



VENTURA BENNELONG AUSTRALIAN EQUITIES CORE MODEL

August 2021

COMMENTARY

For the June quarter, the fund generated a return of 10.93% versus the benchmark return of 8.48%. The fund's outperformance versus the benchmark was generated from a range of mostly global oriented stocks which benefited from the strong recovery in global economies.

With growth around 30%, the financial year ending June 2021 will be the strongest earnings growth year since 1983. That was a recovery year from a deep recession, similar to the financial year just ended. And whilst earnings growth will slow in 2022, it will still be a robust number in the low double digits and forms part of the basis of BAEP's positive view on the outlook for equity markets. Earnings growth will be lower in the coming 12 months and also less broad based. Banks, driven by better-than-expected credit quality, and resources (especially the iron ore miners), powered by strong commodity prices, drove a lot of the earnings growth over the last year. The contribution to earnings growth from these sectors over the next 12 months will be far less. General industrials, including those in the 'COVID recovery' category such as those exposed to travel, will generate the bulk of the earnings growth in the next 12 months. Whilst most global economies are still relatively strong, one recent feature has been a slowing in the Chinese economy. This is not completely surprising (with the benefit of hindsight) given China was one of the first economies to recover following the COVID-induced recession. This slowing in the Chinese economy can be seen in slowing credit growth, a slowing property market and slowing infrastructure spending.

The portfolio's three largest positions, in alphabetical order, are: Aristocrat Leisure, CSL and James Hardie Industries. Whilst there are some lingering COVID concerns in certain countries and some slowing in certain economies including China, the earnings outlook for our market is still relatively strong. BAEP will continue to focus on investing in high quality companies with strong growth prospects.

Model performance

31/08/2021

Period	Income %	Growth %	Total %
1 month	0.00	8.18	8.18
3 month	5.07	7.88	12.95
6 month	5.50	16.95	22.45
1 year	7.19	33.63	40.82
3 year pa	6.62	12.60	19.22
5 year pa	7.47	11.21	18.68

Top Holdings

31/08/2021

Security	Portfolio %
1 CSL	11.57
2 JHX	8.38
3 ALL	7.82
4 DMP	6.68
5 IEL	5.63
6 BRG	5.54
7 ARB	5.53
8 BWX	5.28
9 FPH	5.16
10 RWC	5.07
11 GMG	4.24
12 CCP	3.04
13 CTD	2.72
14 SEK	2.56
15 RMD	2.51
16 BBN	2.22
17 REA	2.21
18 HUB	2.1
19 BHP	2
20 CAR	1.54

* 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

31/08/2021

Asset Class	Australian Core	
	Index	Actual
Consumer Discretionary	8.3	35.2
Consumer Staples	5.4	7.5
Energy	2.8	0.0
Financials exProperty Trusts	29.2	6.3
Property Trusts	7.3	4.2
Health Care	10.6	21.3
Industrials	6.8	6.5
Information & Technology	4.6	0.0
Materials	19.3	10.4
Telecos	4.2	6.3
Utilities	1.4	0.0
Cash	0.0	2.4

Model Details

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

1300 738 421
info@venturafm.com.au
venturafm.com.au

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