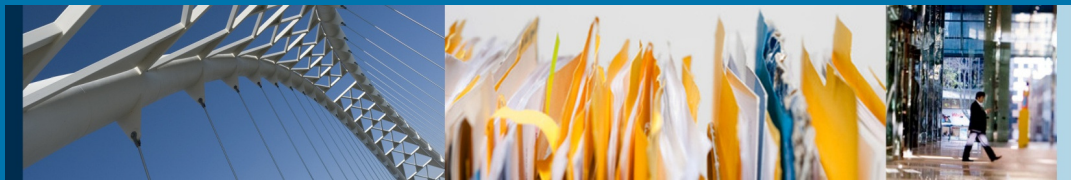


> Future Directions Funds



// Manager Profiles

MARCH 2012

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AllianceBernstein Investments (international bonds)



Style/focus – Global treasury

AllianceBernstein utilises a dynamic duration strategy that effectively combines fundamental and quantitative research in the development of investment ideas. The portfolio aims to be diversified across highly rated global sovereign markets in order to capture a risk premium, exploit differences in macroeconomic cycles and reduce overall portfolio volatility. The team applies an agnostic approach to duration and country allocation, to overcome some of the shortcomings of traditional market cap-weighted fixed income indices.

AllianceBernstein was selected for its depth and experience across global fixed interest management. The manager has a well-resourced global team with investment professionals located in New York, Montreal, London, Hong Kong, Tokyo and Melbourne. Within the portfolio, AllianceBernstein's bottom-up quantitative approach complements Mondrian's top-down approach in the treasury sector.

AMP Capital Investors (Australian bonds)



Style/focus – Core

AMP Capital's core portfolio invests across the interest rate, semi-government and supra-government sectors, and is mandated to employ a sector rotation strategy in order to capitalise on attractive market conditions. The portfolio is designed to add value from a variety of sources (including interest rate strategies such as duration and yield curve); and domestic and global credit (including sector, industry and relative value). Interest rate strategies are predominantly driven by fundamental macroeconomic insights, whereas credit related strategies are a blend of top-down and bottom-up insights.

AMP Capital was selected on the basis of its broad array of investment strategies, applied by an experienced team of sector specialists. Investment strategies focus on all sectors of the domestic market and also make use of non-domestic market credit strategies. AMP Capital employs a rigorous risk budgeting framework via a dedicated quantitative support team to ensure all risks are appropriately accounted for.

AMP Capital Investors (Australian shares)



Style/focus – Value

The Future Directions Australian Share Fund invests in AMP Capital's Value Plus Australian Share capability, which is managed by AMP Capital's Multi-Strategy Quant Funds Team, a stable and well-resourced team headed by Mark McClatchey. The Quant Value Team operates a proprietary process that combines quant and fundamental methodologies.

AMP Capital Value Plus was selected for its solid investment approach, which overlays the quantitative aspect with a judgmental element. The characteristics of the portfolio complement those of the other underlying managers in the Fund, providing additional diversification benefits. The performance of the portfolio has been stable since inception.

AMP Capital Investors (property)



Style/focus – Global property securities

The global property securities portfolio is managed by AMP Capital. The team combines a top-down approach to regional and country allocation with a stock specific selection process. Stock selection occurs at a regional level and is undertaken by individual property securities teams located in Sydney, Chicago, London and Hong Kong. Up to 10% of the portfolio may be invested in cash and fixed interest to maintain appropriate levels of liquidity.

The manager employs a regional stock selection approach based on local expertise in the four key regions of Europe, North America, Asia and Australia. The approach reflects the variant characteristics of the securities as well as the quality and quantity of information available in different property security markets around the world. Through global partnerships, AMP Capital has access to market intelligence and research from around the world.

AQR Capital Management (international shares)



Style/focus – Quantitative enhanced index

AQR Capital is a quantitative manager with that combines top-down and bottom-up processes, with some valuation and momentum features. AQR seeks to add value through stock, currency and country selection, with a dominant focus on stock selection of these three drivers. The Multi-Manager team is impressed by the extensive research that underpins AQR's investment process, supported by a significant focus on managing transaction costs and its intellectual capital resources. The manager has a well-regarded investment team with solid alignment arrangements.

AQR Capital Management (alternative assets)



Style/focus – Quantitative hedge fund risk premia

AQR's hedge fund risk premia approach seeks to capture the risk premiums associated with a diversified set of classic hedge fund strategies. It aims to deliver these risk premia to investors in a transparent and liquid investment vehicle with little correlation to traditional asset classes.

