# Ironbark Royal London Core Global Share Fund – Class H

**BENCHMARK**
MSCI World NR 100% Hedged to AUD

**OBJECTIVE**
The Fund seeks to outperform the Benchmark by 1-1.25% after fees, over rolling five year periods, through investment in a diversified selection of equities on a global basis.

| | | | |
|---|---|---|---|
| **APIR** | DAM5404AU | **ARSN** | 663 275 303 |
| **INCEPTION DATE** | 3 January 2023 | **CLASS SIZE** | $76.9m |
| **MANAGEMENT FEE** | 0.3600% p.a. | **EXIT PRICE** | $1.2438 |
| **BUY / SELL SPREAD** | +0.23% / -0.18% | | |

## Net performance (%)

| | 1 month | 3 months | 1 year | 3 years p.a. | 5 years p.a. | 7 years p.a. | 10 years p.a. | Since inception p.a. |
|---|---|---|---|---|---|---|---|---|
| **Fund** | **3.54** | **8.67** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **24.96** |
| Benchmark | 4.00 | 9.21 | n/a | n/a | n/a | n/a | n/a | 21.39 |
| *Active* | *-0.46* | *-0.54* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *3.57* |

## Top 5 monthly contributors and detractors

| Contributing stocks | Active weight |
|---|---|
| Thor Industries | Overweight |
| Sankyo | Overweight |
| TopBuild | Overweight |
| Jones Lang LaSalle | Overweight |
| Exxon Mobil | Underweight |

| Detracting stocks | Active weight |
|---|---|
| Broadcom | Underweight |
| UnitedHealth Group | Overweight |
| Shell | Overweight |
| British American Tobacco | Overweight |
| arGEN-X | Overweight |

## Top 5 quarterly contributors and detractors

| Contributing stocks | Active weight |
|---|---|
| Exxon Mobil | Underweight |
| Tesla | Underweight |
| Chevron | Underweight |
| Thor Industries | Overweight |
| TopBuild | Overweight |

| Detracting stocks | Active weight |
|---|---|
| Broadcom | Underweight |
| Shell | Overweight |
| Kinsale Capital Group | Overweight |
| arGEN-X | Overweight |
| British American Tobacco | Overweight |

## Top 5 holdings

| Stocks | Sector | Country (domicile) |
|---|---|---|
| Microsoft | Information Technology | United States |
| Apple | Information Technology | United States |
| Alphabet Class A | Communication Services | United States |
| Amazon.com | Consumer Discretionary | United States |
| Nvidia | Information Technology | United States |

Past performance is not indicative 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.

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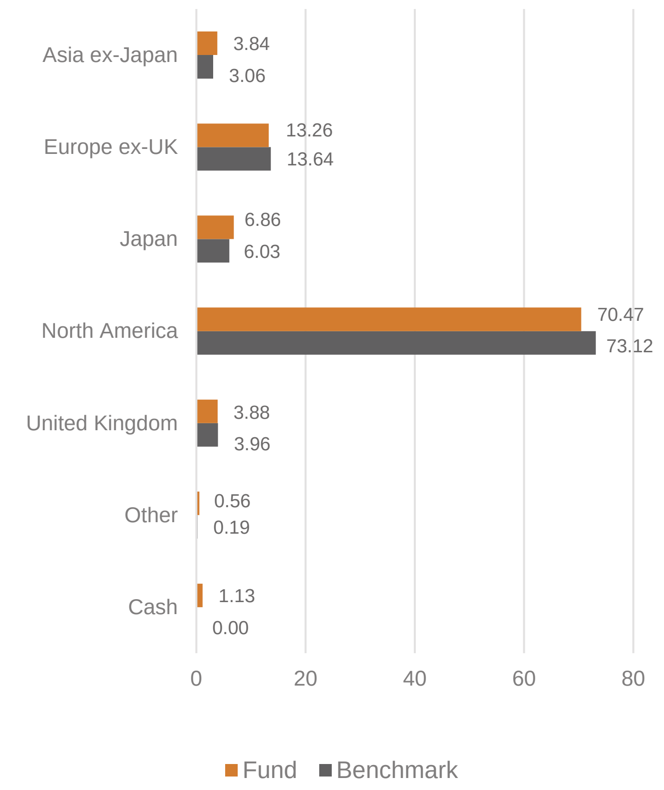
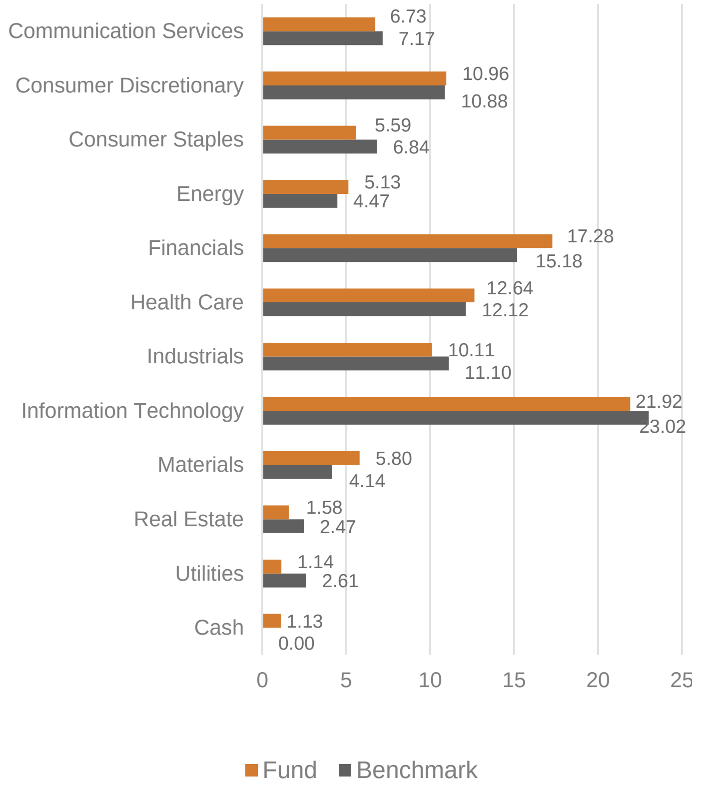
## Regional asset allocation (%)[1]




