

FundCalibre.

Fund Management Index

Having launched its Elite Fund ratings in July last year, FundCalibre has now extended its research to bring you the fund management businesses which have achieved the most success in active equity investing over the past five years.

Our index measures actively-managed equity funds (a bond fund index will follow in the future). The goal of the index is to identify the fund houses which are consistently the best stock pickers. Fund houses must have a minimum of four qualifying funds to make it into the index (see methodology at the back)

Unicorn topped our list with 50.87%. This means that the average Unicorn fund outperformed its peers by 50.87% over the past five years.

FundCalibre. Fund Management Index

Position	Fund Provider	5 Yr Average Fund Outperformance %	AUM £M	No. funds	% Funds Which Outperform Over 5 Yrs	Elite Rated
1	Unicorn	50.87	674	4	100.00%	0
2	First State Stewart	43.48	13,710	7	100.00%	3
3	Malborough Hargreave Hale	27.90	1,396	4	75.00%	3
4	Old Mutual	26.29	7,653	16	87.50%	2
5	JOHCM	17.65	8,994	8	100.00%	5
6	Baillie Gifford	17.24	3,886	13	84.62%	2
7	Liontrust	16.64	2,874	7	71.43%	4
8	Rathbone	15.67	1,616	4	100.00%	2
9	SVM	15.03	254	4	100.00%	0
10	T.Rowe Price	14.62	3794	9	100.00%	0
11	Ecclesiastical	13.15	602	4	75.00%	0
12	Threadneedle	12.20	21,667	33	84.85%	2
13	Investec	11.86	5,299	10	80.00%	1
14	Invesco Perpetual	11.75	30,444	25	80.00%	1
15	Artemis	11.54	10,285	7	71.43%	3
16	River & Mercantile	11.21	1,317	7	71.43%	2
17	AXA Framlington	10.32	6,323	12	75.00%	3
18	FF&P	9.47	504	6	66.67%	0
19	Schroders	9.31	24,659	35	68.57%	6
20	Pictet	8.91	4,060	5	100.00%	0
21	Janus	8.48	987	7	57.14%	0
22	Henderson	8.25	8,583	22	63.64%	2
23	Royal London	8.12	4,387	8	37.50%	1
24	Legg Mason	7.83	3,775	12	37.50%	1
25	Goldman Sachs	6.61	4,478	13	46.15%	0

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Position	Fund Provider	5 Yr Average Fund Outperformance %	AUM £M	No. funds	% Funds Which Outperform Over 5 Yrs	Elite Rated
26	Standard Life Investments	6.14	12,554	26	61.54%	2
27	Lazard	5.73	1,576	8	75.00%	1
28	Jupiter	5.65	11,830	21	57.14%	4
29	MFS Meridian	5.19	8,382	13	46.15%	0
30	Dimensional	4.75	2,968	6	66.67%	0
31	Scot Wid HIFML	4.57	118	6	66.67%	0
32	GLG	4.48	2,153	6	66.67%	1
33	Franklin	4.16	14,671	16	62.50%	1
34	Fidelity	3.96	21,376	34	60.71%	1
35	Barclays	3.94	1,911	10	40.00%	0
36	Premier	3.52	920	6	66.67%	0
37	JPM	3.08	19,189	34	55.88%	1
38	Alliance Trust	2.88	695	4	50.00%	0
39	Allianz	2.71	4,895	11	36.36%	0
40	F&C	2.30	3,102	15	53.33%	0
41	Capital Group	1.94	3,096	8	62.50%	0
42	Neptune	1.77	2,753	10	40.00%	2
43	Newton	1.69	16,251	10	50.00%	2
44	Principal	1.46	243	4	50.00%	0
45	L&G	1.34	1,945	9	44.44%	1
46	Scot Mut	0.87	715	8	37.50%	0
47	BlackRock	0.62	10,246	17	52.94%	3
48	AXA Rosenberg	0.04	1,141	5	60.00%	0
49	Aviva Inv	-0.29	1,885	8	37.50%	0
50	Baring	-0.32	1,817	9	33.33%	1
51	Smith & Williamson	-1.79	219	5	60.00%	0
52	Aberdeen	-2.36	21,368	33	40.00%	3
53	GAM	-2.69	4,308	14	42.86%	0
54	CIS	-2.83	1,988	4	25.00%	0
55	Cavendish	-3.44	470	7	42.86%	0
56	Sarasin	-3.46	1,060	4	0.00%	0
57	Ignis	-5.10	601	8	25.00%	0
58	Kames	-6.20	1,011	8	12.50%	0
59	M&G	-6.92	26,760	19	26.32%	2
60	UBS	-6.96	969	5	20.00%	0
61	CF Canlife	-7.22	886	6	16.67%	0
62	HSBC	-7.89	3,966	14	14.29%	0
63	Halifax	-10.36	11,903	10	30.00%	0
64	Scot Wid	-10.91	12,257	17	23.53%	0
65	Santander	-11.27	2,068	9	22.22%	0
66	Martin Currie	-13.71	512	7	0.00%	0
67	NFU	-15.48	685	4	0.00%	0

