

FRANKLIN CONCENTRATED GLOBAL EQUITY EX-AUSTRALIA MANAGED PORTFOLIO

QUARTERLY REPORT



31 DECEMBER 2018

The Franklin Concentrated Global Equity ex-Australia Model Portfolio is a Managed Discretionary Account.

MARKET AND PORTFOLIO REVIEW

Global stock markets came under heavy selling pressure in the fourth quarter. Investors grew increasingly concerned about a slowdown in global economic growth and the potential impact a protracted trade war between the United States and China would have on economic activity. Ongoing US interest rate increases also raised concerns. Politics, meanwhile, made investors more risk averse as the UK government struggled to come to a consensus on how it will leave the European Union (EU). On a positive note, Italy reached a budget deal with the EU in late December.

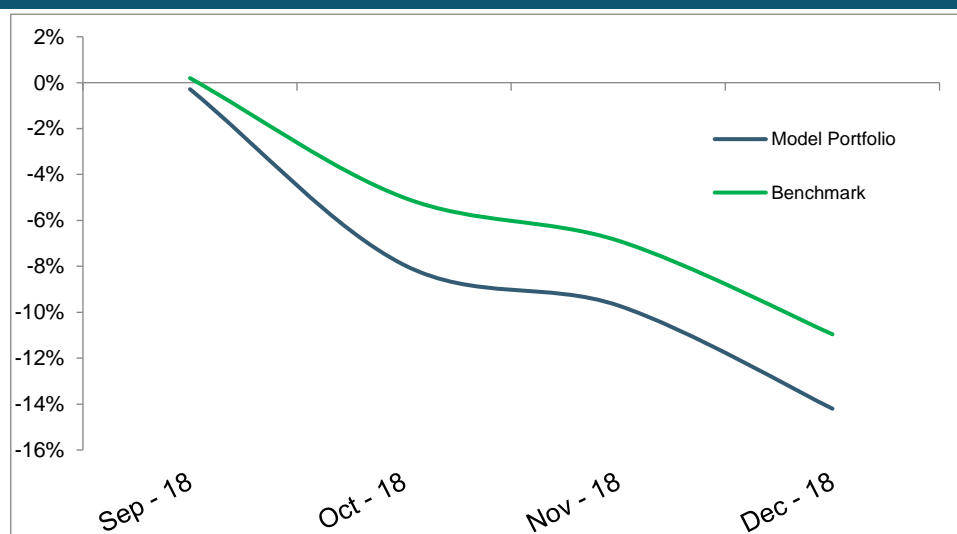
During the quarter, the portfolio fared worse than its benchmark, the MSCI World ex Australia Index. Market volatility, sparked by concerns about slowing global economic activity, trade tensions and European politics, and a resulting shift away from growth-oriented stocks created a more challenging environment for the strategy. Stock selection, notably in the Materials and Energy sectors, drove relative performance.

Sector allocations were also negative for relative performance, with a lack of exposure to Consumer Staples and Utilities hindering relative performance. An underweight in Energy bolstered relative returns. Regionally, stock selection in Europe and the United Kingdom weighed on relative performance. Stock selection in North America was beneficial.

PERFORMANCE SUMMARY¹

Period	Model Portfolio	Benchmark	+/- Return
1 month	-4.98%	-4.38%	-0.60%
3 months	-13.96%	-11.14%	-2.82%
1 year	N/A	N/A	N/A
Annualised return since inception (pa)	-42.22%	-34.02%	-8.20%

Performance Since Inception



Top Five Holdings

Security	%
Cash	6.12
Intercontinental Exchange Inc (ICE)	6.11
Verisk Analytics, Inc (VRSK)	6.08
Regeneron Pharmaceuticals Inc (REGN)	5.95
Koninklijke DSM N.V (DSM)	5.76

¹ The Portfolio's benchmark is the MSCI® World ex-Australia Index (net) (\$A). Past performance is not a reliable indicator of future performance and may not be achieved in the future. All information provided in this Report is correct at the date of this report. Returns are calculated net of management, administration, custody and transaction fees, and assume the reinvestment of all income (but not franking credits). Inception date of the Portfolio is 20 September 2018. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, inflows and outflows, other fees and any customisations. Please refer to the relevant Investment Mandate for full information on product specifics, including all fees and costs.

INVESTMENT OBJECTIVE & STRATEGY

The investment objective of the Franklin Concentrated Global Equity ex-Australia Model Portfolio is to outperform the MSCI® World ex Australia Index (Net Dividends), in Australian dollar terms after fees and expenses (but before taxes), over the medium to longer term.

The Franklin Concentrated Global Equity ex-Australia Model Portfolio will comprise of a portfolio of international equities. The strategy's investment philosophy is a disciplined investment process which aims to build a concentrated yet diversified portfolio that seeks to generate a strong risk adjusted return. The strategy adopts a stock selection process focused on fundamental company research and analysis, in addition to a consistent valuation approach. This approach aims to identify quality growth companies with sustainable business models, attractive levels of free cash flow and proven management with a strong track record that is focused on the creation of shareholder value.

KEY FEATURES

FEATURE	DETAIL
Investment universe	Listed global equities and cash
Benchmark	MSCI® World ex-Australia Index (net) (\$A)
Number of investments	15-25
Min. cash weighting	1.5%
Maximum individual security weighting	8% (at purchase)
Rebalancing	Program Adviser discretion
Minimum investment	\$50,000
Suggested timeframe	5 years

Further information about the Portfolio, including fees and costs, is outlined in the Franklin Templeton Concentrated Global Equity Ex-Australia Model Portfolio Investment Mandate.

PORTFOLIO MANAGEMENT

Mason Stevens Limited, as the Managed Discretionary Account Provider, will administer and implement the Model Portfolio on the instructions of Franklin Templeton as the Program Adviser.

ABOUT FRANKLIN TEMPLETON

Franklin Templeton Investments Australia Limited (Franklin Templeton) is a wholly owned subsidiary of Franklin Resources, Inc. (operating worldwide as Franklin Templeton Investments) which is one of the largest publicly-traded investment management companies in the world, with offices in over 30 countries and over 9,000 staff globally.

ABOUT MASON STEVENS

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for Advisers and their clients.

Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

CONTACT INFORMATION

Investors

Please speak to your adviser

Advisers

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