



# 60 seconds with a Fund Manager

Profile: Peter Bull, Portfolio Manager at Realindex Investments

## 1 What is your role?

Portfolio Manager, Realindex Investments. I concentrate on the global and emerging market equity strategies.

## 2 What do you love most about your role?

It sounds cliché but delivering value for money to our investors is both rewarding and extremely motivating. While equity markets are very unforgiving, most long-term investors can't afford not to be in them and that sets up a huge potential to add value for our investors. It's really a case of systematically picking out what's good about equity markets while leaving aside their most undesirable, quixotic aspects, to the extent that it's possible to do. It is also a hugely collaborative effort and very rewarding to work with so many people who want to deliver exactly the same goal and will stop at nothing to help you make it work.

## 3 What do you find most challenging?

In the short to medium term, markets follow their own tortured logic, so reconciling that with the bigger picture is frequently a challenge and involves a fair amount of work. There is also no evading the fact that a contrarian strategy like ours tends to outperform best directly after periods of relative underperformance, which of course causes some anguish while it's happening. In the end we have to focus on our goal of delivering investors the compensation they are due for the risks they bear in holding equities through the cycle.

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## 4 What makes Realindex a compelling investment approach for 2011?

The great strength of Realindex and the underlying fundamental index methodology is that, relative to the broader market, it essentially nullifies the timing issue and lets the swings of the markets work in the investor's favour over the long term. If markets are priced fairly, an investor won't be worse off for investing in a fundamental index. If markets are out of whack, investors are well-served to find a disciplined and sensible way to depart from them and to forego whatever comfort might otherwise be had in following the herd off the cliff. The fact is that markets can behave irrationally for years at a time whereas departing from them is frequently an uncomfortable thing to do, and so you need a sensible plan to go about it because you will most likely experience some discomfort for the majority of the time.

## 5 What do you think is the biggest challenge facing traditional market cap index funds over the next couple of years?

The marketplace for passive investments has changed dramatically in recent years and now investors have a choice between different index methodologies rather than just market cap indices. Whilst a market cap index delivers the markets return, this is not necessarily the best long term investment outcome if markets are not perfectly efficient and weighting by price can cause a negative return drag over the long term. As such we are seeing a number of investors diversifying their passive investment exposure beyond purely market cap indexing to methodologies like ours.

## 6 What opportunities do you see in emerging markets?

Emerging markets are an interesting long-term investment proposition with strong economic growth, they have significantly lower debt levels than developed markets and favourable demographics (younger populations). We find our methodology of weighting via fundamentals rather than price works particularly well in emerging markets. In the shorter term there are valuation headwinds although our portfolio trades at significant valuation discounts when compared to a market cap portfolio.

## 7 How do you like to spend your time when you're not working?

Travelling and family. My wife is Australian and I've lived in a fair number of places around the world, particularly in Europe and Africa, but I'm still mostly haunted by the number of places I haven't seen, particularly within Australia.

## 8 Are you a Red Sox, Patriots or Celtics man?

As a native of the US west coast, I could never really carry off being a Boston Red Sox fan despite liking baseball and living there for 10 years. Enthusiastic baseball fans are all over the US but, as far as I know, Boston's are the only ones with their own language, customs, and knowledge base. You could joke that where Jane Goodall succeeded in Tanzania, I failed to properly ingratiate myself at Fenway Park.

## 9 What do you miss most about living in the US?

It's a draw between American retailers and Mexican food. However I've found that when you're in the US you don't really have to choose, you can divide your time fairly equally between the two (on holidays mind you).

### Want more information?

To find out more about the Realindex Investments, please contact your local Business Development Manager or visit our website at [realindexinvestments.com.au](http://realindexinvestments.com.au).

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