

## Wealth Planning

# Manager change: February 2009

## Multi-Manager UK Equity Income Fund

### Overview

In February 2009 Russell terminated Rathbone and hired **BlackRock Investment Management**. The main objective of this change is to increase the fund's performance potential by using a manager Russell has recently added to its buy list and in which it has a higher conviction. This follows the termination of New Star in December 2008 due to concerns about organisational stability.

### Changes to fund structure\*

Manager	Fund weight(%)	
	Old	New
Jupiter	20	22.5
Henderson	17.5	20
Rensburg Income	25	25
Rensburg Aggressive	15	15
New Star	10	-
Rathbone	12.5	-
BlackRock	-	17.5

\* Combines both recent manager changes

BlackRock	
<b>Ownership</b>	51% BlackRock Inc, 49% Bank of America.
<b>Location:</b>	London.
<b>Experience:</b>	Lead portfolio manager Nick McLeod-Clarke has 22 years' investment experience.
<b>Founded:</b>	1988.

### Russell research view

- The fund is managed by Nick McLeod-Clarke, who benefits from the support of a large team of seasoned investors with whom he has worked closely with for many years. Russell considers the BlackRock UK Team to be one of the most well resourced UK investment teams in the market and holds Nick and the rest of the UK team in high regard.
- BlackRock's stock selection process is based on a barbell approach which seeks to identify attractive growth opportunities whilst maintaining the income focus of the fund. This means that at times the manager may hold high conviction stocks that pay a low or even no dividend, while ensuring that the portfolio as a whole meets its income and yield premium targets.
- A key strength of BlackRock is not only the merits of the individual manager and the broader team, but the flexibility of its stock selection process.

### New manager fit

- Unlike the more traditional income managers in the fund, namely Rensburg Income, the BlackRock portfolio compiles both growth and income characteristics.
- The team's approach to stock selection is most similar to that of Henderson which also manages portfolios with these income and growth characteristics. However, BlackRock's research incorporates a top-down macro view unlike Henderson's exclusively bottom-up process.
- In comparison to Jupiter's Special Situations product, which is more focused, Blackrock's approach will result in a broader exposure to the market.
- BlackRock's process is also distinct from the Rensburg (Aggressive) product which seeks to identify smaller cap companies on an absolute-return basis while BlackRock looks for ideas higher up the cap scale.

### Multiple investment processes

The graphic below shows the different investment processes being employed in the Multi-Manager UK Equity Income Fund. The spots in the coloured boxes highlight the manager's biases to each individual process (highlighted at the top and bottom of the graphic, e.g. Technical vs. Fundamental), when they are joined they create a visual of their overall process, showing a clear difference between the managers in the fund.