AQR's research has identified many risk premiums which are embedded in nine broad strategy groups. AQR employs a bottom-up hedge fund beta strategy, which seeks to cost effectively recreate the trading strategies and risk premia that a diversified hedge fund program would carry, but with a more balanced profile and active risk management. The Multi-Manager Team believe that the AQR's approach is attractive compared to other hedge fund replication strategies which tend to have a substantially higher degree of correlation with traditional equity markets. AQR's portfolio design and risk exposure management are attractive features of their process.

Ardea Investment Management (inflation-linked bonds)



Style/focus – Australian enhanced index

Ardea oversees an Australian enhanced index inflation-linked bond portfolio. This forms an allocation within the Future Directions range of diversified funds. The exposure to inflation-linked fixed income provides an important hedge against inflation, and further diversifies the sources of risk and return within the portfolio.

Ardea is a boutique manager specialising in the inflation-linked space and offers a wealth of experience in the asset class. The fund is headed by Ben Alexander, who has been managing fixed income portfolios for more than 11 years. Ben previously worked for Credit Suisse Group and was the Managing Director, Head of Fixed Interest where he was responsible for a team managing a portfolio in excess of \$13 billion in value.

Arrowstreet Capital (international shares)

Style/focus – Quantitative

Arrowstreet Capital is a core, quantitative manager that seeks to exploit both behavioural and informational inefficiencies in the market by focusing on factors including value, momentum and earnings revisions whilst seeking to avoid systematic biases towards any country or sector. The Multi-Manager team has strong conviction in Arrowstreet's investment capability, and believes this strategy also complements the other managers in the portfolio.



Ausbil Dexia (Australian shares)

Style/focus – Core (with opportunistic shorting)

Ausbil places a strong emphasis on earnings revisions and earnings transparency, as it believes ultimately follow earnings. The manager combines thematic and sector analyses to identify those areas of the market where positive earnings revisions are more likely to occur; and selects the most attractive stocks from these areas, aiming to capitalise by pre-empting price movements. Ausbil's mandate also allows for opportunistic shorting, which 'amplifies' the manager's macro and sector views, as expressed in its long only portfolio, as well as its views on individual stocks.

Ausbil's thematically-aware earnings-oriented philosophy is complementary to other managers within the Future Directions Australian Share Fund line-up. This manager has manageable funds under management, is largely benchmark unaware and has a strong alignment framework that rewards for investment performance.



Australian Property Growth Fund (property)

Style/focus – Unlisted property

The Future Directions Property Fund invests in the Domaine SEQ Fund (South East Queensland Australian Growth Property Fund) under a core plus strategy. The fund invests solely in assets in the high growth South East Queensland region, particularly Brisbane. The Domaine SEQ Fund invests in the office, retail and industrial sectors. The fund's investment objective is to provide investors with a tax-deferred, reliable base income yield and long-term capital growth.

The Domaine SEQ Fund was selected to provide exposure to properties and new developments in the South East Queensland region.



Baillie Gifford (international shares)

Style/focus – Concentrated growth

Baillie Gifford believes that the shares of companies that grow their earnings faster than the market will outperform over the long term. Baillie Gifford has a five-year plus investment horizon. The global equity team seeks to take advantage of the ideas generated by the firm's regional equity teams and its global sector research groups. Additional research is conducted by the global equity team to construct a concentrated portfolio from the bottom up, with little regard to the composition of the world index.

Baillie Gifford's stable partnership structure means the interests of the fund managers are closely aligned with those of investors. This has been an important factor in recruiting and retaining talented analysts. Baillie Gifford's global equity team is experienced and highly focused, with a strong research culture. This team's competitive advantage is its ability to think differently about investment ideas and take a long-term perspective.



Bennelong Funds Management (Australian shares)



Style/focus – Core thematic

Bennelong operates an intuitive but disciplined investment process, overlaid with a core/thematic style. The investment team places an emphasis on understanding the sources of risk and portfolio rotation across different themes. Bennelong seeks to invest in companies that are experiencing a positive change in their business, in addition to sustainable improvement in earnings and cash flows.

Bennelong was appointed for its disciplined portfolio construction process, evident in the long and stable track record of its investment team, which originally began working together at ING Investment Management. This team operates under a robust governance framework that aligns their interests with those of their clients. Bennelong has manageable funds under management and the investment team is backed by a stable parent, Bennelong Group.

Brookfield Investment Management (international bonds)



Style/focus – Asset-backed securities

Brookfield's enhanced mortgage-backed securities (MBS) strategy invests in securitised credit, particularly, mortgage-related asset-backed securities and commercial MBS. The strategy employs a relative value framework with a focus on security selection and allocation among credit rating classes and real estate sectors. Anomalies are identified by assessing the relationships between supply and demand, changes in interest rates and associated prepayment expectations, market volatility and investor trends.

