

# Earning it BIG, SMALL OR GLOBAL

Patrick Commins checks out a fund that sizes up companies to see if they match dream stocks, looks into another one that's based on the small is beautiful principle, examines a high conviction global fund, and discovers that life is simpler with labels.

## ROAD TEST

### Advance Alleron Australian Equity Growth Fund

**Who runs the fund?** Alleron is a boutique investment manager. It is majority owned by staff, and Westpac-owned Ascalon holds the balance of the ownership. Co-founder Albert Hung is the key investment decision-maker.

**The basics:** The fund consists of a concentrated portfolio of typically 25 to 35 large-cap (mostly top 100) Australian stocks, with a growth emphasis.

**The process:** The manager uses a bottom-up approach to stock picking, comparing them to what it calls its "dream company qualities". Those that stack up best have to pass a growth-trigger test – a change or development the manager believes will drive the share price.

**The bottom line:** The fund is an outperformer. It returned 2.3 per cent annually over three years to March 31 (ranking 10th of 107 Australian share funds surveyed by Mercer), and 14.3 per cent over five years (second out of 83 funds). In the 12 months to March 31, the fund earned 46.3 per cent for investors.

**Fees:** The wholesale fund requires a minimum investment of \$50,000 and charges an annual fee of 0.89 per cent.

**Verdict:** A fund that disregards the benchmark can unnerve some investors. You should be prepared to hold this fund for the long term and ride out some bumps along the way.

## NEW FUND

### Ausbil Micro Cap Fund

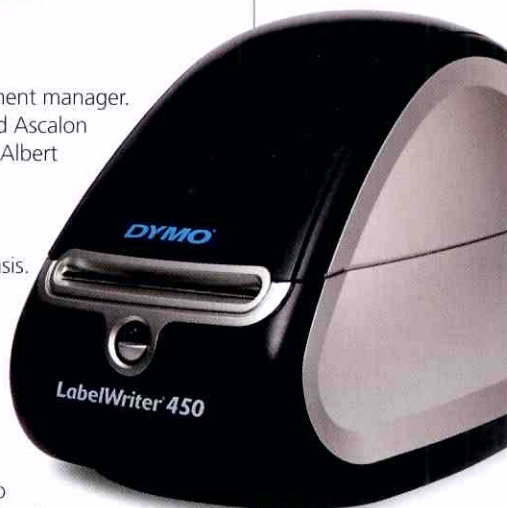
**What is it?** This recently launched fund is for those who believe there are opportunities and money to be made outside the S&P/ASX 200 companies, including initial public offerings. It invests in 35 to 65 stocks and uses the S&P/ASX Emerging Companies Index as a benchmark.

**What's the investment process?** Fund manager Ausbil Dexia looks at economic and market themes to set the scene for its analysis of earnings and fundamental factors. For this fund, the manager has added emphasis on the sustainability of company business models and the strength of their capital structures.

**What does it cost?** The manager charges 1.2 per cent a year, and takes a 20.5 per cent cut of any outperformance. A buy-sell spread of 0.35 per cent applies. The minimum initial investment is \$50,000.

**Why would I invest in it?** The manager believes the smaller end of town is under-researched, which echoes general opinion. That should make it easier for a well-resourced fund manager to exploit inefficiencies in the market and find undervalued stocks. Expect more volatility in returns, however, than for a larger cap fund.

## GIZMO



### DYMO Label-Writer 450

Label me dull, but there's something deeply satisfying about knowing where everything is at any given time. Enter the Dymo Label Writer 450, a boon for those struggling to organise their office filing, dreading their next mail out, or simply trying to keep tabs on which child owns what at home.

DYMO claims this compact gadget can churn out 51 labels a minute. All you do is hook up the machine to your PC or Mac to create crystal-clear labels in Word, Excel or equivalents. It even syncs with your contacts. The gizmo also uses thermal printing technology. That means no need to buy expensive ink or toner. Price label reads \$149.

## FUND WATCH

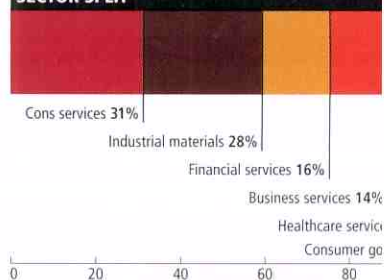
### PETERS MACGREGOR GLOBAL FUND

The managers of this fund scour the globe to find, buy and then hold stocks which are trading at least 25 per cent below their estimated value of the company. They employ a high conviction approach where only the best ideas make it into the fund to a maximum of 20 stocks, and without regard for industry or country weighting. So don't expect the fund to track its benchmark.

Half of the fund's assets are in United States equities, and New Zealand is next at 18 per cent. The manager had more than a fifth of its money in cash as at March 31.

| PERFORMANCE                                | 1 YR % | 3 YR % | PA | 5 YR % |
|--------------------------------------------|--------|--------|----|--------|
| Peters MacGregor Global Fund               | 56.54  | -2.57  |    |        |
| MSCI World Ex-Australia Net Div Reinv (SA) | 14.47  | -9.61  |    |        |

## SECTOR SPLIT



## TOP 10 STOCKS

- Michael Hill International
- Asta Funding
- Berkshire Hathaway B
- Johnson & Johnson
- Pre-Paid Legal Services
- Fairfax Financial Holdings (Canada)
- Iron Mountain
- Wal-Mart Stores
- Mohawk Industries
- USG Corporation