

**SYNOPSIS****PERFORMANCE (TOTAL RETURN)**

	<u>Fund</u>	<u>Benchmark</u>	<u>Peer Group</u>
Last 3 months	4.5%	7.4%	6.7%
Last 12 months	33.8%	39.3%	36.5%
Annualised (since 01/06/2012)	9.9%	12.4%	10.2%

**PORTFOLIO VALUE**

\$527.3 million (31/03/2021: \$508.9 million)

**INVESTMENT OUTLOOK**

Global growth and corporate earnings to rebound strongly  
 Growth acceleration leads to higher inflation  
 Central banks to potentially shorten tapering timeline  
 China to manage growth and targeted stimulus in strategic sectors  
 European services recovery following industrial rebound  
 Geopolitical risks elevated  
 US equities expensive vs European and EM peers  
 US corporate tax increases to impair earnings for domestic US-centric businesses  
 Growth stocks at extremes relative to value stocks

**PORTFOLIO CONSTRUCTION**

Concentrated portfolio of high-conviction developed and emerging markets ideas  
 Asia and Europe favoured on relative valuation grounds  
 Low allocation to defensive, yield sectors excluding healthcare  
 Value in structural growth areas of consumer discretionary, communication services and healthcare  
 Low financial exposure mostly in underpenetrated Asian growth segments

**EFFECTIVE ASSET ALLOCATION (previous quarter)**

	<u>Fund</u>	
	<u>%</u>	<u>%</u>
Global equities	96	(92)
Hedged equities	-	(2)
Cash	4	(6)
	<u>100</u>	

## 1. PORTFOLIO PERFORMANCE

## Total Performance to 30 June 2021

	<u>Fund*</u>	<u>Benchmark**</u>	<u>Variance</u>	<u>Peer Group***</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
3 months	4.5%	7.4%	-2.9%	6.8%
6 months	9.9%	12.3%	-2.4%	11.4%
12 months	33.8%	39.3%	-5.5%	36.5%
3 years	14.2%	14.6%	-0.4%	11.8%
5 years	14.1%	14.6%	-0.5%	12.3%
<b><u>From Inception</u></b> (01/06/2012)	9.9%	12.4%	-2.5%	10.2%

\* Based on FGEF Class B Performance Numbers

\*\* MSCI All Country World Net Total Return Index

\*\*\* Global Large-Cap Blend Equity Morningstar category

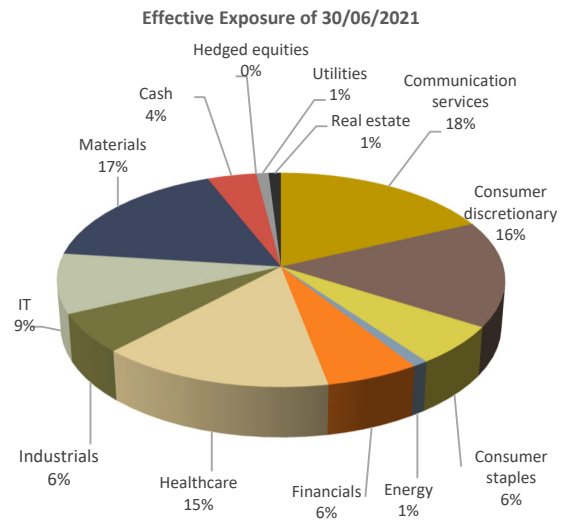
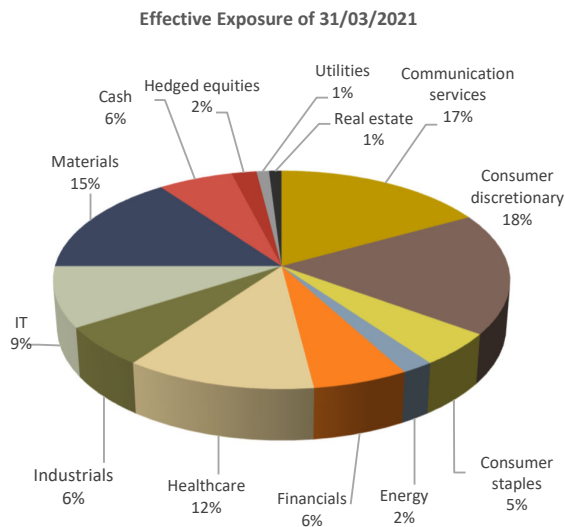
*Monthly linked time-weighted total rates of return (capital and income)  
Returns for periods 1 year and above are annualised percentages*

