



Anti-benchmark firm finds UK wealth manager traction

By Peter Walker

Anti-benchmark asset manager Tobam is experiencing rapid growth in assets under management from UK wealth managers, who appear to have fallen for the firm's diversification strategies.

Speaking to FTAdviser, the firm's founder and president Yves Choueifaty explained that while their initial strategy upon formation a decade ago was to convince institutional investors - who make up around 80 per cent of AUM - more recently they have targeted wealth managers.

Of the 20 per cent of assets now coming from retail distribution, in March they were split fairly evenly between Swiss and UK investors, however the June figures show a shift from 10.8 per cent UK up to around 13 per cent, demonstrating the recent take up.

Mr Choueifaty said that the strategy started a couple of years ago was to go into partnership with various adviser platforms.

"We started off by convincing public pension funds of our strategy, then have tried to leverage that legitimacy more recently on the retail side. I think that this is beginning to work, as investors and advisers see our track record, performance and the benefits of diversification."

He has made waves over the last 10 years with a unique approach to managing predominantly equities, although now has become resigned to being lumped in with other alternatively weighted 'smart beta' strategies.

"We have to accept being part of this smart beta trend, but I don't like the term as it has no clear definition," commented Mr Choueifaty, adding that most competitors in the space still have market biases, they just argue that their biases are better.

Just don't call Tobam a passive manager, as he is baffled by continued and widespread investment in market capitalised funds, calling them "bizarre and disastrous" and suggesting nothing that is truly passive can be managed, as they make investors hostages to the vagaries of the market and its collective mood swings.

"Market cap funds are just dumb, we would far rather spend our energy avoiding making bets," stated Mr Choueifaty. Their quantitative investment approach has been running since 2006, always aiming for maximum diversification in any given strategy, simultaneously avoiding the concentration of risk found in traditional benchmarks.

As for the actual funds themselves, the most popular is the global equity strategy fund with \$3.2bn (£2.06bn) of overall investment, followed by global emerging markets with \$2.2bn (£1.41bn) and US equity at \$1.9bn (£1.22bn).

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