

Performance

Period ending 31 August 2021	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% pa)	5 years (% pa)	Since inception (% pa)
Intermede Global Equities Fund	2.25	12.11	22.07	29.38	19.71	18.70	15.43
MSCI All Country World Index (Net Dividends Reinvested) (\$A)	3.09	10.75	20.55	30.17	13.94	14.93	11.91
Out/(under) performance	-0.84	1.36	1.52	-0.79	5.77	3.77	3.52

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 August there were no newly opened or closed positions.

Market Outlook

Global equities had a strong month during August despite the tumultuous events in Afghanistan (which the market does not appear to have regarded as financially significant), with the MSCI ACWI rising over 2%, and with the S&P 500 recording its seventh successive month of gains. The eyes of much of the world were on Japan during the month, where Olympic athletes competed in empty stadiums due to ongoing spread of the Delta COVID variant. We note an interesting statistical quirk driven by the recent strength in US equities, which is that, for the first time, four US businesses - Apple, Amazon, Google and Facebook (all of which are current holdings for Intermede's clients) - now exceed in their collective market capitalisation of over US\$7tn the entire valuation of the 190 companies listed on the main board of the Tokyo Stock Exchange.

Conscious that such divergence can be a source of opportunity, we also note that over 40% of Japanese stocks are still trading below their pre-COVID levels (more than double the percentage in the US market), even as Japanese corporate profits stage the fastest rebound globally, with a record 76% of TOPIX companies beating consensus forecasts in the quarter ending June 2021. Our team has therefore spent some time recently undertaking due diligence on interesting opportunities in Japan.

For Chinese mega-cap technology companies, the picture remains gloomy, with government actions against the private sector now having driven share prices in the sector down by over 40% from their recent peaks (a similar level of decline to that observed in 2018 when the government first took action against for example, Tencent's online gaming franchise by imposing restrictions on usage). The tone of commentary on Chinese technology stocks is currently uniformly negative, so a brief review of conciliatory statements by the Chinese authorities during August (which we believe to have been underreported) may provide some helpful balance.

Specifically, China's Securities Regulatory Commission (CRSC) announced a plan to work with US regulators to resolve the impasse relating to the Accelerating Holding Foreign Companies Accountable Act passed by the US senate in late June, and which could force the delisting of US-listed Chinese companies. An article in the *South China Morning Post* indicated that the regulator is working on a plan to enable joint audits, which would allow Chinese firms to comply with US legislation and retain their US listings. That these proposals have support at the highest level is suggested by the fact that China's State Council published a follow up statement endorsing the idea of "cooperating with overseas countries in auditing and accounting supervision". As holders of Alibaba, we will continue to monitor the situation in China closely.

With respect to another topic that is currently front of mind for investors, namely inflation, we remain agnostic about whether the current elevated levels of price increases being observed globally will prove temporary or more sustained. We do however take comfort from the extensive evidence of pricing power that we are seeing across our portfolio. For example, the Nikkei news agency reported in late August that TSMC plans to raise prices by as much as 20%, in what would be the company's

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.



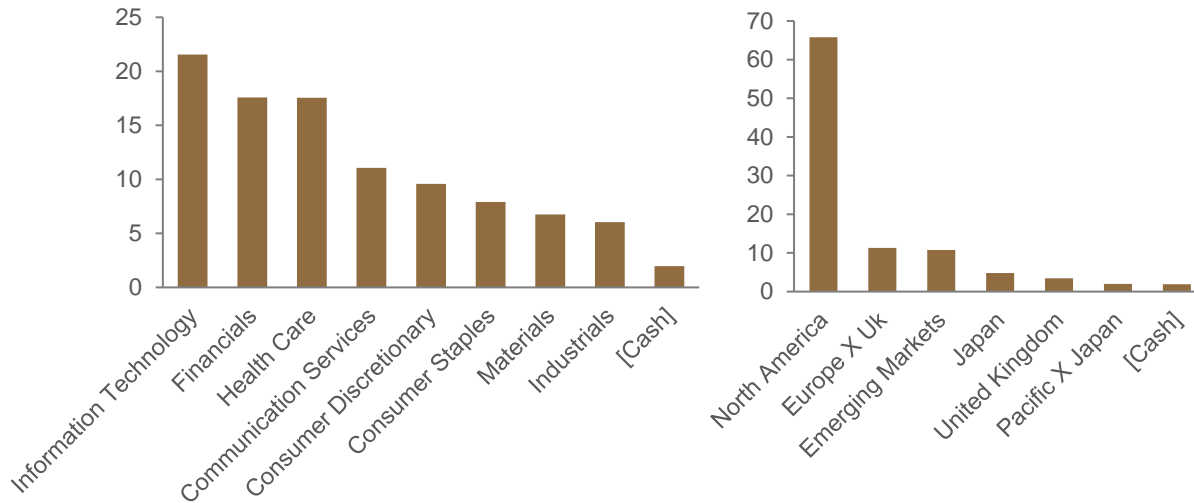
steepest single increase in its history. Elsewhere, recently released pricing data for adverts on the Google and Facebook networks has also shown a strongly rising trend.

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.

Top 10 Holdings

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

Sector and Regional Weights %





Sector Positioning

Most active overweight owned sectors for August 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 August 2021	
Industrials	We are underweight in industrials with a focus on leading companies that can benefit from structural growth trends, increase market share and improve 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.

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