

**MACQUARIE ASSET MANAGEMENT**

# IFP Global Franchise Fund

Macquarie Professional Series

## Exposure to companies with a unique competitive advantage

The IFP Global Franchise Fund provides exposure to a concentrated portfolio of some of the world's leading global companies. Each of these companies has a strong franchise, which can provide a sustainable advantage in its markets.



### A focus on leading global franchises

Built on a sustainable competitive advantage



### Blending quality and value

Seeking high quality companies at compelling valuations



### Strong long-term performance record

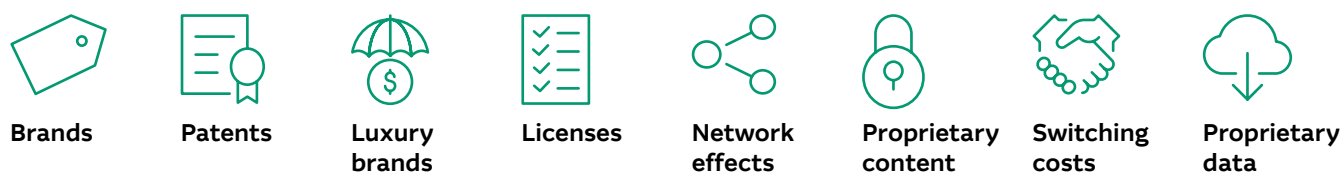
Historically defensive during down markets

## A focus on leading global franchises

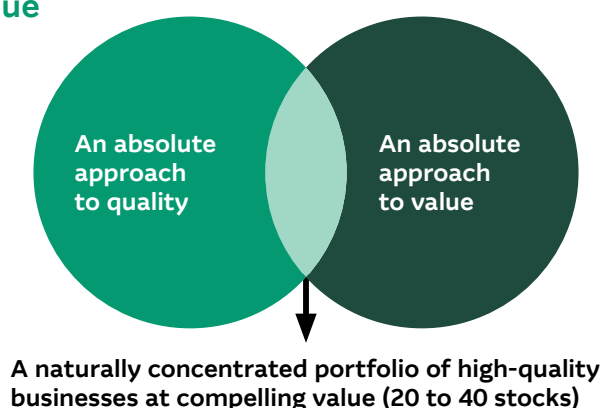
Franchise Partners aims to construct a concentrated portfolio of leading global franchise companies that each hold a sustainable competitive advantage. This advantage is built around a dominant intangible asset, such as brands, patents, intellectual property or licenses.

Such intangible assets help to insulate a company from competition and to maintain pricing power across its products, resulting in more stable performance across a variety of market conditions. Often built over many years, the strength of these intangible assets can create real business benefits including customer loyalty and strong and repeatable consumer demand.

Examples of intangible assets can include:



## Blending quality and value



Franchise Partners employs a disciplined approach to both quality and value. In addition to possessing a dominant intangible asset, quality companies are expected to have a sustainable and high return on capital, recurring revenue, strong balance sheets and experienced management teams, in addition to future growth potential. Franchise Partners also has a strong bias towards valuation, seeking to ensure that the Fund does not overpay for these high-quality companies.

Most companies in the global equity universe fail to meet these stringent criteria; only about 180 meet Franchise Partners' definition of a quality franchise. Overlaid with a value lens, the result is a naturally concentrated portfolio of 20-40 high-quality businesses at compelling value.

## Strong long-term performance record

The result of Franchise Partners' investment approach has been long-term outperformance of the Benchmark (MSCI World ex Australia Index, in \$A unhedged with net dividends reinvested).

A key driver of these positive long-term returns has been the Fund's focus on protecting clients' wealth across difficult markets. As an example, the Fund offered strong relative performance through the Global Financial Crisis, as a result of the defensive and more predictive nature of the cash flows in franchise businesses. This meant they were less affected by the liquidity, credit and macroeconomic shocks that the crisis delivered.

