



Russell Stands Out Amongst Multi-Manager Peers in Zenith Review

Thursday October 4, 2013. Zenith Investment Partners (Zenith) has today announced the results of its multi-manager diversified category review, the first of three to be released as part of its 2013 Diversified Sector Review. In total, 16 funds received a rating, with Russell the only manager to be awarded Zenith's highest accolade "HIGHLY RECOMMENDED". Investment strategies offered by MLC were upgraded to RECOMMENDED, and two strategies managed by Investment Science were placed on REDEEM.

Senior Investment Analyst Andrew Yap stated that "Zenith has upgraded Russell's diversified suite of funds owing to our collective assessment of the manager's globally resourced team, its scalable investment process and integrated risk framework. In a relative sense, we believe Russell offers some of the strongest investment propositions to investors seeking a locally distributed multi-asset solution".

Yap added that "MLC's Horizon suite of strategies (2-7) have also been upgraded on our increased conviction in the manager's differentiated process and the significant strides made with regard to attribution and risk management capabilities".

Within the multi-manager category, Zenith has observed significant progress in the areas of implementation and risk management.

Key amongst these developments has been the move by sector participants to a more tailored approach to portfolio construction, one in which asset-class exposures are gained through discrete investment vehicles, with derivatives more commonly used to enact active asset allocation strategies.

Zenith believes this evolution in process represents an acknowledgement by managers of the limitations associated with gaining asset class exposures on a physical basis and through internally managed co-mingled trusts. These include difficulty in tailoring portfolio exposures and in improving portfolio efficiency.

Zenith has also noted a significant advance in risk management capabilities which represents the realisation of several years of development and investment by sector participants.

Risk systems are now deemed sufficiently flexible to permit investment personnel to form a greater appreciation of risk, which in a multi-asset context can exhibit multiple dimensions and necessitate assessment through a range of non-traditional measures.

In the weeks ahead, Zenith will release the ratings outcomes of its "Single Manager" and newly created "Real Return" categories. 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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MULTI-MANAGER CATEGORY

| Investment Strategy | APIR Code | Peer Group | Rating | Movement | Conviction Rank |
|--|-----------|-------------|--------------------|-----------|-----------------|
| Russell Conservative Fund | RIM0002AU | Moderate | Highly Recommended | Upgrade | 1 |
| Russell Diversified 50 Fund | RIM0003AU | Balanced | Highly Recommended | Upgrade | 1 |
| Russell Balanced Fund | RIM0001AU | Growth | Highly Recommended | Upgrade | 1 |
| Russell Growth Fund | RIM0004AU | High Growth | Highly Recommended | Upgrade | 1 |
| Russell High Growth Fund | RIM0034AU | High Growth | Highly Recommended | Upgrade | 1 |
| Advance Defensive Multi-Blend Fund - Wholesale Units | ADV0049AU | Moderate | Recommended | Stable | 2 |
| Advance Moderate Multi-Blend Fund - Wholesale Units | ADV0091AU | Balanced | Recommended | Stable | 2 |
| Advance Balanced Multi-Blend Fund - Wholesale Units | ADV0050AU | Growth | Recommended | Stable | 2 |
| Advance Growth Multi-Blend Fund - Wholesale Units | ADV0085AU | High Growth | Recommended | Stable | 2 |
| Advance High Growth Multi-Blend Fund - Wholesale Units | ADV0087AU | High Growth | Recommended | Stable | 2 |
| MLC W/S Horizon 2 Income Portfolio | MLC0670AU | Moderate | Recommended | Upgrade | 3 |
| MLC W/S Horizon 3 Conservative Growth Portfolio | MLC0398AU | Balanced | Recommended | Upgrade | 3 |
| MLC W/S Horizon 4 Balanced Portfolio | MLC0260AU | Growth | Recommended | Upgrade | 3 |
| MLC W/S Horizon 5 Growth Portfolio | MLC0265AU | High Growth | Recommended | Upgrade | 3 |
| MLC W/S Horizon 6 Share Portfolio | MLC0397AU | High Growth | Recommended | Upgrade | 3 |
| MLC W/S Horizon 7 Accelerated Growth Portfolio | MLC0449AU | High Growth | Recommended | Upgrade | 3 |
| SRA Alliance Fund (4 Unit Class) | COL0018AU | Moderate | Redeem | Downgrade | NA |
| SRA Alliance Fund (9 Unit Class) | COL0019AU | Growth | Redeem | Downgrade | NA |
| CFS FirstChoice Wholesale Multi-Index Conservative | FSF0471AU | Moderate | Pending | New | NA |
| CFS FirstChoice Wholesale Multi-Index Diversified | FSF0472AU | Balanced | Pending | New | NA |
| CFS FirstChoice Wholesale Multi-Index Balanced | FSF0476AU | Growth | Pending | New | NA |

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