

Performance

Period ending 30 September 2022	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% pa)	5 years (% pa)	Since inception (% pa)
Intermede Global Equities Fund	-4.24	-2.23	-11.13	-18.42	5.25	10.09	9.58
MSCI All Country World Index (Net Dividends Reinvested) (\$A)	-3.58	-0.34	-8.21	-10.86	5.41	8.69	8.04
Out/(under) performance	-0.66	-1.89	-2.92	-7.56	-0.16	1.40	1.54

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

We opened one new position during September, Schlumberger Ltd.. As the largest oilfield services platform globally and a technology leader, Schlumberger is well positioned to benefit from increases in E&P capex spending in both North America (22% of sales) and internationally (78% of Sales). The five-year outlook for international is looking very strong, particularly offshore (41% of sales), which is Schlumberger's core strength. Saudi Arabia, for example, plans to spend >US\$35bn on E&P capex, with 80% focused on offshore. ADNOC (Abu Dhabi) and Petrobras also has huge investment programs for the next five years. These projects are comfortably economic at US\$60/bbl (WTI), a price level that the EIA predicts will be exceeded beyond 2023. Profitability is also improving strongly as volumes return and tight market conditions support strong pricing. We therefore see strong upside to our price target of US\$55.

There were no fully closed positions during the month.

Market Outlook

In what was an extremely busy month for news, the most eye-catching financial story may have been the convulsion of UK financial markets following a 'mini-budget' by the new Chancellor, Kwasi Kwarteng. The violence of the market reaction to fiscal decisions (that had been in large part pre-announced, in particular what is by far the largest item, the government cap on fuel bills, currently estimated to cost approximately £90bn) saw the pound fall to an all-time low, reaching less than four cents from parity with the US dollar before recovering the majority of its decline in the following days. At the same time pressure in the gilt market saw 30-year yields rise to over 5%, the highest level since 2002, before falling sharply again after emergency action by the Bank of England.

Statements from the Bank indicated that a primary driver of its decision to act (effectively delivering additional QE at a time at which it was expected imminently to begin reversing asset purchases, and also to continue raising rates aggressively to deal with double-digit inflation) was the fact that the vertiginous rise in UK government bond yields had placed several large UK pension schemes in financial distress as the fall in the value of their gilt holdings prompted collateral calls linked to their Liability Driven Investment ('LDI') programs.

And macroeconomic extremes were not confined to the UK during the month, as the Bank of Japan's decision at its September policy meeting to maintain yield curve control saw the yen fall to ¥145.9/\$. This was a 24-year low for the currency, which saw the Bank intervene with direct purchases to support the Yen for the first time since the late 1990s. China also took steps to support its currency, with the People's Bank of China responding to speculators (and the Yuan's weakest dollar exchange rate since 2008) by warning "Do not bet on one-way appreciation or depreciation of the Yuan, as losses will definitely be incurred in the long term". And more broadly, it remains the case that the currencies of all G20 countries outside the US (excluding commodity exporters Russia and Brazil) have fallen sharply against the dollar this year.

Conversely, the US Federal Reserve's decision to raise rates by 75 basis points at the September meeting, and Chairman Powell's strikingly direct quote during the press conference following the decision ("We have got to get inflation behind us. I wish there was a painless way to do that. There

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

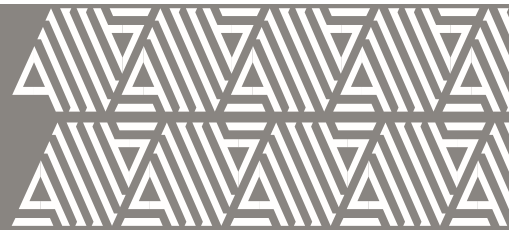
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Management costs (including GST)

0.99% p.a.



isn't.") has driven remarkable continued strength in the Dollar. 10-year Treasury yields reached 4% during the month, the 30-year fixed mortgage rate soared to 7%, and US corporates, which earn a substantial portion (around 40% for the overall S&P500) of their revenues outside the US, will continue to watch the Dollar's progress with interest.

