FGG fund manager in focus: Matthew Halkyard, Portfolio Manager (Global Equities) at IronBridge

How did you come to work in funds management?

I grew up in a lower middle class family in a very well-to-do town, where I was surrounded by very successful business people. I worked for a lot of these people doing odd jobs. Whenever I had the opportunity I would ask people what they did for a living. One of my neighbours owned a trading firm and offered me a job as a runner on the floor of the Chicago Board of Trade when I was 16. Since my first day on the floor, I have been hooked on the capital markets.

What was the first stock you bought and why?

In 1989, I read One Up on Wall Street by Peter Lynch (of Fidelity Magellan fame). The thesis of the book is to invest in what you know, observe what is around you and look for growing trends. As a college student (in need of caffeine) I drank a lot of Coca Cola, so I bought a few shares of the stock and still own it today.

What is the most important investment lesson you've learnt?

Understanding downside risk or payoff structures in investments has been the most important lesson learned. Having invested through the dot-com bubble and the global financial crisis you learn the importance of capital preservation. Investing in quality businesses at a reasonable valuation, where you have twice the upside to the downside continues to be a reliable formula for success.

What do you most enjoy about your role?

Finding a great investment and outperforming the market. We work in one of the most competitive industries in the world and are up against a very tough opponent ('the market') who regularly beats a sizable percentage of the people in our business.

What is the hardest thing about investing and why?

Beating the market and being wrong a fair amount of the time. A good stock picker, on average, will only be right 51% to 55% of the time. Trying to find a great company at a reasonable payoff structure that outperforms the market is difficult, which is why payoff structure (2:1) is so important. Getting paid $2 when you are right and only losing $1 when you are wrong has the potential to allow you to make money in all market environments.

Best and worst calls?

One of my first investments was Sun Microsystems (one of the original server companies). In 1996, I paid the equivalent of $1.50 for the stock. I thought the growth of their server business, particularly in data centres for corporations, was going to be a big business. Then, the dot-com bubble happened and my $1.50 investment was worth approximately $45 (best call). I held onto the stock believing in the new paradigm. The dot-com bubble burst and the stock moved back down to $3. I doubled my money from my original investment, but had ignored the downside which resulted in my worst call.

What is your favourite charity and why?

I am involved in a number of charities, all with one thing in common: children. I believe in giving back to the community by helping children be more successful. I have worked with Chicago-based orphanages, school scholarship funds, children at risk, youth sports teams (American football and lacrosse) and other organisations investing in the future. When I am not managing money, this is where I spend the vast majority of my time.

Level 11, 139 Macquarie Street, Sydney NSW 2000 I GPO Box 4658 Sydney NSW 2001 I ACN: 606 110 838
Phone 02 9247 9202 I Fax 02 9247 6855 I info@futuregeninvest.com.au I www.futuregeninvest.com.au