

What's New

September 2017

CEO WRAP



Jim Lamborn

Welcome to this edition of the JANA newsletter. There is certainly a heightened level of excitement around the JANA team at the moment and I would like to take this opportunity to better explain what is driving this excitement.

Firstly, JANA is celebrating its 30th anniversary this year. Back in 1987, John Nolan and John Coombe started our corporate journey, and several of our clients have been with us for most of this journey. JANA has established a proud history of working closely with our clients to deliver sustained investment outperformance and has always had a very clear business purpose; everything we do is designed around delivering investment insights that in turn drive sustained investment outperformance for our clients. JANA believes this sets us apart from our competitors.

Secondly, the recently announced JANA management buyout represents a very exciting evolution in our firm. I have had the privilege of working at JANA for over 15 years and the business has been highly successful in an industry that is constantly changing. JANA has a strong client-focused culture and a very prominent position in the Australian financial services industry. The JANA Senior Leadership Team firmly believes that the management buyout ideally positions JANA to continue to provide investment consulting leadership in the future.

It means that JANA will have:

- > A much better chance of attracting, retaining and nurturing the best investment talent;
- > A business model that continues to deliver strong alignment of our staff with our clients;
- > A majority staff owned business will be far more agile in identifying and adapting to changing trends and then acting quickly to enhance client outcomes.

JANA has already commenced a strong recruitment drive and made some excellent recent appointments including:

- > **Ashleigh Crittle** – who actually worked at JANA from 2011 to 2014, joins us as our new Chief Operating Officer;
- > **Graham Batten** – joins as Head of Finance.

At the JANA Annual Conference we look forward to sharing more information on the changes within our business and to celebrate the next evolution of our firm. JANA recognises that the strength of our relationship with clients relies on the continued delivery of valuable investment insights and a commitment to always understand and adopt the perspective of our clients.

In closing, I look forward to seeing many of you at the JANA Conference and emphasise that I am always available to discuss our exciting plans to further develop the JANA business.

Jim Lamborn

JANA Annual Conference

Thursday 21 September 2017,
Grand Hyatt Melbourne.

RESEARCH DIARY



Steven Carew

JANA's research effort is, in many ways, all-encompassing. We always take the broadest possible mindset to 'research' as so many different activities can lead to increasing our stock of knowledge and understanding. As I always say to new joiners, 'research' can cover everything from the obvious, such as meetings with investment managers or reading research pieces, to the less obvious, such as going 'local' when on overseas research trips (Are there more or less 'help wanted' signs in the shop windows compared to last year? What are the main topics of conversation of the local residents? What is the tone of the local newspapers? etc.)

In effect, we believe that 'research' is anything that helps us to form views and identify opportunities that are expected to increase returns and/or reduce risk for the investors we advise.

Just as we seek to take a very broad approach to research, it is also vital to have a diverse range of people undertaking research – not just in terms of their work and life experience, but also their way of thinking and their perspectives.

For this reason, we seek to ensure that our research teams comprise a mix of people with different backgrounds, and from time to time this is facilitated by changes to the composition and leadership of our teams.

We are currently in the process of making some changes to our research teams. Some of these are directly related to the change in ownership of JANA, scheduled to complete in September, and others are a result of natural progression or new recruitment. The changes are:

- > **Greg Michel**, our Head of Fixed Interest Research, has elected to re-join the NAB Asset Management portfolio management team, which is responsible for building portfolios for institutional clients invested in the MLC Super Fund. While we are disappointed to be losing Greg, we are very pleased to announce that **Robert Moore** will be joining JANA in September as the Head of Fixed Interest Research. Robert is an experienced fixed interest professional with experience in portfolio management, manager research and derivatives execution.
- > **Matthew Gadsden** has been appointed as the Head of Global Equities Research. Matt joined JANA in 2012 and in that time has become a highly valued member of our Global Equities Research team. Matt will take over this role from **Michael Mulcahy**, who will transition into a new role, with oversight of the portfolio management of

JANA's investment trusts. I would like to thank Michael for his leadership of our global equities research effort over the past nine years and we look forward to his continued involvement as an ongoing member of the team.

- > **Claire Simpson** has been appointed as the Co-Head of Infrastructure Research with Susan Orr. This recognises Claire's extensive experience in infrastructure and reflects that Susan and Claire have effectively co-led our Infrastructure research team's activities for some time.
- > **Tim Conly** has been appointed as Head of our Responsible Investments research team. This appointment reflects Tim's keen interest and dedication to the responsible investing and ESG fields. Kirsten Temple will now focus more on the management of our research activities.
- > **Kim Slaminka** has joined our Sydney office as a member of our Infrastructure, Private Equity and Direct Investments teams. Kim has extensive experience in the infrastructure sector and is a welcome addition to our team.

