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Myria AM

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SPECIAL INSIGHTS - FUNDS TO WEATHER THE GEOPOLITICAL STORM

Interview with Thierry Guérillot, Head of Fund Selection and Hosting Activities, Myria AM

Amid shifting monetary policies and rising uncertainty, fund selection is becoming increasingly strategic. Thierry Guérillot, Head of Fund Selection at Myria AM, explains how the firm's €3.2 billion is managed through a disciplined mix of quantitative, qualitative, and behavioural analysis. He outlines how these pillars shape portfolio construction, today's key opportunities, and the trends that will define the years ahead.



Myria AM

Thierry Guérillot is a chartered accountant. After 6 years in an audit company, he entered UFF in July 1989 until July 2014, where he was notably responsible for the financial product department over 20 years. With such an experience, he was appointed in 2013 to supervise the inception of a new subsidiary completely dedicated to portfolio management, Myria AM. He was part of this new adventure as the head of funds selection. In 2018, he launched a hosting business at Myria AM, enabling foreign asset managers to tackle the French market. Thierry is also an historic member of SF2, the French association of fund selectors, since 2018. He is an active member of the Research Commission and is in charge of the Training Commission.

1 Can you tell us a bit more about Myria AM, and what does internal collaboration look like when it comes to asset allocation, manager selection and equity management?

Myria AM is an asset management company, **launched in 2014,** fully owned by UFF, a French network of financial advisors. We usually manage ourselves equity and diversified funds and funds of funds on one side and delegate the portfolio management to external partners we chose on the other side. **We are presently 12 people, including 5 portfolio managers and 1 fund selector.** At the end of October, we managed 3.2 billion EUR, including funds **of nearly a billion EUR** and equity and diversified funds for a bit less than 500 M EUR. The remaining assets are mainly delegated to external partners.

2 Could you take us through your fund-selection process and the main quantitative and qualitative criteria that drive your decisions?

We are 3 people that could potentially select a fund, without any specialization. But in practice, I am the one that generally suggests investments for my two portfolio managers.

The first step of our selection is essentially quantitative. Our reasoning is usually twofold, individually speaking or as a brick of a larger asset allocation of similar strategies (notion of specialized model portfolios).

I begin by filtering categories of assets in my databases, ranking the funds by taking into consideration the regularity of the relative performance, the distance of performance (analyzing the length of the performance path, net of the relative performance), and another internal risk/return ratio that compares the average alpha and the average negative alpha.

I try to focus on funds that generate positive alphas, have a performance path net of the alpha shorter than the benchmark (meaning that the performance was less volatile), and a risk/return ratio over 1 (meaning that the risk of bad timing of investment is low and sustainable).

We do the same exercise twice. The second time, I use an optimizer to build up the best association of funds, regarding these three criteria.

The second step of the selection is quantitative again, my goal being to understand the factors that enhanced the alpha.

Then, I enter the qualitative analysis process. I check with the prospectus and the marketing information the pertinence of these factors, to identify the possible cheaters that may have good results but for bad reasons…

If all is fine, and after a green light from my portfolio managers to do so, I launch a due diligence.

My questionnaire is manyfold: it covers mainly the ESG approach in all its aspects (research, ratings, reportings, stewardship, controversies and exclusions…), the investment process and the structuration of the portfolio, the decision process by the portfolio managers, the way the risks are managed theoretically and practically (analyzing the three worst investment cases recorded during the fund life, for example), the organization of the management team and the individual/collective experience of its members…

It is completed by a quantitative analysis of the performance and the risks from my external and internal databases.

The last step consists of the interview of a member of the management team, to check the main areas covered by our due diligence questionnaire and to get precisions on specific issues I may have identified. I also try to make a behavior analysis of the portfolio manager I interview. That meeting is usually led by myself and one of my portfolio managers.

In the end, a report is written to be presented in a bimonthly committee where the portfolio managers decide to agree or not my proposal to enlist that fund.

3 How do the macroeconomic, quantitative, and manager-selection pillars, that Myria AM is built on, interact during the portfolio-construction?

My goal as a fund selector is to offer my portfolio managers a list of investments whatever the macroeconomy could be. Thus, I don't have in mind to record a fund in my list because we want to do the same thing as our peers. **My goal is to build up model portfolios by specialty** (geography, factors, thematics) when it is possible to do so to give a maximum leeway to our portfolio managers to build up a sound asset allocation.

