



Ironbark Royal London Concentrated Global Share Fund

Monthly Investment Report as at 31 December 2017

Asset Class

Global Shares

Investment Objective

Outperform the MSCI World (AUD) by 2-3% after fees, over rolling five year periods through investment in a focused selection of equities on a global basis

APIR Code

MGL0004AU

ARSN

090 379 105

Fund Inception Date

4 October 1996¹

Investment Manager Appointed

1 September 2016¹

Benchmark

MSCI World Net AUD²

Distribution Frequency

Semi-Annually

Minimum Investment

\$20,000

Fund Size

\$107.9m

Exit Price

\$1.8453

Market Review

Global equities fell 1.6% in December, although the negative return was due primarily to the relative strength of the Australian dollar. The UK market delivered the highest return, although again this was mostly attributable to currency movements, as the British pound strengthened sharply following a breakthrough in the Brexit agreement. Emerging markets also generated a strong return, benefitting from a weaker US dollar. Continental Europe lagged over the month, giving back some of its recent gains. Sector returns were negative, with the exception of the materials sector, which delivered a low positive return as the price of oil and also of gold and copper rose over the month. Having led performance in the previous month, more defensive areas of the market such as utilities and health care trailed by comparison.

Fund Review and Market Outlook

The Ironbark Royal London Concentrated Global Share Fund (the 'Fund') returned -1.94% (net) in December, underperforming the benchmark's return of -1.63% by 0.31%.

The leading positive contributors to Fund performance (in terms of price movements) were Wells Fargo, Helmerich & Payne and Steel Dynamics. US bank Wells Fargo is in the slowing and maturing stage of the Life Cycle framework. The bank continues to recover from the fake accounts scandal which was first revealed in 2016 and is positioned to benefit from US tax reform and potential deregulation. US oil and gas drilling rig provider Helmerich & Payne is in the turnaround stage of the Life Cycle framework, announced a proposed acquisition of software system Magnetic Variation Services, which should provide improved underground navigation. The business is well established, with premium technology and a strong balance sheet, and is well placed to increase its market leading position as a provider of high powered rigs, an area of the market which generates higher margins. Steel producer Steel Dynamics, in the slowing & maturing stage of the Life Cycle framework, has high margins versus peers due to the efficiency of its plants and use of scrap metal as feedstock (raw material input). Additionally, it is well-placed to benefit from infrastructure spending programs in the US, potential tariffs on steel imports and tax reform.

Performance

Net Returns	1 month (%)	3 months (%)	1 year (%)	3 years p.a. (%)	5 years p.a. (%)	10 years p.a. (%)	Since inception p.a. (%) ⁵
Ironbark Royal London Concentrated Global Share Fund¹	-1.94	5.80	12.22	7.62	14.34	3.75	7.20
MSCI World NR ²	-1.63	5.84	13.32	10.99	18.41	6.31	6.61
<i>Active Return</i>	<i>-0.31</i>	<i>-0.04</i>	<i>-1.10</i>	<i>-3.37</i>	<i>-4.07</i>	<i>-2.56</i>	<i>0.59</i>
¹ Shaded Fund performance prior to 1 September 2016 is not attributable to Royal London, but the previous investment manager. The Fund invests in the Royal London Global Equity Select Strategy returns are presented below for reference.							
Royal London Global Equity Select Strategy^{3,4}	-1.84	6.02	13.69	9.47	17.57	6.50	5.62
MSCI World NR ⁴	-1.63	5.85	13.33	10.93	18.15	6.43	3.36
<i>Active Return</i>	<i>-0.21</i>	<i>0.17</i>	<i>0.35</i>	<i>-1.45</i>	<i>-0.57</i>	<i>0.07</i>	<i>2.25</i>

Past performance is not an indicator of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution.

²The MSCI World NR AUD was adopted as the Fund's benchmark on 1 September 2016, benchmark calculations prior to this date are based on the MSCI World ex Australia in AUD.

