

CAPABILITY

La Trobe Financial Consulting



La Trobe Financial Consulting



For further information, please contact:

Randal Williams
La Trobe Financial Consulting
– Vice President

A Specialist Consulting Division of
La Trobe Financial

Level 25
333 Collins Street
Melbourne VIC 3000

t 03 8610 2831
m 0448 520 081
e rwilliams@latrobefinancial.com.au

La Trobe Financial Consulting is an ASFL asset management advisor, focusing on reviewing investment risk efficiencies in relation to operational cash and investments for large institutional investors.

La Trobe Financial Consulting's model is to operate with multiple investment mandates and perform various fee-for-service duties for its clients as to:

- 24 hour cash holdings
- Longer term 180 day cash investment mandates
- Cash investment efficiency reviews
- Asset origination mandates

La Trobe Financial Consulting is a 100% owned entity of the La Trobe Financial Services Group, which has been in operation since 1952, managing \$10 billion in mandates over that time, and with group equity in excess of \$65 million.

La Trobe Financial employs 125 staff with offices in Melbourne, Sydney and Shanghai.

Our Clients

Major clients include corporate and industry superannuation funds, master trusts, fund managers and other financial entities looking for centralised corporate treasury outsourcing services, cash efficiency reviews and specific asset investment mandate fulfilment.

The broad market for administering institutional investors' assets is growing strongly and the market is well defined in Australia. La Trobe Financial Consulting's target market is institutions and organisations that have over \$250 million in assets. This equates to around 273 potential customers with around \$675 billion in assets.

La Trobe Financial Consulting's value proposition is very focused. The company seeks to save each of its clients around 25 to 50 basis points on their total FUM and decrease their risk profile. This La Trobe Financial Consulting can do by cutting out inefficiencies and decreasing total counterparty exposure. The company achieves this through:

- an increase in cash earnings of 50-200 basis points
- improved asset originations

These savings will be obtained through changing the method of instructions in the current chain. The master manager will become the 'hub' and thereby markedly decrease the level of inefficiencies in the process.

La Trobe Financial Consulting is an asset management advisor focused on creating investor returns and reducing risk. We bring a solid understanding of the investment process, the costs, leakages and risks. In particular, how these affect overall fund performance. La Trobe Financial Consulting is an ethical company that is governed by the principle of *"getting funds the best possible return on cash, fixed interest and foreign exchange, whilst reducing risk"*.

La Trobe Financial Consulting is a company set up to maximise cash and term deposits returns for the major superannuation and master funds. The senior management team is made up of people who are well known and highly regarded.

Its advisory and dealing services include the provision of financial product advice and dealing services relating to cash management, risk minimisation strategies and obtaining the "best" cash deposit rates for entities with millions of dollars of funds under management, such as large superannuation funds, master funds and professional fund managers.

Superannuation funds hold large amounts of cash at any given time and they regularly change manager mandates, asset allocations and decide where to direct member contributions. In general, these funds would strategically invest about 5 to 6 percent of their assets in cash but in addition to that allocation they would also hold operational cash (money that is held in an account for up to 14 days before an investment is made) through their fund custodians. These superannuation funds typically receive 100 basis points below the official cash rate for residual cash balances because many custodians do not pass on the commercial interest rate for operational cash held in the funds' accounts. This is often compounded by the fact that many financial institutions pay around 50 basis points above the official cash rate, making it a differential of up to 250 basis points.

Those funds could significantly enhance their long term investment performance by better managing their operational cash holdings, and thus, reducing risks and leakages. La Trobe Financial Consulting seeks to address this by utilising a panel of banks and obtaining the best possible interest rate given certain risk parameters.

With more active and better management, the average superannuation fund could earn better returns a year from its cash positions and foreign exchange activities. There is also the added advantage that it reduces the client's risk by widening the range of counterparties used whilst retaining the custodian structure.

