

IFP Global Franchise Fund II

Macquarie Professional Series

Monthly report – 31 January 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	MPS08
Inception date	28 November 2019
Investment manager	Independent Franchise Partners LLP (London, UK)
Fund size	\$567.4m
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 January 2023

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	5.26	5.15	2.97	2.18
3 months (%)	3.32	2.99	-0.72	3.71
1 year (%)	-2.70	-3.94	-7.90	3.96
3 years (% pa)	7.53	6.13	5.75	0.38
Since inception (% pa)	8.81	7.39	6.43	0.96

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	6.66
News Corp	Communication Services	Media	5.24
Oracle Corp	Information Technology	Software	4.83
Novartis AG	Health Care	Pharmaceuticals	4.77
Richemont (Cie Fin)	Consumer Discretionary	Textiles Apparel & Luxury Goods	4.42
Aon PLC	Financials	Insurance	4.37
Electronic Arts Inc	Communication Services	Entertainment	4.23
Nestle SA	Consumer Staples	Food Products	4.19
Fox Corp	Communication Services	Media	4.04
Salesforce Inc	Information Technology	Software	4.02
Total number of stocks			26

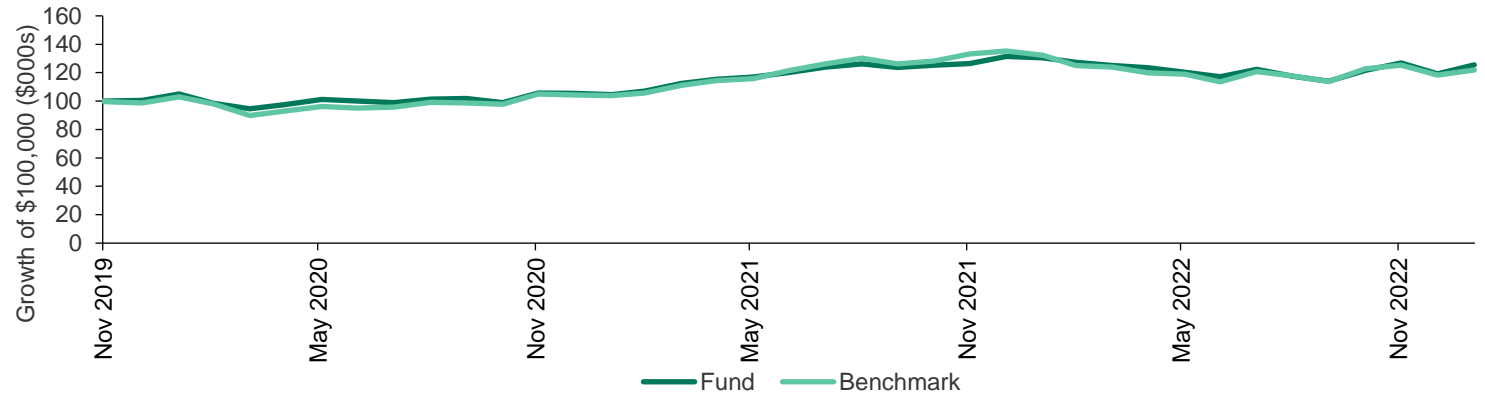
*The information in this table is as at end of month, three months prior to the date of this report.

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Growth of \$100,000 since inception

