

# Evans and Partners International Focus Managed Discretionary Portfolio

*“This Portfolio approach allows you to complement your domestic equity portfolio holdings with world-leading businesses in sectors poorly represented on the ASX.*

*All of the stocks held in the portfolio will be supported by our own rigorous research and day to day portfolio management. Reports will be made available to you quarterly, as will updates around earnings reports and other significant news. We believe this to be a high quality differentiated portfolio that will add value to your overall capital base over the longer term.”*

BOB DESMOND, CFA  
Head of International Equities

## PORTFOLIO OBJECTIVES

The Portfolio aims to provide investors with an exposure to international equity markets that complements the Australian equity market's heavy bias towards banking and mining companies. As such, the Portfolio will have few, if any holdings drawn from these two sectors.

The Portfolio has a medium to long term focus of three to five years. Its priority, first and foremost, is to protect capital in real terms and minimise risk of permanent impairment of capital. It aims to generate absolute returns in local currency of 8-12% p.a. over this investment horizon and achieve returns superior to that of its benchmark – the MSCI World (All Countries) Accumulation Index in Australian dollar terms – over the same time period.

## PORTFOLIO STRUCTURE

A holding of 10-15 stocks drawn from world equity markets ex-Australia.

- A mid to large-cap focus, with minimal exposure to stocks having a market capitalisation of more than US\$3bn.
- Given the composition of the Australian equity market, it will have minimal exposure to the banking and mining sectors, but will seek appropriate diversification across other sectors and geographies.
- Annual portfolio turnover is expected to be relatively low and average holding period is expected to be around three to five years.
- The Portfolio is currency unhedged.
- The Portfolio will be run as effectively fully invested. As such, the cash weighting will generally be 2-5%, with a maximum weighting at any time of 10%.

## INVESTMENT APPROACH

The Portfolio will own businesses that satisfy the following criteria:

- **Business quality** – companies that earn returns on invested capital well above their cost of capital on a sustainable basis and where risk of erosion of these returns is regarded as low.
- **Balance sheet quality** – net debt to EBITDA typically below 2.5x and moderate levels of pension and other off balance sheet liabilities.
- **Management quality** – we look for management to allocate capital for the benefit of equity owners. This means an emphasis on small, accretive acquisitions over large deals where value destruction is common. We also favour management that repurchases their shares when they are attractively priced.
- **Attractive valuation** – the Portfolio will only own businesses that satisfy the above three criteria when they trade with a meaningful discount to our assessed valuation. This margin of safety is integral to the Portfolio's capital preservation approach and also key to achieving its absolute return objective.

## FEES

No entry or exit fees  
Investment fees: 1.65% including GST

If you would like to know more please contact your adviser.

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## CONTACT INFORMATION

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