

Client: Thesis Asset Management
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FTAdviser latest:F&C makes Multi-Manager Distribution unconstrained

F & C Asset Management has turned its Multi-Manager Distribution fund into a more unconstrained vehicle, with property now subsumed into a new alternatives allocation.

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The fund can now have a 1500 basis point overweight or underweight exposure to its three chief asset buckets - 50 per cent in bonds, 30 per cent in equities and 20 per cent in alternatives.

This has led the fund to reduce its property exposure and broaden it out to different types of instruments, according to Dean Cheeseman, head of multi-manager.

He said: 'With the broadening of the 'alternative' classification the portfolio's property exposure has ticked downwards a move largely facilitated by our exiting of legacy property investment trust holdings.'

'Property investment certificates (PICs) remain our favoured way of accessing the asset class.'

Mr Cheeseman said he had invested for the certificates to try to access more stable liquidity and income than was available in the Reit sector.

He said the chief attraction of property investments would be their ability to provide a high yield, even relative to credit, at a time when cash rates were at all-time lows.

Mr Cheeseman said: 'We have been able to add considerable value by tactically altering the duration of our PIC holdings to harness an upturn in sentiment as investors took the view that the sector would stabilise in the latter part of 2009 and see some recovery in 2010.'

But the manager cautioned 'we have yet to see concrete signs the huge stimulus being applied through quantitative easing is filtering through to the real economy' and said he would look to individual company stories, such as cost-cutting, to drive returns.

However, fund houses have acknowledged they will have to be increasingly selective in spotting such opportunities.

After cost slashing by many companies in the first half resulted in upgrades, Steven Richards at [Thesis Asset Management](#), has questioned whether analysts might go from underestimating the effect of cost cutting to overestimating it.

Mr Cheeseman has now favoured equity income funds with plenty of bottom-up plays after the markets' recent concentration on the economy, or companies' operating environment, rather than their individual positions.

He said: 'Markets will increasingly re-focus on the performance of individual companies a situation that will make picking the winners, irrespective of their area of their business, more important.'

'We have moved to adjust our UK equity positioning by favouring funds in which pure stock picking is at the fore.'

'In keeping with this we have reintroduced a 3 per cent position in the AXA Framlington Equity Income a tactical decision aimed at increasing risk exposure at stock level.'



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