

Fund Snapshot

MLC Wholesale Global Share Fund



Fund Overview

About the Fund

The fund aims to outperform the MSCI All Country World Net Index (\$A), before fees, over 5 year periods.

The fund invests primarily in companies listed (or expected to be listed) on share markets anywhere around the world, and is typically diversified across major listed industry groups.

Foreign currency exposures will generally not be hedged to the Australian dollar.

Key Information

APIR Code MLC0261AU

Status Onsale

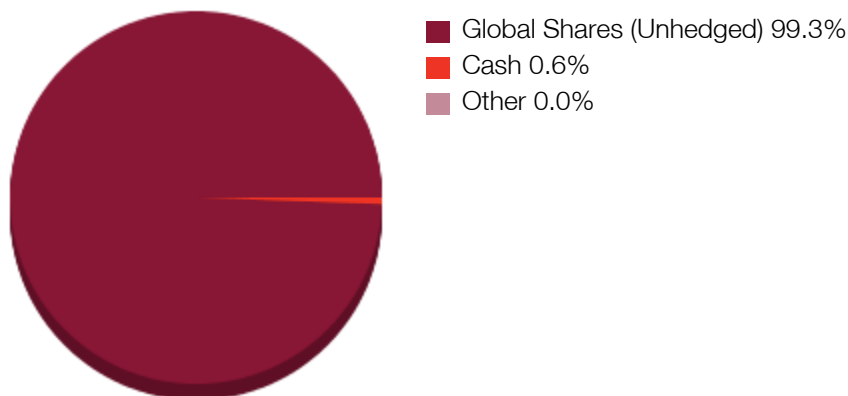
Product Size as at 30 Apr 2022
\$24.00M

Commencement Date
22 Jan 1998

Fund Breakdown

By Asset Class as at 30 Apr 2022

The information displayed reflects the actual asset allocation based on the holdings within the fund at the effective date.



By Manager as at 30 Apr 2022

Asset Class	Manager	Percentage	Investment Amount
Cash	Cash	0.6%	\$64
Global Shares (Unhedged)	Arrowstreet	20.6%	\$2,063
	C Worldwide	16.3%	\$1,626
	Intermede	15.0%	\$1,501
	Kiltearn	23.4%	\$2,336
	Sands Capital	8.6%	\$862
	Tweedy, Browne	15.4%	\$1,544
Other	Other	0.0%	\$4
Total		100.0%	\$10,000

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Stock Holdings

Top Stocks for Fund as at 31 Mar 2022

The Top Stocks for Fund have a one month reporting delay.

Stock Description	Industry	Country	Percentage	Investment Amount
ALPHABET INC-CL C	Communication Services	USA	2.7%	\$274
MICROSOFT CORP	Information Technology	USA	2.2%	\$219
AMAZON.COM INC	Consumer Discretionary	USA	1.7%	\$173
NESTLE SA	Consumer Staples	Switzerland	1.7%	\$171
BERKSHIRE HATHAWAY	Financials	USA	1.6%	\$161
HOUSING DEVELOPMENT FINANCE	Financials	India	1.6%	\$158
ASML HOLDING	Information Technology	Netherlands	1.5%	\$155
VISA INC	Information Technology	USA	1.4%	\$136
ALPHABET INC-CL A	Communication Services	USA	1.3%	\$132
TAIWAN SEMICONDUCTOR	Information Technology	Taiwan	1.2%	\$124

