

INVESTMENT INTELLIGENCE FOR THE FUND PROFESSIONAL

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**PATRICK WITTEK**

Patrick Wittek, head of Branch Office and Fund Research, joined Fonds Laden GmbH in 2002. In former times he has worked as a financial advisor at Deutsche Vermögensberatung AG and a couple of years in the leisure sector, for example at Healthland Germany GmbH, a German associated company from the LeisureNet Group, South Africa.

His specific skills are the result of several study paths such as Industrie- und Handelskammer (IHK), Europäische Akademie für Finanzplanung (EAFF) and European Business School (EBS).

45 million Number of people in employment for the first time in Germany in September 2018

ALLOCATOR PROFILE

Fonds Laden's Patrick Wittek believes that in the long run actively managed funds will outperform passive strategies. **Ridhima Sharma** reports

The active advocates

Fonds Laden GmbH is a part of Infos AG with around €450m of assets under management. Based in Munich, it advises more than 650 wealthy private investors. Besides the office in Munich, Fonds Laden has branches in four different locations in Germany.

The German boutique exclusively recommends actively managed funds to its clients. Its strategies are for the mid- and long-term. Fonds Laden believes, that in the long run, active management should outperform passive strategies.

Fonds Laden takes fund research seriously. "In the first instance, we analyse the funds quantitatively," says head of Branch Office and Fund Research, Patrick Wittek. "For this, we use the databank from the VWD Group. It is important that equivalent funds are listed there. Often, external fund companies are coming with new products to Germany and forget the product listing by important data providers. Without a listing, the funds are invisible for a lot of fund selectors.

"Based on the track record and regarding risks assumed, we identify an investment fund universe with around 2.000 funds. This is our big watchlist. Here, we are listed also interesting products with a short-term track record from funds, which bring fund managers to us or we see some opportunities in these funds," Wittek explains.

PLAUSIBILITY AND RISK MANAGEMENT

The next step is qualitative fund research. Interviews with fund managers or product specialists are the basis for the selection process.

With the help of questionnaires, presentations and another details, Fonds Laden deconstructs the products in these parts and check the plausibility and the risk management. At the end of the day, there is a clear shortlist with around 150 products, separated in different peer groups.

The shortlist is updated every quarter. On average, every quarter two or three funds come out of the list and new products come in.

"We deallocate funds if we see important changes in the fund management, changing in the strategy, or the

assets in the funds are too high or too small. Sometimes, good funds have to leave the list, when we see comparable funds with more potential for the future," adds Wittek.

For individual portfolios and managed accounts, Fonds Laden operates exclusively with the analysed funds from the shortlist.

Investors from Fonds Laden are predominately aged over 50. Mostly, people have a high capital stock from the working life or they inherit money. The investment target of this group of investors is maintenance of capital; profit maximisation often comes in second place. For this reason, the company has in the past tended to allocate to mixed funds with a focus on bonds and equities.

RED FLAGS

Wittek says that strategies with a strong bias to the benchmark and a high cost have no part in his investment universe. He adds that illiquid assets in the portfolio are red flags. He does not like to see any conflicting interests in the portfolio.

"We allocate absolute return funds in the portfolios from our clients. In comparison to traditional asset classes, absolute return funds have good characteristics for diversification and correlation and they are good stabiliser.

"We rely on daily or weekly liquid Ucits products. We do not recommend offshore funds. Regulated Ucits

products are recommended by us, as they are classified as special assets according to the German Capital Investment Code (Kapitalanlagegesetzbuch -KAGB) and thus offer protection against insolvency of the fund company."

Wittek concludes: "We expect fund managers to continuously challenge all holdings in the portfolio. The manager must control the companies in all company levels.

"Direct contact with the companies and to the company levels is beneficial. In low risk environments, the management should not sell the individual assets over dummy stop loss orders; firstly they should make an extensive stock-check, before the management comes in to action." ■

"WE EXPECT FUND MANAGERS TO CONTINUOUSLY CHALLENGE ALL HOLDINGS IN THE PORTFOLIO"