businesses to plan and distorts investment. It makes us all poorer and hurts people on low incomes the most." Philip Lowe, Governor of the RBA, 07/06/2023*

With the mortgage rate reset cliff beginning, discretionary income for an increasing number of households is expected to drop significantly over the next 12 months.

**Figure 24: 'Mortgaged families' are likely to see their cashflow fall by >10%, while renters and owners see continued growth**
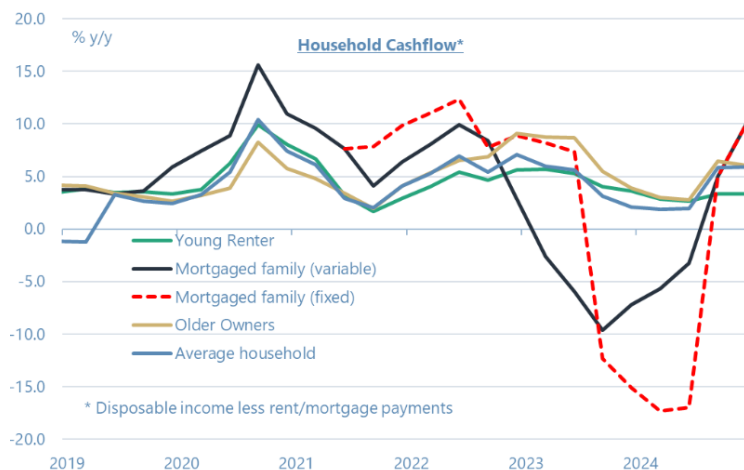
Source: Jarden

Adding to the household budget squeeze is inflation, where expectations are becoming more entrenched. If this situation persists, the RBA could have a lot more work to do get inflation back to its stated 2-3% target range.

**Figure 10: Labour market and persistent CPI are now contributing >3½% to headline CPI**
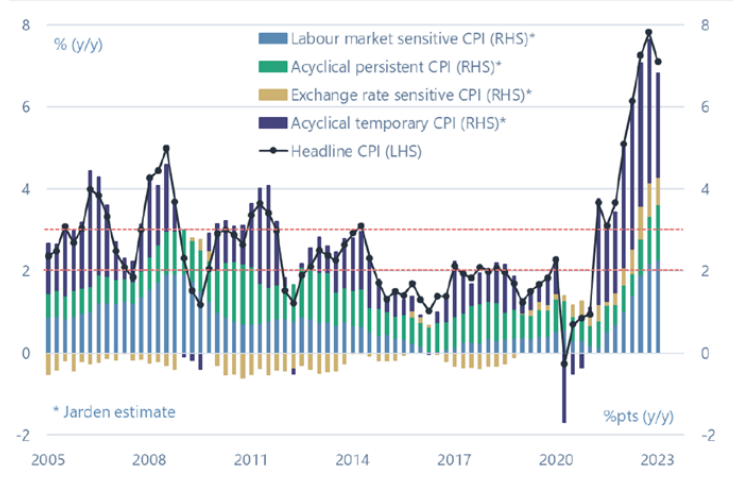
Source: Jarden

The Fed opted to raise rates by 25 basis points in May, followed by a 'hawkish pause' in June where the committee opted to wait for additional data before likely resuming rate hikes later in the year. Data released late in the period indicates the US economy continues to be resilient, with Consumer Confidence, Housing Starts, and Durable Goods orders all beating consensus expectations.

The US market has rallied strongly since the regional banking crisis in March, at which time the US authorities injected liquidity back into the system. With many market commentators expecting liquidity to now be removed again given the economy is on surer footing, there may be some risk the recent market rally reverses to some extent.

*"We're seeing policy rates having some effects on parts of the economy. The labor market is still strong, but core inflation is just not moving, and that's going to require probably some more tightening to try to get that going down." Chris Waller, Member of the Board of Governors of the Federal Reserve, 18/06/2023*

