

## RAGING BULL AWARDS SPECIAL EDITION



## LONG BEACH FLEXIBLE PRESCIENT FUND

# Long Beach makes right calls on Covid's impact

**Raging Bull Award for the Best South African Multi-asset Flexible Fund on a Risk-adjusted Basis (for performance over five years to December 31, 2020)**

**Raging Bull Certificate for the Best South African Multi-asset Flexible Fund (for straight performance over three years to December 31, 2020)**

LONG Beach Capital is a boutique asset management company run from Cape Town by executive director and portfolio manager David Hansford. Hansford manages two Prescient white-label unit trust funds: the Long Beach Managed Prescient Fund, a South African high-equity multi-asset fund, and the Long Beach Flexible Prescient Fund, also a South African multi-asset fund, but with the flexibility to hold any asset classes in any proportion.

This is the third year in a row that Hansford's flexible fund has won the Raging Bull Award in this category.

At the end of 2020, the fund was top among its peers over the one-, three-, five-, seven- and 10-year periods. Over five years, the period under



LONG Beach portfolio manager and chief executive David Hansford, pictured at the Raging Bull Awards in 2019, when his flexible fund first won the Raging Bull Award in its category. | ANTHEA DAVISON

assessment, the fund achieved 13.62% a year, more than double the 6.36% return of the FTSE/JSE All Share Total Return Index.

The fund is predominantly

invested in equities, both local and foreign (South African funds can hold up to 30% offshore assets). It is a high-conviction fund, meaning it focuses on a small number of carefully chosen stocks.

Its top five holdings at the end of 2020 were PayPal (11.4%), Capital and Counties Properties (11.2%), Richemont (10.3%) and Naspers (10.1%).

The fund has a medium-to-high risk profile and is suited to investors with a long-term investment horizon.

Personal Finance asked Hansford about the fund's remarkable performance and his outlook for 2021 and beyond.

## To what do you attribute your fund's outperformance in 2020?

Long Beach recognised early the Covid-19 pandemic and associated lockdowns were likely to accelerate digital technology, economic and business trends, versus create a "new normal" or reverse existing trends. The fund's technology holdings were notable beneficiaries of this, including PayPal, Adyen, Spotify and Peloton. As the crisis started, the fund took a

moderately defensive position, with up to 10% in cash and derivative protection, and then switched to be fully invested to benefit from the recovery in equity markets.

In 2008, governments' and central banks' response to the financial crisis was slow and restrained by concerns of moral hazard, being seen to bail out the financial sector. Authorities have no such restraints with the economic damage caused by Covid-19. This has allowed for unprecedented fiscal stimulus and quantitative easing (QE).

## Were there any particular standouts in the portfolio?

PayPal, Adyen, Peloton, Spotify and Richemont were notable contributors to the fund's performance during 2020.

## How are you positioning the fund for the year ahead, considering local and global opportunities and risks?

With From February 1 2021, the Long Beach Flexible Prescient fund will change its investment mandate to invest with a worldwide mandate and move to the Asisa Worldwide Multi-Asset Flexible sub-category.

Global markets are increasingly being influenced by shorter-term trends, news headlines, political events, computerised trading, and an institutional focus on volatility as risk. Artificial intelligence, algorithmic trading, institutional short-term performance pressures and passive thematic investing are all causing a significantly large number of market participants to shorten their trading time horizons and security holding periods. Daily moves are seemingly random, with outsized volatility reactions to news flow and events. Long Beach sees significant opportunity in this market environment, to stand at the much less crowded long-term horizon and act as a portfolio investor in our chosen companies, and, where possible, to limit unnecessary short-term trading.

The end of the Covid-19 health crisis is not yet visible, but eventually it will be resolved and of limited duration, while the extraordinary fiscal stimulus and QE will continue, and this will be positive for risk assets, including equities. | Martin Hesse