

IFP Global Franchise Fund II

Macquarie Professional Series

Monthly report – 30 September 2023

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	IFP01
Inception date	28 November 2019
Investment manager	Independent Franchise Partners LLP (London, UK)
Fund size	\$691.6m
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 2023

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	-3.80	-3.90	-4.01	0.11
3 months (%)	-0.96	-1.28	-0.43	-0.85
1 year (%)	24.62	23.06	21.64	1.42
3 years (% pa)	12.66	11.22	11.92	-0.70
Since inception (% pa)	10.64	9.21	8.86	0.35

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 (%)
RB Global Inc	Industrials	Commercial Services & Supplies	5.86
News Corp	Communication Services	Media	5.32
Bristol-Myers Squibb Co	Health Care	Pharmaceuticals	5.15
Novartis AG	Health Care	Pharmaceuticals	5.05
Zillow Group Inc	Real Estate	Real Estate Management & Development	4.70
Fox Corp	Communication Services	Media	4.64
Aon PLC	Financials	Insurance	4.56
Nintendo Co Ltd	Communication Services	Entertainment	4.55
Oracle Corp	Information Technology	Software	4.28
Booking Holdings Inc	Consumer Discretionary	Hotels Restaurants & Leisure	4.12
Total number of stocks			25

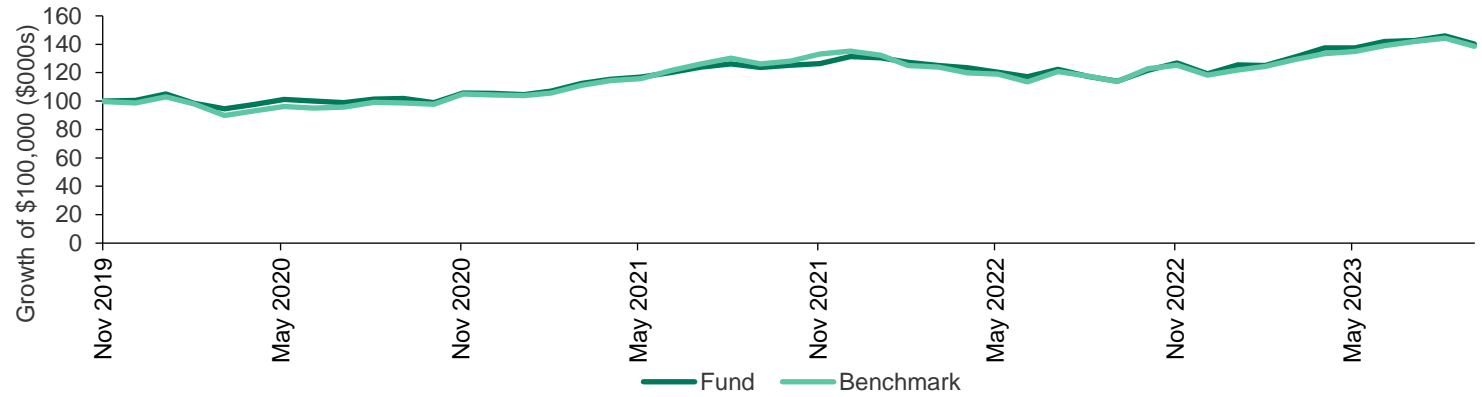
*The information in this table is as at end of month, three months prior to the date of this report.

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Growth of \$100,000 since inception

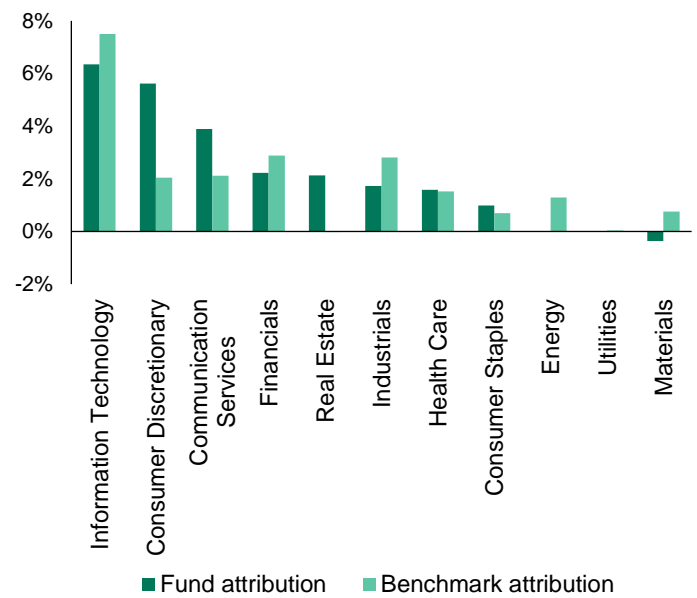


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Sector weights

Sector	Fund (%)	Benchmark (%)
Communication Services	21.72	7.43
Health Care	16.90	12.90
Financials	11.52	14.61
Consumer Staples	10.68	7.25
Consumer Discretionary	9.54	10.98
Industrials	9.40	10.92
Information Technology	7.62	22.13
Real Estate	4.45	2.27
Materials	4.14	3.67
Energy	0.00	5.19
Utilities	0.00	2.64
Cash	4.03	0.00
Total	100	100

