

JANA Triplepoint Fund

31 Oct 2009

The JANA Triplepoint Fund is an innovative and unique alternatives product that seeks to address some of the structural issues that have troubled the hedge fund industry. These issues include the industry broadly failing to deliver on its 'absolute returns' premise and charging high fees to achieve returns that have ultimately been correlated to equity and credit markets during periods of stress. In addition, many hedge funds have been forced to suspend redemptions illustrating liquidity issues associated with investing in hedge funds.

The Triplepoint Fund can be thought of as a multi-strategy absolute return fund that invests in 3 separate investment streams that JANA Investment Advisers (JANA) believes explain the return drivers of the hedge fund industry, but are more efficient in their implementation. The 3 investment streams are: "Alpha" which is sought by investing in high quality and liquid hedge fund managers; "Alternative Beta" which denotes common hedge fund exposures and strategies that can be replicated without incurring hedge fund fees; and "Efficient Beta" which are traditional market exposures to stocks, bonds, credit and real estate (through derivatives) which typically explain part of hedge fund performance but can also be easily achieved without paying high fees. The Fund's Strategic Asset Allocation is 40% to Alpha, 20% to Alternative Beta and 40% to Efficient Beta.

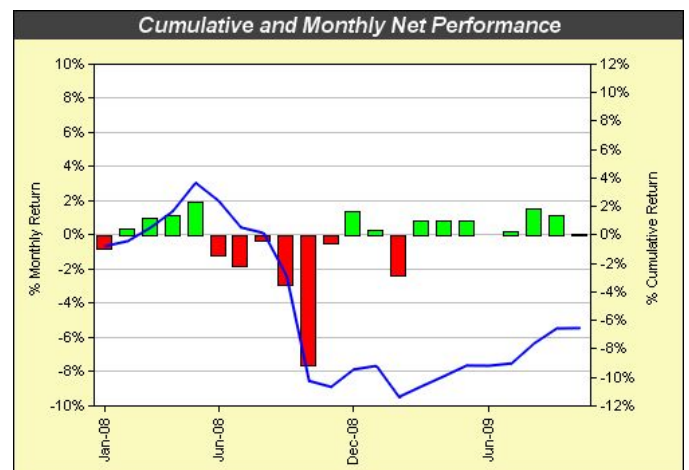
The Fund's investment objective is to outperform the UBS Australia Bank Bill Index by 5% p.a. (after fees) over rolling 4 year periods, with a standard deviation of 6% p.a. The Fund is expected to have a correlation of 0.3 to equity markets over time.

Whilst the JANA investment team is large, comprising 49 investment professionals, the team responsible for the management of this Fund is smaller with 3 members. The Alternative Investment Solutions Group (AISG) comprises Michael O'Dea (Portfolio Manager), Georgina Dudley (Senior Investment Analyst) and Prashanthi Nadarajah (Investment Analyst), with O'Dea bearing ultimately responsibility for Fund performance. Zenith rates O'Dea highly and believes that he has a strong understanding of the key issues affecting the hedge fund industry and hedge fund performance. Whilst the team appears small relative to peers, it leverages strongly off other sector teams within JANA and has developed a commercial arrangement with Swiss-based Alternatives asset manager Partners Group. Partners Group particularly assists with manager operational due diligence and risk reporting and management.

The key attraction of the Triplepoint Fund for retail investors is the ability to get access to a highly diversified and well managed absolute return fund, but within a relatively low cost, transparent and liquid product structure. Potential investors should none-the-less note that the Fund is exposed to risks associated with investing in hedge funds including the use of leverage. In addition, investors should be aware that given the high trading nature of a number of the Fund's underlying holdings, the majority of the Fund's returns are likely to be in the form of distributed income (resulting in tax consequences).

