

# Greencape Leaders Strategy – May 2021 Report

Performance	1 month %	3 months %	CYTD %	1 year %	3 years % p.a.	5 years % p.a.	Inception % p.a.
Greencape Leaders Strategy Return <sup>1</sup>	3.12	9.28	12.13	28.21	11.97	11.50	9.69
Greencape Leaders Composite <sup>2</sup>	3.09	9.25	11.95	27.63	11.55	11.15	9.91
S&P/ASX 50 Accumulation Index	2.91	8.84	11.77	27.59	10.06	9.80	NA*
Greencape Leaders Strategy Active Return <sup>^</sup>	0.21	0.44	0.36	0.62	1.91	1.70	2.02*
Greencape Leaders Composite Active Return <sup>^</sup>	0.19	-0.65	0.18	0.04	1.48	1.35	0.88

<sup>1</sup> Greencape Leaders (IMA) Inception: 25 June 2015 (includes 10% allocation to global stocks).

<sup>2</sup> Greencape Composite Inception: 25 June 2011.

<sup>^</sup> Numbers may not add due to rounding.

\* Benchmark return since inception is not applicable as the Strategy and Composite have different inception dates. The active returns for the Strategy and Composite are based on the benchmark returns using the respective inception dates.

Past performance is not a reliable indicator of future performance.

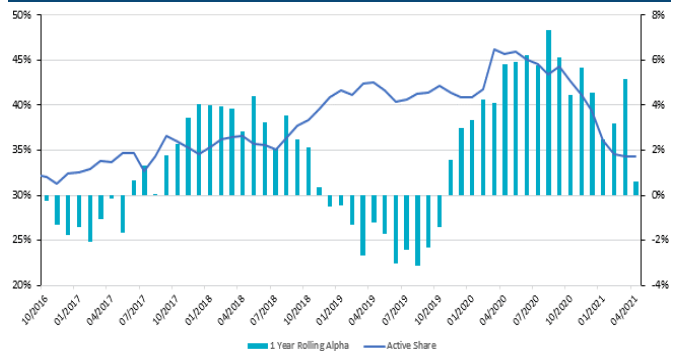
## Strategy Facts

Portfolio Manager	David Pace
PM Biography	Prior to Co-Founding Greencape in 2006 with Matthew Ryland, David Pace gained experience at Potter Warburg Asset Management and Merrill Lynch Investment Management. Pace has managed Greencape's High Conviction Fund continuously since its launch in September 2006. He also manages the Leaders portfolio, which was launched in 2011.
Strategy FUM	\$2.36 bil
Benchmark	S&P/ASX 50 Accumulation Index
Number of securities	25-45
Market capitalisation limits	ASX top 50 (0-100% of Portfolio) and ASX 50-100 (0-35% of Portfolio)
Return objective	Outperform the S&P/ASX 50 Accumulation Index over rolling 3-year periods.
International Holdings	Up to 10%

## Top 5 Positions

CSL Limited
BHP Group Limited
Commonwealth Bank of Australia
National Australian Bank Limited
Australia And New Zealand Banking Group Ltd

## 1 Year rolling excess return and Active Share



Portfolio Characteristics	Leaders	ASX50
P/E Historical	21.14	19.16
ROA	7.03%	5.53%
ROE	13.80%	11.95%
Dividend Yield	3.46%	3.82%
Turnover	69.33%	-
1 Year Tracking Error	3.70%	-
1 Year Beta	1.16	-

