

Solaris Core Australian Equity MPS Fund

Manager Profile

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SOLARIS
investment management

Manager Overview

Solaris Investment Management Limited ("Solaris") is the investment manager of the Solaris Core Australian Equity MPS Fund. Solaris is an Australian-owned¹ boutique investment manager specialising in Australian equities. The firm was established in 2007 with its core team members having worked together for many years prior. With approximately \$8.0b² in funds under management, Solaris offers long-only and long-short funds to both institutional and retail investors.

Investment Philosophy and Style

Solaris uses fundamental analysis to choose stocks, exploit market inefficiencies in forecasts and ascribe valuations. It is intended that there be no bias towards value or growth stocks (essentially "style-neutral"), instead Solaris identifies securities with what it considers may derive the best-expected return, regardless of perceived style.

In managing investment strategies, Solaris empower analysts to combine their research role with that of portfolio manager to optimise conversion of fundamental research and ensures a ground-up approach in portfolio construction. Therefore, the analyst is responsible for the stock-picking decision from beginning to end. Use of portfolio manager /analyst roles may also diversify the decision-making risk, with the potential to deliver a more consistent performance with lower key-person risk.

Investment Process

Solaris breaks its investment process into three key areas to create a multi-screening process as follows:

- Risk screening – using a largely quantitative process, the investment universe is cut to ~250 securities as securities with what Solaris considers are low liquidity, geopolitical risk, poor balance sheets, litigation and environmental, social and governance (ESG) factors are eliminated.
- Company analysis – analysts use a qualitative approach based, based on the ~500 company meetings they conduct annually to determine an expected return for each company. They trim this list to ~200 securities. Analysts evaluate management, balance sheet and cash flow profiles, trends in investment returns and business models, as well as ESG considerations. They construct detailed valuation models using company standard techniques.
- Portfolio construction – analysts, in their role as portfolio manager and under the authorisation of the Chief Investment Officer (CIO) select stocks for inclusion in the portfolio based on expected return forecasts. Portfolio Specialists monitor portfolio characteristics and add a layer of risk management.

As there is no pre-determined portfolio tilt in this approach, apart from the initial risk screening process, Solaris aims to ensure a style neutral strategy, built from the ground up. Further, any tilt that may arise out of the portfolio construction process is closely monitored by the CIO and Portfolio Specialist who seek to ensure that they are consistent with a client's risk and return objectives.

Lastly, to assist in ensuring assumptions common to company valuations are the same (e.g. interest rates, currencies, etc.), models extract such constants from a shared database. To avoid top-down overlays influencing the bottom-up portfolio construction process, these assumptions generally reflect consensus forecasts.

1 Majority owned by Solaris executives with 44.5% owned by Pinnacle Investment Management Limited ABN 66 109 659 109

2 As at 16 December 2022



The information in this document has been prepared by Westpac Financial Services Limited ABN 20 000 241 127 AFSL No. 233716 ('WFSL').

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Advance Asset Management Limited ABN 98 002 538 329 AFSL 240902 ('Advance') is the responsible entity for the Solaris Core Australian Equity MPS Fund ARSN 625 870 144 ('Fund'). A Product Disclosure Statement or other disclosure document ('PDS') is available for the Fund and can be obtained by calling 1800 819 935 or by visiting bt.com.au/MPS. The Financial Services Guide ('FSG') for WFSL and Advance can be obtained via www.bt.com.au or www.advance.com.au (as applicable). Any retail client should obtain and consider the PDS for the Fund and the FSG before deciding whether to acquire, continue to hold or dispose of units in the Fund. For the Target Market Determination for this product please refer to www.bt.com.au/tmd.

The Fund is only accessible through the CoreSeries Portfolios, a range of managed portfolio options available within BT Managed Portfolios ARSN 604 066 686 (BTMP). WFSL is the responsible entity and issuer of interests in BTMP. BTMP is available through Panorama Investments or Panorama Super. BT Portfolio Services Ltd ABN 73 095 055 208 AFSL 233715 (BTPS) operates Panorama Investments and administers Panorama Super. BT Funds Management Limited ABN 63 002 916 458 AFSL 233724 (BTFM) is the trustee and issuer of Panorama Super, which is part of Retirement Wrap ABN 39 827 542 991. Westpac Banking Corporation ABN 33 007 457 141 AFSL and Australian credit licence 233714 (Westpac) is the issuer of the BT Cash Management Account and the BT Cash Management Account Saver. Together, these products are referred to as the Panorama products. A PDS for the relevant Panorama products can be obtained by contacting BT on 1300 881 716. A retail investor should obtain and consider the relevant PDS before deciding whether to acquire, continue to hold or dispose of interests in the Panorama products. Conditions, fees and charges apply for the Panorama products and may change. The Panorama products are only available in Australia.

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Advance has appointed Solaris Investment Management Limited ABN 72 128 512 621 AFSL No. 330505 as the investment manager ('Manager') for the Fund. The Manager has consented to the statements pertaining to it in this document, in the form and context in which they appear and has not withdrawn its consent as at the date this document was published.

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Information current as of 16 December 2022.