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L&G's Gardner sells US exposure

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Tim Gardner,
L&G



FUNDS by Nick Reeve

Legal & General's (L&G) Tim Gardner has sold some of his US exposure in favour of Japanese and gold equity funds across the company's £506m multi-manager fund range.

Mr Gardner, who co-founded the Multi Manager Growth Trust, Balanced Trust and Income Trust with Alan Thein three years ago this month, said he had taken advantage of low company valuations in the Japanese market following the March

11 earthquake and tsunami. He said: "We had a very low exposure to Japan before the earthquake hit, and when markets fell, we took the view that valuations

had become more attractive so we increased our weighting. We felt it merited reallocating some money from other areas to Japan because of those valuations."

Mr Gardner has added to the £284.8m Growth Trust's weighting towards Japan

through the CF Morant Wright Japan fund, which stood at 1.4 per cent of the portfolio at the end of February.

He also initiated holdings in the same fund for the £201.4m Income Trust and £20m Balanced Trust, which had no direct exposure to

Japan prior to the disaster.

The manager said gold equities had been underperforming the commodity's spot price, which had led him to increase the portfolios' exposure to the Investec Global Gold fund as a "hedge against uncertainty" as well as inflation.

Mr Gardner said: "We increased our exposure to US equities at the start of the year, but we've reduced that again recently.

"Some of that money went into Japan, and with some of it, we have increased our position in

gold equities. We still have a high conviction in gold equities: they will re-rate higher and you will make quite a good amount of return out of that asset class."

He said the funds had lagged the sector since the start of the year, largely because of its underperforming gold equity exposure and its holdings in Asian equity, which had also struggled because of rising inflation across the region.

All three funds lost money over the course of 2011 to April 15, according to Morningstar,

with the Growth Trust suffering

the most, losing 1.5 per cent compared with an IMA Active Managed sector average loss of 0.1 per cent.

However, the trio of funds – which are part of Legal & General Group and sit separately from the investment management arm – were all top quartile since their launch on April 25 2008.

The Multi Manager Growth Trust produced a top-quartile return of 19.1 per cent since launch to April 15 compared with an 11.1 per cent average return from the IMA Active Managed sector.