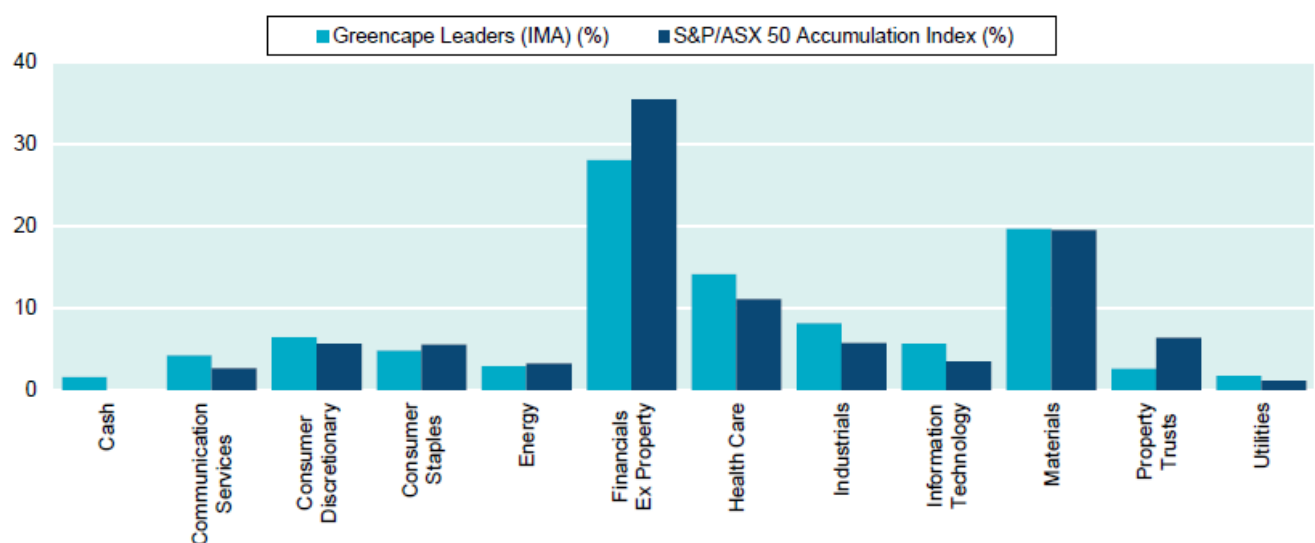
## Investment Philosophy

<b>Philosophy</b>	Greencape believes equity markets are inefficient. Sentiment and short-termism can mask observable dynamics leading to mispricing of stocks. Capital allocation decisions, and the ability to earn appropriate returns from such decisions, are fundamental to shareholder value creation. The influences of shareholder stewardship and business franchise strength on shareholder value are often underestimated.
<b>Style</b>	Greencape is a fundamental, bottom-up, research driven stock picker. Its portfolios, including the Leaders portfolio, are constructed to reflect the conviction that is the product of its intensive company visitation program. It does not seek to invest with adherence to specific style characteristics but it seeks to identify better than average management teams operating better than average businesses. Historically this had resulted in portfolios with persistent tilts to growth and quality factors but these will vary over time based on market conditions.
<b>Approach</b>	Greencape's research is grounded in fundamental analysis. Our efforts are focused heavily on an intensive and targeted company visitation program encompassing all participants in a given supply chain (suppliers, customers, competitors, regulators, company officials, offshore competitors). Piecing together information from various sources allows us to develop proprietary insights and ultimately arrive at better informed and high conviction investment decisions. The investment process involves assessing and rating four criteria, namely: Shareholder Stewardship, Business Evaluation, Valuation and Market Milestones encompassing both qualitative and quantitative characteristics. The analysis is ultimately condensed down to a single stock recommendation rating, facilitating both transparency and accountability.

Top 3 Contributors (Over 3 Months)	Value added %
Afterpay Touch Group Ltd	0.61
Woodside Petroleum Limited	0.33
James Hardie Industries PLC. CDI	0.31
Top 3 Contributors (Over 1 Year)	Value added %
Vocus Group Ltd	1.27
Transurban Group Stapled	0.83
James Hardie Industries PLC. CDI	0.79
Top 3 Contributors (Over 3 Years)	Value added %
Vocus Group Ltd	0.54
James Hardie Industries PLC. CDI	0.46
Woodside Petroleum Limited	0.38

Top 3 Detractors (Over 3 Months)	Value added %
LendLease Group	-0.38
Commonwealth Bank Of Australia	-0.33
Oil Search Limited	-0.32
Top 3 Detractors (Over 1 Year)	Value added %
a2 Milk Co Ltd	-1.34
Wesfarmers Limited	-0.86
Commonwealth Bank Of Australia	-0.79
Top 3 Detractors (Over 3 Years)	Value added %
Wesfarmers Limited	-0.50
BHP Group Limited	-0.47
LendLease Group	-0.39

### Sector Exposure



### Our Partner

Fidante Partners invests in and forms long-term alliances with talented investment professionals to create, grow and support specialist, boutique funds management businesses.

Their deep experience in asset management, extensive network of investor relationships and solid operational infrastructure enables investment managers to focus on what they do best: manage money on behalf of their clients.

### For further information, please contact:

**Clare Armstrong** | Senior Investment Specialist | 02 9994 9420 | [carmstrong@challenger.com.au](mailto:carmstrong@challenger.com.au)

The information in this publication is current as at the time of issue unless otherwise specified and is provided by Greencape Capital Pty Ltd ABN 98 120 328 529 AFSL 303 903 (Greencape) and Fidante Partners Limited ABN 94 002 835 592 AFSL234 668 (Fidante Partners). It must not be passed on to any retail client, as defined in the Corporations Act 2001 (Cth) (Act). It is provided on a strictly confidential basis and must not be passed on to any other person without the prior written consent of Greencape and Fidante Partners. It is intended as general information only and not as financial product advice, an offer, invitation or recommendation in relation to any particular financial product and has been prepared without taking into account any person's objectives, financial situation or needs. Neither Greencape nor Fidante Partners nor any of their related parties nor any sub-adviser guarantees the repayment of your capital or the performance of the portfolio or any particular taxation consequence of investing. Past performance is not a reliable indicator of future performance. This information may include statements of opinion, forward looking statements, forecasts or predictions based on current expectations about future events and results. Any such statements are subject to change and actual results may be materially different from those shown. This is because outcomes reflect the assumptions made and may be affected by known or unknown risks and uncertainties that are not able to be presently identified. In preparing this information, publicly available information and sources believed to be reliable, have been used however the information has not been independently verified. While due care and attention has been exercised in the preparation of this information, no representation or warranty, either express or implied, is given as to the accuracy, completeness or reliability of that information. The information presented is not intended to be a complete statement or summary of the industries, markets, securities or developments referred to in the presentation.