³The Royal London Global Equity Select Strategy AUD referred to is based on the Royal London Global Select Fund B USD share class converted to AUD, performance is stated net of fees with a 1.00% p.a. fee applied. The inception date of the strategy is 1 April 2001. Data source: Royal London and Morningstar Direct.

⁴31 March 2011 to 31 October 2012 was a non-compete period for the strategy, performance during this period was zeroed for the strategy and the benchmark.

⁵This figure represents the annualised performance from the first full month of operation.

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Fund Review and Market Outlook (cont'd)

The most prominent detractors (in terms of price movements) in December were Casey's General Stores, Centerpoint Energy and Bechtle. Casey's is a US general store and service station provider that operates primarily in smaller towns and cities in the Mid-West and is in the mature stage of the Life Cycle framework. In December, the share price suffered amid general headwinds from low wage growth due to weak agricultural produce prices in its local markets. The firm's growth strategy through opening new locations and diversifying its prepared food and other offerings continues to sustain overall results. Centerpoint Energy, which is in the turnaround segment of the Life Cycle framework, suffered a short-term setback in its share price following the collapse of discussions to dispose of its stake in joint venture Enable Midstream, which manages energy infrastructure. German IT firm Bechtle, which is in the slowing and maturing stage of the Life Cycle framework, retreated from its previous month's gains after a strong run. The company retains a strong competitive position that the investment manager believes will enable it to continue to deliver good organic revenue growth.

The investment manager remains focused on investing in wealth-creating companies at attractive valuations as the investment manager believes that this will deliver superior risk-adjusted returns for investors over the long term.

Top 5 Holdings

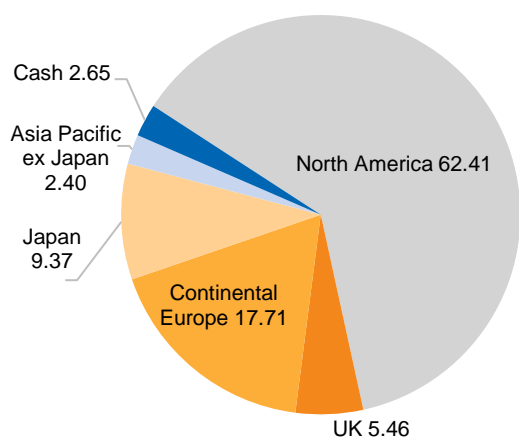
Stock	Country (Domicile)	Sector	%
Berkshire Hathaway	United States	Financials	4.79
Bechtle	Germany	Information Technology	4.51
Old Dominion Freight Line	United States	Financials	4.03
Bandai Namco Holdings	Japan	Consumer Discretionary	3.42
Taiwan Semiconductor	Taiwan	Industrials	3.38

Top 5 Contributors and Detractors

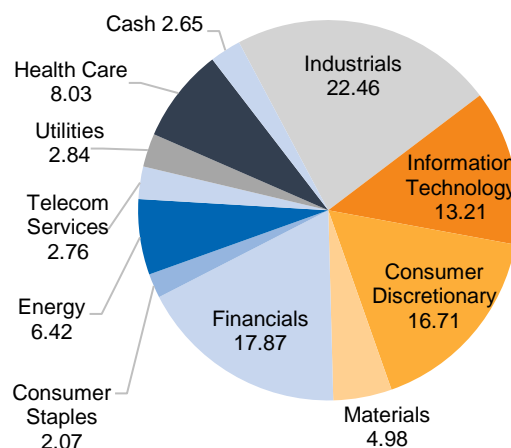
Stock	(%)	Stock	(%)
Steel Dynamics	0.29	Casey's General Stores	-0.23
Helmerich & Payne	0.24	Centerpoint Energy	-0.20
Suncor Energy	0.13	Bechtle	-0.16
Union Pacific	0.13	Telenor	-0.16
Wells Fargo & Co	0.12	Safran	-0.14

Asset Allocation

Regional Asset Allocation (%)



Sector Asset Allocation (%)



Important information

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