**S&P 500 Has Risen With Liquidity from the Fed's Emergency Facility (BTFP)**



— US Federal Reserve Bank Term Funding Program (BTFP) Rate, rhs — S&P 500 INDEX, lhs
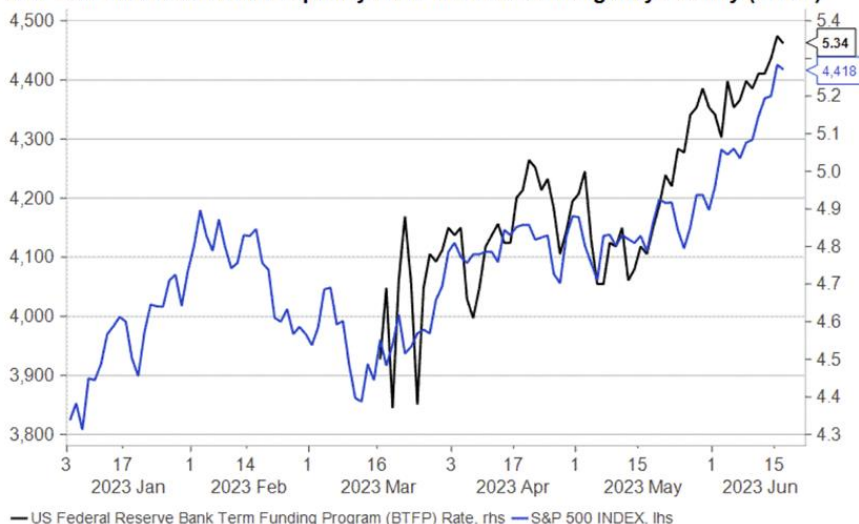
Source: NewEdge Wealth

| | QUARTER | YEAR |
|---|---|---|
| ASX200 Accumulation Index | 1.0% | 14.8% |
| | | |
| **Best Performing Sectors** | | |
| Info Tech | 21.1% | 38.1% |
| Utiliites | 5.5% | 20.3% |
| Energy | 3.8% | 17.3% |
| | | |
| **Worst Performing Sectors** | | |
| Healthcare | -3.2% | 5.7% |
| Materials | -2.5% | 22.6% |
| Consumer Discretionary | -1.7% | 13.3% |

Source: IRESS

Technology stocks performed strongly during the period, as the theme of AI and a huge earnings upgrade from Nvidia buoyed the sector, including local Tech stocks. Portfolio holding Iress held an Investor Day in April, where the company set out its growth agenda for the future. The strategy focused around three key pillars: resetting the structure and cost base, refocusing on the core of the business and building new organic businesses.

The Utilities sector outperformed on the back of a profit upgrade from AGL. The company lifted FY23 profit expectations from between $200 to $280m to a range of $255 to $285m on the back of improved plant availability and higher customer margins.

A raft of retail downgrades hit the market during the quarter, with the long anticipated consumer slowdown arriving. The impact was not limited to any particular sub segment, with companies exposed to baby, youth, general merchandise and even corporate travel spending all flagging slowdowns. Earnings revisions and subsequent share price moves were acute, with high fixed costs and a slowing top line making for severe operating deleverage.

Healthcare stocks underperformed on the back of an update from CSL, where the company flagged it now expects a larger foreign currency headwind and downgraded it's constant currency profit growth guidance to 13-18% for FY24, which was below market expectations.

## Trip Snippets

It was a busy period on the Greencape travel front, as we visited North America on four separate occasions as well as Europe, the UK and China.

North America

- The Inflation Reduction Act (IRA) is a USD $1 trillion dollar stimulus package, which includes grants, loans, production cost credits and tax incentives. It represents the most meaningful industrial stimulus program ever announced. Unlike previous programs which never reached announced funding targets, there is a clearer pathway to the funding being distributed. Crucially for implementation likelihood, the package has bipartisan support and has already been legislated.

- The IRA should lead to a replication of critical mineral supply chains globally. There is potentially over USD$400bn of loans to be granted for projects that fit clean energy criteria, including but not limited to batteries, anodes/cathodes, hydrogen, renewable fuels and carbon capture and storage.

- Grocery personalisation through data is generating a return for supermarket retailers, with one Software as a Service (SaaS) provider into the sector indicating they are seeing a mid-single digit average uplift in sales for their clients. In a related point, retail media monetisation is considered the 'next frontier' for the industry, and the high margin nature of that revenue relative to core grocery means it has the potential to meaningfully improve supermarket profitability.

China

- Outside of Shanghai, several companies we met with noted we were the first foreign investor group to visit for 3 years.

- Consumer demand recovery has been weaker than expected. Job security was called out by several contacts as a major concern which had led to deleveraging by households.

- The Electric Vehicle penetration story still has a long way to go. In Shanghai, to buy an Internal Combustion Engine (ICE) car you are required to bid at an auction for a number plate. This typically takes 2 years and costs USD$15k.

