

# Phoenix Portfolios

## Manager Profile



### Company overview

Phoenix Portfolios (Phoenix) is an Australian based boutique investment management firm established by Stuart Cartledge in 2006 to provide tailored investment solutions to a select client base including large investment institutions.

Phoenix Portfolios partnered with ASX-listed Cromwell Property Group in 2007 to deliver retail investors the co-brand Cromwell Phoenix Property Securities Fund. This partnering strategy enables Phoenix to solely focus on investment issues with all other functions of administration and distribution handled by Cromwell. Cromwell Property Group is an experienced fund manager specialising in property investment, with over \$1.7 billion of assets under management and a strong track record.

### Investment process

The portfolio draws on the proven investment management experience of Phoenix Portfolios and the direct property skills of Cromwell Property Group. Extensive fundamental research drives the investment manager's 'best ideas' approach to selecting securities. The best ideas approach also incorporates views on how understandable the securities are in addition to in-depth analysis of management's track record, cash flows, balance sheet and competitive position. Governance (strong management, strong board, good use of capital, alignment of interests, shareholder focus) is also a focus.

Phoenix's portfolio construction process is based upon the belief that to avoid the issues associated with a highly concentrated benchmark, holdings within the Fund won't be constrained to benchmark weights. Instead it will only own securities that meet the investment criteria. The benchmark unaware approach provides clients with greater opportunity for diversification and value enhancement opportunities.

To increase diversification and in an effort to enhance returns, a portion of the portfolio may have exposure to other investments demonstrating characteristics similar to listed property securities. It's expected that at least 20 securities will be held at any given time, and for risk control reasons, no more than 20% of the portfolio's assets will be invested in any one security.

### Investment philosophy and style

Phoenix believes that over the long-term, superior investment performance can be achieved by investing in attractively priced companies as determined by fundamental bottom-up analysis. This analysis culminates in a forecast of

future cash flows discounted back to today's dollars ensuring a consistent valuation methodology between individual securities.

Phoenix utilises detailed, yet standardised financial models, allowing a large number of securities to be researched, compared on a relative value basis and updated to capture changes to individual securities and markets. Phoenix deliberately goes outside the top ten stocks (90% of the index) and takes positions in mid-small cap securities which in its view are not well researched and often priced inefficiently.

The benchmark unaware approach allows access to greater diversification across property securities and should, over time, result in less stock specific risk in the portfolio.

## Reason we selected Phoenix

We selected Phoenix Portfolios because of its demonstrated ability to diversify away from large stocks, manage risks appropriately and realise value in small to mid cap stocks which tend to be 'under-the-radar'. The benchmark unaware strategy complements the Advance investment requirements and is a highly suited strategy for what Advance seeks from an Australia REIT portfolio manager. We are familiar with Stuart Cartledge from previous roles and depth of experience in the Australian REIT market.

Its boutique structure also facilitates a lower cap on funds under management enhancing the team's ability to outperform its larger peers.



### What to do next

- See your adviser
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