Elite Fund ratings are based on FundCalibre's research methodology and are the opinion of FundCalibre's research team only. The award of an Elite Fund rating does not mean the fund is a suitable investment for you, and does not constitute a recommendation to buy. If a fund that you already hold does not, in the opinion of FundCalibre, merit an Elite Fund rating, this does not constitute a recommendation to sell. All cumulative statistics % change bid to bid, net income reinvested, main share classes 18/12/2009-18/12/2014. Source FE Analytics. Whilst every effort has been made to ensure the accuracy of this information, FundCalibre takes no responsibility for any errors, omissions or inaccuracies therein. FundCalibre is an authorised representative of Chelsea Financial Services.

General Findings

Fund Management Index



The Fund Management Index shows that asset managers are far from equal.

Choosing the right fund group matters.

Asset managers which focused exclusively on active fund management had much better performance.

Companies that aligned themselves with their own clients long-term interests, either through bonuses or performance related fees, performed better than their peers.

Those fund houses who gave their fund managers autonomy and freedom performed better.

Growth fund houses and small-cap specialists performed especially well over the past five years, helped by a strong rally in world equity markets.

The large retail banks generally didn't perform well. Santander, HSBC and Halifax all reside in the bottom 10, despite having some of the largest assets under management.

Big investment banking giants and insurance companies generally do better than retail banks but not as well as those companies which focus exclusively on active fund management.

Specific Findings

Fund Management Index

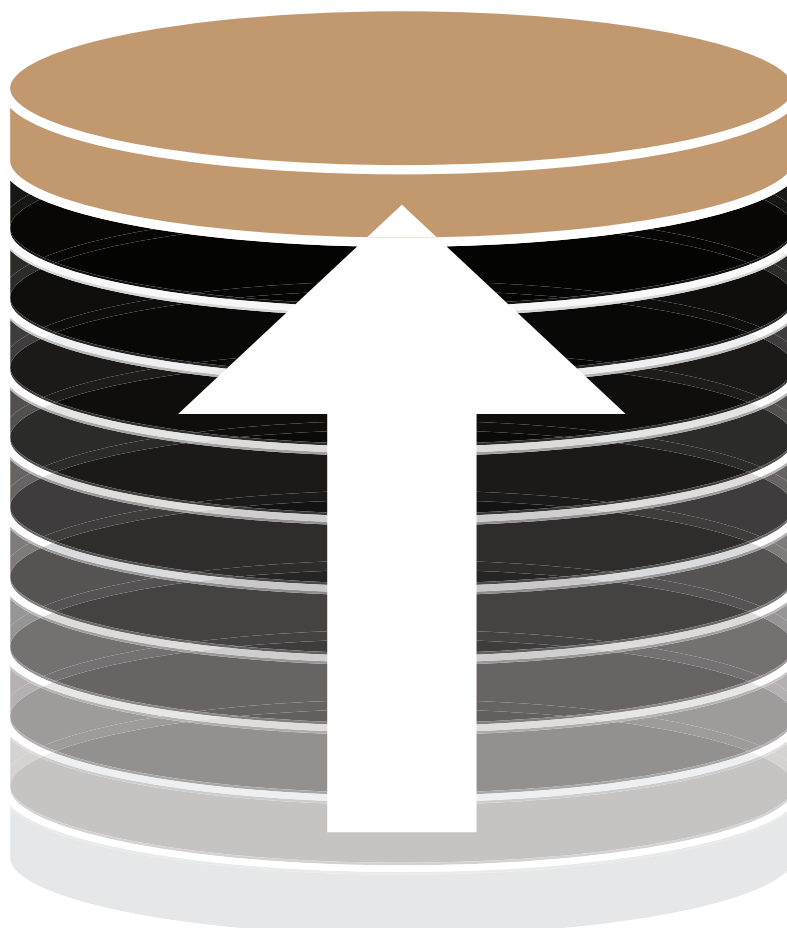
There was an enormous 66% difference between the average fund of the best and worst fund house, over five years.

