

What's New



CEO WRAP



There is no shortage of information on investments. In fact there is no shortage of information – digital information increases tenfold every five years. The challenge is to achieve a good synthesis of relevant information and derive insight from that. In short, that is JANA's ongoing goal. This was driven home to me at the recent JANA Client Conference in Melbourne where we were fortunate to have a number of speakers who achieved just that goal in their presentations. I trust that those of you who joined us at the Conference found it valuable to get to

the heart of some important investment issues. I certainly did.

I noted in our previous newsletter that JANA's view is that asset allocation is particularly tricky in the current environment. This too was highlighted during the course of the JANA Client Conference. Fortunately, the portfolios that we advise were reasonably well positioned going into the heightened market volatility over September and October. The balance of risks in markets had meant our asset allocations were biased to reducing and/or mitigating equity risk in portfolios in the preceding period, with positive impacts on performance.

The northern hemisphere summer generally brings with it more intensive research travel by JANA employees. I

trust you will enjoy reading about some of their observations further in the newsletter. On-the-ground investment research is crucial to developing the insight I referred to earlier and I am particularly pleased with the way in which that source of insight has deepened meaningfully with the integration of the broader JANA team.

JANA had the unique experience two and a half years ago of having three separate employees welcome a child into their family on the very same day. We are now eagerly anticipating another first for JANA with the pending birth of twins. By the time the next newsletter is published we will have pictures of the budding investment consultants and their exhausted parents – Kirsten Temple and Simon Beeny. Good luck to you both!

RESEARCH DIARY

By Steven Carew

On a regular basis, JANA reviews our research teams in order to ensure the resourcing and composition of the teams remains strong so we can continue to complete the extensive and deep research we undertake of a large number of investment managers and strategies on a global basis. Given the centrality of our research to everything we do, the regular review of our research programme is also important to assist in the ongoing development of our people and the alignment of personal interests with research responsibilities.

In our last newsletter, I outlined the appointment of Greg Michel as Head of our Fixed Interest, Cash and Currency research team, with Greg taking on this role as part of JANA's integration with MLC Investment Management.

I am pleased to announce that as a result of our recent review, there are changes to the leadership of three other research teams:

- Courtney Wilder and Gareth Abley have been appointed Co-heads of our Alternative Investment Strategies research team. Georgie Dudley, who has led this team for a number of

years, is stepping down to take on her new role as Head of Asset Consulting for our Implemented Consulting business. However, Georgie will remain a member of the Alternative Investment Strategies team, enabling us to continue to benefit from her experience and expertise.

- Susan Orr has been appointed Head of Infrastructure research. Susan has extensive experience in infrastructure investments and has been a valued member of this team for the past three years. Jim Kiely, who has served as the Head of this team for many years, has decided to step down in order to focus on client consulting. I would like to take this opportunity to thank Jim for his dedication and leadership of our Infrastructure research.
- Matt Griffith will take over from Steve Gameraov as Head of our Portfolio Construction research team, which focuses on research of new techniques in building portfolios, and is responsible for consideration of areas such as post-retirement portfolio strategies and multi-asset class investments. Matt has led JANA's response to the large number of regulatory changes over the past four years and is well placed to take on this role. I thank Steve Gameraov for his leadership of this team, and he

will remain a member of the team as he takes up his new role as Head of Diversified Portfolios for Implemented Consulting.

One final point to highlight from the review of our research programme is the decision to develop a combined Alternative Investment Strategies research team between the JANA Advice & Research and Portfolio Management businesses. Given the breadth of managers and strategies within the 'alternatives' space and the importance of consideration of both individual managers/strategies and portfolio construction, we considered it was beneficial to maximise our resourcing in this area and continue our long-standing practice of combining these two aspects within a single team. Within our Alternative Investment Strategies research team, some members, led by Gareth Abley, will focus on building multi-manager investment solutions for our Implemented Consulting portfolios, while Courtney Wilder will lead a group responsible for researching managers and strategies and providing advice on building portfolios of alternatives for our advisory clients.





Arrivals and departures

This quarter we farewelled An Tran, who accepted an internal role within the NAB group. We wish An the best of luck.

We have also welcomed several new

faces to the JANA offices:

- Karina McCabe has joined the Melbourne office as a Client Service Analyst
- Anne Kuleshova has joined the Melbourne office as a Consultant

- Emily Joh has joined the Sydney office as an Investment Reporting Analyst
- Bill Dwyer has joined the Sydney office as a Senior Consultant
- Ellie Li has joined the Sydney office as an Investment Analyst

Introducing Bill Dwyer

Bill Dwyer joined the JANA team in Sydney in September. He moved across from Perth with his wife Jessica and their two young children Rose and Will. Bill was the Head of Investments at GESB and has joined JANA as a Senior Consultant, working with clients and on research in global equities. Bill was drawn to JANA by its culture and investment philosophy and Bill and Jessica are looking forward to raising their young family in Sydney.



Baby news!

Andrew Reeve and his wife Mel welcomed their second child on Thursday 11 September – Lucy Heather Reeve.



JANA Annual Conference

The 2014 Annual JANA Conference was held in September at the Grand Hyatt in Melbourne. We received a great response from our clients, with over 360 delegates attending. Given the market environment, the theme for this year's conference was 'Investing in a low return world – pitfalls and possibilities' and this theme was thoroughly explored by all of our conference speakers.

We opened the conference with a discussion of the 'pitfalls', with our first speaker exploring the issue of balance sheet recession and the necessity for fiscal stimulus to provide a path out of the post financial crisis environment.

Several speakers highlighted the challenges for the growth outlook against a global backdrop of high debt to GDP ratios, untested monetary policy, heightened geopolitical risk and the challenges domestically with the end of the mining boom. From a valuation perspective, we discussed the unique challenge of investing today, given that the valuations for both the equity and fixed income markets are ranging from fair value to expensive.

So where to invest? The discussion wasn't all 'doom and gloom', and our speakers shared their thoughts on 'possibilities' and opportunities. This included several opportunities within the alternatives area including structured credit, infrastructure and unconstrained portfolios. We also heard about different approaches to portfolio construction, as well as

revisiting the benefits of taking a longer investment time horizon.

There has never been a time in history when investors have looked at the market and said that investing is simple and straightforward. However, one of the clear messages of the day was that the environment today is considered by many to have become more challenging. We are extremely cognisant of what this environment means for our clients and the take-away for us at JANA is that we need to work even harder in supporting you as you work to meet your objectives.

We need to work harder to find good investment ideas; the pockets of the markets that are still attractive; the real assets that are still available at a reasonable price; different ways of constructing portfolios to better capture opportunities that arise; and to continue to challenge managers to help you to deliver the best possible outcomes to your members and end investors.

It may well be a more challenging year ahead but we hope to help make it a successful one for you and your members.

We would like to thank all of our Conference speakers who came and shared their views, and also to you, our clients, for your attendance and support. Your participation makes the day a success. We would particularly like to extend a special thanks to those of you who travelled from afar to attend. For those of you who were unable to attend, we hope that you will be able to make it next year on Thursday, 17 September for another lively discussion.