

investment

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MID WEEK

NEWS IN BRIEF

- Paul Lavelle has taken over as manager of Fidelity's US Dollar Bond fund, replacing Ian Spreadbury. In addition to the US Dollar Bond portfolio, a sub-fund of the firm's Luxembourg-domiciled Sicav, Lavelle manages Fidelity's Euro Balanced and Euro Corporate Bond funds and some institutional mandates. Although Spreadbury has stepped down from this product, he continues to run the firm's Sterling Bond fund as well as Euro High Yield, Extra Income and MoneyBuilder Income.
- **John Clougherty** is stepping down as sales director at Skandia Investment Management and is expected to join Norwich Union in a distribution role. Clougherty was responsible for Skandia IM's single-strategy business and was joint sales director for the group's multi-strategy arm. Chris Howard takes over his role on the single-strategy business, while Spike Hughes becomes sales director for the multi-strategy side.
- **Schroders** head of investment Richard Horlick is stepping down from the board of the company and his responsibilities are to be filled by Alan Brown, former group CIO and vice-chairman of State Street Global Advisers. Brown, who will be a member of Schroders' group management committee, will take on the role from 5 July. The group has also announced first-quarter profits before tax of £50.4m, compared to £33.6m in the first quarter of 2004. Funds under management rose 3.1% over the period to £108.9bn.
- **Gartmore's** AlphaGen hedge fund business has reached \$6bn under management six years after launching. The company has increased its hedge fund assets by nearly 40% since January 2004 and has 19 of AlphaGen branded single manager funds encompassing long/short equity, credit and currency, spread across Europe, the US and Asia Pacific.
- **Helen McCarthy**, who has been acting head of pensions and savings at the ABI, after Joanne Segars departure, has been appointed permanently. McCarthy was previously an ABI pensions policy adviser and before that worked in Government for both the Treasury and Department for Work and Pensions.

Norwich adding high-profile manager products to its range

BY CHARLIE PARKER

Norwich Union's unfettered manager of manager range is to include portfolios run by high-profile managers from groups such as New Star and Gartmore, as well as boutiques such as Lindsell Train.

Fund selection on the products, including Manager of Manager Income, Cautious, Balanced and Growth funds will be performed by Aon Asset Management with asset allocation by in-house investment managers Morley.

The managers selected will run the money as segregated portfolios and include Nick Train, who runs the Finsbury Growth and Income investment trust, Toby Thompson from New Star and Hugh Sergeant from SG on the UK equity side.

European money will be run by Gabrielle Boyle at Lazard

and Richard Lewis at New Star. The remaining money is to be split between a range of groups including Nomura, Lloyd George, Rogge, Gartmore and Morley.

The Income fund aims to achieve regular levels of income with a yield of 120% of the FTSE All-Share. The fund will hold around three-quarters in UK equity and the rest in UK corporate bonds.

The Cautious fund will have more diversified asset allocation with the restriction that 50% of assets will be in sterling or euro denominated investments.

The Balanced fund is aiming for longer-term capital growth and will include 47% in UK equity, with 20% spread around global equities and 18% in UK bonds.

The Growth fund again targets long-term capital growth but with no exposure to fixed interest.

Luckraft to hand over control of his High Income fund

BY JENNE MANNION

George Luckraft is likely to hand over the management of the £110m Framlington High Income fund to his colleague Chris Armstrong.

The move would enable Luckraft to concentrate on managing his flagship portfolios, the £767m Equity Income and £101m Monthly Income funds, as well as the long/short equity income hedge fund.

Armstrong manages the group's European Bond fund, of which half the portfolio is invested in UK gilts and bonds with the remaining being invested on the continent. Armstrong joined Framlington in September 2001, but started managing the European Bond fund two years ago. Over the two-year period, ending 29 April, his fund is ranked third of 45 in the Global Bond sector, returning 8.87% over the period, compared to the sector average of 4.17%, on an offer to offer basis, according to Lipper.

The High Income fund's latest factsheet shows 60.4% of the portfolio is invested in UK corporate bonds and loan stocks, 19.9% in UK convertibles and preference shares, 11.1% in overseas bonds and 3.3% in cash, with just 5.4% in UK equities.

It is likely that Luckraft would still contribute to equity ideas in the fund. Currently, Armstrong contributes fixed income ideas to the portfolio and his taking over would involve very little change to the style or process, according to the group.

Langerman replaces Franklin's Winters

Franklin Mutual Advisers' chief investment officer and Mutual Shares fund manager David Winters has been replaced in these roles by Peter Langerman.

Winters managed the group's flagship Mutual Shares fund as well as a range of internationally marketed Sicav offerings.

