

# STRATEGIC GLOBAL FUND

ARSN 613 886 392 APiR OMF0027AU

MONTHLY UPDATE

February 2020

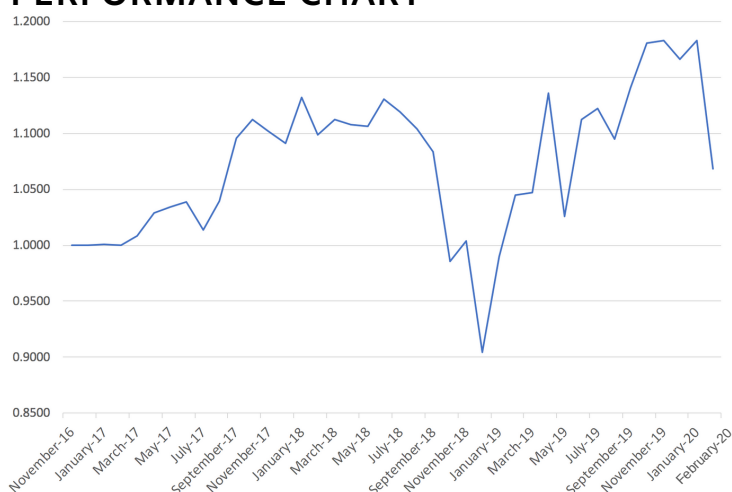
## FUND FACTS

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



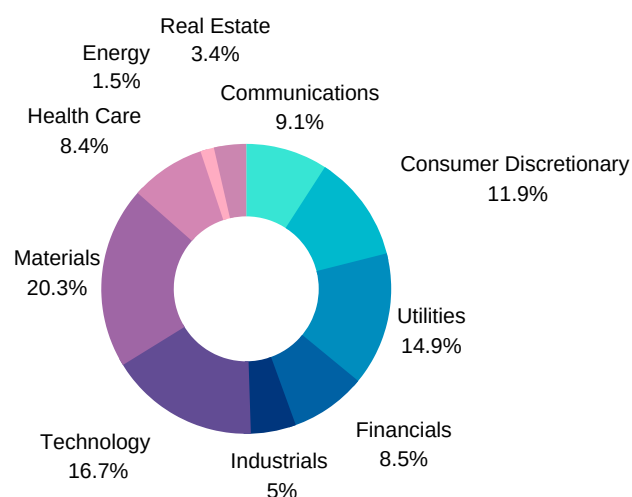
## NET PERFORMANCE

1 Month	-9.70%
3 Months	-9.67%
6 Months	-2.43%
1 year	2.42%
2019 Return	29.20%

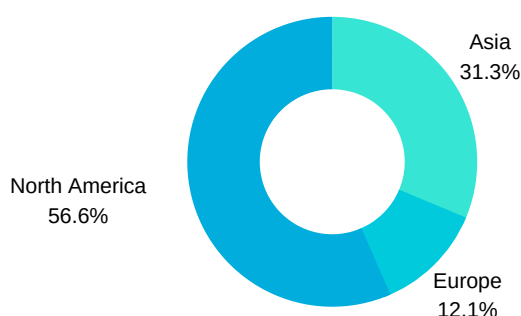
## TOP TEN HOLDINGS

Company	Sector
LKQ	Consumer Discretionary
Sberbank	Financials
3SBIO	Health Care
Bausch Health	Health Care
Sea Limited	Information Technology
Crown Holdings	Materials
Graphic Packaging	Materials
Magnachip	Technology
Nexstar Media Group	Telecommunication
Vistra Energy	Utilities

## INDUSTRY EXPOSURE



## GEOGRAPHICAL EXPOSURE



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01 April 2020

Dear Investors

We write to you to offer our current thoughts and positioning in relation to the recent tumult in the financial markets following the global pandemic outbreak. In the coming weeks, we will be communicating on a more regular basis at the portfolio level. This note is intended as a high level update.

Let us state at the outset that the most important thing is health and that we wish you and your family good health during this challenging time.

It is naturally unnerving to see a paradigm shift occurring in the markets as we have recently witnessed. People have been digesting a new reality of both the pandemic and the range of possible outcomes it will have on the economy. The markets have been distorted further by computer algorithmic trading and the unwinding of passive investment funds (ETFs) which have a dominant impact on trading volumes. The current market conditions are unprecedented in living memory outside of those over 90 years old. 2020 will ultimately rank in financial history alongside events such as the GFC in 2008, the bust of the dotcom bubble as well as earlier crashes.

Since we opened our investment firm 12 years ago, we have lived through various times of market disruption. Each time we have emerged stronger on the other side. Ultimately, the current situation will be the same. We are not epidemiologists and cannot provide guidance as to when the pandemic will pass. We do know that, eventually, the pandemic will pass as all things do. One critical point we will make is that the price movements on a daily basis do not reflect accurate assessments of underlying individual companies' future prospects.

The Fund has declined in lock-step with the market sell-off despite the fact that we feel that our carefully chosen portfolio companies will ultimately prove far more resilient than the average. This lack of early stage performance differentiation is to be expected in the initial phase of a major sell-off. Leveraged and panicked investors sell what they can without discrimination. Based on our previous experiences, we have often been able to outperform subsequently, due to the resilience of our portfolio companies, the steadfastness of our investors, and the identification of new opportunities amidst the sell-off.

Our fund has a few key advantages over many investors. First, we are not leveraged. Given that we don't employ debt, we are not forced sellers and can be patient. We have staying power. Secondly, we have always invested in companies for the long-term. This allows us to invest with a broader perspective. Thirdly, we are prepared for uncertainty. Our investment approach stands us in good stead for the current environment. We specialise in finding long-term investment opportunities that arise from events. The current pandemic is a large event

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that will cause many mispricings in strong companies that will survive and thrive in the aftermath. We are already seeing companies where the market price has become detached from any reasonable assessment of the long-term cash flow those businesses will likely generate.

The current short-term investment outlook is dire. Economic growth depends on people turning their lives over and having jobs. Taking out labour and transport has significant costs on any economy. Balanced against this uncertainty is significant government intervention. At some point, a semblance of normality will return. China is perhaps showing how this might look as Wuhan province emerges from its lockdown. We believe that there will be long standing changes in the world following this event nevertheless.

Many share prices have fallen significantly. As fundamentally driven investors, we assess the long term return potential of our investments at the business level. For a few companies, the current situation means that businesses will face a difficult time going forward and we have taken the necessary portfolio action. In the vast majority of cases, we are seeing businesses whose long term prospects remain strong despite the price drop. We have been very active in the portfolio but maintained a cautious bias. We raised cash holdings to a record level as the prospective impact of the coronavirus emerged. This ensures that we can be nimble and capitalise on opportunities as they arise. Ultimately, bad news is the friend of the long term investor as it allows for the accumulation of better companies at cheaper prices.

Companies that meet our investment criteria include strong balance sheets with the strong likelihood of emerging from the current crisis in better shape than before it as competitors are weakened. There are pockets of businesses that are doing well in the current crisis. For example, given the increased trading volume on the share market, many stock brokerages are doing record business and we are currently researching another beneficiary of this. In the coming weeks, we will post portfolio level updates on our core holdings.

We are in this together with you. We are all working from our home offices and continue to be fully operational. We are here to talk and encourage you to reach out to us. We also will be posting regular updates on our website and urge you to follow this.

Regards,

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