4 Which asset classes do you currently view as offering the most attractive risk-adjusted returns?

The markets are not cheap. But there is a lot of cash in the market. **We have quite a clear view of the monetary policies today that enable us to keep on investing in risky assets,** whenever they are expensive and to consider the most attractive risk-adjusted returns in the bond field.

There, we are more confident in being invested in corporate bonds than govies because we see that debt management is more sustainable in the private sectors in the context of low macroeconomic growth without recession. **But we have in mind the fragility of the global situation and consider a comeback of the volatility in the future in the markets.** So, we tend to invest now in flexible bond funds.

> Our asset allocation is flexible. We are quite aggressive, being largely invested in equities.

5 What is your outlook on global growth and inflation, and how does that feed into your risk stance?

Our core scenario is positive, based on low macroeconomic growth without recession or inflation. So, we get rid of a scenario of stagflation.

But we think that volatility will rock the boat of the markets in the twelve coming months, for political or geopolitical reasons, as we'll near the mid term elections in the US and the presidential election pre-campaign in France where the rise of populism will blur vision of its economy and its public debt management.

Our asset allocation is flexible. We are quite aggressive, being largely invested in equities. We tend to be more focused on European equities and are reluctant to be exposed to a specific factor. Our equity funds are usually blended.

We think it is too soon to consider investing now in small caps, but we begin to think over it next year if the backdrop has not worsened…



6 What role do you believe AI-driven strategies will play in portfolio construction in the next 3–5 years?

All quantitative strategies and particularly in the alternative fund universe could be driven by AI in the next future, as I think it is already the case in some way… **In an asset allocation, it is always interesting to mix different investment approaches to build up a portfolio.**

No doubt AI is a very useful tool and a maxi calculator that helps a portfolio manager on selection or asset allocation as AI can help surgeons or radiologists in the healthcare area. **But I am still to be convinced that AI could replace a qualitative portfolio manager,** a surgeon or a radiologist within 5 years…

> No doubt AI is a very useful tool and a maxi calculator that helps a portfolio manager on selection or asset allocation.

7 How has your strategic asset allocation evolved over the past year, and what are the main drivers behind those changes?

Our strategic asset allocation has drastically changed over the last year, at the same time as the implementation of the German new budget on defense and infrastructure that would boost European equities in the coming years.

We were heavily invested in the past in US growth companies. The new Trump's tariff policy scared us on the USD parity and on the Fed monetary policy. Thus, **we decreased the weight of US equity stocks for the benefit of Europe,** focusing on blended style portfolios.

Value for money implementation in our fund of fund portfolios led also to large investments in active ETF in US equities and international equities as these markets are far too efficient and difficult to outperform in the long run…

On the bond side, as I already wrote above, **we focus now on flexible bond funds and absolute** return investments, at the expense of specialized portfolios on investment grade or high yield, as we consider that the markets are globally expensive and are cautious with the management of public deficits both in the US and in France.

We also began a diversification in cat bonds, in the emerging markets and in long/short equity funds.

8 How would you characterize Europe's 2025? Were there any countries that particularly surprised you, either by outperforming expectations or facing unexpected difficulties?

Unfortunately, **France has been hurt by the political brouhaha on French governance.** Visibility is low on new taxes implementation that could weigh on the shoulders of French companies.

Therefore, compared with Spain or Italy, French small caps have lagged a lot. **Italy and Spain succeeded implementing economic and financial reforms that support the markets.**

On the other side, **the mega budget on defense and infrastructure in Germany boosted the defense sector** and triggered the launch of many strategies based on the new sovereignty in Europe regarding industry, defense, infrastructure, energy and healthcare.

We can hope for a positive effect beyond this year in German stocks and more largely in European industrials soon.

9 As 2026 approaches, which areas of the market do you think will take the spotlight?

Gold because volatility will probably come back and the USD is no longer a haven place.

Corporate debt and quality stocks for the very same reasons. **European equities and maybe Japanese equities** could react positively to the implementation of reforms.

10 Looking ahead, what do you think will be the biggest hurdles for you and your team?

Still **the management of value for money in the asset allocation of our funds of funds,** forcing us to limit today the ongoing fees of our investments to an average of 50 bp. **And the possible consequence of SFDR reform** on our asset allocation and reporting.

> USD is no longer a haven place.

