

Fund Update as at 30 September 2020
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 [^]	23 February 2016
Benchmark	MSCI All Country World Index, Net in AUD
Management Fee [#]	Base Fee of 1.25% p.a.
Performance Fee [#]	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 ⁺	AUD \$35 million

Performance (Australian Dollars)

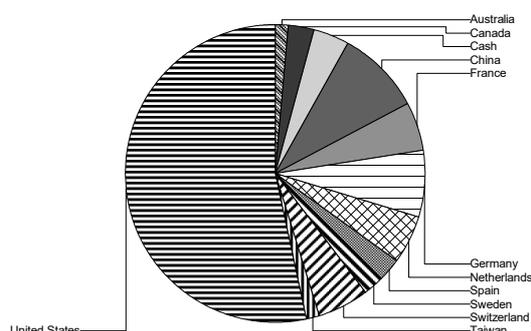
Returns	Fund*	Benchmark**	Active
1 Month	-0.37%	-0.15%	-0.23%
3 Months	6.99%	3.87%	3.12%
FYTD	6.99%	3.87%	3.12%
1 Year	31.67%	3.93%	27.74%
2 Years p.a.	15.94%	6.32%	9.63%
3 Years p.a.	21.79%	10.40%	11.39%
Inception p.a.	19.82%	11.98%	7.85%

Top 5 Holdings

Stock Name	Sector
Alibaba Group Holding Limited	Consumer Discretionary
Amazon.com Inc	Consumer Discretionary
Microsoft Corporation	Information Technology
Facebook Inc	Communication Services
NVIDIA Corporation	Information Technology

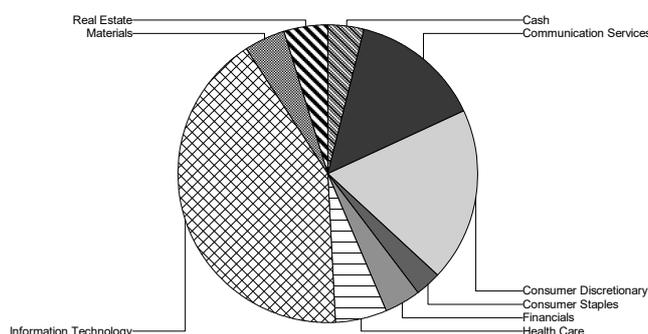
Source: Marsico Capital Management, LLC.

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. Individual investor level taxes are not taken into account when calculating returns. 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

Coming off one of the biggest drops in economic activity in history during the second quarter, we opened the third quarter with a strong recovery in both economic indicators and equity markets in general. However, as we sit here today, COVID-19 cases are increasing in Europe and many parts of the U.S., the President and numerous White House staff have recently tested positive for the virus, another fiscal stimulus package has reached a stalemate, and we are witnessing continued social unrest ahead of the approaching Presidential election. In spite of these September headwinds, equity markets posted a strong positive quarter.

Given the impact the COVID-19 pandemic has had on our lives over the past several months, Marsico have been monitoring various data points on a daily basis related to the progression of the virus. These include: the number of new positive cases, the percent of tests coming back positive, hospitalisations, and overall hospital capacity. Marsico tracks these data at the country, state, and municipal level. Interestingly, from mid-June to the end of July, Marsico saw daily case growth and hospitalisations more than double, and while new cases surpassed the prior peak in the first quarter, peak hospitalisations remained similar. Marsico believes this can be attributed to improvements in treatments and testing, a better prepared health care system, and younger, generally healthier age cohorts representing a larger percentage of those testing positive. During August, positive cases and hospitalisations came down considerably. However, Marsico is seeing signs of a resurgence in positive case growth, primarily in Europe and in several U.S. regions, which they will continue to monitor. By performing these analyses, Marsico have sought to position the Fund to reflect the impact that changes in the progression of the virus may have on the portfolio holdings.

In fiscal policy news, politicians continued to jockey over a stalled fifth COVID-19-related relief package. All in, the proposed price tag is now estimated to be in the \$1.6 trillion range. Although a pre-election compromise on an entire relief package doesn't appear likely, as of this writing smaller relief legislation targeted at particularly vulnerable industries, such as airlines, is being discussed. Although the two sides appear to remain far apart when it comes to the size, scope and timing of a comprehensive stimulus bill, Marsico expects an eventual compromise on a package, or another significant package post-election.

On the monetary side, Federal Reserve Board Chairman Powell stressed that the Fed remains committed to using its tools to do what it can, for as long as it takes, to ensure the economic recovery will be as strong as possible. He also reiterated that, despite the extent of the recovery thus far, the path ahead for the economy remains "highly uncertain." Powell has repeatedly said that more fiscal support is needed, and that "even if policy actions prove to be greater than needed, they will not go to waste."

On the health care front, in addition to antiviral drugs such as Gilead Sciences' Remdesivir which have become more widely available, Marsico witnessed continued progress on the race for a vaccine. In late September, Johnson & Johnson announced that it has begun phase three trial testing of its potential Coronavirus vaccine. J&J is the fourth drugmaker backed by the Trump administration's vaccine program "Operation Warp Speed" to enter late-stage testing. The trial will enroll up to 60,000 adult volunteers across 215 locations in the U.S. and other countries. This development coincides with President Trump's announcing that the U.S. could find a safe and effective vaccine by the end of October and have enough vaccine doses to inoculate every American by April, although some health care experts are skeptical that those goals can be met.

In terms of the underlying dynamics of equity market performance, growth equities significantly outperformed their value equities in the quarter, as the MSCI ACWI Growth Index and the MSCI ACWI Value Index posted returns of 7.58% and -0.13%, respectively.



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Market Outlook

As mentioned last quarter, Marsico continues to believe that global economies will experience a “two steps forward, one step back” COVID-19 recovery scenario, where advances in testing and the medical field will be offset by regional outbreaks of the virus like those occurring now in some countries, which may act as a governor on growth. To be sure, over the past several months in the United States and many regions of the world, Marsico have witnessed an improvement in economic activity from second quarter lows as evidenced by declining unemployment rates and rising retail sales, industrial production and various measures of mobility. That said, overall economic vitality still remains well below 2019 levels, and as the U.S. transitions through the winter months Marsico would not be surprised to see increased volatility in these measures as certain sectors of the economy are more significantly impacted than others. Against this backdrop, Marsico is eagerly awaiting the approval of various medical therapeutics to treat COVID-19, such as polyclonal antibodies, and ultimately a vaccine over the next several months which should significantly alter the pandemic curve across the globe and shape the investing environment over the next 24 months.

Adding to intrigue this year, as Marsico analyses the uncertainty surrounding the U.S. election cycle they are not just focused on who will be the next President of the United States, but in particular on the balance of power in the U.S. Senate, as a potential “Democratic Sweep,” should it occur, would likely have significant implications for investors. Marsico foresee several market-related impacts from this outcome such as: increased stimulus focused on infrastructure, reduced civil unrest, more “moderate” policies, and less uncertainty in general. In addition, under this scenario, Marsico forecasts a more positive vision of government and its role within society. No matter the outcome, rest assured that they will seek to make appropriate adjustments. Marsico maintains their view that a portfolio of appropriately-valued, high-quality, innovative growth franchises focused on the evolving digital economy will drive disproportionate outperformance over time.

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