

# FINANCIAL STANDARD.

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## *Top 10 investment stories in 2016*

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# TOP 10 INVESTMENT STORIES IN 2016

BY FINANCIAL STANDARD

## 1. AustralianSuper merges investment options

In January AustralianSuper closed three investment options and replaced them with two as part of a streamlining process aiming to keep costs low and refocus the fund's investment efforts.

The industry super fund closed its Australian Fixed Interest, International Fixed Interest and International Shares (Hedged) investment options on 28 January 2016.

The two fixed interest options were replaced by the Diversified Fixed Interest option which invests in a broader range of securities and strategies across Australian and international securities and includes government bonds, non-government bonds and high-yield loans - it is mostly hedged in to Australian dollars to reduce the impact of currency movements. The International Shares option kept the same investment portfolio but without currency hedging.

## 2. Aussie fund manager London bound

An Australian fund manager is expanding to the United Kingdom, opening an office in London.

Bennelong Funds Management announced in November it intends to appoint a range of executives in the UK, including a chief operating officer, a compliance manager and head of sales for Europe and the UK. The move comes after an extensive review at the Australian firm.

Bennelong chief executive Craig Bingham said the move comes in response to clients seeking opportunities offshore and Bennelong believes the UK offers interesting prospects.

## 3. OneVue announces \$177m merger

In June diversified financial services firm OneVue entered into a scheme implementation deed to merge with a major provider of superannuation trustee, administration and investment services.

Under the terms of the scheme, which is supported by the boards of both companies, OneVue acquired all of Diversa's ordinary shares. The combined business now have a market capitalisation of about \$177 million.

## 4. IOOF awards Australian large cap mandate

In May IOOF Investments awarded a boutique Australian equities value manager an institutional mandate.

Ralton Asset Management was chosen to manage a concentrated portfolio of large cap Australian equities.

Sam Baillieu, chief executive of Ralton's distribution partner, Copia Investment Partners, said: "For Ralton, the mandate validates the strength of their team and consistency of performance over a long period."

## 5. Wilson Group acquires \$19bn fund manager and restructures board

Wilson Group announced in May it will acquire the remaining 25% of a major investment manager with more than \$19 billion in funds under management.

The remaining 25% stake in Pinnacle Investment Management is owned by Pinnacle chair and managing director Ian Macoun and other senior Pinnacle executives. As part of the acquisition, Macoun and other remaining stakeholders will own 25% of Wilson Group's issued capital. This represented roughly 37 million shares.

## 6. Investment analysts overpaid and mostly redundant: Moore

An obsession with peer risk and swollen investment teams in the funds management industry means end investors are getting expensive and mediocre performance from closet tracker funds, according to veteran chief investment officer of PM Capital, Paul Moore.

At a briefing in Sydney in March, the fund manager who also founded the \$2.2 billion global equity boutique, took aim at fund managers who failed to take meaningful positions away from the benchmark.

"Most of the investment world runs on process. If a firm doesn't like a particular stock that makes up 10% of the index then they will only hold 8% because internal processes say that is the biggest underweight they can take," Moore said.

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### **7. PIMCO to take RE in-house**

In October PIMCO announced it had obtained a responsible entity license in Australia and planned to internalise Responsible Entity services for its \$10 billion managed funds suite.

Subject to unitholder approval, PIMCO will then be the RE for the funds available to Australian investors, including the Australian Bond Fund, Australian Focus Fund, Capital Securities Fund, Diversified Fixed Interest Fund, Emerging Markets Bond Fund and Global Credit Fund. The previous RE for these products was Equity Trustees (EQT).

The move follows PIMCO internalising its wealth management distribution facilities in 2015; as with the RE functionality, distribution was also previously handled by EQT.

### **8. PE firm to buy out Goldman Sachs Australian business**

In September a global growth private equity firm agreed to buy out Goldman Sachs Asset Management's Australian business and fund platform.

TA Associates announced it will partner with GSAM head of Australia equities Dion Hershman and the Australian GSAM management team to restructure and rebrand the company, which had \$8 billion in assets under management.

### **9. Aussie start-up wins \$500m impact investing mandate**

A former senior financial services executive who less than 12 months ago went out on a limb to set up his own business signed a \$500 million investment mandate in November - with another \$500 million in the works.

Less than a year since its launch, Sydney-based financial services outfit Global Impact Initiative (GII) secured the USD\$500 million mandate from London-based impact investing specialist World Wide Generation.

Under the deal, GII will work with World Wide Generation on a slum rehabilitation project in Mumbai where USD\$500 million of investor money will be invested in a series of property construction proposals and micro-finance businesses.

### **10. Contango sells funds management business for \$13m**

In June Contango MicroCap announced it had sold its funds management subsidiary.

From June 30, the new owner of Contango Asset Management (CAM) was CAM SPV, an entity created by members of the funds management business's investment team, including CAM chief investment officer George Boubouras.

CAM SPV purchased the business for \$13 million, which Contango MicroCap will pay in two steps - a \$2.6 million initial payment and then another \$10.4 million prior to November. **FS**

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