

**Client:** Thesis Asset Management  
**Source:** Investment Week (Main)  
**Date:** 01 March 2010  
**Page:** 12  
**Reach:** 12301  
**Size:** 132cm2  
**Value:** 1302.84

## Thesis Optima Bond fund to up EM and mortgage debt holding

By Lorraine Cushnie

Thesis Asset Management's Michael Lally is planning to add emerging market and mortgage-backed debt to his £13.7m Optima Bond fund.

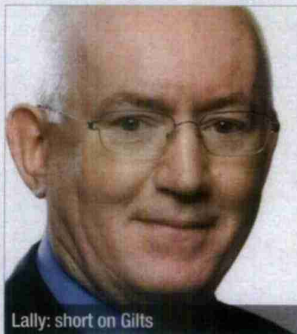
The co-manager plans to introduce holdings in specialist funds to give exposure to areas he would otherwise be unable to access because of the size of his fund.

"I like the Monument Bond fund which invests in residential mortgage backed securities (RMBS). The fund invests in the top end of the market. The bonds are floating rate notes which means income will go up when rates rise, but the capital should not fall," he says.

"I am not focused on emerging market sovereign debt, but companies who could be based anywhere, whose earnings are largely based on emerging market economies."

Lally says he also wants to take a short position on Gilts, but thinks it is impossible to predict how Government debt will perform this year.

"We want to take a short position on the 10-year Gilt, but every-



Lally: short on Gilts

body else is trying to do the same thing at the moment," he says.

"I do not see Gilts crashing, but I think it is a really difficult one to predict, they could fall or rise 10%."

Until last month, Lally managed the fund with James Grayson who left to join Brooks Macdonald. Tony Gammon has been appointed as the new co-manager. However, Lally says he no plans to overhaul the mandate.

"We are keeping the duration at about four and a half to five years, which we are fairly happy with for now. We are going to keep the core of our holdings in single-A and BBB space as they are less sensitive to gilts."