

Contango Asset Management

Manager profile



Company overview

Contango Asset Management (Contango) is a boutique Australian equity manager established in 1998 by David Stevens and Stephen Babidge who worked together in senior investment positions at HSBC Asset Management (Australia) Limited for many years.

Contango has researched and managed small cap stocks since inception, and has been offering Australian micro-cap investments since March 2004 and direct Australian small caps investments since February 2005. It's 51% owned by company executives, who retain full control of investments and operations.

Investment philosophy and style

Contango's investment philosophy is based on the belief that macro-economic, industry and market factors influence the performance of sectors and stocks in a systematic way, and these relationships can be exploited to add value to its investment portfolios.

It also believes that high quality management teams can deliver superior returns without the benefit of a supportive economic environment. These beliefs are supported by conducting quantitative research on the linkages between outperformance and economic/market factors. Contango manages portfolios on the basis of sensitivity to economic, industry and market factors, as well as stock specific considerations.

At some stages of the cycle Contango may have a growth bias; however at other times, in periods of economic weakness, it typically has a bias to value/defensive stocks. On average, it tends to have a modest growth bias. This reflects the fact that expansion phases of business cycles are considerably longer than the contractionary phases.

Investment process

Contango operates a top-down analysis, which aims to identify themes, sectors and industries that are likely to gain the greatest benefit from the prospective economic business and market environment. It recognises that superior management and/or superior strategies can generate outperformance without the benefit of a supportive economic environment. Accordingly, economic analysis is always supported by in depth stock analysis.

When conducting stock research, Contango pays particular attention to stocks in its preferred sectors/industries, stocks ranked highly in its multi-factor stock ranking model and stocks identified by its analysts through ongoing company research. Its construction process also allows Contango to select stocks offering the best returns, while taking account of liquidity and other risk factors.

Reason we selected Contango

We selected Contango as a thematic manager because we favour its ability to add value from top-down macro-economic themes, as well as in depth stock analysis. Contango cover the breadth of the market, investing across large cap, small cap and micro-caps. This top-down approach to the selection of favoured sectors is one of Contango's most distinguishing factors, as it enables the manager to more appropriately price stock opportunities based on current conditions. Contango also has a very experienced team, complementing this qualitative top-down process.



What to do next

- See your adviser
- Visit www.bt.com.au
- Call 132 135

This information is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of any particular person. Before acting on the information, a person should consider its appropriateness having regard to these factors. BT Funds Management Limited ABN 63 002 916 458, AFSL 233724 (BTFM) is the issuer of units in the BT Multi-manager Funds (Funds). Before making a decision whether to acquire, or to continue to hold, an investment in a Fund, investors should obtain and consider the Product Disclosure Statement for the Fund, available at www.bt.com.au. Whilst every effort has been taken to ensure that the assumptions on which the outlooks given in this document are based are reasonable, the outlooks may be based on incorrect assumptions or may not take into account known or unknown risks and uncertainties. Past performance is not a reliable indicator of future performance. Information from third parties is believed to be reliable however it has not been independently verified. While the information in this document is given in good faith, no warranty is given that it is accurate, reliable, free from error or omission. BTFM is a member of the Westpac Group. An investment in a Fund does not represent an investment in, deposit with or other liability of Westpac Banking Corporation or any other member of the Westpac Group. Subject to any terms implied by statute which cannot be excluded, no member of the Westpac Group nor its directors, employees and associates accept any responsibility for errors in, or omissions from the information. This information is correct as at April 2010.