

## IFP Global Franchise Fund II

### Macquarie Professional Series

Monthly report – 31 October 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	\$520.1m
Distribution frequency	Annually
Management fee*	1.28% pa
Minimum investment (Direct)	\$5,000
Unit prices and spreads	<a href="https://macquarie.com.au/unit_prices">macquarie.com.au/unit_prices</a>

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

#### Fund performance to 31 October 2022

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	6.98	6.87	7.81	-0.94
<b>3 months (%)</b>	-0.14	-0.46	1.68	-2.14
<b>1 year (%)</b>	-1.58	-2.83	-4.33	1.50
<b>Since inception (% pa)</b>	8.38	6.97	7.27	-0.30

**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	5.73
News Corp	Communication Services	Media	4.80
Novartis Ag	Health Care	Pharmaceuticals	4.57
Oracle Corp	Information Technology	Software	4.37
Nestle Sa	Consumer Staples	Food Products	4.25
Fox Corp	Communication Services	Media	4.19
Salesforce Inc	Information Technology	Software	4.11
Aon Plc	Financials	Insurance	4.09
Electronic Arts Inc	Communication Services	Entertainment	3.98
Richemont(Cie Fin)	Consumer Discretionary	Textiles Apparel & Luxury Goods	3.98
<b>Total number of stocks</b>			<b>28</b>

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

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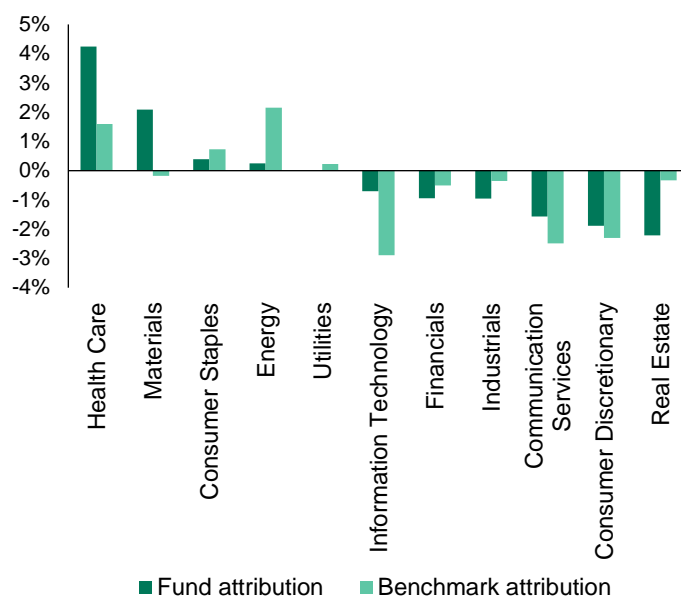
## Sector weights

Sector	Fund (%)	Benchmark (%)
Communication Services	23.55	6.79
Health Care	18.22	14.35
Information Technology	13.30	21.50
Consumer Staples	10.66	7.74
Consumer Discretionary	10.62	10.76
Financials	10.55	13.30
Materials	3.80	3.76
Real Estate	3.40	2.56
Industrials	2.91	10.38
Energy	0.00	5.81
Utilities	0.00	3.04
Cash	2.98	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

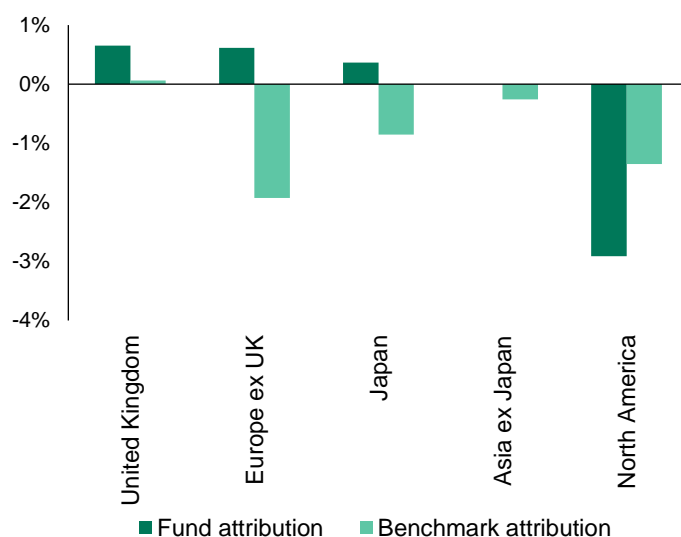
## Region weights

Region	Fund (%)	Benchmark (%)
North America	66.49	75.27
United Kingdom	13.43	4.20
Europe ex UK	13.37	13.46
Japan	3.72	5.93
Asia ex Japan	0.00	1.13
Cash	2.98	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

## Sector attribution (12 months to date)



## Region attribution (12 months to date)



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### Performance summary

- The Fund returned 6.87%, net of fees, in October 2022, compared with a return for the Benchmark of 7.81%, with the MSCI World Ex Australia Index recording its strongest monthly bounce since May 2013.
- All market sectors moved higher in October, with IT, Health Care and Financials the largest contributors to index returns, and Energy a notably strong performer. For the Fund, the largest relative sector detractors were a lack of exposure to Energy, and holdings in Industrials, which lagged the rise of the broader sector, as well as an underweight to the sector. Relative contributors included holdings in IT, such as Oracle and Salesforce, and in Consumer Discretionary, such as Booking Holdings and eBay.
- Oracle was among the top individual contributors to performance in October. The company issued long-term guidance at its annual analyst day that significantly exceeded market expectations for both revenues and margins. This was the first long-term guidance that Oracle had released in over a decade and reflects the strong progress made in transitioning both its application and database business to the cloud.
- Fox was among the top individual detractors from performance in October. Shares in the company declined following the announcement that its largest shareholder, the Murdoch Family Trust, is exploring a re-combination with News Corp. As the larger company, it appears the market is concerned that Fox would pay a premium to acquire News Corp. Franchise Partners are shareholders of both companies and think each of their share prices are materially undervalued. While Franchise Partners think there are operational benefits from a combination, the investment team believe it would be in the best interests of both companies for News Corp to have first completed the sale or spin-off of its valuable real estate portal assets. Franchise Partners will continue to actively engage with both companies on the potential equity combination.
- During the month, Franchise Partners completed the final sale of Accenture. The company has transitioned from more commoditised IT services towards faster growth, premium-priced services like cloud software and digital marketing. In doing so, it has consistently gained market share and compounded revenue and free cash flow at a mid-to-high-single digit rate. While Franchise Partners thinks Accenture can continue to grow and gain market share, the investment team believes the company's valuation no longer provides adequate compensation for the risks Accenture faces.

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**For more information speak to your financial adviser, call us on 1800 814 523, email [mam.clientservice@macquarie.com](mailto:mam.clientservice@macquarie.com) or visit [macquarieim.com](http://macquarieim.com)**

### Important information

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

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