Qualitative Fund Research

Blackmore Capital Blended Australian Equities Portfolio (SMA)

5 March 2021

The views and opinions in this document are considered valid from one year from the date published.

Research Factor Weighting

Research Process Category	Model Factor Weight	Analyst Average Score	Maximum Factor Score
Corporate & Investment Governance	15%	3.67	/ 5
Investment Philosophy & Process	20%	4.00	/ 5
People	25%	3.56	/ 5
Portfolio Construction & Implementation	15%	3.67	/ 5
Risk Management	15%	3.80	/ 5
Investment Fees	10%	3.76	/ 5
Overall Average Score		**3.74**	**/ 5**

What we look at?

The qualitative rating of a fund is a function of the Research IP Research Factor Weighting process, which incorporates the following:

Manager Introduction

With over 20 years' experience of being dependable custodians of investor capital, we have navigated through a myriad of market cycles and delivered capital accretion by applying our time-tested investment framework with relentless discipline. Equipped with the skill and temperament of the intelligent investor, we distance ourselves from the conventional short-term and noise-laden attitudes towards the stock market and aim to identify genuine high-quality investment opportunities for the long term. Further information on the Manager can be found in its online profile.

Blackmore Capital's investment philosophy reflects our distinctive and disciplined approach to investing. The core of our belief is that a high-quality business should display consistency of earnings, exhibit an ability to maintain returns, possess a strong balance sheet, have large potential market opportunity, adopt sound corporate governance and be available for purchase below our estimated intrinsic value.

Blackmore Capital is a signatory to the United Nations Principles of Responsible Investment (UN PRI). An overview of our ESG philosophy and a description of how we apply that philosophy to investment decisions in a way that enhances the value of our portfolios and encourages better performance of the companies we invest in, is available.

Blackmore Capital manages two funds:

- Blackmore Capital Blended Australian Equities Portfolio
- Blackmore Capital Australian Equities Income Portfolio

These funds are managed by a team of 2 portfolio managers and a further 3 investment professionals. The Manager has provided individual bios for the team. For the number and type of funds being managed, the team is adequately resourced and governed, with well tenured executives and portfolio managers.

Meet the Manager

Key Takeouts

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

Blackmore Capital Blended Australian Equities Portfolio – Research IP Quantitative Tear Sheet

https://platform.research-ip.com/funds/

Note: FREE to access via registration, updated monthly including performance.

Factsheet ***Report*** ***SMA Facts*** ***Articles / Views***

The Fund

Objectives	Blackmore Capital Blended Australian Equities Portfolio (SMA)
Investment Objectives	The portfolio seeks to deliver long term growth in both capital and income by investing in Australian listed equities. The portfolio aims to do so with lower volatility and greater downside protection relative to the S&P/ASX 200 Accumulation index benchmark.
Benchmark	ASX 200 Accumulation Index
Alpha Objective	3% over benchmark
Management Fee	0.60% p.a.
Performance Fee	None
Estimate of Total Fund Charges	n/a SMA
Minimum Timeframe	5 years
Portfolio Structure	Separately Managed Account
Distributions	Dividends & franking paid as per direct equity holdings to investors
Strategy Inception	4/2/2014

The Blackmore Capital Blended Australian Equities Portfolio ("the Fund") seeks to generate long-term capital appreciation by investing in Australian listed equities. The portfolio aims to do so with lower volatility and greater downside protection relative to the S&P/ASX 200 Accumulation Index benchmark.

Factor	Lower Limit	Upper Limit	Reference
No. of securities in universe	0	200	
No. of securities fully researched	45	60	
Typical number of holdings	20	40	
Expected Portfolio Turnover	20%	30%	
Cash	0%	25%	5-10%

Funds Under Management (FUM)

FUM	Blackmore Capital Blended Australian Equities Portfolio (SMA)
Fund currency	AUD
Current size of the Fund ($m)?	$168m
Minimum investment?	$25,000
Minimum additional investment?	No minimum
Current FUM in the strategy (including institutional mandates)?	$531m
Current total FUM of the Manager?	$771m
Date of FUM	31/10/2020
Manager comment	Recent growth has been buoyed by attaining the mandate of a listed Wealth Management business to manage their direct equities via a mix of the Blackmore Capital SMAs, the IFAs own white label or in-house equity SMAs and their non SMA equity portfolios. This has been augmented by slow and steady growth across the 21 existing IFAs who are invested in the Blackmore Capital SMAs via our 5 platform exposures.

