

What's New

CEO WRAP



By this stage it is no longer news that JANA's team will grow through the integration of our colleagues in MLC Investment Management. This brings formality to the informal collaboration between the two teams over the last two years after JANA and MLC's Implemented Consulting teams were integrated.

At the heart of the decision to form one investment team is a strong belief that we will be better able to deploy our combined resources to the benefit of all client portfolios, in the interests of delivering stronger investment outcomes. This will be done without disrupting the proven JANA approach of dual research and advice roles, meaning that consultants in the JANA team continue to work for their current clients, and

continue to guide and conduct research in the interests of all client portfolios.

I look forward to working more closely with some new but familiar faces. In particular, I have had the pleasure of working closely with Jonathan Armitage of MLC Investment Management over recent months to plan for the integration. He and the other additional team members will be valuable contributors to our work for client portfolios. We will take the opportunity to introduce you, in person and via the newsletter, to members of the broader team over coming quarters.

In closing, it is pleasing to see that portfolio returns of our clients are robust for the financial year to date, both in absolute terms and relative to other similar portfolios. That is not to say that we are complacent. I just have to look at our research agenda across the globe over the next five months to remind me that JANA's continuous evaluation of markets and managers remains as intensive as ever.

RESEARCH DIARY

By Steven Carew

In recent newsletters, we have kept you updated on our efforts to assist our superannuation fund clients to meet the new Stronger Super requirements.

The APRA Prudential Practice Guide SPG530 – Investment Governance includes guidance on APRA's view of sound practice with respect to formulating, implementing and monitoring the asset allocation strategy for multi-asset class options. One of the aspects with respect to monitoring investments is APRA's view that a prudent RSE (Responsible Superannuation Entity) would measure the attribution of decisions to take positions away from the benchmark asset allocation.

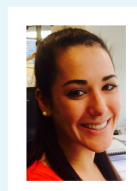
To assist clients to monitor the impact of active asset allocation decisions, JANA created a working group to build a detailed model to enable attribution

of the performance impact of positions taken away from a neutral asset allocation benchmark. The construction of this model was a substantial task, and I would like to particularly thank Josh Rout and Jimmy Vernon-Payne for their dedication to the task of building the model.

The model is now complete and is steadily being customised for individual clients. The model provides attribution of the differential of an investment option's return relative to the return of its neutral asset allocation benchmark, broken down by weightings to individual asset classes, tilts within asset classes (such as weightings to small caps or emerging markets for example), currency positions and manager performance.

We believe that the analysis that the model enables us to undertake will not only assist clients to meet the Stronger Super requirements, but also provide valuable insight into the drivers of performance relative to a neutral asset allocation benchmark.

JANA Graduate Program - Sarah Forsyth



Sarah Forsyth joined the Sydney JANA team in February 2014 as a Graduate in the 2014 NAB Graduate Program. Sarah holds a Bachelor of Commerce (Corporate Finance) and a Bachelor of Laws from the University of Adelaide.

Sarah is one of many NAB graduates who've spent time working in JANA. A number of JANA staff started their career through the NAB graduate program, initially coming to JANA on rotation and subsequently accepting a permanent position with us. JANA has a long and successful history with the NAB graduate program and our graduates have grown to become valuable members of the JANA team. We look forward to continuing our partnership with this program and wish Sarah all the very best for her future with her career in NAB.

New Addition



Greg Wilkinson joined JANA in Sydney in March 2013 as a Business Development Manager. Greg's previous role was as a principal in Rice Warner's superannuation consulting practice where he managed outsourcing tenders, provided superannuation advice and also managed the firm's Member Engagement and Online Tools team. Prior to Rice Warner Greg worked as a pensions actuary in London for 12 years. Greg is a Fellow of the Institute of Actuaries (London) and a Fellow of the Institute of Actuaries of Australia.



Events for your calendar

JANA Annual Conference 2014 – Thursday 25 September at the Grand Hyatt, Melbourne

Please blank out this date in your diary!