Zenith has assigned the JANA Triplepoint Fund a RECOMMENDED rating based on our high regard for AISG's key investment professionals and the rigorous investment process utilised in selecting investments. Another key consideration in assigning a strong rating to the Fund is the innovative and unique structure of the JANA Triplepoint Fund which provides investors access to a well diversified, low cost and relatively liquid (i.e. daily redemptions) alternatives investment option.

Key Features	Description
APIR Code	MLC0862AU
Asset Class	Alternatives
Sub-Asset Class	Multi Strategy
Investment Style	Active
Benchmark	UBS Bank Bill Index
Recommended Investment Timeframe	5 + years
Portfolio Manager	Michael O'Dea
Investment Team Size	49



Performance Analysis

Performance Statistics	1 Yr (% p.a.)	6 Mths (%)	3 Mths (%)
Performance - Fund	4.12	3.75	2.73
Performance - Benchmark	3.83	1.59	0.79

This Fund was launched in December 2007, and whilst the Fund has not met performance objectives to date, this is not unexpected given the extremely difficult year for hedge funds in 2008. Importantly, the Fund has significantly outperformed hedge fund indices and a number of peers since inception.

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Consistency Analysis

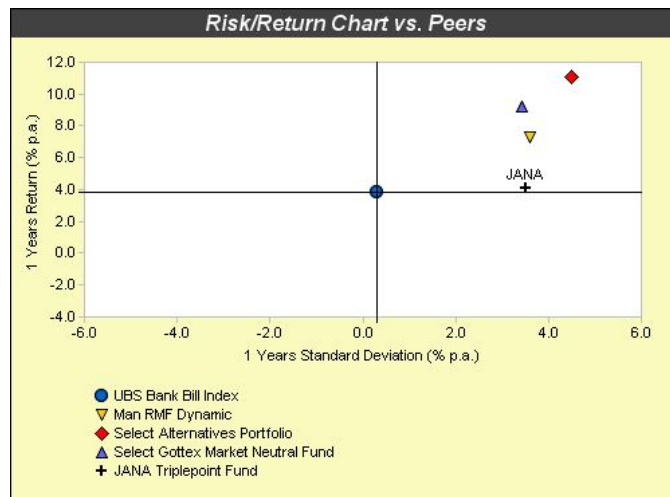
Consistency Statistics	1 Yr
History of Monthly Excess Return (%)	50.00
History of Monthly Excess Return (Rising Mkts %)	50.00
History of Monthly Excess Return (Falling Mkts %)	0.00

JANA has maintained a reasonable level of excess returns above cash over to date (i.e. around the 50%) mark, although Zenith would expect consistency to improve moving forward. In Zenith's opinion, the portfolio does not display a strong bias to outperform in either strong or weak market environments, and we expect it to achieve its objectives over a full economic cycle.

Risk / Return Analysis

Risk / Return Statistics	1 Yr
Information Ratio - Fund	0.08
Sharpe Ratio - Fund	0.08
Standard Deviation (% p.a.) - Fund	3.51
Tracking Error (% p.a.) - Fund	3.57

JANA targets volatility levels (measured by standard deviation) of 6% p.a. over rolling 5 year periods. Volatility generated by the Fund to date has been below this level, although Zenith acknowledges that the Fund's performance history to date has been short.



Investment Personnel

Name	Title	Time with Manager
Michael O'Dea	Portfolio Manager	8 Yr(s)
Georgina Dudley	Senior Investment Analyst	2 Yr(s)
Prashanthi Nadarajah	Investment Analyst	3 Yr(s)

Organisational Background - JANA

JANA Investment Advisers Pty Ltd (JANA) was established in 1987 and was acquired by the National Australia Bank (NAB) in December 2000, and is now a wholly owned subsidiary. JANA is an asset consulting firm which provides fund manager selection and portfolio construction advice to its clients, as well as implemented portfolio solutions. The Firm has over 70 clients including corporate, industry and public sector superannuation funds as well as charities, foundations and other endowment funds.

