BEULAH CAPITAL

International Equities Portfolio

Quarterly Fact Sheet | March 2019

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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 %	Incept %
Portfolio Return	20.89	4.02	16.35	18.56	13.60
MSCI World ex-Aust. Index	11.50	-0.87	12.30	13.72	9.51

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 %
MercadoLibre	6.66
Koninklijke DSM	6.44
Verisk Analytics	6.11
Danaher Corporation	6.06
Signature Bank	5.63
DSV	5.43
Regeneron Pharmaceuticals	5.39
Intercontinental Exchange	5.25
CoStar Group	5.20
Shopify	5.15
Total	**57.32**

Holdings as at 31 March 2019

Portfolio Commentary

Despite the market tumult of the past two quarters, global equity investors that slept through the past six months would have awoken to find markets in late March right where they were at the end of September. And they'd see little change to overall economic and earning fundamentals. We believe the market swings seen over the fourth quarter of 2018 and first quarter of 2019 may prove to just be another sign of the new normal in equity markets following the global financial crisis of 2008-09. Markets over the past decade have been somewhat random and follow-the-leader in nature, with macroeconomics and geopolitics having greater sway than corporate fundamentals. As much as the fourth quarter in global stock markets was about higher volatility, risk-off sentiments, and an inclination to sell everything and run for cover, the first quarter of 2019 was the reverse. Volatility subsided, investors were interested in risk assets and willing to buy everything in blind optimism before the pace of the rally eased in March.

All in all, the 13% drop in global equities, as measured by the MSCI World Index in US dollar terms, in the fourth quarter was all but reversed by a 14% rally in the first quarter. Both the fourth-quarter decline and the first-quarter rebound had significant breadth. All regions and sectors ended the first quarter in positive territory during the quarter, with Information Technology leading the way on 20% jump. More defensive names in the Health Care sector and the Financials sector lagged, each returning around 8.5%.

One of the reasons for the market declines in the fourth quarter was the Fed's commitment to normalize US interest rates. Language in its fourth quarter statement implied that rates would be adjusted higher one or two more times in 2019. Fed policy shifted in January for reasons both political and economic. The White House had been making noise about the rate hikes, while data suggested the economic outlook was becoming more mixed. Market expectations moved away from two rate increases to the potential for a rate cut this year, as employment and gross domestic data showed a US economy running out of steam.

The Brexit saga also continued to rumble on during the first quarter, further proof that the UIK government is unable to sort out this divorce from the European Union despite three years to figure it out. At quarter –end we continued to see no clarity on how Brexit ended and what the long-run impact will be on the UK economy. A second referendum on Brexit seems highly likely to us at this stage, but nothing is certain since parliament had been unable to agree on alternatives to the government's withdrawal agreement. Meanwhile, Continental European data in the quarter showed more pronounced regional economic weakness.

Despite the growing economic concerns, many of our portfolio holdings continued to post strong earnings growth and stocks that we believe were unfairly caught up in the fourth-quarter selloff recovered nicely during the first quarter. We saw notable strength in our emerging-market Consumer Discretionary holdings. Structural trends such as urbanization and rising consumer spending have underpinned growth for many of these holdings. While markets overall may struggle to make much progress after a strong first quarter, given the economic and political uncertainties, we believe quality growth companies able to take advantage of structural growth trends should create value over the longer term regardless of the broader market and economic environment.

And after a strong first quarter rally, equity markets look likely to take a pause in the near term. Data flows suggest to us there was a fair amount of adverse selling in the fourth quarter, with flows reversing themselves in the first quarter of 2019. Selling stocks at the lows only to buy them back in a rising market, we believe could prompt investors to pause so they can put in some distance from recent and hard to explain, market swings.

Economic data are also likely to keep investors sidelined. Economic fundamentals point towards a deceleration in global economic growth which we expect will carry over into a slowdown in global earnings growth. For markets to move much higher, we believe they will need to be able to look through this slowdown. The overall political environment in both the United States and Europe could make such a move higher more difficult, in our view.

During the quarter, the portfolio outperformed its benchmark, the MSCI World ex Australia Index, as stock selection, mainly in the Consumer Discretionary and Industrial sectors, contributed to relative returns. Several Consumer Discretionary sector holdings lifted relative performance, as concerns about the health of the global consumer eased and companies continued to show strong growth. Argentina based online marketplace operator MercadoLibre Inc. and China-based tutoring services provider TAL Education Group boosted relative performance. MercadoLibre continues to post robust growth, as more consumers use its platform and its payment and shipping services. TAL Education, meanwhile, is seeing continually strong demand for its tutoring services across China.

Shopify Inc, a Canada-based maker of software for retailers supported relative performance in the Information Technology sector. Demand has been strong for the company's products and services among small-and-medium-sized retailers, and the company is making a push into the enterprise and international markets to drive further growth.

Industrials stock CoStar Group Holdings Inc., a US-based real estate data and analytics firm, supported relative performance helped by strong revenue growth and margin expansion in its latest quarter. CoStar also forecast robust growth for 2019.

Koninklijke DSM NV, a Netherlands-based nutritional ingredient manufacturer, contributed in the Materials sectors. The company has made a couple of acquisitions in recent months, which we believe will smartly expand its presence in the Vitamin E and pectin markets. The pectin acquisition will also give DSM a bigger presence in Asia.

Conversely security selection in Information Technology and Communication Services weighed on relative returns. Information technology sector detractors included UK-based cybersecurity firm Sophos Group PLC and US-based public sector software provider Tyler Technologies Inc. Sophos has seen a slowdown in bookings in recent quarters after a period of much more robust growth. Tyler Technologies reported slowing growth in its fourth quarter and is investing in new products, but should see stronger longer term growth, as demand from the public sector for its software remains firm.

In the Communication Services sector, CyberAgent Inc., a Japan-based advertising, gaming and media company, weighed on relative performance. The company has seen lacklustre growth in its advertising and gaming business recently, but better results in its media operations. We are optimistic about CyberAgent's position in the advertising and gaming industries, and see long-term potential in its digital video business.

Detractors in the Financials sectors included US-based financial exchange operator Intercontinental Exchange Inc. and Belgium-based bank KBC Groep NV. KBC Groep is well-positioned both in its home market, Belgium, where iy is seeing healthy growth and benign credit trends, as well as in markets abroad, Including the Czech Republic and Ireland, where it can achieve faster growth rates.

Sector allocations were modesty beneficial for relative performance, as an overweight in Information Technology buoyed relative returns. A lack of exposure to Real Estate was a marginal drag on relative returns. Regionally, stock selection in North America and emerging-markets exposure boosted relative performance.