



Zenith Review Confirms Diversified Funds Employing More Active SAA

Friday October 5, 2013. Zenith Investment Partners (Zenith) has today announced the results of its single-manager diversified category, the second of three to be released as part of its 2013 Diversified Sector Review. In total, 27 funds received a rating within this highly competitive category. A further two strategies are ‘Under Review’ with due diligence being conducted on three additional strategies as at the time of this release.

Senior Investment Analyst Andrew Yap stated that “the single-manager category continues to offer to investors a range of investment products that span traditional SAA-only funds and those that incorporate active asset allocations strategies in an effort to enhance portfolio outcomes.”

“Notwithstanding the variations observed in fund structure and approach, Zenith has identified a number of commonalities across portfolios, as managers seek to respond to an increasingly complex investment landscape”.

Key amongst these include the following:

Duration management: Many sector participants have expressed a concern over rising market rates and have sought to reduce interest rate sensitivity within their fixed interest allocations.

This has largely been achieved through a move away from longer-dated fixed interest exposures in favour of those that target a low duration.

‘Smart’ beta: Sector participants have become more willing to incorporate discrete asset-class exposures including ‘smart’ and tailored beta. In a simulated environment, these strategies have investment appeal and in a multi-asset context may aid to improve portfolio efficiency.

SAA change: Zenith has observed a greater willingness of sector participants to make frequent and material changes to their SAA’s. While this is something we would not ordinarily expect given the longer-dated assumptions upon which SAA’s are derived, these actions help to illustrate the more dynamic nature of investment markets in which asset-class correlations may be subject to meaningful change.

Zenith believes that in each case, these changes have been made with the aim of improving the durability of investment portfolios while also highlighting the sector’s increased sophistication.

In the weeks ahead, Zenith will release the outcomes of its newly created “Real Return” category. In addition, a report summarising the key sector findings from all three categories will be published at the conclusion of the 2013 Diversified Sector Review.

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SINGLE-MANAGER CATEGORY

Investment Strategy	APIR Code	Peer Group	Rating	Movement	Conviction Rank
Schroders Balanced Fund W/S Class	SCH0102AU	Growth	Recommended	Stable	1
Perpetual Wholesale Conservative Growth	PER0077AU	Moderate	Recommended	Stable	2
Perpetual Wholesale Diversified Growth	PER0114AU	Balanced	Recommended	Stable	2
Perpetual Wholesale Balanced Growth	PER0063AU	Growth	Recommended	Stable	2
BlackRock Scientific Diversified Stable	BAR0811AU	Moderate	Recommended	Stable	3
BlackRock Scientific Diversified Growth	BAR0813AU	Growth	Recommended	Stable	3
BlackRock Global Allocation Fund (Aust) - Class D	MAL0018AU	Balanced	Recommended	Stable	4
BT Wholesale Conservative Outlook	BTA0805AU	Moderate	Recommended	Stable	5
BT Wholesale Balanced Returns	BTA0806AU	Balanced	Recommended	Stable	5
BT Wholesale Active Balanced	RFA0815AU	Growth	Recommended	Stable	5
BT Wholesale Future Goals	BTA0125AU	High Growth	Recommended	Stable	5
BT Wholesale Monthly Income Plus	BTA0318AU	Moderate	Recommended	Stable	6
BlackRock Wholesale Balanced	PWA0822AU	Growth	Recommended	Stable	7
Acadian Quant Yield – Class A	FSF0973AU	Income	Recommended	Stable	8
PM Capital Enhanced Yield	PMC0103AU	Income	Recommended	Stable	9
Vanguard Conservative Index	VAN0109AU	Moderate	Recommended	Stable	10
Vanguard Balanced Index	VAN0108AU	Balanced	Recommended	Stable	10
Vanguard Growth Index	VAN0110AU	Growth	Recommended	Stable	10
Vanguard High Growth Index	VAN0111AU	High Growth	Recommended	Stable	10
Aberdeen Multi-Asset Income	CRS0001AU	Moderate	Approved	Stable	
BT Sustainable Conservative	RFA0811AU	Moderate	Approved	Stable	
BT Sustainable Balanced	BTA0122AU	Growth	Approved	Stable	
Colonial First State Wholesale Enhanced Yield	FSF0694AU	Income	Approved	Downgrade	
Dimensional Multi-Factor Growth	DFA0029AU	Growth	Approved	New	
Goldman Sachs Income Plus Wholesale	JBW0016AU	Income	Approved	Stable	
Perennial Capital Stable Wholesale	IOF0100AU	Moderate	Approved	Stable	
Perennial Balanced Wholesale	IOF0104AU	Growth	Approved	Stable	

UBS Defensive Investment	SBC0814AU	Balanced	Under Review	TBA
UBS Balanced Investment	SBC0815AU	Growth	Under Review	TBA
UBS Tactical Beta - Conservative	UBS0036AU	Moderate	Pending	New
UBS Tactical Beta - Balanced	UBS0041AU	Balanced	Pending	New
UBS Tactical Beta - Growth	UBS0037AU	Growth	Pending	New

Note: Zenith only applies conviction ranks to strategies rated Recommended or Highly Recommended. Strategies with an Approved rating are listed in alphabetical order

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