

OCBC Securities relaunches 'managed account' service

By **GENEVIEVE CUA**

OCBC Securities is re-launching its "managed account" service, an actively managed fund run on an "absolute return basis" — where the aim is to be profitable every year no matter what the index does.

The portfolio service was first launched in 2001, but went through a rough patch in returns.

At its peak in 2002, the firm managed \$45 million of clients' monies. At the moment the fund size stands at \$20 million.

A managed account differs from a unit trust in that underlying investments are directly held by the client rather than a fund, although the managers still

decide what to invest in. The funds are invested according to a model portfolio; and unlike unit trusts, redemptions by a single client will not affect other accounts.

Managed accounts can typically invest in just about anything, including derivatives, and can short-sell stocks. They are typically offered by brokers. Phillip Securities has a similar service, and some others offer managed accounts sub-advised by global fund managers.

Jeffrey Chong, head of the fund management unit at OCBC Securities, said interest in the service has picked up lately. "We've changed the way the ser-

vice is run. We wanted to build up a track record again," he said. Mr Chong is supported by senior manager Jeff Kwan.

Absolute return funds tend to underperform in a bull market, but they may not lose as much in a bear market.

There is no front end loading, the annual management fee is 1.5 per cent, and a performance fee of 10 per cent kicks in once returns exceed a hurdle rate of 6 per cent.

The minimum investment for an account is normally \$50,000; this has been halved to \$25,000 for a three-month period.

For now, between 15 and 20 per cent of the fund is invested in resources stocks, and Japan equities account for another 20 per cent. The cash level is less than 10 per cent.

Mr Chong is positive over Japan. "We think Japan will skew the portfolio," he said. "We're not so sure about the rest of the region yet. Asia could see a slowdown next year as China slows."