

Absolute return rivals tackle giant Gars fund

By Bradley Gerrard,
12 February 2016



The rival funds launched to challenge the dominance of a £26bn absolute return multi-asset franchise have weathered the recent turbulence in markets better.

Both **Aviva Investors' Multi Strategy** (AIMS) and **Invesco Perpetual's Global Targeted Returns** funds have outperformed the **Global Absolute Return Strategies** (Gars) fund run by Standard Life Investments. These funds are meant to act as a harbour from the conditions being witnessed in markets at present.

Each aims to deliver positive returns with low volatility over a specified time frame but the newer products have managed to outperform the giant Gars fund in recent months. Indeed, in the past year the AIMS fund has returned more than 2 per cent - a superior return compared to the nearly 3 per cent loss by Invesco's fund. Gars fared even worse, losing more than 4.5 per cent but this was better than the FTSE All Share's near 13 per cent fall, according to data from FE Analytics.

Dominant Gars faces challenge from rivals



The battle between the funds is made more interesting by the fact Aviva Investors has been run by Euan Munro, widely acknowledged as the architect of the Gars fund, since January 2014. He was the key driving force behind the launch of the funds at Aviva. Similarly, Invesco Perpetual hired several senior members from the Gars team to run its rival product.

The strong performance of the Aviva fund (AIMS) has not gone unnoticed in the broker community either.

Barclays analysts have said the performance of the fund had been "very successful to date in difficult market conditions" and may even be "the catalyst that could propel Aviva Investors' earnings and hence increase its contribution to the wider Aviva (AV.) group". At present, Aviva Investors accounts for only about 3 per cent of its parent's earnings.

"AIMS's performance has been exceptional with low volatility compared to equity markets; however, Gars seems to have been under pressure, which could raise questions around it reaching its capacity with funds in excess of £50bn [across the wider strategy]," Barclays said.

It added investors should assess the performance of these funds over a longer period but acknowledged the recent strong performance by AIMS will help the fund house "in pitching its product to employee benefit consultants, who are gatekeepers to large institutional pension fund mandates".