

## Product Facts

<b>Investment manager:</b>	JANA Pty Ltd	<b>Peer Group:</b>	Alternative Strategies	<b>Fund type:</b>	Wholesale
<b>Investment adviser:</b>	JANA Investment Advisers Pty Ltd	<b>Specialisation:</b>	Long/Short	<b>Min. Investment:</b>	A\$50,000
<b>APIR code:</b>	MLC0672AU	<b>Manager type:</b>	Multi Manager	<b>Inception date:</b>	May. 25, 2006
<b>Fund Status:</b>	Open	<b>Strategy type:</b>	Single Strategy	<b>Domicile:</b>	Australia

## Standard & Poor's View

Standard and Poors rates this fund three stars, reflecting our conviction that the risk-adjusted returns can meet relevant investment objectives and be in line with returns of peer funds.

The JANA Australian Share Long Short Trust is a multi-manager style product which currently comprises three underlying managers. All of the underlying long/short portfolios are managed using a quantitative investment approach and can maintain a long/short exposure of up to 150%/50%. This fund does not employ leverage—proceeds from the short positions are reinvested into the long positions which results in the fund maintaining a 100% exposure to the market.

The JANA investment team is responsible for manager selection and monitoring the aggregate portfolio. S&P believes the highly experienced investment team has a good understanding of the underlying managers and has appropriate skills and resources to identify and combine managers capable of delivering strong risk-adjusted returns.

The fund is relatively new having been inceptioned in May 2006. During its short history, the overall fund has performed broadly in-line with its benchmark (after fees), the S&P/ASX 300 Accumulation Index. Underlying managers within the fund tend to have momentum as a factor in their quantitative models which has, in recent times, proven to be a successful source of alpha albeit these managers are predominantly weighted towards signals which show fundamental or value orientated attributes. On this basis S&P believes the fund to be well positioned to capitalise on the inherent value presented by recent market declines.

## Investment Style

This is a multi-manager style product which invests in Australian long/short managers. The underlying managers combine long and short equity positions and maintain a market exposure of approximately 100%. This fund does not employ gearing--the underlying funds leverage their long positions using short sale proceeds which reduces overall market exposure back to approximately 100% due to the short positions. Currently, JANA only includes quantitative managers within the portfolio, however would consider including fundamental managers if their investment process was suited to long/short investing and complementary to the fund's existing manager composition. Underlying managers have the ability to take a maximum long position of 150% and short positions of 50%.

## Product Characteristics

<b>Target equity beta</b>	0.25	0.50	0.75	<b>1.00</b>	1.25	1.50
<b>Tracking error (% p.a.)</b>	3-5	<b>4-6</b>	5-7	6-8	7-9	10+
<b>Number of managers</b>	<b>2-4</b>	20	40	60	80	100
	<b>Low</b>	<b>Medium</b>	<b>High</b>			
<b>Tactical Allocation</b>						
<b>Strategic Allocation</b>						

## Product Features

The management expense ratio (MER) is estimated to be between 1.1%p.a. to 1.2% p.a. No performance fee is charged at the fund level however both MERs and performance fees are incurred at the underlying fund level. Income is distributed annually.

### Fund Objectives

Target returns (% p.a.)	Outperform S&P/ASX300 Accumulation Index (before fees) over rolling 5 year periods
Target tracking error ex ante (% p.a.)	3 - 5
Target/actual equity beta	0.80 – 1.20

### Fund Fees

<b>Indirect Cost Ratio (ICR)</b>	<b>1.44</b>
Management fee (% p.a., including GST)	up to 1.15
Reclaimable expenses (% p.a.)	0.00
Other fees (note, swap, fx, etc)	0.00
Performance fee (% p.a.)	0.00
High water mark (Y/N)	Yes
Hurdle rate	N/A
Buy/Sell spread (%)	0.30

### Adviser Fees

Upfront establishment fee	None
Trail fees	0.00

### Fund Characteristics

Current/Max leverage at fund level	0.00
Current/Max leverage at underlying level	0.00
Initial lock-up	N/A
Redemption period	Daily
Notice period for redemptions	Daily
Limit on redemptions (gate)	None
FIF status	None
Currency hedged (Y/N)	No



## Investment Team

JANA's investment staff are organised into sector teams which are each led by a divisional head. The research team consists of 45 staff and is headed up by Ian Patrick. Mr. Patrick possesses strong experience within the funds management industry and has extensive knowledge of individual fund managers which contributes to the development and management of this product.

The junior members of the team are assigned mentors who are responsible for providing guidance and assisting analysts to promote their research and to contribute with consulting development. Staff turnover has been low. Key individuals have been retained which is a likely output of the culture and work environment JANA encourages.

The team is not dedicated to manager research, dividing their time between manager research and consulting services to clients in differing proportions depending on their experience and skill set. Investment staff rotate responsibilities between different divisions and clients in order to gain an understanding of different sectors and asset classes.

Head of investment research, Steven Carew has over 13 years' of industry experience and is responsible for JANA's research programme where he conducts general manager research and specific research projects. Head of Australian equities, John Coombe is responsible for the Australian Long Short fund. Mr. Coombe is very experienced having spent 28 years in various roles within the funds management and investment consulting industry. The research team is supported by quantitative analyst, Chris Kamino.

S&P believes the team is appropriately resourced and displays the necessary skills required to effectively select the underlying managers. In addition, the specialist and back office staff have the relevant experience required to adequately support the team.

