



JBWere

# Goldman Sachs JBWere Transition Management

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## Overview of our transition management services

The Goldman Sachs JBWere Pension Services and Transition Management Group provides a range of services and advice that help superannuation fund trustees and asset consultants make informed investment decisions. Using sophisticated quantitative analysis and modeling techniques, our team is able to assess the risks involved in specific investment decisions, and provide strategies to manage these risks.

### **Global Pension research and commentary services**

Our clients have access to special reports on specific issues that affect superannuation funds, their trustees and asset consultants including legal, political and structural developments in global pension markets.

### **Quantitative tools and research**

We design and develop a range of tools that quantify risk and investment style in portfolios. These tools are supported by our thematic research reports that can be tailored to meet specific needs.

### **Economics and strategy**

Our highly rated global economic research and strategy team publishes research and delivers advice for our clients about asset allocation choices, and provides unique insights through analysis of specific industry, country and regional issues.

### **Transition specific guides**

We produce a number of guides to the best practice risk management techniques for the transition process, derived from our extensive practical experience in the field worldwide.

### **Transition management**

The team is committed to helping our clients manage the unique costs and risks associated with transitions that occur when they make significant changes to their portfolios, such as changing investment managers, while coordinating all settlement and custodian arrangements.

### **Structured products**

One of our key strengths lies in creating specific structured derivative investment solutions across equities, fixed income commodities and funds (including hedged fund and mutual funds) that are tailored to the specific needs of individual pension funds.

## About Goldman Sachs JBWere

Goldman Sachs JBWere is a leading financial services organisation that provides quality investment, wealth management and execution services to a broad range of private, corporate and institutional clients in Australia and New Zealand.

The firm combines the history and experience of JBWere, one of Australia's oldest investment companies founded in 1840, with the global strength and capabilities of Goldman Sachs, established in New York in 1869. Its senior management team is based in Australia and New Zealand, enabling the firm to make quick decisions on key issues.

A leading provider of specialist corporate investment, advisory and financial services, Goldman Sachs JBWere is well known for leading many significant and complex capital raisings. The firm's extensive experience and skill in key services, such as investment banking, mergers and acquisitions and initial public offerings, enables Goldman Sachs JBWere to provide strategic advice and creative financial solutions to governments, corporations and institutions. A specialised and dedicated corporate finance team ensures clients receive a high level of quality and integrity in developing and executing their transactions.

Institutional clients of the firm enjoy the benefits of global account coverage, global research coverage and service and 24-hour trading desk access. The highly rated equities team helps institutions, corporations and governments with their investing and trading strategies, and works closely with the corporate finance team when placing stock or offering underwriting to leading institutional clients.

An uncompromising commitment to quality research is the foundation of the firm's investment philosophy. International recognition and consistently high rankings by global investment institutions attest to the quality of Goldman Sachs JBWere's research. This strength extends internationally with research teams based in London and New York providing an additional focus on the overseas operations of Australian and New Zealand companies and their international competitors.

The local knowledge and excellence of JBWere combined with Goldman Sachs' prominence in global markets establishes a firm with unmatched capabilities in financial markets. The principles of integrity and dedicated client service, astute market knowledge and a commitment to excellence are ingrained in the firm's culture. These values, combined with quality research and investment products, make Goldman Sachs JBWere a trusted partner for our clients.

## Global Pension research and commentary services

*Our clients have access to special reports on specific issues that affect superannuation funds and asset consultants including legal, political and structural developments in global pension markets.*

### **Team and services**

The Pension Services team brings together the strategic minds of our London based team, who focus on the broad industry issues, with the tactical expertise of our New York equity derivatives strategy group.

Together the team works with individual clients, trustees and superannuation funds with specific investment needs. They provide asset and liability management services using sophisticated risk management tools and derivatives. The objective of these activities is clear in the team's thinking: to produce the best possible outcome for beneficiaries and fund sponsors.

