



# Ironbark Royal London Concentrated Global Share Fund

## Monthly Investment Report as at 31 May 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

\$114.9m

### Exit Price

\$2.0101

### Market Review

The MSCI World rose 0.39% in May, advancing for a second month. Currency movements had negative effects for Australian investors in international equities as the Australian dollar strengthened against all G10 currencies except the Swiss franc. By region, North America delivered the only positive return for Australian investors as US technology stocks continued to rebound from declines earlier in 2018. Continental Europe and Emerging Markets were the worst performers, followed by the UK. Sector returns were mostly positive, led by information technology, while energy and materials advanced in line with rising commodity prices. At the other end of the scale, telecommunication services was May's worst performer as AT&T continued to fall, weighing on the sector, after reporting quarterly sales and profits in late April that missed analysts' estimates. Financials and utilities, which are vulnerable to higher bond yields, declined as the yield on benchmark 10-year US government debt rose above 3% to the highest level since 2011.

### Fund Review and Market Outlook

The Ironbark Royal London Concentrated Global Share Fund (the 'Fund') returned 3.38% (net) in May, outperforming the benchmark's return of 0.39% by 2.99%.

The leading positive contributors to portfolio performance (in terms of price movements) included Bandai Namco Holdings, TIS and Old Dominion Freight Line. Bandai Namco, a Japanese publisher of video games, is in the 'compounding' stage of the investment manager's Corporate Life Cycle, while TIS, a Tokyo-based information technology company, is in the 'slowing & maturing' phase. The shares made strong gains as both companies reported higher annual sales and profits, along with increased dividends. Bandai Namco's results exceeded the company's own guidance, while TIS outlined plans to buy back shares during the current fiscal year. Old Dominion is in the Life Cycle's 'compounding' stage; the stock gained as the US trucking and logistics company raised freight rates, announced a new share repurchase programme and opened more depots to help meet demand.

### 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>	3.38	6.61	15.12	5.84	12.58	5.66	7.48
MSCI World NR <sup>2</sup>	0.39	2.54	9.77	8.09	14.88	7.91	6.67
<i>Active Return</i>	2.99	4.07	5.35	-2.25	-2.30	-2.25	0.81
<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.							
<b>Royal London Global Equity Select Strategy<sup>3,4</sup></b>	3.35	6.61	15.13	9.01	14.26	7.83	5.10
MSCI World NR <sup>4</sup>	0.39	2.54	9.77	8.07	14.71	8.03	3.51
<i>Active Return</i>	2.97	4.07	5.36	0.95	-0.45	-0.19	1.59

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.

<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)

The holdings of Samsung, Daimler and Johnson & Johnson detracted from performance (in terms of price movements). Samsung, which is in the Life Cycle's 'slowing & maturing' stage, fell as the South Korean conglomerate gave guidance for a more challenging outlook, particularly in the display business, despite posting strong first quarter results. Daimler, the German manufacturer of Mercedes-Benz cars and trucks, is in the 'turnaround' phase of the Life Cycle, with the shares declining as US President Donald Trump threatened to impose tariffs on vehicles imported into the country. In addition, Daimler said it will take charge after reaching a multi-billion euro settlement with the German government over the slow start of a system for collecting truck tolls. US health care company Johnson & Johnson, which is in the Life Cycle's 'compounding' stage, fell as lawsuits filed in five states held that manufacturers and distributors of the prescription opioids which triggered a public health crisis are responsible for higher insurance rates. That widened the legal battle over the drugs, as US states and cities have already filed numerous lawsuits alleging that pharmaceutical companies including Johnson & Johnson played down the risks of opioid products.

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

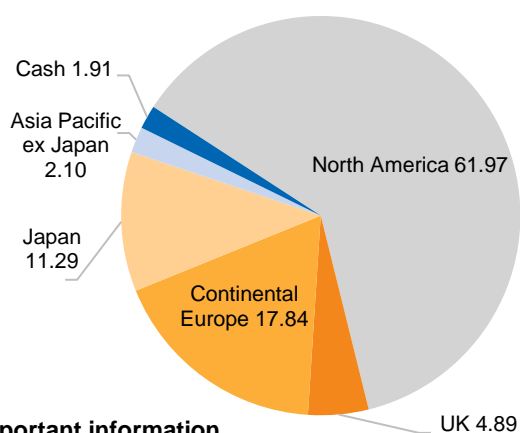
Stock	Country (Domicile)	Sector	%
Suncor Energy	Canada	Energy	4.52
Berkshire Hathaway	United States	Financials	4.31
Steel Dynamics	United States	Materials	4.24
Bandai Namco Holdings	Japan	Consumer Discretionary	4.06
Old Dominion Freight Line	United States	Financials	3.97

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

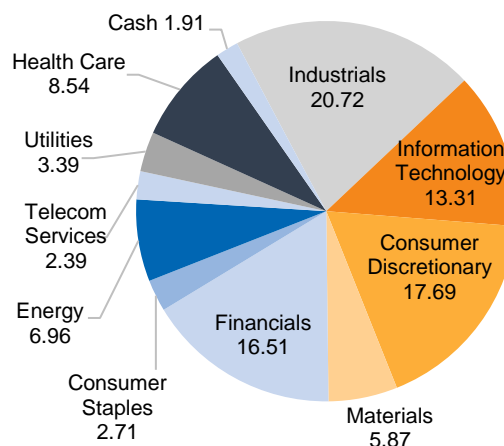
Stock	(%)	Stock	(%)
Bandai Namco Holdings	0.83	Apple	-0.27
Old Dominion Freight Line	0.55	Daimler AG	-0.25
TIS	0.54	Maeda Road Construction	-0.23
Steel Dynamics	0.38	Telenor ASA	-0.17
Constellation Software	0.24	Samsung Electronics	-0.12

### Asset Allocation

Regional Asset Allocation (%)



Sector Asset Allocation (%)



### Important information

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