We are fully committed to our extensive capital markets and manager research programme in order to continue to provide the insights and solutions that have contributed to the strong long-term investment performance of our advised investors. We believe these changes will ensure our research teams remain fully resourced with strong leadership.

INFRASTRUCTURE RESEARCH TRIP



Claire Simpson

JANA's Infrastructure Research Team recently completed a research trip to Europe and the US, visiting our existing managers and new potential managers. The infrastructure investment landscape continues to evolve as the demand for real assets increases in a low interest rate environment. Strong demand, particularly from the large sovereign wealth funds, for high yielding, core, regulated infrastructure assets has led to very competitive pricing. Consequently, with few exceptions, infrastructure managers are tending to avoid this space, and instead focussing on assets that are more complex in nature and may even have a transformational element, which in return offer enhanced returns. Such complexity brings

additional risks. In this environment, discipline, deep due-diligence and the skillset of the investor become increasingly important.

Despite Trump's infrastructure plan being central to his campaign, a number of barriers exist that will likely take years to resolve before the US becomes a meaningful opportunity for investment. Such barriers include; lack of policy consensus between Democrats and Republicans on the scope of infrastructure reforms, federal budget constraints and, in consequence, the lack of funding of infrastructure projects to name a few. Nonetheless, Europe continues to present a deep market of opportunities across a range of sectors and jurisdictions.

PROPERTY RESEARCH TRIP



Chris Cawson

JANA's Property Research team undertakes an annual global research trip and this year it was to the United Kingdom and the United States. The purpose of the trip was to review existing and potential managers as well as to research real estate disruptors such as e-commerce and how it might impact the property sector now and in the future.

The first destination was London, three days after Theresa May, the UK's Prime Minister, and the Conservative Party lost its majority government position in the election. While the underlying UK economy is relatively robust, uncertainty surrounding the finalisation of Brexit and political instability is likely to result in a moderate return environment for all UK property sectors.

The remainder of the research trip was split between New York, San Francisco and Los Angeles. The focus on disruption was largely online retailing and the retail sector, which was timely given the fact that the announcement by Amazon to acquire Whole Foods occurred while we were in New York. Amazon and online retailing is viewed as the next evolution of retail with the impact taking a number of years to unfold. We dealt with constant sports jargon and the analogy that the US property market was entering its "fourth innings". While this jargon might be lost on the majority of Australian investors, it means the market is in a post boom period of moderated real estate returns supported by strong economic fundamentals.

INTRODUCING ED GIUDICE



Ed Giudice
Senior Consultant

Why did you join JANA?

I joined JANA so I could work with the best people in the industry, for the largest and most complex client base in the Australian marketplace. JANA has a reputation as an industry leader and I felt that working for this firm would be a great opportunity to test myself in a highly competitive results based environment. Jim Lamborn (CEO) and Duncan Smith (Head of Consulting) also came across as pretty decent chaps despite barracking for the wrong football teams (Hawthorn and Carlton respectively!).

Tell us about your role and what you specialise in?

I work as a lead consultant, providing asset allocation, manager selection and strategic investment advice to a number of Superannuation,

Insurance, Charitable Foundation and High Net Worth clients. Although I am an active member of the Fixed Interest Research Team I would regard my speciality as client service and client delivery. A key component of my role is to ensure that each client is gaining access to the best ideas and intellectual capital within the organisation, and the most qualified asset class specialists within the broader JANA research family. I am also lucky enough to get involved in manager due diligence projects which provides an additional perspective, and helps to enhance client conversations across a number of different asset classes.

What are your thoughts on the new management ownership structure?

Many people have asked me that question and I must confess it is not the first time I have been involved in a corporate re-structure. I worked for Watson Wyatt before they merged with Towers Perron, and I also worked for Access Capital Advisers before they partnered with Challenger to become Whitehelm Capital. In both cases I was surprised at how little the transition impacted my day to day role. While some faces inevitably change, overall I love the industry I work in and enjoy the regular interaction with industry professionals both internally (JANA) and externally (with investment managers and the client base).

From that perspective the new ownership structure will not change anything. Irrespective of who owns the company I still look forward to coming into the office every day and working on challenging projects with a highly effective and motivated group of likeminded investment professionals.

Who is your role model and why?

My role model is my father. He is the most honest man I know and values family and integrity in business above all else. He is a highly respected individual in his industry, and was awarded an Order of Australia for services to the Australian community. Two of his key mottos are 'Rome wasn't built in a day', and 'Always set your own standards' which are disciplines I like to apply in daily life. He also has a penchant for colourful bow ties which makes us all laugh from time to time.