- Sentiment on the property market was low, with the consensus expecting prices to be flat to down over the next 12 months. Whilst some contacts were hopeful of further stimulus, others note this is the adjustment the government wants as "houses are for living and not for speculation".
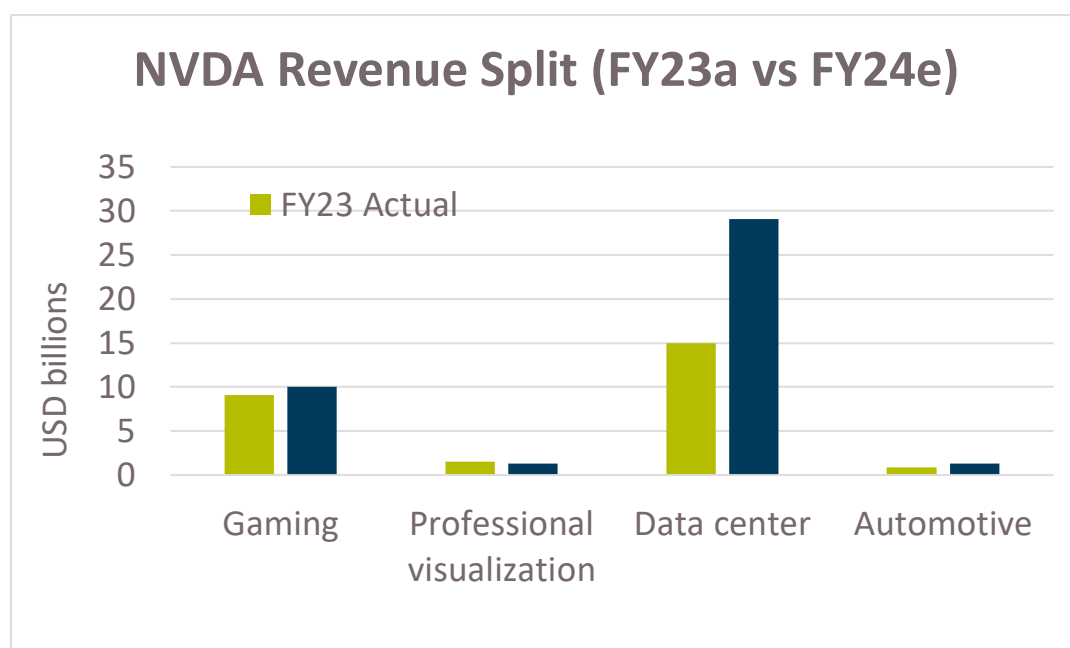
UK

- There has been no discernible macro related weakness on consumer gambling spending, however spending at discretionary retail outlets has started to moderate.

- UK wagering operators are relived that the UK Gaming White Paper has now finally been released and whilst the industry consultation process will take years to play out, there's an expectation now that the industry now has regulatory certainty for the next decade.

- Insurance brokering businesses we met with are enjoying good growth. Benefiting in part from the ongoing hard premium rate cycle, but also from increased demand of insurance and the increasingly complexity/specialty of insurance policies such as Cyber risks.

*"The lithium hydroxide market may generate up to $10b per year in additional revenue for market participants by 2030 with the potential to create jobs, diversify Australia's raw materials industry, and support Australia's push toward green energy… If Australia decides to convert all of its spodumene to lithium hydroxide, nearly 4000 additional workers will be required to operate Western Australian plants by 2030"*
*McKinsey Australia report, 08/06/2023*

# Nvidia

Nvidia (NVDA) is known for its graphic processing units (GPUs) and more recently, its platform for AI computing. Founded in 1993, NVDA has grown to become a dominant player in the semiconductor industry. Its focus on the parallel processing capabilities of GPUs and the software stack around it has broad applications that extend into gaming, professional visualization, data centres, and automotive. We'll dive into each these segments shortly… but first, a bit of background as to how we came across NVDA.

As a function of our research into NextDC, we sought to understand the drivers of data demand. A key part of this was the hardware that goes into a datacentre. In looking at the likes of Intel, Advanced Micro Devices (AMD) and NVDA, we realised that NVDA was a unique company with strong margins, was highly cash generative, had little debt, owned great IP, and was well managed by a passionate founder and substantial owner of the business in Jensen Huang. This positioned NVDA well within a total addressable market that from our observation, was materially underappreciated given the ever increasing use cases we could identify.

## NVDA Revenue Split (FY23a vs FY24e)

_Bar chart showing USD billions by segment, comparing FY23 Actual and FY24 estimate:_

| Segment | FY23 Actual | FY24e |
|---|---|---|
| Gaming | ~9 | ~10 |
| Professional visualization | ~1.5 | ~1.5 |
| Data center | ~15 | ~29 |
| Automotive | ~1 | ~1.5 |

Gaming was where it started for NVDA. Its GeForce line of GPUs is popular among gamers with a strong presence in the consumer market noting over 80% share. It leads the way with ray tracing technology known as NVIDIA RTX. This rendering technique simulates the behaviour of light in a virtual environment to create highly realistic and immersive graphics by accurately simulating the path of individual rays of light as it hits and bounces off the virtual environment. In the below example, daylight is "ray traced" as it travels from the original light source (i.e. directional but partly diffused sunlight) onto the cable car and then onto the water on the ground, relative to the viewer's perspective. RTX recognises the physical properties of both metal and water as light rays travel from the source and renders the image according to those properties (including reflections, refractions, and shadows) resulting in the shimmered reflection when viewing the water in the image. Note the addition of the "shinier" edge of the metal on the tram car and the way this is rendered against the water as well.

