

Fund Update as at 31 March 2019  
CC Marsico Global Fund (APIR: CHN0002AU)

**Fund Benefits**

**Exclusive Australian Access:**

Access to a proven global fund manager not otherwise available to Australian investors.

**Experienced Investment Team:**

Over 18 years managing global growth equity portfolios.

**Differentiated, Diversified Global Investment Opportunities:**

Marsico evaluates companies in industries around the world to uncover quality investments.

**Time-Honoured Philosophy & Process:**

Renowned for fundamental, intensive, hands-on research, Marsico combine “top-down” macroeconomic analysis with “bottom-up” security selection.

**Fund Facts**

Investment Manager	Marsico Capital Management, LLC. ("Marsico")
Portfolio Managers	Tom Marsico, Brandon Geisler & Robert Susman
Structure	Global Equity Fund, unhedged in Australian Dollars
Inception Date <sup>^</sup>	23 February 2016
Benchmark	MSCI All Country World Index, Net in AUD
Management Fee <sup>#</sup>	Base Fee of 1.25% p.a.
Performance Fee <sup>#</sup>	Performance Fee of 10% p.a. outperformance of the Benchmark (net of the Base Fee)
Buy / Sell Spread	0.10% / 0.10%
Distributions	Semi-annual
Fund Size <sup>+</sup>	AUD \$24 million

**Performance (Australian Dollars)**

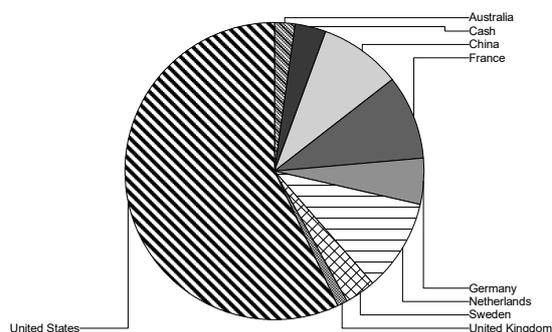
Returns	Fund*	Benchmark**	Active
1 Month	1.97%	1.41%	0.56%
3 Months	13.46%	11.17%	2.29%
FYTD	1.76%	6.15%	-4.39%
1 Year	12.16%	10.79%	1.37%
2 Years p.a.	22.07%	12.49%	9.58%
3 Years p.a.	17.68%	13.65%	4.03%
Inception p.a.	16.76%	13.59%	3.16%

**Top 5 Holdings**

Stock Name	Sector
Amazon.com Inc	Consumer Discretionary
Alibaba Group Holding Limited	Consumer Discretionary
AIRBUS SE	Industrials
Alphabet Inc	Communication Services
Apple Inc	Information Technology

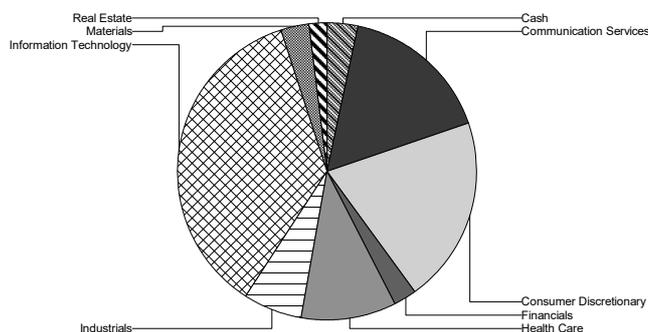
Source: Marsico Capital Management, LLC.

**Country Allocation**



Source: Marsico Capital Management, LLC.

**Sector Allocation**



Source: Marsico Capital Management, LLC.

**Platform Availability**

HUB24

PowerWrap

**Further Information**

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# All figures disclosed include the net effect of GST and RITC. ^ Inception Date for performance calculation purposes. + Fund size refers to the CC Marsico Global Fund ARSN 610 434 896, which is comprised of both Class A and Class B Units. \* Performance is for the CC Marsico Global Fund (APIR: CHN0002AU), also referred to as Class B units, and is based on month end unit prices before tax in Australian Dollars. Net performance is calculated after management fees and operating costs, excluding taxation. This is historical performance data. It should be noted the value of an investment can rise and fall and past performance is not indicative of future performance. \*\* Benchmark refers to the MSCI All Country World Index Net AUD. All data is the property of MSCI. No use or distribution is permitted without written consent. Data provided “as is” without any warranties. MSCI assumes no liability for or in connection with the data.

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### Market Review

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After a difficult fourth quarter of 2018, the first quarter of 2019 saw a strong reversal of sentiment on the back of two major developments. First, and perhaps most importantly, the Federal Reserve changed course during the quarter and now anticipates only one Federal Funds interest rate increase through 2021, which is a stark contrast to the six interest rate hikes U.S. Federal Reserve (‘the Fed’) Chairman Powell discussed in October during his now infamous ‘far from neutral’ speech. Second, there are early indications that China’s aggressive stimulus efforts are working and contributing to a stabilisation of economic conditions. When combined with improved prospects for a comprehensive U.S./China trade deal, the markets appear to anticipate an overall improvement in the Chinese landscape. On a company-specific level, the holdings in the Fund generally reported strong fourth-quarter earnings during the first quarter, and Marsico’s strategy of finding companies that can grow in various economic environments remains their main focus.