The Risks

The Manager is aware of the broad range of risks as identified in the Fund Summary and is mindful of them when constructing and managing the portfolio.

Equity risk is the underlying risk with respect to this product. Given it is a concentrated portfolio there will be a greater chance of volatility in the short term. The number of stocks will be between 20 to 40. The top ten stocks make up approximately 60% of the portfolio.

Additionally, the Manager is benchmark agnostic, so active return will be an aspect to consider.

There is an element of key man risk in the management of the Fund, though this mitigated due to key responsibilities being split between Marcus Bogdan (CIO) and Richard Colquhoun (PM).

See our views on what investment risks to look out for on the Research IP blog.

Using this Fund

This Fund would fit into the growth component of a diversified portfolio. Given the risks mentioned above, the profile of the Fund would be suitable for investors with a higher risk profile. Investors should be aware that this type of Fund may experience significant periods of negative returns. Therefore, an investor should have an investment timeframe of at least five years.

What the manager says?

Insight	Manager view	Research IP opinion
Who is accountable for managing the fund? **Is the investment teams work history relevant to the funds they manage?**	Marcus Bogdan CIO and Richard Colquhoun are responsible for all investment decisions at a portfolio level. Marcus Bogdan – CIO - 28 Years in Equity Investment Management. - Commenced investment career as a Graduate Research Analyst at McIntosh/Merrill Lynch in 1992. Research Analyst for 8 years covering Chemical, Logistics & Transport & Industrial sectors. - Joined Credit Suisse in 2000 as Equity Advisor to Family Offices. - Joined Citigroup in 2002 as Senior Vice President (Equity Investment). - Portfolio Manager at Herschel Asset Management in 2006 covering financial services, healthcare and industrial sectors. - Portfolio Manager at Cooper Investors 2007 as Portfolio Manager for the Australian Equities Fund with coverage of healthcare, industrial, REIT, and telecommunications sectors. - Chief Investment Officer at Canaccord Genuity in 2013, established two Equity Funds Blended and Income Australian Equity Portfolios. - In 2017 established Blackmore Capital, Managing Partner and Chief Investment Officer. Richard Colquhoun – PM - 26 years' experience in financial markets encompassing equities research, advisory, asset allocation and portfolio management. - Research analyst at McIntosh Securities/Merrill Lynch, institutional equities sales at Deutsche Bank, analyst at Argo Investments Ltd and portfolio manager/analyst at Portfolio Partners (later Aviva Investors, Antares Equities) and AMP Capital Investors. - Portfolio management responsibilities have covered concentrated long only equity, long/short equity, equity income and REITs.	The depth of experience in the Australian equities space that Bogdan and Colquhoun have gained over 26+ years is a real value add. The knowledge gained through different market cycles and their understanding of specific companies within the Australian equity market will put them in good stead to assess relative value as markets move forward. Just as important is the long history between the two and their collaborative approach. Bogdan and Colquhoun met each other in the 90s. The breadth of their experience across different facets of the investment management industry in varying roles and specialities is complementary. They are generalist investors, however, through time and separate interests they have developed knowledge into distinctive segments. Bogdan focusses on industrial, logistics, transport (which he covered through the 90s) and has developed his knowledge of consumer staples and healthcare. Colquhoun focusses more on mining, energy and property. They share banks and diversified financials. There is certainly key man risk with respect to Bogdan and Colquhoun. The analysts who support them are relatively inexperienced. The development of their investment knowledge and skills is a work-in-progress with Bogdan and Colquhoun mentoring and training their research analysts. Both Bogdan and Colquhoun work with the analysts but the analysts must come to their own view on a specific stock. For example, they may provide the analyst with the history of a company to give some perspective. An element of key man risk is mitigated through representation on the investment committee from Artesian.

