

# Ironbark Royal London Concentrated Global Share Fund

## Monthly Investment Report as at 30 September 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 1996<sup>1</sup>

### Investment Manager Appointed

1 September 2016<sup>1</sup>

### Benchmark

MSCI World Net AUD<sup>2</sup>

### Buy/Sell Spread

+0.20%/-0.20%

### Management Costs

1.00% p.a.<sup>6</sup>

### Distribution Frequency

Semi-Annually

### Minimum Investment

\$20,000

### Fund Size

\$110.5m

### Exit Price

\$1.7817

### Market Review

Global equities rose 3.5% during September, with weakness of the Australian dollar ('AUD') versus other global currencies over the month accounting for much of the increase. The strongest performing region was continental Europe, where continued positive economic data and the relative certainty of the re-election of Angela Merkel as Chancellor in Germany supported returns. Despite two hurricanes and political sparring with North Korea, US equity market returns were also strong over the month. In regional terms, the weakest areas were emerging markets and Asia Pacific excluding Japan, both of which tend to be negatively affected by US dollar strength. Sector returns were mostly positive in AUD terms. The energy, financials and industrials sectors provided the highest positive returns over the month, while more rate-sensitive sectors including utilities, consumer staples and real estate, lagged by comparison. Following comments by US Federal Reserve Chairwoman, Janet Yellen, warning about 'moving too gradually' regarding monetary policy, the US 2-year Treasury yield rose to its highest level since the financial crisis in 2008.

### Fund Review and Market Outlook

The Ironbark Royal London Concentrated Global Share Fund (the 'Fund') returned 5.68% net in September, outperforming the benchmark return of 3.35% by 2.33%.

The leading positive contributors to Fund performance were Helmerich & Payne, Lear Corp and Bechtle. US oil and gas drilling rig provider, Helmerich & Payne is in the turnaround stage of the Life Cycle categorisation. The company's share price recovered during September following a dip in August, helped by stronger oil prices. 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. Lear Corp, a global supplier of interior components such as seating and software for automotive manufacturers, benefitted from recent plans to build a new seat-manufacturing facility, and from positive trends regarding increased sophistication in automobile software and electrics, where the company is well placed to meet demand in an increasingly consolidated industry. The firm is in the compounding stage of the Life Cycle framework. German IT systems provider Bechtle, which is in the slowing and maturing segment of the Life Cycle, announced a new contract with the German Army.

### 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. (%) <sup>5</sup>
<b>Ironbark Royal London Concentrated Global Share Fund<sup>1</sup></b>	5.68	3.04	13.70	8.28	14.15	2.80	7.00
MSCI World NR <sup>2</sup>	3.35	2.49	15.24	11.80	17.65	5.54	6.41
<i>Active Return</i>	2.33	0.55	-1.54	-3.52	-3.50	-2.74	0.59
<sup>1</sup> Fund performance prior to 1 September 2016 is not attributable to Royal London, but the previous investment manager. Royal London Global Equity Select Strategy returns are presented below for reference.							
<b>Royal London Global Equity Select Strategy<sup>3,4</sup></b>	5.71	3.37	15.51	10.94	17.14	6.07	5.34
MSCI World NR <sup>4</sup>	3.35	2.49	15.26	11.68	17.52	5.65	3.06
<i>Active Return</i>	2.36	0.88	0.25	-0.74	-0.38	0.42	2.28

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. Retail investors should refer to net returns. If investing through an IDPS Provider, the total after fees performance return of your investment in the Fund may be different from the information in this report.

<sup>2</sup>The 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.

<sup>3</sup>The 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 1.0156% p.a. fee applied. The inception date of the strategy is 1 April 2001. Data source: Royal London and Morningstar Direct.

<sup>4</sup>31 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.

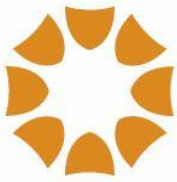
<sup>5</sup> This figure represents the annualised performance from the first full month of operation.

<sup>6</sup> For a full breakdown of management costs, refer to the PDS dated 30 September 2017.

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### Fund Review and Market Outlook (cont'd)

The most prominent detractors in September were Amazon, Johnson & Johnson and Constellation Software. Amazon declined after a period of strong performance year to date. The company is in the compounding stage of the Life Cycle

framework, and continues to diversify its already broad business, for example through enhancing its grocery offering with the acquisition of Whole Foods earlier in the year. Johnson & Johnson failed to gain approval in the US for a new rheumatoid arthritis drug, which affected the company's share price. The firm is in the accelerating part of the Life Cycle framework, and continues to grow its broad-based healthcare businesses around the world. Constellation Software, which is in the slowing & maturing segment of the life cycle framework, operates a diversified software business through a holding company structure. The company announced the acquisition of a healthcare software company during the month, Constellation's pipeline of acquisitions should enable it to continue to grow in core areas, including insurance and health care.

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.

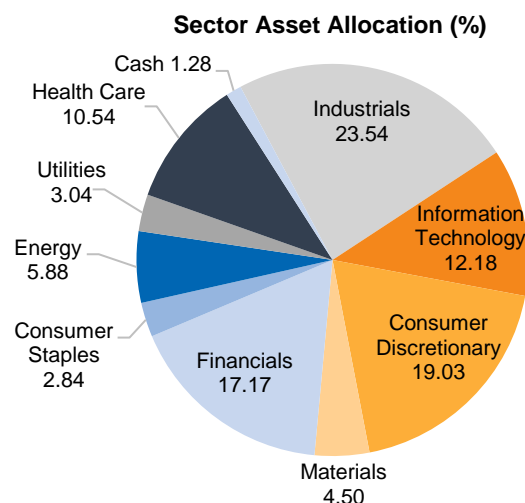
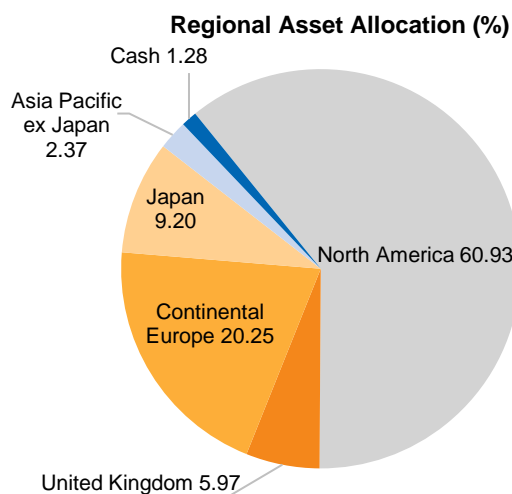
### Top 5 Holdings

Stock	Country (Domicile)	Sector	%
Berkshire Hathaway	United States	Financials	4.60
Bechtle	Germany	Information Technology	4.19
Bandai Namco Holdings	Japan	Consumer Discretionary	3.73
Bayer	Germany	Health Care	3.68
Crh	Ireland	Industrials	3.60

### Top 5 Contributors and Detractors

Stock	(%)	Stock	(%)
Lear Corporation	0.40	TIS	-0.10
Samsung	0.36	Johnson & Johnson	-0.08
Helmerich & Payne	0.35	Amazon	-0.07
Suncor Energy	0.30	Centrepont Energy	-0.07
Bechtle	0.27	Constellation Software	-0.06

### Asset Allocation



### Important information

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