

Five Oceans Wholesale World Fund

30 Jun 2009

The Five Oceans World Fund is managed by Sydney-based Funds Management boutique, Five Oceans Asset Management (Five Oceans). Investing in international equities through a concentrated portfolio the Fund is absolute return focused with capital preservation a key tenet. Overall, Zenith is impressed by the quality of the investment team and believes the Fund is well positioned to achieve its objectives.

Five Oceans was established in 2005 by Chris Selth and Ross Youngman in partnership with Challenger Financial Services Group (CFG). The business is majority owned by Five Ocean's staff, with the two founders maintaining the majority, and CFG holding a 25% stake. Selth is the lead portfolio manager and Chief Investment Officer of Five Oceans. He has over 22 years of investment experience, having established an outstanding record while working at BT Funds Management, both as an analyst and portfolio manager. The broader investment team consists of 9 investment professionals, consisting of 4 portfolio managers and 4 analysts. All of the senior investment team members, except one, herald from a BT background and therefore share a similar investment philosophy. This allows for a more collegiate and consistent investment approach. Although Selth retains the ultimate power to choose stocks and weightings the team operates under a very collegiate approach in which peer review plays a crucial component in the investment process. While there has been some turnover at the analyst level, with one analyst leaving and two joining in the past year, the senior team appears settled and in Zenith's opinion the overall team is well structured and highly capable.

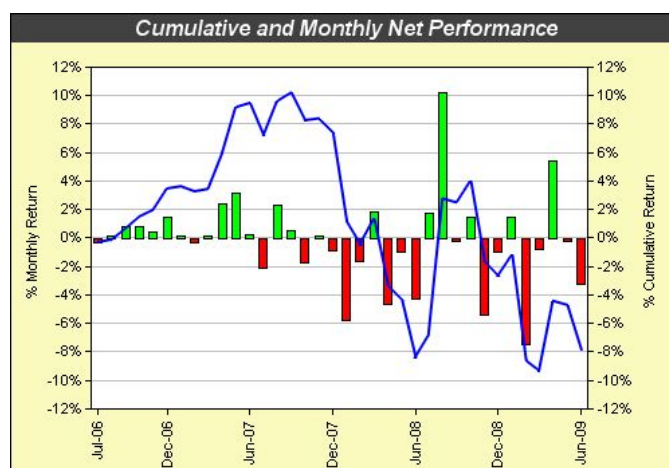
The Fund is absolute return focused with the non-specific objective of achieving capital growth over the long term (at least 5 years). To achieve this objective the Fund employs a bottom-up, long-biased, valuation focused investment process. The Manager believes that market inefficiencies can be exploited by identifying psychological factors that are excluded from conventional financial analysis.

Five Oceans use a range of valuation techniques with a strong focus on discounted cash flow (DCF) models with contrarian cross checks, which seek to explain why a stock is cheap. There is a focus on identifying emerging themes and structural changes that have not been recognised by the market. In order to help identify these changes the investment team employs an international network of industry specialists and thought leaders. Zenith believes this process provides a refreshing angle to global equities investing. Portfolio construction reflects the output of the fundamental research process while incorporating liquidity, volatility, diversification and technical factor considerations. The output of the process is a long-biased portfolio whose risk is moderated through the use of hedges, short positions and cash exposure. The portfolio will consist of approximately 50 stock positions (including short positions). It may invest in cash when investment opportunities are limited with the maximum cash weighting having been over 50% in extreme market conditions. It can also invest up to 10% into unlisted companies that intend on listing within the next 18 months.

Five Oceans views risk management principally in terms of capital preservation. While it employs formal constraints as well as risk analytic software it believes risk is best managed by paying attractive prices for securities, understanding the business specific risks at a stock level and maintaining a high conviction portfolio where it can have a detailed understanding of each position. Although the Fund is long biased investors should be aware that it's possible for the Fund to lose money on both the long and short positions simultaneously i.e. there's element of leverage risk.

