FIVE REASONS TO INVEST

ONE. KEY FOCUS ON CAPITAL PRESERVATION AND DOWNSIDE PROTECTION
The Fund does not focus on beating the market. The focus is on preserving capital and generating a fair return of at least 6% above the cash rate.

TWO. COMMON SENSE INVESTMENT APPROACH
The team looks for good businesses with transparent and resilient business models run by competent management at the right price.

THREE. INVESTMENT FLEXIBILITY
The Fund is benchmark unaware and selects companies purely on their investment merits and their ability to deliver a fair return, not based on their weighting in the index.

FOUR. ALIGNMENT OF INTERESTS
The investment team are significant investors in the Fund. The focus is on generating performance not increasing the Fund's size. The Fund's capacity will be limited to maintain performance.

FIVE. A DECADE LONG TRACK RECORD
The Fund has a strong track record over the 10 years since inception on 1 July 2008 and has produced positive returns in each year despite market volatility.

PENGA NA AUSTRALIAN EQUITIES FUND

A FUND AIMING TO PROTECT AND ENHANCE INVESTOR WEALTH ON A CONSISTENT AND REPEATABLE BASIS.
FUND OBJECTIVE
To protect and enhance investor wealth on a consistent and repeatable basis.

INVESTMENT PHILOSOPHY
The Fund seeks to generate consistent superior investment returns using fundamental analysis to select and own securities with the following characteristics:

- Good businesses with transparent and resilient business models.
- Competent management with a track record of integrity.
- A favourable relationship between the market price and the future cash flows of the business.

INVESTMENT STRATEGY
The Fund seeks to identify good quality companies that are reasonably priced by focussing on their operating leverage, balance sheet and return to shareholders in order to identify stocks that can generate at acquisition, an after tax cash earnings yield of 6-8% p.a. with strong growth for the medium term.

We undertake our own proprietary research in assessing both qualitative and quantitative factors to build a concentrated portfolio of stocks. A focus on capital preservation is preferred to ‘super’ returns and cash holdings are viewed as a natural alternative when suitable equity investment opportunities cannot be identified.

WHO THE FUND SUITS
- Investors seeking a truly active investment approach, with a focus on capital preservation.
- Investors looking for genuine diversification benefits to other equities holdings.
- Investors seeking absolute positive returns.
- Investors with an investment time horizon of at least five years.

THE PENGANA AUSTRALIAN EQUITIES FUND PROVIDES EXPOSURE TO A HIGH CONVICTION PORTFOLIO OF LISTED AUSTRALIAN COMPANIES.
ROLE IN A PORTFOLIO

Core Equity Holding
The Fund can serve as a core holding in the equities allocation of a portfolio due to its focus on capital preservation and absolute return. It may also complement other equities holdings due to its lower volatility than the market.

Diversification
With the ability to hold large, mid and small cap companies and cash if suitable investments can’t be found, the Fund offers excellent diversification in a portfolio. The Fund may also complement portfolios that are overweight in the top 50 stocks or that are index related (eg ETFs, Index funds).

CREATIVITY AND INNOVATION ARE THE CORNERSTONES OF OUR INVESTMENT PROCESS.

IDEA GENERATION
Should be able to say ‘no’ 5–10 times a day

Research and analysis

ASSESSING VALUATION
‘Can this company generate an after tax cash earnings yield of 6–8%, with growth, at this price?’

Portfolio construction

ASSESSMENT OF QUANTITATIVE FACTORS
• Build an integrated model of income statement, balance sheet and cash flow
• Focus on operating leverage, balance sheet and return to shareholders
• Granular focus on cash flow and risk
• Develop insights into how management thinks about their business: ‘What are the two key metrics you look at for your business?’
• Focus on company’s performance through full market cycle

OWNING ASSETS
Maybe say ‘yes’ once a month 20–30 stocks
Q: WHAT IS THE INVESTMENT PHILOSOPHY OF THE FUND?
Kessler
Our clients trust us with their hard-earned money. In return, we seek to provide peace of mind and a meaningful contribution to their goal of achieving/maintaining financial independence.

For most of our clients, the investment objective translates into having two basic investment needs – to preserve their capital and to achieve a fair return on their capital.

Our definition for capital preservation is the preservation of purchasing power for the individual. Factors we consider include inflation and currency (that is, preserving their value in Australian dollars).

Q: HOW HAVE YOU STRUCTURED THE FUND TO SUPPORT YOUR INVESTMENT PHILOSOPHY?
Du Preez
We believe an absolute return focus (facilitated by a common sense mandate) is required to achieve the Funds objectives. An important component of this mandate is the ability to hold an unlimited amount of cash when acceptable investments cannot be found.

Importantly, we insist on focusing our investment skill on finding, assessing and owning ‘good deals’ rather than being underweight or over-weight index determined stock weightings.

An example of this is that we do not own any BHP shares in spite of them being such a large component of the Australian market.