STRATEGIC GLOBAL FUND

ARSN 613 886 392 APIR OMF0027AU

MONTHLY UPDATE August 2020

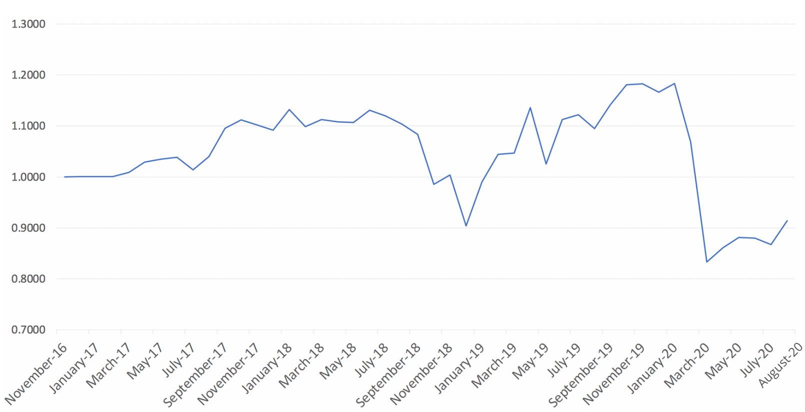
FUND FACTS

Structure	Global Equity Fund
Fund Manager	JBS Investments
Currency	AUD, Unhedged
Unit Valuation	Monthly
Minimum Investment	$20,000
Investment Strategy	Event Driven Global Value
Distribution Frequency	Annually at 30 June

FUND FEATURES

- Specialised Global Equity Fund
- Invests Globally in Strong, Dominant Businesses with Sustainable Competitive Advantages
- Benchmark Unaware
- Relatively Concentrated Portfolio
- Maintains Long-Term Investment Horizon

PERFORMANCE CHART



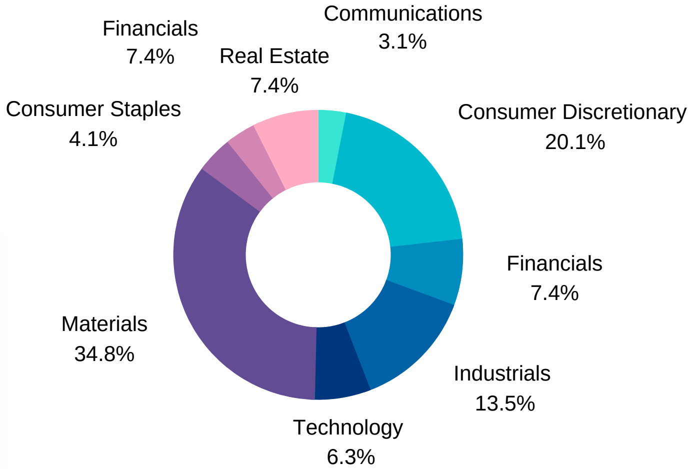
NET PERFORMANCE

1 Month	5.44%
3 Months	3.78%
6 Months	-14.43%
1 year	-16.51%

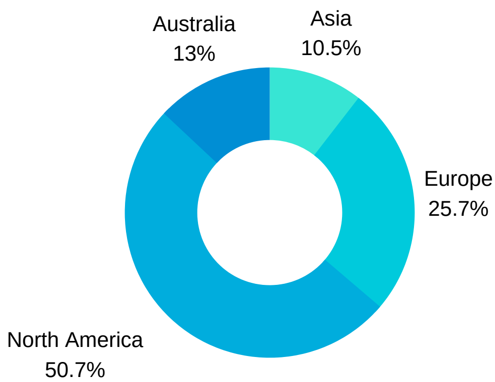
TOP TEN HOLDINGS

Company	Sector
Gamesys Group	Consumer Discretionary
Betterware	Consumer Discretionary
Fiji Kava	Consumer Staples
Stonex Group	Financials
API Group	Industrials
Sandstorm Gold	Materials
Iluka Resources	Materials
Crown Holdings	Materials
Shinoken Group	Real Estate
Endor	Information Technology

INDUSTRY EXPOSURE



GEOGRAPHICAL EXPOSURE



WARNING - The information given by Strategic Global Fund is general information only and is not intended to be advice. You should therefore consider whether the information is appropriate to your needs before acting on it, seeking advice from a financial adviser or stockbroker as necessary.