The team has extensive experience developing and implementing successful interest rate derivative strategies that reduce the interest rate risk of the liabilities held in funds and improve overall returns. With the rise in popularity of hedge funds, many superannuation fund trustees are looking at the right way to introduce direct hedge fund investments into their portfolios. The Pension Services team helps clients formulate the most appropriate strategy to introduce this asset class, and provides introductions to suitable hedge funds.

The global Pension Services team provides senior management and their colleagues with one integrated source for all security-related instruments. The team works across divisions leveraging the firm's resources for clients in the areas of:

- asset and liability management strategies
- equities and fixed income hedging
- options strategies, such as covered call writing
- swaps, exchange traded funds, futures
- capital introductions to hedge funds
- thought leadership on pension issues

### **Publications**

- *Finding alpha in a moderate return environment – the BXM and variations on covered index writing*, February 2005
- *The "secret sauce" of hedge fund investing – trading risk dynamically*, November 2004
- *The New Pension Paradigm: Implications for Investment Strategy, Managers and Markets*, January 2004



## Equity Indexes United States

### Equity Derivatives Strategy

January 30, 2004

#### **The new pension paradigm: *Implications for investment strategy, managers and markets.***

Pension investment policy is shifting to a greater focus on the tracking risk of assets to liabilities than to asset class benchmarks. Common themes include: seeking higher returns from alpha or investment skill, more flexibility for investment managers to achieve high and consistent total returns, and greater use of interest rate and equity risk management.

#### **Pension funds are at a crossroads today, similar to the one they faced after the 1970's bear market**

The strong equity return environment of the 1980s and '90s was consistent with high equity allocations and a preference for beta (index) risk over alpha (active) risk at defined benefit plans. The static asset class buckets with alphas embedded in asset classes were appropriate for that regime, but needs to be changed today with lower expected returns and stock and bond return correlations.

#### **Funded status has recovered somewhat, but the genie is out of the bottle**

Creditors, shareholders, accountants and regulators now view pension liabilities in a different light. Pension Benefit Guaranty Corporation (PBGC) estimates of pension underfunding remains in excess of \$300 billion, and pension sponsor surveys indicate over 90% of plans are considering investment strategies to aid their funded status. Multiple objectives now drive investment policy with funding status risk as important as keeping contributions low through high asset returns.

#### **The pension sponsors speak about change**

Although equities are likely to continue to represent the largest allocation, recent plan sponsor surveys indicate they intend to improve risk/return tradeoffs through a combination of diversification, hedging and a shift to strategies with higher alpha components with lower correlation to equity market moves. General Motors announced plans to invest new pension contributions to its pension plan with a focus on risk mitigation and alternative investments that stress manager skill over rewards for taking equity market risk.

#### **From asset to strategy allocation**

The primary categorization by asset classes is likely to evolve to groups of similar strategies, such as equity-tilt, delta-tilt, alpha, cross-market and overlay, flexible absolute return and low liquidity. The strategies that fit in the equity-tilt category could include index funds, long-only and long/short hedge funds. Complementing the strategy allocation is a breakdown of the fund by risk drivers that give a profile of the portions of the fund risk represented by equity, interest rate, currency and different alpha risk sources.

#### **Fund managers and financial markets will need to adapt**

The new paradigm relies significantly on tradable products to manage index and interest rate exposure within and across strategies. Also, the attention to alpha will mean more short selling and short horizon strategies, with bottom-up investing replacing the "macro" environment in place since the fall of 2001. Fund managers need to adapt products and hedge funds need to adapt to new clients and capacity issues.

