

A golden performance from Lacomp

Lacomp World has performed consistently well over the past three years, thanks in part to a significant weighting in gold – now up to 17.5% over fears on the impact of the credit crunch.

Lacomp World has moved up the performance tables since Fund Strategy last profiled the fund, on December 5, 2005. The portfolio is one of just three Global Growth funds of funds to have achieved a positive return over the past 12 months, and its three-year figures are also strong. According to Morningstar, the fund returned 41% over the longer time-frame, enough to gain a rank of fifth out of 21 funds.

Performance was boosted by a significant weighting in gold, which has grown from 8% in 2005, to 17.5%. Peter Buxtorf, the managing director of Lacomp and co-manager on the £10m fund, says he is “fairly bullish” on the asset class, despite gold prices remaining at about \$900 an ounce after hitting \$1,000 in March. “If you look back to 1979 and 1980 and adjust prices for inflation, gold went over \$2,000,” says Buxtorf. “We are not in record territory yet.”

Buxtorf and Steve Willmot, the investment director at Lacomp and co-manager on the World portfolio, increased their allocation to gold by a further 2% in January, partly as a hedge against continued economic uncertainty. “We are concerned about the impact of the credit crunch,” says Buxtorf. “The International Monetary Fund is talking about \$1 trillion [£500 billion] in damage, whereas Ben Bernanke [chairman of America’s Federal Reserve] said it would be \$100 billion in January.”

But while Buxtorf says banks are “still in a lot of trouble”, he has maintained his stake in the New Star Global Financials fund. The fund, which was added to the portfolio last summer, is

World’s second-largest holding after BlackRock Merrill Lynch Gold & General. Buxtorf says the New Star fund’s limited exposure to America – just 2.5% at the end of February – and focus on smaller markets has allowed it to escape the worst of the subprime crisis.

Lacomp World employs a largely top-down investment process, with Buxtorf responsible for overall asset allocation. Willmot then “crunches the numbers” and oversees fund selection. The process has led the two men to cut their exposure to small and mid-cap funds since the second half of 2007,

in favour of quality and large-caps. The fund’s most recent sell was Schroder UK Mid 250, which was removed in January.

In the same month, Buxtorf and Willmot also trimmed their holdings in Axa Framlington Emerging Markets, Gartmore China Opportunities and Fidelity Japan Special Situations. Profit-taking in the emerging markets has contributed to a cash position of about 14.5% in the fund, and Buxtorf says he has no immediate plans to invest it back into equities. Their most recent buy was a 1% weighting in Oceanic Asset Management’s Australian Natural Resources fund last year.

Another addition to the fund in 2007 was an unquoted oil services company, which forms a 2.2% allocation. Buxtorf declines to name the company, but says it is also held within an Enterprise Investment Scheme run by Lacomp. “Money is going into this company well above our original investment,” he adds. “It will be a massive success story.”

WILL JACKSON
Features editor, Fund Strategy

“We are concerned about the impact of the credit crunch. The IMF is talking about \$1 trillion in damage”

TOP 10 HOLDINGS

CF Lacomp World	%
1. BlackRock ML Gold & General	17.54
2. New Star Global Financials	6.81
3. Axa Framlington Emerging Markets	5.76
4. Jupiter European Special Situations	5.64
5. Baring Eastern European	5.58
6. Schroder European Alpha	5.41
7. Schroder US Small & Mid Cap	3.77
8. Soc Gen Japan Core Alpha	3.67
9. New Star Pacific Growth	3.06
10. Gartmore China Opportunities	2.86

As at April 2, 2008

Source: Lacomp

CF LACOMP WORLD



Chart shows the asset allocation for CF Lacomp World fund, as at April 2, 2008.

Source: Lacomp

TOP 10 GLOBAL GROWTH FUNDS OF FUNDS OVER ONE AND THREE YEARS

(IMA) Global Growth Funds of Funds	09/04/07	09/04/07	Fund Size (£m)	(IMA) Global Growth Funds of Funds	04/04/05	04/04/05	Fund Size (£m)
	07/04/08	07/04/08			07/04/08	07/04/08	
	% Chg	Volatility			% Chg	Volatility	
1. New Star Tactical Pftfl	5.25	5.54	104.05	1. New Star Tactical Pftfl	60.9	4.65	104.05
2.▲ IdB Global Equity	2.25	1.69	3.03	2. IdB Global Equity	41.68	2.94	3.03
3.▲ CF Lacomp World	1.17	4.93	9.62	3. CF GHC MM Global Eq	41.48	4.33	6.68
4.▲ Margetts Intl Strategy	-0.07	3.97	16.31	4. ▼ T Bailey Growth Rtl	41.2	4.21	162.13
5. Merrill Lynch QIS 2 Overseas Eq	-0.44	4.11	14.67	5. ▲ CF Lacomp World	41.01	4.35	9.62
6. Axa Framlington MM Dynamic	-0.58	4.47	14.01	6. ▲ Margetts Intl Strategy	39.97	3.48	16.31
7.▼ T Bailey Growth Rtl	-0.79	4.93	162.13	7. ▲ Jupiter Merlin Wwd Pftfl	34.7	4.18	297.67
8.▼ Cazenove MM Global Ex UK	-1.19	3.77	89.35	8. Cazenove MM Global Ex UK	33.42	3.52	89.35
9.▲ CF GHC MM Global Eq	-1.32	4.44	6.68	9. HL Special Situations	31.54	3.81	292.6
10. HSBC Global Growth FoF	-1.87	4.00	58.73	10. L&G (Ba) Worldwide	30.5	3.39	21.58
Mean Count	-3.54	4.17	134	Mean Count	32.55	3.77	134

Table shows percentage returns, volatility and fund size for the top 10 funds of funds in the Global Growth sector, bid-bid.

Source: Morningstar