

ipac introduces manager diversification in Global Smaller Companies

The Global Smaller Companies sector has been adding value within the diversified portfolios, with incumbent manager Arrowstreet Capital (Arrowstreet) performing strongly throughout 2009. Earlier this year, ipac allocated a greater proportion of the International Shares weighting in the diversified portfolios to Global Smaller Companies. This was as part of the 2009 strategic asset allocation review which aimed to improve diversification and capture a greater breadth of investment ideas.

The increased scale now available in this sector has enabled ipac to lock-in some of the recent outperformance of Arrowstreet and appoint two additional managers which will provide the sector with:

- ~ more diversification of risk and volatility
- ~ greater breadth of ideas and sources of return

The two new managers which have been appointed to the sector are Pyramis Global Advisors (the institutional fund management arm of Fidelity) and Dimensional Fund Advisors. Target allocation ranges for all three managers are shown in the table below:

manager allocations	% allocation range	style
Arrowstreet	35 - 45	market oriented
Dimensional	15 - 25	core with micro cap tilt
Pyramis	35 - 45	moderate growth

The **sector profile** which accompanies this **newsnote** gives further information on how ipac adds value in Global Smaller Companies, as well as an overview of each manager appointed to the sector.

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