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*This report was drawn from comments by Joanne M. Hill at the opening session of the Super Bowl of Indexing – "The Beta and the Alpha" conference organized by Information Management Network, Phoenix, Arizona on December 7-10, 2003.*

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**This material was prepared by Goldman, Sachs & Co. Equity Derivatives Strategy group and is not a product of Global Investment Research. It is not a research report and should not be construed as such. Important disclosures appear at the end of this material.**

## Quantitative tools and research

*We design and develop a range of tools that quantify risk and investment style in portfolios. These tools are supported by our thematic research reports that can be tailored to meet specific needs.*

### Team and services

We have a dedicated team of seven quantitative research specialists based in Australia who develop research and quantitative investment tools for our professional investment clients. The team manages all the research databases and services that are available to clients. They also perform customised research and consultation on specific research projects that are tailored to meet individual client needs.

### Bringing research to life

We present our research in a number of different ways to meet the needs of our clients. A recent example of this was the road show to present a comprehensive report to help investors understand the change of domicile of News Corporation.

The quantitative research team worked with our stock analysts and traders from Goldman Sachs to bring this research to our clients. Together the teams discussed the investment fundamentals of the stock, index change issues, buying and selling dynamics and the affect on portfolio construction with clients. Pension clients benefited from the tailoring of the information to their specific concerns, namely the risks of the domicile change to market stability.

### Quantitative tools

- PortfolioWise, the Goldman Sachs JBWere Quantitative Risk Model
  - Many large funds use this Barra substitute to analyse a variety of risk parameters for Australian equity portfolios (or any combination of sub-portfolios). During 2005, this tool, which uses a five-factor model with factors determined through principal component analysis, will be extended to include all major global equity markets and to calculate multi-asset class portfolio optimisation.
  - Asset managers who use PortfolioWise are able to calculate tailored return data and portfolio analytics in formats specified by different asset consultants and superannuation fund trustees.
  - Using this tool, asset consultants and superannuation fund trustees are able to create multiple monthly custom reports tailored to a number of specific reporting needs.
- Quantitative Digest
  - This unique investment tool provides a bridge between academic research and the investment community. Quantitative Digest is a series of reports that monitor the latest academic research and assesses its applicability in a practical context to the Australian market. It enables investors to keep abreast of the latest developments in investment techniques and academic thinking.
- Investment themes and stock screening
  - The Goldman Sachs JBWere Research team provides insights into share price changes and the themes that drive overall investment markets. Reports published include: Stock Screening Encyclopaedia, a comprehensive reference guide that back tests a large number of screens; and Quantitative Screening Ideas, a monthly update that highlights the latest market themes that are driving performance.

### Publications

- *Types of Investment Styles that Outperform During Policy Tightening Periods*, December 2003
- *Momentum and Market Reaction to Good and Bad News*, July 2004

Research Report

**Goldman Sachs JBWere**

**Research Report**  
15 July 2004  
Issue 30

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## Quantitative Digest

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### Post Earnings Announcement Drift – Is it a Free Lunch?

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- ⇒ With another reporting season approaching, we take the opportunity to investigate post earnings announcement drift dating back to 1996.
- ⇒ Consistent with the results of various U.S. studies, we find that security prices promptly impound information contained in positive earnings surprises. In contrast, investors under-react to 'bad news' earnings announcements; negative surprise stocks significantly underperform the market in the sixty days following their announcement date.
- ⇒ This outcome is underpinned by negative drift amongst small caps stocks. Controlling for size, small industrials that fail to meet GSJBW analyst expectations yield a return of more than 400 basis points below the market for a holding period of sixty days after reporting.
- ⇒ We show that our findings are robust to risk adjustment, costs of arbitrage and data snooping biases. Thus, there appears to be a free lunch available to investors able to short-sell stocks reporting unexpectedly poor earnings, particularly in the small cap space.

**Figure 1**

**Post Earnings Announcement Drift (PEAD)**

PEAD computed as follows: Mean market adjusted price return is calculated between the close prices on the day following the result (t+1), and 60 days following the result (t+60).

