

IFP Global Franchise Fund II

Macquarie Professional Series

Monthly report – 31 May 2022

Investment objective

Aims to achieve a long-term total return (before fees and expenses) that exceeds the MSCI World ex Australia Index, in \$A unhedged with net dividends reinvested (**Benchmark**).

The Fund will not invest in 'tobacco' securities as defined by the Global Industry Classification Standards or 'controversial weapons' securities as defined by MSCI, Inc.

Key information

Fund details

APIR code	MAQ3060AU
mFund code	MPS08
Inception date	28 November 2019
Investment manager	Independent Franchise Partners LLP (London, UK)
Fund size	\$505.6m
Distribution frequency	Annually
Management fee*	1.28% pa
Minimum investment (Direct)	\$5,000
Unit prices and spreads	macquarie.com.au/unit_prices

*Read the Product Disclosure Statement for more details on fees and costs.

Fund performance to 31 May 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	-2.52	-2.63	-0.83	-1.80
3 months (%)	-5.15	-5.46	-4.82	-0.64
1 year (%)	4.24	2.91	2.64	0.27
Since inception (% pa)	9.09	7.66	7.19	0.47

Past performance is not a reliable indicator of future performance.

Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

Total net Fund returns are quoted after the deduction of fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

The management fee was reduced to 1.28% pa from 14 May 2021.

Top 10 stocks*

Stock	Sector	Industry	Holding (%)
Bristol-Myers Squibb Co	Health care	Pharmaceuticals	5.81
News Corp	Communication services	Media	5.79
Novartis Ag	Health care	Pharmaceuticals	5.24
Fox Corp	Communication services	Media	4.91
Reckitt Benckiser Group	Consumer staples	Household Products	4.54
Corteva Inc	Materials	Chemicals	4.27
Nestle Sa	Consumer staples	Food Products	4.26
Richemont(Cie Fin)	Consumer discretionary	Textiles Apparel & Luxury Goods	4.21
Zillow Group Inc	Real estate	Real Estate Management & Development	3.93
Intercontinental Exchange	Financials	Capital Markets	3.91
Total number of stocks			30

*The information in this table is as at end of month, three months prior to the date of this report.

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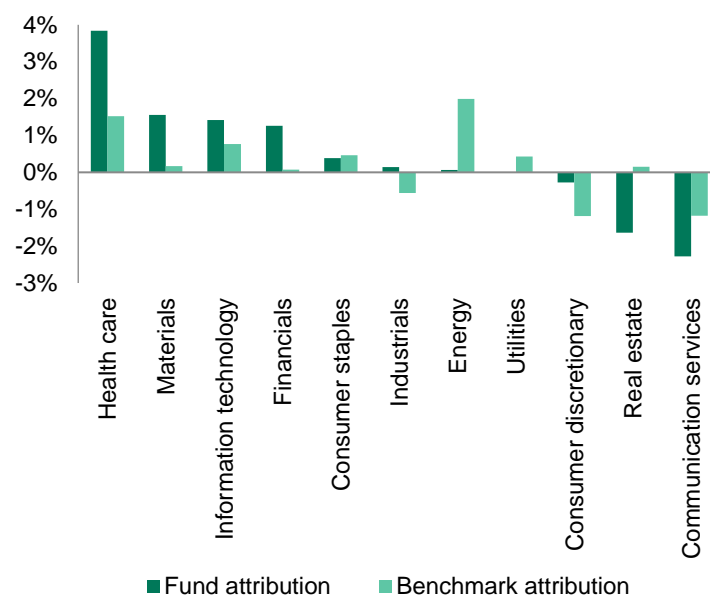
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Sector weights

Sector	Fund (%)	Benchmark (%)
Communication services	23.19	7.65
Health care	18.50	13.51
Information technology	13.56	21.83
Consumer staples	11.53	7.48
Consumer discretionary	10.45	10.83
Financials	9.98	13.40
Materials	4.39	4.16
Real estate	4.01	2.76
Industrials	2.19	9.99
Energy	0.05	5.22
Utilities	0.00	3.18
Cash	2.14	0.00
Total	100	100

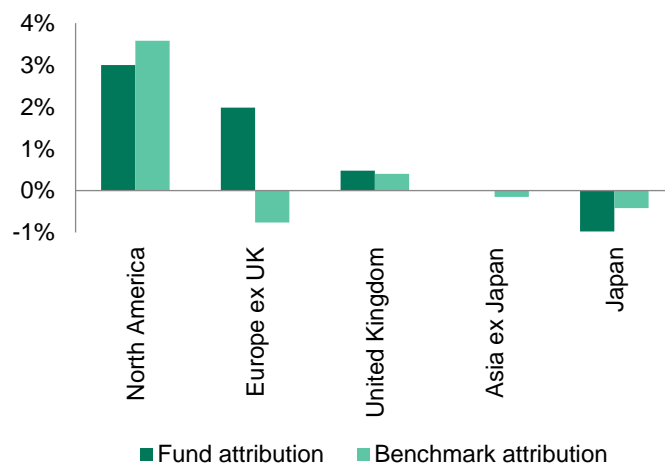
Sector attribution (12 months to date)



Region weights

Region	Fund (%)	Benchmark (%)
North America	67.75	73.67
United Kingdom	13.58	4.55
Europe ex UK	12.83	14.13
Japan	3.69	6.34
Asia ex Japan	0.00	1.31
Cash	2.14	0.00
Total	100	100

Region attribution (12 months to date)



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Performance summary

- The Fund returned -2.63% in May 2022, compared with a return for the Benchmark of -0.83%, with equity markets steadying somewhat despite the ongoing headwinds of rising inflation, tighter monetary policy and surging energy prices.
- The IT and Consumer Discretionary sectors weighed on market performance in May, while Energy and Financials moved higher. The Fund's largest relative sector detractors were holdings in Financials, including ICE, Aon and S&P Global, and an underweight to Energy. Relative contributors included holdings in Materials, namely Corteva.
- Electronic Arts was among the top individual contributors to performance in May. Shares in the global video game developer rose following strong fourth quarter results and press reports of discussions about a potential sale or merger. Player trends remain robust, particularly for its key sports franchises. While the press reports of sale discussions over the last few years with Apple, Amazon, Disney and NBC Universal are unverified, they do highlight EA's strategic importance as technology, traditional media, and video games increasingly converge.
- News Corporation was among the top individual detractors from performance in May. The company released quarterly results that were in line with consensus estimates; however, it appears the market was disappointed that the results did not significantly exceed expectations, as they had in recent quarters. Underlying revenues increased 6%, with continued strong growth in both Dow Jones and Digital Real Estate. Underlying EBITDA grew 25%, as increased digitisation continues to improve profitability.
- During the month, Franchise Partners began the final sale of Alcon. Since its spin-off from Novartis in April 2019, Alcon's organic revenue growth has increased and margins have improved materially. Franchise Partners think Alcon's strong market share, attractive growth rates and improved profitability are now fully reflected in its free cash flow yield, and consistent with Franchise Partners' valuation discipline, the position was sold.

For more information speak to your financial adviser, call us on 1800 814 523, email mam.clientservice@macquarie.com or visit macquarieim.com

Important information

Weights and attribution breakdown for sector, stocks and region are sourced from Macquarie and FactSet.

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