

IFP Global Franchise Fund II

Macquarie Professional Series

Monthly report – 31 March 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 | \$317.7m |
| 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 March 2022

| | Total Fund return (gross) | Total Fund return (net) | Benchmark return | Total excess return (net) |
|-------------------------------|---------------------------|-------------------------|------------------|---------------------------|
| 1 month (%) | -1.54 | -1.66 | -0.89 | -0.77 |
| 3 months (%) | -4.49 | -4.81 | -8.42 | 3.61 |
| 1 year (%) | 12.64 | 11.20 | 11.60 | -0.40 |
| Since inception (% pa) | 11.55 | 10.07 | 9.61 | 0.46 |

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 (%) |
|-------------------------------|------------------------|----------------------------------|-------------|
| News Corp | Communication Services | Media | 5.60 |
| Nestle Sa | Consumer Staples | Food Products | 5.35 |
| Novartis Ag | Health Care | Pharmaceuticals | 5.10 |
| Bristol-Myers Squibb Co | Health Care | Pharmaceuticals | 5.09 |
| Richemont(Cie Fin) | Consumer Discretionary | Textiles Apparel & Luxury Goods | 4.48 |
| Reckitt Benckiser Group | Consumer Staples | Household Products | 4.44 |
| Alcon Ag | Health Care | Health Care Equipment & Supplies | 4.20 |
| Fox Corp | Communication Services | Media | 4.18 |
| Corteva Inc | Materials | Chemicals | 4.06 |
| Intercontinental Exchange | Financials | Capital Markets | 4.03 |
| Total number of stocks | | | 28 |

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

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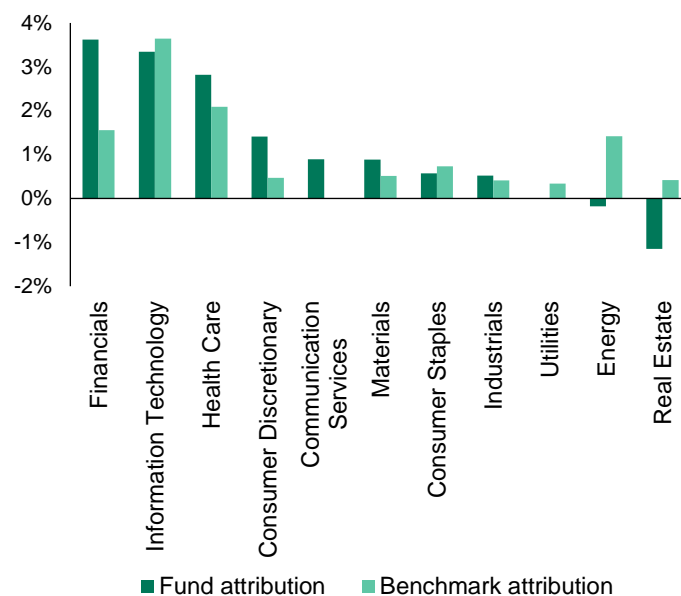
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Sector weights

| Sector | Fund (%) | Benchmark (%) |
|------------------------|------------|---------------|
| Communication Services | 24.03 | 8.02 |
| Health Care | 19.93 | 12.92 |
| Information Technology | 12.37 | 22.93 |
| Financials | 11.13 | 13.21 |
| Consumer Staples | 10.99 | 7.08 |
| Consumer Discretionary | 10.81 | 11.72 |
| Materials | 3.69 | 4.00 |
| Real Estate | 3.34 | 2.72 |
| Industrials | 2.29 | 10.17 |
| Energy | 0.32 | 4.28 |
| Utilities | 0.00 | 2.94 |
| Cash | 1.11 | 0.00 |
| Total | 100 | 100 |

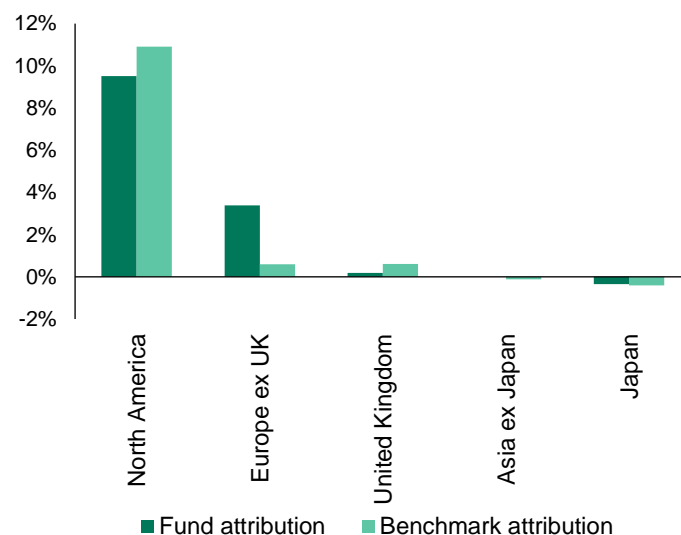
Sector attribution (12 months to date)



Region weights

| Region | Fund (%) | Benchmark (%) |
|----------------|------------|---------------|
| North America | 67.13 | 74.23 |
| Europe ex UK | 15.12 | 13.95 |
| United Kingdom | 12.91 | 4.28 |
| Japan | 3.74 | 6.26 |
| Asia ex Japan | 0.00 | 1.28 |
| Cash | 1.11 | 0.00 |
| Total | 100 | 100 |

Region attribution (12 months to date)



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Performance summary

- The Fund returned -1.66% in March 2022, compared with a return for the Benchmark of -0.89%, as equity markets recovered from steeper intra-month losses on signs of economic strength, and despite the ongoing conflict between Ukraine and Russia and continuing supply chain issues.
- Financials and Consumer Staples led the market lower in March, while Energy and Health Care were notable positive contributors to index performance. The Fund's largest relative detractors were holdings in Consumer Staples, led by Reckitt Benckiser and Unilever, and in Real Estate, namely Zillow Group. These results were partially offset by holdings in Financials, including Aon and S&P Global, and an overweight to Health Care.
- Aon was among the top individual contributors to performance in March. Franchise Partners think the company has the opportunity to materially increase margins over the long-term as it evolves into an information services company and focuses on its "One Aon" business operating model. Franchise Partners believes Aon's high level of investment in data and analytics is a key differentiator and means it is well positioned to outperform its peers.
- Zillow Group was among the top individual detractors from performance in March. The company's share price weakness was likely in part due to rising US mortgage rates. While this may have a short-term impact on housing transactions, Franchise Partners think that it will be more than offset by the long-term structural trend of digitisation in the US property market. Franchise Partners believe that Zillow has the opportunity to significantly increase its revenues and margins, with its share of the US property advertising market in the low teens, substantially below its roughly 80% share of consumer property search.
- During the month, Franchise Partners completed the initial purchases of Salesforce and TransUnion. Salesforce is the leading cloud software vendor in the fast-growing CRM category. The company's key intangible asset is the switching costs customers face if they want to migrate to a competing product, which has led to customer retention in excess of 90%. A previous portfolio company, the core intangible asset of US credit bureau TransUnion is a combination of contributory and proprietary consumer credit data that allows it to deliver differentiated products to its business customers.

For more information speak to your financial adviser, call us on 1800 814 523, email mim.clientservice@macquarie.com or visit macquarieim.com

Important information

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

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