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MarketWatch at Mon 4th Jul 1:51pm AEST 🕒 Markets Closed 🕒 Markets Open

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TIM BOREHAM

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Energy guru Phil Mathews lies low after oil killing

LISA MACNAMARA The Australian June 11, 2008 12:00AM

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DESPITE being outed as the nation's new energy sector guru who has made billions from trading oil futures, fund manager Phil Mathews is sticking to his strategy of lying low.

The Sydney-based head of Mathews Capital was not available for comment yesterday after reports that he had made \$1 billion last month from taking a bet on the oil theory of escalating demand and dwindling supplies.

As the price of oil futures hit unprecedented levels above \$US139 a barrel at the weekend, the risk might appear at face value to be lucky.

But according to those who know of Mr Mathews, it was a finely researched gamble with the Bentley-driving fundie being bullish on oil for years.

"They've spent years analysing the oil market, all the producer fields in the world and plotting them and working out what supply there is in the world," a person close to the Mathews group said.

"They started investing in 2004 and the (energy) themes got stronger, (despite) some corrections, but then it goes on to make new highs."

Reports yesterday that two-thirds of the money across his three funds in Mathews Capital -- worth \$3.6 billion in all -- were in Mr Mathews' name were said to be "inaccurate" by the individual.

What is known is that Mr Mathews, who is in his late 40s, set up his operation in 2001 with his main account, the Sabre Fund, starting out with \$6 million in 2004. For the 12 months to May, it had increased 208 per cent with \$1.6 billion in assets under management. Sabre's return for the month of May was also about 75 per cent.

"Sabre has only been open for a little while and is only open to existing investors," the person said.

"It's not a fund that's available to the general public, it's not one that's easily marketable -- it's a volatile fund and it takes large concentrated positions on themes that they've done years of research on."

Mathews Capital focuses on energy stocks and futures, and also manages the Tomahawk fund for offshore investors and the newer local Velocity fund which centres on small-cap investments.

The fund manager last week bought 5 per cent of Santos, worth \$650 million, along with

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ASX 200 Top Gainers & Losers

Company Name	Price	Change	%Change
Gunns Limited	0.30	+0.02	▲ +9.09%
Virgin Blue	0.31	+0.02	▲ +8.77%
Bathurst Resources	1.10	+0.07	▲ +7.31%
Karoon Gas Australia	5.62	+0.34	▲ +6.43%
Ten Network	1.16	+0.05	▲ +5.0%

reported interest in Beach Petroleum, worth \$100 million, as well as Arrow Energy and Nexus Energy.

But Mr Mathews is not the only investor to strike it big in latest energy futures trading, say some commodity analysts.

John Barratt from Commodity Broking Services said there were a number of private individuals in Australia who had played the oil futures, reaping a 150 per cent return within in the past month or two.

"We've had a lot of interest in natural gas 2012 because the prices are only marginally higher than the spot price at the moment," Mr Barratt said.

"People are anticipating that obviously the forward prices will go a lot higher. Your forward prices should traditionally be higher than your spot price but what you're finding is in some commodities, that the forward price is below or equal that spot price, so people take the bet that the whole curve will lift."

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Bow Energy	0.93	-0.03	▼ -2.62%
Eastern Star Gas	0.63	-0.01	▼ -1.57%
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Energy World Corp	0.49	-0.01	▼ -1.02%



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