

# **Strategic Opportunities (Growth & Income) Fund**

**18.04.2023**

**Investor Briefing**

## **General Advice Warning:**

Any information is of a general nature only and does not take into account your objectives, financial situation or needs.

Target returns are estimates only and are not earnings forecasts or guarantees.

Past performance is not a reliable indicator of future performance.

**General Advice Warning:**

This is not an offer or invitation to invest in any financial product but rather an outline for information purposes only.

A Product Disclosure Statement will be released for the financial product when it becomes available for investment, issued by Plantation Capital Limited  
ABN 98 096 059 353, AFSL 339481.

**Handouts**

PDF handouts are available for download. I recommend you print them off and fill in the gaps as we go along.

## **Preliminaries**

1. Please save questions until the question and answer time.
2. This is being recorded and a link will be provided if you need to leave early.

## **Strategic Opportunities (Growth & Income) Fund**

### **Part One: Investor Conundrum**

# Fill In The Blanks

- **MOST**   money
- **QUICKEST**   time
- **LEAST**   risk
- **LOWEST**   aggravation

# Self Assessment

|                       | A Lot | A Little |
|-----------------------|-------|----------|
| Available Time        |       |          |
| Risk Appetite         |       |          |
| Skill Level           |       |          |
| Aggravation Threshold |       |          |
| Return Expectation    |       |          |

