

Greencape Capital

Dedication. Focus. Results.



Greencape Capital is a boutique equities manager, managing approximately A\$3 billion. We are a stable and experienced team of investment professionals, with an aim to deliver superior, repeatable performance. The Greencape focus is purely on investing. We have a process that is structured yet flexible, team-based, tax aware, and which has a track record of delivering outperformance for our clients in up and down markets.

About Greencape

Greencape Capital is a boutique investment manager based in Melbourne, Australia. The company was founded and is majority owned by David Pace and Matthew Ryland. Prior to establishing Greencape Capital, David and Matthew worked together at a large institutional funds management firm for a number of years.

Core values

- We are committed to delivering superior returns. Repeatable outperformance is a cornerstone of our business philosophy. In this regard our interests are highly aligned with our clients’.
- We believe in observation rather than prediction. When assessing a company to invest in, we undertake an intensive visitation program. This includes meeting with participants through the value chain, such as a company’s suppliers, customers and competitors. We then piece together the information from these sources to verify observed facts. The verification step is critical to deriving better informed and high conviction investment decisions while avoiding unproven theories and mere predictions.
- Our investment approach is targeted and efficient. Our company visitation is highly targeted, and is focused on efficiently collecting and verifying relevant information.
- We focus only on investing. Our partner, Challenger, provides us with investor services, distribution, marketing, administration and compliance support, allowing us to focus on investment management and ultimately delivering performance for our clients.
- Capacity limits are considered a tangible competitive advantage. We limit the size of our funds under management in order to remain nimble in seeking investment performance for our clients.

How we invest

We believe that equity markets are inefficient; investor sentiment and short-termism (the tendency to seek immediate profit at the expense of long-term security) can mask observable dynamics, leading to mispricing of stocks. This can present significant investment opportunities.

In addition, we believe that capital allocation decisions, and the ability to earn appropriate returns from such decisions, are fundamental to creating value for shareholders. We also feel that influences of shareholder stewardship and business franchise strength on shareholder value are often underestimated.

When assessing a stock’s valuation, we will also consider the impact to shareholders of franking credits, tax-deferred income and tax-free income.

Style

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).

Approach

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.

Process

There are four steps to our investment process.

- 1. Idea generation.** We automatically research and assess all companies within the top 100 of the Australian Securities Exchange (S&P/ASX 100). When assessing a company, we conduct in-depth analysis of its competitors, customers and suppliers. This process can reveal investment opportunities outside of the S&P/ASX 100.
- 2. Stock selection criteria.** Our investment process involves assessing stocks against set criteria such as shareholder stewardship, business evaluation, valuation and market milestones.
- 3. Stock ranking process.** Following this analysis, we assign a stock rating to each company. This rating reflects our view of the likely relative performance of the company.
- 4. Portfolio construction.** Typically the stocks with the highest rating will have the biggest portfolio positions. We review initial portfolio construction with consideration for potential factor exposures, liquidity risk, macroeconomic issues and mandate restrictions.

Please contact us if you require more information.

Our partner

Challenger provides us with investor services, distribution and marketing, administration and compliance support. This gives us the freedom to focus on what really matters – investing and managing assets.

Challenger has a minority shareholding in Greencape.

The Greencape team

David Pace

Portfolio Manager/Investor

David has 18 years' experience in the funds management industry. David manages the Greencape High Conviction Fund with over \$2 billion in funds under management.



Matthew Ryland

Portfolio Manager/Investor

Matthew has more than 14 years' experience in investment analysis and funds management. Matthew manages the Greencape Broadcap Fund with over \$1 billion in funds under management.



Marc Hester

Investor

Marc has five years' accounting experience and six years' in funds management. Marc worked at Merrill Lynch Investment Managers as an equities analyst with David Pace and Matthew Ryland before joining Greencape at its inception.



David Tonkin

Investor

David has over 11 years' experience working in financial markets. Before joining Greencape in 2008, David was an analyst with Canterbury Partners providing strategic and financial advice in mergers and acquisitions, divestments, restructurings and capital management.



Graeme Miller

Investor

Graeme has five years' experience in financial services. Prior to joining Greencape, Graeme spent two years as an investment analyst with Zenith Investment Partners. Before this, Graeme worked as an investment analyst at Jeena Ltd.



More information

To find out more about investing with Greencape, please contact:

Challenger Investor Services team on: **13 35 66**

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Fund Manager of the Year
Domestic Equities
Australia Finalist



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