We have three keynote speakers confirmed for the Conference:

- Richard Koo, Chief Economist, Nomura Research Institute, Tokyo

- Cliff Noreen, President, Babson Capital
- Michael Roberge, President and Chief Investment Officer, MFS Investment Management

We look forward to seeing you in September.

PS – The Conference is in AFL Grand Final week in Melbourne, so please make sure you book flights and accommodation early!

Farewell

Michael O'Dea tendered his resignation from JANA in April. Michael has been a strong contributor to JANA throughout his 13 years with the firm and we wish him well as he embarks on the next stage of his career. We are fortunate that our large and very capable team affords us the opportunity to reassign Michael's responsibilities immediately, including portfolio management of the JANA Triplepoint Fund which Michael initiated in 2007. We will thoughtfully assess recruitment to augment our team over the coming months.

Introducing Josh Rout



Josh joined JANA in July 2012 and works in the Fixed Interest and Currency research teams, and also with a number of clients. Josh is originally from Melbourne and

completed a Bachelor of Commerce (Economics) at the University of Melbourne.

After university, Josh spent nearly 2 years working for National Australia Bank in Sydney. In mid-2012 he chose to relocate to Melbourne to be closer to family and his beloved Geelong Cats.

Outside of work, Josh is an avid runner and is currently training for the half marathon in Melbourne in October. His aim is to beat his time from 2013.

Josh also enjoys playing golf, reading and going to as many AFL games as possible.

RIDBC - Volunteer Day

On Wednesday 19 March, ten JANA staffers from the Sydney office left their desk job for a day to volunteer at Royal Institute for Deaf and Blind Children ("RIDBC") Alice Betteridge School's Harmony Day.

Harmony Day is a day of cultural respect for everyone who calls Australia home – from the traditional owners of this land to those who have come from many countries around the world. The Harmony Day activities are designed for the children to learn and understand how all Australians from diverse backgrounds equally belong to this nation and enrich it.

The Harmony Day celebrations at the school included an assembly with all children, their parents and other family members in attendance. During the assembly a number of children received awards and there were various displays including Thai dance. We then helped to take the children around to different classrooms which were all themed to learn about different countries and sample some of the foods associated with those cultures.

The children seemed to have a great day, and we had our eyes opened; not only to the everyday struggles of children with disabilities, but also to their determination and passion for life.

RESEARCH TRIP

BY JOSH ROUT

In March 2014 Stewart Eager and I travelled to Hong Kong, Singapore, London and the US to explore a number of recent political, economic and financial developments.

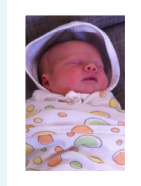
The time spent in Hong Kong and Singapore was focussed on China's financial liberalisation and the impact of these reforms on global capital markets. Make no mistake, the liberalisation of the Chinese financial system will be a once in a generation event and will have far-reaching consequences for investors. James McKinlay has summarised JANA's thoughts on China in a recent edition of the MyConsultant publication.

Attentions then turned to the Emerging Markets (EMs) where the tapering of the US Fed's quantitative easing program and certain

idiosyncratic political developments have led to sharp re-ratings of bonds and currencies. Discussions highlighted the importance of assessing EMs on a case-by-case basis (as opposed to lumping several countries together – BRICs, Fagile 5, etc.) and the evolving nature of capital markets across EM economies.

Finally, the developed market issues with the least consensus were the inflation outlook in the US and the Fed's likely response, and when and how stimulus will be administered across the Euro-zone region. Looking ahead, our focus will be synthesising the wide range of views we encountered in order to better understand the impacts on diversified portfolios.

Baby news!



Clint Shelley and his wife Rasa welcomed their first child on Wednesday 23rd April – Abigail Nina Shelley.

John Purtell and his wife Nicki welcomed their first child on Tuesday 4th March – Lachlan Peter Desmond Purtell.

