

IFP Global Franchise Fund II

Macquarie Professional Series

Monthly report – 31 August 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	\$519.1m
Distribution frequency	Annually
Management fee*	1.28% pa
Minimum investment (Direct)	\$5,000

Unit prices and spreads [macquarie.com.au/unit_prices](https://www.macquarie.com.au/unit_prices)

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

Fund performance to 31 August 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	-4.02	-4.12	-2.54	-1.58
3 months (%)	-2.18	-2.50	-1.11	-1.39
1 year (%)	-5.90	-7.10	-9.62	2.52
Since inception (% pa)	7.36	5.96	6.08	-0.12

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	5.91
News Corp	Communication Services	Media	4.92
Novartis Ag	Health Care	Pharmaceuticals	4.87
Fox Corp	Communication Services	Media	4.53
Corteva Inc	Materials	Chemicals	4.39
Nestle Sa	Consumer Staples	Food Products	4.28
Electronic Arts Inc	Communication Services	Entertainment	4.24
Zillow Group Inc	Real Estate	Real Estate Management & Development	4.01
Glaxosmithkline	Health Care	Pharmaceuticals	4.00
Reckitt Benckiser Group	Consumer Staples	Household Products	3.92
Total number of stocks			29

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

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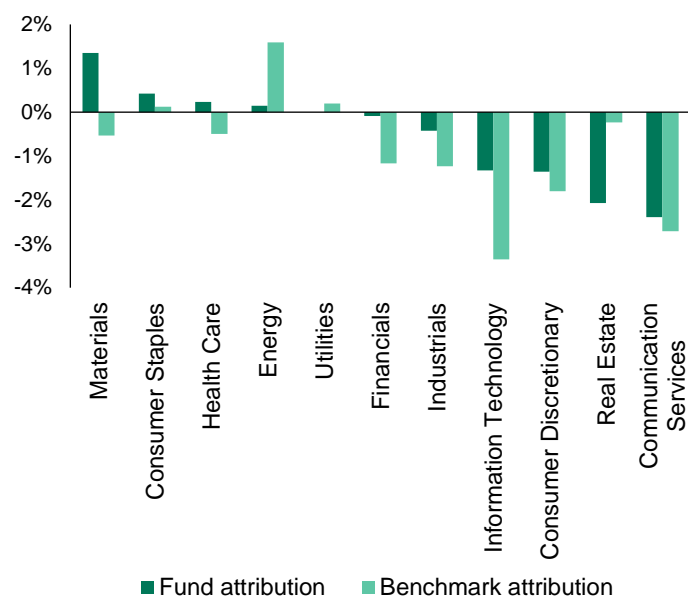
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Sector weights

Sector	Fund (%)	Benchmark (%)
Communication Services	23.77	7.36
Health Care	15.52	13.27
Information Technology	14.94	22.15
Consumer Staples	11.76	7.70
Financials	10.68	12.96
Consumer Discretionary	10.41	11.39
Real Estate	3.59	2.78
Industrials	3.53	10.18
Materials	3.48	3.76
Energy	0.00	5.20
Utilities	0.00	3.24
Cash	2.32	0.00
Total	100	100

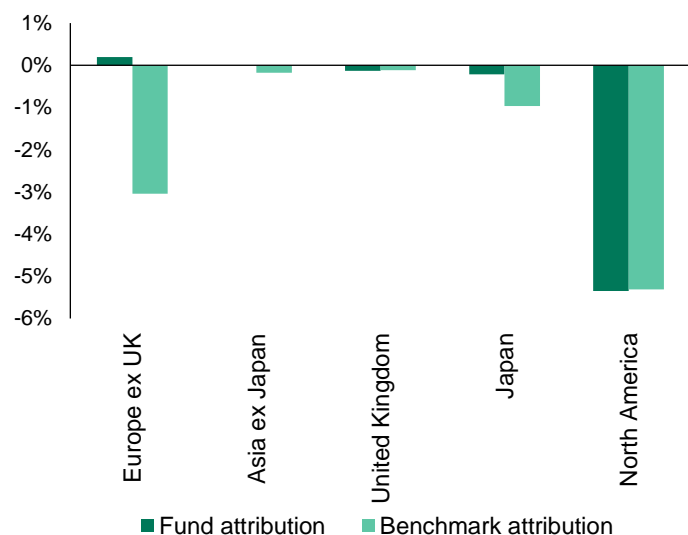
Sector attribution (12 months to date)



Region weights

Region	Fund (%)	Benchmark (%)
North America	68.42	74.88
Europe ex UK	13.08	13.27
United Kingdom	12.58	4.24
Japan	3.59	6.29
Asia ex Japan	0.00	1.31
Cash	2.32	0.00
Total	100	100

Region attribution (12 months to date)



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Performance summary

- The Fund returned -4.12% in August 2022, compared with a return for the Benchmark of -2.54%, as global equity markets resumed their downward trajectory amid sustained monetary policy tightening and economic growth concerns.
- Energy was the sole positive market sector in August, with the IT, Health Care and Consumer Discretionary sectors leading the index lower. The Fund's largest relative sector detractors were holdings in Health Care, such as GlaxoSmithKline and Bristol-Myers Squibb, and holdings in IT, including Salesforce and Western Union. The largest relative contributors were holdings in Materials, namely Corteva.
- Corteva was among the top individual contributors to performance in August. The company released better-than-expected second quarter results and increased full year profit guidance. Strong organic growth was driven by a combination of pricing and improved execution, while margins increased across both its seed and crop protection divisions. Franchise Partners continues to think Corteva has the opportunity to significantly improve its profit margins, primarily through the development and commercialisation of its in-house seed traits pipeline. Progress has been positive, with management increasing the penetration of its leading Enlist product to over 45% of US soy acres.
- GlaxoSmithKline ('GSK') was among the top individual detractors from performance in August. Shares in the company declined primarily due to concerns that one of its historic prescription drugs, Zantac, is carcinogenic. Franchise Partners is experienced with these types of legal concerns and think the market's reaction is overly pessimistic. GSK brought Zantac – a medicine that reduces stomach acid production – to market in 1983. It went off patent in 1997 and was subsequently available in branded and generic forms from GSK and several other pharmaceutical companies. The drug was first potentially linked to cancer in late 2019 and the pharmaceutical companies voluntarily withdrew it within a few months. No court cases have yet been tried and the current medical evidence appears to favour the pharmaceutical companies. Nonetheless, should GSK be found liable, Franchise Partners is confident that the potential liability will prove manageable based on case precedents.
- There were no initial purchases or final sales within the portfolio during the month.

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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 is sourced from Macquarie and FactSet.

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