Traditionally, real-time rendering in video games relied on rasterization, which approximates the lighting effects by rendering objects, based on their geometry and surface properties that are predefined. In other words, the GPU "shades" different sized polygons to form an image. While rasterization is fast and efficient, it falls short in reproducing complex lighting anywhere near as accurately and nuanced as RTX. RTX is more compute intensive versus rasterization and therefore requires dedicated hardware components, called RT Cores within the GPU architecture to accelerate the ray tracing calculations.

Whilst NVIDIA's ray tracing technology has been embraced by game developers increasing the quality and realism of games, gaming demand continues to experience multiple structural drivers, none larger than the continued broadening of demographics as gamers age up over time and out, as games become more inclusive. As at March 2023, a Statista report outlined that 49% of US gamers are female, up from 38% in 2006.

Within this gamer base, competitive gaming and esports have surged in popularity, drawing significant interest and participation from players, spectators, and marketers alike with prize money at Esports tournaments and leagues rivalling top tier traditional professional sports.

### 2019: Sports Vs. Esports Prize Pool

| Rank | Name | Winnings | Game | Event |
|---|---|---|---|---|
| 1 | Rory McIlroy | $15,000,000 | Golf | FedEx Cup |
| 2 | Hossein Ensan | $10,000,000 | Poker | World Series of Poker |
| 3 | Rafael Nadal | $3,850,000 | Tennis | US Open |
| 4 | Topias "Topson" Taavitsainen | $3,100,000 | Dota 2 | The International |
| 5 | Sébastien "Ceb" Debs | $3,100,000 | Dota 2 | The International |
| 6 | Johan "N0tail" Sundstein | $3,100,000 | Dota 2 | The International |
| 7 | Anathan "Ana" Pham | $3,100,000 | Dota 2 | The International |
| 8 | Jesse "JerAx" Vainikka | $3,100,000 | Dota 2 | The International |
| 9 | Kyle "Bugha" Giersdorf | $3,000,000 | Fortnite | Fortnite World Cup |
| 10 | Novak Djokovic | $3,000,000 | Tennis | Wimbledon |
| 11 | Simon Pagenaud | $2,600,000 | Racing | Indy 500 |
| 12 | Tiger Woods | $2,000,000 | Golf | The Masters |
| 13 | Denny Hamlin | $1,500,000 | Racing | Daytona 500 |
| 14 | Michael Van Gerwen | $600,000 | Darts | PDC Championship |
| 15 | Egan Bernal | $550,000 | Cycling | Tour De France |

*Does Not Include NBA, NFL,MLB,NHL,MLS

**GAMING STREET**

Source: Gamingstreet.com

These Esports events often highlight the best of NVDA's graphic card offerings with demand filtering down into lower tiers. Also, as Esports has gained mainstream recognition in recent years, it has generated a dedicated fan base which has in turn fuelled the development of streaming and content creation platforms such as Twitch and YouTube Gaming. Streamers and content creators have significant influence, attracting millions of viewers who tune in to watch live gameplay, tutorials, and commentary which drives

engagement and community among gamers. Underlying these platforms has been the popularity of online multiplayer gaming with the ability to play and communicate with friends and other gamers globally in real time. This added a social element to gaming experiences increasing the stickiness of the gamer base due to the "lean in" type nature of the entertainment. And ultimately, playing well in a game against others and your gaming satisfaction is directly related to your GPU's performance (i.e. refresh rate is crucial for competitive games). NVDA's pricing hierarchy optimises this from a margin perspective as well.

NVIDIA's professional visualization segment focuses on providing advanced graphics processing solutions for professionals working in media and entertainment, industrial design, manufacturing, architecture, and scientific research. Specifically, NVDA's Omniverse enables professionals to create, visualize, and interact with complex 3D models and visualizations, often remotely whilst still connected as a team.

An increasing use case we have observed has been the development of digital twins. This refers to the virtual representation of physical objects, including their physical properties allowing engineers to prototype, test and simulate as part of the planning process before doing anything in the physical world.