Category	Positive Earnings Surprises	Negative Earnings Surprises
All Companies	~0.5%	~-1.5%
Large Industrials	~0.5%	~-1.5%
Small Industrials	~-1.0%	~-4.5%
Resources	~0.5%	~-2.0%

Source: GSJBW Research

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## Economics and strategy

*Our highly rated global economic research and strategy team publishes research and delivers advice for our clients about asset allocation choices, and provides unique insights through analysis of specific industry, country and regional issues.*

### Team and services

An uncompromising commitment to quality economic and strategic research is the foundation of Goldman Sachs JBWere's investment philosophy. Our global team of over 65 experienced economists and 18 strategists combines practical experience with technical excellence, strong academic qualifications and a demonstrated ability in their field of expertise to produce some of the world's best research. The quality of our research continues to earn the firm international recognition.

### Bringing economics and strategy to life

Goldman Sachs JBWere Pension Services and Transition Management Group bring our research to Australian clients regularly by inviting clients to attend a series of conference calls with our leading economists. The team's close relationship with our global economists and strategists was behind the Global Macro Economic Conference the Transition Management Group hosted in September 2004. The conference was a gathering of our most highly regarded economists and strategists to discuss issues including:

- Global Economic Outlook
- Asian Economic Outlook
- Commodity Outlook
- Fixed Interest Strategy
- Equity Strategy
- Where investment risks currently lie

The team has scheduled the next Global Macro Economic Conference for September 2005.

### Research

The global economics group produces the following regular pieces of economic research:

- Global Economics Weekly

This weekly publication takes an in depth approach to analysing a key topical issue in the global economy each week.

- Global Leading Indicator

Our Global Leading Indicator is the Goldman Sachs proprietary statistic that forecasts global industrial production out 6 to 9 months. Each month this publication details advanced, preliminary and final readings of our Global Leading Indicator.

- The Global FX Monthly Analyst

This monthly publication provides a comprehensive review of all the major currencies and presents Goldman Sachs' current trading strategy. It also contains one feature article presenting a particular viewpoint on a given currency.

- BRIC Layers

The key emerging market economies Brazil, Russia, India and China (collectively referred to as BRIC) are the subject of this an informal commentary that takes a chart-based approach to topical issues concerning the economies of each of these countries.

## Economics and strategy continued

The Australian economics team regularly produces Australia specific analysis and forecasts of key economic and financial market aggregates that are published in the following documents:

- Weekly Commentary

Outlines Goldman Sachs JBWere's core economic views and conducts in-depth analysis into emerging economic issues, industry research and asset valuation analysis.

- Australian Economic Dataflash

Provides a quick analysis of key economic data releases including key charts, tables and market reaction.

- Australian Economic Cable

Expands on the data releases included in Dataflash with more comprehensive analysis of key economic data releases and emerging economic issues.

Our global strategy team produces regular reports including:

- World Investment Strategy Highlights

- Tactical Asset Allocation Advisory

- Strategy Matters

### **Publications**

- *Key Themes for 2005 and 2006*, January 2005
- *The Investment-Saving Imbalance, Slowing Growth and the RBA*, December 2004
- *Election Timing and the Great Tax Giveaway*, March 2004
- *Currency Hedging: Exiting the Sweat Spot for Corporate Profits*, January 2005
- *An Investment-Saving Approach to the Housing Boom*, May 2004
- *Inflation Outlook – Rising Costs vs Margin Contraction*, February 2005
- *The Equity Risk Premium From An Economics Perspective*, October 2002



## Portfolio Strategy

### World Investment Strategy Highlights (WISH)

March 4, 2005

Related research: [Portfolio Strategy](#),  
[WISH Mixed Signals and Mixed Returns](#), February 2, 2005

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**Bonds – unwinding the valuation gap.** We believe the recent upward move in bond yields is justified by fundamentals and should continue. Equities should be partially protected in this scenario, given their valuation advantage and the benign growth outlook. We remain Overweight equities vs. bonds.

