



# VENTURA BENNELONG AUSTRALIAN EQUITIES CORE MODEL

February 2024

## COMMENTARY

The June quarter saw further central bank interest rate rises around the world. The Fed raised rates 0.25% in May (to 5%-5.25%), which reflects a slowing in the pace of increases compared to 2022. The RBA raised 0.25% in both May and June (to 4.1%). On the macro front, the major global economies appear on the surface to be facing the same challenges of high inflation and rising interest rates. However, we believe there are some important differences emerging. The US economy is showing evidence that a soft landing can potentially be achieved, whereas Australia has more challenges over the next 12 months in our view. BAEP's portfolios are positioned with a bias towards companies with earnings exposure skewed to offshore.

Looking forward, with the pace of rate rises slowing, we believe the market will return to rewarding companies that can execute and deliver on earnings expectations. This is an environment that should reward active stock selection. Importantly, BAEP's investment philosophy and approach remains unchanged. We invest in high quality companies that are global leaders in their niche and can sustainably compound their earnings, at above market growth rates, over the medium to long term. They do this by investing in R&D to develop a superior product or service which enables them to take market share and grow earnings regardless of the cycle. We take a bottom up research approach driven by extensive company and industry contact to deepen our understanding of the companies we invest in and where earnings prospects may be under-appreciated by the market. Ultimately, it is the companies delivering that sustainable compound earnings growth which we believe will drive attractive returns for our portfolios over the medium and long term.

### Model performance

29/02/2024

Period	Income %	Growth %	Total %
1 month	0.0	2.3	2.3
3 month	0.8	12.2	13.0
6 month	0.7	6.8	7.5
1 year	1.8	13.5	15.3
3 year pa	4.0	-1.6	2.4
5 year pa	5.0	4.8	9.8

\* 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

29/02/2024

Security	Portfolio %
1 CSL	11.4
2 JHX	7.8
3 GMG	7.4
4 ARB	6.5
5 BHP	6.1
6 BRG	5.3
7 CAR	4.6
8 ALL	4.6
9 SEK	4.6
10 FLT	4.5
11 IEL	4.4
12 A2M	4.0
13 CCP	3.3
14 REA	3.1
15 CTD	3.0
16 APE	2.8
17 HUB	2.3
18 RMD	2.2
19 COH	1.8
20 RMD	1.6

### Model Composition

29/02/2024

Asset Class	Australian Core	
	Index	Actual
Consumer Discretionary	32.3	7.6
Consumer Staples	4.0	4.0
Energy	0.0	4.8
Financials ex Property Trusts	8.6	29.7
Property Trusts	7.4	6.6
Health Care	16.8	9.6
Industrials	0.0	7.0
Information & Technology	1.4	3.1
Materials	15.0	22.4
Telecos	12.3	3.9
Utilities	0.0	1.3
Cash	2.3	0.0

## 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>	7 yrs
<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 10 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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