Due to its unique investment mandate and lack of formalised risk controls Zenith believes the Fund is best used as part of a blended investment portfolio. In addition the Fund has an after tax return focus which makes the fund attractive to high marginal tax rate investors seeking capital growth. Overall, the Five Oceans World Fund is an impressive offering for those seeking an absolute return focused, concentrated, benchmark unaware international equity product. As such, Zenith has assigned a RECOMMENDED rating to the product.

Key Features	Description
APIR Code	HOW0032AU
Asset Class	International Shares
Sub-Asset Class	Specialist
Investment Style	Long/Short
Benchmark	MSCI World ex Aust \$A
Recommended Investment Timeframe	5 + years
Chief Executive Officer	Ross Youngman
Chief Investment Officer	Chris Selth
Investment Team Size	9



Performance Analysis

Performance Statistics	3 Yrs (% p.a.)	2 Yrs (% p.a.)	1 Yr (% p.a.)
Performance - Fund	-2.68	-8.23	0.63
Performance - Benchmark	-10.75	-18.78	-16.24

The Fund is absolute return focused with the non-specific objective of achieving capital growth over the long term (at least 5 years). Due to its absolute return focus the Manager doesn't benchmark the Fund against any indices but for comparison purposes Zenith uses the MSCI World Ex Australia \$A Index.

While performance history is still too short to draw any meaningful conclusions, in the relatively short time period since inception the Fund has outperformed the MSCI World Ex Australia \$A Index by a wide margin but failed to return positively in absolute sense.

Consistency Analysis

Consistency Statistics	3 Yrs	2 Yrs	1 Yr
History of Monthly Excess Return (%)	61.11	62.50	75.00
History of Monthly Excess Return (Rising Mkts %)	37.50	44.44	75.00
History of Monthly Excess Return (Falling Mkts %)	80.00	73.33	75.00

While history of performance is still too short to draw any definitive conclusions, to date the Fund has comfortably outperformed over the period since inception.

Zenith would expect to see this fund outperform the index in greater than 50% of months and outperform strongly in falling months given its absolute return focus and ability hold high cash weightings. Over the period since inception the fund has had better outperformance in falling markets compared to rising markets, displaying its diversified, defensive nature.

Risk / Return Analysis

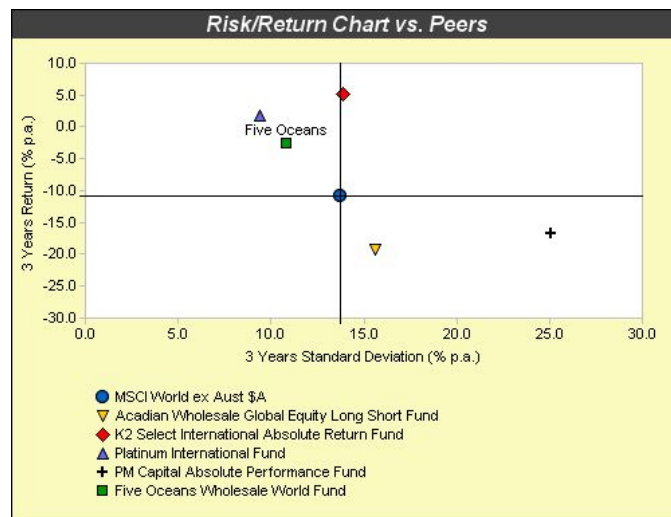
Risk / Return Statistics	3 Yrs	2 Yrs	1 Yr
Information Ratio - Fund	0.96	1.18	2.81
Sharpe Ratio - Fund	-0.84	-1.15	-0.31
Standard Deviation (% p.a.) - Fund	10.83	12.72	15.47
Tracking Error (% p.a.) - Fund	8.43	8.91	6.01

The Fund is absolute return focused with capital preservation as a key tenet. Given this fact Zenith would expect the Fund to display a lower volatility profile than traditional long-only funds. Since inception, absolute volatility as measured by standard deviation has been lower than that of the benchmark and median manager. However, as performance has still been negative the Sharpe ratio has been skewed to the negative as well.

