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Media Article

UK-based natural resources launch by Australian group

Australian based boutique Oceanic Asset Management is launching a UK-domiciled OEIC, investing in Australian natural resources.

The ACDS Australian Natural Resources Fund, launched this week, is domiciled in the UK and FSA regulated, but will be run by a management team based in Perth, where many of the country's mining and mining services companies are headquartered and several specialist stockbroking and research houses reside.

Benchmarked against the S&P ASX 300 Resources index, the fund will be managed by Nicholas Boyd-Mathews and Stuart Bell and will typically invest in 20 to 75 small and mid- cap base metal, bulk commodity, precious metal and energy stocks with a market capitalisation of A\$50m to A\$500m.

Boyd-Mathews and Bell will take an unconstrained approach to running the fund, allowing them to take positions of up to 50% in most sub-sectors. They also have the flexibility to go up to 50% cash when investment opportunities are scarce, a correction is foreseen or liquidity is drying up.

The fund has the capability to hold up to 30% in global securities, while always investing a minimum of 70% in Australian listed stocks.

Oceanic director John Fearon believes the resources sector has vast potential for growth given rising demand from emerging economies, as well as the current supply and demand imbalance.

He said there has previously been the perception that Australia was an illiquid, under-researched and largely unregulated market but it is actually one of the most sophisticated, regulated, liquid and transparent markets in the world.

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With the adoption in 1993 of the Joint Ore Reserves Committee classification, an industry standard for resource company reporting, investors also have increased protection when investing in this asset class.

Fearon said Australia, with its politically stable capital base, offers a number of unique macro attractions to investors, particularly lower down the market-cap scale and particularly in the resources sector.

The initial charge on the fund is 1% and the annual management fee is 0.65%.

Fearon said advisers will have the flexibility to charge clients a further commission payment of up to 3%.

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