Brookfield was selected for a specialist MBS role on the basis of its deep expertise in managing securitised debt. Its long history of successfully exploiting relative value opportunities within this sector and the tools and techniques utilised to identify mispricings and construct risk-controlled portfolios are also notable strengths.

Brookfield Multiplex (property)



Style/focus – Unlisted property

The Future Directions Property Fund invests in the Multiplex New Zealand Property Fund, managed by Brookfield Multiplex implementing a core plus strategy. The Fund invests in a portfolio of office, retail and industrial assets across New Zealand with a particular focus on office accommodation.

The Multi-Manager team was attracted to the tax efficient structure of the Multiplex New Zealand Property Fund and its well regarded asset management team, which is based in New Zealand.

Copper Rock Capital Partners (international small companies)



Style/focus – US small companies

Copper Rock is a boutique small capitalisation growth manager located in Boston. The companies in which Copper Rock invests must have quality management teams which are already delivering sustained margin expansion and market share growth.

Copper Rock has a successful history of investing in best-in-class companies at an early point in their growth cycle. Portfolios will generally hold 70 to 90 names with a turnover rate of 100% per annum.

Deutsche Asset Management (international small companies)

Style/focus – European small companies

Deutsche Asset Management
Deutsche Bank Group



Deutsche manages a portfolio of European small-mid capitalisation stocks within the Future Directions Extended Markets International Share Fund. Deutsche believes that the inefficiencies in the European small companies market are best exploited through the identification of companies with superior long-term growth prospects based on long-term themes. The manager builds high conviction portfolios comprising 40 to 50 stocks, including companies benefiting from regional trends and short-term turnaround situations, as well as long-term growth stocks.

Deutsche was selected for its solid bottom-up, fundamental approach to stock selection, as implemented by its well-resourced, experienced and stable team. The team's Frankfurt location is also considered advantageous vis-à-vis managing European small company names.

Eley Griffiths Group (Australian small companies)

Style/focus – Core



Eley Griffiths believes that markets do not always price small companies efficiently and that these inefficiencies can be exploited using market experience, intelligence and disciplined research and stock selection processes. Eley Griffiths' strong investment philosophy and disciplined investment process are focused on capturing macro and market dynamics without compromising the quality of stock selection. The manager follows a more dynamic approach to investing with a shorter horizon, which complements the longer-term outlook of the Fund's other small company specialists.

Eley Griffiths is a high quality, boutique Australian small company specialist. It has a proven investment track record, delivered by a highly experienced and talented investment team. The manager has an active and nimble investment process that captures a large number of companies, filtered by solid portfolio construction and implementation, and impressive modelling and research techniques.

Enhanced Investment Technologies (international shares)

Style/focus – Mathematical enhanced index



Enhanced Investment Technologies has been appointed to oversee a customised version of its active 'diversity-focused' strategy. EIT employs a differentiated stochastic process that combines stocks which exhibit some relative volatility, but are lowly correlated, in a more efficient configuration than the benchmark. EIT's research has shown that a portfolio that is optimised and rebalanced in this way will tend to outperform a passive index. EIT's investment process sees its portfolio continually evaluated to ensure its diversification and return characteristics are consistent with both investment objectives and the underlying mathematical theorem. The manager's investment team is well-regarded with a stable history, helped by a strong alignment framework including employee ownership.

Epoch Investment Partners (international shares)



Epoch Investment Partners, Inc.

Style/focus – Shareholder yield

Epoch is a global asset management firm that was formed with the specific goal of responding to paradigm shifts in the sources of global equity returns. Epoch's global equity shareholder yield strategy seeks to invest exclusively in companies that use free cash flow in a manner that benefits investors, generally through cash dividends, stock repurchases and debt reduction. The Multi-Manager team believes that in falling markets, investors tend to rotate towards the type of companies in which Epoch invests. This strategy enhances the defensive features of, and is complementary to, the other global strategies in the Future Directions Core International Share Fund.

This cash flow-oriented philosophy is applied consistently via a rigorous investment process. This is implemented by Epoch's strong and experienced investment team. All Epoch employees are shareholders in the business which reinforces the desirable alignment framework. Since its inception, Epoch has provided transparency through the disclosure requirements of a publicly listed company, reinforcing its sound business credentials.

