

First Sentier Geared Australian Share Fund



We are active managers that aim to compound the long-term growth of rising markets by gearing a selection of high-quality growth companies across the ASX 100.

Drawing on the success of one of Australia's largest and longest-running geared share strategies, First Sentier Investors have launched a new fund that gives investors access to a strategy that borrows at a low rate to invest in an actively managed portfolio of high-quality growth companies.

Inception: September 2023 | **Vehicle:** Managed Fund | **APIR:** PIM7590AU

Benchmark: S&P/ASX 100 Accumulation Index | **Management fee:** 0.95%¹

Target market summary

The product is likely to be appropriate for a consumer seeking capital growth to be used as a core component within a portfolio where the consumer has a minimum 7-year investment timeframe, a high to very high risk/return profile and daily access to capital.

Low-cost access to one of Australia's largest and longest-running geared share strategies



Borrows at a low institutional rate

Lower borrowing costs and institutional relationships increase return potential

Significantly lower borrowing costs than those available on the retail market via margin loans result in more efficient deployment of capital. Our prime broking relationship with one of the world's largest financial institutions, coupled with our ASX 100 focus, allows the fund to cover margin calls and retain the liquidity needed to rapidly change positions in falling markets.



Active ASX 100 focus

A selection of 30-40 high quality growth companies

We believe that building a portfolio of robust companies allows the fund to better manage the risks of leverage. Taking an index agnostic approach, we only gear our best investment ideas. We focus on companies with a demonstrated ability to reinvest earnings to compound growth.



50-60% leverage with no margin calls

Access moderate gearing levels, without maintaining margin accounts

As an internally geared vehicle, investors do not need to hold or sell securities with their broker to cover margin calls, which result from losses incurred in falling markets. We consider the funds' typical 50-60% gearing ratio conservative relative to the gearing levels often applied using margin loans.



Up to 2x franking

Potential for higher franking credits

Depending on gearing levels, franking credits generated by the strategy can double those generated by an unleveraged version of the same portfolio. The strategy has a bias for companies with stable free cash flow and the ASX 100 typically offers higher dividend yields.



Gearing since 1997

One of Australia's largest and longest-running geared share managers

Utilising a high quality, high growth approach developed in 1997, First Sentier Investors have managed a geared share strategy that is top ranking in its peer group of large-geared equity funds over the 5, 7, 10 and 20 year periods². The strategy is managed by David Wilson with the support of one of Australia's largest investment teams, who cover the full ASX 300 in depth.



Very high-risk strategy

A magnified exposure to rising and falling markets

As the strategy borrows to invest, there is potential for significant losses in falling markets. The strategy is intended for investors with a high-risk appetite and a minimum 7-year investment horizon. While the fund does offer liquidity, it is not suited to investors who require fast access to capital in falling markets.

¹ Management fees are calculated on 0.95% p.a. of the total asset value of the Fund. Transaction costs of 0.04% p.a. of Funds' net asset value will also be incurred by the strategy when buying or selling assets. There are no performance fees applicable.

² As at 31 August 2024. Past performance is not indicative of future performance. The strategy launched in 1997 is top ranking within its Morningstar peer group over 5, 7, 10 and 20 year time periods. Drawing on the same process, team and active stock selection of the strategy launched in 1997, the vehicle promoted in this material was created in 2023.

First Sentier Investors is one of Australia's largest and longest-running geared share managers

A team investing since 1993

We believe our environment allows active management to outperform; all flagship funds managed by the team outperformed their benchmarks over the period from inception to 31 August 2024³. The geared strategy was launched in 1997.

Resourced to explore and scrutinise

One of the largest, most experienced teams in Australia actively covers the ASX 300 in depth, conducting 700+ meetings with listed companies and their unlisted competitors.

A differentiated view of companies

Uniquely blending a quality and growth lens, the team favours growing companies that can generate consistent returns and reinvest above their cost of capital to grow their business.



Meet the investment manager

The strategy is managed by Deputy Head of Australian Equities Growth, David Wilson, with the support of one of the largest, most experienced investment teams covering the ASX 300. Joining First Sentier in 2015, David is an ex-broker that previously held senior roles with sell-side firms including UBS, JP Morgan and Ord Minnett.

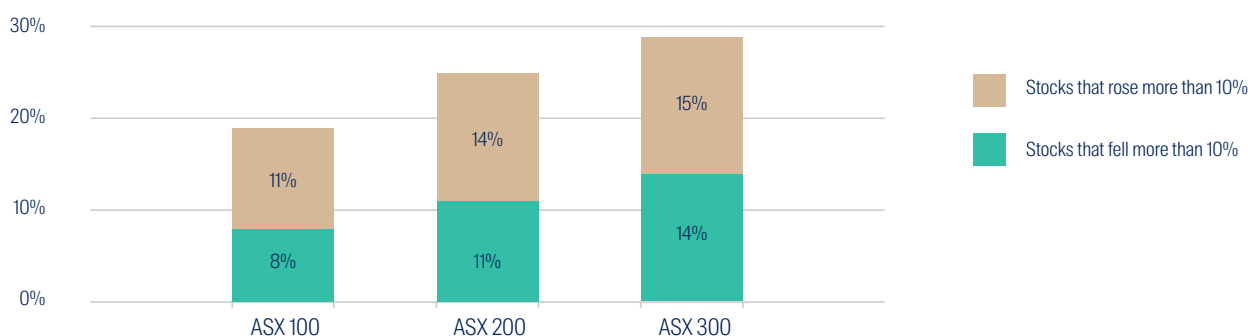
“Companies with a robustness through the market cycle fit really well within a geared share strategy. Adding leverage as those quality companies grow and grow can give the strategy the chance to reap the benefits of compound growth.”

- David Wilson, Portfolio Manager

We believe the ASX 100 is the perfect hunting ground for an actively managed geared strategy, with a number of high-quality growing companies capable of compounding earnings growth.

Shown below is the average number of stocks with monthly share price movements over 10% over the past 15 years. While the ASX 100 is less volatile than the broader market, this segment is still subject to significant share price movements. These movements (both up and down) are magnified when geared.

Large monthly share price movements across market segments



Source: Factset data from 31 July 2004 - 30 June 2024 (monthly returns). Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes.

³ As at 31 August 2024. Past performance is not indicative of future performance. Flagship strategies refer to wholesale funds managed by the team not available to retail investors.

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