

Boutique asset manager says it can offer fixed income-like returns from an alternative asset class

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Platinum Capital Management's Matthew Addison believes the new income-distributing share class on the group's flagship All Star fund of hedge funds will offer investors fixed income-like returns through an alternative asset class.

The Cayman-domiciled fund invests in established leading global active managers with demonstrable track records and is now offering investors a targeted quarterly dividend of 3.2 percent.

Launched in 2005, the fund has returned 13.4 percent over three years, according to Financial Express, versus its Offshore Mutual Hedge/Structured Fund – Mixed peer group's 1.5 percent.

Born out of a family office led by Peter Sprecher and opened to external investors in 1999, Platinum's mantra of being "family-driven, professionally managed" underpins its ethos.

On Platinum All Star, managing director Mr Addison told *thewealthnet* that the investment committee will "never say never" to investing in newer, less established names but the boutique believes its tendency to invest with former peers and colleagues gives it a distinct advantage.

"There are no names that come up with the investment committee that we haven't known for 5-10 years or longer. But we never close the door on learning as much as possible from a wide range of managers, if only to stress-test our own assumptions," he added.

The investment boutique offers a range of specialist funds in the alternatives space, including two UCITS products, Essential Resources and Global Dividend.

The latter is the second flagship product, a long/short equity strategy, with a target annual dividend of six percent, distributed quarterly. It is "not a quant-based model driven approach"; rather it takes a fundamental approach to investing in "top-tier, catalyst-driven global companies to support generous quarterly dividend payments."

While he will not be drawn on the intricacies of European regulation, Mr Addison says the group continues to endorse the UCITS space and "looks forward to expanding [the] UCITS offering in the future."

The product suite includes specialist Asia vehicle Dynasty Fund,

Arbitrage Opportunities, Gold Advantage, Precious Metals, Low Volatility and mid-cap offering Navigator, among others.

The majority of group assets under management (which remain undisclosed) come from continental European and Middle Eastern investors, with Asia a secondary market and the US opportunity being explored.

With minimum investments levels of \$50,000, Mr Addison is initiating conversations across the high net worth, family office and institutional client bases, with a renewed interest in the UK after a several-year hiatus.

“During 2010, 2011, 2013... as long as you were invested directionally you were rewarded for having capital exposed. Whereas 2014 has underlined the fact that directional bias has reached a halt.”

He recognises now as a point in the cycle where genuinely active managers with a focus on downside protection are best placed to reap rewards.

“We are not trying to time the market at all. We are running a hedge on the [Global Dividend] portfolio to control the net exposure to the market direction that investors are facing, while still generating income and total return.”

Mr Addison likens the hedge to “paying insurance” in a low-return environment, adding that the Platinum Global Dividend Fund reported 3-400 basis points of outperformance in mid-October, when market volatility forced many investors out of their positions.

He explains this downside protection gives the fund a strong selling point versus an ETF.

Hailing from the US, Mr Addison praises the level of sophistication in the UK investment arena, adding that conversations can take place at a deeper level given the greater familiarity with the alternatives space compared with 1999, when he first arrived in London.

“There is a long-only perception of alternatives that is often media headline-based, but we are fortunate enough to have conversations with clients who understand the value of the solutions we offer.”