	- Chaired the asset allocation committee for Aviva Investors' Australian Statutory Funds. Claire Xiao – Research Analyst Claire supports the investment team conducting company and industry research. Claire's previous experience includes roles at KPMG and boutique wealth manager Evertang Group. Yu Li – Research Analyst Yu supports the investment team conducting company & industry research. Yu's previous experiences in the industry include investment banking, asset allocation, and equity research. Yu holds Bachelor of Commerce (Actuarial Studies and Finance), First Class Honours (H1) in Econometrics from Monash University and partial qualification for Part I of Actuarial Fellowship in Australia. Austin Pelman – Research Analyst Austin supports the investment team conducting company and industry research. Austin is currently studying a Bachelor of Business (Finance) at Northeastern University.	
Has the CIO/ PM personally invested in the Fund? Are they paying the same fees as other investors?	The PM is invested in the Fund. The CIO is invested in the Fund. The broader team is invested in this Fund. They are paying the same fees.	There is a strong alignment of interest with investors into this fund given both key members of the investment team are invested, as well as the broader team. It should provide a level of comfort to investors and indicate that the managers have confidence in their own ability.
Why would you allocate to this fund?	The portfolio has consistently delivered superior risk adjusted returns measured against its benchmark and industry peer group. The portfolio has consistently delivered lower volatility and greater downside protection relative to the ASX 200 index. Blackmore Capital's investment process of screening: earnings quality, industry dynamics, balance sheet structure, management/board execution, ESG materiality & valuation screening has delivered superior risk adjusted returns compared to the ASX 200 benchmark. The combined industry experience of Marcus	This Fund is for investors looking for a Manager with strong bottom-up fundamental analysis. Their approach is somewhat hybrid given the Manager overlays macroeconomic risks in their investment process. Investment analysis is evidenced by significant time and effort put into company visits. The knowledge and understanding of different companies has been developed over many years resulting in relatively high conviction in the stocks that end up in the portfolio. Whilst the impact of Covid-19 impacted physical company visits in 2020, the volume of company meetings was still

	Bogdan (CIO) and Richard Colquhoun PM of undertaking 25 years of company and industry research on Australian equities underpins the research process. The heritage of accumulated knowledge has provided advantages of understanding the economic cycle of returns for companies we invest in. Such knowledge provides important reference points in understanding where a company is in its investment cycle. For example, the portfolio manager can better ascertain whether current earnings and returns are sustainable or subject to threat. An appreciation of a company's operating history provides the opportunity to better understand the catalysts for future creation of value or the potential destruction of value in the future. The portfolio seeks to deliver long term capital and income appreciation by investing in Australian listed equities. The portfolio aims to do so with lower volatility and greater downside protection relative to the ASX 200 index. Investors face both idiosyncratic risk at a company level and systemic risk at a portfolio level.	maintained at a high volume, albeit via video conferences. The portfolio turnover is around 25-30% which is considered the lower end of the scale for an equity fund. This shows that the Manager is willing to hold them for longer periods of time to realise value based on the conviction in the stocks they select. The number of stocks in the portfolio is between 20-40 which is a relatively concentrated portfolio. Research IP believe the Manager has sufficient resource in their investment team to maintain the level of conviction and monitoring of this number of stocks. Risk management is a key focus from the stock level up, as well as at the portfolio level. The fundamental analysis exercised through their investment screening process provides a better understanding of each stock and how it may perform over the longer term. This is overlayed with considerations at the portfolio level, for example, active weightings in less liquid stocks, or sectoral analysis within market cycle context. Additionally, the level of portfolio cash holdings may be higher when they believe market risks are higher, or it may reflect a lower opportunity set in stock selection at the time.
What are key factors in the buying and selling decisions of the Fund?	The investment universe is the ASX 200. The research coverage divided amongst the investment team based on industry classification. Each industry is covered by CIO/PM and an Analyst. The Blackmore Capital portfolio is constructed by fundamental company, industry, and macroeconomic research. Our portfolios are constructed by identifying the attributes of: earnings quality, balance sheet latency, sustainability of returns, industry position & opportunity, focused management in alignment with the Boards strategic direction and a valuation that is fair and provides a margin of safety. The investment style blends the elements of Quality at a Reasonable Price, Value and Growth strategies within the one portfolio. The portfolios are style neutral. We believe	The size of each holding in the portfolio is merit based. The actual position will be monitored through time depending on level of conviction. For example, a stock may enter the portfolio as a 1% holding but the position will build as the valuation or relative risks change through time. The maximum position is 12% (hard), although the maximum active weight is +5% and no position has exceeded 10% to date. Efficient position sizing is critical in an SMA structure to avoid issues with minimum parcel sizes and a long tail. Research IP believes the Manager has a well structured process to manage portfolio changes for clients, although each platform provider handles execution differently. This portfolio is built as an SMA, rather than a managed fund cut to sit an SMA framework.

that generating a wide source of returns enables the portfolio to offer superior diversification and less idiosyncratic & systematic risk. Our investment methodology focuses on company attributes around quality of earnings, sustainability of balance sheet metrics and the core elements of industries they operate in, including regulatory risk. Our approach is principally fundamental, but we do overlay a series of quantitative screens at both a security and portfolio level.