As at 30 June 2009 the Firm had funds under advice (FUA) of \$122.7 billion in traditional consulting arrangements and funds under management (FUM) of \$7.7 billion in its implemented consulting products. This dual structure provides the business with diversification in its revenue stream with the Firm being paid on a fee-for-service basis by its traditional consulting clients, but on a management and performance fee basis on its implemented consulting products (a revenue stream which will be variable given market movements).

The Firm employs 57 individuals, including 49 investment professionals and has offices in Melbourne and Sydney. The core of JANA's management and research team is highly experienced and stable, although the Firm's founder, John Nolan, departed the Firm in June 2006.

Whilst JANA is wholly owned by the NAB Group it is run as a separated business unit and maintains an independent research process. Given that JANA has developed implemented products for the Australian retail market, NAB's asset management distribution firm, nabInvest, will be involved in actively distributing the JANA Triplepoint Fund.

Organisational Background - Partners Group

In 2007 JANA commenced a commercial agreement with Swiss-based Partners Group to provide assistance with

manager research, manager operational due diligence and risk reporting, as well as providing JANA with use of its managed account platform. Founded in 1996, Partners Group is a global alternatives asset management firm with over 350 employees and has approximately CHF 25bn in funds under management. The Firm is listed on the Swiss Stock Exchange and has offices in: Zug, Switzerland; San Francisco; New York; London; Guernsey; Luxembourg; Singapore; Beijing; Tokyo; and Sydney. Importantly, 70% of the firm's stock is owned by staff, and all staff own shares.

Partners Group has investment capabilities in Private Equity, Private Debt, Private Real Estate, Private Infrastructure, and most importantly to this Fund, Absolute Return capabilities. Partners Group's Absolute Returns capabilities include the management of its managed account platform and the Alternative Beta strategy (which the Triplepoint Fund invests into - although this is separate to the commercial relationship encompassing hedge fund research and access to the managed account platform).

Investment Team - JANA

The JANA investment team is large, comprising 49 investment professionals. Responsibilities within the team are divided based on sector responsibilities, with the JANA Research Committee overseeing the underlying investment teams and the broader research process. The JANA Research Committee is made up of 14 of the key members of the underlying sector teams and boasts a significant level of collective experience and expertise in asset consulting and funds research. Whilst the Research Committee sets the agenda, JANA has a strong focus on retaining a 'flat' team structure and encouraging interaction within the entire investment team. As such, team members attend the Weekly Research Meeting and the Asset Allocation Committee Meeting. With regards to the JANA Triplepoint Fund the team responsible for the management of this product is the JANA Alternative Investment Solutions Group (AISG) which has 3 members (this team is overseen by the Alternative Investment Solutions Committee (AISC) which is chaired by Ken Marshman).

The AISG includes Michael O'Dea (Portfolio Manager), Georgina Dudley (Senior Investment Analyst) and Prashanthi Nadarajah (Investment Analyst), with O'Dea bearing ultimately responsibility for Fund performance. O'Dea has over 12 years of investment experience and has spent 8 years with JANA specifically researching hedge funds. Prior to JANA, O'Dea held positions with major investment banks UBS, Morgan Stanley and Barclays Capital in Europe. Dudley and Nadarajah have 8 and 5 years of investment experience respectively and support O'Dea in the research and portfolio construction effort. Zenith rates O'Dea highly and believes that he has a strong understanding of the key issues affecting hedge fund industry and hedge fund performance.

Whilst the team appears small relative to peers, it should be noted that the AISG only invests in 8 to 15 hedge fund managers and it leverages strongly off the broader JANA research teams for input. JANA has a 3 member Absolute Return Research Team which is responsible for researching HFoFs (hedge fund of funds); multi-strategy hedge funds; and single strategy hedge funds, and this team and the AISG share regular dialogue (O'Dea was previously head of this team). AISG may also ask other asset class teams within JANA for their opinions on managers and may ask colleagues to visit managers that it is interested in. In some cases there are interesting managers that have both alternative and traditional

investment capabilities driven off the same investment process and hence these manager visits are relevant to multiple teams (e.g. quantitative equity managers generally have long only and long/short or market neutral equity funds). The AISG also leverage heavily off the JANA Asset Allocation Committee for tactical asset allocation advice.