Performance

Historical Performance

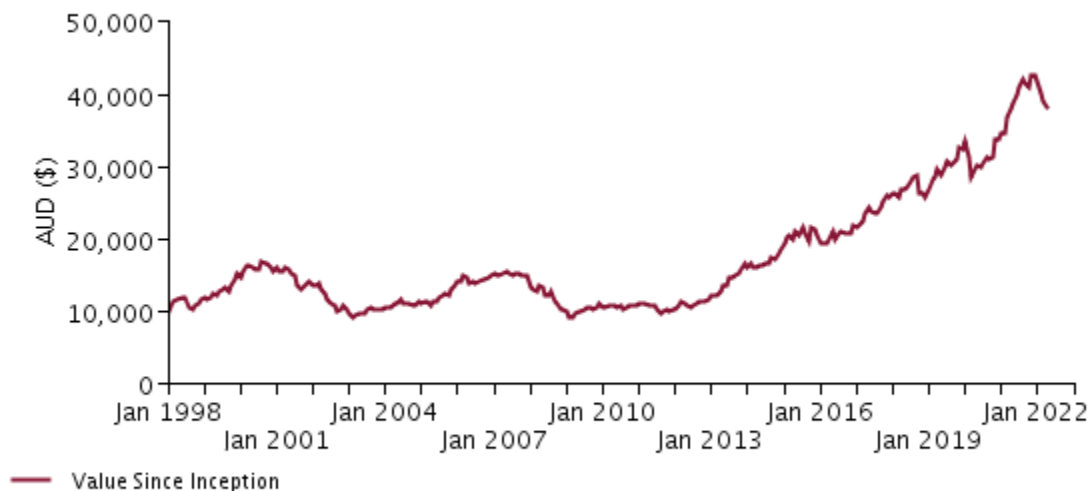
Absolute Fund Returns as at 30 Apr 2022

Returns for periods one year or greater are calculated on an annualised basis. All returns are calculated using end of month redemption prices assuming all distributions are reinvested and are net of management fees which may include administration fees, issuer fees and investment fees and prior to any individual tax considerations, and do not allow for initial entry fees.

The returns outlined below represent historical performance only and is not an indication of future performance. The value of an investment may rise or fall with changes in the market. Returns are calculated in accordance with FSC Standard No 6.

	3 month	6 month	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance	-8.2%	-6.8%	0.6%	8.9%	10.1%	13.1%	5.7%
Growth	-8.2%	-6.8%	-9.6%	-1.4%	-0.8%	5.0%	0.1%
Distribution	0.0%	0.0%	10.2%	10.4%	10.9%	8.1%	5.6%

Value Since Inception - MLC MasterKey Investment Service Fundamentals





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Commentaries

Fund Commentary

Performance drivers and positioning of the fund for the recent calendar quarter are explained below. Our investment experts also provide regular investment updates at mlcam.com.au/insights

Over the three months to 31 March 2022, the fund generated a weak return of -9.3% (before fees and tax). This return was 0.9% below the benchmark MSCI All Country World Index (\$A). Over the year, the fund delivered a solid return of 5.9%.

The Russian invasion of Ukraine raised geopolitical uncertainties leading to volatility in global share markets and added to fears of persistently higher inflation. Despite rising interest rates globally, initially helping value stocks, investor focus shifted from valuation to potential demand destruction. Meanwhile, Germany, heavily dependent on Russian oil and gas, reported inflation numbers greater than 7%. Despite this, there have been relatively few profit warnings ahead of the upcoming earnings season, and global share markets rose at the end of the quarter.

The Australian dollar increased relative to the major currencies over the quarter. As a result, not being hedged to the Australian dollar detracted for global share investors over this period.

Of the six managers in the strategy, three managers outperformed over the quarter, with positive stock selection being the predominant driver of relative outperformance.

Please refer to the Market commentary for an overview of what happened in other domestic and global markets over the quarter.

Stock story

One of our global shares managers, Tweedy Browne provided the following stock story for one of the funds holdings, which you may find interesting:

Vertex Pharmaceutical is a biotechnology company that specialises in rare diseases/orphan drugs. The company's current strength is in the treatment of cystic fibrosis where its therapies remain the gold standard of care globally. Analysts expect that Vertex will be able to maintain its dominant position in the treatment of this disease, which afflicts 83,000 people worldwide, largely due to the effectiveness of its therapies, the fact that patent expirations for its drugs are a long way off into the future (2030-2037), and lack of effective competition. Assuming the company receives complete international and paediatric approvals, Vertex's portfolio of approved drugs would be eligible to treat 90% of the people who have this disease. This affords Vertex pricing power for its drugs as there are currently no good alternative therapies. They are also not one-and-done drugs, but rather start in early childhood and continue throughout the patient's lifetime. The company's strong cash flow, in our view, should support the company's development of next generation drugs to treat cystic fibrosis as well as diversify its drug pipeline to treat other rare diseases. However, many of these treatments are in their incipient stages of development.

Notes:

- As our investment managers are constantly reviewing and making changes to their holdings, this company may no longer be included in the portfolio.
- Commentary for this fund will be updated approximately three weeks after the end of the calendar quarter.

