

# Evans and Partners International Fund

## THE NEW BENCHMARK IN TRANSPARENCY

### ABOUT EVANS AND PARTNERS

Evans & Partners was formed in April 2007. Since then it has grown to be a full service advisory, stockbroking and asset management operation with over 120 professionals employed.

Evans & Partners is an independently owned Australian investment house providing comprehensive wealth management solutions to its investors.

### THE EVANS AND PARTNERS INTERNATIONAL FUND

The Evans & Partners International Fund is a long-only equity fund accessing markets outside of Australia.

We aim to generate absolute returns of 8-12% over a 5-7 year investment cycle. We would also expect to outperform our benchmark over this period after fees.

Ours is a fundamental, bottom-up approach to investing. We invest without reference to the composition of any index.

Our philosophy is to own a concentrated portfolio of 10-15 high quality, value-creating businesses at material discounts to their intrinsic value.

### HOW WE INVEST

Our investment philosophy is conservative and straightforward, and based on four clear and demanding criteria:

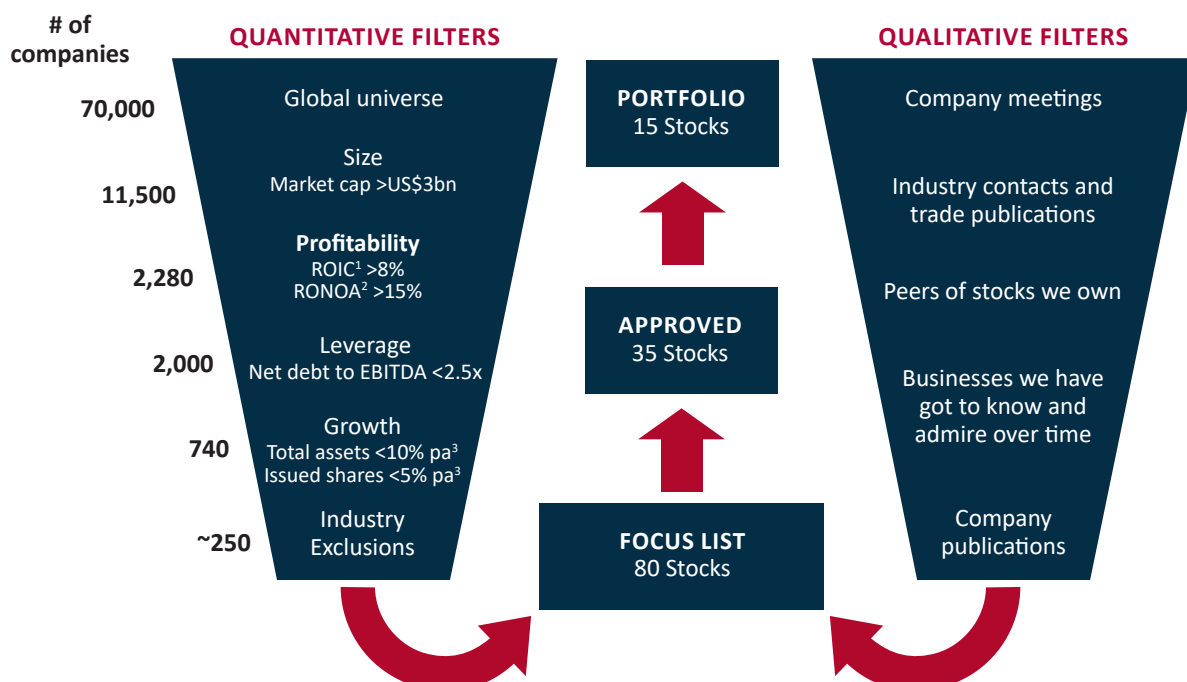
**Business Quality** – We look to own businesses whose intrinsic value is rising over time. This is achieved by earning returns on invested capital well above their cost of capital on a sustainable basis and where risk of erosion of these returns is regarded as low.

**Balance Sheet Quality** – We want businesses with low levels of financial risk. Typically this means net debt to EBITDA of below 2.5x, high interest cover ratios, and moderate levels of pension and other off balance sheet liabilities.

**Management Quality** – We look for management that allocates capital to the benefit of shareholders. This means an emphasis on small, accretive acquisitions over large deals where value destruction is common. We also favour management that repurchases shares when they are attractively priced and pay consistent dividends.

**Attractive Valuation** – We aim to own businesses that satisfy the above three criteria only when they trade at a meaningful discount to intrinsic value. This margin of safety is integral to our capital preservation approach and also key to achieving our absolute return objective.

## FUND FEATURES



## HOW WE ARE DIFFERENT

**Bottom-up** – We consider ourselves true stock-pickers. Our investment process does not start with economic views or sector themes. We simply avoid owning businesses that depend on a benign or favourable economic environment. We want to own durable, all-weather businesses. We are happy to take a pass on new, exciting industries where the long term winner is far from certain and fast growth attracts competition to the detriment of profitability.

**Concentrated** – We are high-conviction managers with a portfolio of no more than 15 companies. While we don't seek portfolio diversification through the quantity of investments, we do value business breadth. We have an aversion to businesses doing one thing in one geography.

**Quality and value** – We look to own value-creating businesses at value prices, that rare intersection of quality and value. We believe there very few stocks that satisfy our demanding criteria. Rather than lower our quality and value threshold, we simply prefer to own a focused portfolio of our very best investment opportunities.

**Transparent** – We believe in treating investors as partners. We will disclose all our holdings, make clear the source of the investment returns, and communicate openly when investments have fallen short of our expectations.

**Conservative** – Our starting point is protecting client capital. We believe rather than compromising returns minimizing losses is the foundation of a good investment outcome. Rather than accepting investment risk and hoping to get compensated for it we seek to avoid it. Each of our four investment principles seeks to reduce business risk; financial risk; management risk; and price risk.

**Behavioural-aware** – Why do different managers who have similar sounding philosophies do very different things and achieve very different investment returns? Achieving good investment results requires both a sound process and disciplined application of that process through well-reasoned judgements. In applying our investment approach we have an acute awareness of our natural biases and the dangers they pose, and we hardwire into our process measures to counter them. We know the foundation for investment success is the mistakes you don't make, so we strive for conservatism, independence, and mental agility.

**Experience** – Senior members of our investment team have over a decade of investing experience. Moreover, they have spent a significant portion of their careers based offshore, creating a richer understanding of international markets.

## FUND FEATURES

FUND NAME	EVANS AND PARTNERS INTERNATIONAL FUND	EVANS AND PARTNERS INTERNATIONAL FUND (HEDGED)
APIR Code	ETL0390AU	ETL0391AU
ARSN	166 708 792	166 708 407
Responsible Entity	Equity Trustees Limited	Equity Trustees Limited
Number of stocks	10-15	10-15
Maximum cash weighting	10%	10%
Maximum single stock weighting	10%	10%
Currency exposure	Unhedged	Hedged
Benchmark	MSCI All Countries World Accum Index ex-Australia (AUD)	MSCI All Countries World Accum Index ex-Australia (AUD) (hedged)
Minimum Investment	\$20,000	\$20,000
Distribution Frequency	Bi-annually	Bi-annually
Management Fee	1.25% incl GST	1.25% incl GST
Performance fee	None	None
Buy/sell spread	0.10%/0.10%	0.10%/0.10%
Fund Inception	18th February 2014	18th February 2014

## CONTACT DETAILS

**Charlie Wapshott** | Head of Distribution  
**Email:** charlie.wapshott@evansandpartners.com.au  
**Tel:** +61 3 9411 4077

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