## **A-Ha**

Is the expectation of my

investing **OUTPUT**

realistic considering my

investing **INPUTS**

## **A-Ha**

If the answer is NO, and your

return expectation is HIGH,

then expect **PROCRASTINATION.**

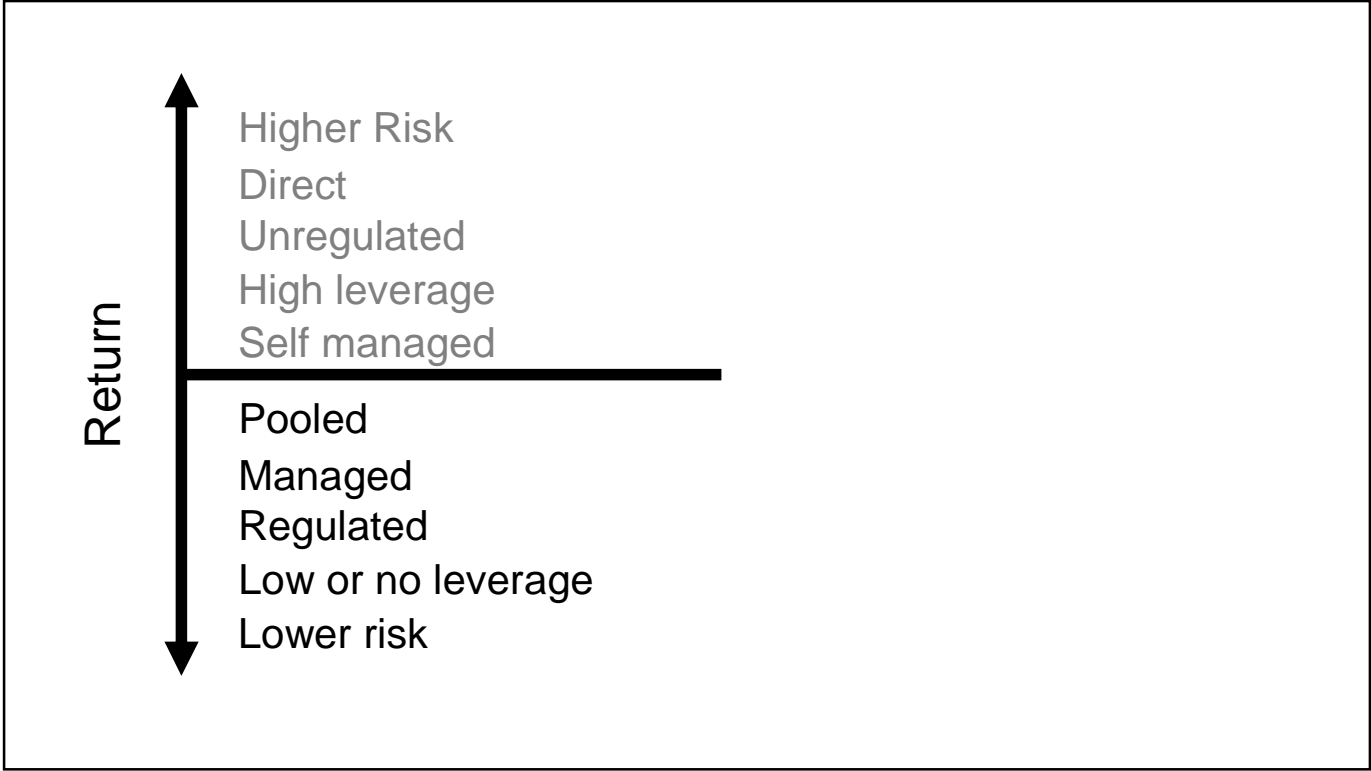
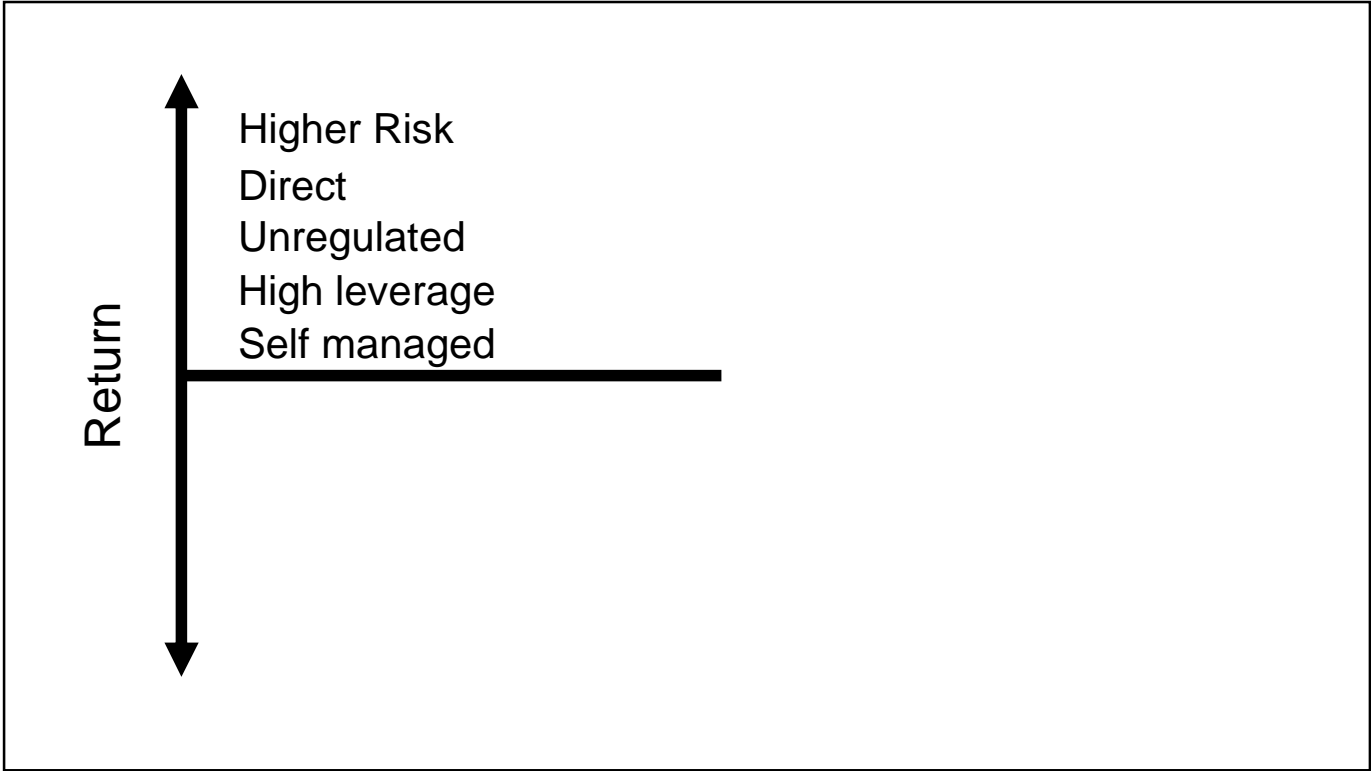
## Question

When might it be better to accept a lower than 'max' return?

