

WEALTH MANAGER

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A man in a dark blue suit, white shirt, and patterned tie stands in front of a large, textured tree trunk. The background is filled with autumn foliage in shades of yellow and green. The man is looking directly at the camera with a serious expression, his hands clasped in front of him.

JAMIE MACLEOD

Why one of the most powerful
men in fund management
switched to private clients

PROFILE: JAMIE MACLEOD

PROFILE

DAVE CAMPBELL

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Interviewing the then chief executive of Skandia Investment Group Jamie MacLeod in 2008, *Wealth Manager's* predecessor title *Citywire Funds Insider* described him as 'arguably the most powerful man in fund management'.

Within the global Skandia group, MacLeod rose up the ranks to become the strategic head of a business with \$130 billion (£85 billion) of client assets under its wing.

At the time, it traded an average of between \$150 million and \$200 million in fund assets every day.

Many observers considered it something of a left-hand turn when he left the world of product origination behind in 2010 to become the head of private client investment boutique Berry Asset Management. At the time it ran £988 million in assets – or about 1/132 of the assets of his previous employer.

In retrospect this might appear an astute career switch, reflecting the movement of pricing power across the supply chain – other fund heavyweights of the past decade have followed a similar path. They include former Ashcourt Rowan boss and new Sanlam Private Investments' chief Jonathon Polin and Charles Stanley CIO Paul Abberley. In those days, the traffic between the two sectors was much more limited.

The move included taking a 20% equity stake in Berry, alongside Swiss banking majority owner Bordier & Cie. The UK business was rebranded in line with the parent last year.

'I had known [now-retired company founder] Jamie Berry for about 20 years and I had been aware of the Bordier group for about eight years,' says MacLeod.

'Jamie Berry and the Bordier family are great investors. We all think in a similar way, and we spoke for many months about us all working together.'

'Some people would be surprised to learn how much commonality there is between institutional fund management, retail investment management, private client portfolio management and open/guided architecture via insurance and pensions platforms.'

'The common thread is having great investment management people around you who are able to select leading managers and/or investments, asset allocate properly and to fully understand the needs of the client, whoever they may be.'

'Through the roles I have had, all have been closely associated with investment/fund management, whether it be insurance funds, private client funds, funds on supermarkets and/or institutional fund management. It has been a privilege to launch, grow and develop a number of successful businesses as chief executive or managing director within what many would perceive as four separate sectors of investment management.'

Those experiences have also informed an awareness of the financial sector that many more hidebound wealth managers might still consider cross-disciplinary. For instance, the company has in the recent past talked about the pension liberation opportunity to attract assets held within tax wrappers such as Sipp, rather than a more

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PROFILE

JAMIE MACLEOD'S CV

CAREER

September 2010 – current
Bordier & Cie
Chief executive

August 2002 – September 2010
Skandia
Chief executive

1999 – 2002
Investec Fund Managers
Managing director

1990 – 1999
Scottish Widows Investment Partnership
Managing director



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traditional approach of packaging-agnostic investment.

'We manage money according to the demands of the introducing agent. Often that will be a trust, and in recent years managing money within a Sipp wrapper has become a more significant part of our business.

'We are keeping a careful eye on pension reform and we have ensured we have the necessary skills and experience in place internally to be able to adapt to the changing environment and to the complexities of the pension changes,' he explains.

This has not precluded the more historical private client sector appeal to a sense of tradition and heritage, however. The change of name has also reflected a deepening of the ties between the London-based boutique and its Geneva owner.

This is demonstrated by the launch of a London private office for resident non-doms primarily run from Switzerland implicitly tying it to a wider group with more than £7 billion under management. As part of the increased engagement across borders, MacLeod has taken a seat on the board of Bordier's senior executive committee.

'Our family office service is predominantly managed out of Switzerland, and is for clients who have in excess of £25 million to invest with Bordier. Our existing [UK] business manages the money for individuals, family groups, trusts, charities and some corporate organisations for sums in excess of £250,000. I think our sweet spot is clients looking for bespoke management with investable assets between £1 million and £20 million.