## Quarterly Performance Comment

- Underperformance driven by stock selection—China tech names hurt on continued regulatory scrutiny and rising competition
- JD.com, China's second largest e-commerce player, declined 5.4% on competitiveness worries as peers invest to drive faster e-commerce penetration in the groceries category—this hurts short-term profitability, but drives growth over the long-term given groceries consumption is in early innings of shifting online
- Macau gaming holdings fell, with Galaxy Entertainment declining 11.1% and Wynn Macau declining 19.1% as neighbour Guangdong Province faced new COVID-19 infections—we remain optimistic on the rebound prospect for the Macau gaming sector as situation is under control with Macau likely reaching agreement for quarantine-free travel with Hong Kong
- Within the communication services sector, Alphabet (+21.2%) rose on expectations of advertising rebounding post COVID-19—offsetting weakness in Baidu (-6.3%) and Tencent (-3.9%)
- Information technology holdings underperformed the sector on broader market rotation back into high-growth names in the sector—in which the fund has a low weighting given unpalatably high valuations
- Leading copper producer Freeport-McMoRan (+12.9%) continued to perform—on the growth rebound and supply tightness

**2. PORTFOLIO STRUCTURE**
**2.1 Sector exposure**

	<b>Fund</b>		<b>MSCI AC World</b>	
	<b>Effective Exposure</b>		<b>Weightings</b>	<b>Relative to benchmark</b>
	<b>31/03/2021</b>	<b>30/06/2021</b>	<b>30/06/2021</b>	<b>30/06/2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Communication services	17	18	9	9
Consumer discretionary	18	16	13	3
Consumer staples	5	6	7	-1
Energy	2	1	3	-2
Financials	6	6	15	-9
Healthcare	12	15	11	4
Industrials	6	6	10	-4
Information technology	9	9	21	-12
Materials	15	17	5	12
Utilities	1	1	3	-2
Real estate	1	1	3	-2
Global equities	92	96	100	
Hedged equities	2	-		
Cash	6	4		
	<b>100</b>	<b>100</b>		
<b>Total Fund</b>	<b>\$508.9m</b>	<b>\$527.3m</b>		



## 2.1 Geographic exposure

	Fund at 31/03/2021 %	Fund at 30/06/2021 %	MSCI AC World 30/06/2021 %	Relative to benchmark %
North America	53	53	61	-8
EM* Latin America	-	-	1	-1
Europe	17	15	17	-2
EM* Europe	-	-	1	-1
Pacific	8	7	9	-2
EM* Asia	22	25	10	15
Africa & Middle East	-	-	1	-1

\*EM = Emerging Markets

## 3. MARKET BACKGROUND AND OUTLOOK

- Global equities (+7.4%) rose on strong corporate earnings—and optimism around global growth rebound as vaccination rollout across different regions
- US equities (+8.8%) rallied as reopening gathered pace through the quarter as the fully vaccinated rate nearing 50% and growing—domestic travel, restaurants and retail sectors will see continued rebound in demand, despite the Fed bringing forward its timeline for rate hike to 2023 (previously 2024) as inflation rises
- European equities (+7.4%) rose on expectation that the EU economy will grow faster coming out of the pandemic, with EU manufacturing output hitting the highest in three years on strong business optimism driven by reopening—continued rebound is forecast as vaccination rates pick up and economies re-open
- UK (+6.0%) underperformed the mainland—on delayed easing of its lockdown following spread of the COVID-19 Delta variant
- Emerging markets (+5.0%) trailed developed markets with Chinese equities (+2.3%) weighed by new COVID-19 infections in Guangdong province and continued regulatory scrutiny on Chinese tech companies—regulatory headlines to affect near-term ratings of Chinese companies but should drive more orderly market development going forward
- Sector gains were led by information technology (+10.5%), healthcare (+9.4%) and energy (+9.3%)—utilities (-0.4%) and industrial (+4.7%) lagged
- The US dollar weakened against euro (+0.9%) and Swiss Franc (+1.8%)—the Fed kept short-term borrowing cost at near-zero as it continued its bond buying program

#### 4. FUND CONSTRUCTION

- Material off-benchmark weight to EM Asian equities, especially those geared to China—where valuations are more attractive than US peers and long-term structural growth expectations of the region exceeds that of western economies
- The fund’s Chinese investments are concentrated in technology, consumer discretionary and financials sectors—the structural growth of the country’s middle class provides tailwinds for the fund’s best-in-class holdings within these sectors
- Overweight position in communication services—the ongoing shift to digital advertising, gaming and streaming will benefit communication services companies we own
- The fund has sizable investments in healthcare stocks—which are buoyed by the thematics of ageing global populations and innovation
- Overweight position in the materials sector is the result of bottom-up opportunities—despite the rally, we expect several names in the portfolio to generate outsized returns
- The fund’s cash position declined as managers deployed liquidity into new opportunities—certain Chinese companies are on more attractive valuations following increased regulatory scrutiny and a more intense competitive environment, but which do not alter their long-term value creation prospects

B ARCESE/D FOORD/I HASSEN/ JC XUE  
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