Market Commentary

Asset class returns to 30 April 2022

Asset class	Calendar year-to-date	1 Month	3 Months	1 Year
Australian shares	1.4%	-0.9%	8.2%	10.2%
Global shares (hedged)	-11.6%	-6.9%	-7.3%	-3.1%
Global shares (unhedged)	-10.9%	-2.8%	-9.2%	2.8%
Emerging markets (unhedged)	-10.1%	-0.2%	-11.2%	-11.2%
Australian property securities	-6.1%	0.7%	3.7%	16.4%
Global property securities (hedged)	-7.4%	-4.0%	-2.0%	5.0%
Global listed infrastructure (hedged)	0.9%	-2.2%	3.7%	8.8%

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Australian bonds	-7.3%	-1.5%	-6.3%	-7.5%
Global bonds (hedged)	-7.7%	-2.9%	-6.2%	-7.0%
Global high yield bonds (hedged)	0.1%	0.2%	-0.2%	2.7%
Australian inflation-linked bonds	-4.5%	-0.9%	-3.9%	-3.2%
Cash	0.0%	0.0%	0.0%	0.0%
AUD/USD	-2.3%	-5.4%	0.9%	-8.0%

Index data sources: Australian shares - S&P/ASX 200 Total Return Index; Global shares (hedged) - MSCI All Countries World (A\$ hedged) ; Global shares (unhedged) - MSCI All Countries World; Emerging markets - MSCI Emerging Markets; Australian property securities - S&P/ASX 300 LPT Accumulation Index; Global property securities - FTSE EPRA/NAREIT Developed (A\$ hedged); Global listed infrastructure (hedged) - FTSE Global Core Infrastructure 50/50 (Hedged \$A); Australian bonds - Bloomberg AusBond Composite 0+ Yr Index; Global bonds (A\$ hedged) - BCGA Global Agg (A\$ hedged); Global high yield bonds (A\$ hedged) - Composite of BCGA US Corp HY BB/B (A\$ hedged) & S&P LSTA BB/B Leveraged Loan Index; Australian inflation-linked bonds - Bloomberg AusBond Inflation Government 0+ Yr Index; Cash - Bloomberg AusBond Bank Bill Index, WM/Reuters Daily (4pm GMT).

Global

Global shares (unhedged) delivered a disappointing return of -9.2% for the three months to April 2022. Investors were initially concerned about persistent inflation pressures, rising bond yields and the signal from the US central bank that higher interest rates were coming in 2022. Russias invasion of Ukraine on 24 February then generated alarm in financial markets. The tragic loss of Ukrainian lives, the traumatic flight to safety westwards and Russian President Vladimir Putins decision to place nuclear forces on high alert cast a troubling shadow across Europe.

Wall Street made a sharp retreat from record highs set in early January. Inflation concerns dominated with US consumer price annual inflation reaching 8.5% in March. This is the highest inflation since 1981. US government bond yields rose sharply in response to these inflation risks, thereby denting investors previous optimism. The US Federal Reserve (Fed) responded by raising US interest rates by 0.25% in March and then signaling a further 0.5% increase was likely in May.

European shares also fell sharply in response to inflation concerns as well as the Ukraine crisis. The German DAX share index delivered a disappointing -8.9% return. Frances CAC was marginally more resilient with a decline of -6% with President Macron being re-elected.

Asian share markets also delivered very weak returns for the past three months. The MSCI China Index slumped by 14.2% (in local currency terms) given concerns over China's economic slowdown and the continued financial weakness of property development companies such as Evergrande. Japanese shares were a positive surprise with the Nikkei up 0.3% given the benefit of a sharply weaker currency.

Global bonds (hedged) delivered a weak -6.2% return for the quarter. Government bond yields have climbed as persistent inflation pressures is seeing central banks signal higher cash interest rates are likely.

Global high yield bonds (hedged) delivered a modestly negative -0.2% return. Investors have become cautious given rising inflation and weaker share markets.

Australia

Australian shares have been remarkably resilient to the global political and inflation concerns. For the three months to April, Australian shares delivered an exceptionally strong 8.2% return. The Energy sector led the market with an extraordinary 22.2% gain as oil and gas prices surged in response to the Ukrainian conflict. Utilities also made extraordinary gains with a 21.6% return. The Resources sector made very strong gains (12%) with higher iron ore and metal prices. However, there was a disappointing return from the Information Technology (-5.2%) and Consumer Discretionary (-4.1%) sectors which struggled with rising bond yields and a more cautious assessment by investors.

Australias economy appears to be improving judging by recent solid gains in business surveys, employment and spending. Yet surveys also show a more cautious consumer which appears due to rising inflation pressures.

Looking forward

Global economic activity was showing more promising signs entering 2022 given low interest rates and the virus threat moderating. However the troubling trio of rising inflation, higher interest rates and the conflict in Ukraine is now providing a more challenging investing climate. Investors face a difficult task in assessing these considerable inflation, interest rate and political risks this year.

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