

# Kinetic Investment Partners



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Kinetic Investment Partners is a specialist Australian smaller companies boutique investment manager. We invest in small companies that are outside of the S&P/ASX 100, and with a market capitalisation of more than \$25 million. Kinetic was founded by Richard Sharp and Jonathan Findlay in 2005.

## How we invest

We aim to consistently generate excess returns relative to the benchmark on a risk-adjusted basis. We do this by investing in small companies that we believe have been undervalued on a cash flow return on investment (CFROI) valuation basis.

## Investment style

We are a style neutral fund manager, and expect to outperform the S&P/ASX Small Ordinaries Accumulation Index throughout the business cycle.

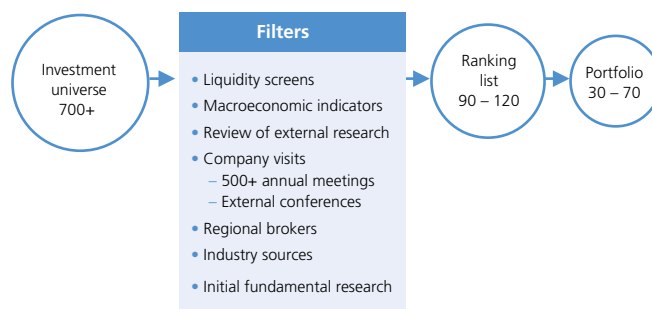
## Investment approach

We find investment opportunities using a disciplined research and valuation process. We focus on a company's ability to create shareholder wealth by generating a cash flow return on investment in excess of the firm's cost of capital. We understand the key drivers of a company by carefully assessing both quantitative and qualitative information regarding the company's business environment and strategies.

## Process

- **Identifying the opportunities.** There are over 700 companies in Kinetic's investable universe. We follow a strict regime to find investment opportunities within this universe. By reviewing a broad range of shares with a rigorous identification process, we can uncover hidden opportunities.

### Identification of opportunities



- **Fundamental research.** There are four primary areas of our research: management and strategy, key drivers of a company, industry structure, and catalyst for change. Company interviews are the primary source of internal research. As such, we undertake a large number of company visits and engagements with company management.
- **Portfolio construction.** We determine the weight of each stock by undertaking fundamental research, and considering the risk/return trade off, the investment's liquidity, and the market capitalisation of the company.
- **Risk management.** We apply risk management at a stock level, and operate around the risk/return principle: that the portfolio will be rewarded for the proportion of risk taken.

## The investment team

### **Richard Sharp M.Econ (Hons) ASIA**

#### **Director and Portfolio Manager**

Richard is a founding Director of Kinetic Investment Partners. He began his career in investment management in 1986.

Prior to founding Kinetic, Richard managed a range of small companies portfolios as well as holding large cap research responsibilities across a range of sectors for an institutional fund manager.

Richard has also held positions in the UK with Norwich Union as an economist, and subsequently in Australia with Norwich Investment Management as an industrial equity analyst.

### **Jonathan Findlay BEc (Hons) MCom CFA**

#### **Director and Portfolio Manager**

Jonathan is a founding Director of Kinetic Investment Partners. He began his career in investment management in 1994.

Prior to founding Kinetic, Jonathan worked as a portfolio manager at an institutional fund manager and previously was Portfolio Manager of Glebe's Small Cap funds.

From 1999 to 2001, Jonathan held senior roles as a portfolio manager in domestic equities and Japanese equities at National Australia Asset Management. He was also an investment strategist and financial consultant with Merrill Lynch in Australia.

### **Anthony Porto BCom (Hons) BLaw (Hons)**

#### **Investment Analyst**

Anthony joined Kinetic as an investment analyst in August 2007. Prior to this, Anthony spent three years at Credit Suisse as an analyst in the Investment Banking Group.

While at Credit Suisse, Anthony worked on a range of transactions in the utilities, infrastructure, retail and mining services sectors.

## Our partner

### **Challenger**

Listed on the Australian Securities Exchange, Challenger is the foremost issuer of annuities in Australia and a leading provider of listed and unlisted investment products and services. Challenger Boutique Partnerships is a division within Challenger.

As a minority shareholder in Kinetic Investment Partners, Challenger Boutique Partnerships provides us with investor services, distribution and marketing, administration and compliance support. This gives us the freedom to focus on what really matters – investing and managing assets.

## More information

The Challenger Client Services team is available Monday to Friday, from 8 am to 6 pm EST.

- **Investors** please call **13 35 66**
- **Advisors** please call **1800 621 009**

