

CEO of Mutual Fund Firm Wants to Cut Middle Man

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By Geoff Kirbyson

The CEO of Canada's newest mutual fund company would like to cut out "the middle man" by appealing to investors who don't need a broker.

Tom Bradley, CEO of Vancouver-based Steadyhand Investment Funds Inc., said his newly minted fund company will sell direct to retail investors.

"We're not targeting experts but people who know what their asset mix will be, what they're looking for and don't need to pay an adviser to help them," Bradley said in an interview Wednesday in Winnipeg.

He said he's not a "broker basher" and he freely acknowledges a great deal of investors need an adviser for guidance and advice.

"But people are becoming more knowledgeable and in a lot of cases they shouldn't be paying that fee to a middle man."

Steadyhand's five funds -- global equity, North American equity, small cap, income and money market -- officially hit the market a week ago.

Although the company is new, Bradley is no stranger to the industry. He was most recently the president and CEO of Phillips, Hager & North Investment Management Ltd. (PH&N) for six years. The Vancouver-based firm manages more than \$10 billion in mutual fund assets.

He started his career in 1983 as an equity analyst at Richardson Greenshields in Winnipeg after getting a commerce degree from the University of Manitoba.

Bradley said his funds will be more concentrated than the majority of their competitors and will hold between 15 to 35 stocks. He said the industry has become "fat and out of shape" with numerous products "bloated with commissions and fees."

"Managers are losing their focus and owning 100 stocks. They own Manulife (Financial), four of the banks, Telus and CN Rail and they never stray too far from the index," he said.

Bradley said all too often, investors are being sold the latest products that do little but earn their broker a commission.

"I'm a vanilla guy. You can stay away from the basics but you've got to know why you're doing it. If it doesn't fit with your long-term goals, you shouldn't be paying for it," he said.

Dan Richards, president of Strategic Imperatives, a Toronto-based consulting firm to the financial services industry, said while Bradley is attempting to replicate the successful PH&N model, he'll have a tough time duplicating its success. He said launching a start-up of any kind in today's environment is challenging because of the vast number of alternatives available in the marketplace.

"You can't say it can't be done, but it will be hard. It will take sustained strong performance and the patience to allow the word to get out. For (investors) with a very long view and conviction about their investment process, it can make some sense," he said in an interview.

Richards said it's also a "tough road" selling direct to the customer.

"Lots of people have tried, most have failed and only a few have succeeded," he said.

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