Given the Fund is managed on a benchmark unaware basis tracking error will generally be high and should only be a guide to how much divergence there is between the benchmark and

the Fund. As a result, the information ratio statistic (a relative risk adjusted measure of performance, which defines risk as tracking error), is not an appropriate measure of Fund's risk adjusted performance.

Given its broad investment mandate, absolute return focus and hedged base position it's difficult to make fair comparisons. The chart below shows a comparison with long-only hedged international equity funds.



Investment Personnel

Name	Title	Time with Manager
Ross Youngman	Chief Executive Officer	3 Yr(s)
Chris Selth	Chief Investment Officer	3 Yr(s)
Kim Tracey	Portfolio Manager	3 Yr(s)
Piers Watson	Portfolio Manager	3 Yr(s)
Rob Nunley	Portfolio Manager	1 Yr(s)
Joe Kaderavek	Portfolio Manager	3 Yr(s)
Ben Zhong	Investment Analyst	1 Yr(s)
Andrew Plummer	Investment Analyst	3 Yr(s)
Duncan Anderson	Investment Analyst	3 Mth(s)
Tim Blake	Investment Analyst	3 Mth(s)

Manager Background

Five Oceans was established in 2005 by Chris Selth and Ross Youngman as a boutique international equities asset management specialist. Selth and Youngman worked together between 1996 and 1999 at BT as Head of the European equities and Head of BT Funds Management - Americas respectively. They choose to partner with Challenger Boutique Partnerships which operates within Challenger Financial Services Group (CFG), an ASX-listed diversified financial services company. Five Oceans is majority owned by the two founders who control 55% of the equity with 20% sold into the employee share option plan and CFG maintaining a 25% stake for its part in providing administration & distribution support, offices premises and working capital funding. As is common in Australian-based international equities funds management, all investment professionals are centrally located in Sydney. This

has proven to be a model under which alpha generation (i.e. excess returns) can be generated within International equities.

Investment Team

The Five Oceans investment team consists of 9 investment professionals and is led by Selth, the Chief Investment Officer (CIO) and lead portfolio manager. There are 4 portfolio managers and 4 analysts. In addition, Youngman is the dedicated Chief Executive Officer responsible for all business management functions. The fact that all the senior investment team members, except one, worked under the same cultural environment at BT and therefore share a similar investment philosophy allows for a more collegiate and consistent investment approach. Given the investment team's depth of experience at the senior level it tends to operate under a generalist structure and as such is more regionally than sector orientated in its approach. In Zenith's mind the team is well resourced and the recent addition of two junior analysts will complement the existing team and provide an appropriate blend of experience and expertise.

The two key individuals at the Five Oceans are Selth and Youngman. A core attribute that Youngman contributes to the business is his extensive background and expertise in running funds management businesses. Youngman has in excess of 24 years industry experience both domestically and abroad. This includes roles as Chief Executive Officer of Deutsche Asset Management - Australia, Head of Deutsche Asset Management's US Mutual Fund Business and Head of BT Funds Management - Americas. In Zenith's experience, it is rare to have a dedicated CEO of a boutique funds management business with such strong management pedigree.

As CIO and lead portfolio manager Selth is ultimately responsible for the Fund. Selth is vastly experienced in international investments having started his career at BT in 1987. He spent 14 years with the manager, firstly as an Australian equity analyst before being elevated to the role of Head of European equities in 1992. Selth was promoted to Head of International equities in July 1998. In 2001, he left BT and embarked upon 2 years study leave before consulting to a boutique (2004) for 12 months prior to founding Five Oceans. While Selth had an extended period away from funds management prior to forming Five Oceans he's proved over the past few years that he's still a high quality fund manager with a passion for the markets.

The 4 portfolio managers are also highly experienced, all individually contributing well over a decade of investment experience. The portfolio managers include Kim Tracey, Piers Watson, Joe Kaderavek and Rob Nunley. Tracey and Watson both joined the Manager at inception. Tracey's previous investment roles were at Hunter Hall, Merrill Lynch and BT / Principal where she worked under Selth. Prior to joining the funds management industry, Tracey worked for 10 years at Wesfarmers in internal mergers and acquisitions. She is also responsible for the institutionally focussed 130/30 Fund launched in late 2008. Watson's previous experience includes 8 years at Edinburgh Fund Managers PLC where he was a lead portfolio manager and head of the derivative products group. He was later a founding partner of Ailsa Capital Management, a US equity long/short investment management boutique. Due to his extensive background in derivatives Watson is in charge of all derivative strategies within the Fund.