#### Bonds: We expect US bond yield to reach 5% in six months' time

We believe the recent sell-off in bonds is justified, and expect US bond yields to reach 5% in six months' time. The fundamental arguments behind this are threefold: (1) Positive signs on economic growth; for example, we have recently raised our US IH2005 GDP growth forecast from 3.5% to 4% on the back of strong private domestic demand. (2) Build-up of inflationary pressure – we expect oil prices to stay high and productivity growth to slow (particularly in the US). (3) Stronger demand for capital from both corporate and emerging markets; increased capital expenditure in these areas is likely to raise the supply of debt and drag bond prices down further, in our view.

#### Equities: Valuation advantage serves as a support

According to our Wavefront<sup>sm</sup> model, the equity market started pricing in an increase in both growth and interest rates from the beginning of February, ahead of the move in the bond market. We believe that the valuation advantage of equities vs. bonds provides room for real yields to rise without a sell-off in equities. Our expectation of benign growth also supports a reasonable equity performance. The biggest risk to our asset allocation view is that economic activity turns down dramatically, possibly due to a sharp increase in oil prices or a collapse in household spending following an increase in rates. We believe both scenarios are unlikely.

#### Our recommended asset allocations

Asset class	Recommendations	Recommended weights relative to the benchmark	Benchmark weights	Expected 12M returns
Equities	+	6%	55%	13%
Bonds	-	-11%	30%	-2%
Cash	=	3%	10%	2%
Commodities	+	2%	5%	10%

With the optimiser in our GS Asset RISC model we generate the active weights for each asset class that would maximise the portfolio returns given a particular tracking error. The asset return forecasts used are as outlined in this report.

\* '+' – overweight, '-' – underweight, '=' – neutral

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### Portfolio Strategy: Tactical Asset Allocation Advisory

March 4, 2005

Related research:

[Portfolio Strategy: Tactical Asset Allocation Advisory. Using sectors and theme baskets to add alpha.](#)  
January 28, 2005

**Controlling portfolio risk with tail baskets.** Portfolio managers who choose to limit the number of companies they hold in order to reduce operational costs can experience relatively high levels of tracking error. We believe that synthetic tail baskets that are formed of portions of benchmarks can help reduce risk.

#### Hidden risks can affect your portfolio's tracking error

Many equity portfolio managers choose, for operational and cost reasons, to concentrate their active positions on a limited number of companies and to hold only a fraction of the stocks that are covered by their benchmark. While many investors believe that their portfolios' active positions are the main source of tracking error, our analysis shows that a significant proportion of risk budgets can be consumed by the companies that are not held.

#### Tail baskets can help control portfolio risk

We believe that tail baskets offer an operationally convenient way of reducing unwanted portfolio risk. Tail baskets are synthetic products formed of a portion of a benchmark that has little or no overlap with an investor's portfolio. They offer investors the ability to reduce portfolio tracking error without the operational burden of managing a large group of stocks.

#### Tail baskets are available in a standardized form for the key benchmarks

Tail baskets are available for the key European indices as swaps, contracts for difference or securitized products. Tail baskets for other global or regional benchmarks are also available.

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Global TAA Advisory research

#### Tail baskets available for European benchmarks

Bloomberg ticker	Benchmark	Portion of benchmark covered by tail basket
GSSTD100	DJ Stoxx 600	Between 101st and 200th largest stocks in benchmark
GSSTD200	DJ Stoxx 600	Between 201st and 300th largest stocks in benchmark
GSSTF100	FTSE Europe	Between 101st and 200th largest stocks in benchmark
GSSTF200	FTSE Europe	Between 201st and 300th largest stocks in benchmark
GSSTM100	MSCI Europe	Between 101st and 200th largest stocks in benchmark
GSSTM200	MSCI Europe	Between 201st and 300th largest stocks in benchmark

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## Global Economics Paper No: 84



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### The Equity Risk Premium From An Economics Perspective

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- Based on our views of long-term GDP growth, we currently estimate that the equity risk premium globally is around 2.4%, lower than many investors expect.
- With bond yields also depressed, the entire spectrum of financial asset returns has shifted lower. The adjustment to the new era of lower asset returns is likely to play out over an extended period.
- The equity risk premium has risen substantially this year and is now a little above its recent historical averages.
- We introduce a simple model that relates shifts in the ERP to macroeconomic and market volatility. It suggests that the impact of the recent rise in economic volatility on risk perceptions may take time to fade.