This dynamic model of a physical entity can range from individual objects like machines or buildings to complex systems such as, telecommunication networks, cities or entire industrial processes. Below is an example from Ericsson (who work with NVDA) who developed a digital twin of a city space to test mobile reception as a vehicle drives down the street. This can then be used to optimise cell tower placement before anything is physically installed, saving time and money by reducing potential rework.
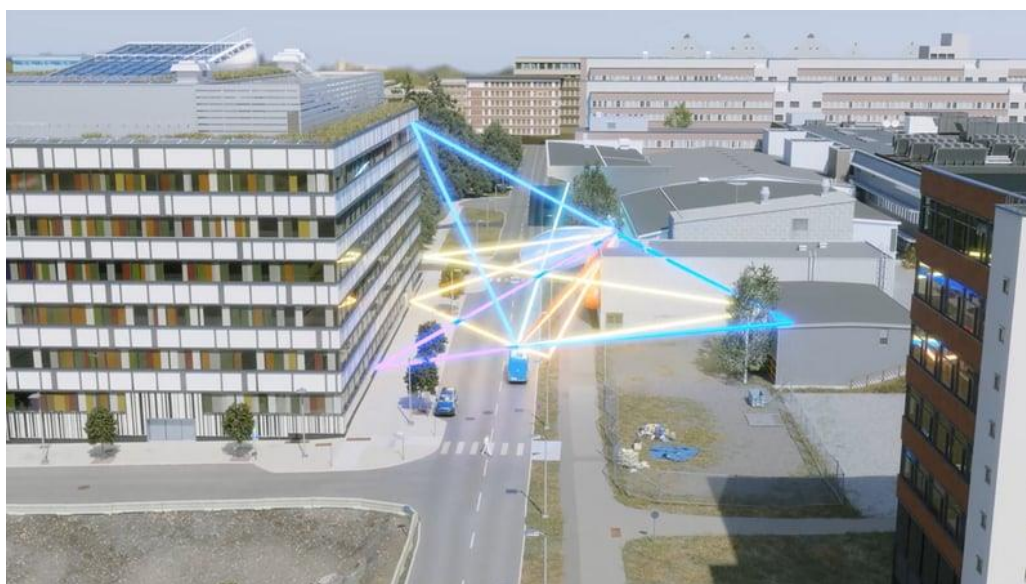


In manufacturing, digital twins can optimize production processes, predict maintenance requirements, and improve product quality. In healthcare, digital twins can simulate patient conditions, support diagnosis and treatment planning, and enhance personalized care. They are also increasingly used in areas such as urban planning, transportation, energy management, and agriculture, among others. Coupled with recent advancements in artificial intelligence ("AI") and machine learning ("ML"), enabling predictive analytics and simulations and by leveraging historical and real-time data, Digital Twins can anticipate future scenarios, simulate what-if scenarios, and optimize decision-making such as the below example where BMW has used a digital twin, powered by NVDA Omniverse to create and optimise a new assembly line prior to the actual build. It can then understand better any bottlenecks ahead of time and run simulations with varying levels of throughput.

Companies that we have come across that are leveraging the use of digital twins include Ericsson, Telstra, GE, Siemens, Ford, Microsoft, and Airbus amongst many others.

We expect that the professional visualisation segment, whilst more cyclical as its dependent on corporate capex cycles will continue to grow longer term as companies realise the efficiency benefits of deploying virtually before physically. We also expect collaboration on platforms such as Omniverse to become more broadly adopted going forward.

NVDA's Data Centre segment overtook Gaming recently as NVDA's largest contributor to revenue. This is due to the accelerated demand for ML and AI, specifically the need to train models, and the provide inference or decision making based on these trained models across consumer internet companies, cloud service providers, and general industry.