Unicorn, First State Stewart and Marlborough Hargreave Hale topped our index with superb performance numbers.

Equally if not more impressive were Old Mutual, JOHCM, Baillie Gifford and Liontrust, which all had exceptional numbers despite having a range of equity funds investing in many different regions around the world.

Seven fund houses had every fund outperform over five years. (Unicorn, First State Stewart, JOCHM, Rathbone, SVM, T Rowe Price and Pictet)

The bottom five brands were NFU, Martin Currie, Santander, Scot Wid and Halifax



The Top Five Houses

Fund Management Index

Unicorn

AVERAGE FUND OUTPERFORMANCE **50.87%**

Small-cap specialist Unicorn came first in our index, with their average fund outperforming their peers by over 50%. Unicorn was helped by a strong rally for smaller companies over the past five years, but that should not detract from their exceptional performance. Sadly, Unicorn's lead manager, John McClure, died in 2014 and this explains why none of the Unicorn funds are currently Elite Rated (a fund manager must be in place for at least three years to qualify for an Elite Rating). John's funds have been taken over by Simon Moon and Fraser Mackeris who were both already co-managers.

First State Stewart

AVERAGE FUND OUTPERFORMANCE **43.48%**

Although part of the bigger First State Investments company, the First State Stewart team (as it was renamed in 2012) operates as its own small autonomous entity, concentrating on Asia and emerging markets. First State Stewart are a great example of how to look after investors. Bonuses are designed to be aligned with clients' interests and are based on long-term performance. If there is any sign a fund is getting too big, First State will close it to new investors in order to protect its existing clients. In fact, most First State funds are currently soft or hard closed to new money. Over ten years, First State's performance is even more incredible, with the average fund outperforming by 138.67% (data not published here). To put that into perspective, that's almost twice as good as the second best fund house over 10 years. Three of the seven First State qualifying funds have been given an Elite Rating by FundCalibre.

Marlborough Hargreave Hale

AVERAGE FUND OUTPERFORMANCE **27.90%**

The Hargreave Hale team are small-cap specialists and they manage a number of funds for Marlborough. Led by the experienced Giles Hargreaves, their well-resourced team has been turning out exceptional performance for years - the flagship Marlborough Special Situations fund has returned 1,992% since it launched in 1995, crushing its peers and benchmark index. It is no surprise to find the Marlborough Hargreave Hale team close to the top of our list. Three of the five qualifying Hargreave Hale funds have been awarded an Elite Rating, making Hargreave Hale the fund house with the highest percentage of Elite Rated funds of any asset manager. It is one of the groups which the FundCalibre team have most confidence in going forward.

