

IFP Global Franchise Fund II

Macquarie Professional Series

Monthly report – 30 September 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	\$508.6m
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 30 September 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	-2.75	-2.86	-3.23	0.37
3 months (%)	-2.40	-2.71	0.35	-3.06
1 year (%)	-6.74	-7.94	-9.79	1.85
Since inception (% pa)	6.09	4.70	4.68	0.02

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	6.38
Novartis Ag	Health Care	Pharmaceuticals	4.80
News Corp	Communication Services	Media	4.68
Fox Corp	Communication Services	Media	4.34
Nestle Sa	Consumer Staples	Food Products	4.32
Glaxosmithkline	Health Care	Pharmaceuticals	4.15
Aon Plc	Financials	Insurance	4.04
Electronic Arts Inc	Communication Services	Entertainment	3.94
Salesforce Inc	Information Technology	Software	3.93
Reckitt Benckiser Group	Consumer Staples	Household Products	3.90
Total number of stocks			27

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

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Monthly report – 30 September 2022

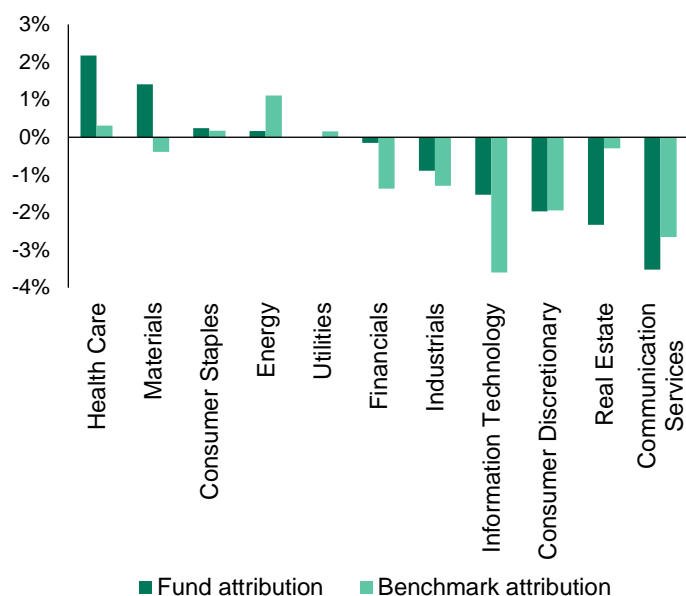
Sector weights

Sector	Fund (%)	Benchmark (%)
Communication Services	23.63	7.21
Health Care	17.83	14.17
Information Technology	14.32	21.43
Consumer Staples	11.12	7.84
Financials	10.61	13.11
Consumer Discretionary	9.66	11.32
Materials	3.52	3.79
Real Estate	3.34	2.72
Industrials	3.09	10.07
Energy	0.00	5.18
Utilities	0.00	3.18
Cash	2.88	0.00
Total	100	100

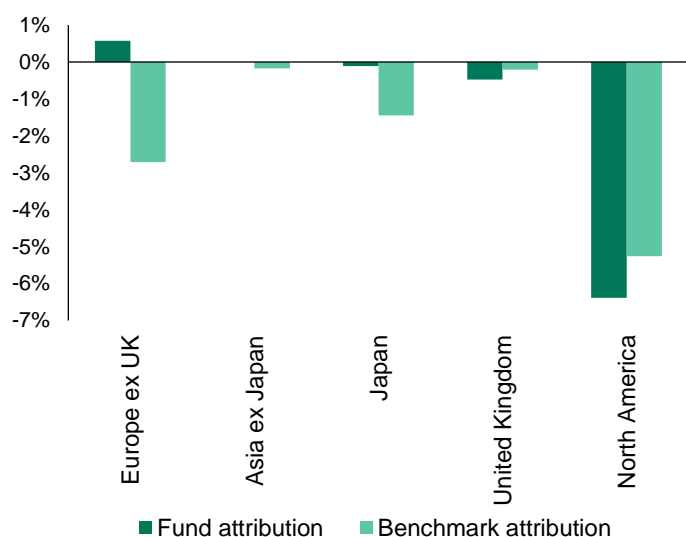
Region weights

Region	Fund (%)	Benchmark (%)
North America	67.30	74.87
Europe ex UK	12.96	13.40
United Kingdom	12.96	4.24
Japan	3.91	6.18
Asia ex Japan	0.00	1.31
Cash	2.88	0.00
Total	100	100

Sector attribution (12 months to date)



Region attribution (12 months to date)



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Performance summary

- The Fund returned -2.86%, net of fees, in September 2022, compared with a return for the Benchmark of -3.23%, with ongoing inflation concerns and higher interest rates again resulting in a negative month for global equities.
- Health Care was the sole positive market sector in September, with IT, Industrials and Communication Services the largest detractors from index returns. For the Fund, the largest relative sector contributors were holdings in Health Care, such as Bristol-Myers Squibb and Johnson & Johnson, and in Communication Services, namely Nintendo. Relative detractors included holdings in Consumer Discretionary, such as eBay and Richemont, and in Industrials, such as TransUnion.
- Bristol-Myers Squibb was among the top individual contributors to performance in September. The company's key pipeline drug Sotyktu, an oral treatment for plaque psoriasis, was approved by the US Food and Drug Administration. It was approved without the requirement for additional warnings on the label that some analysts expected and that would restrict physician take up. Franchise Partners think Bristol is now well placed to achieve its Sotyktu sales guidance of over \$4bn in 2029 due to broader usage and higher-than-expected pricing.
- Oracle was among the top individual detractors from performance in September. The share price weakness appeared to be driven by the market's rotation away from cyclical and technology stocks. While mindful of these near-term headwinds, Franchise Partners continues to think Oracle is a high-quality company.
- During the month, Franchise Partners completed the final sale of Haleon. Haleon is the world's largest consumer healthcare company, with shares received by the Fund in July following its spin-off from GlaxoSmithKline. It has leadership positions in a number of attractive markets, including therapeutic oral care (Sensodyne), vitamins (Centrum), pain relief (Panadol, Advil and Voltaren) and respiratory health (Flonase and Otrivin). While the investment team think the company can steadily grow revenues and improve margins, they did not believe Haleon represented an attractive risk/reward proposition given its valuation.

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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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