

Lutetia Capital to launch emerging market equity fund

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Paris-based asset manager Lutetia Capital is launching the Lutetia Emerging Opportunities fund, a long-only, UCITS-compliant fund focused on emerging markets equities.

Managed by Claude Tiramani, who joined Lutetia earlier this year from his post as head of emerging markets at [BNP Paribas Asset Management](#), the fund will focus on domestic demand in emerging economies, investing in leading companies that are best-positioned to benefit from internal demand growth.

The fund will follow a disciplined three-step process: country allocation, to identify opportunities as well as assess currency impact; sector allocation, to identify and overweigh growth sectors based on internal demand; and finally stock allocation.

Mr Tiramani said: "The emergence and growing importance of an urban middle class is the most significant societal transformation, and the most powerful economic trend. Supported by long-term policies, this trend is just beginning.

"Local business leaders in the sectors of consumer goods, infrastructure building, healthcare, and financial services are positioned to grow faster than export businesses, which are correlated to lower-growth OECD countries."

The fund aims to beat its MSCI Global Emerging Markets index benchmark, but will not use the index as a basis for investment. The portfolio will be made up of between 50-80 stocks.

He added: "We allow a tracking error up to 8 per cent, which gives us the latitude to implement a value-added investment process. The fund's gross exposure can be reduced and the fund can hold up to 40 per cent of its assets in cash, as a protection against increased market risk."

Mr Tiramani has a 20-year track record investing in emerging markets. Under his leadership the Parvest China fund returned a cumulative 957 per cent over 15 years, and the Parvest Emerging Markets Europe fund 69 per cent over the last five years (to April 2010), according to the latest factsheet.