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Fund managers making moves

By Mark Pownall

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Hayden Beamish (left) and Richard Hamersley manage $350m from Perth.

THE time difference to the major markets on Australia's east coast is often cited as a negative for Perth's business sector, but for Hayden Beamish the two- or three-hour gap is a distinct advantage.

Previously based in Melbourne, Mr Beamish and his business partner, Richard Hamersley, established themselves in Cottesloe shortly after buying out founder Rob Mead from $350 million fund management business Endeavor Asset Management late last year.

Originally from Perth, the pair both worked for what was then Euroz prior to making the move to Victoria in 2015 to join the 12-year-old Endeavor business.

After enduring seemingly interminable pandemic lockdowns and, as a result, finding business can succeed with much less face-to-face interaction, they decided being based in Perth would work just fine.

"The change [to come] from COVID means we can do this more remotely," Mr Beamish told *Business News.*

Shrugging off Perth's remoteness, he said much of the work at Endeavor required frequent travelling to view the operations of potential or existing investments, no matter where they were based.

"That means getting on a plane and, sure, that means a bit of a longer flight," Mr Beamish said.

Intriguingly, Mr Beamish suggested the improvement in remote communications had also coincided with an increasing number of Australian companies growing successfully without having to move offshore.

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He cites the likes of Wisetech, Atlassian and Afterpay as examples of the kind of high-growth companies that had achieved global success from an Australian base.

"Suddenly there was a rise in small caps in Australia that successfully expanded offshore," Mr Beamish said.

He said the early morning starts in Western Australia were more than compensated for by an early afternoon close of trading, with the rest of the day available for less-intensive business processes.

"It is less frantic in the afternoons," Mr Beamish said, speaking from a boardroom in Fiftyone Capital, a fund manager that backed the management buyout of Endeavor.

The two associated businesses share an address on Cottelsoe's Forrest Street, at the heart of the favoured home of WA's boutique money managers.

The beachside suburb is increasingly attracting niche fund managers as well as the family offices that often use them.

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"There's a great hub here," Mr Beamish said.

"Just on Forrest Street it's amazing." Mr Beamish, 33, admits the Cottesloe lifestyle and time zone are also beneficial for balancing the needs of family and work.

Growth

He said the move to WA had not particularly been about increasing the number of investors from here, with the east coast representing the vast bulk of its market.

However, he believes Endeavor's approach may benefit locals.

Mr Beamish said attitudes were changing in WA where investors had traditionally been more comfortable with risk and more short-term focused than those in the east.

"In terms of funds management, it is really starting to change," he said.

"WA investors are starting to diversify more.

"While we see it as a lifestyle decision, we see opportunity in WA to build the business.

"We can offer a portfolio of high-quality, growth companies that not many managers in WA are offering.

"We think we are a bit unique and deliver returns that are diversified."

Part of that is driven by the increasing number of family offices, where the emphasis is on protecting wealth as much as it on making more money.

"They are people who have made significant wealth and they have realised their time is best spent managing that and employing people to do that," Mr Beamish said.

After less than a year in WA, Endeavor has already launched a new product, the Absolute Return Fund.

Using a mixture of long and short investments and the intention of capital preservation, it is aiming to deliver a positive return without being benchmarked against an index.

In the fund's first full month in operation, Endeavor said it returned more than 1.2 per cent when most major indices went backwards, although October was less kind in terms of performance.

"We see great opportunities in Australia to short companies," Mr Beamish said. "The last 40 years of tailwinds are turning into headwinds."

Afterwork

Afterwork Ventures might be Sydney based but its founders are very much grounded in their Perth upbringing and have maintained links with their former home.

Former University of Western Australia mathematics students Adrian Petersen and Alex Khor started the venture capital fund as a hobby while they worked in management consulting, the former at Bain & Company and the latter at McKinsey & Company.

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At 29 and 28, respectively, the pair may seem young, but real-life experience means Afterwork is more in tune

At 29 and 28, respectively, the pair may seem young, but real-life experience means Afterwork is more in tune with founders of early-stage companies than many other such funds.

“I thought we were both going to be academics, but we fell out of love with that idea at about the same time,” Mr Petersen said.

Instead, Mr Petersen co-founded a digital election platform called veri.vote, which had a flourishing start around 2015 but fizzled out.

He acknowledges that governments were reticent to trust election processes to a bunch of 20 somethings dabbling in blockchain.

However, the experience was significant, and Mr Petersen was soon leveraging that in consulting.

Around the same time, Mr Khor embarked on a similar career.

In the background, they missed direct involvement with the startup sector.

“I thought about starting angel investing, but I was not really wealthy enough to do that,” Mr Petersen said.

Instead, he and Mr Khor decided to pool their money and get in as early stage as they could.

“Alex and I started investing $5,000 to $10,000 at a time,” Mr Petersen said.

“We would go to various pitch events both in Perth and elsewhere as we were travelling a lot.

“You quickly realise there are so many more companies out there that you don’t see, they are not listed on the ASX.” On this journey, they found others who were similarly engaged.

They started an informal investment club of sorts with a group of these like-minded people spread out over Australia and overseas.

These weekly online catchups proved profitable and, by 2019, in league with a couple of other partners, they raised $1 million for a proof-of-concept fund for Afterwork Ventures.

The company has subsequently raised $20 million in a new fund, which can accept up to $5 million more. “In 2021 we had the conviction that our concept would work,” said Mr Petersen.

“We had picked some amazing companies.

“Our track record got us at the table to build a real institutional fund.”

Mr Petersen said investors were mainly the original investment community that backed them, including some founders they invested with, along with high-net[1]worth individuals and family offices.

A very early-stage investor, Afterwork has what could be called its four-S strategy: good sourcing opportunities; principled investment selection; sealing the right deal; and strong support of the businesses they have backed.

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Investors also augment the Afterwork team’s skills.

WA-based companies were among Afterwork's early investments, including organisational resourcing software Functionly and home fitness technology firm Vitruvian.

A more recent local investment is energy distribution software firm Gridcognition.

"Afterwork get early-stage investing," Vitruvian founder Jon Gregory told *Business News*.

"They understand that the path for any early-stage company with a big vision is going to be full of ups and downs and twists and turns.

"They do their analysis on the team rather than the spreadsheet to make sure the team is smart, hardworking, resilient and able to cope with what the world throws at them."

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20th —	Burtonwood Investment Partners	$345.0m
21st —	Lester Group	$320.0m

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