

30 January 2007

## **FIVE YEARS AND RUNNING: local presence and alpha philosophy fuel hedge funds' performance**

Colonial First State Global Asset Management's hedge funds team has recently celebrated its flagship fund of hedge funds – the Wholesale Global Diversified Fund – clocking up a five-year track record. Colonial First State Global Asset Management's hedge funds products have continued to thrive on the back of a strong local presence in Australia and alpha returns. The hedge funds team now has approximately \$500m in funds under management.

### **Local presence – new appointment**

The hedge funds team has boosted its local presence with the appointment of Trent Masters as Investment Analyst. Mr Masters commences his new role in January 2007. His main focus will be on long-short equity managers. He was previously an Executive Manager within Colonial First State Global Asset Management's Strategy and Development team.

David Bell, Colonial First State Global Asset Management's Head of Fund of Hedge Funds, said, "We place a priority on having investment team members based in Australia as most of our investors are local institutions who like having face-to-face access to not only our salespeople, but our investment team as well."

### **Recent institutional investment**

Among the institutional investors of Colonial First State Global Asset Management's hedge funds is Telstra Super, Australia's largest corporate super fund. Telstra Super recently invested a further \$100 million across Colonial First State Global Asset Management's hedge funds products.

Nicole Connolly from Telstra Super said, "We have allocated a further \$100 million to Colonial First State Global Asset Management's hedge funds products, taking our total with them to \$210 million. This is invested in their Diversified Strategies fund of fund and their Relative Value fund of funds.

"We find it very useful to have David Bell and his investment team based locally, because we get great transparency and access, and in hedge funds this can often prove difficult."

Seven of Colonial First State Global Asset Management's hedge funds team members are based in Australia. Colonial First State Global Asset Management has access to a 30-strong hedge funds investment team spread across six countries. The team includes investment specialists at Colonial First State Global Asset Management's Zurich-based hedge fund advisor and manager, Harcourt Investment Consulting.

### **Alpha performance**

Since its inception in October 2001, Colonial First State Global Asset Management's Wholesale Global Diversified Strategies Fund has returned 9.05 per cent per annum after fees; an estimated 2.71 per cent per annum of this is alpha (after wholesale fees).

For all of its fund of hedge funds, Colonial First State Global Asset Management uses the measurement of active returns as the key measurement of value-add, instead of the industry standard measurement of absolute returns.

Mr Bell said, "By focusing on active returns we're able to provide a report to clients which splits the skill-based active returns – the alpha – from the market-based returns – the beta – allowing greater transparency on the fund's performance. It means our investors have a better insight into the fund's return profile and can make a better portfolio allocation decision."

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*This information doesn't take into account any person's individual objectives, financial situation or needs. You should consider the appropriateness of this information in relation to your own situation before acting on it. A Product Disclosure Statement (PDS) describing this fund is available from Colonial First State at [colonialfirststate.com.au](http://colonialfirststate.com.au) or by contacting Investor Services on 13 13 36.*

*Past performance is no indication of future performance. The returns disclosed are calculated on an annual compound basis from exit price to exit price with distributions reinvested, after ongoing fees and expenses but excluding individual tax and establishment and contribution fees (if applicable). The returns provided are given in good faith and are derived from sources believed to be accurate as at 24 January 2007.*

**For further information**

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