Old Mutual

AVERAGE FUND OUTPERFORMANCE **26.29%**

Old Mutual is the first manager to feature, which is not a specialist in just one area and its performance is arguably the most impressive on our list. 16 active equity funds qualified for our index outperforming their sectors by an average of 26.29%. To generate such enormous outperformance over so many funds shows incredible consistency. There is no house view either. Each regional team has their own head, but fund managers are completely autonomous. Each is free to implement their own style and strategy, which are often very different from one another. Old Mutual has performed especially well in the UK, where all its eight qualifying UK funds beat their sector averages by more than 10%. It more than justifies its two Elite Rated funds.

The Top Five Houses

Fund Management Index

JO Hambro Capital Management

AVERAGE FUND OUTPERFORMANCE

17.65%

JOHCM pride themselves on being very different from the majority of fund managers. They only hire managers with a proven track record and aim to remove all bureaucracy so analysts and fund managers can focus on stock picking. Managers run their funds as their own unique entities. This makes it even more impressive that all eight qualifying JOHCM funds beat their peers. JOHCM has a different charging structure from most asset managers. All its funds charge a performance fee based on outperformance of the index, but their funds also typically charge a lower annual management charge. The result is funds which are heavily aligned with their own clients' interests and the benefit of this can clearly be seen in the results. If the manager and their team want to be paid well, they need to perform. Given their exceptional consistency it is not surprising that five JOHCM funds qualify for a FundCalibre Elite Rating.

The Top Ten Most Consistent Global Fund Houses

Our main index includes a number of boutiques and specialist managers who focus on investing exclusively in one area. It was easier for boutiques with fewer funds to come higher up the list, since excellent performance from one or two funds should have a big impact on the average out or underperformance of the whole group.

As a result, we have created this mini table opposite to highlight the top 10 most consistent global equity managers. Fund houses must have a minimum of ten funds to qualify. Old Mutual tops the list, with 87.50% of their 16 funds beating their sector average. Threadneedle, Investec, Baillie Gifford, AXA Framlington and Invesco Perpetual were also extremely consistent with at least three quarters of their funds beating their sector averages.

Fund Provider	No. funds	% Funds Which Outperform Over 5 Yrs
Old Mutual	16	87.50%
Threadneedle	33	84.85%
Baillie Gifford	13	84.62%
Invesco Perpetual	25	80.00%
Investec	10	80.00%
AXA Framlington	12	75.00%
Schroders	35	68.57%
Henderson	22	63.64%
Franklin	16	62.50%
Standard Life Investments	26	61.54%

The Bottom Five Brands

Fund Management Index

Position	Fund Provider	5 Yr Average Fund Performance %	AUM £M	No. funds	% Funds Which Outperform Over 5 Yrs	Elite Rated
64	Halifax	-7.89	11,903	10	30.00%	0
65	Scottish Widows	-6.20	12,257	17	23.53%	0
66	Santander	-11.27	2,068	9	22.22%	0
67	Martin Currie	-13.71	512	7	0.00%	0
68	NFU	-15.48	685	4	0.00%	0

NFU

AVERAGE FUND UNDERPERFORMANCE **15.48%**

It was a torrid period for NFU Mutual (National Farmers Union). All four of their equity funds underperformed their sector average, the worst of which was the NFU Mutual Global Growth fund, which underperformed its peers by 29.8% over the five year period.

MARTIN CURRIE

AVERAGE FUND UNDERPERFORMANCE **13.71%**

Martin Currie has had a terribly difficult five years. All their seven qualifying funds badly underperformed their peers. Martin Currie has now been bought by Legg Mason.

SANTANDER

AVERAGE FUND UNDERPERFORMANCE **11.27%**

The Spanish retail banking giant has struggled with its funds over the past five years. A couple of funds did outperform but, for the most part, Santander funds struggled to keep up with their sector averages.

