



James Soutter  
Head of Perennial  
International

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James manages a team of 7 investment professionals located in Sydney and Melbourne.

James has over 18 years' investment management experience gained from working for major global asset managers such as JP Morgan and Fidelity, in Australia and London.

The team manage the following portfolios:

- Global Shares High Alpha
- International Shares
- Asian Shares.

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For more information on Perennial's international boutique or a copy of the relevant Product Disclosure Statement, please visit [www.perennial.net.au/international](http://www.perennial.net.au/international) or call us on 1300 730 032 or email us at [invest@perennial.net.au](mailto:invest@perennial.net.au) or call your financial adviser.

## New Head of Perennial International

James Soutter has been a Portfolio Manager with Perennial International since 2007 and was recently appointed the Head of Perennial International. We caught up with James to discuss Perennial International, the international portfolios and his outlook for the year ahead.

### ***What does your business bring to the table?***

This may surprise some people, but investing in global markets from Australia is a huge advantage for our clients. We are uniquely located in one of the fastest growing and most diverse regions in the world. The stock holdings across our three portfolios reflect the perspective of seven investment professionals who are prepared to do the hard yards to research stocks in every major market and industry sector across the world. As passionate bottom-up stock pickers with a global remit and great analytical tools, we provide our clients with interesting investment opportunities that perform over the long-term.

### ***There have been a lot of articles written about Australian investors allocating to global equities. Are global equities really an option for local investors?***

We all know one of the cardinal rules of investing is diversification. I think an allocation to global or even Asian equities, is a good way for investors to diversify their allocation to long only equities. By moving beyond the borders of the Australian share market you immediately increase the investment universe and you can access growth opportunities that just don't exist in Australia.

### ***What's a good example of those opportunities?***

If we look at our international portfolio, one of the strongest contributors to the portfolio for the March 2014 quarter was American Airlines Group (up 45% for the quarter). Investors in ASX listed stocks simply can't access an opportunity like this one. It's a great growth story, where American Airlines while in Chapter 11 cut costs, restructured its workforce and exited bankruptcy a much stronger entity. More recently American Airlines has merged with US Airways, this consolidation within the US airline industry is allowing for better pricing and operational improvements. Given the structure of the American Airlines Group and the new capital discipline/return focus we are seeing across the industry, the company is well placed to earn a positive spread over its cost of capital. On the technology and consumer front, across our portfolios we've held positions in Microsoft, Lenovo, Prada, Asos, Google and Facebook – all household names in Australia, but not available to investors through the ASX.

### ***How do you find these opportunities and decide to invest, hold or sell?***

Research is the key to finding investment opportunities. Our detailed research process involves specialist industry research, direct company visits and contact as well as a range of financial tools and models. We are looking for quality growth companies with proven cash generating ability and strong balance sheets that are trading at a discount to their peers. We want to hold stocks for the medium to long term and are very focused on the risk profiles and valuation metrics. Our decision to buy, hold or sell a stock is driven by the risk and valuation profiles.

### ***What's your outlook for the year ahead?***

Overall, I think the world is in a great recovery phase and I am very positive on the outlook for global equities for the year ahead and three years out. The recovery in the US that has taken shape over the last 12 to 24 months, has spread to Europe, with capital, in certain growth sectors such as housing for example, starting to shift from the US to the UK. Ireland, once much maligned, is now experiencing growth across key indicators such as house prices and jobs data. Closer to home and in the short-term however, I do think we will see some continued volatility in Asian markets. The growth story and the underlying fundamentals remain intact and I believe that in the medium to long term, the low valuations will provide some great investment opportunities. We have long holding periods for the stocks in our Asian portfolio and we will look to invest in stocks when the market is undervaluing them.