The portfolio weighting ascribed to a company is determined by a risk/reward equation. For example, as risk is reduced due to observed performance we aim to build on our position. In addition, as reward improves due to declining valuation we will consider buying more. Conversely, if the balance sheet or earnings quality deteriorates, we will consider divesting our position.

Our trading strategy is underpinned by our investment strategy. For example, deep value stocks we would look to sell once it was NTA. Growth stocks (organic) we would look to de-weight on excessive valuations. Growth stocks (acquisition) we would look to divest on evidence of poor earnings quality/balance sheet or change in acquisition strategy.

Our investment decision to sell a position is based on fundamental research and we actively monitor the companies we hold in the portfolio. There are four factors that we actively consider in determining to sell a position in the portfolio.

1. If there is a material deterioration in earnings quality that impacts the medium/long term investment thesis
2. If there is a material deterioration in balance sheet quality that is structural in nature.
3. If there is deterioration in ESG metrics that could materially impact the valuation and social license of the company.
4. Excessive valuation based on our bottom up valuation process considering market capitalisation ratios, discounted cashflow and Sum-of-parts valuation.

The position size is also evaluated for its liquidity in the market. Naturally the large caps are likely to be more liquid and thus lower risk to the Manager if they were to hold more in that stock, as compared to a similar sized holding in a smaller and less liquid stock.

The decision to hold a stock is very much based around the Manager's fundamental analysis. This is both collaborative and iterative. A research analyst may build the initial analysis and coverage of the stock through a range of capitalisation, discounted cash flow analysis, sum of the parts valuation methodologies, but the focus is on safety and conservatism. This will be presented to the investment team to assess what areas need to be further highlighted or researched. The team will challenge each other to make sure specific stocks or sectors are not favoured.

Whilst Bogdan and Colquhoun are responsible for the final decision for what ends up in the portfolio, the research analysts are able to put forward their best ideas for stock inclusion.

In terms of selling out of a sector the Manager will consider direction of earnings, and how perfect a company needs to be to actually meet earnings expectations. A structural deterioration of earnings or the balance sheet is a red flag. Valuation will be closely monitored, though the decision to sell purely based on valuation has a much higher hurdle than any issues regarding structural earnings, so the Manager is prepared to let the stock run further.

A macroeconomic view of the market plays a key part in the buying/selling of stocks in the portfolio. For example, if it is late in the cycle the Manager will look at stocks that are more cyclical in nature and assess any deterioration in earnings and quality. Research IP view this part of their decision making as a necessity given the significant risks at present in the global economy and the ongoing influence of central banks throughout financial markets.

