

Financial Standard

www.financialstandard.com.au

Alleron focuses on cash and mandates

Tuesday, 31 March 2009 12:25pm

Alleron Investment Management chief executive, Barry Littler is banking on the firm's \$5 million in capital reserves and a \$1 billion mandate pipeline to see the firm through the financial crisis.

Littler said the firm's \$5 million capital reserves means the fund manager can run for the next three or four years with little to no inflows.

"There's going to be more of a differentiation between the successful boutiques and those that are not quite in that camp because asset consultants are far more sensitised to issues of capital than they were previously," he said.

"If you see a 10 per cent decline in funds under management then you'll see a 30-40 per cent decline in terms of your net profit. If you're a boutique sitting on \$300-400 million and barely cash flow positive, suddenly you've become quite negative and the prospect of changing that might three or four years out."

This may not be much of a concern at Alleron Investment Management after the firm gained an investment mandate from ASSET Super in January and Littler said the firm has a \$1 billion mandate pipeline.

This pipeline and strong capital base ensures the firm's investment and management team will more than likely remain with the firm, he said.

"The robustness of our approach has held up tremendously, our returns have held up and we're fortunate to have a build up of capital so our guys have probably got more job security than many of their peers in the institutional world," Littler said.

Reflecting the firm's position, Alleron Investment Management recently hired a head of compliance.

"This really reflects our organic growth, rather than outsourcing [this role] it's good to bring it inside because then that individual can be leveraged across a number of other projects for us," said Littler.

Michael Hobbs

This story was found at: <http://www.financialstandard.com.au/news/view/25409>

Printed: Tuesday, 31 March 2009 2:34pm