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Tony Cousins
chief executive & chief
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Pymfard International

Generating long-term positive performance

With just two negative calendar year returns in its 26-year history, Pymfard International's absolute return strategy has proven its ability to overcome even the toughest of challenges.

The Australian Institute of Business predicts the average employee will change jobs 12 times throughout their working life, with an average tenure of just over three years in each role. In terms of career changes, the average stands at five to seven in a lifetime.

With the rise of job mobility, the number of career changes a person goes through and jobs they hold is expected to rise as the length of tenure falls.

Now, whether you believe this shift to be a positive or a negative, one consequence is all but guaranteed – as the years wear on you will come across less and less individuals as experienced as Pymfard International chief executive and chief investment officer Tony Cousins.

An investing veteran, Cousins has served more than 30 years with Pymfard, having joined the firm in its early days back in 1989.

Established over three decades ago, Pymfard's global absolute return strategy has only ever delivered negative returns in two calendar years.

"The worst of those was in 2002 when equity markets were down more than 20%," Cousins explains.

"In 2008, which was possibly the worst year in that period for investment returns for clients, markets were down in excess of 30% in many cases, but we were able to deliver more than 12% positive rate of return."

Similarly, introduced to Australian retail investors in June 2014, the local iteration of the Pymfard Global Absolute Return Fund managed to deliver a positive return in 2018; a time when few others did, as global stocks lost about \$18 trillion of value and investor portfolios suffered.

"This may have only been 2% but it was against the backdrop of double digit negative rates of return in the final quarter of that year and also against a peer group which mostly delivered negative returns for investors," Cousins says.

Even in the throes of COVID-19 – an unprecedented, once in a century event – Pymfard has been able to deliver positive results. In the 12 months to August 31, the Pymfard Global Absolute Return Fund achieved a net return of 1.43%.

Going forward, and in the absence of a V-shaped recovery that many expected, Pymfard remains focused on capital preservation, and the way it's doing this is three-fold; not overpaying for earnings, identifying strong balance sheets

and compounding attractive dividend yields.

It's this priority that has, since inception, seen the Australian fund net returns of 4.49%. This success has netted the fund a 'Recommended' rating from Lonsec.

It all comes down to the firm's closely followed, extremely disciplined and rigorous investment process, Cousins says.

"This is very numbers-driven and focuses on value and quality," Cousins says.

"In bonds, quality means the very highest government credits, and in equities it means companies which are consistently able to deliver high levels of return on equity without having to use a lot of debt to do so.

"It's very important to consider what you don't own as much as what you do own."

One of the secrets to Pymfard's success over many years has been to avoid investment pitfalls, he adds.

It's also been made possible by the added scale Pymfard gained when the then 30-year-old investment manager was acquired by BMO Global Asset Management in 2007, becoming a wholly owned subsidiary.

Cousins says the experience of being acquired by a major institution has been good for Pymfard's clients.

"Our clients have benefitted from the tremendous infrastructure of a global investment management company while also having access to a very focused boutique investment firm which manages with a great degree of autonomy and independence," he says.

The autonomy is exercised by Cousins' 14-strong investment team across Asia Pacific, Europe, the UK and the Americas, taking a straightforward and repeatable approach.

Through the fund, the team seeks to provide a steady stream of real returns over the long term with low absolute volatility and substantial downside protection. This is done by way of a global multi-asset absolute return investment strategy comprising equities, cash and government bonds.

As a group, Pymfard is a steadfast advocate for responsible investment and has been from day one. A signatory to the United Nations' Principles for Responsible Investment, Pymfard believes that relationships with suppliers, customers, employees and shareholders are central to a business' suc-

cess, along with its impact on the environment.

It's the companies that demonstrate leadership in these areas, not those surviving in the short-term, which tick all the right boxes for Pymfard, helping the investment team meet its goals.

As Cousins explains, the Global Absolute Return Fund has three distinct goals.

The first and most important goal, he says, is to preserve capital; "Do not lose the money."

The fund's second objective is to grow clients' investments at a rate of 4% above inflation. And the third and final goal is to deliver those returns to clients with very low absolute volatility, Cousins says.

At the end of the day, the overarching approach taken by Pymfard's team is one of value and quality.

"We only invest in high quality equities, high quality government bonds and cash, and employ an overarching currency strategy which identifies the risks and opportunities in the international markets in which we invest," Cousins explains.

This is largely because the bulk of Pymfard's investors through financial advisers tend to be those either in retirement or counting down the days to it.

"The common goal of all our investors is capital preservation," Cousins says.

Retiree investors trust in a process which is able to avoid large drawdowns but still capable of generating long-term returns, well above inflation, while exhibiting low absolute volatility.

"No investors like large drawdowns, but this is particularly important in retirement," he says.

"Investors in retirement want to avoid sequencing risk and this is what we provide to them." **FS**



The quote

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