

International equities

AllianceCapital

Alliance Capital global large cap growth strategy employs a growth-orientated philosophy. The strategy is founded in the belief that investment success stems from the correct marriage of fundamentals gleaned from rigorous company specific research, and price - a willingness to adjust position sizes to take advantage of short-term price movements that are not justified by long-term company fundamentals.

The portfolio is a relatively concentrated portfolio of industry-dominant large capitalisation companies that have superior earnings growth prospects. The investment process uses bottom-up stock selection that employs fundamental research, based on industry-organised company analysis within the global regions. Country and industry exposures are determined primarily by individual stock selection.

What sets this manager apart?

Alliance has one of the largest commitments to research in the industry. The global large cap team comprises around 70 sector analysts and eight portfolio managers including regional and cross border specialists located globally in all the major financial centres. Its multi-portfolio manager process means the highest conviction ideas of the investment team are fully reflected in client portfolios.

BERNSTEIN

Bernstein Investment Research & Management (Bernstein) is the dedicated value style investment and research management unit of Alliance Capital Management L.P. Bernstein. It has been at the forefront of value investing since it was established in 1967.

Alliance Capital acquired Bernstein in 2000, which has brought together investing expertise in both growth and value investing.

The Global Value strategy employs a value-oriented investment philosophy grounded in intensive fundamental research. Its approach rests on the premise that stocks are often mispriced as a result of a universal market dynamic: when faced with uncertainty, people tend to overpay for investments that appear secure, overestimate investment risks and overcompensate others for assuming those risks. Investors also tend to buy and sell based on an emotional over-reaction to events of the day, assuming that current conditions—good or bad—will remain unchanged.

What sets this manager apart?

Bernstein's emphasis on bottom-up, research-based stock selection, the quality and organisation of its research effort and the efficiency and rigour with which good ideas are tested and then incorporated into client portfolios are impressive. The manager also has very strong sell and risk management disciplines, and continues to refine a number of investment techniques to moderate the short-term impact of its style of investing, without compromising long-term returns.

Capital InternationalSM

Capital International, Inc. (Capital) is a wholly owned subsidiary of The Capital Group Companies, Inc., one of the oldest investment management firms in the US. The Capital Group is privately held by employees, ex-employees and the founding family, and manages over \$A1 trillion in assets for clients worldwide. It acts solely as an investment management firm.

Capital is a research-driven, bottom-up manager whose investment process is long-term in nature. Client portfolios are constructed using eight mixed sub-portfolios that are devised independently, providing diversity of sources of value-add. Its philosophy is broadly market-oriented and well structured, while also flexible enough to take advantage of the exceptional talents of its investment team.

What sets this manager apart?

Capital's proven multi-portfolio manager system sets it apart from other managers. Its investment personnel (over 170) offers exceptional levels of experience and is individually accountable for stock selection.

Its process allows for high-conviction investing and diversity of ideas.

WELLINGTON[®] MANAGEMENT

Wellington is one of the oldest and most successful fund management firms in the US. The firm manages more than \$US233 billion for its clients in North America, Europe, Australasia and Asia. Wellington is wholly owned by its active employees. It has an experienced team of more than 200 investment professionals, with more than 900 staff in total.

Wellington is a bottom-up active manager with a global industry and research focus. Wellington's global industry analysts directly manage the portfolio. Each analyst is allocated a portion of the portfolio that is in line with the industry weights in the benchmark. The analysts add value through stock selection decisions that are based on in-depth fundamental research and their deep understanding of their industries.

What sets this manager apart?

Wellington Management has been able to successfully add value by discovering the better companies in each industry and fully use these discoveries in client portfolios. Performance has been consistent over time and delivered in a risk-controlled manner. The portfolio structure is ideally suited to the process of globalisation that is occurring in many industries.

