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HD **Cashed-up investors take eye off global warning signs**

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Australian Foundation Investment **Company**'s warning about investor complacency has reinforced the growing sense of caution around **equity** markets.

The country's biggest listed investment **company** is echoing a growing number of investors and observers by voicing concerns about an increasingly clouded outlook.

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Unlike others, AFIC, which yesterday struck a 4.8 per cent rise in annual net profit to $254.2 **million**, isn't tipping a correction. But it believes that after two comfortable years of good returns, Australian investors are "somewhat complacent" about the "elevated" risks stalking the local market.

Managing director Ross Barker says these risks include a worryingly lengthening list of geopolitical concerns, with the downing of MH17 and Israel's deadly assault on Gaza now added to the niggling between Japan and **China**, Iraq's descent into chaos and Syria.

But he also reckons the latest market rally is too reliant on low interest rates and unsupported by commensurate growth in **company** earnings.

It doesn't signal any changes to AFIC's major investments. Barker says the group is "reasonably comfortable" with the top-end of its $6.3 **billion** portfolio, 40 per cent of which is weighted to the big four banks, Wesfarmers and Telstra.

But AFIC continues to add to and diversify its portfolio, with Japara Healthcare, Qube Holdings and 21st Century Fox among the recent additions.

Its metals and minerals exposure is confined to BHP Billiton and Rio Tinto and small holdings in **Alumina** and Iluka but it is overweight in **energy** (**Oil** Search, Woodside, Santos, Origin **Energy**) and has a liking for infrastructure (Transurban and pipeline operator APA Group).

A share **purchase** plan announced yesterday that provides the opportunity for its 97,000 shareholders to top up with $15,000 of new stock will replenish the cash kitty.

The cash will likely fund AFIC's participation in upcoming floats, including Medibank Private, though Barker says the high asking prices on previous offerings have deterred involvement.

New Jones joins ranks

Another Jones has joined the senior leadership group at Navitas.

Scott Jones, one of **company** co-founder and chief executive Rod Jones' two sons, is settling into his new role as chief of Navitas' British-based SAE media training division.

Formerly the division's chief operating officer, the younger Jones had been running SAE in an interim capacity since Romy Hawatt finished up in March.

Bought for $290 **million** in 2010, SAE is the smallest of Navitas' three divisions, with December-half revenues of $68 **million**. The integration has had its challenges, with SAE's early performance under Navitas disappointing investors and the start-up costs of new colleges impeding growth in its more recent results.

CO ausfnd : Australian Foundation Investment Company Limited | werejb : Goldman Sachs JBWere Group Holdings Pty Ltd

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