Thanks to Victoria Malpass and Roopa Purushothaman for their substantial contributions to this paper and to our Global Strategy Team for detailed comments and discussion.

**Jim O'Neill, Dominic Wilson  
and Rumi Masih**  
**25th October 2002**

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Important disclosures appear at the end of this document.

## Transition specific guides

*We produce a number of guides to the best practice risk management techniques for the transition process, derived from our extensive practical experience in the field worldwide.*

### **Team and services**

Goldman Sachs has been actively undertaking Transition Management Services for a wide range of institutions for over 10 years. Over this period, the team has developed a broad range of experience and published a number of articles about effective risk management throughout the Transition process.

### **Publications**

- *Common Pitfalls in Transition Management*, December 2003
- *A Guide to Transition Management*, December 2002
- *Transition Management: Investor Interviews*, December 2002



## Trading and Market Structure United States

December 2002

Related research:

*Transition management:  
Investor interviews*, Sandy  
Rattray, Goldman Sachs  
Derivatives and Trading  
Research, December 9, 2002.

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This report was prepared by  
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department and is not a product  
of the Global Investment  
Research department.  
Important disclosures appear at  
the back of this report.

### A Guide to Transition Management

This guide explains the rationale for transition management, describes the process, and exposes common pitfalls. We focus on the three major asset classes typically involved during a transition – equities, bonds and foreign exchange. We address the principal risks inherent in transitions and how to mitigate them.

#### I. Introduction to transition management

We define transition management and the various parties involved in a typical portfolio transition. We explore some of the most common scenarios in which it is beneficial to use a transition manager and examine how fiduciary responsibilities can be handled during transitions.

#### II. Transitioning equity portfolios

Equities typically (but not always) make up the majority of a portfolio transition. They also usually constitute the most visible part of transaction costs. We examine how the costs associated with equity transitions are calculated and discuss the major sources of liquidity in equities. After looking at the question of timing for trading and crossing in equities, we discuss techniques for estimating the cost of equity transitions.

#### III. Transitioning fixed income portfolios

The costs of changing exposure to fixed income can be high, especially outside of the liquid government bond segment. We discuss key transition techniques for fixed income securities, sources of liquidity in fixed income markets, and the risks inherent in fixed income transitions.

#### IV. Managing foreign exchange in portfolio transitions

Foreign exchange is often the “forgotten asset” in international transitions. As a result, it is also the forgotten component of risk, and the forgotten component of cost. We highlight techniques for integrating foreign exchange into transition management, and calculating and controlling the costs.

#### V. Mitigating the principal risks of transitions

There are two principal risks incurred during transitions: financial risk and operational risk. We explain both categories of risk and offer steps to mitigate them.

#### VI. Designing a transition strategy

This section brings together concepts from many of the prior sections to explain how transition strategies are developed. We use an example of an investor seeking to transition a global portfolio to illustrate the process.

#### VII. Transition reporting

Reporting throughout the transition process is a key responsibility of the transition manager. Reporting should be provided both during the transition and after it is complete. Importantly, post-trade reporting of transition cost can be compared to the estimates originally provided by the transition manager.

