

Kingfisher's global investment strategy is paying off

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Ask Alex Miles for a stock tip and he might start talking Turkey — as in the country, not Butterballs.

Miles, chief investment officer at Charlotte-based Kingfisher Capital, has garnered some investment community fanfare for his Kingfisher Global Tactical investment fund. The strategy, known as global tactical investing, looks for investment growth in multiple asset classes by analyzing economic trends and betting on how they'll be received in both established and emerging markets worldwide.

For example, when unrest in Egypt and Libya caused many Middle Eastern equities to lose value, Miles went long on growth stocks in Turkey. Why? He believed the nation straddling Europe and Asia was unfairly punished by the regional unrest, and he foresaw a strong rebound from the market's overreaction.

And when the U.S. Federal Reserve adopted its second round of quantitative easing last fall, Miles invested long in the products and economies he thought would stand to benefit from the likely inflation QE2 would cause. That meant buying commodities and related equities in stable economies such as Canada, where Miles increased his exposure to Canadian uranium, oil, gold and potash, a substance used to make fertilizer.

"Canada is stable politically and has a stable banking system," Miles says. "I can't see us going to war with Canada anytime soon. And those commodities and the companies related to them stand to benefit from inflation in the U.S."

Kingfisher was named a "Top Guns" investment manager by Informa Investment

Services, an asset manager database service. And the global tactical strategy received the highest five-star rating from the agency.

In addition, Kingfisher's approach to global tactical investing has piqued the interest of large wirehouses and banks, including recent discussions with Atlanta-based SunTrust Banks Inc., Kingfisher says. Miles says large wealth-management firms are starting to add Kingfisher to their roster of approved funds for brokers to recommend to clients. "They want their advisers and brokers to have something different to sell than standard mutual funds," he says.

Miles, formerly a fund manager for WealthTrust and hedged-equity developer for Lehman Brothers, introduced his strategy in 2004. But it didn't catch on with many Kingfisher investors until the recent recession. Only about 5% of client assets were tied to the global tactical fund early on. But today about 20% of Kingfisher's assets under management have exposure to the global tactical strategy.



Miles

Miles says the idea to invest tactically worldwide and not just buy and hold blue-chip American companies or growth stocks gained popularity in the emerging markets boom of 2006 and 2007 and the U.S. recession in 2008 and 2009.

"This Warren Buffet style of buying strong companies and holding them was tested," he says. "We still invest in core stocks and bonds. But around the edges we weight or overweight with regions of the world, currencies and asset classes based on where we see opportunity or risk."

Miles says the heart of Kingfisher's unconventional strategy is allowing fund managers more say in how money is allocated, instead of being limited to managing only one asset class, such as domestic stocks or bonds.

"If the manager is the one doing the research, then he's more qualified to allocate a client's resources than a broker who just goes through a quarterly review with his client."