



**FUTURE GENERATION**  
INVESTMENT COMPANY

## **FGX Fund Manager in focus: Matthew Kidman, Portfolio Manager, Centennial Asset Management**



### **How did you come to work in funds management?**

In 1998 I was working as a business journalist at the Sydney Morning Herald. At the time I agreed to write a share market book with Geoff Wilson. Geoff was a well-known stockbroker who had recently started his own funds management firm – Wilson Asset Management. The book involved interviewing approximately 12 of the best professional Australian share market investors, dedicating a chapter to each person. Around the same time another fund manager offered me a position. When I told Geoff about the job, he said it didn't make sense that I would be writing a book with him and working for another fund manager. Within 24 hours he decided to offer me a position as an analyst and his first full time

employee. He said, "The business can't afford you, but let's give it a shot anyway". That was May 1998, and I have been involved in the industry in some form ever since.

### **What was the first stock you bought and why?**

Before getting into the funds management, I didn't have enough excess capital to buy shares. In any event, I was a business journalist and was writing about listed companies every day, so there were a lot of potential conflicts. When I arrived at Wilson Asset Management, it was not my job to buy and sell stocks, but to analyse them and present the information to Geoff. A few months later, Geoff went on holidays and he said it was time for me to start trading. So, on the second day he was gone I bought two stocks – BHP and Lang Corporation. I sold BHP two days later for an \$800 profit and was relieved beyond belief. I told Geoff by phone (no real internet then) I had bought some BHP, and he said "you what?" I then told him I had already sold it for an \$800 profit and he said "Oh, that's ok then." Meanwhile, the Lang Corp investment was made after many weeks of research and meetings with the company. I bought a reasonably large quantity of stock for the fund at around \$1.05 a share, thinking it could double as the stevedoring unions around Australian ports were dismantled over



## **FUTURE GENERATION** INVESTMENT FUND

a few years. The stock immediately fell back to 80c a share. Geoff walked into my office and said “Are you sure about Lang?” Realistically, I was in over my head and hadn’t done enough work on the company. Luckily I said “yes” to Geoff’s question because soon after the stevedoring union succumbed to pressure by Lang. We sold the stock at approximately \$2.50.

**What is the most important investment lesson you’ve learnt –** I’m not a very good investor. I don’t understand most businesses I look at and get approximately half the calls I make wrong. As a result I need to protect the funds from my poor decision making. This includes running a diversified portfolio with low stock concentrations and putting stop loss prices on all the stocks I own. These failings also mean that I tend to buy stocks based on value and with not of lot of blue sky built in.

### **What do you enjoy most about your role?**

The two aspects of the job I enjoy most are the ability to learn about how the world works from the companies we talk to and invest in. The second thing is the variety of work we undertake and the lack of administration involved.

### **What is the hardest thing about investing and why?**

Investing is a relatively easy occupation compared to other vocations such as running a restaurant, working shift work as a nurse or clocking up hours as a corporate lawyer. There are difficult aspects though, including the fact that control over outcomes is very limited. When you invest money in a company, it is up to the company to perform and no matter how careful you are, you cannot control the outcome. I suppose that is why they call the share market risky.

### **Best and worst calls**

I have never really made a good call. I try and value something and when it reaches that point I sell it. I have made many small gains but rarely have I picked a stock that goes up by many multiples. In other words my vision is very limited. That said I still live in hope of the big one. My worst call was a stock called Signature Brands. It was a floored company model from the start and the management were gaming the market rather than running a real company. I fell in love with the company’s retail juice concept, which looked something like a poor man’s Boost. Eventually, the stock went to zero and we lost 100 per cent of our money. Luckily, when you don’t gear with debt that is all you can lose.



**FUTURE GENERATION**  
INVESTMENT FUND

**What is your favourite charity and why?**

I don't have a particular charity that I think stands out. However, as a rule, I have supported causes that backs underdogs who wants to improve themselves. As an example, I like organisations that fund disadvantaged children into quality education programs. An example of this is the GO Foundation that raises money to fund scholarships for indigenous kids to attend quality schools around the country. If these kids are willing to have a go, and all they need is money, then that is admirable.