BEULAH CAPITAL

International Equities Portfolio

Quarterly Fact Sheet | December 2020

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Investment Approach

Our strategy is based on a fundamental bottom-up stock analysis to identify and select quality growth companies with sustainable business models and proven management teams, focused on the creation of shareholder return.

INVESTMENT STRATEGY

Concentrated Approach – Franklin Templeton's investment team focus on risk-adjusted returns, rather than benchmark-relative returns. Therefore, we achieve a portfolio of unconstrained, high quality companies.

The portfolio's focused approach and fundamental research requires the team develop a high level of conviction in every investment.

Universe

This portfolio will hold the equity securities of approximately 20 different companies. No single security will exceed 10% of the market value of the total portfolio at the time of purchase

The portfolio may be invested in countries that are not included in the MSCI World ex-Australia Index up to 20% of the market value of the total portfolio value at the time of purchase

INVESTMENT CATEGORY
International Shares

MINIMUM INITIAL INVESTMENT
$50,000 on a standalone basis

MINIMUM SUGGESTED TIME FRAME
7+ Years

Performance

International Equities Portfolio

	3 Months %	6 Months %	1 Year %	3 Years %	5 years %	Incept %
Portfolio Return	9.04	15.12	36.63	27.38	21.19	20.37
MSCI World ex-Aust. Index	5.68	9.68	5.73	11.16	10.94	10.24
Relative Performance	*+3.36*	*+5.44*	*+30.90*	*+16.22*	*+10.25*	*+10.13*

Performance Notes
1: As of 30 June 2017. Performance shown is net of Investment Management Fee but before Platform fee
2: Past performance is not an indication of future performance
3: Returns and holdings will vary between investors given the nature and timing of beneficial ownership under a SMA structure
4: Returns greater than 12 months are annualized
5: Inception date is 30-11-2015

Top 10 Stock Holdings

Company	Allocation %
CAE Inc	6.39
Aptiv Plc	6.33
Mercadolibre Inc	6.03
Partners Group Holding Ag	5.50
DSV Panalpina A/S	5.42
Zebra Technologies Corp	5.40
Intercontinental Exchange Inc	5.27
Synopsys Inc	5.13
Danaher Corp	5.12
Verisk Analytics Inc	5.01
Total	**55.60**

Holdings as at 31 December 2020

Portfolio Commentary

Global stock markets rose in the fourth quarter of 2020, as vaccine approvals in the United States and Europe raised hopes that the pandemic would be brought under control over the course of 2021. Although the economic data has continued to recover from the lows of the spring, the recent surge in COVID-19 cases across Europe and the United States has raised concerns about a near-term slowdown in activity. Meanwhile, US policymakers reached a US$900 billion stimulus deal in December, which may help support the US economy over the coming months. Additionally, the market finally rotated back into value stocks after a prolonged period of outperformance by growth stocks.

During the fourth quarter, the portfolio outperformed its benchmark, the MSCI World ex Australia Index, as stock selection, notably in the Consumer Discretionary, Industrials and Information Technology sectors, contributed to relative performance.

MercadoLibre, Inc., a Latin American online marketplace operator, supported relative returns in the Consumer Discretionary sector, as its marketplace has seen robust activity during the pandemic and consumers across the region make greater use of its shipping and payment services. Elsewhere, global auto parts manufacturer Aptiv PLC contributed to relative results, helped by a pickup in vehicle production. We expect demand for Aptiv's component systems used in vehicle electrification and active safety to increase over the longer term.

Canada-based Industrials stock CAE Inc., a flight simulator manufacturer, boosted relative returns. We believe the company is well positioned to benefit from increased demand for its simulators over the medium term, both for outsourcing in commercial aviation and opportunities within the business jet market.

US-based Information Technology stock Zebra Technologies Corp., which makes scanning and printing equipment, aided relative results. The company saw strong demand for its products during the third quarter, as the pandemic has seen companies, particularly within the logistics industry, continue to adopt technology in order to better manage and analyse their assets.

In the Financials sector, Switzerland-based alternative asset manager Partners Group Holding AG aided relative returns, helped by optimism about an eventual rebound in the global economy and markets due to the positive COVID-19 vaccine news.

Conversely, stock selection in the Health Care, Materials and Financials sectors hindered relative returns. US-based Health Care stocks Regeneron Pharmaceuticals Inc., a biotechnology company, and Danaher Corp., a medical technology company, hindered relative returns. Danaher has seen strong growth in its life sciences and diagnostics businesses, due to pandemic-related demand for testing equipment.

In the Information Technology sector, US-based salesforce.com Inc., a cloud customer relationship management firm, undermined relative performance. Though salesforce.com's stock price faltered after a major European enterprise software company raised concerns about cloud services adoption, we believe the company's recent results show that growth has remained robust and that its clients continue to embrace digitisation. The company's recently announced acquisition of communications service Slack also weighed on the stock.

China-based tutoring services provider TAL Education Group detracted from relative results in the Consumer Discretionary sector. The company's in-person tutoring services business has been slow to recover from the lockdowns earlier in the year, but the less profitable online business has been much more robust.

In the Industrials sector, Denmark-based logistics provider DSV Panalpina A/S detracted from relative performance. Despite the ongoing economic weakness due to the global pandemic, DSV Panalpina's business has remained resilient and its air and sea freight business has been recovering from the lows earlier in the year.

Sector allocations boosted relative results, with a lack of exposure to Consumer Staples and an overweight in Industrials contributing. A lack of exposure to the Energy and Communication Services sectors detracted from relative performance. Regionally, security selection in North America and the United Kingdom contributed, while security selection in Europe limited relative returns.

Outlook

The rotation to value in the December quarter was a headwind for performance across our strategies, with the lack of exposure to Energy and an overweight in the underperforming Health Care sector dampening relative performance. Beyond the value shift, we saw some of the strategies' stronger performers over the first nine months of the year lag as markets looked ahead to a potentially brighter 2021 when economic activity could begin to normalise as vaccination rates increase. In our portfolios, we saw travel-related companies, live events organisers and retail stocks begin to recover on hopes for improved prospects. Conversely, some of our more defensive stocks and those that benefited from secular growth trends like e-commerce and cloud computing earlier in the pandemic underperformed during the quarter after their strong showing earlier in the year. While many of these trends accelerated during the pandemic, we see them continuing long after the global pandemic is over as online shopping and remote working have gained an even firmer toehold. Furthermore, those companies in areas like autonomous driving and clean technology should remain a bright spot over the longer term.

We noted in our letter last quarter that we did not see a rotation to value on the horizon. Perhaps in hindsight, we should have been clearer. What we believe is not on the immediate horizon is a sustained, longer-term rotation to value. However, given the style's underperformance, no one should be surprised by a strong month in a rebalancing trade. As mentioned last quarter, interest rates are not going up in 2021 in any meaningful way and the demand for oil due to a recovery in the travel related sectors is at least three quarters away, in our view. In a similar vein, investors should not be surprised by a broad-based correction in equity markets sometime in 2021, particularly given how strong they have been despite the global pandemic.

The markets also face continued global tensions in places like Iran and North Korea. Trade issues between China and the United States are tense and the new administration will need to tread carefully on unwinding tariffs and finding meaningful ways to improve the relationship, in our view. The news of an unprecedented hacking, allegedly by the Russians, in which they infiltrated many US government agencies and several major corporations also does not foretell a de-escalation of antagonism between the two countries. We expect the new administration to make a concerted attempt to re-build European relationships before tackling the Russia issues head-on.

As always, we plan to navigate 2021 as we have done throughout our history, by focusing on quality companies with proven management teams that we believe can thrive in these uncertain times.