What La Trobe Financial Consulting seeks to achieve is to assist larger superannuation funds, master trusts and professional fund managers in obtaining better rates for their cash holdings by negotiating better rates with our panel of banks. La Trobe Financial Consulting will only service wholesale clients, as defined in section 761G of the Corporations Act, and these include superannuation funds with more than \$10 million in net assets, master trusts and reputable professional fund managers with substantial operational cash holdings.

La Trobe Financial Consulting – Capability

Cash Efficiency

Currently many funds are receiving 100 basis points below the official cash rate for residual cash balances.

La Trobe Financial Consulting can improve this through utilising a panel of banks and obtaining the best rate possible given certain risk parameters. It makes the total cash balances work harder for your fund and decreases your risks.

Fixed Income Mandates

Increasing returns and reducing counterparty risk.

La Trobe Financial Consulting can do this through utilising a panel of banks and obtaining the best rate possible given certain risk parameters. It allows you to pick the best provider at the time and allows diversification of risk.

Investment – Wholesale

The La Trobe Financial Services Group, of which La Trobe Financial Consulting is a member, is one of Australia's leading independent boutique fund managers with 60 years' experience specialising in residential and commercial mortgages in Australia.

With current wholesale investment mandates exceeding \$1 billion, La Trobe Financial offers institutions the ability to invest in discrete portfolios of residential and commercial mortgages, specifically tailored to meet agreed risk and return profiles, with the institution as the sole investor.

Mortgage portfolios can be diversified at a number of different levels, including geographic distribution, security type, fixed and variable rates, and loan terms.

Returns reflect the design of the mortgage portfolio, and are generally expressed as an agreed fixed margin over an agreed benchmark.

La Trobe Financial is a strong specialist fund manager and counterparty, with a track record of executing sizable wholesale investment mandates.

Products for your Financial Planner – Members

La Trobe Financial Asset Management Limited, also part of the La Trobe Financial Services Group, is a specialist retail Fund Manager and is the responsible entity for the La Trobe Australian Mortgage Fund, which is independently rated and is one of Australia's largest mortgage funds of its type.

The La Trobe Australian Mortgage Fund offers investors the opportunity to invest in mortgages over real property located across Australia through the choice of 4 different investment options:

- Cash & Mortgages
- Pooled Mortgages
- Direct Mortgages
- High Yield Mortgages

In particular, the Pooled Mortgages Option has been voted by *Money* magazine for the last three (3) consecutive years as Australia's Best Mortgage Fund, received a 'Recommended' rating from Zenith Investment Partners, has achieved a rating of 4 stars from Standard & Poor's (the only mortgage fund in Australia to receive this), has received a 4 star rating from SQM Research (the only mortgage fund in Australia to be rated this high by SQM Research) and has won the 2011 Victorian Innovation in Funds Management Award.



Services Provided

La Trobe Financial Consulting's financial services can be largely classified into two categories:

1. "Diagnostic" service which involves La Trobe Financial Consulting examining exclusively the efficiencies in your fund. We look at where the fund is not utilising its resources in the most effective manner. This also involves gathering information on the fund's financial performance, financial statements, profile of its members and its investment objectives, and determine whether the operational cash holding could be earning better rates. We will also examine the fund's custodial arrangement, how the funds are disbursed and come up with an appropriate solution.
2. "Procuring" service whereby La Trobe Financial Consulting would seek to achieve better and superior returns for the cash holdings of the fund by negotiating with the panel banks for better rates. Typically, the procuring service will occur after the diagnostic stage. After negotiating with the panel bank and securing a better rate for the fund, the client would then grant a limited power of attorney to La Trobe Financial Consulting for it to send money transfer instructions to the custodian of the fund. The custodian in turn, will open an account with the panel bank with whom the better rates have been negotiated by La Trobe Financial Consulting. Once the money has been transferred, the custodian will confirm the transaction and advise La Trobe Financial Consulting accordingly. La Trobe Financial Consulting will then reconcile the custodian's information with the client's instructions. It should be noted that La Trobe Financial Consulting will not be acting as a principal to any of these transactions. The money can only go from the custodian to the bank panel member as approved by the fund. This tightens up existing operational practices undertaken by the funds.