Franklin Templeton Investments (alternative assets)



Style/focus – Credit opportunities

The Credit Opportunities portfolio forms part of the allocation to 'growth' alternative assets within the Future Directions Diversified Funds. High yield credit is the primary market in which this portfolio invests, capturing a deeper and more diverse spectrum of credit returns than that of the traditional corporate bond market, which further diversifies the sources of risk and return within the portfolio.

Franklin Templeton is a large, highly experienced investment manager with a strong bottom-up credit capability. It is considered high quality due to its global network and large specialised teams which diligently focus on bottom-up research. The team offers strong sector rotation, specialisation and depth in all credit sectors targeted by the Credit Opportunities portfolio. The manager implements active strategies between the wider sectors, within industries and across individual securities.

Franklin Templeton Investments (international bonds)



Style/focus – Global aggregate

Franklin Templeton combines both top-down and bottom-up analysis to produce a global portfolio of uncorrelated strategies with a focus on sector rotation. Its strategies seek multi-sector alpha sources, supported by a range of value-adding analytical tools. The team also conducts original research, including quantitative credit modelling. The portfolio includes a benchmark-unaware allocation to emerging market debt.

Franklin Templeton is an experienced multi-sector manager that utilises robust and stable processes to invest across a diverse set of global alpha sources. Supported by broad and deep resources, low turnover and geographic diversification, Franklin Templeton's approach complements Putnam's high conviction portfolio within the international bonds portfolio.

Goodman Group (property)



Style/focus – Unlisted property

The Future Directions Property Fund invests in the Goodman European Logistics Fund, managed by Goodman Group. The fund is a core-style open-ended trust that invests in prime logistics properties in continental Europe.

Goodman was chosen on the basis of its position as one of the leading property investment management and property services businesses in Europe. The European Logistics Fund is an opportunity to invest alongside Goodman Group in a diverse portfolio of A-grade logistic properties in continental Europe.

GPT Group (property)



Style/focus – Unlisted property

The Future Directions Property Fund invests in the GPT Australian Wholesale Office Fund, managed by GPT Group. The core-style fund is a large and geographically diversified portfolio of domestic office assets. The portfolio includes investments in a number of landmark Australian buildings, such as Darling Park, HSBC Centre and 530 Collins Street.

The GPT Australian Wholesale Office Fund invests in high quality assets and is managed by a strong, high calibre investment management team that conducts a detailed and rigorous investment process.

Greencape Capital (geared Australian shares)



Style/focus – Growth at a reasonable price

Greencape Capital follows a 'growth at a reasonable price' style, using a fundamental approach that relies on bottom-up research. Importantly, Greencape maintains awareness of themes and macro factors as part of its stock picking process. The manager's systematic exposure to large cap stocks within the portfolio is expected to provide a degree of protection in down markets as investors tend to rotate into larger cap stocks during times of market stress. Greencape is backed by a strong parent in Challenger Financial Services. The Multi-Manager team is also attracted to Greencape's solid alignment arrangements, which incentivise its investment staff to deliver outperformance.

Henderson Fund Management (international shares)



Style/focus – Multi-strategy enhanced index

Henderson uses a combination of quantitative and qualitative techniques across four lowly correlated strategies (fundamental, event-driven, relative value and liquidity) to add value in its enhanced index portfolio. The portfolio is designed to be style- and beta-neutral. Henderson employs a portable alpha approach that allows the manager to increase alpha by investing in market neutral funds that are not correlated with the beta component of the portfolio. Broadly, the portable alpha portfolio is equally exposed to North American, Pan-European and Asia Pacific strategies. Hence, alpha generation is not constrained to proportionality with beta, but equally weighted across the regions.

Henderson was selected for its unique approach to portfolio construction and alpha generation, strong portfolio management leadership and robust alignment structure that incentivises the team to generate alpha for clients.

Hexam Capital Management (emerging markets shares)



Style/focus – Thematic/growth

Hexam Capital Management oversees a concentrated, high conviction mandate of approximately 30 to 40 emerging markets stocks. As a thematic stock-picker, Hexam is macro- and cycle-aware and seeks to identify unrecognised growth at both the stock and country levels. In this sense, Hexam is an inherently opportunistic investor that is not bound to any particular style.

Hexam demonstrates a disciplined approach to understanding market drivers and positioning its portfolio accordingly. The manager has a high quality investment team with an established track record and strong alignment framework.

Hexavest (international shares)

Style/focus – Top-down

Hexavest is a fundamental, top-down manager based in Montreal that utilises a contrarian philosophy and diversified sources of alpha to build a portfolio. The Multi-Manager team believes Hexavest's regional approach to portfolio construction and ability to swiftly rotate the portfolio will capture macroeconomic opportunities as well as provide greater diversification.



