

# STRATEGIC GLOBAL FUND

ARSN 613 886 392 APIR OMF0027AU

MONTHLY UPDATE

February 2021

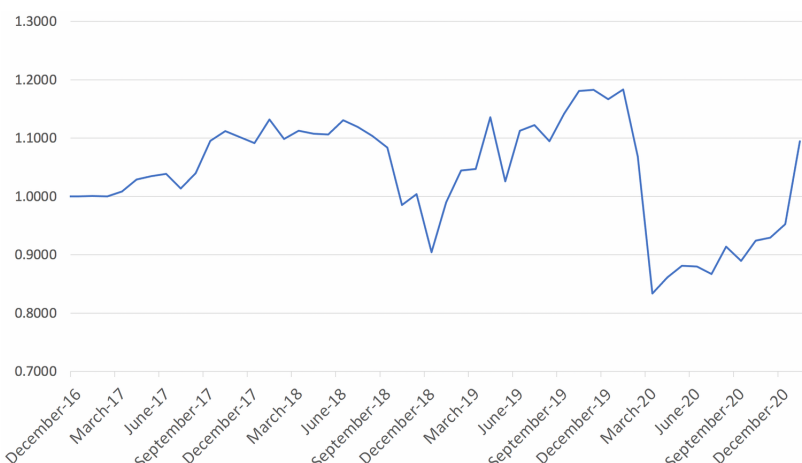
## FUND FACTS

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



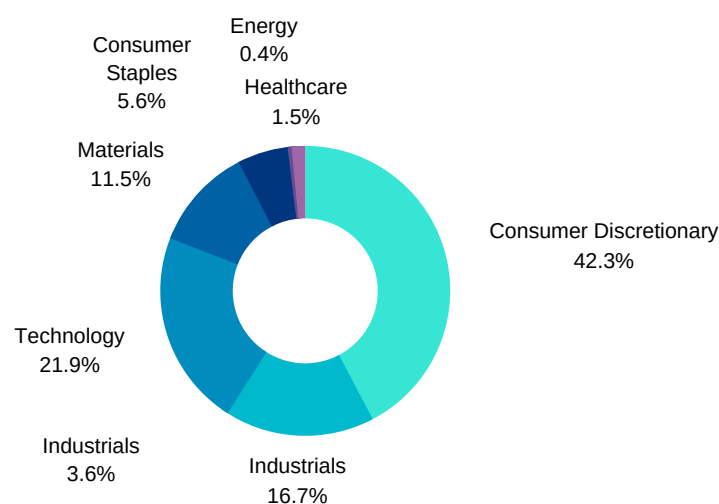
## NET PERFORMANCE

1 Month	-1.27%
3 Months	16.27%
6 Months	18.25%
1 year	1.18%

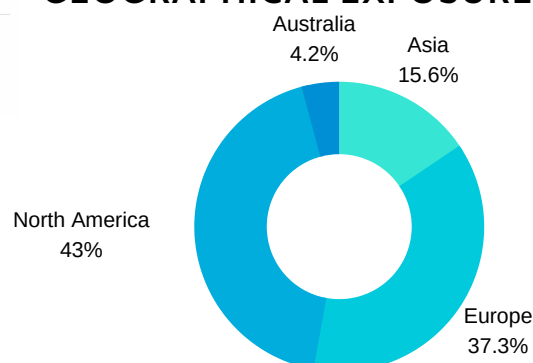
## TOP TEN HOLDINGS

Company	Sector
Betterware	Consumer Discretionary
Enlabs	Consumer Discretionary
Nautilus Group	Consumer Discretionary
Farmae	Consumer Staples
Antares Vision	Industrials
Mo-Bruk	Industrials
Sandstorm Gold	Materials
Franchi Umberto Marmi	Materials
Endor	Technology
Haier Smart Home	Technology

## INDUSTRY EXPOSURE



## GEOGRAPHICAL EXPOSURE



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## SGF February Monthly Update - Commentary

February started strongly for the Fund as certain positions increased in price (notably **Nautilus**) only to quickly retreat from their highs leaving it to finish flat for the month. We sense a rebalancing is due to take place in the market as investors witness the vaccine success in places such as Israel and begin to extrapolate how the world might look as things open up again. With this in mind, we have begun adjusting some of our holdings to better reflect new opportunities, closing certain positions, raising our cash level significantly and building up a few new positions.

We closed the following positions where our price targets were met or our investment thesis had played out:

- **Tuesday Morning** as our price target was met and the company has successfully exited bankruptcy with improved prospects and less onerous leases. The thesis played out exactly as we had expected, only faster. The situation is further testament to the efficient bankruptcy process in the US; typically, if a company deserves to survive, it will come out of the process in better shape, jobs will be saved and it will exit bankruptcy in good shape. The same cannot be said for the corporate bankruptcy process in Australia, which nearly always spells the end of the company.
- **Enlabs** received an increased takeover offer as we predicted was likely to occur in last month's update. Entain has increased its acquisition offer for Enlabs from 40 kr per share to 53 kr. This was a pleasing result in the short term although we would have preferred to remain long term shareholders. Our thanks go to fellow shareholder, Alta Fox Fund, which led the battle for an increased and fairer offer for minority shareholders.

The following portfolio company, **Betterware**, reported full year results that were so good they blew away even our most bullish expectations:

### 2020 Year-Over-Year Operating Results

<b>2020 Revenue</b>	Ps. \$7,260 million	135% increase over 2019
<b>2020 Gross Profit</b>	Ps. \$3,969 million	120% increase over 2019
<b>2020 Gross Margin</b>	54.7%	380 bps decrease over 2019
<b>2020 Selling Expenses</b>	Ps. \$853 million	55% increase over 2019
<b>2020 Operating Margin</b>	29.2%	290 bps increase over 2019

We participated in the Betterware earnings call and were encouraged by strong guidance which we suspect undersells management's expectations given the history of "sandbagging" guidance (under promising and over delivering). Expansion into new markets also bodes well for continuing growth. The company was growing fast prior to the pandemic, which gave it a large boost. We suspect that the shares are in a holding pattern for now as investors wait to see if the

growth continues. Our fieldwork, including monitoring online searches for products and speaking with distributors, strongly suggests the outlook remains very strong.

Please get in touch should you have any queries regarding the February 2021 Fund update. Thanks again for your interest and support and I look forward to providing another update in early April on our performance during March.

Kind regards

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Strategic Global Fund

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