While the company's managed portfolio service pre-dates MacLeod's era, he adds that although it is an important plank of the company's growth strategy in its own right, he views the difference between the mass-market offering and the rarefied ultra high net worth top end as being one of degree and not kind.

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BUSINESS & COMMUNITY

2015 has perfectly illustrated benchmarking risks

By Mark Robinson, CIO, Bordier & Cie

We have previously noted the composition of stock market indices and their influence on market sentiment. Bellwether indices such as the UK's FTSE 100 index are quoted extensively in the media and have become a useful gauge from which all investors can obtain a quick market temperature check.

They also allow cost-conscious investors, keen to get quick and broad exposure to a particular market, to invest in exchange traded funds that replicate such benchmarks. But indices also need to be handled with great care and frequently they can give a misleading picture of what is going on in any given market, particularly at an economic level.

To illustrate, in the year to date to the end of September, the annals will record a loss of almost 8%, excluding dividends, for the FTSE 100 – a disappointing outcome and message, particularly for those invested in index-tracking funds.

But delve a little deeper and one finds that headline indices such as these are giving a misleading picture, and that the fall-out from the China and emerging market sell-off has perhaps not been as damaging as it initially appears. It is worth noting, for example, that the share price movements of just four companies – BP, Royal Dutch Shell, Glencore and HSBC – account for almost 70% of this year's UK 'market' decline.

Far from being diversified, investors tracking the FTSE 100 will have had an unhealthy bias towards those company shares and sectors most exposed to declining commodity prices or slower emerging markets growth, and will have suffered accordingly.

By contrast, by not owning just a handful of stocks, or underweighting the most vulnerable shares and sectors, and instead focusing more on, say, UK domestic growth, will have given investors a very different investment outcome.

So if one has been invested in active funds, as we have, the chances are that one will have significantly outperformed 'the market' through some smart avoidance of companies and sectors that continue to face some significant headwinds.

We have flown the flag for active rather than passive management several times in the past, but this most recent period is as strong an indication as there has been in a long time for the former, and a lesson that we should not pay too much attention to how key stock market indices are behaving or constructed.

'We are being asked to manage money on behalf of financial planners where they have invested their clients' assets on what might have in days gone past been called a fund supermarket.

'We might not make a distinction between a client who might come directly to us – in that sweet spot – and an IFA-introduced client who continues to deal with the full range of holistic affairs while we supply asset management. There has been an increase in the number of clients semi-directed by an intermediary.'

Portfolio performance has been solidly in the top quartile of ARC's investment universe, with the Bordier UK Balanced Model up 4.3% over the 12 months to end September versus a peer benchmark of 0.8%. Over three years, the numbers stand at 21.5% versus 14.7% respectively and over five, 34% versus 23.3%.

'The Balanced strategy has outperformed the ARC Sterling Balanced Asset PCI on average by at least 2% per annum since the inception of the ARC indices in January 2004,' he adds.

'We invest in active, non-benchmark hugging funds with a high conviction. Examples of funds that we use with a specialist focus within equity include, in the UK, the GVG UK Focus fund, in America, the CF Miton US Opportunities fund, in Europe, the Man GLG Continental Europe Growth fund, and in Japan, the Coupland Cardiff Japan Income and Growth fund.

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'A good property example would be the Kames Property Income fund, which specialises in commercial property outside the South East. Where appropriate, we also use ETFs and alternative investments [such as] market neutral funds. These asset classes are used to provide uncorrelated returns to traditional asset classes, thereby diversifying sources of returns to our client portfolios.'

Emerging from a bruising summer for risk assets, the house remains relatively upbeat on the fundamental case for equity investment, pointing out that about 70% of the FTSE 100's year-to-date loss can be accounted for by just four constituent companies with high levels of embedded commodity and emerging market risks (see box, right).

'It appears that any weaknesses in the manufacturing side of the [US] economy are being more than offset by the strength in services and non-manufacturing components,' says company chief investment officer Mark Robinson.

'This distinction partly explains the US Federal Reserve's indecisiveness on raising interest rates. It can see the momentum building in jobs, wages and business confidence, but is also alert to parts of the economy in which growth is quite fragile or impaired, and the instability in confidence that too early a rate rise might bring.'