Such tightening financial conditions made it prudent for Intermede's investment team to undertake a full review of the debt positions of Intermede's portfolio companies during the month. While our long-term emphasis on strong balance sheets, reliable revenue streams and strong cash flows left no unpleasant surprises to be discovered, undertaking the review collectively was a useful exercise that focused our minds on potential pitfalls as we navigate a rapidly evolving risk landscape. In the portfolio itself, we observed belt-tightening in various corners, for example seeing layoffs announced at current global portfolio holdings Amazon and Microsoft, as well as recently-exited holding, Meta.

In China, we saw some thawing of the restrictions inhibiting portfolio holding Tencent from releasing new video games (the company won approval for a new, educationally-focused game called "Defence of Health" in September, an outcome that bears the continued imprint of government policy adjusted to favour attainment over entertainment). And with the 20th Party Congress in October fast-approaching, the future course of politics in China remains at once opaque and an object of intense speculation. While the consensus position anticipates Xi Jinping to be confirmed for a third term in power during the Congress, and for some loosening of the economically constraining zero-COVID policy potentially to take place after this, we also heed the words of Wang Yuhua, a professor of government at Harvard recently quoted in the Financial Times, "We don't know what's going on inside Zhongnanhai [the Chinese leadership compound in Beijing]. We can find some patterns from the past, but we all know that Xi Jinping is very different". And another autocracy with communist roots, Russia, remains a source of unpredictable risk, as while disarray in the face of Ukrainian progress marks recent battlefield developments, annexations by Russia (preceded by sham referendums) in late September of eastern Ukrainian territory sets the ground for a nuclear power to argue its own territory is now being threatened.

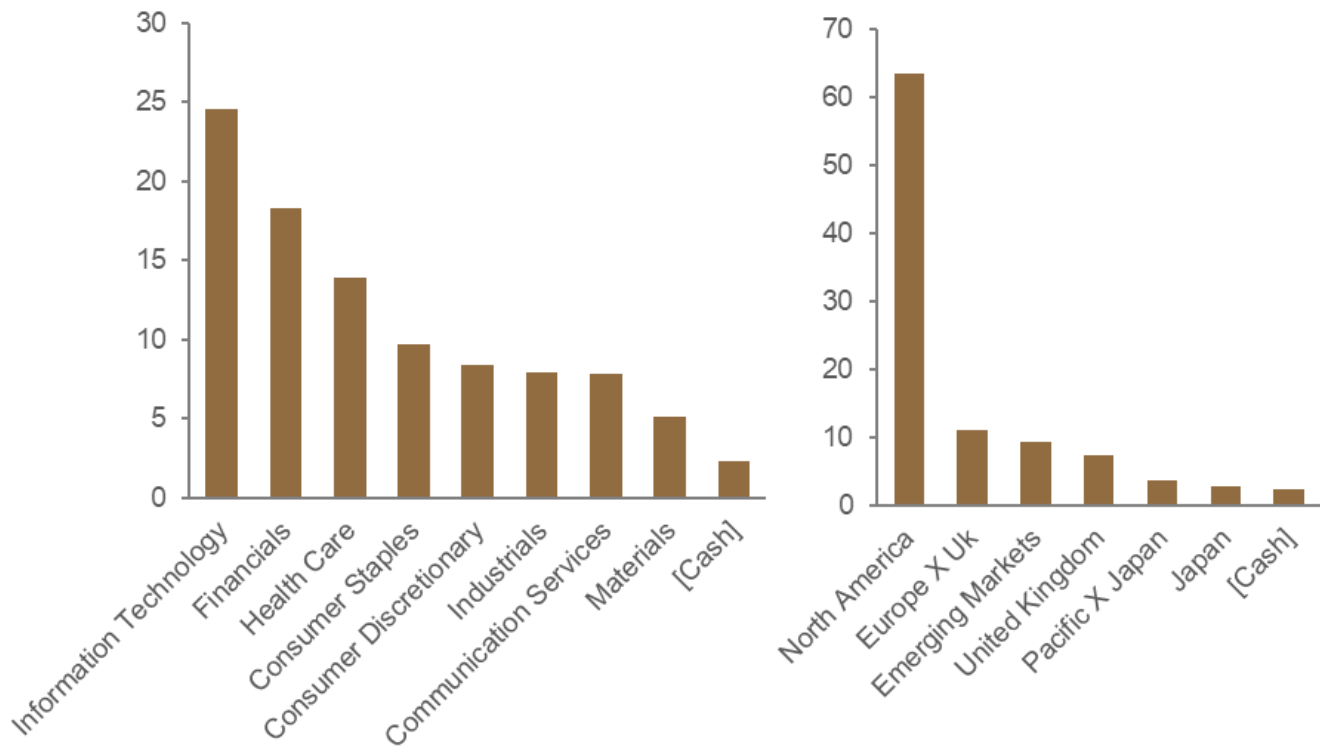
Against this background, it is helpful to know that our primary mission remains simple and clearly defined. To identify and understand high quality growth businesses in possession of defensible competitive moats, and to purchase them at attractive valuations, which we believe remains the most prudent path to capital appreciation in the long term.