Invesco (property)

Style/focus – Global property securities

Invesco is a well-established investment management firm with significant assets under management in terms of both direct and listed property. The Invesco investment team, based in Dallas, implements a robust, well-structured investment process managed by a high calibre, stable team. Invesco's philosophy is based on two fundamental objectives: to maximise the predictability and consistency of investment returns; and to minimise risk through strict attention to portfolio design.

The Multi-Manager investment team likes Invesco's robust portfolio construction process and views the investment team's ability to gain insight from the manager's direct property and market research teams as a distinct competitive advantage. The inclusion of this manager in the global property securities mix complements the styles of other incumbent managers, creating a more efficient portfolio.



Investa Property Group (property)

Style/focus – Unlisted property

The Future Directions Property Fund invests in the Investa Commercial Property Fund, managed by Investa Property Group. The core-style fund invests principally in prime office assets across Australia.

Investa is a skilled and specialised investor in the direct property office sector. This manager was selected to provide access to a high quality portfolio of Australian commercial office assets.



Investec Asset Management (Asian shares)

Style/focus – Value

Investec Asset Management manages a solid investment process that combines fundamental valuation with momentum, price strength and sentiment factors. The manager's investment philosophy drives it to seek high quality, attractively valued companies with improving operating performance, which are receiving increasing investor attention. Importantly, Investec follows a robust model of risk management that ensures knowledge and awareness of risk exposures.

The Multi-Manager team was attracted to Investec's flexible investment approach to stock selection and portfolio construction, which is disciplined without being dogmatic, and takes into consideration market and macro factors. The alignment model is strong, and supported by a collegiate culture and long-term view on investment team retention. A solid track record underpins Investec's Asia ex Japan capability.



Investec Asset Management (emerging markets shares)

Style/focus – Value/momentum

Investec Asset Management operates a disciplined investment process that combines quantitative and qualitative elements at both the stock selection and portfolio constructions stages of the investment process. The manager is a risk- and exposure-aware stock picker, with a focus on companies that demonstrate improving operational performance and sustained price strength. Typically, this produces a portfolio with strong value and momentum characteristics.

Investec's investment team is high quality and well-resourced, with solid alignment arrangements in place.



JCP Investment Partners (Australian shares)



Style/focus – Core/thematic

JCP is a 'calculated risk buyer' with biases to growth and the smaller cap segment of the market. It exploits extreme growth and value opportunities which may be perceived by other managers as overly risky but which JCP expects to perform well in the medium to longer term. It seeks to 'skew the outcomes in the portfolio's favour' by subjecting prospective investment ideas to rigorous scenario testing, assigning each scenario a notional probability of occurring.

JCP's approach generates unique insights and is complementary to other managers in the Fund. It has manageable funds under management, is largely benchmark unaware and has a strong alignment framework that rewards for investment performance.

Kapstream Capital (international bonds)



Style/focus – Enhanced index

Kapstream was appointed to invest in enhanced index global government bonds, to provide the Future Directions Diversified Funds with a low risk, volatility-dampening global fixed income exposure. This allocation also reduces the exposure of the Future Directions Diversified Funds to credit risk. Kapstream invests in government bonds across a global universe.

Kapstream is a boutique fixed income manager backed by Challenger Financial Services Group. The manager has a small but experienced and nimble investment team and is able to leverage its parent's substantial resources and systems. The team is overseen by Kumar Palghat, a seasoned investment professional with over 18 years' investment experience gained at both PIMCO and the World Bank.

Kinetic Investment Partners (Australian small companies)



Style/focus – Growth at a reasonable price (GARP)

Kinetic is a thematically aware, growth-oriented manager. Kinetic's portfolio structuring methodology takes account of prevailing market conditions and sector influences. Its stock selection methodology is solid, with a bias towards reasonably valued companies with superior growth prospects.

This growth-oriented manager has manageable funds under management, is largely benchmark-unaware and has a strong alignment framework that rewards for investment performance.

Lazard Asset Management (Asian shares)



Style/focus – Quantitative

Lazard is a quantitative manager that focuses on identifying stocks which offer a combination of value, quality and momentum characteristics and demonstrate sustainable growth in earnings. The Multi-Manager team believes the appointment of Lazard increases the FD Asia ex Japan Share Fund's exposure to a more benchmark-aware strategy that is able to capture the value, momentum and sentiment factors that are demonstrated to tend to drive Asian markets. The Multi-Manager team is supportive of Lazard's proactive approach to risk management, which combines use of a quantitative risk model with elements of judgemental overlay. The manager's high quality investment team operates within a robust governance framework, and has a long track record of working together.

