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Slater keeps his cool as rally leaves him behind

Star manager says
his funds are more
attractive to investors
now than a year ago

PERFORMANCE
by Matthew Jeynes

Stockpicking star Mark Slater has insisted he is not under pressure from investors, in spite of his MFM Slater Growth and Recovery funds continuing to plunge down the performance league tables amid rampant market rallies.

The two funds now rank near-bottom in the IMA UK All Companies sector in terms of their performance in the past six and 12 months after appearing to miss out on the recent rallies in equity markets.

However, Mr Slater said he is not changing his investment approach in spite of the lag.

"We talk to investors all the time, and I don't feel under pressure from them, as they understand what we are trying to do," he said.

The manager argued his funds have suffered because he has little exposure to cyclical stocks such as financials companies – areas which he admits have made an "incredibly aggressive move" since August 2012.

"I have never seen a growth

company in cyclical, and we invest in growth companies. That is just the way our process works," he said.

The manager's Growth fund's five-year performance remains top-quartile, but it has gained just 6.5 per cent in the past six months, ranking it second-to-last out of 281 funds in the sector, lagging the sector average 17 per cent gain, according to FE Analytics.

The Recovery fund ranks third from bottom in the same period, returning 7.3 per cent.

Mr Slater said: "I would rather we were in the top quartile, of course, but a lot of investors chase performance, which is pretty dumb.

"At the moment, because our investments have been quite weak, it is a better time to buy them than those that have been roaring ahead recently. Now is a better time to invest in the fund than a year ago."

Mr Slater described the fund's recent performance as too small a snapshot to be "meaningful", pointing to his longer-term outperformance on the Growth fund.

The manager also admitted that some stock calls, such as online dating company Cupid, had hit his performance and been sold.

However, Mr Slater said there are signs the situation is turning in his favour.

He pointed to the recent 26 per cent share price rise of Hutchison China Meditech, which represents a 10 per cent position in the Growth and Recovery funds.

He said: "I am very confident the companies we own will do well, because operationally they are doing very well and the share prices will eventually catch up."

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Slater support

Rob Burgeman, national director, Brewin Dolphin: Every manager can get these periods of underperformance, even someone like Neil Woodford, but if you look over the longer term, Mark Slater (pictured) has outperformed. The Growth fund is the kind of fund that can bounce back from this and perform very well. With its focus on small- and mid-cap growth companies, it will have its day in the sun again.