## Transition management

*The team is committed to helping our clients manage the unique costs and risks associated with transitions that occur when they make significant changes to their portfolios, such as changing investment managers while coordinating all settlement and custodian arrangements.*

### **Team and services**

The Goldman Sachs JBWere Pension Services and Transition Management Group works with clients to minimize the overall costs and risks that arise when assets are transferred, asset allocations are changed, fund managers are changed or portfolios are rebalanced. Our approach successfully delivers the following primary benefits:

- Lower market impact costs through access to all sources of liquidity
- Lower opportunity risk through strategic risk management
- Lower operational risk through rigorous project management

### **Global systems put our team in control**

The Sydney based Pension Services and Transition Management Group uses specialised systems developed by the Transition Management Group globally, enabling clients to be fully in control of the transition process. Although any non-Australian trading is executed offshore, the Sydney team remains in control with access to the same information systems used by all offshore offices. By using global systems, our team is able to respond rapidly to any questions clients have about their transition any time of the day.

Although global systems are used to manage execution, our local team is responsible for the overall Transition Management process. The team performs pre-trade portfolio analysis, execution initiation as well as post-trade analysis and reporting. All client queries are handled locally including questions relating to operation and execution issues as well as trade confirmation and settlement.

### **Awards**

- Global Investor magazine 2004, Roll of Honour in Transition Management Survey (Execution, post trade, technology and operations)
  - "Clearly a leader in transition management..."
  - # 1 in Customer Satisfaction
  - Best Transition Manager Overall
- Global Investor magazine 2003, awarded transition manager of choice for large, complex transitions



## Structured products

*One of our key strengths lies in creating specific structured derivative investment solutions across equities, fixed income, currency and commodities that are tailored to meet the specific needs of individual pension funds.*

### **Team and solutions**

Our team creates unique derivative investment solutions that help pension funds reduce, diversify, remove and profit from specific exposures within their portfolio. Areas of exposure include:

- Equities
- Commodities
- Interest rate risk
- Currency risk

Our solutions can also be used to improve the solvency position of large positions, or take advantage of a specific market scenario. Derivative solutions are delivered through a portfolio construction process developed in a cost effective, efficient way using some of the most highly regarded investment techniques to minimise transaction costs.

## Accessing our research online

*The Institutional portal of the new Goldman Sachs website offers our institutional and corporate clients personalised access to our research, trading, analysis and communication tools in one location.*

### Research and information

The Institutional Portal provides our clients with access to a range of market insights and intelligence including the following:

- Research reports
- Company information
- Investment opportunities
- Trading data

### Personalise your data

As a Goldman Sachs JBWere institutional client, when you enter the site through our password-protected home page, you will have access to specifically customized data, layout and content to meet your particular interests across all our businesses. Access global research and sort by company, industry and sector, region, or by analyst from one simple research menu on the main navigation bar.

View real-time market data, research, trading commentary, and offerings through Market Monitors. Receive notification via the website, email or mobile device as research is published.

### Get started today

Our team can provide you with the gateway to our world of research. To access our research from your own computer, contact the Pension Services and Transition Management Group to discuss your specific needs.

With an understanding of your research needs, we can create your own customized Institutional Portal access, which contains the specific information you need.

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**Latest Research**

- 02 Feb 2005 **BRIC Layers : 05/02: Oil, FDI and Cars** [PDF, 8pgs, 160KB] by Michael Buchanan, Roopa Purushothaman, ...  
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- 21 Jan 2005 **Global Markets Research Daily : BRICs To Meet The G7** by Jim O'Neill  
It was announced yesterday that the BRICs nations will join the Feb G7 meetings. We think that this is a welcome and important development. It is no longer possible for the G7 to remain the optimal economic policy club. It looks as though this has now...
- 05 Jan 2005 **BRIC Layers : 05/01: BRICs and Global Growth in 2005** [PDF, 7pgs, 109KB] by Michael Buchanan, Roopa Purushothaman, ...  
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- 30 Nov 2004 **Global Economics Paper - 04/11: Can the G7 Afford the BRICs Dreams to Come True?** [PDF, 16pgs, 264KB] - Summary by Jim O'Neill  
Even if our BRICs 2050 'Dreams' come true, world GDP growth will not accelerate.
- 07 Nov 2004 **BRIC Layers : 04/01: Inflationary Breakout in BRICs**