Important information

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Super Directions Resumé of Fund Managers

May 2003

Australian cash

AllianceCapital

Alliance Capital Management Australia Limited (Alliance Capital) offers premier investment management and research services for both local and global growth and value equities, as well as fixed income assets. Through Alliance Capital, Australian investors gain access to proven expertise. Alliance Capital brings together more than three decades of expertise in portfolio management, through the US based global investment operations of Alliance Capital Management L.P. in growth and fixed income investing, and in value investing through Bernstein Investment Management and Research (a unit of Alliance Capital Management L.P.). Alliance manages around \$A 629 billion.

Alliance Capital takes an active approach to managing cash. It aims to exploit market inefficiencies over the long term, through quality research and by using a structured investment process.

Alliance Capital adds value through duration management, yield curve positioning and the use of higher yielding securities.

What sets this manager apart?

Alliance Capital's approach provides low-cost incremental value-add through a range of reliable investment techniques.

Australian fixed interest

AllianceCapital

Alliance Capital's core fixed interest strategy seeks to add value through duration management, yield curve positioning, sector rotation and stock selection. Its investment style is both top-down (macroeconomic) and bottom-up (stock selection). Proprietary modelling for both interest rate, and credit risk analysis is important in identifying value-add opportunities.

Global portfolio management teams operate around a shared research capability. This enhances Alliance's ability to add value, through identifying key global themes that could impact the local market.

What sets this manager apart?

Alliance Capital's highly qualified Australian fixed interest team also accesses Alliance's considerable analytical resources around the globe, further adding to the quality of its investment decisions.

CREDIT SUISSE | ASSET MANAGEMENT

Credit Suisse Asset Management (Australia) Limited (Credit Suisse) is a leading global investment manager for institutional and mutual fund investors. Through its global offices, Credit Suisse manages and advises on over \$A500 billion in funds. It has more than 2000 employees worldwide. Credit Suisse has been operating in Australia since 1990, and manages more than \$A18.6 billion for Australian investors.

Credit Suisse is a traditional, active fixed interest manager. It employs a wide range of value-adding techniques, that are appropriate for the prevailing economic and market environments. The manager has an exceptional understanding of the factors that drive market returns, a high quality decision-making process, and a commitment to ongoing improvement of its investment process.

What sets this manager apart?

Credit Suisse is distinguished from its peers in the adept way it rotates the emphasis placed on different investment techniques, improving its ability to provide sustained over performance relative to its benchmark.

International fixed interest

AllianceCapital

Alliance Capital's global fixed interest strategy is based on the belief that rigorous independent research is the key to adding value. The sources of market inefficiencies change through time. To attain consistent results, Alliance Capital focuses its research efforts on several key areas. This allows it to search out inefficiencies from multiple, independent sources, rather than relying on one tool.

Alliance Capital seeks to outperform global bond indices through four key active decisions including country/yield curve selection, sector allocation, industry/security selection and active currency management. In making each of these decisions, it considers both the expected return (due to the benefits of yield and the potential for price appreciation/ depreciation) and the risk the investment adds to the portfolio.

Alliance Capital has developed one of the largest investment research teams in the world. Its global fixed-interest investment process relies on the work of roughly 60 research analysts and 60 portfolio managers located around the world.

What sets this manager apart?

Extensive in-house research, specialist and generalist teams as well as an integrated process allows Alliance Capital's fixed interest decisions to add value.



Super Directions Resumé of Fund Managers



BlackRock Financial Management, Inc. (BlackRock) is a large US-based investment manager specialising in fixed interest and risk management products. BlackRock's assets under management of around \$US273 billion across various investment strategies and also provides risk management services to portfolios with aggregate assets of over \$US2 trillion.

BlackRock's identification of multiple sources of value-add, while limiting active exposures to country, currency and duration factors, relative to index, has produced a remarkably consistent track record.

What sets this manager apart?

BlackRock's adoption of a highly sophisticated and risk-controlled investment approach has led to a remarkably consistent track record. Rather than relying on a small number of individuals or 'stars', BlackRock adopts a team approach to portfolio management.

