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MMC Contrarian Ltd Expands Overseas With New Funds Management Group And New Global Equities Fund

Australian funds manager, MMC Contrarian Ltd (MMA), today announced it has established a global equities fund, expected to launch to Australian investors in July 2007, and acquired a controlling interest in a new offshore funds manager, Contrarian Global Asset Management (CGA).

The expansion of the operation follows MMA's merger with MMC Asset Management (MMCAM) and is part of its new strategy to expand MMA's funds management business into new sectors, with selective investment in start-up fund managers in areas where market growth is strong.

MMA will add value to these operations by contributing back office systems, invested funds, licensing, distribution and governance, thereby allowing each start up to focus on stock selection to enable them to move more quickly from start-up to become sustainable businesses.

As part of this strategy, MMA has established a joint venture with former First State Investment funds manager, Charles L. Heenan, an experienced and highly rated investment manager based in Edinburgh, Scotland, to start a global equities fund. Former Towers Perrin consultant Geoff Legg has been appointed as analyst to the fund.

MMA will invest $20 million in the fund and own a controlling 51 per cent interest in CGA, with the remainder to be owned by Mr Heenan.

The Chief Executive of MMC Contrarian, Andrew Fairweather, said "Our strategy is to provide a scaleable platform for future growth in markets that offer additional value based investment opportunities for our shareholders".

"There is little expenditure on establishment costs or goodwill involved in the establishment of new funds, which we expect will generate substantial earnings for MMA over the medium to long term," he added.

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Fund Objective

The Global Value Fund's objective is to maximise long term capital appreciation and capital preservation by providing investors with a concentrated portfolio of international equities, bonds and cash that aims to achieve a rate of return in excess of the Morgan Stanley Capital International (MSCI) All Country ($A unhedged) index over rolling three year time frames.

Investment Strategy and Philosophy

The Fund will seek to achieve its objective by opportunistically selecting stocks from around the globe with a high degree of flexibility, which will include no geographic, capitalisation or concentration constraints managed within a contrarian, bottom up framework. The strategy will be indifferent to commonly used benchmark composition and weightings and may hold cash when there appears to be a lack of suitable investments that meet the Fund's strict value investment criteria.

The Fund will focus on companies that have a strong long-term franchise, purchased at a discount to our assessment of fair value. Many investments will be considered, many researched, but few added to the portfolio. Patience, low turnover and rigour are anticipated to be the hallmarks of this Fund.

Investment Personnel

Charles L. Heenan, BA., CFA, Chief Investment Officer & Director of Contrarian Global Asset Management

Prior to setting up Contrarian Global Asset Management, Charles was a portfolio manager with First State Investment (formerly Stuart Ivory) successful Emerging Markets Equity Team from 1997 to 2004 responsible for stock picking in the Asia Pacific and Emerging Markets teams. During his time at First State Investments assets grew from $US1bn to $US6bn. Prior to this Charles worked for Delaware International Advisers and Brockhouse & Cooper. For the past three years and ten months, Charles has been managing a portfolio whose equity component has achieved an audited compound rate of return of 39.9% p.a.[1]

Geoff Legg, Bsc., MSc, Analyst

Prior to joining Contrarian Global Asset Management Geoff was a consultant with Towers Perrin since 2004, working with various clients on pension fund and compensation design. Before Towers Perrin, Geoff worked at Sibson Consulting specialising in reward, and incentive design and analysis working with some of the UK's largest firms and also at Arthur Andersen on an internship.

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[1] Returns have been audited by WM Performance Services, a State Street business based in London

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MMC Asset Management Ltd team

The Australian-based team at MMC Asset Management Ltd will also assist the team in Edinburgh and vice versa where it makes sense. This will have the dual benefit of increasing the respective teams' knowledge of various industries that are affected by global events.

Follow up: Andrew Fairweather (02) 9224 0700.