

Client: Thesis Asset Management
Source: Investment Adviser (Main)
Date: 25 May 2009
Page: 23
Circulation: 15088
Size: 121cm2
AVE: 715.11



Thesis: investors leaving comfort zone

Low yields, not hopes for recovery, are forcing investors back into riskier assets, according to the multi-manager team at Thesis Asset Management.

Steven Richards, associate director, cited the example of the FTSE 100, saying any economic recovery would not follow its V-shaped curve this year.

"Market recoveries are driven more by returning risk appetite than economic conditions," he said. "Perhaps the prevailing low returns on so-called risk-

free assets such as cash and sovereign bonds are forcing investors to reassess their comfort zones."

Mr Richards pointed out UK GDP had declined 1.9 per cent in the first quarter and 4 per cent over the past three quarters combined. But the multi-manager has benefited from holding riskier assets, in spite of maintaining large cash-like weightings in some areas.

One example of this has been his Multi-Asset Strategy portfo-

lio, whose top holding at 16 per cent is the F&C Money Markets fund. Mr Richards said it posted its best-ever performance in a single month in April as a result of equities and corporate bonds bouncing back, even as hedge funds and gilts declined.

The portfolio gained from a 7.4 per cent holding in an iShares FTSE 100 ETF and the Symphony FTSE 100 12.5 per cent Autocall 4.

Mr Richards said sentiment towards property and private

equity also improved, as bids for the Candover Private Equity and Rutley European Property funds took off from depressed valuations.

He added: "The 3i Infrastructure fund continued its recovery from last month, gaining a further 11 per cent in price, as its one-time parent 3i Group is now resorting to a rights issue to raise cash, reducing the likelihood of a further placing of their remaining shares."