Lazard Asset Management (emerging markets shares)



Style/focus – Quantitative

Lazard Asset Management is a quantitative manager with a defensive focus, seeking quality, undervalued names with superior growth potential. A judgmental overlay is applied to Lazard's quantitative investment process, which considers market themes and risk in particular. The Multi-Manager team also likes Lazard's unique approach to risk management, which sees it adjust its model to make specific prevailing risks more directly controllable. The manager's high quality investment team operates within a robust governance framework, and has a long track record of working together.

Lend Lease Real Estate Investments (property)



Style/focus – Unlisted property

The Future Directions Property Fund invests in the APPF Retail Fund, managed by Lend Lease Real Estate Investments. The fund's core-style investment strategy focuses predominantly on the ownership and expansion of major regional shopping centres across Australia. These properties are key retail facilities within their trade area, located in high market growth corridors, and have the capacity to be expanded over time. APPF Retail Fund's quality assets can be remixed and redeveloped to meet the ongoing needs of the surrounding trade area, with an aim to deliver continued improvements in sales performance and investment returns.

The APPF Retail Fund was selected to broaden the Future Directions property portfolio's domestic unlisted property exposure and to complement the allocation to the Australian office sector. The Fund offers attractive portfolio scale and diversity, with its major assets capturing nearly 15% of regional centre sales nationally.

Loomis, Sayles & Company (alternative assets)



Style/focus – Credit opportunities

The Credit Opportunities portfolio forms part of the allocation to 'growth' alternative assets within the Future Directions Diversified Funds. High yield credit is the primary market in which this portfolio invests, capturing a deeper and more diverse spectrum of credit returns than that of the traditional corporate bond market, which further diversifies the sources of risk and return within the portfolio.

Loomis Sayles was appointed for its highly rated credit experience and conservative bottom-up analysis, particularly across bank loans and high yield credit. The company, founded in 1926, is one of America's oldest investment advisory firms and is well-known for its professional research staff, which is one of largest in the industry. The manager employs an opportunistic asset allocation strategy by shifting its allocation between senior bank loans and global high yield securities, as determined by internal valuation models and analysis of the economic cycle.

LSV Asset Management (international small companies)



Style/focus – Asia Pacific (ex Australia) and Canadian small companies

LSV Asset Management is a quantitative manager that believes long-term results are achieved through systematic exploitation of judgmental biases and behavioural weaknesses that influence investor decisions. LSV's approach incorporates both a proprietary quantitative model and a risk control process that seeks to uncover deep value stocks that have fallen out of favour with the market, but are showing signs or recent recovery. The Multi-Manager team has high conviction in LSV's capability based on the team's strong track record and the robust alignment framework between employees and the firm.

Macquarie Group (property)



Style/focus – Global property securities enhanced index

Macquarie provides exposure to the 'true index' performance of the FTSE EPRA/NAREIT Global Real Estate Index (developed countries) by investing in a basket of global listed property securities. The listed securities are managed in an enhanced index style.

Macquarie was appointed to provide 'true index' exposure to the global listed property market.

Mondrian Investment Partners (international bonds)



Style/focus – Global treasury

Mondrian is a London-based manager that adopts a longer-term yet high conviction approach to international fixed interest management. By effectively combining a top-down focus and a proprietary research process to take large active positions compared to the benchmark, the manager expects to outperform over the full market cycle. The manager maintains a distinctive approach to inflation forecasting and a high calibre investment team.

Mondrian was selected for its distinctive investment approach and strong fundamental research capability.

Orbis (international shares)



Style/focus – Value

Orbis is a contrarian value manager that believes behavioural biases drive investors to focus on short-term news rather than the long-term fundamentals of companies. Orbis applies a disciplined, bottom-up approach to exploit pricing opportunities driven by deviations from long-term intrinsic values. The Multi-Manager team was attracted to the manager's high-quality investment team and strong investment philosophy.

Perennial Value Management (Australian shares)



Style/focus – Value

The Future Directions Australian Share Fund is invested in a 'high conviction' mandate of Perennial's 'best ideas and insights'. Over time, it is expected that Perennial's portfolio will exhibit a value bias of variable depth, with varying growth, quality and momentum characteristics. The manager's decisions will be driven by its views of the market and its relative conviction in value-adding versus the risk qualities of underlying themes and stocks.

The Multi-Manager team was attracted to Perennial's flexible approach to the allocation of risk between sector, style and stock selection decisions across different market conditions. Perennial also presents a strong alignment structure that is focused on long-term, and encourages talented investment staff to remain with the business.

