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Tiramani weights to Brazil and Korea



Fund Strategy - 30 May 2011 | By [Nick Rice](#)

Claude Tiramani, a veteran emerging markets fund manager, is starting with unusually large weightings to Brazilian and South Korean consumer stocks and Indonesian and Thai financial firms in his new fund for Lutetia Capital.

The Lutetia Emerging Opportunities fund can invest up to 40% of its portfolio in cash if it feels its main area of focus, emerging market consumer companies, is overvalued. However, the fund is currently fully invested in emerging stockmarkets.

Tiramani anticipates the Chinese government will adopt looser, more popular monetary policy to ensure its change of presidency runs smoothly next year. He argues this will benefit the types of firms he invests in, as China remains a dominant influence. (*article continues below*)

In Korea, he has invested in retailers with a strong position in their local market and an ability to expand into China. In April, he had a 10.6% weighting in Korean firms dealing with non-staple consumer products.

In Brazil, he has invested in real estate companies. He says monetary policy in Brazil is unlikely to tighten further, which should help the sector's finances. In April, the fund's weighting in non-staple consumer areas in Brazil came to 11.2%.

According to Tiramani, Indonesia is also less likely to restrict lending as it has already done much to curb inflation.

He says this should benefit the nation's financial firms, which in April made up 7.1% of the fund.

In addition to Indonesia, Tiramani says Thailand also needs to finance extra infrastructure projects and has more money to do so.

As a result, Thai financial companies constituted 5.6% of the fund in April in anticipation of a new financing spree.

However, Tiramani warns that in China, for instance, valuations for some consumer firms now look high, following a wave of inflows into the sector.

Overall, the manager now has a much greater weighting in companies that deal with discretionary consumer items, or 31.2%, compared with other firms on 11.7%.

As consumers' incomes grow, he says, they increase their spending on discretionary items faster than on essentials.

Even on lower incomes they would have had to buy the latter items in any case, he says.

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