**Related Links**

- BRIC Layers [2 Feb 2005 | Archive](#)
- [Growth and Development: The Path to 2050](#)
- Detailed Country Coverage:
  - [Brazil](#)
  - [China](#)
  - [Russian Federation](#)

**Key Economic Forecasts**

	2003	2004	2005	2006
<b>Real GDP, % chg yoy</b>				
Brazil	0.50	<b>5.00</b>	<b>4.00</b>	<b>3.60</b>
China	9.10	9.50	<b>8.10</b>	<b>8.50</b>
Russia	7.30	<b>6.70</b>	<b>5.60</b>	<b>5.00</b>
<b>Consumer Prices, % chg yoy</b>				
Brazil	14.48	<b>7.63</b>	-	-
China	1.20	3.90	<b>2.60</b>	<b>2.50</b>
Russia	14.80	<b>10.90</b>	<b>14.00</b>	<b>10.00</b>
<b>Current Account as % of GDP</b>				
Brazil	0.65	<b>0.45</b>	-	-
China	3.20	<b>2.60</b>	<b>2.20</b>	<b>1.90</b>
Russia	6.31	<b>10.14</b>	<b>9.76</b>	<b>9.51</b>

yoy = year on year; Forecasts are in bold

(7) Goldman Sachs Institutional Portal - 2 February 2005

## Our team

### **Mark Wills**

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Mark Wills is an Executive Director of Goldman Sachs JBWere and is Head of the Australian Transition Management Group. Mark is responsible for coordinating the Group's activities including Transitions, Research Marketing and Structured Products. He is heavily involved in formulating the strategy used in the transition process and working with large Transition clients to achieve low cost, risk-controlled results.

Before joining Goldman Sachs, Mark worked with a number of asset management firms heading their dealing operations for equity, bonds and foreign exchange markets, most recently at Westpac Investment Management. His focus was on transaction cost management and dealing efficiency.

Mark earned his Masters of Business in Applied Finance from the University of Technology Sydney and his Bachelor of Economics in Accounting from Macquarie University.

### **Jonathan Brunello**

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Jonathan Brunello joined Goldman Sachs Asset Management in London in 1998, having previously worked in a grain trading and marketing capacity with Grainco Australia Limited. In 1999, Jonathan relocated to New York where he co-managed the newly created Goldman Sachs High Net Worth Operations group. In October 2000, Jonathan returned to Australia. His new role saw him responsible for managing the operational processes associated with Goldman Sachs Australia's equities franchise, as well as Goldman Sachs securities lending, risk arbitrage and prime brokerage business.

Jonathan attained a Bachelor of Commerce Degree from the University of Southern Queensland in 1995, with a major in Banking and Finance.

### **Thomas Frauenlob**

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Thomas Frauenlob joined the Equity Derivative Sales Group of Goldman Sachs in Zurich in 1999. Previously Thomas worked for Lehman Brothers and UBS Global Asset Management. While in Zurich, he was responsible for marketing products to insurance companies, pension funds and private banks. He has had extensive experience in program trading, structured trades and transitions.

Thomas holds a Ph.D. in Finance, which he obtained at the University of Zurich Switzerland. His studies were focused on investment philosophies of Swiss pension funds.

## Our team continued

### **Greg Woodham**

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Greg Woodham recently commenced work with Goldman Sachs JBWere as part of the Transition Management team. Greg is responsible for coordinating all aspects of pre, intra and post trade portfolio analysis and reporting.

Greg graduated from the University of New South Wales in 2004, attaining a Bachelor of Chemical Engineering degree with First Class Honours and the University Medal.

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