Nvidia GPUs are the predominant choice for powering AI and ML applications for several reasons. Nvidia pioneered the development of CUDA (Compute Unified Device Architecture), a programming language specifically designed for Nvidia GPUs within the AI and ML domain. CUDA provides a flexible and efficient way to program as it offers a wide range of libraries and APIs that enable seamless integration with popular frameworks like TensorFlow and PyTorch, making Nvidia GPUs highly accessible to developers, a critical factor for many racing to bring software to a commercial outcome. Importantly, CUDA has been taught at leading universities such as Stanford, MIT, and UC Berkeley amongst others, ensuring a steady stream of CUDA programmers into the ML/AI ecosystem, entrenching NVDA's position in the developer market.
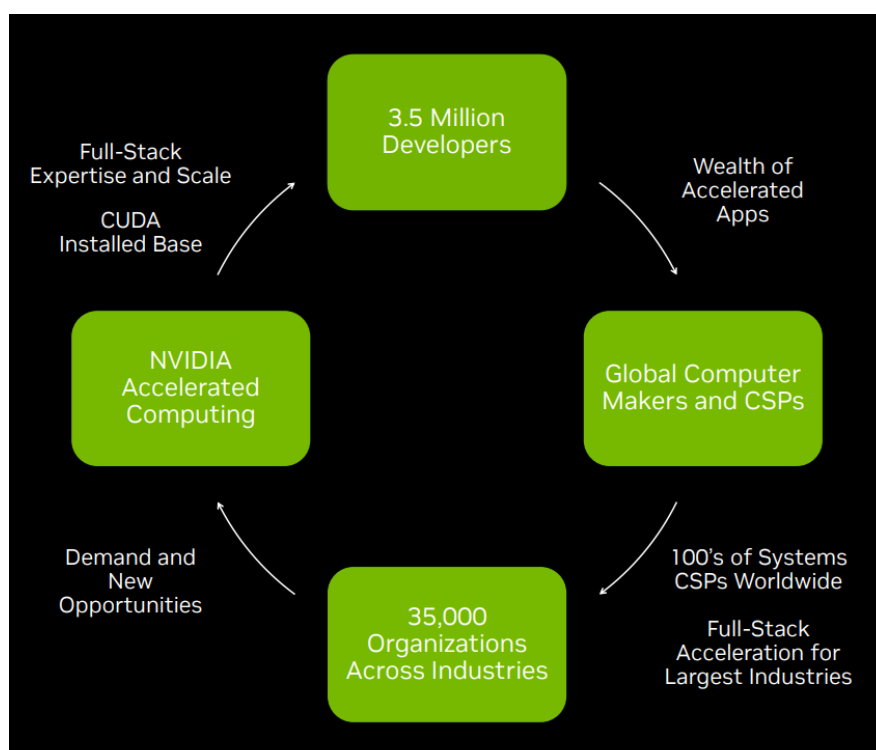
Nvidia has further fostered a strong developer ecosystem beyond CUDA being taught at educational institutions. It actively supports AI and ML communities often on an industry vertical basis which helps adoption rates. NVDA provides comprehensive software development kits ("SDKs") for various industries as well as optimized libraries and tools for AI and ML development noting NVDA has more software developer's working in the business than hardware developers!

Ultimately, our observations based on discussions with companies involved in AI workloads is that this is very much an arms race… with the speed of development critical. This is where NVDA is well placed given the support they provide developers, including the availability of pretrained models. Consequently, many pretrained models and model architectures are specifically designed and released with Nvidia GPUs in mind. This results in better compatibility and performance when deploying these pretrained models on Nvidia GPUs during inference. We expect developers to by and large continue to use NVDA given it's the path of least resistance. Recent announcements see all the major cloud service providers offer virtual instances of these tools and AI models underpinned by NVDA thereby reducing the friction for organisation to make a start on their AI journey.

Putting a commercial lens on the above, within healthcare, AI is utilized for medical image analysis, drug discovery, and patient monitoring. Financial institutions use AI for fraud detection, risk assessment, and algorithmic trading. Manufacturing companies leverage AI for predictive maintenance, quality control, and process optimization. Additionally, AI is transforming the transportation industry through autonomous vehicles (more later as this is a specific segment for NVDA) and optimizing logistics and supply chain management. These examples demonstrate the growing need and breadth for powerful parallel compute solutions like NVIDIA's GPUs to handle the complex calculations required for AI within a datacentre environment.

Whilst the breadth of AI adoption that is driving NVDA's datacentre demand is clear, the depth of what is occurring within AI models is another factor to consider with respect to GPU demand. AI models continue to increase in size and complexity at a rapid rate. With that comes the need to ingest larger amounts of data and inference more complex outcomes. This leads us to one of the defining domains within AI… Generative AI.

Generative AI, such as ChatGPT, which is now part of the zeitgeist, refers to the application of artificial intelligence to generate new content, such as text, images, or music. In the case of ChatGPT, it specifically focuses on generating human-like text-based responses in a conversational manner. The adoption rate to 100 million users can be seen below.

*"We have reached the tipping point of a new computing era." Jensen Huang, CEO of Nvidia, 28/05/2023*



**Road To 100 Million Users For Various Platforms**

| Platform | Time to 100M users |
|----------|-------------------|
| ChatGPT | (2 Months) |
| TikTok | (9 Months) |
| Youtube | (1.5 Years) |
| Instagram | (2.5 Years) |
| Facebook | (4.5 Years) |
| Twitter | (5 Years) |
| Spotify | (11 Years) |
| Netflix | (18 Years) |

