

# Ventura Bennelong Australian Equities Core Model



vMAPs Model Profile | May 2017

## Commentary

The stock market came to difficulties in May, which can be mostly explained by weakness in the Banking sector. However, the portfolio did well in limiting the damage. The market returned -2.74%, whilst the portfolio returned -0.94%. Over the longer term, the portfolio continues to outperform the market and deliver very attractive returns for our clients. Stocks within the portfolio generally held up well despite the difficult market. Leading the contributors was Aristocrat, the slot machine manufacturer. Aristocrat reported its first half financial results (the half year financial period ended 31 March). It was able to report earnings growth of 49% for the half, which was ahead of expectations, and to reconfirm earnings guidance for the full year of 20%-30%. In the context of strong first half earnings result and the strong momentum within the business, this guidance looks conservative. The stock reacted positively to the result.

Other contributors to the portfolio's outperformance were Treasury Wine Estates, Fisher & Paykel Healthcare and Reliance Worldwide. Also contributing was an underweight exposure to the Banking sector. The Banking sector was hit during the month, starting with a lackluster first-half reporting season for the sector, heightened talk of a housing bubble and possible collapse, and the proposed introduction of the bank levy in the Federal Government's annual Budget. The Banking sector fell almost 10%, with ANZ down 12.2%, Westpac down 10.4%, CBA down 8.9% and NAB down 8.6%.

It appears that many fund managers are quite cautious at present. This is reflected in high and increasing levels of cash within their equity funds. At some stage, this will need to be reinvested back into the market, and this should give some support to equity prices.

## Model Composition 31/05/2017

Asset Class	Australian Core	
	Index	Actual
Consumer Discretionary	5.2	23.8
Consumer Staples	7.2	13.3
Energy	4.4	0.0
Financials exProperty Trusts	36.4	26.0
Property Trusts	8.8	0.0
Health Care	7.1	19.9
Industrials	7.5	7.1
Information & Technology	1.3	0.0
Materials	16.0	3.9
Telecos	3.9	0.0
Utilities	2.4	2.1
Cash	0.0	4.0
	100.0	100.0

## Model Performance

31/05/2017

Period	Income	Growth	Total
<b>Underlying Model Manager Capability</b>			
1mth	0.00	-0.94	-0.94
3mth	7.55	-2.00	5.55
6mth	8.71	0.91	9.62
1 yr	9.90	4.56	15.25
3 yr pa	9.10	-0.74	8.38
5 yr pa	6.78	5.41	12.08
Inception Date (Bennelong)	30/01/2009		
Inception Date (Ventura)	1/10/2016		

**Note:** The Ventura Bennelong Australian Equities core model became available for investment on the 3 October 2016. The performance shown is indicative only and may vary to actual investor performance due to investment model trading requirements at the individual investor account level. To provide a longer term view of this Model's performance we have shown returns from the underlying Model Manager which has been managed on the same basis.

## Top Holdings

31/05/2017

Security	Portfolio
1 WESTPAC BANKING CORPORATION FPO	9.8
2 CSL LIMITED FPO	9.6
3 ARISTOCRAT LEISURE LIMITED FPO	9.1
4 NATIONAL AUSTRALIA BANK LIMITED FPO	7.3
5 TREASURY WINE ESTATES LIMITED FPO	6.1
6 FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED FPO FOREIGN EXEMPT NZX	5.3
7 DOMINO'S PIZZA ENTERPRISES LIMITED FPO	5.1
8 BWX LIMITED FPO	5.0
9 RAMSAY HEALTH CARE LIMITED FPO	5.0
10 RELIANCE WORLDWIDE CORPORATION LIMITED FPO	4.6
11 MACQUARIE GROUP LIMITED FPO	2.9
12 BHP BILLITON LIMITED FPO	2.7
13 TRANSURBAN GROUP ORDINARY SHARES/UNITS FULLY PAID TRIPLE STAPLED	2.6
14 HENDERSON GROUP PLC. CDIS DEFERRED SETTLEMENT	2.5
15 COMMONWEALTH BANK OF AUSTRALIA. FPO	2.4
16 COSTA GROUP HOLDINGS LIMITED FPO	2.1
17 FLIGHT CENTRE TRAVEL GROUP LIMITED FPO	2.1
18 THE STAR ENTERTAINMENT GROUP LIMITED FPO	2.1
19 AGL ENERGY LIMITED. FPO	2.1
20 BREVILLE GROUP LIMITED FPO	1.7