Kaderavek (also ex-BT) joined Five Oceans in April 2006. He commenced his investment career within the consulting division of Coopers and Lybrand where he was principally involved in the Mining, Energy and Utilities sectors. He entered funds management in 2001 when he joined BT as an international equities analyst specialising in basic materials before switching to stockbroking at Deutsche Equities where he was Head of Resources. Nunley is the most recent portfolio manager appointment, having joined Five Oceans in March 2008. He contributes 13 years of investment experience with vast Asian and UK Equities experience after working as portfolio manager in Asia ex-Japan equities at Maple-Brown Abbott where he became a Director. Prior to this he worked at BT Funds Management specialising in Asian equities. Nunley also spent 4 years with British Steel Pension Fund in London, managing UK equities.

The team is rounded out by 4 investment analysts of varying experience with the two most recent additions having the least experience and the most senior analyst having just under a decade of experience. These analysts herald from a variety of backgrounds but are all high quality candidates. The addition of two more analysts in early 2009 is particularly pleasing given the economic environment and demonstrates that the Manager is in a position and willing to expand its research capabilities. Importantly, the recent additions results in a more balanced structure between senior and more junior investment professionals, providing an appropriate blend of experience and knowledge. Having interviewed the majority of the senior investment team members Zenith believe the investment team to be highly experienced, boasting a complimentary range of skill sets and backgrounds.

Despite some initial turnover the senior level team has been stable since the addition of Nunley in early 2008. At the more junior level there has been some turnover over the past year with the departure of one analyst. Pleasingly two additional analysts were added in early 2009, more than compensating for the loss. The team changes are regarded as positive by Zenith as it has resulted in the team structure being more balanced and resulted in an alignment of investment philosophy between the remaining senior staff. As well as sharing a common investment philosophy staff retention is aided by the staff equity plan with the senior investment team sharing in 20% of the business equity through a share option plan. In addition all staff are paid a competitive base salary as well as a bonus that is linked to performance fees.

Given the centralised location and relatively small size team interaction is of a frequent and regular nature with peer review forming an important component of the investment process. Research priorities are set through a team-driven idea appraisal process. Stocks progressing through the research stage are then subject to a comprehensive peer review in which all investment personnel are involved group consensus is required. Although group consensus is required Selth is ultimately responsible for portfolio construction and weightings.

Investment Process

The Fund is absolute return focused with the non-specific objective of achieving capital growth over the long term (at least 5 years). To achieve this objective the Fund employs a bottom-up, long-biased, valuation focused investment process. The process utilises a range of investment instruments, including long and short positions, gearing, derivatives, cash and cash equivalents in order to achieve its investment objectives.

The Manager believes that market inefficiencies can be exploited by identifying psychological factors that are excluded from conventional financial analysis. Consistent with this philosophy Five Oceans will gain insight by engaging with a network of non-standard research providers, industry experts and thought leaders outside of the finance industry. In this way the portfolio is constructed from diverse ideas, using sensibly applied valuation measures within the investment guidelines.

Also ingrained in its philosophy is the belief that factors effecting long term corporate sustainability, covering environment, social and corporate governance factors (ESG), should be incorporated into fundamental equity research. As such, Five Oceans is a signatory to both U.N.'s Principle of Responsible Investing and the 2008 Carbon Disclosure Project and is a member of the Australian Investors Group for Climate Change.

Security Selection

The first step in security selection is idea generation. Given Five Oceans is a benchmark agnostic manager its investment universe comprises all global equities. Ideas are identified both through qualitative and quantitative (screening) techniques including:

- Opportunities identified through team experience;
- News flow screening;
- Leveraging ideas generated by the network model; and
- Tailored screening facilitated by Factset, ISI and brokers looking for neglected opportunities and ESG criteria.

