

# Fund selectors in the news

## EQUITIES REMAIN IN FAVOUR

[WWW.UBP.COM](http://WWW.UBP.COM)

**Name** Alan Mudie  
**Title** Union Bancaire Privée  
**Company** Chief investment officer  
**Base** Geneva

### What are your strong convictions for 2013?

Equities should continue to be favoured, while maintaining the bank's all-important focus on those large firms with international reach, high entry barriers and regular cash flows, allowing high and rising dividend payments.

Another focus is real assets, which are more resilient to, and provide more protection from, inflation. Mining companies and large energy producers are the most likely to benefit from

the current monetary policies. The US real estate sector is also well-positioned to take advantage of the current situation and participate in the economic recovery.

Eventually, creeping monetisation of public debt and central bank intervention [will] erode the value of the currency in countries making the most assiduous use of the printing press [and] gold is undeniably set to gain from this trend.



## SOUTH KOREA OPENING UP

[WWW.NEWALPHA.COM](http://WWW.NEWALPHA.COM)


**Name** Antoine Rolland  
**Title** Chief executive officer  
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### Do you foresee South Korea's hedge fund market growing over time?

The market has started to open to other allocators in the rest of the world. It will take maybe a few years but there will be bigger allocators there and they have large pension funds.

In 2008, some were disappointed by the exposure and they have been very cautious recently. For the moment the entrepreneurial industry in emerging markets has been very well supported

by wealthy individuals and private banks in an opportunistic way and lots of seedings by the types of institutions.

In our venture [with Woori Absolute Partners] we want to industrialise the process and set up a fund regulated in Singapore. We are analysing more than 140 projects in the region and we have started with two investments at the end of this year and first quarter 2013. It is important is to have a good investment process.

## UNCERTAINTY HITS PERFORMANCE

[WWW.GAM.COM](http://WWW.GAM.COM)

**Name** Anthony Lawler  
**Title** Portfolio manager  
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### What did you make of hedge fund performance in October?

Hedge funds delivered mixed results in October but in aggregate closed in negative territory.

The HFRX Global Hedge Fund index lost 0.5%, bringing its year-to-date performance to 2.1%.

At the strategy level, event driven, global macro and relative value approaches all posted negative returns according to the HFRX strategy indices.

Equity hedge managers had a positive month, helped by gross and net exposure levels well below long-term averages.

Policy uncertainty on both sides of the Atlantic was arguably a dominant factor influencing global markets.

Investors and corporates remain hesitant to invest and hire when the policy, tax and regulatory framework is in flux. Europe is debating its way toward a hoped 'muddle through' solution.





## CENTRAL BANKS KEEPING RATES LOW

WWW.DEXIA-AM.COM



**Name** Alain Peters

**Title** Fixed income strategist, member of the management board

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**Base** Luxembourg

**What are your thoughts on the fixed income complex, and how 'politics' can sometimes play a role in allocations?**

Most major government bond markets in the developed world (namely US, Germany, Japan) have become a poor investment proposition today because the so called 'risk-free rate' is being kept artificially low by central banks in their attempts to counter the global private and public sector deleveraging.

So, chasing better yields requires investors to venture to a much larger extent than they did in the past into other areas of the credit space,

such as high yield, EMD, and the riskier part of the investment grade sector, such as euro peripheral issuers.

Since the crisis began, it could be argued, making decisions about fixed income has become both a challenging practice from an investment perspective, and also somewhat politically charged. You can have a situation where you put up a proposition, but some institutional clients may express very strong one-way negative views about the crisis, and you therefore have to comply with their guidelines and sometimes abandon opportunities.

## RENEWABLE ENERGY OPPORTUNITIES

WWW.GLOBALINVESTMENTBRIDGE.COM

**Name** Christian Riemann

**Title** Chief executive officer

**Company** Global Investment Bridge

**Base** Munich

**What are some main ways to invest in renewable energy plants?**

You can buy an existing plant already connected to the grid, so you have no development risk, but some clients say they are happy to buy into [developing] a project, to sell or own it.

The internal rate of return is much larger if you can do the financing, but you are taking more risk.

[If you build] you need a team that is technically competent to make those plants. The

plants can be built in about three months. A team can liaise with government and energy companies to get the grid connection, plus doing the surveys, ordering the modules and building the plant.

It is like property – you have to get the ground and decide whether to buy or lease it and once you have done due diligence on the ground and decide it is stable, you have to buy and develop it, and get all the permissions, then buy the components.



## DIVERSIFICATION IS HIGH

WWW.FINECO.IT



**Name** Carlo Giausa

**Title** Head of investment services

**Company** FinecoBank

**Base** Milan

**What are investors' favourite strategies in Italy's current market scenario?**

According to data collected from our network of more than 2,300 financial advisers, in 2012, 70% of clients have opted for income strategies. Diversification has been high with respect to issuers, currencies, countries, and repayment horizon.

We have also noticed a growing appetite for emerging market bonds, both in local and hard currency. Less than 30% of invested assets is

allocated to international equities, where the main focus is on dividend strategies.

As financial markets become increasingly globalised, our advisers are reducing exposure to eurozone assets to diversify clients' portfolios on a global scale. Over the next months, we forecast a further increase in the share of portfolios invested in emerging markets.

By mixing bond and equity strategies, personal advisers aim at maximising the income stream.