## Answer

If that return can be accessed:

- **Sooner**; and /or with
- Less risk; and / or with
- **Lower** aggravation.



# Key Questions

What are you looking for?



Return

Set & Forget

Managed

Low Aggravation

Trusted Advisor

|  |
|--|
|  |
|  |
|  |
|  |
|  |



## Self Assessment

|                 | Important | Neutral | Not Important |
|-----------------|-----------|---------|---------------|
| Return          |           |         |               |
| Low Risk        |           |         |               |
| Passive Nature  |           |         |               |
| Low Aggravation |           |         |               |
| Trustworthy     |           |         |               |

## Self Assessment

| Risk         | Medium-High | Medium-Low |
|--------------|-------------|------------|
| Passive      | Low         | High       |
| Aggravation  | High        | Low        |
| Skill Needed | High        | Low        |
| Regulated    | Unregulated | Regulated  |
| Return       | High-Medium | Medium-Low |

## Target Return

|                         |          |          |
|-------------------------|----------|----------|
| Base Return (risk free) |          | %        |
| Risk tolerance          | +/-      | %        |
| Expertise / skill       | +/-      | %        |
| Managed                 | +/-      | %        |
| Regulated               | +/-      | %        |
| <b>Expected Return</b>  | <b>=</b> | <b>%</b> |

## Conclusion

You should expect a higher return

- **Direct** (not paying manager)
- **Unregulated** (not paying for compliance)
- **Unproven** (higher risk)

## Conclusion

You should expect a lower return

- Pooled (mngt fees)
- Regulated (compliance costs)
- Low skill
- Low risk

## Strategic Opportunities (Growth & Income) Fund

### Part Two: Efficient & Inefficient Markets

## Efficient Market Hypothesis

Efficient asset prices reflect all information and consistent 'beating of the market' (alpha generation) is **impossible**.

## Efficient Market Hypothesis

Efficient assets **always** trade at their fair value on exchanges, making it **impossible** for investors to purchase undervalued stocks or sell stocks for inflated prices.

## **Efficient Market Hypothesis**

It should be **impossible**  
**to outperform** the overall  
market through expert stock  
selection or market timing.

## **Efficient Market Hypothesis**

The only way an investor  
can obtain **higher returns**  
is by purchasing **riskier**  
(i.e. not efficient) **investments**.

## Risk & Return

- Risk and return are **related**
- **Higher** return = **higher** risk
- Higher risk can be managed, mitigated and moderated through **skill** and **experience**

## Conclusions

1. You can't consistently 'beat the market' buying **efficient** assets
2. Higher returns necessitate investing in **inefficient** assets
3. Inefficient assets have **higher** risk that can be managed and moderated with skill and expertise

# Strategic Opportunities (Growth & Income) Fund

## Part Three: The Opportunity

### My Motivation

- **Noble** (for you)
- **Selfish** (for me)
- **Altruistic** (for us)

## What We Aren't...

- Promising massive **returns**
- Promising fast or easy **money**
- Have a '**black box**' solution
- Cowboys with a "risk on" mentality
- Using your money to build our brand

## What We Are...

- Realistic
- Accountable
- **Transparent**
- Communicative
- Pro active



## Our Goal

1. Managed by someone you can trust
2. Investing in something you can trust
3. Target a **'fair to good'** return
4. Use skills to manage and mitigate risk
5. Operate in a **regulated** environment