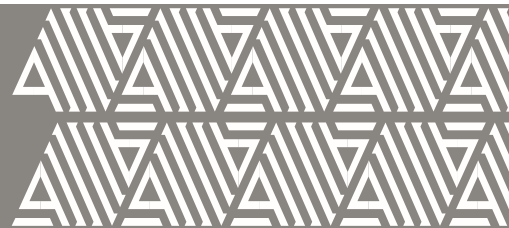


Top 10 Holdings

Company	Country of Domicile	Sector
Charles Schwab Corporation	United States	Financials
Danaher Corporation	United States	Health Care
Alphabet Inc.	United States	Communication Services
CME Group Inc.	United States	Financials
Amazon.com, Inc.	United States	Consumer Discretionary
Microsoft Corporation	United States	Information Technology
Housing Development Finance Corporation Limited	India	Financials
Linde plc	United Kingdom	Materials
S&P Global, Inc.	United States	Financials
Zoetis Inc.	United States	Health Care

Sector and Regional Weights %





Sector Positioning

Most active overweight owned sectors for September 2022

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.
Information Technology	We are overweight in the information technology space as we see attractive opportunities for long-term value creation for those companies that can drive growth in digital businesses, including cloud software and services, electronic payments, and mobile applications. That said, our approach to investing in IT remains disciplined, focusing on companies with sustainable market leadership, proven and profitable business models, and attractive valuation. In September, our best performing stock in the sector versus benchmark was Autodesk, the global leader in design, engineering, and development software.

Most active underweight owned sectors for September 2022

Energy	We are underweight the energy sector because the companies that account for the majority of the Index are large integrated or national oil companies that do not meet our growth criteria. This is because their revenues are directly tied to oil and gas prices, which the market expects to fall in coming years due to supply and demand factors (i.e. the forward curve is in backwardation). However, we do see strong growth potential in the oilfield services sector, where we own Schlumberger, due to the strong outlook for exploration and production capex deployment by customers, both onshore and offshore. Schlumberger is fundamentally a technology provider, with a strong track record of innovation, and we anticipate that as the world moves away from fossil fuels and towards 'Net Zero', they will successfully grow in the energy transition (e.g. carbon capture) and new energy (e.g. hydrogen electrolysis) markets.
Consumer Discretionary	We continue to be highly selective within the consumer discretionary space and continue to be underweight the sector. Our top holding is Amazon and our next largest holding is Dollar Tree a leading discount retailer in the US currently undergoing a major change in pricing architecture. We added Adidas to the portfolio in May and we are currently considering a variety of additional potential opportunities in the sector but are mindful of increasing pressures on consumers globally from elevated inflation and economic uncertainty.

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