This strong downside protection can be seen in the chart below, in which the three grey bars represent the aggregate return of the Benchmark in those periods when it rose, those when it fell, and in all periods, expressed as 100:

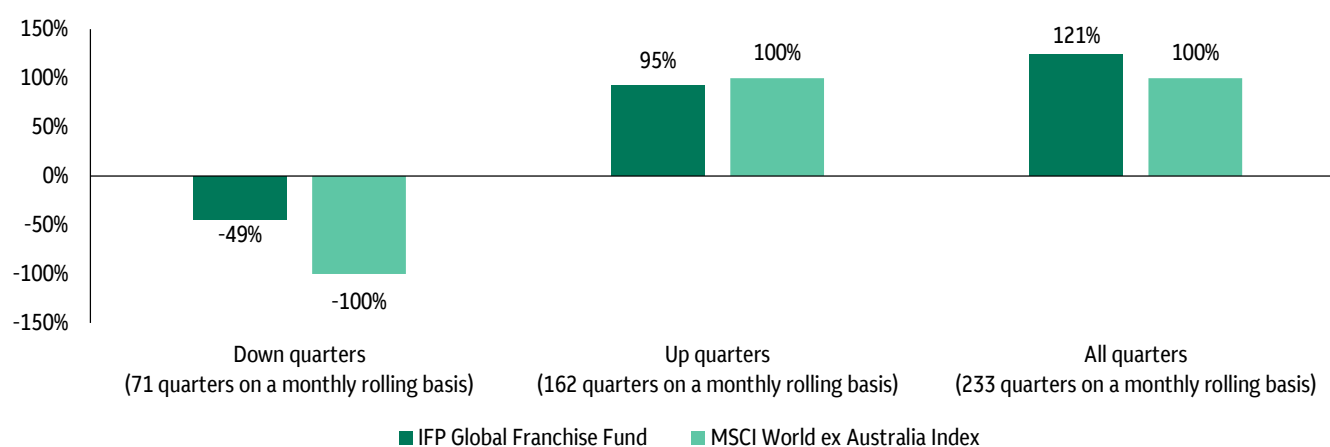
- in periods when the Benchmark has fallen, the Fund declined by only **49%** of the Benchmark's loss; and
- in periods when the Benchmark has risen, the Fund has captured **95%** of the Benchmark's gain.

The chart below illustrates that the Fund captures most of the upside returns while offering some valuable protection during down markets.

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## Downside protection while capturing most of the upside



**Past performance is not a reliable indicator of future performance.** Current performance information for the Fund is available on our website at [macquarie.com/mam/au-performance](https://macquarie.com/mam/au-performance). Source: Macquarie, MSCI, from 30 November 2004 to 30 June 2025. Benchmark for the Fund is the MSCI World ex Australia Index, in \$A unhedged with net dividends reinvested. Capture ratios are based on the average Fund return divided by average Benchmark return for separate periods where the Benchmark return was negative and positive. Returns used were rolling 3-month returns, net of fees.

### IFP Global Franchise Fund II

The IFP Global Franchise Fund II is a standalone investment option which has specific restrictions regarding tobacco manufacturers and certain controversial weapons securities<sup>1</sup>. Franchise Partners employs the same quality and value investment approach and philosophy when building the portfolio and there is generally a significant overlap in holdings with the IFP Global Franchise Fund.

## Target investors

The IFP Global Franchise Fund and IFP Global Franchise Fund II are designed for consumers who:

- are seeking capital growth and income distribution
- are intending to use the Fund as a core component, minor allocation or satellite allocation within a portfolio
- have a minimum investment timeframe of seven years
- have a high or very high risk/return profile for that portion of their investment portfolio, and
- require the ability to have access
- to capital within one week of request.

The Target Market Determination (TMD), available at [macquarie.com/mam/tmd](https://macquarie.com/mam/tmd), includes a description of the class of consumers for whom the Fund is likely to be consistent with their objectives, financial situation and needs.

