# ABOUT US

Santa Lucia Asset Management ("**SLAM**") Pte. Ltd. is a Singapore-registered, asset management company. SLAM is licensed by the Monetary Authority of Singapore to provide fund management services to accredited and institutional investors. Our goal is to provide value-based absolute return investment solutions to high net worth individuals, family offices and trusts, and small institutions. The company was formed in 2010 and opened business with mandates for several existing global funds managed by the founder of **SLAM**, in one case continuously since 1994.

**SLAM** has both equity and fixed income experience in all major financial markets. Funds managed and/or advised by **SLAM** professionals have held investments in over 40 countries while executing their global mandates. We believe our multi-national approach with its particular emphasis on Asian markets is important as it offers clients maximum flexibility in a rapidly changing world.

Currently, assets under management are approximately US$700 million.

# OUR PHILOSOPHY

Value in financial markets manifests itself in more than one form. Currently **SLAM** employs four distinct, but related, value investing methodologies. All portfolios are absolute return, global in scope, primarily equity-focused, and either exclusively long or long-biased.

In serving clients and in meeting their investment objectives whether as shareholders in proprietary products or as intermediate customers, **SLAM** applies the same high standards of value driven analysis. Value investing has made a long and distinguished contribution to wealth preservation and creation going back seventy years. We follow this style because it works. Analysis of the MSCI over the past 30 years profiled in the Investors Chronicle shows that globally "value" stocks have outperformed "growth" stocks by 2.8 percentage points a year. **SLAM** is committed to maintaining value principles that are evergreen while we strive at the same time to find new ways to apply them in the context of constantly changing market conditions.

## THE FOUR STRATEGIES ARE

1 DEEP VALUE

and complicated companies, often conglomerates, priced at a deep discount to the Sum of their Parts. An asset based Margin of Safety that should limit the downside is an essential element of any investment.

## 2 RECOVERY

The emphasis again is on asset related value but with the additional refinement that companies in this portfolio should be in the process of recovery. Usually the business has experienced some sort of problem and is out of favour with financial markets so the share price is depressed. The strategy is contrarian to the core. A Margin of Safety in the underlying assets or business values provides the defensive side of the strategy. Identifiable recovery potential provides the upside. This strategy seeks out investments that have turned the corner but where this improvement has not yet have recognised or accepted by the market leading to a gap between perceived value expressed in the price of the security (both debt instruments and equity) and intrinsic realisable value.

## 3 HIGH YIELD

One important signal of value is when a company is capable of paying a sustainable dividend to its shareholders where the yield is at least twice the market average. High yield often occurs at companies that are also cheap on a number of other valuation metrics such as EV/EBITDA, Price/Sales and sometimes but not always Market/Net Asset Value. While a discount to assets is helpful free cash flow to pay dividends with enough left over to reinvest in a growing business is the most important measure of value. This methodology can incorporate holdings in asset light sectors as well as more typical value stocks where a high yield is accompanied by a discount to NAV. One added advantage of a high yield strategy is that it comes with a natural hedge, the dividend.

## 4 VALUE SPECULATION

The value proposition of this strategy arises from an exceptional potential for gain. Most value investors focus on finding a Margin of Safety to minimise the downside. Value Speculation accepts that the maximum downside in an investment (at least in respect of long positions) is 100% and seeks to identify opportunities where the upside is 200% or more creating a Margin of Safety in a diversified portfolio through an attractive risk/reward profile. In effect this approach is the inverse of traditional value. Value speculation offers investors a more aggressive interpretation of value investing. Clusters of suitable candidates tend to be found in the natural resource sector, among technology companies, as well as in business that are in the process of restructuring their operations or engaged in financial engineering.

# ADVISORS

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| **Auditors** | Low,Yap & Associates |
| **Bank** | OCBC Bank |
| **Technical** | eVantage Technology Pte. Ltd. |

# ASSOCIATES

**CIM Investment Management Ltd.** *(London)*
www.ciminvest.com

# CONTACT US

**Address** **OCBC Centre** 65 Chulia Street, #43-05/06, Singapore 049513.
**Email** michaelp@slam.com.sg **Telephone** +65.6513.4100 **Fax** +65.6513.4113