What are the key drivers of the Fund's performance and risk measures?	Blackmore Capital is invested across the investment factors of value, growth and quality at a reasonable price (QARP). The portfolio has multiple drivers of return and risk. We are agnostic to benchmark and will consider industries on their investment merit that have attributes that are aligned to our investment methodology. The portfolio has historically been weighted to QARP. The drivers of performance and risk has been shaped by our weighting to QARP primarily to the sectors of consumer staples, defensive industrials and healthcare. We favour investments that exhibit the hallmarks of earnings quality, favourable position in their industry, balance sheet latency and management focus on creating sustainable value. Capital allocation will favour companies and industries that best represent these criteria. We will actively overweight individual companies when investment conviction is high. We would expect the strategy to generate positive alpha generation during periods of market duress and where the factors of earnings quality and balance sheet latency are valued. The aim of the strategy is to outperform over the longer term by minimising participation in drawdown periods, while performing in line or higher when markets grinding higher. Blackmore Capital's investment process incorporates a blended approach including value, growth and quality at a reasonable price (QARP). The portfolio is benchmark unaware so returns can be different from benchmark returns. We would expect the strategy to underperform amid sharp changes in market conditions, as it takes some time to re-position a portfolio for a new market paradigm. The most significant period of underperformance occurred in 2016 following the election of President Trump, when the market shifted very rapidly to reflation and growth leadership in anticipation fiscal stimulus (tax cuts) and deregulation. The portfolio also tends to underperform in the early stages of an economic recovery when cyclical and value factors become more prominent given the focus on quality at a reasonable price.	The strategy has a track record back to 2014, under Canaccord Genuity, and the same portfolio is still in managed today under that umbrella. Blackmore Capital was founded in late 2017. The ability to outperform is reliant on the Manager's stock-picking skills and sector allocation. Since inception data on the Fund indicates that the Manager is true to label in regard to being benchmark agnostic. The Manager believes it's focus on balance sheet strength is the key to delivering superior risk adjusted returns. The largest allocation by market capitalisation on average since inception has been to stocks at the smaller end of the scale within the index (<$10bn market cap). Just over 40% on average. However, this does vary significantly through time, ranging from 15% to 58% weighting within the portfolio. The weighting to the larger market cap stocks has been 0% at times, including zero weight banks as the Royal Commission unfolded. In terms of sector allocation, the Manager has consistently had a significant underweight to financials (-19% on average). The most significant overweight in the portfolio has actually been to cash (range of +5% to +19%). This could be a drag when the market is performing well. Conversely, it can soften the drawdowns when markets do fall. This allocation is commensurate with the Manager's focus on achieving returns that have lower volatility and less downside risk as compared to the market. Cash is expected to be around 7%, with a minimum cash allocation of 4%. The Manager's ability to identify strong fundamentals across companies and hence outperform over the long term is key to the success of this Fund. However, the pace at which markets change could mean that any portfolio changes based on these fundamentals could easily revert and change direction to their detriment. How the Manager assesses which factors in the market are noise and which aren't will be a key determinant of future performance. This requires a disciplined investment process where emotional bias does not play a part in stock selection.

		Turnover is expected to be 25-30%.
On what basis are the fees charged justified?	The fee of the portfolio is 0.6% with no performance fees. The fee is structured to ensure that the Manager is adequately compensated to cover all research costs and to ensure that the firm remains profitable. The fee is at the low end of its peer group offering a long-only investment in the ASX 200. The portfolio is benchmarked to the ASX 200 Accumulation Index. There have been no fee revisions.	The size of the Manager's gross outperformance of the S&P/ASX 200 Accumulation Index benchmark over five years plus is comfortably greater than the management fee. Research IP believes the Manager is transparent from a fees perspective. Research IP observes that the manager's basic fee is in the lowest quartile compared to sector peer relevant SMAs. It is important to note that transaction costs for SMAs will be incurred directly by the investor due to the beneficia ownership structure. An investor in a SMA is reliant on the administrator executing trades efficiently on market. Aspects such position size, parcel size, rebalancing frequency, and entry and exit processes of portfolio positions become material in an SMA. In a managed fund structure scale can be an advantage and trades can be managed into market.
Describe the quality of the organisational and investment governance processes?	As we are a managed account (SMA) focussed business, all of our trading, pricing, custody, reporting and trustees are third party effectively outsourced to the platforms (Macquarie Wrap, BT Panorama, Praemium, Mason Stevens, Powerwrap). We do however still maintain internal processes around how orders are placed with checks and balances built into our business, examples include; 1. CIO, COO and PM are able to place orders via platform portals 2. Each trade is pre-checked by an alternate team member 3. Post trade checks are conducted the following trading day to ensure platforms have executed correctly (takes 24 hours for platforms to report trades – we can not intra day confirm) 4. Month end processes include confirmation that all platform shadow portfolios are aligned and correlated to our target portfolio weights	Outsourcing the back office duties enables the Manager to focus more closely on its core duties of managing investor capital, though this doesn't negate the requirement to monitor the third parties. They will be subject to the processes of each platform to execute trades efficiently. Research IP expects this will vary somewhat between providers. The initial due diligence process on the third parties is reviewed by external legal counsel before any appointments are made. The Board reviews and approves the operational risk framework annually. Miles Bellman is tasked with the ongoing monitoring of operations supported by a Compliance Manager, Head of Operations and Investor Services, and Director of Legal. The ability to leverage the back-office operations of Artesian Venture Capital strengthens Blackmore Capital's ability to continue business operations if there were any unforeseen interruptions to business as usual. 2020 is evidence that the Manager can continue to manage capital despite significant disruption.