0 months — 50 months — 100 months — 150 months — 200 months — 250 months

DEMANDSAGE
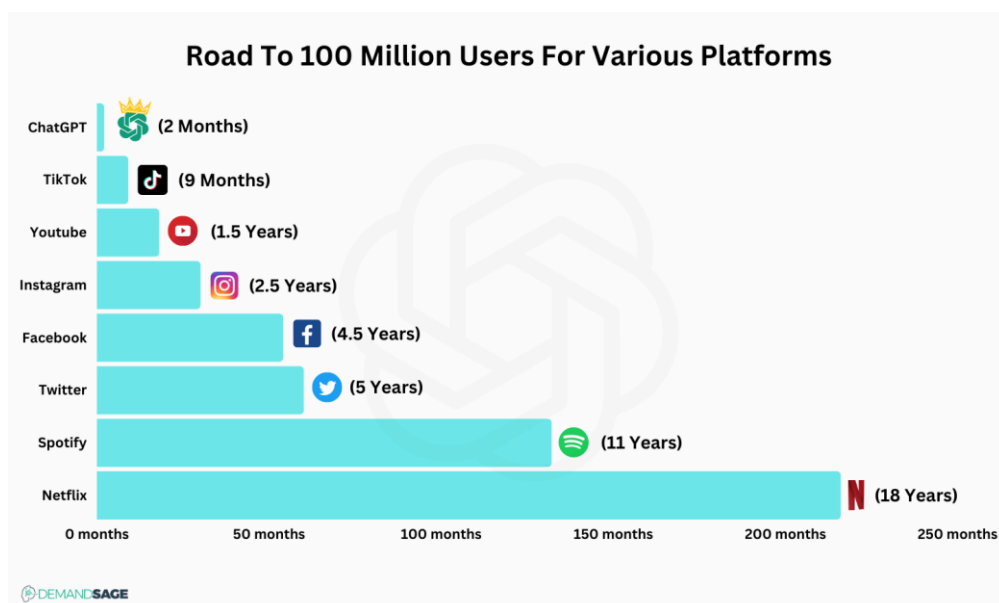
ChatGPT is powered by a deep learning model called the Transformer architecture, which is a type of neural network that excels in capturing and generating complex patterns in sequential data. It was originally trained on reportedly 10,000 NVDA GPUs and a vast amount of text data from diverse sources to learn the patterns and structure of human language allowing it to predict the next word or sequence of words given a context. By learning from vast amounts of text, the model gains the ability to generate text that is contextually relevant, coherent, and often indistinguishable from human-generated text. OpenAI, the creators of ChatGPT released the below comparison of version 3 and 4 as it relates to its exam result ability across various subjects.

**Exam results (ordered by GPT-3.5 performance)**

Estimated percentile lower bound (among test takers)

Legend:
- gpt-4
- gpt-4 (no vision)
- gpt3.5
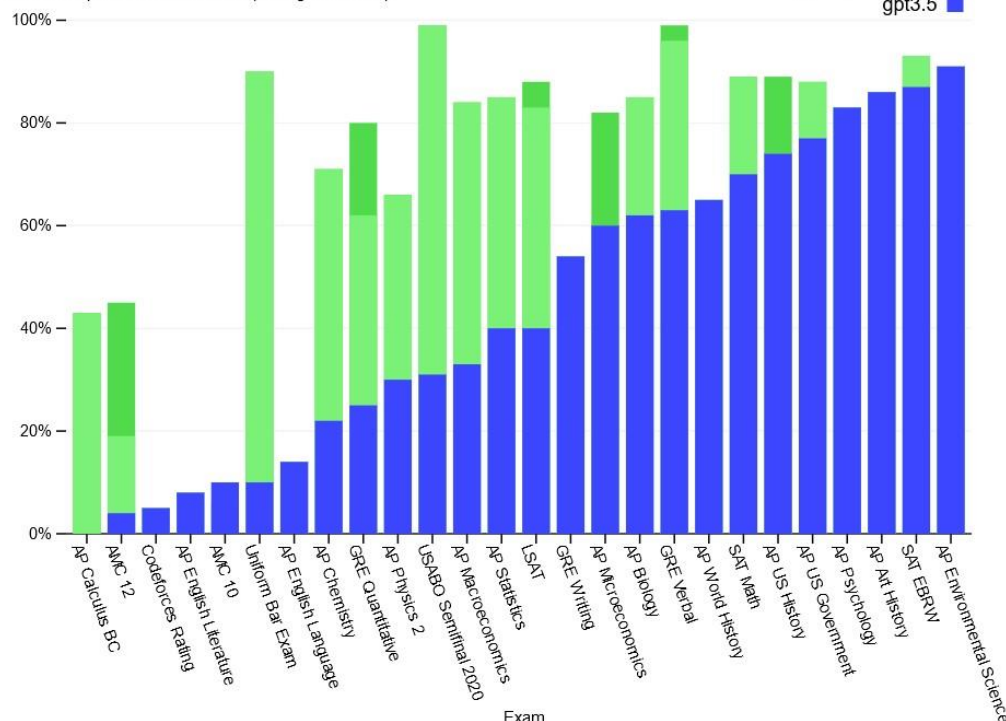
Exam