SCOTTISH WIDOWS

AVERAGE FUND UNDERPERFORMANCE **11.36%**

This has been a very poor period for Scottish Widows. It had 17 qualifying funds and has over £12bn in assets. The worst fund was the Scot Wid UK Select Growth which underperformed the IA UK All Companies sector by 48.9% over five years. Many investors will be relieved that the management of Scottish Widows funds has now been very recently taken over by Aberdeen. It should be stressed that Aberdeen are not responsible for the underperformance of these funds over the past five years.

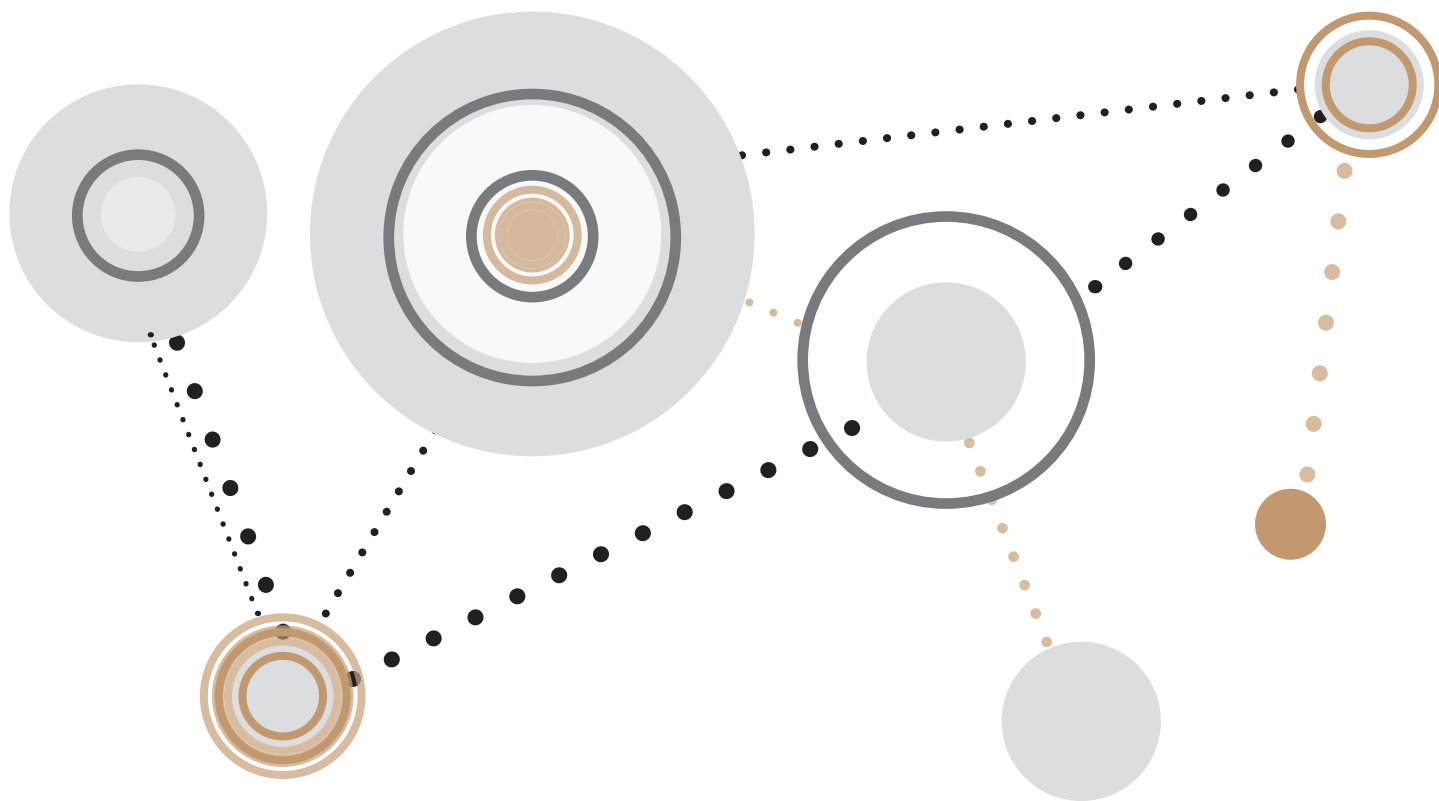
HALIFAX

AVERAGE FUND UNDERPERFORMANCE **10.94%**

The retail bank Halifax, part of the Lloyds banking group, manages just under £12bn. 30% of Halifax funds did outperform their IA sector average but a number of heavy underperformers dragged down their average. Most notable was the Halifax Special Situations fund which underperformed its peers by 41.9% over the five year period. Like Scottish Widows, the management of Halifax funds has recently been taken over by Aberdeen. However, Aberdeen have no control over what Halifax charges for these funds which will impact on performance.

Extra Considerations

Fund Management Index



Investors should also remember that this list only looks at equities and a poor performance doesn't necessarily indicate a poor company. Kames for example is renowned for its bond and alternative funds and it is not surprising to see its equities struggling. It should, however, be noted that its largest fund, the Kames Ethical fund, has excellent outperformance and that overall, when weighted by assets, Kames funds have actually outperformed.

Aberdeen has had some recent performance issues but its position in the league table is heavily affected by its recent acquisition of SWIP (Scottish Widows Investment Partnership). As a result, its current position is not really a fair reflection of its performance and many Aberdeen funds, particularly their Asian and emerging markets funds, continue to show long-term records of outperformance. This is why three Aberdeen funds hold an Elite Rating.

A number of M&G equity funds have had a very difficult five years. It should however be noted that even including the disappointment of the past five years, M&G still outperformed its sector average by 7.82% over 10 years and they have been very honest and open about their recent underperformance.

METHODOLOGY

Fund Management Index

All data is sourced from FE Analytics.