	5. Performance reporting is analysed at a target portfolio level and platform shadow level via API feeds from platforms into Eikon Refinitiv Portfolio Analytics There is a separation of duties between the business owners/directors and all other staff (Marcus Bogdan & Miles Bellman x 2 directors). Only the two Blackmore Capital directors can access financial based systems and banking within the organisation and material transfers require two signatures & approval. As our staff policies (conflicts of interest etc) and compliance manual stipulate, separation of duties exists where there is the risk of fraud, compliance breaches or governance failings. All staff are required to take compliance leave annually as outlined in their contracts. Compliance & Governance is a core focus of Blackmore Capital as an organisation. It is our observation and belief that compliance, governance and operational failings are a significant potential risk to funds management organisations. The regulatory environment and operational processes can be complex and must be treated with respect, detail, focus and efficiency at all times. As a firm we have spent considerable time on our compliance and business structures which is documented in our Compliance Manual. The benefit of working with Artesian Venture Partners (AVP) has been the ability to implement and integrate into their already long standing, institutional grade governance processes and policies. AVP manages multiple assets classes across many international jurisdictions including capital for some of the largest Australian Superannuation Funds – this has provided Blackmore Capital significant operational benefits to the degree we have implemented processes that are of the highest institutional rigour. It is these processes and focus that enabled us to attain our Preferred & Recommended manager rating from Willis Towers Watson for institutional capital	The Compliance Policy is comprehensive, clear and easy to understand what each team member's duties are. The Policy is reviewed annually at least for scope and effectiveness. The Board comprises two executive directors in Marcus Bogdan and Miles Bellman. Research IP believes the investment governance could be strengthened with the addition of an independent director.

	within the first 12 months of operation as a boutique manager. Blackmore Capital has engaged Hall & Wilcox from a Financial Services Law perspective and Kit Legal from a Compliance Law perspective. We endeavour to engage experts for all issues relating to compliance, governance and business structuring.	
Describe the Manager's ESG, Corporate Sustainability policies and engagement.	ESG issues are one of critical attributes we monitor as part of our investment decision making process. Our ESG analysis is conducted in two key ways: 1. First, we consider ESG within the context of a company's strategy. We believe that companies with better ESG performance generally represent better quality investments. Specially, we recognise that strong performance on ESG metrics that are relevant to a company's core commercial strategy and operations can: o Facilitate top-line growth; minimize regulatory and legal intervention, increase employee productivity, increase shareholder engagement, optimise investment and capital expenditure. o We believe that ESG analysis provides the greatest value when it is applied in a targeted way to the most significant and material strategic priorities of a business. We use the SASB Materiality Framework as part of our analytical analysis. 2. Second, we integrate ESG considerations based on value, not values. Consistent with our investment philosophy on quality, we do not believe a screen is the most effective way to make an informed investment decision that most accurately reflects a company's value or worthiness as an investment. Instead, we use ESG to inform our assessment of quality. We believe ESG is most useful when applied as a determinant of value, rather than a framework of beliefs.	Being a PRI signatory should be considered a bare minimum in this day and age for any fund manager with a focus on environmental, social and governance investment considerations. RIAA membership and the ongoing certification requirements for a product is a good indication of the Manager's commitment to responsible investing. However, proof of the pudding in responsible investing needs deeper evaluation. Research IP believes that fund managers with an ESG focus should be giving attention to the underlying factors of a company that will ultimately benefit stakeholders and creating value. In other words, negative screening is not a comprehensive approach by itself to invest responsibly. In this respect, the Manager provides transparency for investors wishing to evaluate their ESG approach. Research IP believes the Manager has a solid foundation to comfortably assess a company's ESG characteristics. ESG factors are considered from the get-go in the Manager's investment process. When engaging with a potential company to invest in the Manager takes a balanced view on ESG metrics, considering how each metric may work with or against each other to ultimately create value for the company in the long run. The analysis will assess a company not just at that point in time but how its policies may enable the company to develop and grow overtime towards a more ESG friendly approach to business. The Manager aims to make objective judgements on ESG issues, thus trying to avoid an ESG investment approach that is purely based around beliefs and ethics. Research IP believes this is appropriate given the differences in opinion on ethical issues