Putting aside scoring in the top 10% for a simulated US legal Bar exam or top 20% for SAT Maths, Generative AI models have numerous applications across more commercial applications. In addition to conversational agents like ChatGPT, they can also be applied to image generation, music composition, and other creative tasks. Companies such as Adobe are implementing Generative AI into their graphics software packages via Firefly, whilst Microsoft are rolling out Generative AI within their Office 365 suite, providing genuine mainstream adoption. Furthermore, we continue to observe professional services firms such as Accenture and PwC announce multibillion-dollar investments into training their staff in AI which in turn can help with broad based implementation of AI within corporates. Our view is that we remain early innings with respect to AI adoption and datacentre demand overall.

Lastly, in the automotive sector NVDA provides solutions for autonomous driving and advanced driver-assistance systems ("ADAS"). This segment remains relatively small due to ADAS being the current driver of revenues and can be cyclical due to car demand however material contract wins across NVDA's autonomous drive technology totalling some $14bn in pipeline is likely to see this segment grow materially from here. As an example, all Mercedes Benz and Jaguar Land Rover vehicles from ~2026 onwards will incorporate Nvidia full stack autonomous drive technology supporting over the air updates and opening the

*"For the first time, people can see how they're going to make money with generative AI. All these APIs can be connected to all these services and applications. It's a lot easier to invest when you can see that return on investment." Jensen Huang, CEO of Nvidia, 26/05/2023*

opportunity for further software revenues at very high incremental margins for NVDA via a revenue share arrangement with the Original Equipment Manufacturer (OEM).



We note that safety is such a critical aspect of autonomous driving, that these OEM partnerships with Nvidia involve both years and millions of kilometres of testing significantly reducing the risk that Nvidia can easily be swapped out for an alternative.

The question of competitors is often at the forefront of our minds. That said, whether it be RTX ray tracing within gaming, the CUDA ecosystem within AI/datacentre, or the material safety and testing requirement within autonomous cars, NVDA remains in our view well ahead of any peers. AMD offers competing GPUs for gaming and datacentre applications however their capex is split in attempting to compete with Intel across its X86 or CPU architecture and it simply hasn't invested in the software stack around its hardware. In the AI and ML space, NVIDIA competes with companies like Google, who are developing their own AI-focused hardware solutions such as the TPU, however these are not necessarily as general purpose in nature therefore not as flexible as NVDA for various workloads.

Our investment thesis on NVDA hasn't changed since 2017… that is; NVDA's total addressable market will continue to increase as more powerful GPU's enable larger models, expanding both breadth and depth of use case across every industry. This in turn will continue to drive the earnings power of the business with the step change most recently in datacentre an encouraging proof statement which is why NVDA remains a core holding within the Greencape portfolios.

## Outlook

With central banks seemingly in the phase of "pause and wait", we observe the market is beginning to recognise that cash rates will soon peak, and hence starting to look beyond the short term focus of rate rises. The conundrum is observations suggest inflation is sticky, and certainly inflationary expectations have risen, fuelled now by belated wage rises and some corporate profit gouging in oligopolist industries.

Looking ahead to the August results season, we expect corporate commentary will reflect more of a K shaped recovery. Those with savings or high income and little or no debt we expect will continue to consume in a robust manner, whilst those without savings, or low incomes and debt will show clear signs of stress from the blunt instrument of the central banks.

We think such patchy areas of strength and weakness, both demographically and geographically , will reward active stock pickers. Greencape is conscious about keeping active weights high, while maintaining a cautious bias as earnings will likely reflect significant consumer behavioural changes.

*"While demand continues to be solid in all pillars, the impact of higher interest rates and cost of living has started to impact consumer confidence and the behaviour of some customers and shoppers in our retail networks… Across the food businesses customers continue to visit our stores… but overall basket size was flat. What we've seen in the most recent few months is a shift from fresh to frozen." Doug Jones, CEO of Metcash, 26/06/2023*

## More information

To find out more about investing with Greencape, please contact:

Fidante Partners Investor Services team on: **13 51 53**

Visit the Greencape website:  **www.greencapecapital.com.au**

Email Greencape at:  **bdm@greencapecapital.com.au**

## Financial advisers

For more information, please contact:

**Fidante Partners Adviser Services**

Phone:  **+61 1800 195 853**

Email:  **bdm@fidante.com.au**