



## **LWM Consultants Ltd**

### **Change of fund manager**

#### **Threadneedle European Smaller Companies Fund**

We recently met the fund manager of the Threadneedle European Smaller Companies Fund; Dave Dudding, and were impressed by his style of management. It has been announced that Dave is to pass the management of the fund to Mark Heslop. This briefing note covers the reasons for the move, information about Mark and our view going forward.

#### **Dave Dudding**

Dave took over the reins of the fund 8 years ago, and the Euro Select Fund three years ago. Within Threadneedle they are keen to reward individuals and Dave has been offered the opportunity to manage a new global focus fund which will be launched next year.

Threadneedle have really cut their teeth in the European, US and UK markets but have a weaker presence in the global space. William Davis who was Head of European Equities was recently promoted to Head of Global Equities with a remit to develop a global presence for Threadneedle. William was Dave's boss and built the European team to the successful place that it is today. It is therefore the intention that he will do the same in the global space.

As he knows Dave and has worked with Dave it seems a great opportunity for the two to work together again. The new fund will be a high conviction play but with a wider mandate and will fit well with Dave's style of management.

Dave will remain as the fund manager for the European Select Fund and will still feed into the European Smaller Companies Fund through the sectors that he is a specialist in.

#### **Mark Heslop**

Mark is a rising "star" in Threadneedle and is rated as number 18 on Citywire's Global Fund Manager List. He worked as an analyst at Citi before joining Threadneedle in 2008. He has managed their Pan European Fund since 2009, and the performance has been top quartile over 1 and 3 years. In the discussion with Threadneedle the performance has actually been better than the European Smaller Companies Fund.

This move is therefore a promotion or reward for that work and enables him to translate that skill to a wider audience. His style is not dissimilar to Dave's where pricing power is key, aligned with stock picking. It is felt that he may add or reduce holdings over time but there is unlikely to be wholesale changes.

We have said this before but at Threadneedle the team is the main play and the analysts who feed into the fund will continue to do this and the deputy fund manager who is the Head of European Equities remains. So effectively the team and input remains the same but the person who makes the end decision has changed.

## **Conclusion**

Threadneedle contacted us about the changes and we arranged a meeting with them to discuss these changes. It is clear that Threadneedle are being pro-active about these changes and actually it should be seen as what it is, two individuals being rewarded for the work they have done. The fact that the team remains and will continue to feed into the process is to me the most important aspect.

In conclusion we have no reason to believe that these changes will have a negative impact on the performance of the fund in the medium to long term. On the new fund launch we will watch this with interest as Dave has clearly demonstrated his ability to deliver consistent long term performance.

The source of information in this note has been provided by Threadneedle and is correct as at 7 December. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase this fund. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.