

BT Wholesale Partner Australian Shares Growth (Platypus) Fund

Quarterly report – 30 June 2020

Fund overview

Inception date	6 November 2002
APIR code	BTA0242AU
Fund size (AUD millions)	\$44.40
Investment objective	To provide a return (before fees and taxes) that exceeds the benchmark over the medium to long term. The Fund invests in Australian shares with a growth investment style, and is currently managed by Platypus
Recommended investment timeframe	5 years
Minimum initial investment	\$500,000
Distribution frequency	Quarterly
Management costs (%) pa¹	0.89
Buy/sell spread (%)	0.20 / 0.20

Current investment manager

Platypus Asset Management was founded in 1998. Platypus invests in companies that grow earnings in a sustainable way, have a history of consistent earnings growth and a clearly defined future growth path.

Platypus:

- is a benchmark agnostic active manager with a growth investment style
- believes the share price performance of a company will ultimately be driven by the growth in its profitability
- invest in companies that have sustainable earnings growth, a history of consistent earnings growth, improving return metrics, clearly defined strategy what will result in continued positive earnings momentum, a competent and well aligned management team and a strong balance sheet and good cash flow generation, and
- Platypus are supported by a quantitative team that has developed tools specific to the flagship fund's process which allow the team to channel their attention where it is most needed across the portfolio and in generating new ideas.

Performance review²

Period ending 30 June 2020	3 months	1 year	3 years	5 years	Since inception
	%	%	% pa	% pa	% pa
Total Net return	20.07	10.99	10.03	8.32	9.44
Total Gross return	20.34	11.97	11.02	9.29	10.45
Benchmark [~]	16.79	(7.61)	5.24	6.00	8.32

~ S&P/ASX 300 Accumulation Index.

Fund update³

The BT Wholesale Partner Australian Shares Growth (Platypus) Fund outperformed the benchmark over June quarter. Notable contributions to relative performance came from JB Hi-Fi (+0.9%), Afterpay (+0.8%) and REA Group (+0.8%). Notable detractors included Cochlear (-0.5%), CSL (-0.4%) and a nil weight in Wesfarmers (-0.3%). Cash (-0.6%) holding was a drag in strong market.

At the sector level positive contributions came from our overweight position in Technology (+1.5%) followed by a large underweight stance in Financials (+1.4%). The Health Care (-1.5%) overweight did not work well in the quarter after contributing solidly in the previous nine months of the financial year. Energy (-0.4%) was the other notable detractor from relative performance.

In terms of changes to the portfolio, we added Ramsay Health Care, United Malt Group, Qantas and Strike Energy whilst divesting out of Pinnacle Investment Management. The common thread between Ramsay, United Malt and Qantas is their strong balance sheet position following recapitalisation coupled with earnings leverage to re-opening of economy post COVID-19. Additionally, management teams of repute with a solid record of accomplishment lead all three businesses. Strike Energy is an emerging exploration & production company with a large resource base onshore in Western Australia. Pinnacle IM was divested to reduce market exposure and with consideration to its relatively illiquid position.

In addition, we participated in equity placements by Reece, Qube Holdings, Idp Education, Nextdc and Red 5 Limited. Recapitalisations by Reece, Qube and Idp were defensive in nature i.e. to reduce or eliminate net debt and prepare for an extended period of lower revenues. On the other hand, Red 5 and Nextdc raised capital to develop assets within their respective portfolios. Our long-term investment thesis in these stocks remains strong and therefore we were supportive of the transactions.

Market commentary³

The S&P/ASX300 index returned 16.8% in the quarter making a partial recovery from the brutal prior quarter.

