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MONEY & INVESTING

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Investor's Notebook

By Stephen Cranston

When I hear the word truffle, two thoughts come into my head - decadence and high prices.

These are not concepts that should be associated with fund management, at least not to the same extent as they would be with merchant banking. I suppose it must have been the rareness of these fungi that made Louis van der Merwe and Hannes van der Westhuyzen choose the name Truffle for their new start-up fund manager. It certainly represents a significant change in culture from their previous jobs - Van der Merwe was head of RMB Asset Management, Van der Westhuyzen ended a long career with Boland, which became NBS Boland, then BoE and then Nedbank. They have been joined by Charles Booth, who was the RMB chief investment officer. There is an air of the BBC Entertainment series New Tricks in which Scotland Yard veterans are brought back to run the unsolved crimes squad. In that sense it has parallels with the yesterday's heroes team at Hermes in Constantia, except the Truffle boys (and it is all boys except for the support staff) cannot rely on the safety net of a seriously rich backer, as Hermes can with its chairman, Bill McAdam.

In some unlikely casting at Truffle, the role of Amanda Redman, the younger officer who looks after the old-timers in New Tricks, is taken by SJ du Preez, a highly energetic marketer who was briefly head of institutional sales at Old Mutual. Because of a computer glitch Du Preez once appeared on our list of top black fund managers and for several months signed off correspondence as "your undercover brother". When I met him properly a bit later he offered me a free trip to Lagos, which I assume was all part of the same in-joke.

As it only got its asset management licence on March 10, Truffle has not had time to develop a long-enough track record to attract serious inflows. The numbers I have seen (which would be misleading to repeat) look good, which you might expect from Booth. Before RMB he was trained at Allan Gray in the days when Gray himself ran the business.

I must say I groaned when Booth told me he was starting yet another value manager but at least he was taught at the feet of the master. I think the portfolio he runs called Wild Truffle - a freestyle fund - particularly suits Booth's approach. RMB's returns were at their best when he encouraged the fund managers not to stick too closely to the benchmark. But there is a Gold Truffle fund for benchmark junkies, as well as two hedge funds, Black Truffle and White Truffle.