All performance data is from 18/12/2009-18/12/2014.

Funds excluded from the list

- Passive funds
- Fixed Interest funds
- Multi Asset funds
- Multi-manager funds
- Funds in the specialist or unclassified sectors
- Institutional funds
- Charity funds
- Funds with less than £10m in assets
- Funds with a track record of less than five years
- Fund houses with fewer than four qualifying funds

Steps to Creating the Index

We created a list of qualifying funds (see exclusion list above)

We measured every qualifying fund's out or underperformance 'after fees' against its respective IA sector average over the past five years.

We worked out each asset managers average funds out or underperformance

Breaking Down Asset Managers into Groups

Where appropriate we have broken down fund houses into different groups. For example, we have split the Marlborough Hargreave Hale team from other Marlborough funds. The funds are all marketed by Marlborough but the investment teams are totally separate. Hargreave Hale even has its own separate website. It would not be fair to this team to merge their performance with other Marlborough funds. The First State Stewart team is based in Edinburgh, Hong Kong and Singapore and is very different from other First State funds based in different parts of the world and has also been split out. The AXA Framlington team is very different from the AXA Rosenberg team. The AXA Framlington team evaluate stocks on a fundamental basis whilst the Rosenberg team take a quantitative approach.

METHODOLOGY CONTINUED

Fund Management Index

Recent mergers and acquisitions

The management of some companies or brands have recently changed hands. Aberdeen has bought Scottish Widows Investment Partnership (SWIP) and now manages all their funds. While the SWIP branded funds have now been rebranded to Aberdeen, the Scot Wid and Halifax brands remain.

Ignis was bought by Standard Life Investments in June 2014

CIS funds are managed by Royal London Asset Management

Martin Currie has been acquired by Legg Mason as of 01/10/2014, although the investment teams remain the same.

Legg Mason funds are managed by a collection of different investment teams.

Schroders took over Cazenove in 2013. These funds have since been rebranded under the Schroders name and are included in the index.

The index does not account for survivorship-bias. Funds which have been closed down or have been merged with other funds are not included in these results.