### Senior Investment Team

Name	Title	Date of Joining
Ian Patrick	CEO	2002
Steven Carew	Head of Investment Research	1998
John Coombe	Head of Australian Equities	1988
Chris Kamino	Head of Quantitative Systems	2005

## Investment Process

JANA use a four stage process to identify the most suitable candidates for inclusion within the fund.

The first stage involves the filtering of potential managers. The research team regularly meets with a range of domestic fund managers to help it gain an understanding of the Australian market. JANA maintains an open door policy in relation to new managers and keeps abreast of funds that are in start-up phase. An affiliation with Intersec Research Corporation provides JANA with access to quantitative information on Australian equity managers. Once a manager has met various qualitative preconditions, JANA will gather information on these potential managers, in addition to conducting ongoing due diligence of incumbent managers.

The next stage of the investment process involves further due diligence which is focused on compliance. This includes a request for proposal where the manager gathers basic information regarding past performance, investment philosophy, fees and management experience. As a precondition of appointment, at least three JANA investment personnel must meet with the firm. All meetings are documented and recorded in JANA's internal management information system. JANA may also run particular risk analytics through its newly implemented

risk model which is an upgrade of the BARRA system. JANA is seeking managers with distinguishable, value adding characteristics that act as a point of difference so that the manager may potentially act as a source of alpha in combination with other managers in the future. Key investment criteria include: investment philosophy, investment process, investment personnel, back office, compliance and performance. In addition, managers must comply with certain risk guidelines.

The third stage of the investment process occurs monthly and involves all quantitative and qualitative information being presented to Mr. Carew and the JANA research committee (JRC). Further to this, weekly investment team meetings enable the team to continuously monitor the underlying manager allocations. Any changes can only be made following committee approval. It is the role of the JRC to review, analyse and question the information presented. Subject to satisfactory responses to all queries, the JRC will approve the manager/strategy for the investment purpose presented.

## Current Portfolio Holdings

The fund is currently equally split between three managers: StateStreet, Perpetual and Acadian, all of which are quantitative, Australian focused, long/short funds.

JANA believes that quantitative managers are inherently suited to long/short investing due to the efficiency of their processes in handling the vast amount of investible stocks available domestically. The current portfolios holdings have performed well despite recent market volatility.

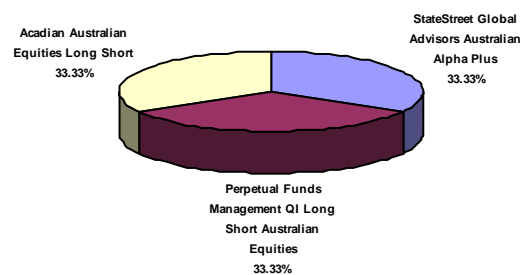
## Risk Management

The multi-manager approach to investing provides investors with diversification benefits as the manager can allocate capital to each underlying manager and take advantage of the correlation differences across various portfolios. Each manager will favour a particular method of stock selection and will have unique systems and indicators from which they use to determine selection.

The ability of the underlying managers to implement short positions allows a higher degree of tactical tilt which increases the capacity for greater risk adjusted returns. JANA monitors each underlying portfolio with both internal and external software systems (FactSet and APT). These systems enable JANA to monitor specific stock selection, correlations, tracking error, performance analysis, attribution and various other elements at both the underlying portfolio level and at the aggregate portfolio level.

The fund is a beta one style product which targets a tracking error of 3% p.a. to 5% p.a. JANA considers a range of risk factors when initially selecting managers with particular attention focused on; portfolio risk, likelihood of adverse organisational change, key person risk, liquidity,

### Fund Allocation (as at Jun. 30, 2008)



capacity constraints and manager performance in declining markets or



large standard deviation market movements. Establishing these risk tenets provides a sound framework for ongoing risk monitoring.

#### Risk and Return Analysis (as at Jun. 30, 2008)

	Fund	Benchmark
One-year return (%)	(-9.61)	(13.67)
Two-year return (% p.a.)	8.41	5.62
<i>Annualised returns</i>		

## Performance

The fund aims to deliver a return (before fees and expenses) in excess of the S&P ASX 300 Accumulation Index, over rolling five-year periods. The fund has a short operating history having been incepted in May 2006. Since that time, the fund has outperformed its benchmark (before fees).

More recently performance has been positive after a period of sustained volatility that was not favourable for quantitative strategies in general. The underlying managers within the portfolio have reasonable track records managing similar portfolios. This provides S&P with some confidence in their respective abilities to generate consistent returns in the future.

#### Performance Measures (after MER) (at Jun. 30, 2008)

Average portfolio positions	3
Best monthly return (%)	3.73
Worst monthly return (%)	(11.01)
Positive months (%)	46
Maximum drawdown (%)	(24.42)
Maximum drawdown period	May 07 – current
Months to recovery	Current

## Management Group Profile

Jana Investment Advisers (Jana) was established in 1987, and is one of Australia's largest investment consulting firms. Jana has recently branched into the retail funds space with the launch of two new multi-manager products focusing on long/short investing in the Australian and global markets. Jana was purchased by the National Group in 2000, and is now its wholly owned subsidiary.

MLC dates back to 1886 when Citizens Life Assurance was incorporated, and 100 years later became the first multi-manager in Australia after being acquired by Lend Lease. Now owned 100% by National Australia Bank, which bought the business in 2000, MLC is the bank's wealth management division, accounting for 9.6% of total earnings in the year to September 2006.

### Assets under Management

The JANA Australian Share Long Short Trust currently has roughly A\$110 million in funds under management (FUM). JANA moved into first position for retail FUM in Australia during the second quarter of 2006, and extended that lead later in the year.

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*Release authorised by: Mark Hoven.*



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