Prior to investing in a hedge fund manager the AISG must gain the approval of the AISC (to retain flexibility, decisions can be made outside of the monthly meeting schedule). Zenith believes that this is a sensible measure as it ensures that the AISG is fully leveraging off the experience and collective knowledge of this group to arrive at a final decision to invest in a hedge fund.

Overall, the internal investment team is rated highly by Zenith based on its experience and expertise. Zenith would like to see the team resources dedicated to the Triplepoint strategy grow over time thereby reducing the heavy workload and key person risk surrounding O'Dea.

Investment Process

The Fund is an innovative and unique Alternatives product that seeks to address some of the structural issues that have impacted on the hedge fund industry. These issues include the industry failing to deliver on its 'absolute returns' premise and charging high fees to achieve returns that have ultimately been correlated to equity and fixed income markets during periods of stress. In addition, many hedge funds have been forced to suspend redemptions illustrating liquidity issues associated with investing in hedge funds.

The Triplepoint Fund can be thought of as a multi-strategy absolute return fund that invests in 3 separate investment streams that JANA Investment Advisors (JANA) believes explain the return drivers of the hedge fund industry, but are more efficient in their implementation. The 3 investment streams are: "Alpha" which is sought by investing in high quality and liquid hedge fund managers; "Alternative Beta" which denotes common hedge fund exposures and strategies that can be replicated without incurring hedge fund fees; and "Efficient Beta" which are traditional market exposures to stocks, bonds, credit and real estate (through derivatives) which typically explain part of hedge fund performance but can also be easily achieved without paying high fees. Essentially the portfolio construction process is based on the philosophy of alpha-beta separation (separate alpha and beta by getting beta exposure from passive / indexed strategies and alpha exposure from actively managed portfolios). Zenith considers the Fund to be well structured and believes that the product is a highly attractive option for investors seeking an exposure to Alternatives.

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Security Selection

The hedge fund selection process undertaken (Alpha) and the approach utilised for the Alternative Beta and Efficient Beta strategies is outlined below.

Alpha - JANA Manager Selection

The Triplepoint Fund may invest in 8 to 15 externally managed absolute return funds, with around 40% of the portfolio allocated to these funds (maximum of 10% position in any single manager). As a starting point these managers must invest in liquid hedge fund strategies with JANA predominately focusing on CTAs (Commodity Trading Advisors), Global Macro, Equity Market Neutral, Global Tactical Asset Allocation, Volatility, Convertibles and Long / Short Credit.

Within the external manager selection process JANA is seeking managers that are innovative and have a research "edge" over the market. The hedge fund manager must have a supportive operating environment and be a stable organisation. Team dynamics and resourcing are also of high importance for JANA.

JANA's fund manager research and analysis process consists of both qualitative and quantitative research and is focused on identifying managers that have the qualities to achieve future outperformance and that demonstrate that their approach is repeatable and disciplined.

Quantitative Research

- Performance: attribution; volatility; correlations with existing alpha managers, with alternative beta and efficient beta, and with traditional asset classes; performance in rising and falling market environments;
- Portfolio analysis: portfolio composition over time; portfolio optimisation and integration analysis; and stress tests; and
- Risk / Liquidity: liquidity of instruments traded; level of assets managed and expected capacity; and internal risk controls.

Qualitative Research

- Integrity;
- Competitive edge;
- Motivation / incentive compensation;
- Discipline / objectivity;
- Sound judgment / conviction;
- Personal investment in strategy;
- Skills in various market conditions;
- Organisational depth - both trading and administrative; and
- Team stability.