How do you relax after work?

I have to confess here that I am a sporting tragic. When I lived in London for six years I was a season ticket-holder at the Arsenal Football Club, and spent the summers watching cricket in the Compton Stand at Lord's. I also like to swim, run, play golf and tennis whenever I get the opportunity. Sydney is a great place to live if you love the outdoors.

INTRODUCING KIM SLAMINKA



Kim Slaminka
Senior Consultant –
Specialised Investments

Why did you join JANA?

If you have a strong interest in funds management, enjoy working with pension funds and helping them achieve top performance, and are inclined to work with some of the best practitioners in the field, then JANA becomes the very obvious choice. The firm has a strong reputation in the industry, is founded on long standing practices that deliver real results, and comprises of a great group of highly capable people, so it's a real pleasure to be a part of that and especially as we enter our next phase under the new ownership structure.

Tell us about your role and what you specialise in?

I am Senior Consultant reporting to the Head of Specialised Investments. My main role is to assist our clients with direct investment opportunities across infrastructure and other private market sectors. I'm also involved in some of our manager research activity, in particular on the infrastructure side, which goes hand in hand with the direct investment role.

What are your thoughts on the new management ownership structure?

I am a strong believer in the benefits of alignment and the new ownership structure moves the firm closer to what I envisage will be the optimal state over time. Regardless of the ownership changes, it's important not to get distracted and to ensure that we continue to deliver the best level of service to our clients day in and day out. Going forward, the new structure should also allow JANA to be more nimble and less affected by events within the broader banking sector. Personally I see it as a positive that NAB has decided to remain a significant equity holder and represented on the Board as we transition to our new model.

Who is your role model and why?

I wouldn't say I have any role models per se, however individuals who have successfully established leading investment businesses from scratch, is something I've always closely followed and been fascinated by. Names like Mackay, Douglass, Buffet, Munger and Dalio come to mind. One of the great things about our industry is that it provides a never ending opportunity to learn from those around you.

How do you relax after work?

I like to do a bit of exercise when I can, especially cycling or playing cricket with my two sons. I also enjoy cooking for family and friends and spending time with my wife and 4 month old daughter. Reading is a favourite pastime and I usually have a few books on the go.

Alice Springs to Darwin on Two Wheels – Georgina Dudley

Signing up for an adventure – cycling 1500km from Alice Springs to Darwin – having only once cycled more than 100km, may seem like a foolish challenge to most people. At JANA however, where Oxfam 100km trailwalker events are almost part of the staff induction process, this didn't seem too strange a prospect to me!

As the 35 riders and 14 support crew set off from Alice Springs in the cold and dark (-1 degree temperature), I was full of trepidation as my front wheel followed on only a few inches away from the wheel of a total stranger. It was only a matter of minutes before we saw the first signpost indicating an ominous 1480km to Darwin, heading straight 'up the guts' of Australia along the Stuart Highway. Eight days later we rolled into Darwin as a professional peloton of close friends with an intimate knowledge of different road train trailer configurations and a love of Northern Territory termite mounds, often seen wearing t-shirts.

Along the way we experienced some of the most amazing sunsets and sunrises and I developed a huge appreciation for the expanse of this country and an overwhelming admiration for the stamina required to get up and go every day, enduring more than I ever thought was possible.

The ride was arranged by a group called Smiling for Smiddy, raising funds to support cancer research at the Mater Foundation. Each day ended with a personal story from one of the group, many discussing their own close personal connections to cancer and showed how necessary this research work is. This provided a strong motivation to keep the legs turning towards Darwin and overall our group raised around \$200,000 for the cause.

The ride in stats: 1340km ridden; total average speed 30.123 km/h; 233,280 pedal revolutions; two bus journeys and one ferry ride. The number of calories consumed and tubes of chamois cream used in the process will remain a secret!



Oxfam Trailwalker

JANA had two teams participate in the Sydney Oxfam Trailwalker on the 25 – 27 August. Team 'Wagga Wagga' consisted of Bill Dwyer, Mena Boles, David Schnell and Davin Ongsono. The 'NAB AM Walkettes' team was a mix of colleagues from NAB Asset Management and JANA and included Lana Cook, Michelle Freed, Lucy Hughes and Colette Grundy.

NEWS BITE



Jacob

- » Raymond Lam and wife Denise welcomed Jacob – 21 June



Harry

- » Lucy O'Connor and husband Darren welcomed Harry – 17 July



Olive

- » Susan Orr and husband Glyn welcomed Olive – 4th August