Perennial Value Management (Australian small companies)



Style/focus – Value

Perennial identifies well managed, transparent and financially sound companies that trade at a discount to their fundamental valuations. Companies that are selected for inclusion in Perennial's portfolio must also demonstrate sound risk monitoring and management.

The Perennial team is well-resourced, supported by the broader Value Team, with backgrounds in funds management, auditing, broking and dealing. The team is more sensitive to market sentiment than other value managers typically tend to be, hence reducing the risk of exposure to 'falling knives' (where managers buy cheap companies that continue to fall in value). Perennial's alignment arrangements are solid and the manager has manageable funds under management.

Principal Global Investors (property)

Style/focus – Unlisted property

The Future Directions Property Fund invests in the Principal Enhanced Property Fund, managed by Principal Global Investors in a core plus style. The fund invests in a diversified portfolio of assets in the US, and is also attains value through asset repositioning and development.

Principal is a large, reputable real estate manager in the US. This allocation provides access to a high quality, diversified portfolio of North American office, retail and industrial assets.



Putnam Investments (international bonds)

Style/focus – Global aggregate

Putnam, a Boston-based manager, adopts a sector specialist team approach to fixed income investing. The investment teams are of a high calibre, each responsible for generating ideas within their own area of expertise. This, combined with the manager's strong risk control culture, adds a sound base of diverse, high conviction investment ideas to the Future Directions International Bond Fund.

Putnam was selected with the aim of more evenly balancing the risk contributions within the portfolio. Putnam's ability to efficiently implement sector rotation also serves to enhance the degree of diversification across the Fund's investments.

PUTNAM INVESTMENTS



Retirement Villages Group (property)

Style/focus – Unlisted property

The Future Directions Property Fund invests in the Retirement Villages Group (RVG), managed by Macquarie Group and FKP. RVG invests in a significant retirement village portfolio in Australia and New Zealand.

The Multi-Manager investment team believes the retirement village market represents a sound opportunity to gain exposure to retirement sector. This also complements the office, retail and industrial sector exposures within the Future Directions property portfolio. The sector is rapidly consolidating and demand projections are robust. RVG's large portfolio has low cash flow volatility and attractive risk-adjusted returns.



River Road Asset Management (international small companies)

Style/focus – US small companies

River Road is a boutique, 100% employee-owned asset management firm located in Kentucky. It invests in undervalued small companies with predictable and stable business models which have been either misunderstood or under-discovered by the market.

River Road's small company portfolio managers have a long history of successful value investing and are supported by a well-resourced team of analysts.



Rockspring Property Investment Managers (property)

Style/focus – Unlisted property

The Future Directions Property Fund invests in the Rockspring Pan European Property Fund, managed by Rockspring Property Investment Managers. The core plus style fund invests in a diversified portfolio of retail, office and industrial assets in continental Europe.

Rockspring's business activities primarily focus on real estate investment. The company is 100% employee-owned, making for a strong alignment model that is supplemented by an attractive performance fee structure. Rockspring has been active in European property markets since 1984, establishing a proven investment track record. It has a team of over 80 specialist investment professionals and around €6 billion in assets under management across 13 countries.



Schroders Investment Management (emerging markets shares)

Style/focus – Thematic/core



In managing an emerging market equities mandate for Future Directions, Schroders considers top-down investment factors in its process of market selection, though the process also combines both quantitative and qualitative factors at the country level. This top-down strategy is unique in that it attributes performance to market allocation.

Schroders' key competitive strengths lie in its resource base and people, which provide research coverage across the global investment universe. Schroders was added to the portfolio for the reason of its extensive experience in managing global emerging market shares, as well as the complementarity of the top-down aspects of its investment process with the other managers in the Future Directions Emerging Markets Share Fund.

Schroders Investment Management (international shares)

Style/focus – Quantitative



Schroders uses a global dynamic blend (GDB) strategy, a blend of the manager's global value, quality and core (enhanced index) approaches. Schroders' investment process is determined by top-down market valuation, cyclical and risk indicators and is supported by bottom-up insights that naturally emerge from managing the underlying strategies.

Schroders differentiated quantitative approach and process for tactically allocating between investment styles are considered attractive features of the GDB approach. The Multi-Manager team has a strong degree of conviction in the team behind the process, led by Justin Abercrombie. Abercrombie and his team are experienced quantitative specialists who have linked the process to sound investment concepts and displayed a proactive commitment to continuous improvement.

SouthPeak Investment Management (alternative assets)

Style/focus – Multi strategy absolute return



SouthPeak Investment Management is a boutique alternatives manager, based in Sydney. The Multi-Manager Team have funded an investment in SouthPeak Investment Management's Defensive Diversified Fund (DDF) for the Future Directions Diversified Funds and AMP Capital Multi-Asset Fund.