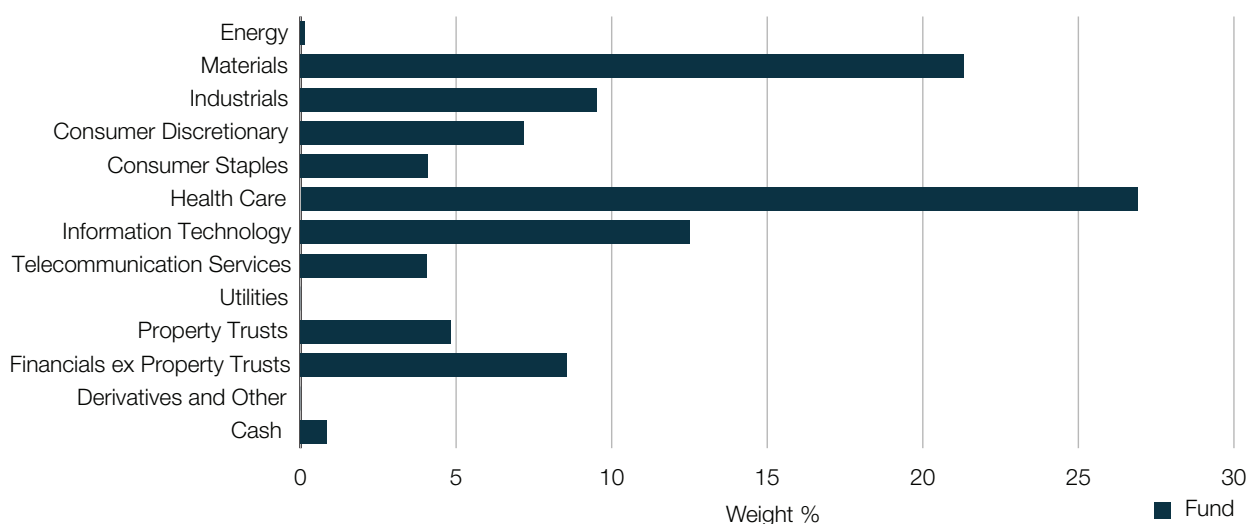
It was no surprise that the COVID-19 pandemic continued to dominate investors' headspace during the quarter. This despite geopolitical tensions with China, the upcoming US Presidential elections and the odd sensational corporate news item (Wirecard) making a sporadic appearance. Thus far, investors appear to be happy to look through the second waves of infection in Beijing, Melbourne and several US cities, perhaps taking heart in lower mortality rates or higher infection rates in lower risk demographic. Macroeconomic data has been improving since the infection containment measures have been relaxed to varying degrees around the world, which is also likely driving positive market sentiment. As is the fact that at every available opportunity, central bankers have continued to remind investors that they have additional tools to support economic activity and more importantly the will to deploy them if needed.

In terms of sector returns, Information Technology (+44.4%), Consumer Discretion (+30.8%) and Energy (+28.4%) led the market higher with the more defensive sectors like Health Care (+2.9%), Consumer Staples (6.9%) and Utilities (+7.3%) being the notable laggards.

Top 10 holdings

Holding	Fund %
CSL Limited	11.40
BHP Billiton Limited	8.95
Xero Limited	5.20
Commonwealth Bank of Australia Limited	5.06
Goodman Group	4.84
Nextdc Limited	4.33
Resmed Inc	4.10
James Hardie Industries Plc	4.07
REA Group Ltd	4.07
Cochlear Limited	3.80

Sector allocation⁴



Key contributors

Holding	Contribution %
JB Hi-Fi Limited	0.95
Afterpay Limited	0.94
James Hardie Industries Plc	0.85

Key detractors

Holding	Contribution %
Cochlear Limited	(0.58)
Bank Account	(0.52)
CSL Limited	(0.41)

Manager history

Manager	Appointed	Replaced
Platypus Asset Management	December 2016	
Schroder Investment Management Australia Ltd	September 2004	December 2018
Alliance Capital	November 2002	September 2004

Footnotes

- 1 The Management Costs included in this fact sheet are inclusive of the Management Fee and any Performance Fees and includes the effect of GST (net of RITC). They do not include other indirect costs. Refer to the Product Disclosure Statement and online disclosures for further information.
- 2 Past performance is not a reliable indicator of future performance. The Total Net return is calculated net of management costs and pre tax. The Total Gross return is calculated pre management fees and pre tax.
- 3 Provided by Platypus Asset Management.
- 4 Allocations may not equal 100% due to rounding.

For more information

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