

DAVIS ADVISORS - A GENERATIONAL SUCCESS STORY

The philosophy underpinning Pan-Tribal Asset Management is to create wealth for investors by sourcing the best financial products from the best investment managers worldwide, and backing that with first-rate service and support



Colin Woods, CEO Pan-Tribal Asset Management and Peter Sackmann, CFA, analyst and portfolio review committee member, Davis Advisors

Peter Sackmann

CFA, analyst and portfolio review committee member at Davis Advisors

The Pan-Tribal Global Equity Fund was launched in November 2014, with Davis Advisors as the investment manager. Davis is an independent global equity manager founded in 1969, and has invested using a consistent approach to in-depth research and long-term investment over the past 45 years. The Davis investment discipline and values resonated with Pan-Tribal, particularly its research-driven investment approach, alignment with investors and focus on companies, not benchmarks - this results in a portfolio that is long only, all country, concentrated and benchmark unaware.

AS MANAGERS of the Pan-Tribal Global Equity Fund, Davis seeks to invest in durable businesses at attractive valuations, and to hold them for the long-term to allow the power of compounding to work. We seek to own exceptional businesses from around the world in both developed and emerging markets that we can purchase at attractive entry points.

We think about the discipline of investing differently to other managers:

- Davis holds securities for an average of three to five years, equating to 20-33 per cent typical portfolio turnover;
- Typically we study businesses for months to years before taking a meaningful stake in a new holding; we seek confidence to trust management, and that the attractiveness of business economics and the nature of a company's competitive moat are durable; and
- We weigh expected growth rates against the relative attractiveness of companies valuation-wise, and build a portfolio with above-average growth and resiliency at common sense multiples.

Managing a fund that has the flexibility to invest anywhere in the world and up and down the market cap spectrum is an advantage relative to benchmark driven funds. We believe that human judgment, deep first-hand research, a willingness to look different, disciplined stock selection

and a long-term perspective are the drivers of successful investment in global markets.

Currently, a little more than half of the portfolio is invested in US businesses, with the balance split primarily between Asia and developed Europe. Roughly two-thirds of the portfolio is invested in developed markets and one-third in select emerging markets.

These are not static allocations; we reposition the portfolio as needed, first and foremost through bottom-up stock selection. We do consider country differences and are selective about country markets based on considerations such as rule of law, financial transparency, liquidity and professionalism of management. For this reason, we own companies in fewer than 15 countries out of a total of approximately 50 countries in the MSCI All-Country World Index.

We are just as selective about stocks; the portfolio has approximately 50 securities, allowing proper diversification while maintaining meaningful weightings at the individual company level.

Looking at the global landscape, we are navigating through a multi-speed world. In the US, the economy is firming and market averages are trading at rather full valuations. We see risks where others feel safest (for instance, in the high dividend paying sectors that are now trading at lofty

valuations) and see opportunity in some of the more contrarian, out of favour sectors such as financials and energy, which have been unloved, under-owned and under-earning.

We have less invested in Europe not because of Brexit, but because of moderately high valuations relative to very slow growth rates for businesses we favour. In Asia, we are focusing our efforts on the Chinese consumer, as well as select businesses in India. There are a number of emerging national champions in China especially in the online and e-commerce sectors, yet many are trading at attractive multiples relative to their growth rates. We have recently revisited both Japan and Korea, but find no compelling rationale for investing in these markets, largely due to opportunity cost rather than opinion on company fundamentals.

Our independent approach to investing at Davis is reinforced by the fact that we have so much skin in the game. The Davis family, Davis Advisors, employees and directors collectively have more than US\$2 billion invested side-by-side with clients.

Whatever happens in markets in 2017 and beyond, we're there with investors; both Pan-Tribal and Davis are co-investors in the strategy, taking the same risks and reaping the same rewards. ●

Danton Goei, portfolio manager of the Pan-Tribal Global Equity Fund, is visiting Australia in early 2017 - if you'd like to join us for an informative session with Danton, please contact your key account manager:

City	Dates	Key account managers
Brisbane	Monday 27 February	Matthew Mantle - 0408 451 549 matthew.mantle@pantribal.com.au
Sydney	Tuesday 28 February Wednesday 1 March	Ken Jiang - 0419 181 768 ken.jiang@pantribal.com.au Mark Aufderheide - 0408 847 211 mark.aufderheide@pantribal.com.au
Melbourne	Thursday 2 March Friday 3 March	David Myers - 0413 051 376 david.myers@pantribal.com.au