

# The Oscars of money managers

It's not quite the Oscars, but on a regular basis API Asset Performance Inc., a pension fund consulting firm, releases the names of the best money managers.

BY NATIONAL POST MARCH 25, 2011

It's not quite the Oscars, but on a regular basis API Asset Performance Inc., a pension fund consulting firm, releases the names of the best money managers.

API, which focuses on risk analytics and performance measurement, trolls its institutional pooled fund data base to determine the managers who have performed the best, on an annualized basis, over the previous three years. (API maintains a data base of more than 1,100 active pooled fund strategies that have assets of more than \$350-billion.) The managers are selected for a variety of asset classes.

API chose the three-year term because of the effects of the global financial crisis. "Normally we would look at the one-year numbers, but due to the horrendous losses sustained in 2008, we wanted to see whether the managers have generated positive returns including that year," said Vaino Keelmann, a partner at API. "Trustees of pension funds are looking whether managers have recaptured the losses sustained in 2008 and are extremely concerned if they have not done so by the end of 2010," he added.

And there are some surprises from this year's winners list.

- **Balanced funds:** The balanced fund managed by J. Zechner Associates Inc. won the day. Over the period the fund, which is home to \$9.9-million of assets and which holds both equity and debt, posted a gain of 9.5%.
- **Canadian equities:** The equity fund managed by Aurion Capital posted the best three-year performance. With assets of \$61.6-million, the Aurion 11 fund was ahead by 12.5%. In mid-2008, DundeeWealth bought a 60% interest in Aurion, a stake now held by Bank of Nova Scotia.
- **U.S. equities:** The US\$41.5-million fund managed by Kingwest & Co., a value manager with more than \$1 billion under management, posted the best three-year gain of 5.6%
- **International equities:** The EAFE Value fund managed by Goldman & Co. had the best three-year gain of 4.7%. The fund has assets of \$29.7 million.
- **Global equities:** The sector's best performer was the CI Financial managed Signature Global Growth & Income Fund. Over the period, the fund, which has assets of \$177.1-million, was ahead by 4.5%.

- **Universe bonds:** Beutel Goodman posted the best performance over the past three years: Its clients gained 7.9%. The fund has assets of \$1.4-billion.
- **Small-cap stocks:** A fund managed by J. Zechner Associates was the winner. The fund, which has assets of \$27-million, was up by 30.2% over the past three years.

According to API's Mr. Keelmann, the numbers "are very encouraging for investors because we are back on track with a recurrence of the events like 2008 being extremely unlikely. Interestingly, it's the smaller fund managers that are taking the top places for the various asset categories, in part because they are more flexible in the relatively small Canadian equity market."

There is no connection, but over the past three months, the paths of Davis & Henderson and Armtec Infrastructure have crossed: At year-end 2010, they were both income funds; then they converted to a corporate structure and yesterday they both raised equity capital, but for different purposes. For D&H, the plan is to raise \$122-million (or about half the purchase price) to help fund an acquisition; for Armtec, the \$50-million raised will be used to reduce debt. D&H's deal was priced at a tighter spread to recent trading compared with Armtec's deal.