

Performance

Period ending 30 September 2021	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% pa)	5 years (% pa)	Since inception (% pa)
Intermede Global Equities Fund	-3.50	3.00	13.29	23.67	18.77	18.18	14.60
MSCI All Country World Index (Net Dividends Reinvested) (\$A)	-3.00	2.84	12.04	26.45	12.64	14.51	11.24
Out/(under) performance	-0.50	0.16	1.25	-2.78	6.13	3.67	3.36

Notes: Performance returns are calculated net of management fees and are pre-tax in \$A. Past performance is not a reliable indicator of future performance. The numbers are rounded to two decimal places.

Portfolio Review

During the month of September there were no newly opened or closed positions.

September was a muted period for markets, with sharp declines seen across global equity indices in the closing days of the third quarter of 2021. Energy prices and long-term market interest rates have risen sharply, and the financial press notes the widespread emergence of inflation data that looks unprecedented in the recent period. For example, this week's editions of the *Financial Times* alone have featured separate stories on alarming US, German and Turkish inflation. With google searches for the term 'stagflation' (meaning a period of tepid growth accompanied by troublesome inflation) in the UK running at ten times their most recent peak in 2008, investors could be forgiven for adopting a negative stance.

However, a large part of our job at Intermede is to resist (to the extent that is appropriate) the emotional pull of attention-grabbing headlines, and to adopt a longer-term view. In which case, a review of the health of both household and corporate finances might provide a useful sense check to the negativity of certain news stories (to do this requires reference to aggregate level data, so please excuse a more 'top-down' feel than usual to this month's commentary).

First, after the pandemic period, household and corporate balance sheets are both looking extremely healthy. Measured as a percentage of GDP, US corporate cash balances currently stand at 17.2%. This is a decline from the extraordinary peak of 21.1% seen after the second quarter of 2020, but still substantially above the previous all-time peak of 14.5% seen in 1949. US household balance sheets are also looking very strong, with the steady upward trajectory of aggregate savings seen since 2002 (broken only by a brief acceleration of saving caused by the GFC) shooting skywards after the onset of the pandemic, with an additional US\$3.3trn of savings added (relative to trend) to take total savings to US\$17.2trn since March 2020, according to Longview Economics. It appears farfetched that a widespread lack of demand could take hold in a period in which both households and businesses have unprecedented levels of 'dry powder' ready to spend.

In addition, even more importantly for Intermede's company-focused investment process, corporate profits globally look extremely robust. For the S&P500, operating margins are currently as high as they have been since the available Bloomberg data series began in the mid-1990s, and the trailing four quarter data for RoE (which, via Compustat, stretches back to the mid-1970s) shows US companies as healthy as they have been over the full time series, with RoE for the S&P500 standing at 19.6%. Looking more widely, operating margins for the EAFE and emerging markets corporate segments are as high as they have been since the pre-GFC peak.

Clearly, markets are forward looking entities, so the durability of these profits is also a crucial factor that we will continue to review closely, particularly in the context of elevated current inflation (which we continue to believe will be temporary, and which in any case is being well navigated by our businesses that are generally exhibiting healthy pricing power).

Therefore, and as always, our primary mission remains to identify and understand high quality growth businesses in possession of defensible competitive moats, and to purchase them at attractive valuations. We believe this remains the most prudent path to capital appreciation in the long term.

About Intermede

Intermede is a London-based, specialist global equities manager. It aims to outperform global equity markets by identifying well-managed companies with strong market positions in attractive industries and purchasing them at discounts to intrinsic value. In particular Intermede looks for companies with a demonstrated sustainable competitive advantage.

Key Facts

Investment objective

The Fund invests in an actively managed portfolio of companies listed (or expected to be listed) on share markets around the world. The Fund is not hedged to the Australian dollar. The Fund aims to deliver a return that exceeds the Benchmark (before fees) over 7-year periods.