JANA believes that assessment of a manager's integrity is of paramount importance in hedge fund investing, where managers enjoy wide investment freedom. JANA will only invest in managers that are honest and have impeccable integrity. A core component of the investment process is seeking to identify organisational risks with hedge funds and conducting reviews of operational and risk management aspects of the hedge fund manager. This is primarily performed by Partners Group.

JANA places a strong emphasis on direct contact with managers and therefore speaks with managers in the portfolio twice per quarter. Domestic managers are reviewed in their offices twice per quarter, whilst international managers are reviewed twice per year in their offshore offices as well as twice per quarter by phone conference. JANA will seek to build relationships with a number of the manager's employees, not just the most senior members of the firm. JANA believes that these relationships are important to assist in gaining insights

into the decision making process and also to know the personnel and their suitability for the manager's stated style.

Manager recommendations for the Fund are presented to the AISC which reviews the recommendation and may veto the AISC's decision to invest with a hedge fund manager.

Managed Accounts / Partners Group

JANA will typically access hedge funds through a managed accounts platform provided by Partners Group. This allows JANA to maintain control of the assets and also to gain full portfolio transparency (i.e. view all underlying positions). JANA, by investing through managed accounts, can take control of portfolios managed by the hedge fund manager within a day, as opposed to investing in pooled funds where the investor is subject to a fund's liquidity constraints. Partners Group performs its own due diligence on hedge funds prior to their appointment onto its platform (which involves operational due diligence and risk due diligence). Partners Group will also be responsible for daily mandate monitoring and reporting.

Despite the input provided by Partners Group, JANA retains the ultimate decision making authority with regards to investment decisions pertaining to the Triplepoint Fund.

If an investment manager is unable to provide a managed account, JANA may still consider making an investment provided that the manager is able to provide daily position level transparency. This would only happen in exceptional circumstances.

Alternative Beta - Partners Group

The "Alternative Beta" segment of the portfolio comprises around 20% of the Fund. It employs common hedge fund techniques to target a similar return profile to the hedge fund industry, and therefore seeks to mimic a range of different hedge fund strategies (although the Manager does not specifically target index returns such as HFRI or Tremont hedge fund indices). JANA believes that a collection of well known hedge fund trades explain a large portion of the hedge fund industry's returns and that these exposures can be replicated systematically through well known trading rules and without incurring high fees.

Partners Group's alternative beta portfolio provides typical exposures that are applied by hedge fund managers in the following hedge fund strategies: Equity Hedged (e.g. long / short equities, event driven), Equity Market Neutral, Global Macro (e.g. CTA, FX) and Relative Value (e.g. fixed income arbitrage, merger arbitrage). At the portfolio construction level the hedge fund strategies are then evenly risk weighted. The key advantages of this alternative beta approach relative to investing through hedge funds are greater portfolio liquidity (daily), cheaper fees and enhanced portfolio transparency.

Partners Group began researching hedge fund return sources in 1999 and launched a product replicating beta hedge fund strategies in 2003. Over this period the Group has developed a strong track record in the strategy. Zenith has met with Lars Jaeger, Head of Alternative Beta Strategies, at Partners Group and believes that he has a strong level of knowledge of the hedge fund industry and is capable of overseeing a product of this nature.

Whilst to date Partners Group has been the only manager appointed to run this segment of the portfolio, JANA may appoint up to 3 managers to run the Alternative beta portion of

the portfolio. Investors should note that JANA's decision to appoint Partners Group to manage the Alternative Beta portion of the Triplepoint Fund is a separate decision to it selecting Partners Group to provide its managed account platform, and provide its expertise in selecting and monitoring hedge funds for the alpha component of the Triplepoint Fund.

