Chanticleer

For crowing there was not his equal in all the land...

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Stayer's secrets: Mercer's top fundie

The annual league table of Australia's top fund managers always provides a window into the mood of the market, and the list for the 2023 financial year is a perfect example.

That a value manager (Merlon's Concentrated Value Fund, with a return of 26.5 per cent) beat out a growth fundie and a style-agnostic manager (Hyperion's Australian Growth Fund and Yarra Capital's Australian Equities Broadcap Fund both returned 22.4 per cent) speaks to the volatility and changes in style leadership the local market has seen over the last 12 months.

But few investors have a one-year time-frame, and Chanticleer is always fascinated to find the stayers who can deliver a sustained period of strong performance. Topping the list of long-only funds over five years is Australian Eagle Asset Management's Equity Strategy fund, which has delivered an 11.6 per cent per annum return over the past five financial years, compared to the 7.8 per cent return from its benchmark, the ASX 100.

Australian Eagle's chief investment officer, Sean Sequeira, says the fund, which invests in 25 to 35 large cap stocks at any one time, is differentiated by the fact it hunts for changes in a company's strategy or circumstances that will change its earnings profile.

"What we're looking for is inflection points within a company. What's changing within a company that can either change or improve the earnings growth profile and/or the quality of those earnings over the next three to five years. We want to identify pieces of evidence that we can point to that says that change is actually taking place, and is not a figment of our imagination."

The best example, Sequeira says, might be Australian Eagle's investment in Fortescue Metals Group, which went "from a company that the market thought was going out of business when we bought into it, to something that's superior in terms of valuation to some of its larger rivals".

Recent top performers also fit the bill. Insurer QBE went from a market darling under former boss Frank O'Halloran to a laggard during several years of underperformance, but a few years ago Sequeira and his team believed they could see signs the company was finding its mojo again. As it turns out, he says Australian Eagle was probably too early, but the stock's 35 per cent surge in the past year – on the back of large premium increases and better investment market returns – has made it one of the fund's top performers.

While the fund's top 10 holdings have a very blue chip feel right now – Commonwealth Bank, Rio Tinto, CSL, Woodside and Macquarie Group are all there – Sequeira says this reflects the volatility that has buffeted the ASX in recent months, both between sectors and in sectors.

"We've seen different parts of the market lead for different times for no apparent reason. And in that environment, we want to be relatively well spread."

Companies that Australian Eagle believes are maintaining the quality of their earnings will stay in the portfolio – CBA, which Sequeira and his team bought following the AUSTRAC scandal in 2018, is a good example – but any stock can be removed from the portfolio at any time.

Market darling CSL is another good example. Australian Eagle, which last year took over Montgomery Investment Management's domestic large cap equity portfolios, has been in and out of the biotech giant a few times in the past eight years, selling when its growth expectations were met, and then buying back in when another earnings driver emerged, such as the more recent growth in CSL's vaccine business.

Sequeira says he will be interested to see if one of the fund's smaller holdings, emerging biotech Telix Pharmaceuticals, can make the jump into the ranks of quality earnings producers.

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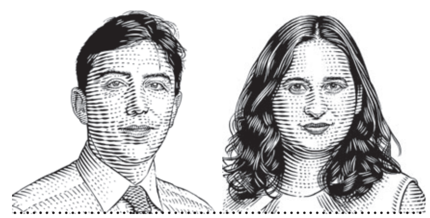

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Defamation runs in the Roberts-Smith family

The defamation trial of the century, **Ben Roberts-Smith** v Fairfax Media, is finally over, with the parties now scrapping over the small matter of $25 million of combined costs and Roberts-Smith lodging a Hail Mary appeal.

But what of the other illustrious Roberts-Smith defamation case of our time? Nobody knows about it because strangely enough, it's never been reported on.

Back in 2013, the decorated soldier's aptly named mother, **Sue Roberts-Smith**, then a staff member at Perth's Swan Valley Anglican Community School, commenced defamation proceedings against the acting principal of the school, **Michael Crawshaw**, in the Supreme Court of Western Australia – the same court where Sue's husband **Len Roberts-Smith** previously sat on the bench as a judge.

Her legal action came after Crawshaw had sent four text messages and an email to his wife that were presumably critical of Mrs Roberts-Smith (the contents of the messages are unknown).

Mr Crawshaw did not send the messages to anyone else.

What isn't clear from the judgment is how Roberts-Smith learned about those messages, however the court did hear that the Crawshaws were separated.

The instructing solicitor for Mrs Roberts-Smith was Bennett and Co, the go-to hurt feelings shop of **Martin Bennett**, with external counsel briefed for the hearing.