	Blackmore Capital subscribe annually to Refnitiv & TruValue Labs that provides third party verification on ESG engagement and execution. to the Diogenes Research Company which undertakes in depth analysis on all aspects of ESG matters as part of their due diligence process on companies. ESG matters forms a central part of their assessment of Australian listed companies. In addition, Marcus Bogdan is a graduate and member of the Institute of Company Directors. A core part of the membership of the Institute of Company Directors requires regular training sessions on company ESG matters. No positive or negative screens are used in ESG analysis. Blackmore Capital is a signatory to Principles for Responsible Investment (PRI), and the Responsible Investment Association Australasia (RIAA). Blackmore Capital has issued a publicly available ESG policy. Blackmore Capital does not have a specific CSR policy but we do subscribe to the standards and objectives of the Australian Human Rights Commission.	that naturally arise when investing on behalf of several different investors. In summation, the Manager has a nuanced, pragmatic, and long-term view on ESG and responsible investing. This is a constantly evolving space in the investment industry. Research IP believes the Manager is well placed to assess developments that will uncover value for investors over time.
Is there alignment with the interests of investors through ownership of the Manager and/or remuneration of the investment team?	CIO: Marcus Bogdan – Bonuses paid from company profits or retained earnings alongside other partners of Blackmore Capital. PM: Richard Colquhoun – Bonuses paid from company profits or retained earnings alongside other partners of Blackmore Capital. COO: Miles Bellman – Bonuses paid from company profits or retained earnings alongside other partners of Blackmore Capital. Analysts - Claire Xiao, Yu Li & Austin Pelman - Bonus may comprise component of the Fund management fee and general company profits. Marcus Bogdan CIO owns 44% of Blackmore Capital and holds 90% of family Self Managed Superfund invested in the portfolio.	Research IP believe the equity ownership of Blackmore Capital is evidence of strong alignment of interest with investors given the CIO, PM and COO own 90%. The Manager is transparent on ownership and remuneration incentives. This encourages a cohesive team environment, working in the same direction as their investors.

	Miles Bellman COO owns 44% of Blackmore Capital and is holds 90% of family Self-Managed Superfund invested in the portfolio. Richard Colquhoun Portfolio Manager owns 2% of Blackmore Capital and is invested directly into the portfolio. Ownership structure: Marcus Bogdan CIO – 44% ownership Miles Bellman COO – 44% ownership Richard Colquhoun PM – 2% ownership Artesian Investment Partners – 10% passive ownership (no board seat)	

About Research IP

Research IP has provided client focused qualitative and quantitative financial product and security research since 2015. Research IP was also the consultant to the NZX wholly owned subsidiary FundSource, providing investment research to the New Zealand market since 2015.

Research IP is a specialist investment research provider which is used and trusted by investors & financial advisers for investment, KiwiSaver, Superannuation and other Pension schemes throughout the Asia Pacific region.

Research IP has grown its team and footprint by utilising the specialist skills of its analysts which include;

- data scientists,
- equity, bond and alternative asset specialists
- portfolio managers
- asset allocation analysts
- and ratings specialists.

Our experience has been gained in well over 20 years of roles across different facets of the industry, so we understand the key drivers and challenges for managers, as well as the impact for investors and the Financial Advice industry.

By leveraging the skills of specialists, Research IP is able to provide innovative and tailored financial services solutions to the marketplace. Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. We have strong philosophical alignment with John Hagel's work on the possibilities for "Disruption by Trusted Advisors" and John Kay's views in "Other People's Money: Masters of the Universe or Servants of the People".

Research IP delivers high quality quantitative and qualitative fund research to financial advisers and the broader financial services industry. Research IP works with a number of expert providers to source this data. Quantitative data is supplied by a variety of sources, including directly from the Fund Manager, while qualitative research is provided by Research IP.

Find all Qualitative Research announcements and subscribe for updates here:

https://research-ip.com/news

Contact:

www.Research-IP.com

Email: info@research-ip.com

Disclaimers, Disclosures and Warnings

RESEARCH IP STRONGLY RECOMMENDS THIS DOCUMENT BE READ IN CONJUNCTION WITH THE RELEVANT PRODUCT DISCLOSURE STATEMENT OR INFORMATION MEMORANDUM.

