

Ironbark Royal London Concentrated Global Share Fund

Monthly Investment Report as at 31 August 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

Buy/Sell Spread

+0.20%/-0.20%

Management Costs

1.0284% p.a.⁶

Distribution Frequency

Semi-Annually

Minimum Investment

\$20,000

Fund Size

\$105.3m

Exit Price

\$1.6860

Market Review

Global equities returned 0.86% during August, with the relative strength of the Australian dollar versus other core global currencies continuing to weigh on returns. Equity markets remained positive, with global indices touching new record highs at the beginning of the month. As tensions between the US and North Korea reached crisis levels, markets suffered a bout of risk aversion, before recovering well against a backdrop of positive US earnings, ongoing strong European data and a benign US rate outlook. Sector returns were mixed. Utilities, information technology and materials provided the highest positive returns over the month, with the latter benefiting as industrial metals prices reached multi-year highs on improving inventories and strengthening data in China. Consumer discretionary, financials, telecommunications and energy posted negative returns, with energy the weakest sector over the month, as gas prices fell and the oil price remained volatile, however ended the month broadly unchanged. Emerging markets were once again the strongest performers over the month, amid ongoing US dollar weakness, and a strengthening in some areas of commodities, while the UK was the lowest returning region, due to the strength of the Australian dollar versus sterling over the month.

Fund Review and Market Outlook

The Ironbark Royal London Concentrated Global Share Fund (the 'Fund') returned -0.25% net in August, underperforming the benchmark return of 0.80% by 1.05%.

The leading positive contributors were Raytheon Company, Centerpoint Energy and Old Dominion Freight Line. Shares in defence and security innovator Raytheon Company, in the 'accelerating' stage of the investment manager's Life Cycle framework, rose to a 52-week high following successful testing of its ballistic missile interceptor, against the backdrop of escalating tensions between the US and North Korea. Centerpoint Energy, in the 'turnaround' stage of the Life Cycle, outperformed following a second consecutive strong quarterly earnings report. News flow about the company also increased during August as it worked to restore power to those impacted by flooding from tropical storm Harvey. Less-than-truckload road freight company Old Dominion Freight Line, which is within the 'slow & maturing' stage of the Life Cycle, saw its share price rise following better than-expected second quarter profits and the announcement of a \$0.1 per share dividend payment in September.

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	-0.25	-5.46	6.23	6.94	13.54	1.76	6.75
MSCI World NR ²	0.80	-3.39	10.09	12.14	17.37	4.77	6.26
<i>Active Return</i>	-1.05	-2.07	-3.86	-5.20	-3.83	-3.01	0.49
Royal London Global Equity Select Strategy^{3,4}	-0.08	-5.06	7.86	10.17	15.85	5.12	5.01
MSCI World NR ⁴	0.80	-3.38	10.10	11.91	16.75	4.91	2.86
<i>Active Return</i>	-0.88	-1.67	-2.24	-1.74	-0.90	0.21	2.15

¹Fund 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.

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.

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 1.0156% 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.

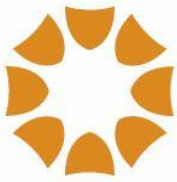
⁵This figure represents the annualised performance from the first full month of operation.

⁶For a full breakdown of management costs, refer to the PDS dated 20 January 2017.

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Fund Review and Market Outlook (cont'd)

Over the month, the most significant detractors from performance were Helmerich & Payne, Admiral Group and Omnicom. US oil and gas drilling rig provider, Helmerich & Payne is in the 'turnaround' stage of the Life Cycle framework. The company's share price fell following mixed reactions to its results released during July and continued to come under pressure as markets assessed the impact of Hurricane Harvey in August. However, 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. UK insurer Admiral Group saw its share price fall after it cut its interim dividend and government changes to compensation calculations saw personal injury pay outs weigh on profit growth. Having been impacted by the release of earnings results which showed some weakness in its North American business, shares in advertising and media firm Omnicom, which is in the 'compounding' stage of the Life Cycle, came under further pressure as advertising giant WPP Group cut its full-year sales target during the month.

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

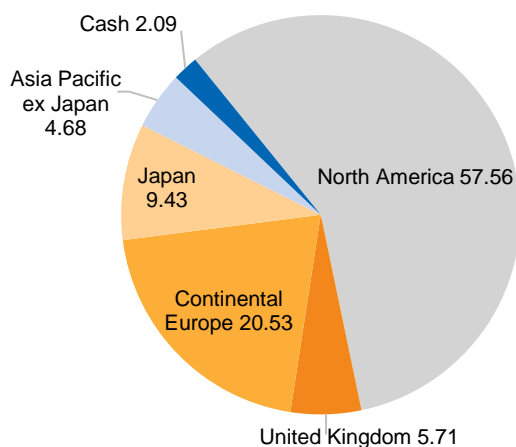
Stock	Country (Domicile)	Sector	%
Berkshire Hathaway	United States	Financials	4.74
Samsung	Korea	Industrials	4.68
Bechtle	Germany	Information Technology	4.13
Bandai Namco Holdings	Japan	Consumer Discretionary	3.83
Bayer	Germany	Health Care	3.68

Top 5 Contributors and Detractors

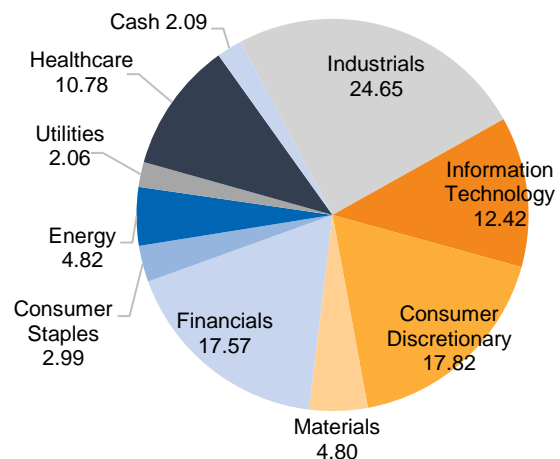
Stock	(%)	Stock	(%)
Berkshire Hathaway	0.14	Helmerich & Payne	-0.30
Raytheon	0.13	Admiral Group	-0.25
Old Dominion Freight Line	0.12	Apple	-0.22
Centerpoint Energy	0.11	Omnicom Group	-0.21
Taiwan Semiconductor	0.10	Henkel	-0.16

Asset Allocation

Regional Asset Allocation (%)



Sector Asset Allocation (%)



Important information

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