

## Boutique managers come, in many varying guises

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Monene Watson

No less than 20 new boutique funds have been established over the past 18 months. A boutique fund is a small, specialist fund manager typically focused on a single core competency.

This is not unlike the situation in the late 1990s when many boutiques similarly started up during that bull market, only to subsequently fold or be bought out when the market turned south. But the current circumstances differ markedly, says Monene Watson of Symmetry Multi-Manager..

"In the late 1990s people didn't rate age and track record. Small start-up funds lured away individuals with no more than a short-track record within a bull market," explains Watson.

"The drive today is of a completely different character. A number of experienced fund managers have ventured into business for themselves rather than being lured. They have long track records, reputable names within the industry and just want a more entrepreneurial challenge." Critically, she says many are putting their own capital into the venture. There are benefits to the manager in running their own fund: it's their own business and the profits are their own; they can run it the way they want; and most funds have capped the assets under management so that for the manager it is all about performance...

Geoff Blount, head of manager research at Investment Solutions, also a multi-manager, reports considerable investor interest in these boutique firms. "We are often asked by clients why we're not putting more funds with them. We explain that there are more than just investment issues at stake, but business risk. They may be good fund managers, but do they know how to run a business? They may not have the necessary business skills, and while acquiring those they could be diverted from their

core investment capability," says Blount....

Blount says for every Investec, Coronation, Oasis or African Harvest that have started up and flourished, three others failed....