## Sector asset allocation (%)[1]




[1] Totals may not equal due to rounding.

## Market review

Economic attention over the quarter has been on inflation. At the start of the quarter investors focussed on the persistence of large price increases and central bank messaging on rates being held higher for longer. Yet, as headline inflation fell, sentiment swung dramatically towards the end of the quarter, pushing markets to price in interest rate cuts in 2024. The Federal Reserve, European Central Bank and Bank of England all left rates unchanged over the quarter, maintaining official rates at multi-year highs. The Federal Reserve has now held rates unchanged at its last three meetings. There has however been a significant shift in messaging, with the US central bank now indicating that it expects to cut rates by 0.75% in 2024. The European Central Bank has similarly kept rates steady at its two most recent meetings, but central bankers in the eurozone said that no rate cuts have yet been discussed.

Equities saw a significant turnaround over the quarter, rebounding sharply from their October lows as investor sentiment recovered. This was thanks to softer growth and inflation data, that reduced fears of higher for longer rates and raised hopes of early and deep rate cuts in 2024.

For the fourth quarter, the MSCI World and MSCI All Countries World Index (ACWI – which also includes 26 emerging markets) produced positive returns in US dollar terms. Looking at national MSCI indices, the strongest market was Sweden, while the weakest was China. In terms of style, the MSCI World Growth Index produced stronger returns than the MSCI World Value Index.

The change in backdrop meant that the fourth quarter has been one of the strongest for global equity markets for a long time. The best performing sectors in the quarter were information technology, real estate and industrials. The tech sector continues to benefit from the excitement around artificial intelligence (AI) and real estate is a sector that stands to benefit from falling interest rates. Industrials experienced a tailwind from a resilient macro backdrop combined with government stimulus towards infrastructure spending. The only sector that was negative in the quarter was energy, reflecting the weaker tone in the oil market and the plunge in the price of Brent crude oil to just over $77 a barrel.

As in other markets, currency markets saw some significant changes in Q4. The change in expectations of future Federal Reserve movements meant that the US dollar fell against the yen, euro, sterling and most other currencies.

## Performance review

The Ironbark Royal London Core Global Share Fund – Class H (the 'Fund') returned 8.67% (net) for the quarter, underperforming the MSCI World NR 100% Hedged to AUD return of 9.21% by 0.54%.

The three largest contributors to relative performance this past quarter were stocks the investment manager did not own; Exxon Mobil, Tesla, and Chevron. An expected outcome of running a highly diversified portfolio with a high stock specific risk is that performance will come from an array of idiosyncratic stock picks as opposed to one or two names. This means that when assessing the performance of the Core portfolio over a short time horizon in volatile markets it is not a surprise contributing to relative performance. The top contributing name the investment manager did own was Thor Industries, the largest recreational vehicle (RV) manufacturer in the world, which is currently in the Slowing & Maturing Life Cycle segment; the shares performed well over the last quarter despite industry headwinds.

Shell is a prominent oil & gas company in the Turnaround phase of the Life Cycle. Shell detracted from performance in Q4 as the shares fell approx. 1.5% in AUD terms versus a strong market. Shell announced a benign set of results during the period, but the shares were dragged down in a broad sell-off in the sector as global oil prices fell as much as 20% by some measures (WTI Crude Oil USD).

arGEN-X, in the Accelerating stage of the Corporate Life Cycle, is a Belgian biotech company, primarily focused on developing treatments for patients suffering from severe autoimmune diseases and cancer. arGEN-X fell in the quarter following the results of phase 3 clinical trials for an anticipated drug in their pipeline not producing expected results. arGEN-X also announced its latest financial results which were positive on the whole, sales of their flagship drug Vyvgart beat expectations and there are now hopes that the business will turn cashflow positive in the coming quarters.

Kinsale Capital (KNSL) is an Accelerating US insurance business, focused on property & casualty (P&C) "Excess & Surplus" lines (E&S), also known as "non-admitted" insurance. Kinsale announced Q3 results in October which the market took dim view on, the shares were down 19.6% on the day. Against the investment manager's thesis milestones which focus on Kinsale's long-term opportunity, the results were positive. It is important to contextualise the share price performance in the fourth quarter against the positive performance relative to the MSCI World for 2023 as a whole.

## Market outlook

Whilst there remains significant geopolitical and macroeconomic risk, the investment manager remains focused on using their established investment process to generate alpha through bottom-up stock picking. With this volatile background, the investment manager believes that their approach of diversifying the strategies across broad range of companies from different sectors and stages of their Life Cycle will allow performance to continue to be driven more by the success of their hunting for superior shareholder wealth creating companies with undervalued long-term cash flows than by the prevailing winds of the macroeconomy, or factors such as growth or value styles being in vogue.