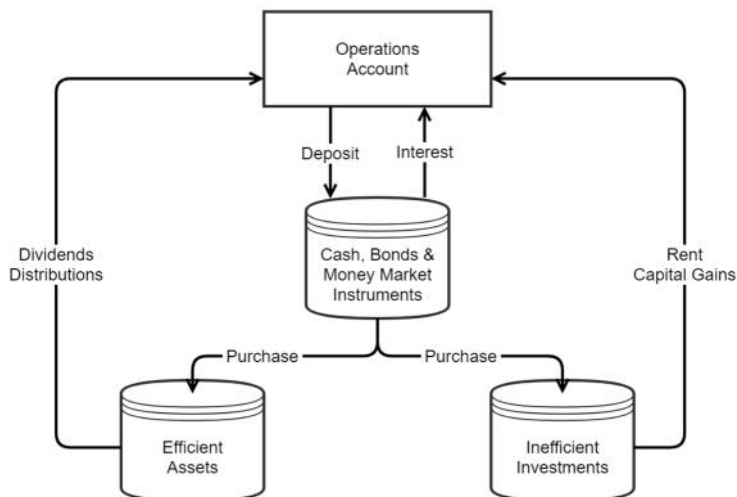
## Fund Goal (What?)

An unlisted (managed) fund  
that seeks to generate  
**growth** and **income** returns

## Fund Goal (How?)

Investing in a **diversified** portfolio of

- cash, money market instruments & bonds
- strategic **efficient** assets; and
- entrepreneurial **inefficient** investment opportunities.



## Philosophy

|                    |   |
|--------------------|---|
| Cash, MM, Bonds    | Not yet Deployed<br>Defensive / Baseline return |
| Efficient Assets   | Efficient assets<br>Market return               |
| Inefficient Assets | Inefficient assets<br>Risk appropriate return   |

## Long-Term Target Annual Returns (as much as, before fees and costs)

|                    |                 |
|--------------------|-----------------|
| Cash, MM, Bonds    | RBA + <b>2%</b> |
| Efficient Assets   | <b>8%</b>       |
| Inefficient Assets | <b>10%</b>      |

## Long-Term Asset Allocation Ranges

|                    |                   |
|--------------------|-------------------|
| Cash, MM, Bonds    | Up to <b>20%</b>  |
| Efficient Assets   | <b>15% to 60%</b> |
| Inefficient Assets | <b>40% to 70%</b> |

## Ideal Investor

- Passive and **low** aggravation
- Seeking **realistic** and fair returns
- Medium to long-term timeframe
- Willing to invest in ‘managed’  
medium to high-risk assets