1. The Fund does not invest directly in companies that are classified as being in the 'tobacco' industry according to the Global Industry Classification Standard (GICS®), defined as manufacturers of cigarettes and other tobacco products. A company will generally be classified to this sub-industry classification where this definition most closely describes the business activities that generate more than 60% of the company's revenue. The primary source of information used for classification is a company's annual reports and accounts. Other sources include broker reports and other published research literature. The classification is assigned at the company level meaning all securities, equities, or corporate bonds, issued by the company will have the same GICS® classification as the company. However, if a company's subsidiary files separate financials, that subsidiary is classified independently under GICS®. GICS® is not assigned to supranationals, municipalities, sovereigns, shell companies, mutual funds, or exchange traded funds.

The Fund does not hold direct investments in certain securities that are classified as controversial weapons securities using data from MSCI Inc. These include public companies that manufacture cluster munitions, or their intended use components, dual-use components or delivery platforms; landmines or their essential intended or dual-use components; biological or chemical weapons or their critical components; or companies that manufacture nuclear weapons or are involved in the production of depleted uranium weapons, ammunition and armour; and including public companies that own 20% or more (or, for financial companies, 50% or more) of such companies and including companies that are owned 50% or more by such companies. Depleted uranium weapons companies do not include companies that own/operate nuclear fuel enrichment or fabrication facilities or depleted uranium ammunition delivery platforms.

## About Franchise Partners

Independent Franchise Partners LLP (**IFP or Franchise Partners**) is an employee-owned, investment management firm established in June 2009. The firm specialises in a single investment strategy which aims to identify companies capable of compounding shareholder wealth at superior rates of return over the long-term. The strategy uses strict quality and value criteria to evaluate potential investments. The firm is based in London and is regulated by the UK's Financial Conduct Authority.



### Macquarie Professional Series – enabling local access to global specialists

The IFP Global Franchise Fund is proudly brought to you by Macquarie Professional Series. We search the world to uncover differentiated investment solutions, enabling local investors to access strategies from world-class fund managers. We leverage our insights into the local investment landscape, seeking to anticipate investment needs and identify relevant opportunities currently overlooked in the market.

## Risks

All investments carry risk. Different investments carry different levels of risk, depending on the investment strategy and the underlying assets. Generally, the higher the potential return of an investment, the greater the risk (including the potential for loss and unit price variability over the short term). The risks of investing in this Fund include:

**Investment risk:** The Fund has exposure to share markets. The risk of an investment in the Fund is higher than an investment in a typical bank account or fixed income investment. Amounts distributed to unitholders may fluctuate, as may the Fund's unit price, by material amounts over short periods.

**Market risk:** The investments that the Fund has exposure to are likely to have a broad correlation with share markets in general. Share markets can be volatile and have the potential to fall by large amounts over short periods of time. Poor performance or losses in domestic and/or global share markets are likely to negatively impact the overall performance of the Fund.

**Concentration risk:** The Fund may have exposure to a small number of key investments. This may result in the returns of the Fund being dependent on the returns of individual companies and industry sectors which may increase the volatility of the Fund's unit price, and increase the risk of poor performance.

**More information on the risks of investing in the Fund is contained in the Product Disclosure Statement, which should be considered before deciding to invest in the Fund.**

For more information, call us on 1800 814 523,  
email [mam.clientservice@macquarie.com](mailto:mam.clientservice@macquarie.com), or visit [macquarie.com/mam](http://macquarie.com/mam)

### Important information

The Fund(s) mentioned above may have multiple classes of units on issue. A separate class of units is not a separate managed investment scheme.

This information has been prepared by Macquarie Investment Management Australia Limited (ABN 55 092 552 611 AFSL 238321) the issuer and responsible entity of the Fund(s) referred to above. This is general information only and does not take account of investment objectives, financial situation or needs of any person and before acting on this information, you should consider whether this information is appropriate for you. In deciding whether to acquire or continue to hold an investment in a Fund, an investor should consider the product disclosure statement for the relevant class of units in a Fund, if any, and the Website Disclosure Information available at [macquarie.com/mam](http://macquarie.com/mam) or by contacting us on 1800 814 523.

Past performance information is for illustrative purposes only and is not a reliable indicator of future performance. Current performance information for each class of units in the Fund(s) is available on our website at [macquarie.com/mam/au-performance](http://macquarie.com/mam/au-performance).

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