

Greencape Broadcap Fund

Genuine exposure to large, mid and small cap companies.

Greencape Capital

Greencape Capital is a boutique investment management firm who applies a high conviction management approach. Greencape is an experienced team that is focused on delivering repeatable superior performance. Importantly, their interests are directly aligned with those of their investors.

Greencape believes that market sentiment can mask positive fundamentals and that qualitative attributes can be under-appreciated. Greencape also believes its strong focus on qualitative stock attributes increases the opportunity for fund out-performance.

- **A logical and disciplined approach**
- **Stable and experienced team**
- **Award winning manager**

Challenger Financial Services Group has a minority shareholding in Greencape and provides administration and distribution support which allows the team to focus on what they do best – investment management.

Awards

Greencape was awarded the Rising Star Fund Manager of the Year in 2007 and 2008. They also won the Morningstar Emerging Fund Manager of the Year in 2007 and the S&P Emerging Manager of the Year in 2008.

The Fund

The Fund invests in 25 to 70 companies applying a 'best ideas mentality'. This means that significant positions may be taken irrespective of the size of the company.

The Fund aims to outperform the S&P/ASX 300 Accumulation Index over rolling three-year periods.

Investment approach

Greencape uses a thorough, logical and disciplined approach to investment management.

Research

Greencape applies a 'bottom up' research approach. A key part of this research is the intensive and targeted company visitation program which is designed to gather and verify information from multiple sources on key factors which influence a company.

These sources of information include suppliers, customers, competitors, regulators, company management, board, ex-employees and companies with similar business models in other sectors or geographies.

Investment process

Idea generation

All companies within the S&P/ASX 100 are automatically researched and assessed as part of this process. To research the companies in the S&P/ASX 100 properly, Greencape believes that you need to conduct in-depth analysis on their competitors, customers and suppliers. This process can reveal opportunities outside of the S&P/ASX 100 for investment. Greencape consider these companies to be part of their 'investment universe'.

Company selection criteria

Shareholder stewardship: examines whether a company's management team acts in the best interest of shareholders and will continue to do so in the future. This can include an analysis of historical decision making, management and board effectiveness, remuneration structures, corporate governance and financial controls.

Business evaluation: involves the investigation of the sustainability of financial metrics such as return on investment, profit margins and free cashflow generation, and the potential for these factors to change over time.

Valuation: is considered primarily on the basis of cashflow generation and the capitalisations of earnings and yield. Franking credits are valued as part of this process.

Market milestones: are assessed as to whether they represent a meaningful catalyst of a company's share price performance. Milestones may include earnings certainty, outlook statements, valuation risk and strategic business milestones.

Company rating

Following this in-depth company analysis Greencape assigns a 'Stock Rating' to each company. This rating identifies Greencape's view of the likely relative performance of the company.

Portfolio construction

When constructing the portfolio, Greencape uses the company ratings to determine which companies are included in the portfolio and what percentage is invested. These company ratings also form a key part of the buy/sell discipline, as a change in rating will form the basis of these decisions. Greencape is also conscious of the tax implications of any buy/sell decisions on the Fund's investors.

Challenger Boutique Partnerships

Challenger Boutique Partnerships is a division within the Challenger Financial Services Group. By establishing and maintaining mutually beneficial partnerships, Challenger is able to support boutique fund managers, giving them the freedom to focus on what really matters – investing.

Challenger Boutique Partnerships looks after the administrative and distribution support to Greencape, including:

- Investment services;
- Distribution and marketing;
- Administration; and
- Compliance support.

Fund name	Greencape Broadcap Fund
Fund objective	The Fund aims to outperform its benchmark over rolling three-year periods.
Benchmark	S&P/ASX 300 Accumulation Index
Inception date	September 2006
Suggested investment timeframe	At least five years
Distribution frequency ¹	Quarterly
Management costs	0.95% p.a.
Performance fee	15% of the Fund's after management fee return above the benchmark
Buy/sell spread	+0.30% on entry and -0.30% on exit

¹ Distributions and performance of the Fund is not guaranteed.

Planner contact details

The information in this document is current as at 28 May 2009 and is provided by Challenger Managed Investments Limited ABN 94 002 835 592 AFSL No. 234 668 the issuer of the Greencape Broadcap Fund (ARSN 121 326 341). Greencape Capital Pty Limited (AFSL No. 303903) is the investment manager of the Fund. The information is general information rather than advice and does not take into account the investment objectives, financial situation and particular needs of an investor. Each person should obtain and consider the Product Disclosure Statement (PDS) for the Fund and consider whether or not the Fund is appropriate for them before deciding whether to acquire, continue to hold or dispose of units in the Fund. A copy of the PDS can be obtained from www.challenger.com.au