Index

MSCI All Country World Index (Net Dividends Reinvested) (\$A)

Performance inception date

27 February 2015

APIR code

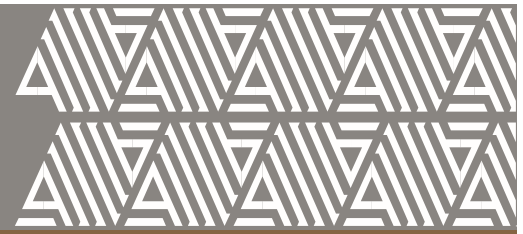
PPL0036AU

mFund

INT01

Management costs (including GST)

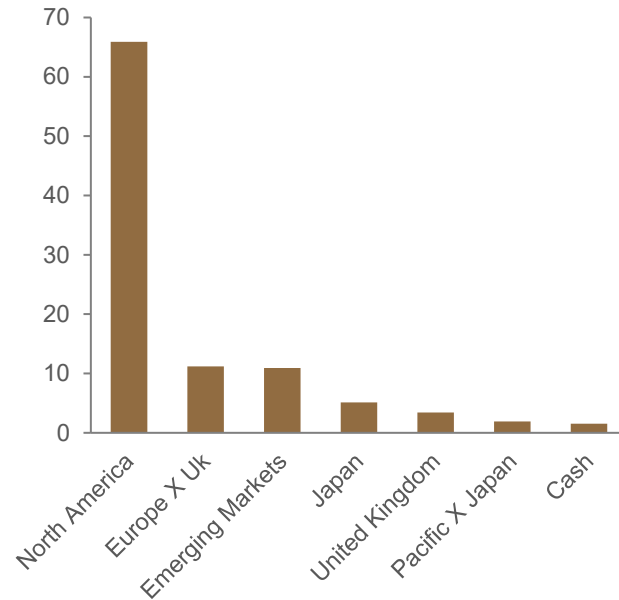
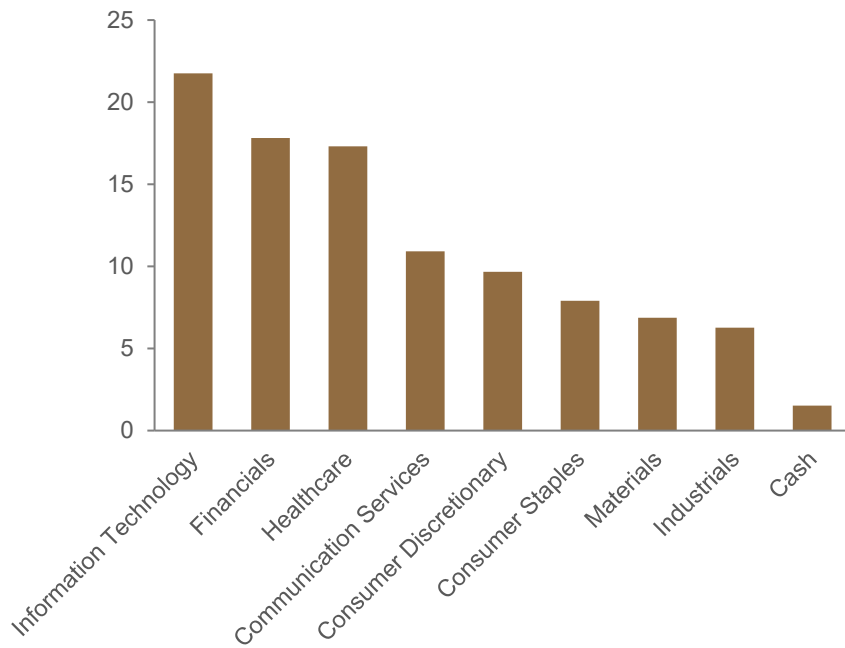
0.99% p.a.

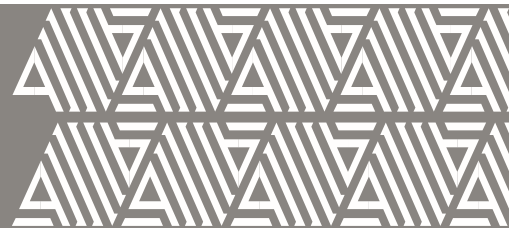


Top 10 Holdings

Company	Country of Domicile	Sector
Charles Schwab Corporation	United States	Financials
Alphabet Inc.	United States	Communication Services
Danaher Corporation	United States	Health Care
Nestle S.A.	Switzerland	Consumer Staples
Zoetis Inc.	United States	Health Care
Linde Plc	United Kingdom	Materials
Housing Development Finance Corporation Limited	India	Financials
S&P Global, Inc.	United States	Financials
Samsung Electronics Co., Ltd.	South Korea	Information Technology
CME Group Inc.	United States	Financials