IMPORTANT NOTICE: This document is published by Research IP Pty Ltd (Research IP) ABN 81 602 947 562 is a Corporate Authorised Representative of AUSTRALIAN WEALTH HOLDINGS PTY LTD, AFSL 481674. Research IP is also a registered Financial Services Provider (FSP) in New Zealand : 710351. Please read the following before making any investment decision about any financial product mentioned in this document.

Disclosure at the date of publication: Research IP may have received a fee from the fund manager or product issuer(s) for researching the financial product(s) set out in this document, using objective criteria. Research IP may also receive a fee from the fund manager or product issuer(s) for subscribing to research content and other Research IP services. Research IP's fee is not linked to the rating(s) outcome. Research IP does not hold the product(s) referred to in this document. Research IP's representatives and/or their associates may hold the product(s)referred to in this document, but details of these holdings are not known to the Analyst(s).

Disclosure of Investment Consulting services Research IP may receive fees for providing investment consulting advice to clients, which includes model portfolios, approved product lists and other financial advice and may receive fees from this fund manager or product issuer for providing investment consulting services. The investment consulting services are carried out under separate arrangements and processes to the research process adopted for the review of this financial product. Policies are available on request.

Warnings: Past performance is not a reliable indicator of future performance. Any express or implied rating or advice presented in this document is limited to "General Advice" (as defined in the Corporations Act 2001(Cth)) and based solely on consideration of the investment merits of the financial product(s) alone, without taking into account the investment objectives, financial situation and particular needs ('financial circumstances') of any particular person. It does not constitute a recommendation to purchase, redeem or sell the relevant financial product(s). Before making an investment, decision based on the rating(s) or advice, the reader must consider whether it is personally appropriate in light of his or her financial circumstances or should seek independent financial advice on its appropriateness. If our advice relates to the acquisition or possible acquisition of particular financial product(s), the reader should obtain and consider the Product Disclosure Statement of Information Memorandum for each financial product before making any decision about whether to acquire a financial product. Research IP's research process relies upon the participation of the fund manager or product issuer(s). Should the fund manager or product issuer(s) no longer be an active participant in Research IP's research process, Research IP reserves the right to withdraw the document at any time and discontinue future coverage of the financial product(s). The rating in this publication relates to the fund outlined in the publication which may have related funds or be associated with other funds and platforms. The rating may only be applied to the fund outlined in this publication at first instance and whether it applies to related or associated funds and platforms should be investigated by your financial adviser before you make an investment decision in relation to the related or associated funds and platforms. You should be aware that the mandate, fees, underlying investments, the issuers of the related and associated funds and platforms may be different from the fund specified in this publication. You should satisfy yourself that the related and associated funds and platforms meet your financial circumstances, needs and objectives before making an investment decision.

Disclaimer: This document is for the exclusive use of the person to whom it is provided by Research IP and must not be used or relied upon by any other person. No representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this document, which is drawn from public information not verified by Research IP. Financial conclusions, ratings and advice are reasonably held at the time of completion but subject to change without notice. Research IP assumes no obligation to update this document following publication. Except for any liability which cannot be excluded, Research IP, its directors, officers, employees and agents disclaim all liability for any error or inaccuracy in, misstatement or omission from, this document or any loss or damage suffered by the reader or any other person as a consequence of relying upon it.

Analyst Disclosure and Certification: Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the Analyst(s) may hold the financial product(s) referred to in this document, but Research IP considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the matters and financial product(s) to which this document refers.

For New Zealand investors and advisors:
Warning: Past performance is not a reliable indicator of future performance. Any information, opinions, views or recommendations in this report are for general information purposes only. To the extent that any such information, opinions, views and recommendations may constitute advice, they do not take into account any person's particular financial situation or goals and therefore do not constitute personalised financial advice under the Financial Advisers Act 2008, nor do they constitute advice of a legal, tax, accounting or other nature to any person. This report should not be relied upon as a substitute for advice from your authorised financial adviser.

Disclaimer: Research IP gives no warranty of accuracy or completeness of information in this document, which is compiled from information from public and third party sources. Opinions and ratings are reasonably held by Research IP at compilation. Research IP assumes no responsibility to update this report after publication. Except for any liability which cannot be excluded, Research IP, its directors, officers, employees and agents disclaim all liability for any error, inaccuracy or omission, or any loss suffered through relying on this report. No part of this document may be redistributed or reproduced in any form or by any means without the written consent of Research IP. © Research IP Limited 2021.