SouthPeak is a risk premia hedge fund manager, which targets stable and weak correlated absolute returns by focusing on return per unit of risk and diversifying across investments with different return drivers. The DDF strategy is considered attractive as it provides a liquid, low correlation, low cost source of alternative returns.

Stone Harbor Investment Partners (alternative assets)

Style/focus – Credit opportunities



The Credit Opportunities portfolio forms part of the allocation to 'growth' alternative assets within the Future Directions Diversified Funds. High yield credit is the primary market in which this portfolio invests, capturing a deeper and more diverse spectrum of credit returns than that of the traditional corporate bond market, which further diversifies the sources of risk and return within the portfolio.

Stone Harbor was appointed for its expertise in researching and managing corporate bonds, with a particular focus on high yield and emerging market debt. The senior members of the team previously worked at Citigroup and Salomon Brothers Asset Management, and have worked together successfully for more than 16 years. Stone Harbor is highly rated due to its conservative and robust process, as implemented by its experienced team.

TT International (Asian shares)

Style/focus – Core



TT International is an active manager in Asia ex Japan equities, with a macro-aware thematic style. While TT International believes that the primary source of value added is stock selection, there is a top-down element to its investment process. The manager runs relatively concentrated portfolios with a preference for liquid stocks. As a result, most large positions are in the mid to large cap range.

TT International was selected for its robust approach to portfolio construction and risk management, which have supported a consistent investment track record. The investment team is incentivised by a strong alignment framework and highly collaborative culture.

Vianova Asset Management (Australian bonds)



Style/focus – Absolute return

Vianova is a boutique fund manager specialising in Australian fixed interest and with a focus on absolute returns. A high conviction thematic investor, Vianova is committed to avoiding negative returns in any year. It applies a top-down thematic view of global structural interest rate issues to the management of its Australian fixed interest portfolio. Investment decisions are made with minimal regard to the broader fixed interest benchmarks used by many other investment managers. This enables Vianova to flexibly construct a concentrated, high conviction Australian fixed interest portfolio.

Vianova was selected for its global theme-driven approach to domestic fixed interest and strong focus on downside protection.

Vinva Investment Management (Australian shares)



Style/focus – Quantitative long/short

Vinva Investment Management run a quantitative long/short (130/30) strategy. This means the manager can short sell stocks it expects to underperform, and use the proceeds to buy stocks it expects to outperform. This is complementary to the styles of the FD Australian Share Fund's incumbent managers, and we expect this strategy to cope well with volatile market conditions. Furthermore, shorting creates an additional source of excess return, and thus provides good diversification benefits to the portfolio. Despite being a quantitative approach, there is a strong judgemental element to Vinva's investment process, which is an attractive differentiator. We have confidence in Vinva's capable and well-resourced team, which has a long track record of working together. The team operates within a performance-driven culture with robust alignment arrangements.

Vinva Investment Management (geared Australian shares)



Style/focus – Core

Vinva Investment Management runs its portfolio in a core style, though with some exposure to value factors, using a quantitative process. Vinva's primary role in the portfolio is to provide the Future Directions Geared Australian Share Fund with access to multiple and diversified sources of alpha. The manager's proprietary portfolio construction model and process, which considers numerous factors including volatility and tax impact, is a notable strength. The core members of Vinva's investment team worked together previously at Barclays Global Investors managing a quant Australian shares strategy, and thus have a strong track record as a unit. This contributes to the manager's strong, performance-driven culture, supported by a robust alignment framework.

Vontobel Asset Management (international shares)

Style/focus – GARP

Vontobel is a quality growth-oriented manager that seeks to identify high-quality businesses with proven records of operating profitability and favourable long-term economic prospects that are trading at attractive valuations. The team achieves this via a bottom-up, fundamental research process that results in a high conviction, benchmark agnostic portfolio. The Multi-Manager team is supportive of Vontobel's defensive orientation, which we believe will provide downside protection to the Fund.



Wellington Management (international bonds)

Style/focus – Credit and securitised

Wellington is an independent investment management firm that emphasises diversification, combining both top-down and bottom-up inputs in seeking to produce excess return over different market environments. The firm leverages a strong information sharing philosophy between its credit and equity teams, and utilises sophisticated risk management tools to monitor its portfolios.

Wellington was appointed for its strong track record built on a conservative approach. The manager is very well-resourced and has invested extensively in its world-leading, proprietary systems. The Multi-Manager team holds the strategy's portfolio manager, Louis Chabrier, in high regard.



Contact us

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