Fund Manager Profile

Vincent Devlin

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Vincent Devlin
BlackRock Strategic Funds European Absolute Return Strategies Fund

"Gaining an informational advantage takes time. However, this gives us the conviction to exploit inefficiencies in the market and to assess new information effectively ahead of other investors."

Management style

As a Fund Manager, I constantly re-evaluate the investment case for all existing holdings within my portfolios against any new micro- or macro-economic information. When constructing portfolios, I work closely with the other members of the BlackRock European Equity Style Diversified Team to unearth new potential ideas, and rely on them heavily to keep me informed on industry and market developments. Having a dedicated team focused solely on Europe at my side means that I can respond quickly to new investment opportunities as they arise. Gaining an informational advantage takes time. However, this gives us the conviction to exploit inefficiencies in the market and to assess new information effectively ahead of other investors.

Since my arrival at BlackRock, we have worked to create a team environment that encourages peers to challenge my assumptions and judgement. This forms a key part of our investment process, which allows us to work much more effectively and productively as a team. The stock markets constantly throw up new challenges, which motivates me to unearth the next investment idea. Being ahead of the curve and finding undiscovered investment ideas is very demanding but extremely rewarding.

Unique approach

Analytical skills are necessary but also common within the industry. However, in my opinion, the importance of creativity and lateral thinking are hugely underestimated. Often investors are too formulaic in their approach to asset management, whereas I tend to be more flexible and receptive to completely new trends that could emerge in the market. For example, I saw an opportunity in the agricultural cycle and started to invest in the sector in early 2007, at a time when sell-side analysts were factoring historical growth rather than understanding the new dynamics within the industry.

Key considerations when investing

I construct my long-only portfolios from the team's research coverage list. The list is made up of approximately 300 of the most interesting investment opportunities in Europe that have been thoroughly analysed and appraised. From here, I build a portfolio that has risk/return characteristics appropriate to my performance target.

Although it is important to implement new ideas, it is also crucial to know when one should exit an existing position. Therefore, a stock may be sold or reduced if:

- The security has reached its price target.
- The investment case has changed significantly due to new information that undermines the original case for buying the stock.
- The stock active risk becomes too large as it outperforms.

In the case of the absolute return funds that I manage, as well as making money from stocks that rise in value, I look to turn stocks that are likely to fall in value into alpha-generating opportunities. This enables me to target an absolute positive return irrespective of the prevailing market conditions.

Using the same investment process that identifies strong investment opportunities, we highlight companies that do not meet our criteria as stocks that we believe will substantially underperform. These can then be utilised in our 'short' portfolios, via synthetic-short holdings and/or pair trades.

Identifying new investment opportunities

I search for companies where the medium-term earnings profile is not appreciated by the market. Together with the dedicated broader team, we prioritise our pipeline of new ideas using a range of different inputs, including: proprietary research, industry contacts, market screening and macro-economic themes.

For the sector analyst to carry out fundamental research on a stock, it must be displaying certain interesting characteristics that have given the security a higher probability of entering the portfolio. By focusing the sector analyst on the right stock at the right time, the team can generate significant alpha.

Background and expertise

- Vincent Devlin, Managing Director and portfolio manager, is a member of BlackRock's European Equity Style Diversified Team. Vincent is responsible for managing Continental European products and Pan European absolute return funds.
- Vincent joined BlackRock in 2008 from Scottish Widows Investment Partnership (SWIP), where he was an Investment Director responsible for managing continental European and Euroland retail unit trusts. Prior to joining SWIP in 2000, he was with Insight Investments from 1998 to 2000, as an investment manager for European portfolios. He began his career in 1994 with Co-operative Insurance Society, where he was an assistant investment manager, responsible for managing emerging market and European portfolios. Vincent gained a BSc degree and an MEng degree, with honours, in electrical and electronic engineering from the University of Manchester in 1992.

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