



VMAPS

INTRODUCING BENNELONG AUSTRALIAN EQUITY PARTNERS

A proven boutique fund manager,
employing a research-intensive and high
conviction investment approach.

VENTURA FM

Ventura Investment Management Ltd (Ventura) has been managing client portfolio's in Australia for more than 15 years. Ventura has appointed Bennelong Australian Equity Partners (BAEP) as the specialist investment manager for the Ventura Bennelong Australian Core Equity Model.

BAEP is a boutique fund manager focused on investing in Australian listed equities. The business was founded in 2008 by Mark East in partnership with Bennelong Funds Management, and is an award winning and highly rated fund manager. As Chief Investment Officer, Mark East is responsible for the five funds BAEP manages on behalf of its retail and institutional clients.

INTRODUCING BAEP

Bennelong Australian Equity Partners (BAEP) is an impressive funds management boutique which is majority (60%) staff owned. The group was created in partnership with Mark East and Bennelong Funds Management in July 2008. East acts as the group's CIO and is the key investment decision maker.

BAEP operates under a flat organisational structure with all team members contributing to the investment decision making process. This model has been deliberately adopted to ensure a collaborative effort and avoid a hierarchical structure. The BAEP investment team; collectively have experience in portfolio management, fundamental & quantitative analysis, investment strategy analysis, trading & execution. The team is supported by a series of constant checks and balances in the business and investment process.



Philosophy

BAEP's broad investment philosophy is to invest in quality companies, with strong growth prospects, and the earnings strength to meet or exceed earnings expectations, where the stock is mispriced, typically because the market underestimates the quality or growth prospects.

This approach to investing is premised on the following:



Earnings outperformance leads to investment outperformance



Investment in mispriced opportunities leads to investment outperformance



Quality companies tend to outperform over time, in part because they tend to be the most likely to achieve earnings outperformance



It pays to be selective, so to invest only in the genuinely worthy investment opportunities

BAEP'S APPROACH TAKES ADVANTAGE OF THE FOLLOWING MARKET INEFFICIENCIES:

- Investors can often be singular in their approach to investing, focusing on either a qualitative, quantitative or macroeconomic approach. By employing a multi-disciplinary approach, BAEP can consider the risks and opportunities from a number of angles.
- The market invests based on stories and acts on information. Instead BAEP undertake extensive field research that drills into the reality rather than the story. In addition, they only act on research and deep understanding rather than just information.
- The market tends to consistently undervalue quality companies with long-duration growth. In particular, it undervalues the compounding of earnings growth over long time periods.
- The market often focuses on the short term. BAEP consider both the short term through their focus on near-term earnings, as well as on the medium-to-long term through the focus on quality and longer term earnings prospects.
- The market is, in general, overly optimistic in respect to earnings expectations. BAEP spend considerable time testing the earnings of the companies that they invest in or that they might invest in.
- BAEP's approach is to look for inefficiencies at the stock level, where the market underestimates the quality and/or growth of a particular company as against their more favourable view. They attempt to find these opportunities by undertaking their own field research to gain proprietary and differentiated insights, understanding and forecasts. BAEP believe that the market is often not willing to undertake the effort.

Tax considerations are just a part of the investment process, and do not ordinarily direct investment decisions in and of themselves.

PROCESS & PORTFOLIO

BAEP actively manages funds according to a fundamental bottom up ‘core’ investment style. While there is a bias towards quality, BAEP will target companies that exhibit an attractive combination of quality, growth and value attributes.

BAEP’s investment process is based on a fundamental bottom-up approach with the core of the process focussed on extensive on-the-ground and other proprietary research and analysis. We operate a multi-disciplinary approach in which quantitative, macroeconomic and market strategy research supports the fundamental approach. It is used in identifying ideas, assisting in better understanding the companies we research and an outlook for their earnings drivers, and assisting in risk management in the portfolio construction process. Quantitative, macroeconomic and market strategy research will never dictate a decision to invest. It is supportive only, with the bottom-up research on a particular stock ultimately driving investment decisions.

The formal stages of the process are:



For further information on VMAPS, please contact your VenturaFM representative or contact us on 1300 738 421 or go to www.venturaFM.com.au

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