



# Ironbark Royal London Concentrated Global Share Fund

## Monthly Investment Report as at 30 September 2018

### 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>

### Distribution Frequency

Semi-Annually

### Minimum Investment

\$20,000

### Fund Size

\$126.2m

### Exit Price

\$2.1212

### Market Review

World equities fell 0.11% in September, the first decline since March. Currency movements were broadly neutral for Australian investors in international stocks as the Australian dollar strengthened against approximately half of the G10 currencies, including the Japanese yen. By region, Japan recorded the strongest return for Australian investors as the yen weakened, benefiting shares of Japanese exporters as indications of revived interest from foreign investors supported gains. UK equities performed well, however returns were negative elsewhere. Asia Pacific ex Japan and emerging markets were the worst performers, while North America and Continental Europe saw smaller declines. Most sectors recorded positive returns, led by energy as the price of Brent crude oil rose for the sixth month out of the last seven. Additionally, returns in the health care and telecommunication services were strong. Returns from the interest rate-sensitive real estate and financial sectors were negative as the US Federal Reserve raised its key policy rate for the third time in 2018 and indicated that another hike was likely in December.

### Fund Review and Market Outlook

The Ironbark Royal London Concentrated Global Share Fund (the 'Fund') returned 0.48% (net) in September, underperforming the benchmark's return of 0.51% by 0.03%.

Church & Dwight contributed to Fund performance (in terms of price movement) again this month, continuing a strong run, and the holdings of Svenska, Handelsbanken and Safran were also beneficial (in terms of price movement). Church & Dwight, which is in the 'accelerating' stage of the investment manager's Life Cycle categorisation, rose further as analyst commentary suggested that the shares may remain undervalued after the US maker of household products reported higher-than-estimated quarterly profit in August and raised its forecast for annual results. Handelsbanken is in the Life Cycle's 'slowing & maturing' phase and delivered a positive return as Moody's Investors Service affirmed the Swedish bank's deposit and credit ratings, saying it has robust capital and profitability buffers to protect against risks from elevated household leverage and high house prices. Safran, a Paris-based maker of jet engines and aircraft components, is in the 'slowing & maturing' stage of the Life Cycle. The company reported very strong half year profit and increased annual forecasts significantly, aided by the 2017 takeover of Zodiac Aerospace.

### Performance

Net Returns	1 month (%)	3 months (%)	1 year (%)	2 years p.a. (%)	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>	0.48	7.71	24.95	19.19	12.37	13.12	8.15	7.76
MSCI World NR <sup>2</sup>	0.51	7.21	20.64	17.92	12.35	15.20	9.52	7.01
<i>Active Return</i>	-0.03	0.50	4.32	1.28	0.02	-2.08	-1.37	0.75
<b>Royal London Global Equity Select Strategy<sup>3,4</sup></b>	0.49	7.72	24.89	19.42	13.21	14.35	14.76	9.47
MSCI World NR <sup>4</sup>	0.51	7.21	20.64	17.92	12.42	15.04	15.27	9.68
<i>Active Return</i>	-0.02	0.51	4.25	1.51	0.79	-0.69	-0.51	-0.21

<sup>1</sup>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, strategy returns are presented below for reference.

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. Returns are rounded to two decimal places. Slight variations to actual calculations may occur.

<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 1.00% 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.

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

Allocations to Suncor Energy and Wells Fargo were disadvantageous in September, and Bayer weighed on returns for a second straight month. Canadian oil sands company Suncor, which is in the Life Cycle's 'turnaround' stage, fell as local crude prices declined amid expanding inventories. Suncor said its new Fort Hill oil sands mine is ramping up more quickly than planned after oil production started earlier this year. Wells Fargo is in the 'mature' phase of the Life Cycle as the US bank dropped sharply on reports of a US justice department investigation into allegations that employees in the wholesale banking division changed customer data improperly. Wells Fargo also had to deny rumours that its chief executive officer would be ousted. German life sciences company Bayer, which is in the Life Cycle's 'slowing and maturing' stage, remained hampered by this year's acquisition of US agrochemical company Monsanto for more than \$60 billion (in US dollar terms). After an adverse US legal verdict against the unit in August, Bayer lowered its forecast for annual profit because of delays in closing the takeover, as Monsanto generates most of its earnings in the first half.

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

### Top 5 Holdings

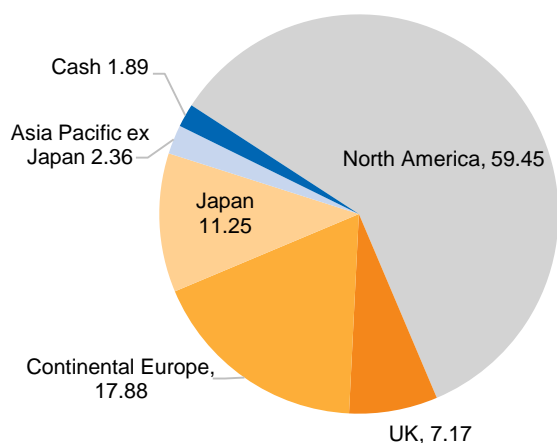
Stock	Country (Domicile)	Sector	%
Berkshire Hathaway	United States	Financials	4.59
Eli Lilly & Co	United States	Health Care	3.98
Safran	France	Industrials	3.93
Tjx Companies	United States	Consumer Discretionary	3.87
Suncor Energy	Canada	Energy	3.75

### Top 5 Contributors and Detractors by Attribution over the month

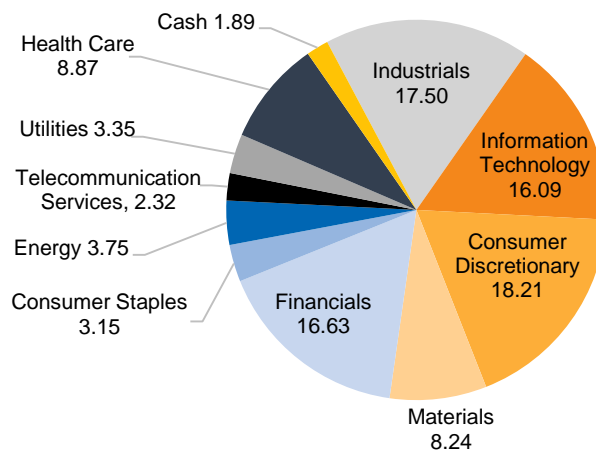
Stock	(%)	Stock	(%)
Safran	0.24	Lear Corporation	-0.29
Old Dominion Freight Line	0.14	Suncor Energy	-0.26
Union Pacific Corporation	0.13	Wells Fargo & Company	-0.24
Church & Dwight Company	0.13	Bayer	-0.13
Ulta Beauty	0.12	Constellation Software	-0.08

### Asset Allocation

Regional Asset Allocation (%)



Sector Asset Allocation (%)



### Important information

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