Media Release
New Quant Manager Continuum Established

30 October 2007 - Continuum Capital Management Limited (Continuum), an alliance of Brett McElwee, Max Cappetta, Anthony Corr and Ascalon Capital Managers Limited (Ascalon), is a newly established quantitative investment boutique.

McElwee, Cappetta and Corr are to be the principals and will utilize their 30 years of collective quantitative investment expertise to build a new and innovative funds management capability for the Australian market. Ascalon will utilize its breadth of experience in building and supporting boutique fund managers to ensure the success of Continuum.

Corr and Cappetta are 10 year veterans of GMO Australia. Both left GMO in September with Corr as Head of Equities Research and Cappetta as Executive Director and Head of Australian Equities. McElwee was a founding partner and the Director of Quant at MIR Investment Management. He departed MIR in February 2007. The three principals all worked together at GMO from 1998 to 2002.

In addition to the three principals, Ascalon's CEO, Nick Basile, and Senior Manager of Investments, Nelson Lam, will have a place on the board of Continuum. Ascalon specialises in assisting to develop boutique fund managers whom it identifies as potential leaders in the next generation of fund management organisations. Nick Basile said "Continuum reunites three of Australia's better respected and experienced 'investment quants' who have the vision and capability to deliver enhanced and distinctive quantitative offerings to meet the ever evolving and complex needs of the professional market and is Ascalon's latest investment in its stable of 8 boutique investment businesses".

Continuum Capital Management will initially focus on Australian Equities targeting the length and breadth of institutional investor needs with Core, High-Alpha and Long/Short products. Continuum's investment process will be pure quant from end-to-end, from data capture and quality assurance, through to research, portfolio construction, trade creation and ultimately implementation.

Continuum will initially target the following emerging issues and techniques:

- development of robust optimization techniques for commercial application;
- marrying a high frequency trading capability with a lower frequency investment capability within the one unified quant process;
- management of portfolios to an after-tax benchmark;

and in so doing will deliver a new and differentiated investment capability to the Australian market.

Continuum sees benchmarking portfolios to an after-tax benchmark as the future of the fund management industry. Breaking down the common distinction between 'investment decisions' and 'trading decisions' is critical to achieving this purpose. Recent advances in Operations Research now make it feasible to solve these complex problems in an efficient manner.

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