

Ironbark Royal London Concentrated Global Share Fund

Monthly Investment Report as at 30 June 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

\$109.2m

Exit Price

\$1.7290

Market Review

Global equities returned -2.8% in June. The rise in the value of the Australian dollar was the dominant factor behind this negative return, as international assets fell in value when translated into Australian dollars. Globally, growth and inflation expectations have cooled against a backdrop of a falling oil price and fading enthusiasm for the 'Trump trade' which had buoyed markets since the US presidential election. With the exception of the financials sector, which received a boost from positive stress test results on leading financial institutions in the US, all sectors generated negative returns. The technology sector suffered a setback from a sudden bout of profit taking during the month, prompting questions over valuation levels. Asia Pacific excluding Japan was the strongest performing region, returning -1.3%, while the UK was the weakest, returning -5.1% as the clumsy snap election resulted in the further political uncertainty of a hung parliament as Brexit negotiations began.

Fund Review and Market Outlook

The Fund returned -3.04% net in June, underperforming the benchmark return of -2.57% by -0.47%.

The contributors to performance over the month were US technology firm CDW, oil and gas drilling rig contractor Helmerich & Payne and US bank Wells Fargo. CDW, an international technology solutions provider, benefited from positive results announced by Dell, one of the main companies for which CDW distributes products. The company is in the 'slowing and maturing' phase of the Fund's Corporate Lifecycle framework, and is well placed, through the diversity of its scale and value proposition to customers, to deliver attractive returns. Helmerich & Payne is a new addition to the portfolio, and is in the 'turnaround' stage of the Fund's Lifecycle categorisation. It has a well-established business in land and offshore drilling around the world, and has been able to grow its market share and manage its costs, despite the challenging environment for the oil and gas sector, on account of its leading position as a provider of high powered rigs, an area of the market with high barriers to entry. US bank Wells Fargo benefited over the month from positive sentiment across the financials sector following the satisfaction of rigorous stress tests in the US. The firm is in the 'slowing and maturing' stage of the Fund's Lifecycle framework, and maintains its competitive position as one of the largest commercial banks in the US.

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	-3.04	4.21	16.45	8.15	14.69	2.06	6.93
MSCI World NR ²	-2.57	3.46	14.70	12.97	18.23	5.06	6.36
<i>Active Return</i>	<i>-0.47</i>	<i>0.75</i>	<i>1.75</i>	<i>-4.82</i>	<i>-3.54</i>	<i>-3.00</i>	<i>0.57</i>
Royal London Global Equity Select Strategy^{3,4}	-2.91	4.69	16.87	10.47	16.36	5.62	5.21
MSCI World NR ⁴	-2.57	3.46	14.75	12.78	16.94	5.19	2.95
<i>Active Return</i>	<i>-0.34</i>	<i>1.23</i>	<i>2.12</i>	<i>-2.30</i>	<i>-0.58</i>	<i>0.43</i>	<i>2.26</i>

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.

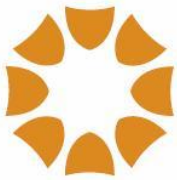
⁵ This figure represents the annualised performance from the first full month of operation.

⁶ For 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)

The most noticeable detractors over the month were Suncor Energy, Casey's General Stores and Japanese toy and entertainment company Bandai Namco. Suncor Energy, a Canadian oil and gas producer in the 'turnaround' stage of the Fund's Lifecycle framework, and was affected over the month by the decline in oil price which weighed on the sector as a whole. The investment manager believes Suncor's reserves and integrated business model provide it with protection in the current low oil price environment, which may well persist. US firm Casey's suffered amid a challenging general backdrop for convenience stores in the US, with rising competition, sluggish incomes and shifting consumer trends taking their toll on this mid-west chain, which is in the 'slowing and maturing' segment of the Fund's Lifecycle framework. Bandai Namco, which is in the 'compounding' stage of the Fund's Lifecycle structure, has a number of strong toy and gaming franchises and is investing in opening more amusement and virtual reality facilities, both in Japan and internationally.

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

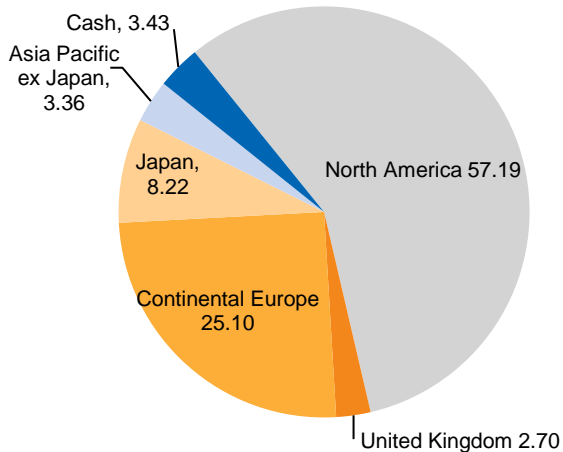
Stock	Country (Domicile)	Sector	%
Berkshire Hathaway	United States	Financials	4.51%
Bechtle	Germany	Information Technology	4.38%
Bandai Namco Holdings	Japan	Consumer Discretionary	3.95%
CRH	United Kingdom	Industrials	3.59%
Taiwan Semiconductor Manufacturing	United States	Information Technology	3.37%

Top and Bottom 5 Contributors for the Month

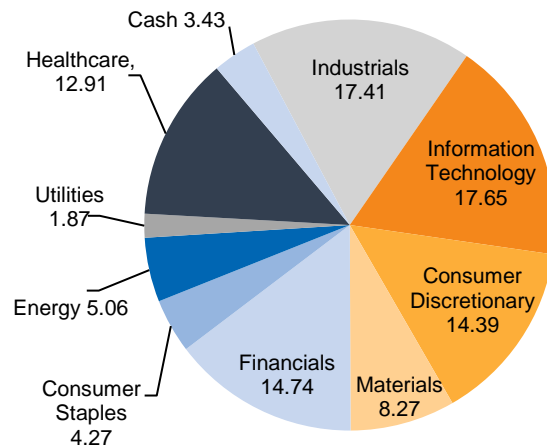
Stock	(%)	Stock	(%)
Wells Fargo & Co	0.14	Bandai Namco Holdings	-0.32
Helmerich & Payne	0.10	Suncor Energy	-0.28
Old Dominion Freight Line	0.10	Roche Holding AG	-0.24
International Paper Co.	0.08	Lear Corporation	-0.23
Steel Dynamics	0.07	Casey's General Stores	-0.20

Asset Allocation

Regional Asset Allocation (%)



Sector Asset Allocation (%)



Important information

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