In recognition of the philosophy that markets are affected by broad currents and structural shifts over time, Five Ocean's maintains a network of experts inside and outside the investment community in areas of business, industry, academia and government to harness a wide variety of knowledge. While using multiple sources of idea generation is not particularly unique, Five Oceans has formalised this process beyond many of its peers and in Zenith's view conducts this in a manner that gives it a competitive advantage. Initial screening is designed to generate ideas which are then evaluated in a team-driven process. From this process, research is prioritised allowing analysts to include the idea into their research. Screening is targeted on specific ideas and areas.

Using the priorities identified during idea generation the process progresses to detailed research. The priorities are based on the strength of the idea, expected return and the potential fit within the portfolio. The Chief Investment Officer (Chris Selth) reviews all ideas that have been generated before working in collaboration with the investment team to determine research priorities. This process generates a number of stocks that require further detailed research. Five Oceans aims to generate 3-5 new investment ideas per analyst to ensure the universe of new opportunities being assessed does not become too large while ensuring the portfolio is refreshed. In total each analyst typically has in-depth coverage on approximately 15-20 stocks (inclusive of portfolio holdings).

Underpinning all research is an analyst research report. The report conforms to a standardised template allowing for easy comparison between stocks and adding consistency in the research regardless of geographic location or sector. The key concepts that form the backbone of the Five Ocean research process are:

- Fundamentals - Using the Porter Five Force Model as a basic template with an additional sixth parameter, sustainability (ESG issues) included, the company is evaluated for growth prospects, the value chain proposition and competitive position. The five Porter factors include the threat of substitute products, the threat of established rivals, the threat of new entrants, the bargaining power of suppliers and the bargaining power of customers. Other key criteria examined include the capacity of company management and organisational culture.
- Valuation - Five Oceans does not use a single valuation metric but rather uses a range of valuation techniques, each applied according to the relevance of a particular company or industry. Discounted Cash Flow (DCF) modelling is the most broadly applied valuation metric used within the group although it also considers price multiples relative to history and competitors, break-up valuation and replacement cost. Given the ambiguities around all valuation methodologies, it believes determining the reasons for the mis-valuation are an integral component of any valuation analysis. The Manager also regards valuation as an essential risk mitigation tool, highlighting its strong capital preservation focus. Zenith believes the Five Oceans investment approach is best described as value orientated and contrarian.
- Catalyst - having established a price target through its valuation modelling, Five Oceans then seeks to identify the catalyst that will move the share price towards this target. Factors considered in this analysis include news flow, a range of technical analysis (momentum, relative strength indicators, support / resistance levels etc), variant analysis (do information sources suggest that market valuations are incorrect?) and macroeconomic assessment (bottom up driven but requires confirmation of comfort with macro economic factors). The catalyst component is principally used in tempering the size of the position and / or timing.

All stock research reports are circulated and saved in a centralised database to allow for complete transparency across the team. A comprehensive peer review process is then undertaken in order to give the team a full understanding of the stock. The peer review process focuses on three key areas. Firstly the overall strength of the investment case is discussed. A discussion on why a stock's valuation discrepancy exists then takes place followed by a discussion on the stocks expected risk/return characteristics, keeping in mind the portfolio's existing holdings and competing ideas. The investment team will then come to a consensus on the stock.

Overall, Zenith believes the security selection process adheres to a disciplined structure with sufficient analyst discretion to enable diversity of ideas. The peer review structure ensures that analyst biases are identified and ensures a cross fertilisation of ideas. This investment process has demonstrated a historical ability to generate outperformance.

Portfolio Construction

Portfolio construction reflects the output of the fundamental research process and is a culmination of the portfolio manager's view of:

- Strength of conviction - analyst assigns a price target;
- Liquidity - given the Manager has a long term time horizon on investing, it may invest in stocks with a

relatively lower level of liquidity than a typical large cap investment manager. Stock liquidity levels are reviewed prior to investing;

- Volatility - risk adjusted potential upside / downside;
- Diversification - built around a desire to reduce unintended factor risks. Examines correlation of position relative to existing portfolio holdings; and
- Technical factors - how is the market positioned? Typically examines price and earnings momentum, relative strength indicators, correlation / mean reversion analysis, support / resistance levels etc.