The provision of diagnostic and procurement services will entail the provision of financial product advice. This is because La Trobe Financial Consulting will need to take into account the entities' personal circumstances, financial situations and needs in order to implement a suitable solution. Furthermore, the act of negotiating the rates with panel banks, completing application forms, effecting the transaction through the custodian, and ensuring the client's instructions are properly carried out would constitute dealing services. The dealing service in this instance will consist of two parts:

- Arrange for another person (i.e. the panel bank) to issue basic and non-basic deposit products, non-cash payment products, foreign exchange contracts and derivatives; and
- Applying for, acquiring, varying and disposing of a financial product on behalf of another person (i.e. the fund).

The financial products that La Trobe Financial Consulting will advise on, and deal in, only consist of basic and non-basic deposit products, non-cash payment products and Managed Investment Schemes.

Disclaimer: La Trobe Financial – IE Group Pty Limited, ACN 141 583 191 & AFSL No. 379454, is a wholly owned subsidiary of La Trobe Financial Holdings Pty Ltd. The rating is only one factor to be taken into account in deciding to invest. 1. Zenith's "recommended" rating indicates that it has high confidence in the manager meeting its objectives. The Zenith Investment Partners ("Zenith") ABN 60 332 047 314 rating referred to in this document is limited to "General Advice" (as defined by section 766B of Corporations Act 2001) and based solely on the assessment of the investment merits of the financial product on this basis. It is not a specific recommendation to purchase, sell or hold the relevant product (S), and Zenith advises that individual investors should seek their own independent financial advice before investing in this product. The rating is subject to change without notice and Zenith has no obligation to update this document following publication. Zenith usually receives a fee for rating the fund manager and product against accepted criteria considered comprehensive and objective. 2. Standard & Poor's (4 stars - Research Rating) - The S&P rating of 4 out of a possible 5 stars indicates that Standard & Poor's has high conviction that the manager will consistently generate risk-adjusted fund returns in excess of its relevant investment objectives and relative to its peers. Ratings are subject to change. Ratings issued by Standard & Poor's Information Services (Australia) Pty Ltd AFS Licence No. 258896 are solely statements of opinion and not statements of fact or recommendations to purchase, hold or sell any securities or make any other investment decisions. Research houses receive a fee from La Trobe Financial for rating the product. 3. SQM Research - 4 stars to 4.25 stars - superior, suitable for inclusion on most Approved Product Lists. To view the relevant research information, please visit www.latrobefinancial.com.au This rating will not take into account your, or your clients', objectives, financial situation or needs. It is up to investors to consider whether specific financial products are suitable for your objectives, financial situation or needs. Research houses receive a fee from La Trobe Financial for rating the product. 4. Lipper Leader Ratings - Total Return (score - 5) Lipper Ratings for Total Return reflect funds' historical return performance relative to peers. The ratings are subject to change every month. The highest 20% of funds in each peer group are named Lipper Leader or a score of 5 for Total Return. Lipper Leader ratings are not intended to predict future results and does not guarantee the accuracy of this information. More information is available at www.lipperweb.com. Thomson Reuters Copyright, All Rights Reserved.

Service Benefits to our Clients

La Trobe Financial Consulting's services benefit our clients in the following manner:

- we maximise cash and term deposit rates for the major funds and professional fund managers, which ultimately benefit the fund members;
- we reduce fund leakages by securing better rates from our panel banks and putting your members' money to better use;
- we provide diversification through the use of different banks on our panel and tender your cash daily;
- we monitor the cash position of the funds;
- we enhance operational "safety" by retaining the involvement of the custodian, which can be overseen and approved by the fund manager;
- we enhance operational "safety" by ensuring that monies are segregated and can only flow from the custodian to the panel bank and back again;
- we provide flexibility and transparency in terms of the rate comparison, utilisation of cash position and the use of different banks in the client's portfolio;
- we provide a stable platform for quality asset origination of up to \$1 billion per year in residential Australian mortgages; and
- we provide access to a product well rated and respected by independent financial planners for your members.

