



# VENTURA BENNELONG AUSTRALIAN EQUITIES CORE MODEL

August 2020

## COMMENTARY

The ASX recovered strongly in the June quarter. Having hit an all-time record high on 20 February, it fell as quickly as it ever has through to late March but then recovered as quickly as it ever has since. For the June quarter, the market index returned 16.8%. The fund was able to outperform quite nicely and returned 21.9%. Pleasingly, outperformance has limited the damage that might otherwise have been caused from COVID-19 as the fund is down just 2.4% this calendar year. It is perhaps easy to explain the strong recovery in the market since the March lows. The market sell-off in the March quarter was one of the steepest in history, falling some 37% top to bottom in a month, and there is always a point at which the falls must stop. Governments have embarked on massive fiscal stimulus and have shown they are prepared to do whatever it takes to build a bridge over most of the economic fallout. The economy is recovering very hard from the lows and has better prospects than what were considered likely some months ago. Central banks around the world dropped rates and introduced significantly more liquidity into markets. The fall in rates supports valuations, which ultimately represents the fundamental backstop to stock prices.

On the other hand, it would have probably been just as easy to explain the market if it had instead continued to fall in the June quarter. Along these lines, there continues to be good reasons to be cautious: the economy looks like it is propped up by government stimulus such as the JobKeeper program which may reveal underlying weakness when pulled. Lockdowns and other government restrictions have already caused significant economic damage that may not repair or may take many years to repair. This is seen through job losses, business closures and a significant loss of income, particularly within affected industries. At any rate, there is the very real prospect of a long, drawn-out economic recovery. The war against COVID-19 is not over, with the potential for further outbursts such as in Victoria the need for further lockdowns. As much as there has been some good news flow on the potential for a vaccine, there is no certainty that the vaccine will be found soon (or at all). There is good reason as why the word "unprecedented" gets so much use to describe the current situation and unprecedented means no one has much of a playbook for how this all plays out. From Bennelong's point of view, however, they remain constructive on the economy and markets.

### Model performance

31/08/2020

Period	Income %	Growth %	Total %
1 month	0.00	11.02	11.02
3 month	8.30	6.81	15.12
6 month	8.04	3.38	11.42
1 year	9.42	8.58	18.01
3 year pa	5.51	10.03	15.54
5 year pa	6.57	7.63	14.20

\* 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

31/08/2020

Security	Portfolio %
1 CSL	13.11
2 FPH	8.87
3 BWX	7.78
4 JHX	6.57
5 ALL	6.06
6 IEL	5.29
7 FMG	4.89
8 RWC	4.45
9 BHP	4.02
10 BRG	4
11 GMG	3.59
12 RMD	3.34
13 ARB	3.31
14 CTD	3.01
15 A2M	2.59
16 CCP	2.51
17 DMP	2.46
18 REA	2.22
19 SVW	2.19
20 RIO	1.49

### Model Composition

31/08/2020

Asset Class	Australian Core	
	Index	Actual
Consumer Discretionary	7.7	25.6
Consumer Staples	6.3	10.4
Energy	3.5	0.0
Financials exProperty Trusts	25.9	4.8
Property Trusts	7.2	3.6
Health Care	11.9	27.5
Industrials	7.4	6.6
Information & Technology	3.9	2.2
Materials	20.5	17.0
Telecos	3.9	0.0
Utilities	1.7	0.0
Cash	0.0	2.4

## 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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