



Claremont Global

# Fund Profile

Own the world's  
best businesses.



## About us

Claremont Global is a boutique fund manager located in Sydney, Australia. We run a high-conviction, fundamental strategy and only invest in international equities. Our evidence based and rigorous bottom-up approach allows us to identify the world's best companies. If these businesses satisfy our specific criteria and strict valuation methodology the team will invest in them for the long term.

## The strategy

The Claremont Global Fund is a long-only equity fund accessing markets outside of Australia.

We aim to generate absolute returns of 8-12 per cent 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.

## Fund features

## How we invest

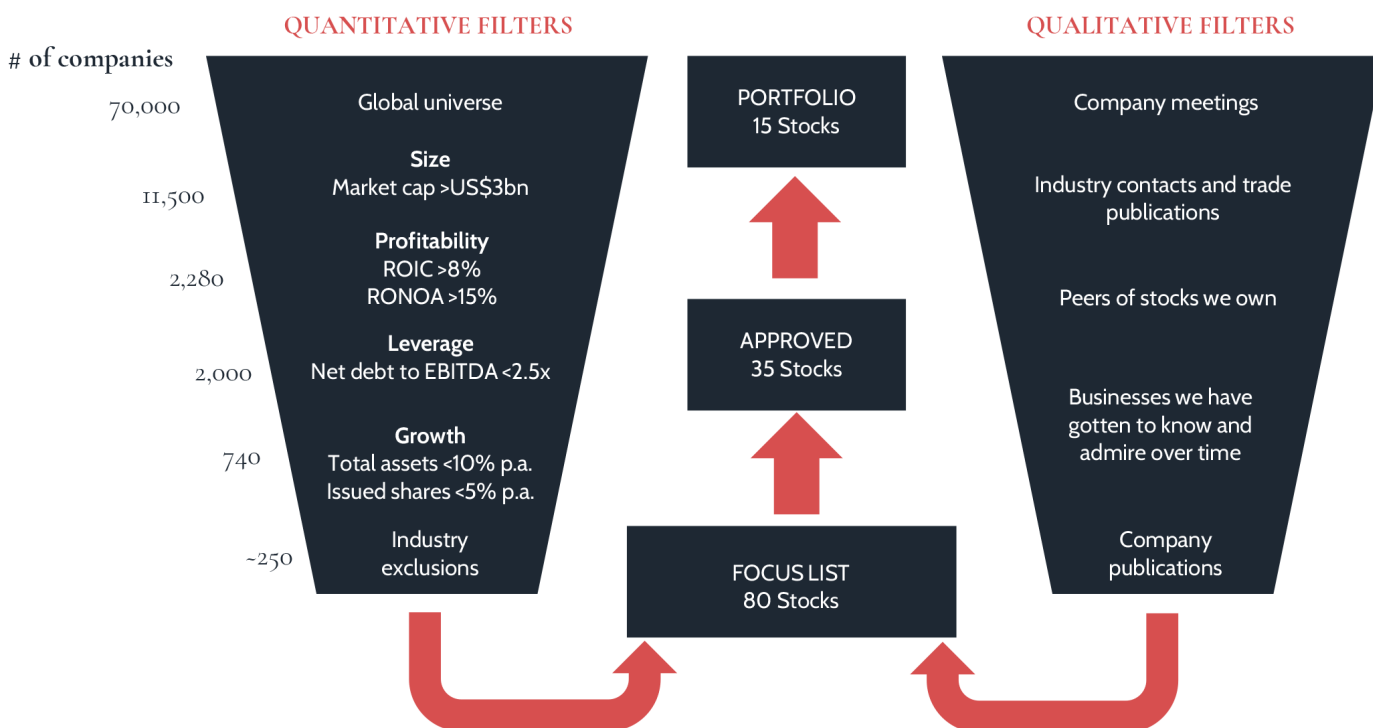
Our investment philosophy is conservative and straightforward, and based on four clear and demanding criteria:

**Business quality** – We look to own businesses whose intrinsic value is rising over time. This is achieved by earnings growth and 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.





## 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 seek out businesses that are diversified by customer, product and 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 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 minimising 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 different types of risk, including business, financial, management 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** – Our Portfolio Managers each have over two decades of industry experience. Moreover, they have spent a significant portion of their careers based offshore, creating a richer understanding of international markets.

## Fund features

| Fund name                      | Claremont Global Fund                                   | Claremont Global Fund (Hedged)                                   |
|--------------------------------|---|--|
| APIR Code                      | ETLO390AU   | ETLO391AU  |
| 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 &  
Investment Specialist



**Andrew Fitzpatrick**  
Investment Specialist

**Telephone:** 1300 684 537

**Email:** [contact@claremontglobal.com.au](mailto:contact@claremontglobal.com.au)

**Address:** Level 32, 1 O'Connell Street, Sydney NSW 2000 | Level 7, 171 Collins Street, Melbourne VIC 3000

**Web:** [claremontglobal.com.au](http://claremontglobal.com.au)



Signatory of:



## Important information

---

This report has been prepared by Claremont Funds Management Pty Ltd (Investment Manager) (ACN 649 280 142, ABN 38 649 280 142, CAR No. 001289207), as investment manager for the Claremont Global Fund (ARSN 166 708 792) and Claremont Global Fund (Hedged) (ARSN 166 708 407), which are together referred to as the 'Funds'. Equity Trustees Limited (ACN 004 031 298, AFSL 240957) ("Equity Trustees") is the Responsible Entity of the Funds. For further information on the Funds please refer to each Fund's PDS which is available at [www.claremontglobal.com.au](http://www.claremontglobal.com.au). This report may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs. Past performance is not a reliable indicator of future performance. Future performance and return of capital is not guaranteed. The information may be confidential and is intended solely for the addressee. If you are not the intended recipient, any use, disclosure or copying of this information is unauthorised and prohibited. If you receive this e-mail in error please notify the sender and delete the e-mail (and attachments). This report may contain statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. The Investment Manager and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Claremont Funds Management Pty Ltd is a wholly owned subsidiary of E&P Financial Group Limited (ABN 54 609 913 457), a signatory to the United Nations Principles for Responsible Investment (UNPRI). Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information. The Parties give no warranty, representation or guarantee as to the accuracy, completeness or reliability of the information contained in this report. The Parties do not accept, except to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this report. Any recipient of this report should independently satisfy themselves as to the accuracy of all information contained in this report. MSCI indices source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representation with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

[Research ratings disclaimer](#)