

JANA

what'snew

• Issue No.13

New Additions



Brendan Donohoe

Brendan Donohoe:

Joined in June 2010 (Melbourne) Brendan is a Divisional Director and has responsibility for our business development and marketing activities. Additionally as part of his leadership role in the firm he has a specific focus on business strategy and the next stage of JANA's evolution. Brendan holds a Masters in Business Administration from the Dublin City University, Ireland.

Jo Leaper: *Joined in June 2010*

Jo Leaper

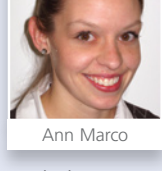
(Melbourne). Jo is a consultant, and is a member of the Implemented Consulting and Custody teams. She holds a Bachelor of Commerce (Human Resources) and a MBA (Finance and International Business).

Domien Beckers: *Joined in May 2010*

Domien Beckers

(Melbourne). Domien is a consultant and is a member of the Portfolio Construction Research team. Domien holds a Masters in Finance from the Leuven Business School as well as a

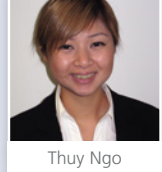
MBA from the Melbourne Business School. Domien became a CFA charter holder in June 2009.

Ann Marco: *Joined in April 2010 (Melbourne)*

Ann Marco

Ann is an Investment Analyst and is a member of the Quantitative Applications team and Absolute Return Research team. She holds a

Bachelor in International Business, majoring in Financial Management and International Business. Ann also holds a Diploma of Financial Services.

Thuy Ngo: *Joined in June 2010 (Melbourne)*

Thuy Ngo

Thuy is a Personal Assistant for Ken Marshman and Brendan Donohoe as well as providing team support for the Melbourne office. Thuy is currently studying

for her Diploma in Financial Services at RMIT.

In this edition of 'What's New' we offer an insight into our Whistle Stop Tour undertaken in June, we provide feedback on the recent Peter Lee Survey, update you on our DIU team and provide observations of our recent trip to Asia.

Investment opportunity abounds in Asia but proceed with caution

In the last three years, JANA has conducted 16 visits to Asia. This research has yielded significant benefits in terms of identification of new investment opportunities and insights which assist with our Strategic Asset Allocation views as well as monitoring the investment managers of our Funds.

The most recent trip to Asia undertaken by Aidan Geysen and Gary Wilson took place during the first two weeks of May. The trip comprised meetings in Singapore, Hong Kong, Shanghai and Tokyo, covering listed equity, private equity, absolute return and property managers and incorporated meetings with a number of macro economists. One focus of this research trip was to explore the case for greater investment exposure in Asia.

An important theme of the Asian and more specifically China growth story is the expectation that domestic private consumption will be an increasingly important driver.

The popular view expressed by many global equity managers has been that the best way to capitalise on Chinese consumption growth is by investing in Western brands selling to the Chinese consumer. This argument has appeal, as you can invest in a company with high standards of governance, domiciled in a stable regulatory environment, but with access to growth through the emerging consumer. As we sought to evaluate this thesis, an interesting theme to emerge from our discussions with managers on this trip was their perspective on the emergence of local Asian franchises as a competitive threat.

Emerging franchises such as sporting wear manufacturer, Li Ning, are already taking share from the likes of Nike. Although the 'super' luxury brands such as Louis Vuitton, Hermes and Gucci which sell 'lifestyle' as much as 'product' are expected to continue to dominate their niche, it is expected that they too will see emerging competitors over time.

Market penetration for western brands may be further challenged as Chinese economic growth moves increasingly west to cities where local brands already have a strong presence. We will continue to monitor this idea through our global and emerging market managers.

We expect the question of a specific allocation to Asia to arise more frequently; and with good reason given the region's growth prospects. However, we are also mindful of the hype the subject has attracted. History has demonstrated that strong economic growth does not guarantee strong investment returns. The fact that a company may have a strong position and growing market share does not necessarily translate to sustainable margins or favourable returns to shareholders. These risks will need to be carefully evaluated as we continue to debate the case over the coming months.

Gary Wilson and Aidan Geysen.

Events for your Calendar, 2010

Conferences

- **JANA Implemented Consulting Conference (Melbourne)** Tuesday 7th September
- **JANA Annual Conference (Melbourne)** Wednesday 8th September

Please keep these dates free in your diary. Invitations will be sent out in August.