Efficient Beta - BlackRock

The Fund invests approximately 40% of assets into "Efficient Beta", which is managed by BlackRock. JANA believes that traditional market exposures to stocks, bonds, credit, commodities and real estate explain part of the returns of the hedge fund industry, but that these beta exposures can be achieved in a more efficient and cheap manner through the use of BlackRock's Efficient Beta investment approach.

BlackRock believes that a limitation of traditional beta exposure (through traditional balanced portfolios) is lack of diversification, and accordingly that diversified portfolios typically have large exposures to equity risk. The theory behind BlackRock's alternative approach to achieving beta is that each asset class has a long-term expected return above cash that is proportional its expected risk (i.e. each asset class has a similar long term Sharpe ratio). Since asset classes have similar expected Sharpe ratios, they can be made to have comparable return profiles through the use of leverage (i.e. using derivatives). By using leverage to adjust the risks and returns of asset classes, BlackRock can build a more diversified portfolio of lowly correlated assets. It is thus able to achieve a higher level of performance with a comparable level of risk to the typical balanced fund.

Russell Maddox, Co-CIO & Portfolio Manager Balanced Fund, and Geoff Ryan, Senior Portfolio Manager - Asset Allocation, are responsible for the management of this portfolio and both individuals are well regarded by Zenith. In addition, Zenith believes that BlackRock's Risk and Quantitative Analysis (RQA) team, as well as the Manager's strong trading capabilities, provides it with a strong advantage in managing a portfolio of this nature relative to its peers. Although, Blackrock expects enhancements to the portfolio to be fairly gradual over time, it will continue to conduct research with the view of enhancing the mix of assets that the portfolio invests in and the instruments that it trades.

To date only BlackRock has been appointed to manage this segment of the portfolio although JANA may appoint up to 3 managers to run this efficient beta exposure. BlackRock has run this strategy for JANA since December 2007, although it had been actively researching this style of management for 2 years prior to managing this portfolio for JANA.

Portfolio Construction

The portfolio is constructed based on the philosophy of alpha-beta separation with the Fund investing in the 3 distinct investment streams. The Fund's Strategic Asset Allocation (SAA) is: 40% to Efficient Beta, with an allowable range of 20 to 60%; 20% to Alternative Beta, with a 0 to 40% range; and 40% to Alpha, with a 20 to 60% range. In addition to these investment streams JANA will tactically allocate to cash (typically up to 10%) and this is in place to assist in managing the volatility and liquidity profile of the Fund. In Zenith's view, the range of potential investment strategies that the Fund invests in results in a well diversified portfolio of absolute return managers, strategies and styles.

In combining portfolio weightings within the Fund, JANA prefers to have broadly equal amounts of risk coming from each investment stream and from the sub-components of each investment stream. The manager will then adjust its portfolio weightings for the degree of conviction it has in each investment stream and in each underlying investment manager (coupled with supporting quantitative analysis). Importantly, JANA will also adjust the portfolio to account for overlapping exposures. JANA's Tactical Asset Allocation (TAA) is formally reviewed by AISC on a quarterly basis. An important input into the TAA decision is JANA's quarterly Asset Allocation meeting, which all investment professional attend.

In terms of managing risk and return exposures, JANA targets the below expectations from its 3 portfolio components:

- Hedge Funds (Alpha) - 10 to 15% return with around 12% risk;
- Alternative Beta - 10 to 15% return with around 10% risk; and
- Efficient Beta - 10 to 15% return with around 12% risk.

Overall, Zenith considers the portfolio construction process to be innovative in its design to lower underlying fund fees and to increase liquidity, whilst still providing a return stream that is commensurate to a Hedge Fund of Fund product.