The Manager retains a long bias through its portfolios but uses shorting where it deems appropriate. Short positions are established on the basis of identification of deteriorating business models and overvaluation. While the research process for short positions is largely the same as for long positions, three points of difference exist:

- Catalyst - for realisation of overvaluation;
- Timeframe - typically less than 3 months to achieve expected returns; and
- Monitoring - closely monitored to ensure that the expected scenario is playing out.

Five Oceans tends to target two types of shorts within the portfolio - positions to isolate alpha (implemented as a hedge against a long position) and conviction shorts (which tend to be valuation driven). The management of short positions is primarily opportunistic.

Five Ocean's sell discipline occurs as part of its ongoing review of each position in the portfolio. The Manager will typically review a position should it meet its expected return target or there is an adverse change in the underlying business, management or shareholder focus. Other sell triggers include the relative risk-return profile of the stock versus other holdings in the portfolio and versus other competing ideas. As the fund has no cash constraints, there is reduced pressure on the portfolio manager to hold onto existing positions where it cannot be substituted for an alternative equity option.

The portfolio will aim to hold approximately 50 stock positions (including short positions). It may invest in cash when investment opportunities are limited with the maximum cash weighting being over 50% in extreme market conditions (as experienced in 2008). It can also invest up to 10% into unlisted companies that intend on listing within the next 18 months. Zenith prefers managers to maintain fully invested portfolios rather than being able to move into cash thereby making the cash allocation decision on behalf of the adviser/investor. Stock positions tend to be gradually increased over time with four typical position sizes - initial (0 - 1%), entry (1 - 2%), normal (2 - 3%), and high conviction (>3%). Positions are limited to a 6% initial weighting for long positions and a 4% initial weighting for short positions.

While the portfolio manager, Chris Selth, has the final say on portfolio construction, Zenith believes the Manager achieves sufficient breadth and diversity of ideas under a model where co-ownership of performance is promoted.

Risk Management

Portfolio Constraints	Description
Investment Universe	All global equities
Security Numbers	Target - 50
Long positions (%)	max: 6% Upon purchase, then subject to maximum 25%
Short positions (%)	max: 4% Upon purchase, then subject to maximum 10%
Cash (%)	0% to 100%
Unlisted securities (%)	max: 10% Provided there is a strong expectation the stock will list within 18 months.
Sector limits	Nil
Country limits	Nil
Region limits	Nil
Market capitalisation (\$)	Dependent on liquidity
Gross exposure limit (%)	max: 130%
Derivative leverage limit (%)	max: 30%
Cash borrowing limit (%)	max: 30%
Currency management	Neutral position to fully hedged back to AUD

Five Oceans views risk management principally in terms of capital preservation. As such it's benchmark agnostic and believes risk is best managed by paying attractive prices for securities, understanding the business specific risks at a stock level and maintaining a high conviction portfolio where it can have a detailed understanding of each position. In Zenith's opinion, this is a sound basis for managing risk.

Risk management constraints are formalised on an individual stock level but are generally lacking as the manager prefers to use discretion and a common sense approach to managing risk. While this latitude is consistent with Five Ocean's investment approach (i.e. to operate within a largely unconstrained opportunity environment), risk monitoring tools help it monitor risk and diversification across countries and sectors, allowing it to focus on its investment objectives and value preservation. However, Zenith would prefer if some broad constraints existed around the portfolio but we acknowledge that the management of risk is very much engrained into the Five Oceans investment process, which is focused on delivering absolute returns to investors irrespective of market conditions.

Risk management at a portfolio level occurs through achieving an appropriate level of portfolio diversification (to reduce unintended factor risk) and the use of stop losses and derivatives where appropriate. Risk monitoring tools such as BARRA are used in the context of risk awareness rather than being benchmark driven. These tools are also used to ensure

investment objectives are being adhered to and to ensure a focus on value preservation.