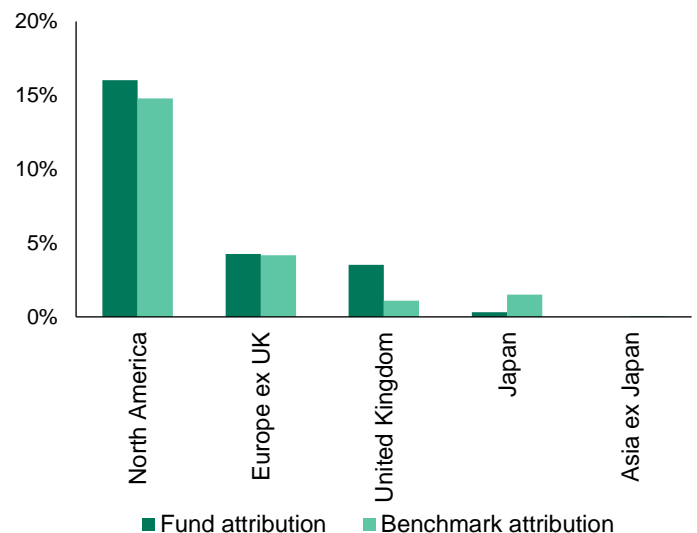
Sector attribution (12 months to date)



Region weights

Region	Fund (%)	Benchmark (%)
North America	67.93	74.39
United Kingdom	13.11	4.24
Europe ex UK	10.60	13.94
Japan	4.34	6.34
Asia ex Japan	0.00	1.09
Cash	4.03	0.00
Total	100	100

Region attribution (12 months to date)



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Performance summary

- The Fund returned -3.90%, net of fees, in September 2023, compared with a return for the Benchmark of -4.01%.
- Most sectors detracted in September in unhedged terms, with the Energy sector being the sole contributor. For the Fund, the largest relative sector contributors included holdings in Health Care, such as GSK and Novartis, and holdings in Materials, such as Corteva. Relative detractors included holdings in Financials, including ICE and S&P Global, and a lack of exposure to the Energy sector.
- GSK was among the top individual contributors to performance in September. The company's recently launched respiratory syncytial virus (RSV) vaccine, Arexvy, is performing ahead of market expectations. Early data suggests its market share in the US is close to 70%, well ahead of initial market expectations of a 50:50 split with Pfizer. Arexvy also received regulatory approval in Japan, a large market with significant unmet need for adult RSV vaccines. This adds to the regulatory approval gained in Europe in June. In addition, new drug Ojjaara was approved in the US as the first and only treatment indicated for myelofibrosis patients with anaemia.
- Zillow was among the top individual detractors from performance in September. The stock's weakness appeared to be driven by a combination of profit taking following strong year-to-date performance and a rise in longer-term US interest rates that is likely to continue to depress US housing transaction volumes. Franchise Partners are mindful that the on-going weakness in housing transactions could significantly reduce Zillow's near-term free cash flow generation. However, Franchise Partners maintain the belief that the company can deliver above market revenue growth next year even if US housing transactions remain low due to new product initiatives that are starting to lead to large market share gains. Franchise Partners expect Zillow to emerge from the housing slowdown in a stronger competitive position due to these ongoing investments.
- During the month, Franchise Partners completed the initial purchase of Estee Lauder, and the final sale of Microsoft. Estee Lauder has leading market positions across all major luxury sub-categories of skincare, make-up and fragrances. Having followed the company for many years, the opportunity to initiate the position arose from the 60% share price decline price from its April 2022 peak. This decline was driven by a rapid slowdown in the company's most profitable travel retail channel, particularly in Asia. Franchise Partners view this slowdown as transitory and expect profits, margins and cash flows to revert towards historic levels in the years ahead. This recovery is underpinned by long term demographic trends that are supportive of Asian travel retail, including growing female workforce participation in Asia, a growing middle-class population, and increased international travel. Although Franchise Partners continue to admire the quality of the Microsoft business, having generated attractive returns since the position was initiated, the valuation no longer represents an attractive risk-reward proposition.

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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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