

BEULAH CAPITAL

International Equities Portfolio

Quarterly Fact Sheet | June 2020

L3, 163 Eastern Rd, South Melb VIC 3205
T +613 9270 9170 F +613 8080 5983
W beulahcapital.com

Beulah Capital Pty Ltd
ABN 72 079 169 127
AFSL 330951



Investment Approach

Our strategy is based on a fundamental bottom-up stock analysis to identify and select quality growth companies with sustainable business models and proven management teams, focused on the creation of shareholder return.

INVESTMENT STRATEGY

Concentrated Approach – Franklin Templeton’s investment team focus on risk-adjusted returns, rather than benchmark-relative returns. Therefore, we achieve a portfolio of unconstrained, high quality companies.

The portfolio’s focused approach and fundamental research requires the team develop a high level of conviction in every investment.

Universe

This portfolio will hold the equity securities of approximately 20 different companies. No single security will exceed 10% of the market value of the total portfolio at the time of purchase

The portfolio may be invested in countries that are not included in the MSCI World ex-Australia Index up to 20% of the market value of the total portfolio value at the time of purchase

INVESTMENT CATEGORY

International Shares

MINIMUM INITIAL INVESTMENT

\$50,000 on a standalone basis

MINIMUM SUGGESTED TIME FRAME

7+ Years

Performance

International Equities Portfolio					
	3 Months %	6 Months %	1 Year %	3 Years %	Incept %
Portfolio Return	20.16%	18.68%	36.84%	26.16%	19.13%
MSCI World ex-Aust. Index	5.94%	-3.60%	5.18%	10.75%	9.21%
Relative Performance	+14.22%	+22.28%	+31.66%	+15.41%	+9.92%

Performance Notes

1: As of 30 June 2017. Performance shown is net of Investment Management Fee but before Platform fee

2: Past performance is not an indication of future performance

3: Returns and holdings will vary between investors given the nature and timing of beneficial ownership under a SMA structure

4: Returns greater than 12 months are annualized

5: Inception date is 30-11-2015

Top 10 Stock Holdings

Company	Allocation %
Regeneron Pharmaceuticals Inc	5.77
Danaher Corp	5.73
Shopify Inc	5.27
TAL Education Group	5.22
DSV Panalpina A/S	5.09
Partners Group Holding AG	5.04
Mercadolibre Inc	5.02
Synopsys Inc	4.97
Costar Group Inc	4.94
Visa Inc	4.92
Total	51.97

Holdings as at 30 June 2020

Portfolio Commentary

After a sharp decline in the first quarter, global equity markets rallied in the second quarter. Signs that the pace of global economic contraction was easing, ongoing monetary policy support and optimism that Europe and Asia had largely managed to contain the COVID-19 outbreak bolstered sentiment during the period.

Despite weak economic data, investors became more optimistic that as economies around the world reopened, growth would bounce back. In the meantime, central banks and governmental policy makers continued to provide monetary and fiscal support to mitigate the impact of the downturn.

During the quarter, the portfolio outperformed its benchmark, the MSCI World ex Australia Index, as stock selection in the Information Technology and Consumer Discretionary sectors boosted relative results.

In the Information Technology sector, the growth in e-commerce further supported shares of Canada-based Shopify, Inc. The e-commerce solutions provider has continued to see strong demand for its software and solutions, as retailers look to move more of their business online to meet the growing demand for e-commerce and picking up online orders at the store.

Meanwhile, US-based semiconductor design company Synopsys Inc. aided relative returns, as the company benefits from the need for increasingly complex semiconductors. US-based barcode and scanner technology company Zebra Technologies Corp. supported relative performance, on continued near-term demand for its products from online retailers and the health care industry.

In the Consumer Discretionary sector, Latin American online marketplace operator MercadoLibre, Inc. added to relative returns, following a solid set of financial results. E-commerce growth has been strong as social distancing measures remain in place in parts of the region, and we believe the company can emerge from the crisis in a stronger position.

Conversely, US-based Financials stock Intercontinental Exchange, Inc., a financial exchange operator, weighed on relative performance on concerns about lower volumes on its exchanges in recent months after a strong first quarter. The company remains well placed to benefit from the trading of a host of financial products and its data business also continues to show attractive growth prospects.

In the Information Technology sector, Tyler Technologies, Inc., which provides software to US state and local governments, curbed relative performance, as the stock price pulled back after recent gains. Despite the pressure the coronavirus outbreak is putting on public sector budgets, recent earnings have been relatively strong, and Tyler expects demand to rebound once the global economy recovers.

This report is for marketing purposes and provides general information only. It does not take into account the investment objectives, financial circumstances or needs of any person. To the maximum extent permitted by law, Beulah Capital Pty Ltd, its Directors and employees accept no responsibility for any loss or damage incurred as a result of action taken or not taken on the basis of information contained in the report or any omissions or errors within it. Before making any decision you should consider the latest Product Disclosure Statement or Financial Services Guide and assess whether the product and/or service is appropriate. It is advisable that you obtain professional financial, legal and tax advice before making any financial investment decision. Beulah does not guarantee the repayment of capital, the payment of income, or the performance of its investments.

Sector allocations supported relative returns, with a lack of exposure to Consumer Staples and an overweight in Information Technology contributing. An overweight in Financials dampened relative performance. Regionally, security selection in North America bolstered relative performance.

Outlook

How markets and the global economy progress in the second half of the year looks to us to be murky at best, but we remain optimistic that industries with attractive long-term secular growth prospects can continue to shine.

Although we believe the broader global economic data are likely to remain weak, some signs have begun to emerge that the worst of the initial contraction has passed. Companies have continued to pull their financial guidance for the year, underscoring the uncertainties that still lie ahead. We believe significant fiscal spending and unprecedented central bank asset purchases are likely to continue to help support financial markets until the economic data rebounds.

A brighter economic outlook will likely depend on how the coronavirus progresses and when a vaccine is ready. Large parts of the United States and several major emerging markets were dealing with rising COVID-19 infections at quarter-end, which could overwhelm local health care systems and lead to declines in economic activity, even if strict lockdowns are not re-imposed.

Finding a vaccine could be crucial for economies to return to normal, in our opinion. Over the next few months, we will get data on several Phase 2 vaccine studies and Phase 1 anti-viral drug trials that are currently underway. We believe that because the virus has not mutated in any meaningful way over the past few months, there is a good probability that at least a few options may emerge to help control COVID-19 over the longer term.

Amid the ongoing uncertainty, we believe that individual stock picking is increasingly important and we continue to focus on high-quality companies that have robust business models and significant competitive advantages in a diverse set of attractive industries that are underpinned by strong long-term secular growth trends.

In the long run, we believe companies that have sustainable business models, accomplished management teams and can benefit from robust underlying structural growth trends should add value across the market cycle and regardless of the economic outlook. We are confident that sticking to this approach will see us through these challenging times.