## Model Details

<b>Objective:</b>	Outperform S&P/ASX300 Accumulation Index by 2%pa (net of fees) over rolling 3yr periods.
<b>Suggested timeframe:</b>	7yrs
<b>Number of securities:</b>	20-60 stocks
<b>Estimated max. turnover:</b>	<75% (typically 50%)
<b>Model Management Fee:</b>	0.70%pa
<b>Active stock limits:</b>	+/-6%
<b>Cash limit:</b>	0-10%

## About Bennelong Australian Equity Partners

Bennelong Australian Equity Partners (BAEP) is a boutique fund manager that invests in Australian listed equities. The business was founded in 2008 by Mark East in partnership with Bennelong Funds Management. It is now established as an award winning and highly rated fund manager. BAEP manages funds on behalf of retail and institutional clients, as well as on a pro bono basis for charitable organisations.

## Investment philosophy

BAEP believes that high quality companies with solid growth prospects are best positioned to grow value over time. The team also believes that stocks are generally priced to reflect the market's expectations of future earnings, and that it is companies' earnings performance relative to expectations that drives investment returns. BAEP seeks to invest selectively in those companies whose earnings growth potential is underestimated by the market. An actively managed portfolio comprising a hand-picked selection of stocks with prospects that are potentially more favourable than perceived should deliver attractive returns over time.

## Investment style

Managing funds actively and according to a fundamental 'core' style, BAEP does not confine itself to selecting stocks according to any one investment approach. Instead, the team focuses on companies that exhibit an attractive combination of quality, growth and value attributes, with an underlying bias towards quality.

## Investment process

BAEP's investment process is based on fundamental bottom-up stock picking. At its core, BAEP's process has a focus on extensive on-the-ground and other proprietary research and analysis that includes a comprehensive program of meetings and engagement with listed companies, their competitors, suppliers, customers, regulators, and other relevant industry contacts. Individual stock analysis and portfolio construction is supported by macroeconomic and quantitative research and insights.

## About Ventura

Ventura Investment Management Ltd (Ventura) has been proudly managing the asset of Australian investors for over 15 years. Our mission is to assist all Australians in establishing and maintaining financial independence that will allow our investors to achieve what is most important to them. To deliver this, we have created three series of investment solutions that can be tailored to individual circumstances and goals. Through our scale and expertise, our investors gain access to some of the world's leading asset managers. Whether you're starting out, a sophisticated investor, or anywhere in between, we have professionally managed investment solutions that help ease the burden of the four key areas to building and maintaining investment portfolios: research, blending of selected assets, monitoring selected assets for quality and valuation and implementation.

## About vMAPs

Ventura Managed Account Portfolios (vMAPs) is a next generation portfolio management solution that can be tailored to individual investor circumstances and goals. Through our scale and experience, our investors gain access to the thoughts and expertise of the world's leading asset managers. Supported by professional financial advice, vMAPs offer investor benefits of:

1. Beneficial ownership of the investments in their portfolio (including payment of dividends)
2. Personal tax positions (including franking credits)
3. Transparency of portfolio holdings with quality online reporting
4. Low cost trading of portfolio holdings
5. Professional portfolio construction and management

With no minimum investment amount, the vMAPs solution offers choice of insurer and is available for Superannuation & Pension, or as ordinary, Non-Superannuation monies (including Self-Managed Superannuation Funds).

**For more information speak to your financial adviser.**

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