DISCLAIMER - The responsible entity for the Fund is One Managed Investment Funds Limited (ACN 117 400 987) (AFSL 297042) ("OMIFL"). The information contained in this document was not prepared by OMIFL but prepared by other parties. All of the commentary, statements of opinion and recommendations contain only general advice and have not taken into account your personal circumstances. This report contains general financial product advice only. Any investment in the Strategic Global Fund or OMIFL products need to be made in accordance with and after reading the Product Disclosure Statement (PDS) and Additional Information Booklet (AIB) dated 27 June 2019 available at www.sgf.com.au. Investors should consider the PDS and AIB before deciding whether to invest in the Fund or continue to hold units in the Fund. The opinions, advice, recommendations and other information contained in this report, whether express or implied, are published or made by JBS Investments Australia Holdings Limited (JBS) in good faith in relation to the facts known at the time of preparation. Information is current as at 13 October 2020. Past performance is not indicative of future performance. Limitation of liability: Whilst all care has been taken in preparation of this report, to the maximum extent permitted by law, neither JBS or OMIFL will be liable in any way for any loss or damage suffered by you through use or reliance on this information. JBS and OMIFL's liability for negligence, breach of contract or contravention of any law, which cannot be lawfully excluded, is limited, at JBS's option and to the maximum extent permitted by law, to resupplying this information or any part of it to you, or to paying for the resupply of this information or any part of it to you.

August Monthly Update

August was positive for the Fund with a number of positions moving up positively.

With the upcoming US election and the continuing pandemic dominating headlines, the stock market performance of the perceived Covid-19 winners and Covid-19 losers keep travelling down different paths. Cheap stocks have gotten cheaper and expensive stocks keep climbing to new highs at ever more pricey valuations. There is undoubtedly a number of bubbles developing in certain areas of the stock market which current valuations fuelled by low interest rates and retail investor excitement and hype (often new to markets).

Perhaps the most notable example of this phenomenon is start-up truck company Nikola, which is yet to make and sell a single truck. This has not stopped the business from being rewarded with a peak market capitalisation of US$30 billion. After it was pointed out that the company faked a video of its truck driving by rolling an engineless truck down a hill, the company claimed that the truck was "*in motion*" and therefore it was not misleading! Even after such a revelation, the company still sports a market capitalisation of close to US$10 billion. Many other examples abound - Apple's and Tesla's stock took off after each company announced stock splits (which creates no economic value by itself). All are signs of excess and areas that are safer to avoid.

The positive flipside of the current market conditions is that investors are left with a lot of neglected companies that investors fear will be hit hard by the recession, many of which come with very reasonable valuations. Current market conditions see investors rewarding growth companies which is a phenomenon we have witnessed in Japan over the past few decades as investors are prepared to pay significant premiums for faster growing companies in an ultra-low interest rate environment. We have a practical understanding of markets and don't want to stubbornly fight the current conditions by just buying neglected companies without regard to growth rates. We have seen too many investors getting burnt by not adapting to new conditions. Our strategy has been to focus on companies that are growing earnings at a fast rate but where this fact has not been sufficiently appreciated (and priced-in) by the market. A great example is our recent position in **Betterware**, growing at 100% year on year but trading at only 7x forward earnings and exercise equipment maker **Nautilus** (see summary below). We are always looking for investments where we possess genuinely differentiated insights about a business or situation.

New Position: Nautilus

A great example of what we are looking for in the portfolio is **Nautilus, Inc.**, which is an American manufacturer of fitness equipment founded in 1986 and based out of Vancouver, Washington. The company is prominently known for its Bowflex brand of fitness of cardio and strength-training fitness equipment. The company also sells products directly under the Nautilus name, as well as Schwin and Octane Fitness.

For over half of this past decade, Nautilus faced little to almost no competition in the home fitness space. Unfortunately, the company was slow in adapting to a changing competitive environment, especially with regards to digitally connected exercise bikes.

This industry shift was catalyzed by the rise of Peloton's connected bike. Peloton's popularity attracted much investment and interest into the home fitness industry, especially with regards to bikes.

To turn things around, the company revamped the existing product line and even launched a few new ones (like adjustable kettlebells, an industry-first). This was enhanced by a new marketing campaign as well. All of the new products earned great reviews, but the pinnacle was the new Bowflex and Schwinn bikes (which compete with Peloton, NordicTrack, Echelon, etc.), as well as connected treadmills. One key distinction that set Nautilus's product apart from its peers is that the bikes were 3rd party app agnostic. For example, you could use Peloton's app with Nautilus's Bowflex bikes. Whereas Peloton, NordicTrack, and others operate in a closed ecosystem where their bikes only work with their own software.

The new bikes resonated with customers for its clear cut value proposition: at $900, it was the lowest-cost connected bike on the market (with more expensive versions also available but still cheaper than Peloton).

NLS represents an opportunity to take advantage of the secular trend in home gym fitness that is taking place across the United States (as well as other parts of the world). The company has untapped potential, not only in selling to a very underpenetrated market, but also realizing more upside in its own platform through personalized fitness and coaching subscriptions through its JRNY app platform. While the coronavirus has stimulated demand quite a bit, it's not unreasonable for the company to maintain a healthy business, even after those short-to-medium term effects wear off.

We expect the shares of Nautilus to triple over the next 6 months as the market catches up to the company's progress and the valuation gap to the likes of Peloton.