

# Bennelong Emerging Companies Fund

## Performance update

As at 29 February 2020

### Net client returns (after fees and expenses)

	1 mth	3 mths	1 Year	3 years pa	5 years pa	10 years pa	Since Inception** pa
Fund	-11.30%	-12.20%	42.26%	na	na	na	27.27%
Benchmark <sup>1</sup>	0.46%	1.44%	6.24%	na	na	na	6.49%
Value added	-11.76%	-13.65%	+36.02%	na	na	na	+20.78%

Performance figures are net of fees and expenses. 'Value added' calculation does not use rounded performance figures.

<sup>1</sup>Official RBA Cash Rate + 5%

\*\*Inception date is 1 November 2017

### About the Emerging Companies Fund

The Bennelong Emerging Companies Fund invests predominantly in micro and small-cap stocks listed on the ASX. It is managed by the BAEP team based on the same investment approach that is behind the success of BAEP's other long established Australian equity funds. This is a research-intensive and predominantly bottom-up investment approach.

Compared to larger companies, emerging companies can offer more exciting growth prospects, but can also present far greater investment risks. In this context, the BAEP team aims to be disciplined in focusing on higher quality and lower risk stocks within the universe of emerging companies. It seeks to avoid the higher risk - but potentially higher returning - investment propositions such as bio-techs, mineral explorers, fads, speculative stocks and unproven business models.

#### Key features

- The Fund offers investors exposure to micro and small-cap companies;
- It is a high conviction portfolio that has the ability to cash up to 30% of the portfolio;
- It utilises BAEP's large research budget, proven research capabilities, and extensive network of industry contacts;
- It leverages BAEP's historical success investing in emerging companies, including in pre-IPO opportunities; and
- It aims to leverage the size and reputation of BAEP within a micro and small-cap offering. This includes privileged access to attractive pre-IPOs, IPOs, placements, sub-underwriting & other similar opportunities.

### Commentary

This month highlighted the extra risk one takes in investing in emerging companies. This greater risk means typically more volatility, larger drawdowns and a higher chance of loss.

While the broader market also fell hard – the S&P/ASX 300 index fell almost 8% - micro and small-cap stocks fell even harder. The Fund was likewise hit in the sell-off.

In cut and pasting the same message from previous monthly reports, clients should appreciate the need to take a longer term perspective when investing in this fund. That includes through the highs and the lows. It also means that fund returns should be judged over a longer timeframe. Focusing just on recent returns is a poor guide to the longer term performance. That all said, we manage the portfolio with a risk-conscious approach and we believe the fund can produce decent returns over the journey for those willing to stay on for the ride.

To that end, we are investing in a concentrated portfolio of our best ideas within the investment universe of emerging companies. True to our investment style, they are all high quality growth stocks that we believe will build shareholder value over time. The following table shows the largest holdings as at the end of February.

Top Holdings
Viva Leisure
Bwx
Mader



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### About BAEP

Bennelong Australian Equity Partners (BAEP) is a boutique fund manager focused on Australian equities. It was founded in 2008 in partnership with Bennelong Funds Management. BAEP is a genuinely active fund manager with a consistent, disciplined and proven investment approach.

BAEP's investment philosophy is to selectively invest in:

- high quality companies;
- with strong growth outlooks; and
- underestimated earnings momentum and prospects.

BAEP's investment process is research-intensive with a focus on proprietary field research and is supported by macro-economic and quantitative insights.

### About the Fund

The Bennelong Emerging Companies Fund typically holds approximately 20-30 predominantly micro and small-cap stocks listed on the ASX.

#### Benefits of the Fund

- The Fund offers investors exposure to micro and small-cap companies. Compared to larger caps, these stocks are often less well known and less well researched;
- The Fund utilises BAEP's existing knowledge of micro and small-cap stocks, gained as part of its sector-specific research and analysis;
- The Fund leverages BAEP's historical success investing in emerging companies, including in pre-IPO companies; and
- The Fund aims to leverage the size and reputation of BAEP within a micro and small-cap offering. This includes by taking advantage of IPOs, placements and other similar opportunities.

### The Fund at a glance

Feature	Fund facts
APIR code	BFL3779AU
Benchmark	Official RBA Cash Rate + 5%
Investment objective	To beat the benchmark over the medium to long term
Investment manager	Bennelong Australian Equity Partners (BAEP)
Cash limit	0-30%
Inception date	1 November 2017
Recommended investment period	Long term (seven years plus)
Minimum investment	\$10,000
Buy/sell spread	+/-0.25%
Entry/exit fees	Nil
Management Fee	1.20% p.a. of Net Asset Value of the Fund
Performance Fee	20% of the extent to which the Fund's gross performance is 1.20% per annum greater than the benchmark

### How to invest

The Fund is open to investors directly via the PDS, available on our [website](#), or the following platforms.

#### Platforms

AMP (Elements Investment, Elements Pension, iAccess, My North, North, Portfolio Care, Portfolio Care eWrap, PPS, Summit, Wealthview eWrap Inv)

Hub24 (IDPS, Super)

Netwealth (IDPS)

### Contact details

For more information, call 1800 895 388 (AU) or 0800 442 304 (NZ) or visit [baep.com.au](http://baep.com.au).

The Fund is managed by Bennelong Australian Equity Partners, a Bennelong Funds Management boutique.

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