

## Mar Vista Investment Partners, LLC Brings a Balanced Approach to the SGMF U.S. Large Companies Fund

Mar Vista Investment Partners, LLC (MV) has been added to the SGMF U.S. Large Companies Fund as at 20 July 2018.

We find MV's consistent adherence to the stability alpha source based on deep research attractive. We also like the fact that MV has the benefits of a relatively small firm, but also has sufficient critical mass of AUM to provide financial stability and resourcing.

### Addition of Mar Vista

#### What They Do

MV takes a balanced, disciplined approach to large-company investing. The investment team's strategy focuses on sustainable drivers of returns over longer investment horizons. MV seeks to add value through quality growth and stability of fundamentals.

Mar Vista's philosophy can be described as quality growth, leaning primarily on stability of fundamentals but with a nod to stable value through its valuation sensitivity. The strategy's foremost objective is to own high-quality businesses that will benefit from stable compounding over a long period of time, but it seeks to do so only when stock prices trade at a sufficient discount to its intrinsic or underlying value such that they will help prevent error and provide opportunity for strong returns.

#### How They Do It

MV's investment process relies on a disciplined adherence to the stability alpha-source. Factors such as a hyper-focus on companies with sustainable competitive advantages and favourable intrinsic value govern its portfolio decision making process.

The investment process is designed to attain stability through a low portfolio turnover and a long time horizon. The strategic growth objective is to own high-quality businesses that benefit from stable compounding over long periods of time. Therefore, the investment team emphasises companies that demonstrate earnings growth stability and lower beta and volatility.

#### About MV

Los-Angeles-based MV is a 100% employee-owned investment boutique founded in 2007 as a spin-off of Roxbury Capital Management (Roxbury). In 2010, M&T bought Wilmington Trust (which owned Roxbury) and eventually decided to sell its stake in Roxbury. In 2015, the employees of MV bought Roxbury from M&T at an attractive price using personal capital. As at 23 March 2018, the firm had more than US\$2.51 billion in assets under management.

#### Why We Chose Them

- **Disciplined investment team:** MV's investment team delivers a disciplined and strategic approach to investing. The team is highly attuned to behavioural finance which we believe helps mitigate risk within the stability alpha-source.
- **Stability focus:** MV's investment process and philosophy demonstrate a clear commitment to stability as an alpha-source. The team understands being a competitive stability manager requires understanding the link between patience and growing intrinsic value.
- **Ample strategy capacity:** MV's strategic growth strategy is its flagship product (accounts for 78% in assets) and we believe possesses ample capacity for future growth.

## **Glossary of Financial Terms**

**Alpha source:** Alpha source is a term used by SEI as part of our internal classification system to categorise and evaluate investment managers in order to build diversified fund portfolios. An alpha source is the investment approach taken by an active investment manager in an effort to generate excess returns. Another way to define an alpha source is that it is the inefficiency that an active investment manager seeks to exploit in order to add value.

**Beta:** Beta is a measure of sensitivity to movements in the market. High beta stocks are more sensitive to movements in the broad market. Low-beta stocks are less sensitive.

**Fundamental:** Fundamentals refers to data that can be used to assess a country or company's financial health such as amount of debt, level of profitability, cash-flow, inventory size etc.

**Intrinsic Value:** Intrinsic value managers do not compare a stock against a benchmark, but aim to determine the underlying value of a company as a stand-alone entity.

**Strategic:** Strategic refers to longer-term asset allocation decisions or positions that aim to take advantage of future market opportunities.

**IMPORTANT NOTE:** The opinions and views contained in this document are solely those of SEI and are subject to change; descriptions relating to organisational structure, teams, and investment processes herein may differ significantly from those prescribed by underlying managers regarding their own investment houses and investments.

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