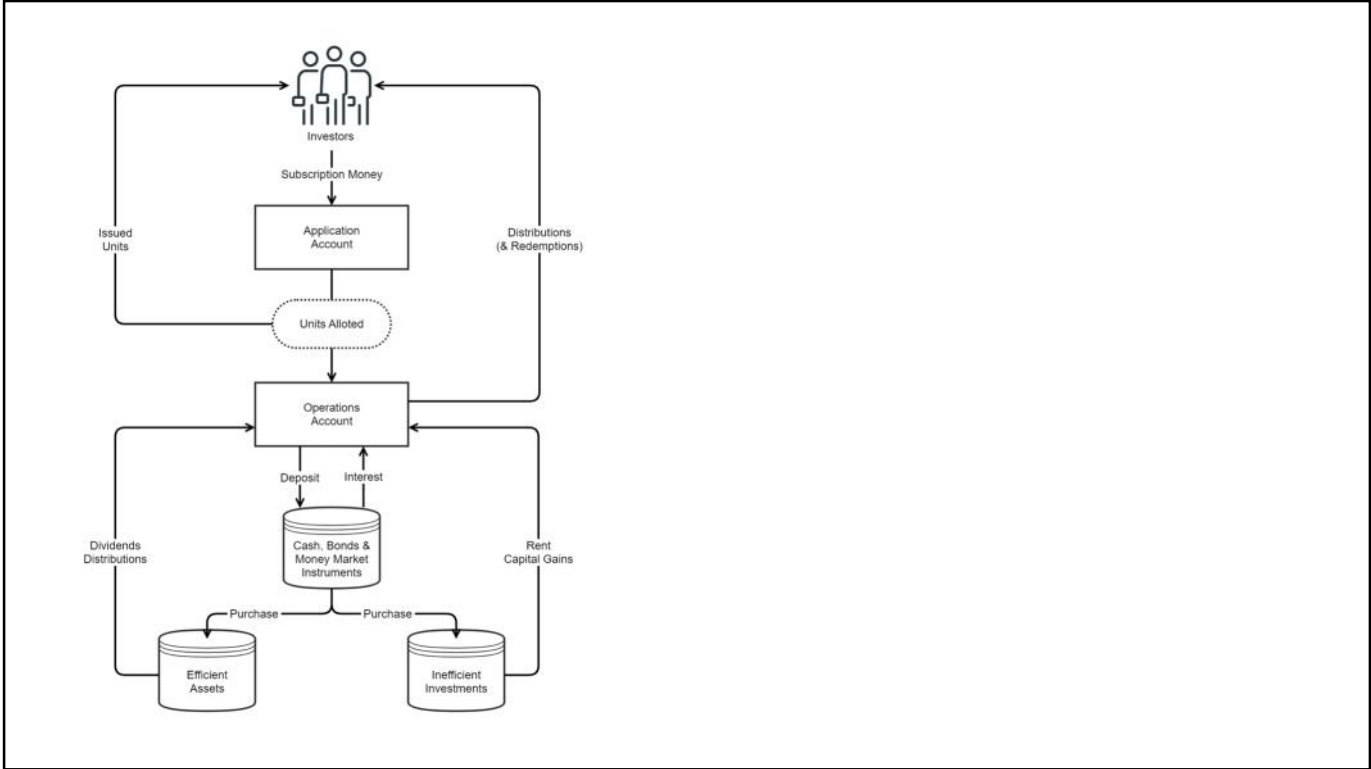
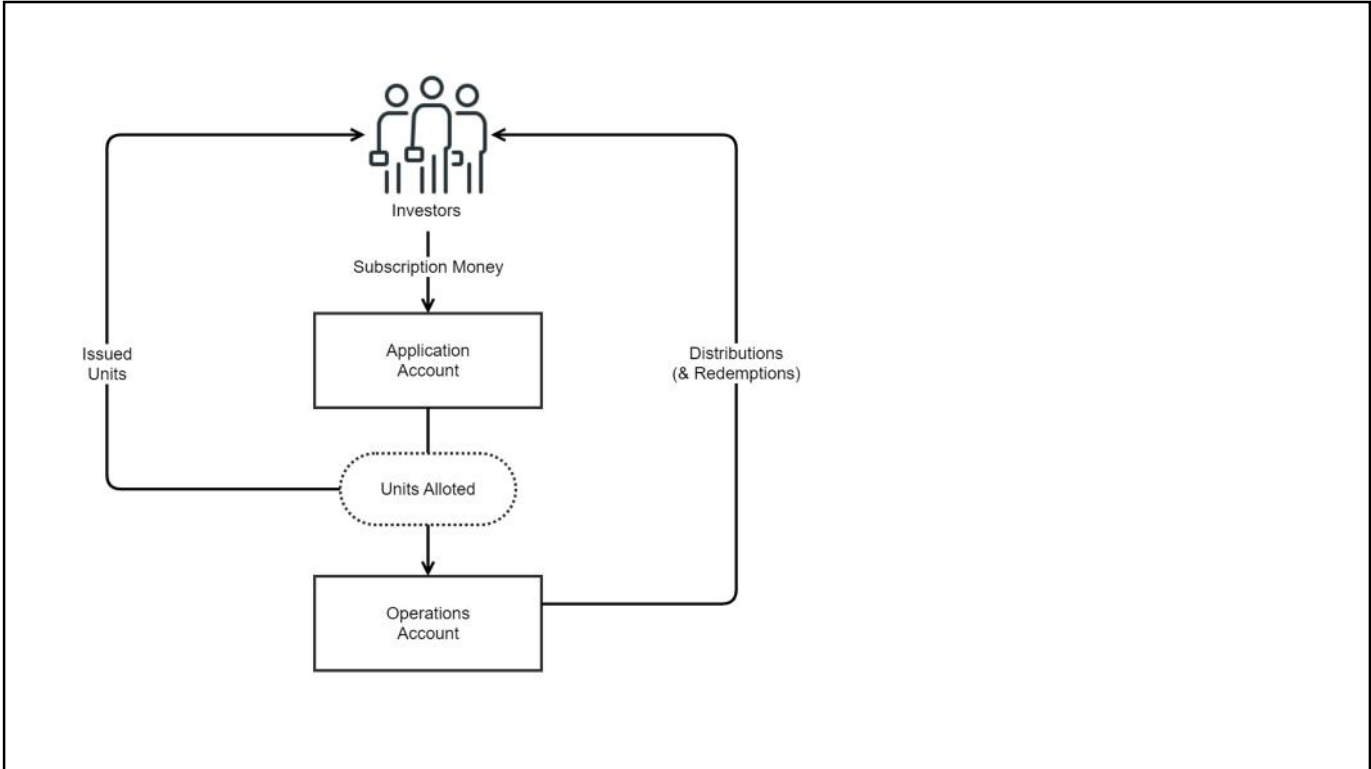
## Why Not Someone Else?

