



# VENTURA BENNELONG AUSTRALIAN EQUITIES CORE MODEL

February 2021

## COMMENTARY

For the December quarter, the fund generated a return of 13.15% versus the benchmark return of 13.79%. The fund's performance was impacted by a general de-rating of growth stocks and those that were positively impacted by the COVID pandemic. This impacted the fund's holdings in the healthcare, gaming, and miscellaneous industrials sectors. Conversely, stocks positively impacted by the re-opening of economies performed well.

Led by the US, the global "V shaped" economic recovery continued into the December quarter. Whilst an increase in the number of COVID cases and hospitalisations put a dampener on some sectors of the US economy, many other sectors made new highs. Manufacturing, for example, continues to strengthen with the composite PMI for November coming in at 57.9, a 68-month high. The acceleration of the overall numbers remains rapid with the new orders component especially strong.

Earnings revisions have been responding to the economic recovery for a few months now, with the revisions ratio (the ratio of earnings upgrades to earnings downgrades) increasing strongly. Earnings revisions generally lag the economic cycle recovery and it is expected positive earnings revisions to continue. Australia's trading issues with China have dominated headlines over the past quarter. This has impacted several Australia's industries including wine, beef and barley. Treasury Wine Estates (TWE) is one large listed company particularly affected. TWE share price has underperformed the ASX 300 by 34% since the first announcement on the 18 August. The model manager believes the TWE investment case remains a challenging one for now. While the current tariff arrangements are temporary, they don't believe it's prudent to take a more favourable view on the final tariff outcome given the political overlays. but it is something BAEP will continue to monitor closely. Whilst there is some uncertainty over the increase in COVID cases and the impact of recently reinstated lockdowns on economies in a number of countries, the model manager believes the global economic recovery will prevail. This will also provide a tailwind to earnings revisions globally. BAEP remains constructive on global economies and equity markets and will continue to focus on investing in high quality companies with strong growth prospects.

### Model performance

28/02/2021

Period	Income %	Growth %	Total %
1 month	0.00	0.82	0.82
3 month	0.68	4.96	5.64
6 month	0.74	14.26	15.00
1 year	10.01	18.13	28.13
3 year pa	5.39	11.16	16.56
5 year pa	6.64	9.78	16.42

### Top Holdings

28/02/2021

Security	Portfolio %
1 CSL	11.16
2 JHX	7.29
3 ALL	7.04
4 BWX	6.27
5 IEL	5.9
6 FPH	5.42
7 ARB	4.67
8 FMG	4.63
9 RWC	4.57
10 DMP	4.17
11 BRG	4.06
12 CCP	4.01
13 CTD	3.14
14 BBN	2.67
15 BHP	2.6
16 APT	2.5
17 REA	2.44
18 SVW	2.4
19 GMG	2.32
20 SEK	1.94

\* 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.

### Model Composition

28/02/2021

Asset Class	Australian Core	
	Index	Actual
Consumer Discretionary	7.7	30.2
Consumer Staples	5.6	8.9
Energy	3.8	0.0
Financials exProperty Trusts	28.7	6.4
Property Trusts	6.8	2.3
Health Care	10.1	20.6
Industrials	6.7	7.0
Information & Technology	4.3	2.5
Materials	21.1	14.5
Telecos	4.1	4.4
Utilities	1.2	0.0
Cash	0.0	3.1

## 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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