

Manager profile

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Company overview

Trilogy Global Advisors LLC was founded in 1999 by the current head of Trilogy, Bill Sterling. Headquartered in New York, the firm is 100% owned by its staff.

Trilogy's origin was based on Bill's desire to continue providing institutional investors with his growth-oriented global and international investment management discipline, a process he had been implementing successfully for many years.

Investment management services are the firm's sole source of revenues, reflecting a singular focus on providing above-benchmark returns for clients at a moderate level of risk.

As at 31 October 2009, total funds under management for Trilogy was A\$13.5 billion, of which the Global Equities team managed A\$7.2 billion.

Investment style and philosophy

Trilogy follows a consistent bottom-up, growth-oriented investment process based on the belief that future earnings growth is a key determinant of long-term equity returns. The research discipline focuses on identifying companies with a high level of sustainable earnings power or the near-term potential to achieve such earnings power. Accordingly, Trilogy's portfolios contain a mix of both traditional growth companies and early stage growth companies. Trilogy's overall goal is to provide above benchmark returns at a moderate level of risk.

Investment process

Trilogy employs a pragmatic, bottom-up, growth-oriented investment process based on the belief that future earnings growth is a key determinant of long-term equity returns. It's driven by global sector based research, and uses quantitative and qualitative screens to focus research on companies that meet strict criteria as target investments. The process focuses on identifying both proven and emerging companies that are likely to deliver superior earnings growth relative to their global industry peers.

Top-down economic views are also incorporated into the analysis and portfolio construction. Portfolios contain a mix of both traditional growth companies and early stage growth companies to maximise risk/reward.

Investment ideas are subjected to rigorous due diligence, including meetings with company managements and extensive financial statement analysis and modelling. A unique aspect of the process is that each analyst evaluates the upside potential versus the downside risk of every security Trilogy considers for investment. Based on sector teams' modelling reviews, those stocks with the best risk/reward ratios are added to the sector buy lists. Risk

management focuses on avoiding losses, rather than minimising tracking error relative to the benchmark.

The final result is a sector buy list consisting of approximately 10 to 40 stocks per sector. All companies hold the common characteristics of sustainable earnings power and are either traditional or early stage growth companies.

The investment team

Trilogy's three-person portfolio management team is responsible for portfolio construction and stock selection. The investment team is led by three highly experienced global Portfolio Managers, Bill Sterling, Bob Beckwitt and Greg Gigliotti, who are supported by 16 global sectors analysts. The large number of analysts is a crucial component to their investment strategy which requires extensive company and sector specific knowledge as well as sufficient personnel to effectively analyse companies which must survive their quantitative and qualitative process.

Reason Advance selected Trilogy

Trilogy is a global equity specialist focusing on a broad investment universe, incorporating emerging markets and small caps.

In addition to this we also favour the following factors.

- Investment-led culture with an experienced senior team who have different backgrounds and complementary skill sets.
- Focus on downside risk and the complementary top-down input into the final portfolio structure.
- Is benchmark agnostic.
- Gives attention to company valuation, using different valuation metrics across industries.

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