

Manager profile

Company overview

Tribeca Investment Partners (Tribeca) is a boutique Australian equities manager founded in 1998. Tribeca staff hold the majority stake in the business with the remainder owned by Grant Samuel Funds Management (GSFM). GSFM was established in 2007 and is a subsidiary of the Grant Samuel Group. GSFM has also been appointed the sole external distribution partner for Tribeca.

Tribeca designs and manages innovative investment solutions for its clients to meet their wealth creation objectives. A culture of investment creativity is balanced by a range of disciplined and comprehensive processes that have delivered a long history of success. As at 31 May 2011 its funds under management totalled \$1.2 billion.

Investment philosophy and style

Tribeca believes that to achieve returns that consistently exceed the market it requires a systematic investment process to identify mispriced securities. This process must also generate an information advantage, as well as be able to exploit observed market biases. As a result Tribeca has adopted a multi-faceted investment approach. This approach enables the development of a range of products that apply specific skills to maximum effect in different segments of the market. It sees competencies such as fundamental company research, quantitative research, and having an understanding of the macro environment and portfolio as important in supporting this approach.

Tribeca also sees the following four areas as key to its Small Cap strategy.

1. **Quality stock selection** is paramount along with a strong fundamental process, implemented by an experienced team.
2. **A relatively concentrated portfolio** to drive higher alpha, focused stock selection and maintaining a 'sell' discipline, while providing appropriate portfolio diversification.
3. **Proper portfolio construction** to mitigate any unintended sectoral or thematic biases.
4. **Setting a realistic cap on fund size and adhering to it** to ensure alpha is maintained.

Investment process

Tribeca's investment process has been forged over more than a decade and aims to identify the market leaders of the future. Its process will tend to bias toward companies with relatively high quality and sustainable earnings streams. The following features summarise Tribeca's view to building an effective small cap portfolio.

- Skilful stock selection – critical for small caps given the greater need for caution with regards to capital preservation, in particular when carrying out the following activities.
 1. Screening stocks outside the S&P/ASX 100 to identify those worthy of detailed research and valuation.
 2. Eliminating businesses that cannot demonstrate cash breakeven achieved or imminent.
 3. Subjecting companies to a comprehensive and stringent analysis of both qualitative and financial aspects.

4. Visiting companies as a cornerstone to its research process and in addition evaluating the competitive landscape by contacting a company's competitors, suppliers, regulators, customers and industry bodies.

- A 50 stock portfolio to ensure it captures the benefits of its comprehensive research process, quality control is maintained and an appropriate level of diversification is achieved.
- Applying its quantitative screen (Portfolio Characteristic Test) to examine how a selection of preferred stocks combine in the portfolio and assessing what sectoral or thematic biases are present.
- Maintaining any bias it deems acceptable and ensuring any unintended or extreme bias will be mitigated by adjustments to holdings. Any positions creating unintended biases are either removed or mitigated and an alternative (and still attractive) opportunity added. This is carried out at the discretion of the portfolio manager who is the ultimate decision maker.

The key objective of Tribeca's portfolio construction process is to get the best representation of the high conviction ideas generated by the analyst team into the portfolio whilst controlling risk (analysts will also challenge the place of a stock in the portfolio when they uncover a better opportunity).

Investment team

Tribeca's experienced research team, who average 15 years of investment experience, provide detailed bottom-up direct company and industry research together with a rigorous valuation approach. A critical factor is that both of Tribeca's portfolio managers are also analysts with an in-depth understanding of the prospects of the companies in the portfolio.

Reason Advance selected Tribeca

We like Tribeca's ability to add value through detailed bottom-up stock research while managing the risk drivers of their portfolio. We also favour their comprehensive and systematic valuation approach for the construction of a strong risk adjusted portfolio. We believe that Tribeca's assessment of macro and micro risks through their Portfolio Characteristics Test further enhances the risk adjusted alpha potential as they minimise unintended and unrewarded risks within our portfolio.

Contact Centre: 1800 819 935

Adviser Services: 1300 361 864

advance.com.au

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