

# Greencape Broadcap Fund

Genuine exposure to large, mid and small cap companies.

The Greencape Broadcap Fund (Fund) invests in 25 to 70 companies applying a 'best ideas mentality'. This means that significant positions may be taken irrespective of the size of the company. The Fund can invest in Australian listed companies as well as up to 10% in stocks listed on any international stock exchange. The Fund aims to outperform the S&P/ASX 300 Accumulation Index over rolling three-year periods.

## Greencape Capital

Greencape Capital (Greencape) is a specialist Australian equities fund manager based in Melbourne, managing over A\$14bn<sup>1</sup>. The company was founded and is majority owned by David Pace and Matthew Ryland. Prior to establishing Greencape, David and Matthew worked together at a large institutional funds management firm for a number of years.

## Investment approach

We are an active, bottom-up stock picker. This means that we make investment decisions independent of the benchmark, and consider companies on their own merit and not for the sectors that they are a part of or the current economic conditions.

While we do not target any specific investment style and will invest in stocks displaying value and growth characteristics, our focus on a company's qualitative attributes, like good management and business strength, will generally lead to growth-oriented portfolios. As such, our investment style may be classified as growth at a reasonable price (GARP).

Fundamental analysis (examining a company's financials and operations such as sales, earnings, debt levels and management) is at the core of our research.

We focus heavily on supply chain analysis, and piece together information from various sources. This allows us to develop proprietary insights and ultimately arrive at better informed and high conviction investment decisions.

## Investment process



### 1. Idea generation

All companies within the S&P/ASX 100 are automatically researched and assessed as part of this process. To research the companies in the S&P/ASX 100 properly, we believe you need to conduct in-depth analysis on their competitors, customers and suppliers. This process can reveal opportunities outside of the S&P/ASX 100 such as mid and small caps and international listed stocks.

### 2. Stock selection criteria

We assess stocks against set criteria such as:

**Shareholder stewardship:** examines whether a company's management team acts in the best interest of shareholders – and will continue to do so in the future. This can include an analysis of historical decision making, management and board effectiveness, remuneration structures, corporate governance and financial controls.

**Business evaluation:** involves the investigation of the sustainability of financial metrics such as return on investment, profit margins and free cashflow generation, and the potential for these factors to change over time.

**Valuation:** is considered primarily on the basis of cashflow generation and the capitalisations of earnings and yield. Franking credits are valued as part of this process.

**Market milestones:** are assessed as to whether they represent a meaningful catalyst of a company's share price performance. Milestones may include earnings certainty, outlook statements, valuation risk and strategic business milestones.

### 3. Company rating

Following this in-depth company analysis we assign a stock rating to each company. This rating identifies our view of the likely relative performance of the company.

### 4. Portfolio construction

When constructing the portfolio, we use the company ratings to determine which companies are included in the portfolio and what percentage is invested. These company ratings also form a key part of the buy/sell discipline, as a change in rating will form the basis of these decisions. Greencape is also conscious of the tax implications of any buy/sell decisions on the Fund's investors.



1. As at 31 August 2021.

## Who is the fund suitable for?

The Fund is suitable to investors seeking:

- High levels of return and are comfortable with high volatility
- A diversified portfolio of large, mid and small cap Australian shares
- To invest for at least 5 years








## Fund characteristics

Fund name	Greencape Broadcap Fund
Responsible entity	Fidante Partners Limited
Investment manager	Greencape Capital Pty Ltd
Fund objective	The Fund aims to outperform its benchmark over rolling three-year periods.
Benchmark	S&P/ASX 300 Accumulation Index
Inception date	September 2006
Suggested investment timeframe	At least five years
Distribution frequency <sup>2</sup>	Quarterly
Management fee	0.95% of the Fund's net asset value
Performance fee	15% of the Fund's after management fee return above the benchmark
Buy/sell spread	+0.20% on entry and -0.20% on exit

<sup>2</sup> Distributions and performance of the Fund is not guaranteed.

## Our team

We have a dedicated and experienced team of investment professionals, whose aim is to deliver superior, repeatable performance.

						
<b>David Pace</b> Portfolio Manager	<b>Matthew Ryland</b> Portfolio Manager	<b>Jonathan Koh</b> Portfolio Manager	<b>Ryan Green</b> Portfolio Manager	<b>Marc Hester</b> Investor	<b>Steven Haralambidis</b> Investor	<b>Hutch Ozdil</b> Dealer

## Our partner

Fidante Partners forms long term alliances with talented investment teams to support and grow specialist investment management businesses. By providing a broad range of integrated services to Greencape Capital, Fidante Partners frees up the Greencape investment team to focus on what it does best; investing and managing assets.

This material has been prepared by Greencape Capital Pty Ltd (ABN 98 120 328 529 AFSL 303903) (Greencape), the investment manager of the Greencape Broadcap Fund (Fund). Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at [www.fidante.com](http://www.fidante.com) should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Greencape and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Greencape and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the *Banking act 1959* (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.