JANA 'Whistle Stop Tour'

Direct Investment – we continue to expand our team

A record thirty-two delegates representing thirteen organisations joined JANA on the "Whistle Stop Tour" in June 2010. Meeting 20 investment managers in Chicago, Boston and New York, delegates had the opportunity to become better acquainted with their existing managers and learn from others across a range of asset classes.

Unsurprisingly, there was considerable focus on the global economy and the investment opportunities this may present. There was general consensus that we are in a "two speed world", with growth expected to continue in China and much of the emerging markets, but perhaps with a few bumps in the road. On the other hand the developed world, and Europe in particular, is widely expected to experience slow growth as a result of their high debt burden, unemployment and impending austerity measures. While the weaker Euro presents an opportunity for stronger, export focused nations, such as Germany, the outlook for the remainder of Europe is decidedly less rosy. Opinions on the US were more divided, with some taking improved economic data as evidence of a recovery and others pointing to the debt burden as a sign of weakness to come.

Despite some agreement on the fundamentals, opinions were divided on the implications for investment, with a fairly even split between the optimists and the pessimists and few opinions in between.

Between the busy schedule of meetings, delegates did get an opportunity to see some sights. Especially those that were waylaid on their way to a meeting as they waited for a crowd of two million Chicago Blackhawk supporters to disperse – after winning the Stanley Cup for the first time in 49 years, Chicagoans were clearly keen to celebrate the win!

John Coombe, David Holston & Kirsten Temple

Your feedback is important to us...

Last year we shared with you the Peter Lee Survey 2009 results as to how our advice, research and relationship management was perceived by our clients. In keeping with our commitment to maintaining and building on service excellence, we participated in the survey again this year and are pleased to outline the 2010 results.

JANA had a pleasing outcome in overall terms with continued improvements of our ranking in a number of categories and good results in general. JANA's manager research in both domestic and international markets was ranked first by respondents but we acknowledge a small proportion of our clients felt that an improvement in the overall quality of our service was required. This feedback is important to us and we wish to ensure clients that we will continue to work diligently to enhance service and satisfy your specific needs.



Mark Elliot, David Holston, Dennis Phillips, David Smelt



Justin O'Connor, Peta Irvine, Craig Stevens



Brendan O'Farrell, Ross Bernays, Justin O'Connor



Alex Gallacher, Paul Ryan, Bill McMillin

JANA also ranked equal first in the category 'Reasonable Fees For Value' and achieved a strong outcome in providing 'Strategic Investment Advice'.

JANA values the strong relationship with you, our clients, and in addition to meeting your performance objectives, seeks to be proactive in our advice and timely in response to your requests. We will endeavour to meet and surpass your expectations in terms of service and performance and we are continually addressing the areas where we receive feedback that improvement is required.

We thank you for taking the time to provide us with this important feedback.

Claire Simpson has recently joined the Direct Investment Unit (DIU) bringing the team to six members, headed by Rob Day. JANA established the DIU in 2006 in response to the demand from a number of Funds who were seeking to obtain early access to sound, conservative investments and who were frustrated with being locked into high fees for the lifetime of holding these core assets.

From this time, JANA has assisted its client Funds in the research and analysis of investments of core assets covering almost all aspects of our day to day lives including:

- Hospitals
- Airports
- Ports
- Shopping centres
- Pipelines
- Wind farms
- Sports arenas
- Housing
- Retirement living

One key role of the DIU is early identification of investments that might appeal to our Funds that have expressed interest in these investments. Knowing exactly the type of investment that might suit a Fund is a primary part of the job.

The market is starting to 'hot up' again. In the infrastructure space, much of the building of new social and commercial infrastructure took a back seat throughout the GFC. There is now a strong backlog of demand, but many of the usual providers of capital for these projects have disappeared.

We believe that this will provide strong opportunity for our advised Funds to get involved at either the debt or equity level.

The lack of liquidity remains a major feature of these investments and it is important that a balanced portfolio does not have too much exposure either to a single investment or to illiquid investments as a whole. But, given the relative shortage of competition to invest, those Funds with an appetite for investment are likely to be well rewarded.

JANA is currently engaged by six Funds to specifically assist them in the role of managing a portfolio of direct investments.

Robert Day

News Bite

- Nicole Storey gave birth to a baby girl on 25th June - Chloe Jane Grimmond.

Did you know?

- Only 14% of India's economy depends on exports.