For the quarter, the S&P 500 Index gained +12.63% and the NASDAQ Composite Index gained +15.76%. Japan’s Nikkei 225 Index rose +4.82%. Equities in Europe and China followed suit as the MSCI Euro Index was up +8.82% and the MSCI China Index returned +16.64%. The MSCI Emerging Markets Index gained +8.93%.

The price of oil and other commodities rallied during the quarter, with cash prices for West Texas Intermediate crude oil rising by \$15/bbl, after declining 38% in the fourth quarter of 2018. Bond prices rose as the yield on the U.S. 10-year note fell further during the quarter, after dropping significantly in the late stages of 2018. The 10-year yield dropped 28 basis points to 2.40% – lower than yields available on some short-term debt – helping to create an inverted yield curve, which motivated yield-seeking investors to seek higher returns elsewhere. On the economic growth scoreboard, it was announced that fourth quarter 2018 revised U.S. GDP grew at a 2.2% rate on an annualised basis, on track with the 2.2% consensus estimates of economists. This number brought the full-year 2018 figure to 2.9%, just shy of President Trump’s 3% goal. The quarterly GDP growth rate is clearly slowing compared to the booming, tax-fueled early stages of 2018.

As discussed above, the Fed Chairman Powell spoke multiple times during the quarter, re-iterating the Fed’s decision to ‘remain patient’ regarding future interest rate increases. This dovish shift in monetary policy starkly contrasts with his comments in late 2018, when he signaled that the Fed would make three moves to tighten interest rates in 2019, leading some concerned investors to react by indiscriminately selling equities.

Moving outside the U.S., international equity markets also recovered strongly during the first quarter following last year’s sharp drop in global markets. The revival in positive investor sentiment occurred despite a moderation in global economic growth, as reflected in European Central Bank president Mario Draghi’s comments in early March, when he stated that Europe was in ‘a period of continued weakness and pervasive uncertainty’ as he pushed out a planned interest rate hike. In addition, various Brexit plans proposed by the British Prime Minister were repeatedly voted down in Parliament, causing further uncertainty as to the future of the U.K. and its place in the European Union.

Moving to China, in spite of a reported 20% drop in Beijing exports, sharp rallies in Chinese stocks suggest that investors’ fears of a sharp slowdown and a worsening trade conflict have all lessened. In a show of good faith, President Trump decided to extend a March 1 deadline for an increased round of tariffs and pushed back his planned meeting with President Xi until late April. Secretary Mnuchin and Ambassador Lighthizer reportedly made good progress in a round of meetings in Beijing in late March and early April, although the process of reaching a deal appears to be taking longer than anticipated.

In terms of the underlying dynamics of equity market performance, growth-oriented stocks had the upper hand and outperformed their value counterparts as the MSCI ACWI Growth Index and the MSCI ACWI Value Index posted returns of 13.46% and 8.92%, respectively.

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### Market Outlook

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2019 is off to a very strong start, largely on the back of what Marsico perceive to be improved monetary policy decisions and better signals that the global economy, though slowing from elevated levels in 2018, remains relatively healthy. As concerns over these two factors dissipate, Marsico expects positive sentiment toward the equity markets to persist.

In particular, and most importantly, after a period of growing concern that the Federal Reserve was going to make a policy error surrounding interest rates and the unwinding of assets from its balance sheet, Chairman Powell and the Fed have aggressively reversed course during the quarter. The Fed presently anticipates only a single interest rate increase through 2021 and expects its balance sheet to stabilise at approximately \$3.5tn. Taken together, these adjustments, along with similar actions by authorities across Europe and Asia, have contributed to a loosening of financial conditions around the world.

As a case in point, after a period of slowing progress in 2018, there are indications that China's aggressive stimulus efforts are working to stabilise the Chinese economy, which has been struggling to find footing once it began its shift from an infrastructure-led economy to a more consumer- and technology-driven economy. These developments, when combined with slow, yet positive progress reports for a comprehensive U.S./China trade deal, have led markets to look more favorably at Chinese investments, as evidenced by the recent strong performance of certain major Chinese indexes.

As the Fund transitions into the second quarter and ultimately the second half of the year, Marsico is closely monitoring these and other developments. Marsico are positioning the Fund to navigate day-to-day volatility and shifting sentiment across markets, while striving to produce strong long-term performance. Marsico continues to stress-test positions of the Fund across various scenarios and remain cognisant of how exogenous factors can affect performance and valuation of individual stocks.

As evidenced by the rapidly changing political and macroeconomic backdrop, Marsico continues to focus their research process and Fund allocation on positions that they believe can grow earnings and cash flow in various economic environments. Marsico also maintains their belief in generally skewing the Fund toward companies that benefit from secular tailwinds around demographics and digital transformation.

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