His departure comes just a month after Langerman replaced Winters in his roles as chief executive and chairman of the group, leaving the latter with the role of chief investment officer.

Of the £33m in the fund some

£20m is held by fund of funds manager Patrick Armstrong at Insight Investments. He has placed his stake under review.

Langerman has held the posts of chairman and chief executive of Franklin Mutual Advisers in the past, before moving to head the New Jersey division of Templeton in 2002.

The Franklin Mutual Shares fund returned 6.3% over the year to 16 May 2005 against a North American sector average of 0%, bid to bid, according to Standard and Poor's. This ranked it second out of 84.



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NEWS IN BRIEF

- Housing market activity is down 30% compared to this time last year according to the **Royal Institution of Chartered Surveyors** (RICS). A survey conducted by the group showed buyer enquiries and newly agreed sales remained flat for a second month, while in April house prices fell at a similar pace to March. Around 40% of chartered surveyors reported a fall in house prices, down from 37% last month.
- Sam Taylor Start, Trevor Chanter and Annabel Harrington have all joined multi-manager specialist **IMS**. Taylor Start, who joins as client services director, was previously business to business director at Hendersons. Chanter, who joins from Charles Stanley, is also taking on the role of client services director with a focus on institutional clients. Harrington will provide support to the administration team in her role as associate director of investment operations.
- The Environment Agency Pension fund has selected **Standard Life Investments** to manage a segregated UK equity portfolio valued at £185m. The firm's UK equities investment director, Euan Stirling, is to run the portfolio.
- Jacqui Haskins has joined **M&G** as its new marketing services director. Haskins was previously head of marketing at Gartmore. She replaces marketing director John Goddard who recently resigned to pursue other opportunities outside the company. M&G said that following a restructuring, it has decided to replace Goddard with marketing services director and a director of investment marketing and is currently seeking someone to fill the latter position.
- **Norwich and Peterborough Building Society** is launching a variable rate 30-day notice account offering savers up to 4.25% gross including an introductory bonus on balances of £1. The account offers a variable interest rate including 1% bonus for the first 12 months. The 1% is paid separately on the anniversary of account opening and added to the account.
- The **Investment Management Association** has updated its guide *Unit trust and tax. Completing your tax return. What you need to tell the taxman 2004-2005*. Copies of the guide are available from the IMA website or by calling 0207 269 4639.
- **Newcastle Building Society** has launched a one-year direct investment bond fixed at a rate of 5.31% gross per annum, available exclusively through the internet. The product offers a fixed interest rate until 30 June 2006. Further deposits are available after the closing dates but no withdrawals are permitted before the end of the term. Minimum investment is £1000 and maximum investment is £1m.

Norwich to contract customers back into S2P after poor mailshot response

Norwich Union is to contract back those customers sold policies directly into the State Second Pension (S2P), after only one in five responded to an earlier mailshot.

The company will send letters to the affected customers this summer and they will have six weeks to tell the house they want to remain contracted out and to take financial advice. The move comes after only 20% of customers responded to a mailing six months ago in which Norwich Union urged policyholders to contract back into S2P.

The house believes the vast majority of policyholders, whatever their age, will be better off by contracting into the state earnings related pension.

The company will automatically contract back in all customers sold

their policy direct by a Norwich Union adviser and those policyholders who have no independent adviser registered to their policy.

Mike Kirsch, operations director at Norwich Union, said: "We are disappointed that only 20% of the customers we mailed over six months ago have responded on this important issue.

"Our research shows nearly 60% of customers are still undecided or are simply avoiding making a decision on this despite receiving our clear communication outlining Norwich Union's recommendation to rejoin the state scheme.

"We believe the next logical step is to automatically switch these customers back into the state second pension and take the responsible approach for our customers."

Utilico offers £75m emerging markets trust

BY TIM SHARP

A £75m emerging markets investment trust is being spun out of the Utilico investment trust so managers can hunt for growth opportunities in what is a traditionally defensive sector.

Utilico Emerging Markets investment trust will take on the £20m emerging markets portfolio of Utilico and is also looking to raise another £55m from new investors.

It will be managed by the team from Ingot Capital behind the Utilico trust.

Managers will seek holdings in companies involved in essential services, which tend to have both monopolistic and defensive features as well

as the growth opportunities represented by emerging markets. In particular, they will look for pricing anomalies where market pricing has not kept pace with changes in regulation, market motivation, financial engineering and competition.

Managers are finding especially attractive investment opportunities in Latin America and Asia.

Unlike the split capital structure of the Utilico trust, the vehicle will consist entirely of ordinary shares as well as warrants. Gearing will be limited to 25% and there will be an annual opportunity to tender shares at a 5% discount.

The proposed board will be chaired by Alex Zagoreus, an MD at Lazard Asset Management.

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