Currency Management

The Manager also pays attention to return on cash as the performance benchmark, which is consistent with its absolute return philosophy. The Manager's base position on currency risk management is to hedge back into Australian dollars (AUD) unless a clear bottom up derived currency view exists. In managing the currency, Five Oceans is permitted to hedge the portfolio into currencies (other than AUD) thought to offer better value. In doing so Five Oceans has adopted a diversification strategy to help reduce risk whereby it will invest in a number of currencies, primarily Yen, Euro and USD. The Manager's currency approach involves the use of a combination of fundamental and technical analysis but its key objective is to reduce risk and protect capital rather than using currency as a source of alpha or value-add. Chris Selth has previously managed currency across BT retail portfolios and is in charge of currency decisions at Five Oceans.

Risks of the Fund

As is the case with all global equities based products, the biggest risk to this fund is a sustained downturn across global equities markets, which could lead to negative performance. This risk can be significantly reduced by investors adopting a medium to long-term (5+ years) investment time frame when investing in this fund.

There are also a number of specific risks that investors need to be aware of when investing in this Fund. The long/short nature of the Fund exposes investors to additional risk i.e. while short selling can reduce risk it is possible for the long positions and short positions to both lose money at the same time (i.e. leverage risk). In addition, the ability to invest in emerging markets exposes the Fund to relatively more volatile markets. However, it should be noted that the Fund has predominantly invested in developed markets and investing in emerging markets can have diversification benefits.

Common to many boutiques there is high degree of key person risk i.e. there is a significant reliance on Chris Selth given he is a co-founder, portfolio manager and key driver of investment decision making. However, it should be noted that Selth is a significant equity holder and his departure, while not impossible, is unlikely.

Applications of the Fund

3 years Excess Correlation Table	
Fund Name	Excess Correlation
Acadian Wholesale Global Equity Long Short Fund	0.04
BT Wholesale Core Hedged Global Share Fund	-0.09
Goldman Sachs JBWere Hedged International WS Fund	0.00
GVI Global Industrial Share Fund	-0.02
K2 Select International Absolute Return Fund	0.19
Platinum International Fund	0.65
PM Capital Absolute Performance Fund	-0.19

In general, compared to most other asset classes equities offer investors the opportunity for higher capital growth over the longer term with some income. However, this higher growth is also often associated with higher volatility. Therefore, it's recommended that investors adopt a longer time frame when investing in equities. International equities offer Australian investors the ability to access a broader opportunity set with potential to invest in sectors not represented or not well represented in the Australian market. Given international markets are not perfectly correlated with the Australian market it also affords greater diversification benefits.

Zenith believes one of the key attractions of Five Oceans is its benchmark unaware investment approach. This results in the manager not investing in stocks where they have no conviction. This is not always the case with benchmark aware managers, as managers seek to protect relative performance to ensure they do not underperform their peers by too great a margin. A further differentiating feature of the fund is that Five Oceans also have a focus on after tax return and will use derivatives to improve the tax efficiencies for the investor. This makes the fund attractive to high marginal tax rate investors seeking capital growth.

Based on Zenith's assessment of Five Oceans we believe an allocation to the Manager in an international portfolio has the potential to improve the returns of the portfolio and should reduce risk. This is largely based on the Manager's expected low correlation with other mainstream managers driven by their unique, investment style and their avoidance of market noise / herd behaviour. While we have confidence in the Manager's ability to enhance risk adjusted returns for investors, Zenith believes Five Oceans is best used as part of a blended investment portfolio, based on its unique investment mandate and lack of formalised risk controls.

Fees

This Fund contains a management fee of 1.25% which is slightly higher than its peers.

A performance fee of 20% is also charged above a hurdle rate of 5.0% p.a. Performance fees accrue daily and are paid out quarterly. While Zenith prefers an annual performance fee payment frequency, these fees and charges are in line with its peers. In combination with the higher base management fee the total fees on this Fund are high, ensuring the product is one of the more expensive in the international equities space.

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