

# Boutiques better than bigger peers

**Geoffrey Newman**

• Fund managers

**BOUTIQUE** fund managers have outperformed their bigger competitors by 3 per cent in the year to March, an edge they have sustained over the past three years, according to fund researcher Rainmaker Information.

Rainmaker head of research Alex Dunnin said a study of 23 boutiques and specialist funds showed they had done consistently better than big managers such as Colonial and AMP.

"It's a really hot sector and I think Australians really like the anti-establishment thing," Mr Dunnin said.

The full Rainmaker report on boutique fund performance will be released on Monday.

Mr Dunnin said the secret of boutique managers' success was that they were small and nimble "and can bob and weave in a way that big guys can't do".

Boutiques tended to be stock pickers while bigger, growth-oriented funds were

more likely to "run with the market".

Smaller funds could also invest in smaller stocks more easily, with the small cap sector providing much of the value in the market in recent years.

"Because they are small they can hit the small caps more easily," Mr Dunnin said. "The big guys, by definition, are going to find it hard to beat them."

Rainmaker's definition of a boutique manager is a small fund run by people who generally have their own money in the business. "The guy who owns the store runs the store," Mr Dunnin said.

It was debatable whether the most successful boutique managers, such as Maple Brown Abbot, could therefore continue to wear the label.

More fund managers were also trying to develop a more flexible investment style to steal some of the success of boutique managers or simply bought them up.

The advent of superannuation choice for consumers would accelerate this trend, Mr Dunnin said.