

Fund Manager Meeting Research

Fund addition/removal proposal

Proposed by	Jonathon Curtis
Date	25/2/2021
Fund name	ASI Global Smaller Companies
Manager name(s)	Kirsty Desson/Harry Nimmo
Fund sector	IA Global
OCF%	1.05-1.14%
Proposal	ADD
To/from which portfolios	To all core GBP, USD and EUR portfolios except Defensive risk profile
Summary of rationale	<p>This fund is run by managers that are part of, in my view, one of the best smaller companies teams around. Harry Nimmo has managed smaller companies funds for over 30 years and Kirsty Desson, while only recently becoming a name manager, had been assistant manager since the fund launched around 8 years ago and so also has plenty of experience.</p> <p>I admire their consistent, focused investment approach of quality, growth and momentum, which ensures there are few if any surprises in their stock selection, and has delivered consistently excellent long-term results on both an absolute basis and relative to their peers and benchmark.</p> <ul style="list-style-type: none"> ● Fund: ASI Global Smaller Companies Fund Retail Accumulation ● Category: Global Small/Mid-Cap Equity ● Category Index: MSCI ACWI SMID NR USD  <p>The broader ASI smaller companies team (which includes UK and European small-cap plus global mid-cap), although fairly small, is talented, close-knit and all genuinely buy into the same investment approach. They freely share ideas, and this fund really represents the best of those ideas.</p> <p>Last year's departure of previous co-manager Alan Rowsell allows for the improvement of US stock selection, which he was responsible for and which had been the fund's weakest area. The team is now making much greater use of Aberdeen's bank of US analysts.</p>

Fund Manager Meeting Research

	<p>Nimmo is set to retire in 2023, and while the loss of his experience will undoubtedly be missed by the team, he's built a strong team around him and moulded them in his investment philosophy, and so I believe will leave the fund in really good shape once he departs.</p> <p>Global smaller companies funds are few and far between, which I think is a shame as smaller companies present a great opportunity to find those hidden gems that could become the stars of tomorrow, and in general have much greater growth potential than larger companies, albeit with higher volatility.</p> <p>I believe there should be some smaller companies exposure in all but the defensive portfolios (given the volatility might be too much for them), and for me, the track record, the team and the robust approach makes this fund my pick of the bunch.</p>
Reasons for the proposal	Construction of new model portfolios
Date of last manager meeting	27/1/2021
Manager experience	★★★★★
Team and resources	★★★★
Investment approach	★★★★★
Liquidity, capacity, risk	★★★
Value for money	★★★★
Performance	★★★★★
Reasons against the proposal	<p>Harry Nimmo, one of the managers, co-founder of this fund and the architect of the ASI smaller companies team philosophy and process, will be retiring in 2023. This will inevitably be a huge loss to the fund and the team. Kirsty Desson is untested as a sole manager. The fund is also costly – 1.04% where the fund can be ringfenced and more expensive with providers/platforms that can't ringfence the institutional share class for us.</p>
Date of discussion	1/3/2021
Discussion notes	<p>The objections raised were fair and so we'll need to pay close attention to Kirsty Desson. The strength of the wider team, the shared philosophy and the repeatable process means Nimmo's departure shouldn't have too much of an impact but will need monitoring when the time approaches.</p> <p>While the cost is higher than a lot of other funds, we have been able to negotiate access to a lower class of the fund and smaller</p>

Fund Manager Meeting Research

	companies funds are generally always more expensive due to their higher running costs. The value the managers have added over time have more than outweighed these higher charges and we believe they can continue to do so.
Decision	PROPOSAL ACCEPTED
Reason for decision	The outcome of the vote was unanimous in favour of the proposal. This fund represents our highest conviction idea in the global smaller companies space, and we believe it will be an excellent addition for adding long-term growth potential to the more adventurous portfolios.