

# Fiscal flair

Call it intuition, but women fund managers are showing a knack for picking winning stocks.

By John Collett



**In charge ... clockwise from right:** Leanne Pan, Amanda McClusky, Genevieve Rainey, Carmel Fisher.

Photos: Eddie Jim, Domino Postiglione

**D**iane Lin, who heads Asian and Japanese share funds at boutique fund manager Perennial Investment Partners, is poised, elegant and shrewd.

She manages more than \$100 million and thinks it unremarkable that women are making their mark in the funds management industry. Only 10 years ago, however, Australia's female fund managers could be counted on one hand. While Australia's biggest companies have made little progress in increasing the number of women in executive roles, female fund managers are emerging in an industry renowned as one of the most competitive fields in which to work.

Yet oddly, Australia falls behind, on most measures, of female participation in business. It continues to lag behind the US, the UK and Canada in the numbers of women board directors and executive managers.

A survey sponsored by the Equal Opportunity for Women in the Workplace Agency of the top 200 companies recently found that at 8.7 per cent, the number of women board directors barely changed from 2002. The agency's director, Anna McPhee, says the results are "disappointing" and that: "Women remain largely excluded from positions which have significant influence over Australia's business direction, economy, public policy and the community generally."

Women make up 40 per cent of shareholders, but remain under-represented at the most senior levels of business, says McPhee.

There are a few clues to explain the rise of female fund managers. Apart from being big share owners, women tend to control the household finances and often act as de facto

asset managers. But does that make them better at managing other people's money when they do it professionally?

Countless surveys on investor behaviour show women tend to be more averse to risk than men. A study published in 2001 by two professors at the University of California, Davis, of share trades by 35,000 households found men's overconfidence led to greater trading and lower investment returns than women.

Another study, produced in 2005 by Merrill Lynch Investment Managers and Mathew Greenwald & Associates, of 1000 investors concluded that women make fewer investment mistakes than men. Women were less likely to hold a losing investment too long or wait to long to sell a winning investment. Men were more likely to allocate too much to one investment, buy a hot investment without doing any research and trading too often.

## Fisher Funds

For New Zealand fund manager Carmel Fisher, the cue to start her own funds management company came eight years ago, with the birth of her first child.

Fisher was picking stocks for a large fund manager but did not think running a big investment team was compatible with raising children.

Together with the company's chief investment officer, Warren Couillault, Fisher heads a small team that manages several funds investing in New Zealand-listed companies and a fund that invests in Australian-listed companies.

Morningstar says Fisher Funds consistently recognises stock opportunities in the early stages of their growth.

Fisher says she takes a "collegial"

## Straight shooter

Leanne Pan (above), a portfolio manager at boutique fund manager Prime Value Asset Management, agrees that being a woman does not influence the way she invests. "It comes down to the person's personality," she says. "We are pretty clear shooters. I am pretty direct and ask the questions that I want to ask."

The Melbourne boutique has two funds - the Prime Value Imputation Fund and Prime Value Growth Fund.

So what does it mean for professional money managers who happen to be women?

Most portfolio managers will say that successful stock-picking is mostly about fundamental investment criteria. But the numbers can only reveal so much. Portfolio managers also rely on intuition. For some

Prime Value was founded in 1998. Pan joined the firm in 2004. The growth fund has a bias, at the moment, to companies servicing the resources sector. The imputation fund is more conservative, with the returns of the fund supported by dividends.

Pan says the biggest influence on how she invests is her previous role in running large corporate super funds. That required investing for the long term - an approach she has carried over into her new position.

portfolio managers, how they feel about a company's chief executive, its senior management and the company's prospects for growth is at least as important as the numbers.

One of the main activities of any share fund manager is to question the senior executives of the company being evaluated.





## COVER STORY

**Ethical passion**

Amanda McCluskey's (above) interest in environmental issues goes back to her school days. She manages Portfolio Partners' sustainability portfolio - the Long Short Sustainability Trust. She assesses listed companies on financial criteria but also analyses their social, environmental and corporate governance performances.

"I try to find some hidden value there that you will not see if you just look at the financial performance," McCluskey says. "I definitely bring a different perspective but I do not think that is because I am a woman. I think it is because I am interested in sustainability."

She has met some women in

corporate life who adopt something of what is considered male culture.

"Maybe it is more with the older women who have had to adapt and to play the game. I do not think that you have to do that any more."

When on company visits McCluskey tends to sit back and watch and listen first. She says sometimes chief executives will give their standard story on profitability and revenue growth before she questions them.

Her questions may not be the type they are used to answering. It is questioning that will usually glean some additional information but because of her interest in sustainability, not because she is a woman.

**Young shoulders**

"I probably think that personality plays a greater role [than gender]," says Genevieve Rainey, a divisional director at Macquarie Funds Management - part of the ASX-listed Macquarie Bank. Rainey, 29, who joined Macquarie as part of its graduate program, is part of a team that is responsible for \$6.5 billion of Macquarie's Australian share funds. She thinks she is often remembered at a function or a presentation because she was the

only woman in the room. Rainey says the funds management industry is a high pressure one, where investment decisions are made on new information as it comes to light, and "I do think that women handle pressure well".

She feels women tend to be true to their convictions and not to succumb to the pressures of the market or other people telling them cut positions on stocks. But she insists the differences are probably only marginal.



particularly flexible employers. Or it may be that they have fewer preconceptions about whom they hire. With the rapid growth in boutiques it is reasonable to assume that more women fund managers will emerge.

Boutiques also tend to back the convictions of their funds management talent. That means taking bigger bets on fewer stocks than their big-brand

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Leanne Pan, Prime Value Asset Management

competitors. Most boutiques have a bias to the under-researched smaller stocks, where the biggest potential payoffs exist.

Talent and hard work, then, show meritocracy at work - at least in this industry.

Diane Lin (pictured on cover), the head of Asian and Japanese equities at boutique fund manager Perennial Investment Partners, says being female does not make much difference because it "gets down to the individual".

Born in China, Lin left for Japan at 18 to attend university. She worked in London on the trading floor of

floor. "I was conscious I was different but in terms of doing the work I never paid much attention to it," she says.

After five years in London, Lin settled in Australia.

She has been at Perennial since 2000 and leads a team of four running the Perennial Asian Equities Trust and Perennial Japan Equities Trust.

Perennial does most of its own research and Lin travels to Asia up to six times a year to visit companies. More than 90 per cent of senior executives of the companies she visits are male.

She says the only difference in the way she is treated is that senior managers tend to become relaxed when talking to her.

"They are more willing to have a discussion with me, rather than feeling that they are being questioned."