Adviser Investment Series
Wholesale Imputation Fund

First Sentier Investors

September 2019

For adviser use only

The Colonial First State Wholesale Imputation Fund (the Fund) provides investors with exposure to Australian equities, with the potential for long-term capital growth and tax-effective income through dividend payments.

Advantages of investing in the Fund

A large and experienced investment team

Our large, experienced investment team has the resources to complete deep industry analysis to better understand the drivers of return on invested capital. Our investment team understands and manages risk to deliver strong, risk-adjusted returns, and has the experience of investing over multiple market cycles.

Our analysts also have access to other specialist teams within First Sentier Investors, such as single-sector investment teams, which provide added layers of insight into research recommendations.

In-depth industry and company analysis

The team believes that industry profitability dictates company profitability. We seek to identify companies which currently earn, or are expected to earn, a higher return on invested capital than the industry median, as these companies are expected to outperform their industry peers. In-depth, proprietary industry and company analysis enables these opportunities to be identified.

Access to cornerstone deals

As one of Australia's largest investment managers, the Australian Equities, Growth team can have the opportunity to participate as a cornerstone investor in company capital raisings.

A long term investor with a focus on company engagement

Our team has the resources to make over 600 one-on-one company visits per year, in addition to over 300 meetings with other industry participants. We focus on building long-term, meaningful relationships with companies through our engagement activities, rather than just conducting interviews with senior management.

As well as our engagement with listed companies and visits to their operations on the ground, we make a significant effort to obtain information and views from non-listed companies and other unlisted participants. Insights from unlisted competitors, suppliers and industry experts, combined with our company engagement, allow the team to produce industry and stock reviews, and gain insights into the share price drivers of listed companies.

Portfolio construction

The Fund is suitable for investors who are seeking straightforward exposure to quality Australian equities, including some exposure to small companies. The Fund seeks to provide long-term capital growth and tax-effective income via franked dividend payments.

About the Fund

Fund philosophy

At the core of our philosophy is the belief that industry profitability dictates company profitability. Our process places an emphasis on in-depth industry and stock analysis, undertaken by specialist analysts within the team.

Fund process

The team of analysts seek to understand how and why investment markets are inefficient, and employ a 'full coverage' model to research and analyse all stocks in the S&P/ASX 300. The analysts input each company into a proprietary stock model template using industry profitability drivers to derive financial forecasts for the company.

Wholesale Imputation Fund

Objective

To provide long-term capital growth with some tax-effective income by investing in a broad selection of Australian companies. The Fund aims to outperform the S&P/ASX 300 Accumulation Index over rolling three-year periods before fees and taxes.

Minimum suggested timeframe

At least 7 years

Risk

1	2	3	4	5	6	7

Low — Medium — High

Strategy

The Fund's strategy is based on the belief that, over the medium-to-long term, stock prices are driven by the ability of management to generate excess returns over their cost of capital in their chosen industry. The Fund generally invests in high quality companies with strong balance sheets and earnings. The strategy has an emphasis on companies paying higher dividend yields and some tax-effective income. The Fund predominantly invests in Australian companies and therefore does not hedge currency risk.

Allocation

Portfolio Manager

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Senior Portfolio Manager

NSW

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