



Investor's Notebook

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We like to celebrate the success of our unit trusts in the annual awards we run jointly with Morningstar. But there is an important health warning – it is dangerous to treat an award as a buy signal.

Sometimes investment awards are exactly the opposite; winners of the *Business Times* company of the year award included Profurn and Dimension

Data, which were extremely poor investments in the years after they won – except, of course, for those astute enough to sell them short.

As unit trusts invest in a basket of shares, they do not rise and fall quite so dramatically. But there are studies that show you are better off systematically investing in the bottom fund every year than you would be investing in the best, though in neither case would you be better off than if you had stuck to an index fund or a regular middle-of-the-road fund. I have absolutely no problem investing in the rather stodgy Old Mutual Investors' Fund every month. I did get a request from Steve Liptz (pronounced "lips") to look at the 36One Flexible Opportunity Fund, which was top fund in 2006. There is certainly nothing stodgy about 36One and they are clever people. But it is too unpredictable for my regular savings. As Cole Porter would have said: "Though your Liptz are tempting, they're the wrong Liptz."

I must say I was personally pleased to see that Coronation won the key Morningstar large-fund award. The founding of Coronation itself was a blow against corporate bureaucracy and produced a blueprint for asset managers everywhere. I would consider its first star manager, Tony Gibson, to be the best fund manager of his generation. Coronation has succeeded in passing the baton to a younger generation led by Karl Leinberger and the telegenic Neville Chester. They have the luxury of getting the advice they need from retired chief investment officers such as Gibson, Louis Stassen and Charles de Kock, who, like Harry Oppenheimer at Anglo in the 1990s, still comes to the office every day.

I am also more comfortable with a house like Coronation that believes there is only one way to run money. Allan Gray, of course, is also in this camp. It is more convincing than to run a market stall offering every investment style that has fallen off the back of a lorry. Somehow Investec does seem to make this approach work, as its star managers, such as Richard Middleton, John Biccard and Clyde Rossouw, all have genuinely different philosophies. But it means no-one can answer the question: "What does the Investec unit trust brand stand for?" ■