PIMCO

Pacific Investment Management Company Australia Pty Ltd (PIMCO) is one of the world's largest managers of global and US fixed interest portfolios with over \$US304.6 billion in assets under management. Founded in 1971, the US-based institutional money manager is majority-owned by Allianz AG. PIMCO's investment process places great emphasis on fundamental economic and credit analysis to identify value in market sectors and individual securities. It takes a moderate approach to risk across multiple portfolio dimensions, such that no one decision can cause significant underperformance.

What sets this manager apart?

PIMCO is distinguished by the depth of its expertise across many different macro and security specific specialisations. This has assisted to increase returns as well as to diversify risks. PIMCO's strong but flexible self-discipline and the quality of its quantitative and credit research capabilities also sets this manager apart.

Property

AllianceCapital

Alliance Capital's Property Securities strategy is focused on fundamental analysis. It seeks securities with attributes such as superior management, value adding opportunities and growth in earnings and distribution.

Rankings of trust fundamentals, including balance sheet strength, asset quality, risk, market fundamentals and management capabilities are made. Peer group comparisons, at the fundamental level, provide a measure of relative quality. The assessed rankings are a key input to relative weightings in prospective portfolios.

Alliance Capital has a global network of property specialists located in North America, Europe and the Asia Pacific region. Specialist portfolio managers and analysts regularly discuss evolving listed and direct property market trends and characteristics within their regions and alternative investment markets.

What sets this manager apart?

Its property process is strong and draws on the global research resources of Alliance Capital. At the same time, its flexibility is not constrained by high levels of funds under management.



Citigroup Asset Management Australia Limited (CAMAL) is the Australian funds management arm of Citigroup Asset Management, a business unit of the publicly listed, global financial services company, Citigroup Inc. Citigroup currently manages over \$A5.6 billion in assets under management across the major asset classes, and its tactical asset allocation service, with approximately \$A519 million in active Listed Property Trusts.

CAMAL is part of a globally integrated funds management organisation that has over 70 research analysts across five global research centres. Strong emphasis is placed on fundamental bottom-up research and rigorous quantitative valuation to underpin a disciplined global investment process. This approach relies on microanalysis of individual trusts, rather than the application of macroeconomic themes and sector rotation. CAMAL has been able to consistently add value relative to the index as well as its peers.

What sets this manager apart?

Citigroup's rigorous and disciplined investment process and tight risk controls result in an active, core investment style, which can deliver consistent investment returns with low volatility.



SG Hiscock & Company

SG Hiscock & Company (SGH) is a staff-owned, boutique manager established in 2001, specialising in Australian Listed Property Trusts and smaller company securities. Based in Melbourne, SGH manages approximately \$A460 million in assets for wholesale clients, including \$A410 million in active Listed Property Trust portfolios. The Listed Property Trust team of two investment personnel has a total of more than 24 years experience with skills in both the listed and direct property markets.

The 'ValueActive' investment process developed at National Asset Management, and brought across by company principal Stephen Hiscock, focuses on identifying securities that are undervalued relative to their long-term fair value and have improving earnings profiles. Relative 'Value' is assessed using quantitative screens and is overlaid with the 'Active' analysis of a trust, which incorporates qualitative, fundamental bottom-up research and sentiment factors to determine that trusts have improving outlooks. The performance history of the 'ValueActive' process displays the satisfactory achievement of long-term risk-adjusted returns.

What sets this manager apart?

SG Hiscock has a highly structured investment process based on exploiting defined market inefficiencies in the listed property trust sector. Its personnel have extensive experience in both the listed and direct sectors of the property market, giving SGH a distinct advantage in evaluating industry trends and the market conditions surrounding individual properties. SGH's approach allows it to concentrate on identifying securities that are undervalued relative to their long-term fair value, while not ignoring short-term trends.

Australian equities

AllianceCapital

Alliance Capital's Australian equities strategy is an active, large cap, growth manager, focused on bottom-up stock selection.