Our Team



Greg Bright

Greg was executive chairman of Conexus Financial, a publisher of institutional and advisory magazines and websites in Australia and overseas. He has over 30 years experience as a financial journalist and publisher and has previously started two companies – Trade News Corporation in the 1980s (later acquired by the Reed Group) and InvestorInfo (a listed company acquired by Morningstar).

Prior to becoming a publisher, in 1983, he was assistant editor of the Australian Financial Review and before that an economics writer for the *Sydney Morning Herald*.



Greg O'Neill

President and CEO of La Trobe Financial. Greg's previous experience involves positions as Account Manager with the American Computer company NCR Australia Limited (Manufacturing Systems – Financial Services

Group), Trainee Company Secretary at Security Permanent Building Society in Victoria and Advance Bank (Australia) Ltd. Greg is a fellow of the Australian Institute of Company Directors, a Life Fellow of the Australasian Institute of Banking and Finance, and a past member of the International Committee of the Mortgage Bankers Association of America.

His extensive knowledge of retail mortgage banking and strategic marketing combine to provide the group with an experienced specialist.



Randal Williams

Randal Williams joined La Trobe Financial as Head of Legal & Compliance in 2003, and is our Head of International Operations at La Trobe Financial. Randal, a professional corporate lawyer by training with a wide-ranging

background in law and funds management, commenced his legal career with Mallesons in Melbourne, and then held senior positions with fund managers AXA and Australian Unity, and with leading industry superannuation fund, HESTA.

Initially recruited as our Head of Compliance for three years, Randal was then appointed Head of Funds Management for the group and served in that capacity for 2 years. Randal then filled the role of Company Secretary for a further two years until his most recent appointment. He is accordingly well-qualified to head our IE Group Operations.



Chris Andrews

Chris Andrews is the Head of Funds Management for the La Trobe Financial Group and has responsibility for the La Trobe Financial Australian Mortgage Fund. He is also a member of the Group's peak Audit and Risk,

Lending and Credit and Interest Rate Committees.

Chris joined La Trobe Financial in 2006 from Minter Ellison Lawyers, where he worked as a solicitor for six years with a broad focus on litigation and corporate advice work. Chris was Senior Legal Counsel for the La Trobe Financial Group between 2006 and 2009, before taking up his current position. Chris holds degrees in Law (Honours) and Commerce.



Jason Gidman

Jason commenced in the Lending department of La Trobe Financial in December 1992. He has held a number of senior positions in varying areas of the Group, including discharges, loan renewals, securities, lending, collections

and financial control. This has provided him an intimate understanding of key risk issues for the Fund and he leverages this experience to provide wide-ranging policy feedback on all areas of the Group's operations.

Jason has held his current position of Portfolio Manager the position for 8 years and has extensive experience in all Fund operations. Jason holds a Bachelor in Business from Monash University majoring in Accounting & Economics.



Richard Anstey

Richard commenced in the Internal Audit department of La Trobe Financial in August 2007 and was appointed as Compliance & Audit Manager in April 2009. He was responsible for the day-to-day function of the

Internal Audit team and was involved in the management of various compliance activities. Richard has gained a broad understanding of the entire La Trobe Group in this role and acted as secretary to the Audit & Risk Committee. Richard transferred to the funds Management department in May 2011 to become more actively involved in the asset and cash management activities of La Trobe Financial, and IE Group's growing client base.

Richard holds bachelor degrees in Business (Banking & Finance) and Laws.

MELBOURNE

HEAD OFFICE
Level 25
333 Collins Street
Melbourne VIC 3000
AUSTRALIA

SYDNEY

Level 56
MLC Centre
19 Martin Place
Sydney NSW 2000
AUSTRALIA

SHANGHAI

626, Jia Li Plaza
No 138
Ping Xing Guan Road
Shanghai 200070
CHINA