

Quarterly performance report

31 December 2019

Franklin Concentrated Global Equity Ex-Australia Managed Portfolio

The Franklin Concentrated Global Equity Ex-Australia Managed Portfolio is a Managed Discretionary Account (MDA), also sometimes referred to as a Separately Managed Account (SMA).

Performance as at 31 December 2019¹

	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)
Portfolio	0.62	8.12	46.16	19.37
Benchmark	-0.78	4.39	28.13	10.85
+/- Return	1.40	3.73	18.03	8.52

Top five holdings

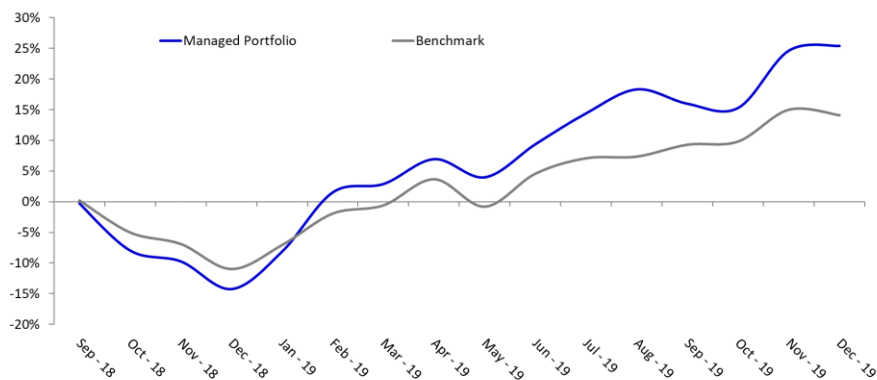
		%
UMI	U`MICORE	6.56
DSV	DSV Panalpina A/S	6.48
DHR	Danaher Corporation	5.86
TAL	Tal Education Group	5.75
ICE	International Exchange Inc.	5.50

Portfolio and market returns

During the quarter, the portfolio outperformed its benchmark, the MSCI World ex Australia Index, as both stock selection and sector allocations boosted relative performance. Security selection in the Consumer Discretionary and Materials sectors contributed. In the Consumer Discretionary sector, China-based tutoring services provider TAL Education Group boosted relative performance, after posting positive quarterly financial results. The company reported strength in enrolments in its offline business and robust growth in its online business. Although the company continues to invest in its online offering, TAL suggested it was not planning heavy promotion to boost enrolments.

Materials stock Umicore SA, a Belgium-based clean energy materials company, supported relative performance, as concerns eased about the impact on its battery business of a temporary slowdown in the electrical vehicle market. In terms of sector allocations, a lack of exposure to Consumer Staples and an overweight in Information Technology boosted relative performance. An underweight in Health Care was a modest drag on relative results. Regionally, stock selection in Europe and exposure to emerging markets boosted relative performance. Security selection in Japan dented relative returns.

Performance since inception¹



¹ The Portfolio's benchmark is 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 Managed 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 Managed 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.

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.

Portfolio management

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

Contact

Investors

Please speak
to your adviser

Key features

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 weights	8% (at purchase)
Rebalancing	Program adviser discretion
Min investment	A\$50,000
Suggested timeframe	5 years

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.

More information

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

Advisers

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