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## Good corporate citizenship has its own rewards for Bennelong



Jeff Chapman, centre, with Sandra Jacobs and Craig Bingham. Picture: David Geraghty.

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12:00AM NOVEMBER 3, 2018

Melbourne entrepreneur Jeff Chapman has built a successful and highly regarded funds management business, but with a twist.

Chapman made his fortune at the height of the first technology boom in 2000 by selling his television production company, Sportsworld, for \$200 million, and has since ploughed his fortune into property, sports assets and his

Bennelong Funds Management arm.

It is a stock-picking outfit with a difference. Bennelong takes stakes in and provides back office operational, infrastructure and distribution support for a group of boutique fund manager owners and operators. Chapman's share of the profits go to his Bennelong Foundation as part of his strategy for the money it makes and later its assets to be bequeathed to the foundation.

In a rare interview, Chapman reveals to *The Weekend Australian* that Bennelong now has \$10.5 billion in funds under management across eight groups in Australia and two in London after a successful expansion last year that will soon grow to five as fund managers look for opportunities in boutique firms as Brexit looms.

The bigger the group becomes — while keeping its quality stock-picking DNA — the more profits that should flow to the foundation started by rich-lister Chapman in 2002. It has already donated more than \$11m, mostly to grassroots programs supporting recently arrived migrants.

Funds under management have quadrupled in six years but, as Chapman explains, the managers Bennelong backs come to work for an organisation for both commercial and altruistic reasons.

“It is important that we are good corporate citizens and we respect all who we come in contact with, be it shareholders, customers, clients, and it is important that filters down through the organisation,” he says. “It is not much good the board meeting twice a year and patting themselves on the back for giving away money and no one underneath knowing what we are doing.

“It differentiates us from the funds manager as a commercial organisation across the street. I'm continually surprised at the quality and reputation of people who join us, and the thing they say every time is, 'I love your foundation and how do I get involved?' ”

Chapman's foundation is run by ex-Morgan Stanley financial adviser Sandra Jacobs and the funds management arm by Craig Bingham, a one-time chief executive of Aviva Investors Asia Pacific.

Bennelong's eight boutique Australian funds employ 80 people and they have consistently beaten benchmarks. Bennelong Australian Equity Partners topped the list of best-performing equity managers last year with a 30 per cent return before fees, while the property-focused Quay Global Investors won an award this year for its performance.

Jacobs says the fund managers Bennelong has under its umbrella volunteer for some of the 49 projects the foundation has supported in the past year in education support, health and wellbeing — Chapman is a supporter of putting funds into organisations backing sports, arts and music programs in the belief

they foster teamwork and better integration into local communities — and often play a role in deciding where grants go.

“It helps them really connect with what we are working towards,” she says. “When you have people who are socially responsible, it really adds to the positive culture of the organisation. When they have opportunities to hear about issues in the great community, they may also change how they behave individually and see the world a bit differently.”

Jacobs has paid interns on 202 humanitarian visas working for her in the foundation and across the wider funds management group, as part of a scholarship program. “For them, one of biggest gaps they have is the social network,” she says. “Their parents don’t have the business connections here. By offering these opportunities it can fill a gap for them and they really became part of what we do here, too.”

She says the foundation model could be replicated in Bennelong’s London subsidiary, BennBridge, set up last year with small and mid-cap equity firm Tellworth Investments and later emerging markets specialist Pembroke.

Tellworth is about to launch a UK Smaller Companies Fund and Bingham is seeking new opportunities as the financial system in London copes with the coming upheaval of Brexit.

Bingham says he has spoken to more than 320 groups and hopes to have many firms operating at BennBridge in the near future.

“Brexit was not the catalyst for all our interviews over there; it has just quickened the pace,” he says.

“The real thing is investment teams sitting in big organisations with 400 or 500 funds. Anecdotally, I’ve had managers tell me they haven’t talked to anyone from the marketing team for two years because of the organisations they say they want to go out on their own. Now, that is a high-risk strategy but if you’ve got a partner it gives everyone a greater degree of confidence in doing it.”

Bingham would like to bring in global equity managers, as well as European and Asian stock-focused fundies and is keen on the ethical investment space after signing up to a pledge to avoid tobacco stocks. Distribution to the US is also being considered and he believes there are buying opportunities in the stockmarket there after the recent correction.

“We’ve had this huge shift towards polarisation in the industry, to indexation and lower costs and high volume to the other end of the extreme, where I would like to think we are positioned, which is high performance and good culture. This is about performance, not about assets under management. We made a conscious effort to make the DNA of the business high performance in

the equities space, and what we are doing now is extending the geography.

“With the recent turmoil, well, I’ve been saying for a while the market has looked a bit expensive. Given what has happened, I’m a lot more bullish today than I was a month ago. I’m sitting there saying this looks like an interesting time.”

Chapman concurs, saying when asked if he would rather be in cash or other safe havens during a time of market uncertainty: “The thing with family businesses is they tend to take a long-term view on things. That is what we will do.

“If you look at the stockmarket over the past 50 years, there’s been many shake-outs and then corrections. That will continue.”

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John Stensholt joined The Australian in July 2018. He writes about Australia’s most successful and wealthy entrepreneurs, and the business of sport.

Previously he worked at The Australian Financial Review and ... [Read more](#)