

FINANCIAL NEWS



Equity manager of the year

Strength in Asia propels First State to premier position

It has been a good year for this part of the Commonwealth Bank of Australia's asset management division, writes Giles Turner

Last year First State did not even make it on to the Equity Manager of the Year shortlist of five. This year it took top spot, wresting the crown from last year's winner MFS Investment Management.

Gary Withers, First State's regional director, said the award is partly recognition of the increased interest towards Asia-Pacific and emerging markets: "We inevitably come to the fore because those are



Gary Withers picks up the award for First State Investments

our strengths."

But First State's development is not just down to this. Withers said: "We also have a broader product range. Our global infrastructure fund and resources fund have been successful. As a business, we have come from a boutique structure to become more mainstream."

Much has changed at First State, part of the asset management division of the Common-

wealth Bank of Australia, in the past 12 months. Staff numbers at its smart London office, overlooking the cupola of St Paul's Cathedral, have risen from 194 to 220 in the year to August.

In February, Marco Van Bussel, former manager at Macquarie Fund Management was hired to the global property securities team and the following month, Nonie Zaremba joined from hedge fund SAC Capital

as an investment specialist in the global equities team.

The firm is also closing in on the psychologically important £100bn level of funds under management. The figure currently stands at £99.2bn, up from £82bn in June last year.

First State's main attraction is the Asia Pacific & Global Emerging Markets team, led by Angus Tulloch and Stuart Paul. The \$1.3bn First State Asia Pacific fund, launched in 1988, is one of the sector's best performers, returning 2,382% between launch and August 31, compared with 576.2% for the MSCI AC Asia-Pacific ex-Japan index.

Its Global Emerging Markets fund, led by Jonathan Asante and Glen Finegan, has also outperformed its peers, returning 761% since its 1992 launch, compared

with 354.4% from the MSCI Emerging Markets index.

Withers stressed that First State's expertise is spread across several sectors. Its Global Property Securities is the top performer in its sector over three years; most other funds are top decile over one, three and five years and its global resources and global infrastructure strategies have been popular.

Industry experts say that as a manager makes the transition from boutique to mainstream, the culture is most at risk.

One headhunter said: "The culture there is quite a nice one. The fund is effectively Australian, so they have quite a chilled-out culture."

Withers is confident he has kept the founding culture alive: "Australia is a smart asset management

The top three

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- 1 First State Investments**
3.49 points
- 2 MFS Investment Management**
3.45 points
- 3 JO Hambro Capital Management**
3.35 points

market. They developed superannuation before anyone else. We also have a good traditional Edinburgh investment culture as well, dating back to the acquisition of Stewart Ivory in 2000."

He admits that First State may risk being pigeonholed as a specialist emerging markets and Asia-Pacific manager, but this risk has a silver lining: "We have to ensure our reputation on the emerging markets side is leveraged into other products that we provide.

"Global resources is an obvious example of that. But the biggest indicator for when we cross over from being just an emerging markets manager is when we do well in a period when emerging markets are not strong," he said.

In August, First State launched a team to target opportunities in emerging market debt, appointing Helene Williamson from F&C Asset Management to lead the team. The manager is also hiring to develop its distribution into continental Europe.