- Professional owner-investors, not just employees on the **career ladder**
- You're a client, not a number (and we mean it)
- Retail fund but access to wholesale opportunities
- Upside from inefficient assets
- Transparent and **trust** relationship (part of a community)

## Strategic Opportunities (Growth & Income) Fund

### Part Four: The Mechanics

# Strategic Opportunities (Growth & Income) Fund



## **Who Can Invest**

- Individuals
  - Joint accounts, Minors
- Trusts (Incl. SMSF)
- Companies
- Partnerships

## **Investment Sums**

|                       |            |
|-----------------------|------------|
| Initial application   | \$10,000+  |
| Non-recurrent top ups | \$1,000+   |
| Recurrent top ups     | AIP<br>DRP |

## **AIP**

- Encourage auto-investing
- Direct debit agreement
- Monthly deduction  
(**\$250** minimum)
- Will always remain open

## **DRP**

- Reinvest for more units
- Small discount to issue price
- No contribution fee
- Will remain open



## Quarterly Distributions

- Income  
(Interest, Dividends,  
Rent, Capital Gains)
- Tax deferred
- Capital returns

## Unit Price

- Function of NTA
- As the value of Fund  
assets increase, so too  
will the unit price

## Redemptions

### This is not a short-term investment

- Not until after 31/12/2024
- Twice each year
- Up to the nominated amount

## Capital Structure

- Open-ended
- Will open and close
- First tranche: **\$20m** min subscription
- Once min sub is reached  
unit price goes to floating

## Interest On Sub Money

- Subscription capital will be invested in interest-earning ADI deposits
- Interest distributed and reinvested into extra units

## Steve's Involvement

- **Significant** investor
- Remain on the executive (RM, KP, Director & Chairperson)
- Transition out of operations, compliance and administration
- Focus on inefficient real estate acquisitions
- Remain available and **accountable**

## **Fund Life**

- No formal end date
- All going to plan I expect to transition into the background (involved but not integral)
- Could be acquired but if so then investors would be offered a redemption opportunity

## **Strategic Opportunities (Growth & Income) Fund**

### **Part Five: Fee Structure**

## Fair Fee Policy

- We only win if you win first
- **No fee** for negative operational performance
- No chiselling from churn

## Contribution Fee

| Fee for making the opportunity available |           |
|--|-----------|
| Standard                                 | <b>2%</b> |
| Discounted (Foundation)                  | <b>1%</b> |
| US Fund Investors                        | <b>0%</b> |

Fees are plus GST

## Management Fee

| Recurrent management fee for managing the portfolio |                                       |
|---|---------------------------------------|
| Base Fee  | <b>Nil</b>                            |
| Performance   | Up to a <b>quarter</b> of performance |

Fees are plus GST

## Protection Mechanism

Any negative performance must first be **'made good'** from future performance before a future performance fee is payable

## Inefficient Asset Purchase / Sale

| Finding, negotiating, due diligence, etc. on inefficient assets |           |
|---|-----------|
| Acquisitions  | <b>2%</b> |
| Disposals   | <b>2%</b> |

Fees are plus GST

## Strategic Opportunities (Growth & Income) Fund

### Part Six: Next Steps

## **Next Steps**

- PDS typeset and verified
- Website built
- “Onboarding” tested
- Launch... ??15 May??