Alliance Capital seeks to identify stocks with superior earnings growth, relative earnings momentum, and attractive qualitative attributes such as market power, franchise value, and management reputation. Alliance believes that proprietary research plus active management provide superior performance. The portfolio of typically 40 stocks, is constructed within a risk-controlled framework that combines stock selection and sector constraints.

What sets this manager apart?

A dedicated 'growth' manager, Alliance Capital's portfolio construction methods feature strong risk controls that are designed to deliver consistent out-performance.

BARCLAYS GLOBAL INVESTORS.

Barclays Global Investors Australia Limited (BGI) is one of the world's largest institutional investment managers, and the largest manager of index funds in the world. It manages approximately \$A1.4 trillion for 1800 clients in more than 30 countries. BGI is owned by Barclays plc, a British-based trading and savings bank. Barclays is listed on the London stock exchange and is one of Britain's oldest banks.

BGI is an active Australian shares manager, and seeks to consistently add value in a risk-controlled way throughout the various stages of the economic cycle. BGI uses a structured investment process designed to systematically identify and exploit mis-priced securities on a daily basis. The manager takes a number of slightly larger or smaller positions than the index in individual shares, with the aim of producing a return that exceeds the index over time.

What sets this manager apart?

BGI is a global leader in sophisticated quantitative-based investment processes. It distinguishes itself from other quantitative or index-based managers by the quality of its investment decisions, the speed and efficiency of decision making, and its approach to managing risks and costs.

IML INVESTORS MUTUAL LTD

Investors Mutual Ltd (Investors Mutual) is a specialist Australian equities boutique manager established in 1998. It is owned by experienced fund manager Anton Tagliaferro, current staff and the Treasury Group. Investors Mutual has approximately \$A1.5 billion under management.

Investors Mutual's key strengths are its emphasis on independent research, a consistent and disciplined investment process, a long-term investment horizon and a focus on reducing the downside risk in portfolios. This translates into a tilt towards companies displaying strong value characteristics (lower price to earnings ratios, higher dividend yields), low portfolio turnover and a substantially lower level of volatility.

What sets this manager apart?

Investors Mutual is a conservative, rather than a deep value manager. Its pragmatic approach to investment and its clearly defined processes make Investors Mutual stand out from other value managers.

MAPLE - BROWN ABBOTT Investment Managers

Maple-Brown Abbott Limited (MBA) specialises in active Australian equities management. It was formed in July 1984 and today has around \$A12 billion in assets under management. MBA employs 33 staff, including 14 investment professionals, and is wholly owned by staff and directors. It is an exceptionally stable and focussed organisation and is highly regarded for its investment capabilities, resources and approach.

MBA is a conservative, bottom-up stock picker employing a disciplined value approach. It pays low prices for stocks with strong medium term earnings and cash flow potential and good prospects of being re-rated by the market. MBA holds these stocks for as long as they continue to offer good long-term fundamental value. MBA is a long-term investor, resulting in portfolios with very low turnovers.

What sets this manager apart?

MBA's investment research capabilities and resources are among the best in Australia. By comparison with other 'value' managers, MBA tends to have more subjectivity and pragmatism in the portfolio construction process, including adequate flexibility to consider and include technology, media and telecommunications stocks.

UBS Global Asset Management

UBS Asset Management (Australia) Limited (UBS) has around \$A15.6 billion in funds under management, \$A3.6 billion of which is in Australian equities. UBS is a fundamentally based, active core manager. Detailed internal industry and company analysis enables UBS to forecast future cash flows and estimate a share's intrinsic investment value. This results in a well defined, disciplined and transparent investment approach, that emphasises process over the input of any one individual. The manager also has access to UBS's international research network. There is a strong emphasis on portfolio construction and risk controls, resulting in a solid risk adjusted performance and a lower tracking error than most active managers.

What sets this manager apart?

UBS's process is disciplined, transparent and global in scope. It has been consistently applied since 1996, and has shown its strength by dealing with any issues associated with the development of its business, such as the promotion of research staff, without compromising performance. This reflects the quality, depth and strong working culture among its team of investment professionals.