Risk Management

Portfolio Constraints	Description
Alpha (%)	20% to 60% SAA 40%
Alternative Beta (%)	0% to 40% SAA 20%
Efficient Beta (%)	20% to 60% SAA 40%
Hedge Funds	Invests in 8 to 15 Underlying Hedge Funds. Maximum 20% allocation to any single manager.
Portfolio Liquidity	General target is that 75% of any underlying fund's assets must be liquidated within 48 hours and the remainder within 10 days without any significant price impact
Cash (%)	max: 20% Actively used to assist volatility and liquidity profile

Underlying Funds

JANA is strongly focused on risk management and in Zenith's view JANA's tie-up with Partners Group is a strong positive as it assists it in adequately monitoring the underlying risks within the portfolio. Partners Group has developed a strong risk management platform which assists in monitoring underlying fund risk and in providing portfolio transparency on underlying fund holdings (provided directly by prime brokers each day).

JANA receives daily risk reports from Partners Group which are designed to alert both firms to changes in a hedge fund's portfolio, including alerting it to style drift and other risks. From Zenith's discussions with JANA and Partners Group we consider there to be a strong communication regime in place to manage and monitor risks at both the overall Triplepoint Fund level and at the underlying fund level. The following list summarises some of the risks monitored daily by Partners Group and JANA:

- Guideline monitoring (as per the mandate);
- Long/short/net/gross exposure (\$ and %);
- Currency, credit, commodity and industry exposures (\$ and %);
- Geographic and regional exposures (\$ and %);
- Estimated P&L across various time periods;
- Largest downside and upside risks according to various investment 'shocks'; e.g. equity moves, yield moves, currency moves, credit curve moves and volatility moves;
- Counterparty risk (in net exposure terms);
- Concentration risk (i.e. by name);
- Liquidity & leverage risk;
- Asset class and instrument risk;
- Various measures of VaR (e.g. historic, parametric) which all capture different aspects of forecast volatility; and
- Scenario testing.

Should JANA and Partners Group be dissatisfied with any underlying Manager for any reason, it is able to take control of a hedge fund portfolio (given that Partner's Group is the legal owner of the portfolio through its managed account platform). This would not be possible if JANA was investing directly in pooled investment vehicles.

Another key proposition in JANA's risk management's approach is its constant communication and review process with all hedge fund managers in the JANA Triplepoint Fund. JANA speaks with each manager twice per quarter and in the case of overseas-based manager reviews, JANA will meet these managers at least twice a year in their own offices offshore. In Zenith's view this level of communication and monitoring of managers is excellent, and is particularly crucial in managing this portfolio given the extra risks imbedded in managing hedge fund portfolios (i.e. leverage, illiquidity, etc). As part of its ongoing due diligence on hedge fund managers within the portfolio JANA constantly reviews:

- Staff additions or departures;
- External influences that may affect their professional performance;
- Significant change in process;
- Rapid growth or decline in assets under management that may compromise a manager's ability to exploit its strategy;
- Responses to regulatory change and legal action; and
- Implications of any change in any important third-party service providers such as fund auditor, administrator, or prime broker.

Portfolio Liquidity

Managing the Fund's liquidity profile is a key consideration for JANA in the construction of the portfolio. As a result of the Fund daily liquidity profile, JANA will not invest in funds that hold illiquid securities with unreliable pricing. Under normal conditions, JANA's general target is that 75% of any underlying

fund's assets must be able to be liquidated within 48 hours and the remainder within 10 days without any significant price impact.

Risks of the Fund

Zenith has identified the following unique risks associated with JANA and this Fund:

- **Business Risk** - business risk is relatively low given the strength of the JANA business and its level of funds under management (FUM). In addition, JANA is whole owned by NAB;
- **Key person risk** - key person risk within AISG is significant with Michael O'Dea being the primary architect of the Triplepoint Fund and the key investment professional within the team;
- **Derivatives Risk (Underlying Funds)** - whilst JANA does not directly utilise derivatives, a number of the Fund's underlying managers will use these instruments. Derivative contracts are subject to particular risk, including: *Market risk* - significant losses from derivative contracts may occur in the event of extreme market moves given that derivatives offer leveraged exposure to the underlying asset class; and *Counterparty (credit) risk* - derivative transactions may be subject to the risk that a counterparty to the transactions will wholly/partially fail to perform their contractual obligations under the arrangement;
- **Liquidity Risks (Underlying Funds)** - the investment in externally managed funds may present some risks given that absolute return funds are typically less liquid than traditional equities and fixed income funds. In addition, during times of extreme stress the hedge fund industry has in the past come under redemption pressures and many funds manager have responded by 'locking up' funds (i.e. freezing redemptions). This is a key consideration for JANA in investing with a Fund, and in its ongoing monitoring of hedge funds. To guard against liquidity risks JANA will only invest in the more liquid hedge fund sectors; and
- **Capacity Risk** - Zenith does not consider JANA's current funds under management in the Triplepoint Fund to be an impediment to performance given the breadth of the potential investment universe. As of end September 2009, JANA managed A\$330 million in the Triplepoint strategy.

Applications of the Fund

1 year Excess Correlation Table	
Fund Name	Excess Correlation
Man RMF Dynamic	0.22
Select Alternatives Portfolio	0.64
Select Gottex Market Neutral Fund	0.03

The key attraction of the Triplepoint Fund for retail investors is the ability to get access to a high quality and well managed absolute return fund, but within a relatively low cost, transparent and liquid product structure (i.e. provides daily redemption frequency).

As a result of the Fund's diversified nature, this Fund is best suited to those investors wishing to gain a broadly diversified exposure to Hedge Funds (through underlying manager

holdings), to Alternative Beta strategies (through Partners Group) and to Efficient Beta (through BlackRock - JANA believes that this strategy explains part of the return profile of hedge fund industry). Based on the Fund's diversified product structure, Zenith believes that the Fund can be used as an investor's sole exposure to the Alternatives asset class. The Fund can also be blended with smaller holdings in specialist single strategy hedge funds, using a core and satellite portfolio construction approach.

Investors should be aware that largely due to the Fund's investment in the Efficient Beta strategy, it is expected to have a correlation of around 0.3 to equity markets. Despite this, Zenith expects the Fund to provide a strong level of downside protection, with the Manager having a strong bias to investing a significant portion of the Alpha portfolio into the Managed Futures and Global Macro hedge fund strategies. These strategies typically provide the strongest diversification benefits to hedge fund portfolios over time, and tend to perform particularly well in weak market environments (i.e. where strong trends persist).

Despite the Fund's attraction, investors should be aware that this Fund (and hedge funds more broadly) are specialised investments and therefore should only be used as part of an investor's well diversified portfolio. Zenith believes an allocation to Alternatives of up to around 10% of an overall investment portfolio is appropriate, with the allocation dependent on the risk profile of the investor. Zenith recommends that investors adopt a medium to longer term investment timeframe of 5+ years when investing in this Fund.

Income / Growth Distributions

Given that underlying holdings within the Fund will engage in high volume trading, Zenith believes that the majority of the Fund's returns are likely to be in the form of distributed income rather than capital appreciation in the unit price. As a result, the Fund is more suitable on an after tax basis for lower tax paying investors including retirees and self-managed superannuation fund (SMSF) investors. Nevertheless, the relative tax inefficiency of this Fund for investors on higher marginal tax rates is somewhat offset by its potential for solid total returns and the diversification benefits it can add to an overall portfolio.

Fees

The fees for the Fund include a management fee of 1.35% p.a. and a performance fee of 15% above a hurdle rate of the UBS Australian Bank Bills Index plus 3% p.a. In addition, a performance fee will not be charged until any past negative performance has been made up.

Zenith considers the JANA fee structure to be fair and reasonable, with the fee structure being significantly cheaper than most peers. In Zenith's view, the cash plus 3 % hurdle rate on the performance fee is particularly attractive, as most absolute return funds charge performance fees above cash. The requirement to re-coup past negative performance before charging performance fees is also a strong positive.

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