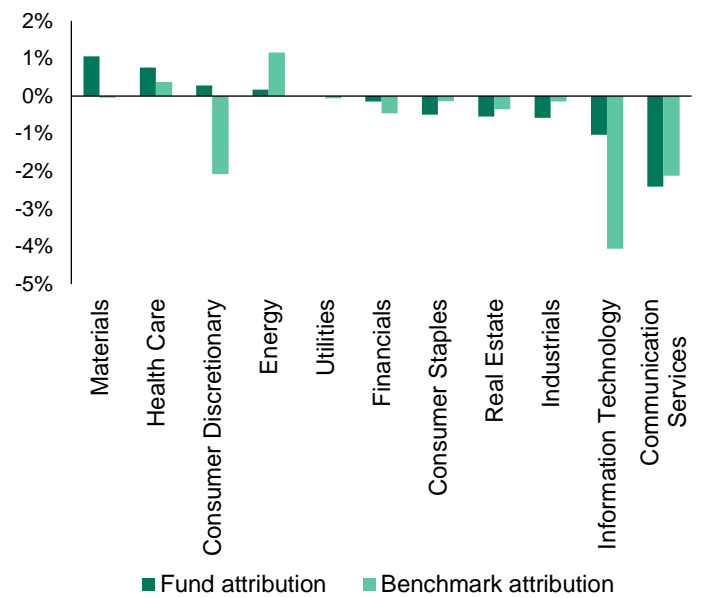


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Sector weights

Sector	Fund (%)	Benchmark (%)
Communication Services	22.81	6.84
Health Care	16.19	13.61
Consumer Discretionary	12.38	10.82
Information Technology	11.68	21.19
Financials	10.57	14.10
Consumer Staples	8.61	7.53
Industrials	6.61	10.66
Real Estate	4.27	2.65
Materials	3.30	4.12
Energy	0.00	5.44
Utilities	0.00	3.03
Cash	3.57	0.00
Total	100	100

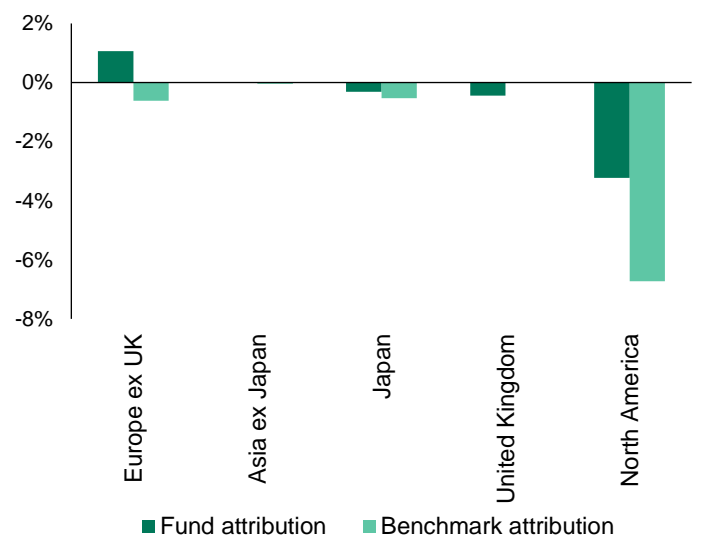
Sector attribution (12 months to date)



Region weights

Region	Fund (%)	Benchmark (%)
North America	67.63	72.90
United Kingdom	12.70	4.43
Europe ex UK	12.64	14.95
Japan	3.47	6.37
Asia ex Japan	0.00	1.36
Cash	3.57	0.00
Total	100	100

Region attribution (12 months to date)



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Performance summary

- The Fund returned 5.15%, net of fees, in January 2023, compared with a return for the Benchmark of 2.97%, as improved investor sentiment around a potential end to the global rate-hiking cycle drove equity market gains.
- Most market sectors, led by IT and Consumer Discretionary, advanced in January; Health Care and Consumer Staples were notable exceptions. For the Fund, the largest relative sector contributors were holdings in Real Estate, namely Zillow, and in Consumer Discretionary, such as Richemont and eBay. Relative detractors included holdings in Financials, which lagged the rise of the broader sector, and an overweight to Health Care.
- Zillow was among the top individual contributors to performance in January. Shares in Zillow moved higher as improved US mortgage application data pointed to a stabilisation, and then an increase, in US home buying interest in January. Franchise Partners continues to think Zillow is well placed to improve medium-term revenues and margins by better monetising its strong brand. Almost 70% of US consumers start their home search on Zillow, but the company currently only monetises around 3% of housing transactions. Zillow has several near-term product development initiatives that should help to close this gap.
- Johnson & Johnson was among the top individual detractors from performance in January. The company appeared to be affected by the market's rotation away from more defensive stocks towards faster growth stocks.
- During the month, Franchise Partners completed the initial purchases of Ritchie Bros. Auctioneers and IAA, and the final sale of Western Union. Ritchie Bros. is the leading North American auctioneer of industrial equipment, with a market share of approximately 85%. IAA is a US focused salvage car auction platform and operates in an attractive market duopoly. The opportunity to purchase shares in both companies arose following the announcement in November of the potential acquisition by Ritchie Bros. of IAA. The deal should enable Ritchie Bros. to accelerate its highly successful satellite yard strategy, improving its proximity to potential inventory consigners, but notes that both companies are attractive as standalone businesses should the acquisition not receive shareholder approval. While Franchise Partners continues to think Western Union has a strong, globally recognised brand and network of exclusive retail affiliates, the company was sold over concerns about the pace of the transition in its digital operations, given the increasingly competitive digital money transfer market.

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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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