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Living in a volatile world: Pengana

Living in interesting times means now may be the time to focus on volatility itself instead of just traditional performance measures, said Alvin Wilkinson, principal portfolio manager of the new Pengana Global Volatility Fund that is due to launch in the next few weeks.

While the major driver of the volatility is sub-prime fall-out, what's raised it to such high levels is how it's coinciding with inflationary expectations due to the shock drop in US interest rates.

"You could not have asked for a better market for a volatility fund. There is a lot of uncertainty, especially in currency trading and in the US economy," he said.



Alvin Wilkinson

The Pengana Global Volatility Fund works by investing in the "fear index", otherwise known as the Chicago Board Options Exchange Volatility Index (VIX) that is a measure of expected volatility of S&P 500 index options over the next 30 days.

PRODUCT DEVELOPMENTS

Green fund for the mainstream

Former US vice president Al Gore made a flying visit to Australia to officially launch the Generation Global Sustainability fund, a new product that suits investors who want to invest in a green fund with a slightly different twist.

The underlying manager of the fund is Generation Investment Management, a global equity manager set up three years ago by Gore and former Goldman Sachs chief executive David Blood.

Gore distinguishes the fund's approach to that of traditional ethical or socially responsible investment (SRI) funds. "Ethical or positive screen funds have reached less than one per cent of the market. I'm not here to criticise them but 99 per cent of the market has decided that's not where they want to go and we want to influence that sector," he said.

The fund is available to retail investors through Colonial First State, which signed an exclusive retail distribution agreement with GIM.

Investors Accru SMAs

High net worth advice specialists Accru Financial Planning (AFP) have partnered with BlackRock

to offer Separately Managed Accounts (SMAs) on its menu.

Director Matthew Kidd said BlackRock's size and international reach, including the future inclusion of international equities on the SMA, was a key factor in their selection.

The firm's current use of Praemium's VWrap software also helped, he said.

"The synergies were staring at us in the face. We were already using the VWrap [software], and they literally go through to each other."

However, he said as a selling point to clients, the low fees were the deciding factor, with brokerage fees of only five basis points, which should go down to zero soon.

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The long and the short of JANA

Lonsec has upgraded its "investment grade" rating on JANA's long/short funds to "recommended" due to the group's well-resourced and highly experienced research team led by long-time JANA executive John Coombe and recently promoted head of Australian equities Aidan Geysen.

The JANA global share long/short trust and Australian share long/short trust are multi-manager funds that provide retail investors access to three quant-style long/short managers. Named 'Rainmaker's Best New Investment Product of the Year', the fund gives retail investors

access to JANA's institutional fund manager research.

"JANA's manager research process and selection criteria are very comprehensive and include both a qualitative and quantitative assessment. In particular, Lonsec views JANA's commitment to conducting a number of 'face to face' meetings with portfolio managers as a positive component of their research process," noted the report.

MPG launches property trust

Property funds manager MPG Funds Management Limited has launched a \$62 million MPG Enterprise Property Trust, catering for investors who want to access quality commercial properties in Australia.

The fund will initially invest in a portfolio of five quality commercial properties located throughout Victoria plus an 18 per cent interest in the MPG Bulky Goods Retail Trust. The

fund will also be open-ended with an initial forecast cash yield of 8.05 per cent per annum.

"MPG will also seek to expand the portfolio by investing in commercial properties valued in the range of \$5 million to \$50 million, which we believe are often overlooked by the larger institutional investors and out of reach of most individual property investors," said Trevor Gorman, chairman of MPG.

Asgard extends income cover

Asgard Wealth Solutions, St. George's funds administration and financial advice arm, has improved its insurance offer through its corporate and personal super products. The group has announced that it will offer salary continuation insurance to age 65 as opposed to the previous cover which was restricted to a two year benefit period.

This decision comes after a recent tax determination confirmed the deductibility on salary continuation premiums up to age 65 through super.

"By facilitating salary continuation insurance to age 65 within super we are encouraging Australians to buy tax effective cover, and generally at better prices if taken through corporate super. The capacity to have your super fund pay for the cover is also a significant advantage," said Asgard Wealth Solutions chief Geoff Lloyd. ■

FUNDS UPDATE

Fund ratings

Fund manager	Product or process name	Rating issued by	New rating	Change
APN Funds Management	APN Property for Income Fund No.1	Lonsec	Recommended	New
APN Funds Management	APN Property for Income Fund No.2	Lonsec	Recommended	New
APN Funds Management	APN Property for Income Fund No.2	Zenith	Highly recommended	New
Ausbil Dexia	Ausbil Australian Geared Equity Fund	Standard & Poor's/Assirt	★★★★	New
Colonial First State Global Asset Management	CFS Australian Property Securities Opportunities Fund	Zenith	Highly recommended	New
Credit Suisse Asset Management	Credit Suisse Property Fund	Zenith	Recommended	New
Deutsche Asset Management	RREEF Global (Ex-Australia) Property Securities Fund	Zenith	Recommended	New
Deutsche Asset Management	RREEF Global Property Securities Fund	Zenith	Recommended	New
European Investors Inc	EII (European Investors) Global Property Trust	Zenith	Highly recommended	New
Generation Investment Management	Generation Wholesale Global Sustainability Fund	Zenith	Approved	New
GSJBWere	Goldman Sachs JBWere Australian Equities Fund	Standard & Poor's/Assirt	★★	Down
GSJBWere	Goldman Sachs JBWere Australian Equities Wholesale Fund	Standard & Poor's/Assirt	★★	Down
ING Investment Management	ING Protected Growth Fund	Standard & Poor's/Assirt	Investment grade	New
Merrill Lynch Investment Managers	Merrill Lynch Combined Property Income Fund (Class D)	Zenith	Recommended	New
MLC Investment Management	MLC Wholesale Property Securities Fund	Standard & Poor's/Assirt	★★★	New
Perennial Investment Partners	Perennial Australian Property Wholesale Trust	Zenith	Recommended	New
Perennial Investment Partners	Perennial Wholesale Global Property Trust	Zenith	Highly recommended	New
Perpetual Investment Management	Perpetual Protected Investments - Series 2	Standard & Poor's/Assirt	Investment grade	New
Perpetual Investments	Perpetual Property Income Fund	Zenith	Recommended	New
Principal Global Investors (Australia)	Principal Property Securities Fund	Zenith	Recommended	New

New managed funds

Fund manager	Product name	Class	Sector	Sub-sector
Pengana Capital	Pengana Global Volatility Fund	Wholesale	Alternative investment	