



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

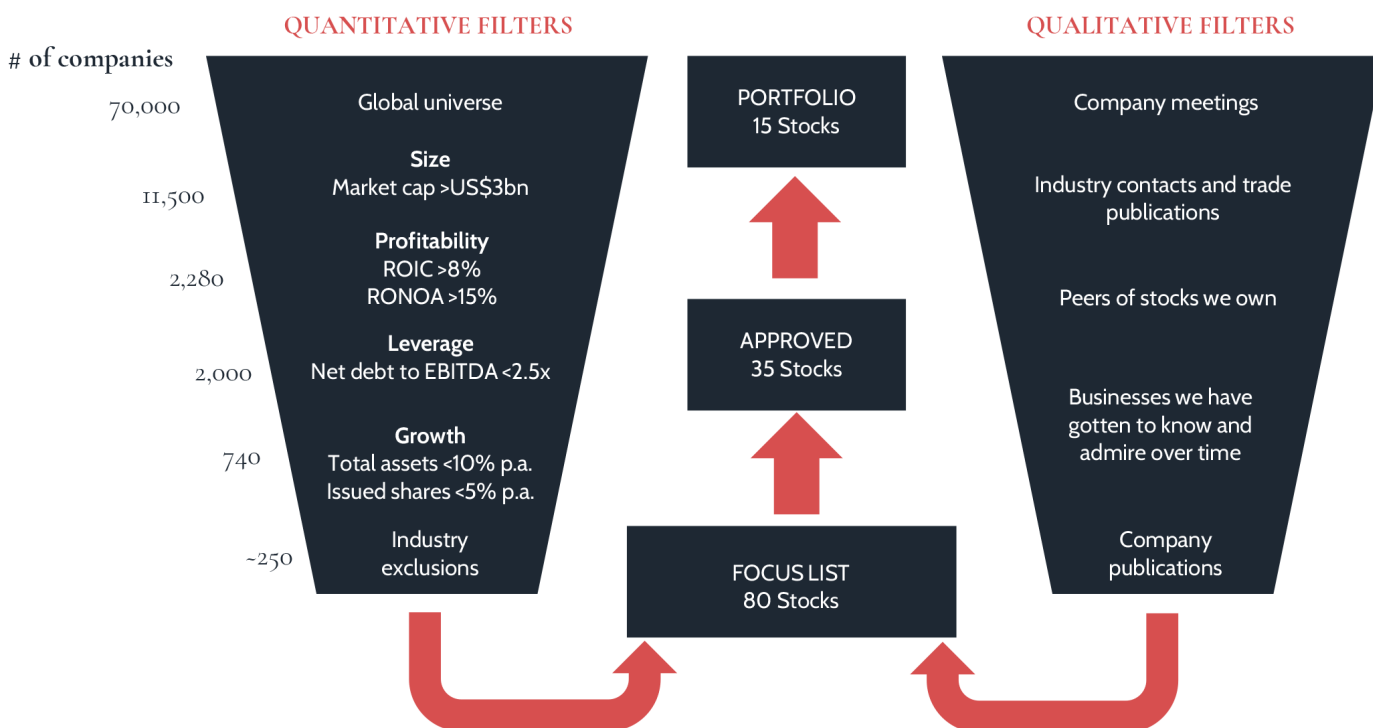
Our investment philosophy is conservative and straightforward, and based on four clear and demanding criteria:

**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
ASX ticker	CGUN	CGHE
ARSN	166 708 792	166 708 407
Responsible Entity	Equity Trustees Limited	Equity Trustees Limited
Number of stocks	15	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



**Clinton Boltman**  
Investment  
Associate

**Telephone:** 1300 684 537

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

**Office location:** Sydney, Melbourne, Brisbane

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



Signatory of:



Responsible Investment  
Association Australasia

## Important information

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