

Affluence Funds Management solves mystery of missing star fund manager



Affluence Funds Management chief executive Daryl Wilson, left, with portfolio manager Greg Lander. *Robert Shakespeare*

Ever wondered how much return you are missing out on because your wealth manager favours only certain funds?

There are literally hundreds of funds not on wealth managers' approved lists that have delivered consistently strong returns, but their absence from those lists means they don't make it into people's portfolios.

The Australian Securities and Investments Commission said in March it would review retail wealth managers and make sure they weren't letting their own commercial interests get ahead of what clients deserved.

However, a solution has already been devised by a new fund of funds.

Former Cromwell Property Group chief financial officer Daryl Wilson and portfolio manager Greg Lander have started Affluence Funds Management which selects fund managers who don't necessarily appear on approved lists.

Wilson, who also ran Cromwell's unlisted funds business, said he had found it very difficult to get non-standard funds in front of investors.

"Normally the gatekeepers – the financial planners – are reluctant to put those illiquid

funds to investors," he says.

"We could see that financial planning was changing – it was very much dominated by the big banks. It was very difficult to penetrate their approved product list and get on their platforms because of the process you had to go through."

List whittled down to 100

So Wilson went out 12 months ago and started studying every fund available in Australia. He trawled through the 13,000 funds at Morningstar, Rainmaker, Financial Express and even checked *The Australian Financial Review* regularly for profiled fund managers.

Wilson and Lander whittled their list down to 100 and within their new fund there are currently 16 unlisted and 16 listed funds.

"It's a passion project for me, driven by what I have seen in the market which is that people are just not getting access to these really good fund managers."

"What we are trying to do is get through to the undiscovered managers. A lot of the best managers are not running a large amount of money, they are not working for the bigger wealth managers such as BT or Colonial – they are either working in their own capacity or for one of the aggregators like a Pengana or Bennalong."

Wilson expects about \$1 billion in funds under management in 10 years.

"We have a goal of \$1 billion in 10 years and I think we will do that comfortably, but I think most of it will come in the last three years."

Affluence has no fixed fee. The only fee is for performance and that is set at 12.5 per cent of positive performance.

Any negative year needs to be made up before the fee can be charged again.

Right now the fund of funds is weighted with more than 15 per cent cash, less than 20 per cent property. There is no investment in bonds and most of the fund is invested in equities.