Sector and Regional Weights %





Sector Positioning

Most active overweight owned sectors for September 2021

Financials	Our portfolio weighting to companies operating in the financial services industry is higher than the index, however, the characteristics of our holdings differ materially to an index dominated by developed market banks and insurers. We tend to find more attractive long term investment opportunities in emerging markets, such as Asian life insurer AIA and Indian housing finance company HDFC, and in less capital intensive areas such as global derivatives exchange CME, US investment services firm Charles Schwab, financial information provider S&P Global and insurance broker/consultant Marsh & McLennan. All of these businesses benefit from strong competitive positions in industries with high structural growth prospects.
Healthcare	We are overweight the healthcare sector where we see attractive and potentially accelerating growth trajectories for our portfolio companies. The focus of our portfolio is in companies that provide healthcare consumables, tools for research and diagnostics or products which are mission critical in the manufacturing of drugs. These companies tend to have strong competitive advantages typically deriving from high switching costs combined with the low overall cost of our companies' products to their customers. We do not find the pharma sector attractive and have no direct exposure. We think that returns on R&D are and will be impacted by a combination of accelerating drug pricing legislation and intensifying competition to acquire the most attractive drug development candidates. We do have exposure to the animal pharmaceutical sector which we think will benefit from a wave of new innovations originally developed for the human health market. This combined with a growing pet population provides an attractive growth opportunity for our portfolio.

Most active underweight owned sectors for September 2021

Industrials	We are underweight industrials with a focus on leading companies that can benefit from structural growth trends, increased market share and improved margins. Within the sector, holdings include Allegion (a leader in electro and mechanical locks) and Canadian National Rail (one of the seven North American Class 1 railroads). In the near-term, the outlook for certain end-markets remains dependent on COVID and vaccine roll-out (e.g. airlines, energy, restaurants). However, we see a strong opportunity set in terms of i) fundamentally good companies that should rebound once restrictions are lifted and demand normalises, and ii) secular growth trends such as electric vehicles, IoT, robotics/automation and intermodal transportation.
Consumer Discretionary	We continue to be highly selective within the consumer discretionary space and remain modestly underweight the sector. We have favoured areas with strong secular tailwinds such as luxury and internet retailing with Alibaba, Amazon and LVMH our top holdings in the sector.

Important: This information is issued by Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), as the Responsible Entity of the Intermede Global Equities Fund ('Fund'). This information is general in nature and does not take account of your individual objectives, financial situation or needs. Before making a decision to invest in the Fund you should read the current Product Disclosure Statement ('PDS') and the accompanying Product Guide, and, with the assistance of a financial adviser, consider if it is appropriate for your circumstances. A copy of the PDS and Product Guide is available from www.mlcam.com.au or by calling our Client Services Team on 1300 738 355. The capital value, payment of income and performance of the Fund are not guaranteed. An investment in the Fund is subject to investment risk, including possible delays in repayment of capital and loss of income and principal invested. Neither ACP nor any other member of the IOOF group of companies (comprising IOOF Holdings Ltd ABN 49 100 103 722 and its related bodies corporate) ('IOOF Group') guarantees the repayment of your capital, payment of income or the performance of your investment. The IOOF Group does not provide a guarantee or assurance in respect of the obligations of ACP, the Fund or Intermede Investment Partners Limited, the investment manager of the Fund. Securities identified and any investment views and market opinions/analysis expressed constitute judgments as of the report date and are subject to change at any time. Any opinions or analysis expressed should not be considered a recommendation or solicitation to purchase or sell any security. It should not be assumed that any investment in this security was, or will be, profitable. Any specific investments referenced do not represent all of the investments purchased, sold or recommended for the Fund. Intermede and the logo shown are registered trademarks of Intermede Investment Partners Limited. The funds referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds.

Contacts

Email

client.services@mlcam.com.au

Phone

1300 738 355

Website

www.mlcam.au/intermede