



Kennedy Partners International Equity Portfolio

MONTHLY PORTFOLIO REPORT **JANUARY 2020**

PORTFOLIO OBJECTIVE

The portfolio is designed to provide exposure to global equity markets. The portfolio has a long-term investment focus, selecting companies with strong earnings growth and exposure to positive global themes. Constructed with emphasis on companies in sectors and industries that are not well represented on the Australian stock market.

PERFORMANCE to 31st January 2020

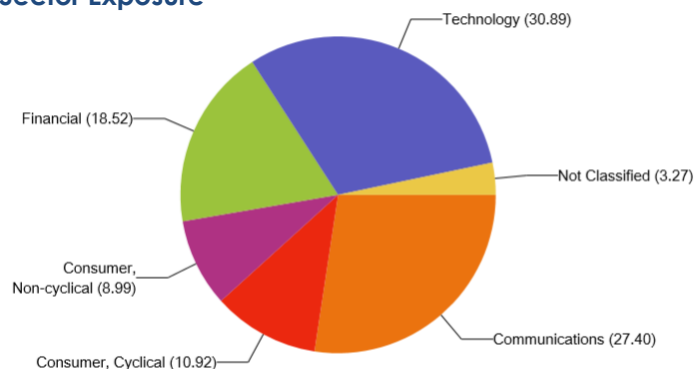
	1 Mth	3 Mths	6 Mths	1 Year pa	2 Years pa	3 Years pa	Since Inception* pa
Portfolio Return	1.6%	11.0%	13.9%	30.4%	12.7%	21.3%	19.9%
MSCI Global Acc Index	-0.6%	5.2%	7.9%	17.7%	4.9%	11.5%	12.1%
Excess Return	+2.2%	+5.8%	+6.0%	+12.7%	+7.8%	+9.8%	+7.8%

*Inception 1 Sept 2016

Key Metrics – CY20 Exp

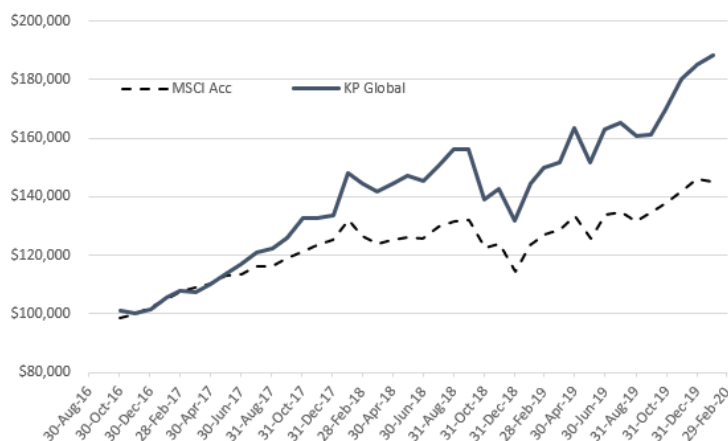
EPS Growth	20.9%
PE Multiple	29.1
Dividend Yield	1.02%

Sector Exposure



Performance Since Inception

Growth of USD \$100,000

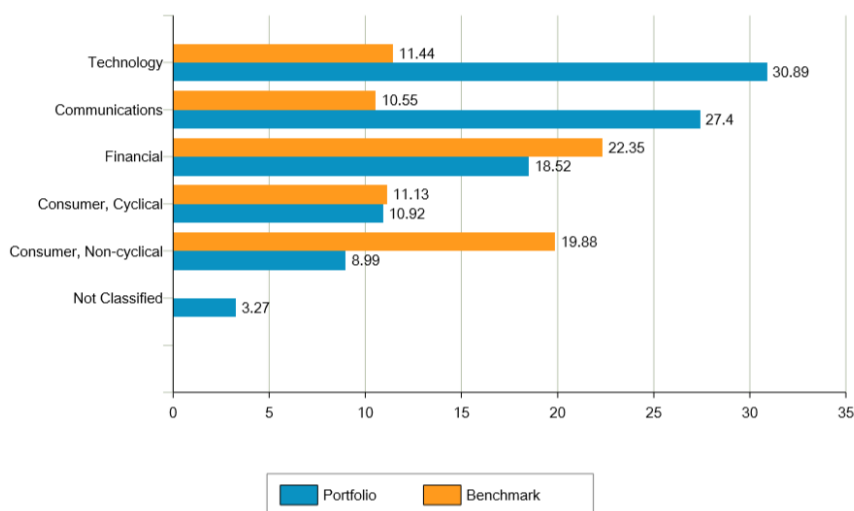


Top10 Holdings

- MICROSOFT CORP
- AMAZON.COM INC
- GLOBAL PAYMENTS INC
- ALIBABA GROUP ADR
- JP MORGAN CHASE
- ALPHABET INC
- INTERCONTINENTAL EXCHANGE
- LVMH MOET HENNESSY LOUIS VU
- ASML HOLDINGS
- BANK OF AMERICA CORP



Portfolio Weight vs Bloomberg World Index



Portfolio Changes in November

Bought:
Sold:

Increased:
Trimmed:

Portfolio Update

The Kennedy Partners International Equity Portfolio was up 1.6 % during January, outperforming the MSCI Global Accumulation Index that fell 0.6%.

Markets initially rallied hard through most of January on positive US Trade deal momentum (Phase One signed January 16). Before selling off sharply on coronavirus fears. As of 31 January, there were 9,826 confirmed cases globally and 15,238 suspected cases in China. The spread of the virus led to a number of travel restrictions being imposed, including the lockdown of Wuhan city on 23 January, restrictions on travel within China and a ban on foreign nationals from entering the United States if they have travelled to China in the past 14 days. On January 31, the UK officially left the European Union after 47 years of membership. Sterling was little changed on the news.

Emerging Markets underperformed Developed sharply. Among global sectors, Utilities (+5.7%), IT (+3.4%) and REITs (+1.4%) outperformed the most, while Energy (-9.1%), Materials (-5.5%) and Financials (-2.6%) underperformed the most. The AUD was the worst performing G10 currency, falling 3.4c on the month to \$0.669. Global bond yields fell sharply on coronavirus contagion fears.

Fourth quarter results announcement drove the performance of companies in the International Portfolio. The top performers all IT sector – Salesforce (+12.09%), Amazon (+8.71%) and Microsoft (+7.95%). The biggest detractors despite strong 4Q results were Bank of America (-6.79%) and luxury brands Kering (-5.85%) and LVMH (-5.81%).

Salesforce (+12.09%) hit a record high in January as brokers upgraded valuations on the company's 2020 prospects. The market expecting strong sales growth as Salesforce continues to be a trusted vendor for large enterprise in their digital and modernisation journeys.

Bank of America (-6.79%) reported positive fourth-quarter earnings of 74 cents per share, 6 cents a share above estimates. Revenue came in above estimates as well, helped by a 25% jump in fixed income, currency, and commodities revenue. After a strong price performance in 4Q2019 the shares were hit with profit taking despite the better than expected 4Q result.

Luxury brands KER (-5.85%) & LVMH (-5.81%) had positive 4th Quarter updates but could not sustain price gains in the face of short term demand concerns from the Coronavirus. KER was upgraded by UBS on earnings momentum driven by Gucci and Bottega Veneta. LVMH posted record revenue, their Louis Vuitton and Christian Dior brands having another stellar quarter.