

Client: Chi Med
Source: Money Observer (Supplement)
Date: 01 June 2011
Page: 4
Reach: 16385
Size: 309cm2
Value: 2586.33

Citigate
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Deep value approach reaps rich harvest

LEGAL & GENERAL UK ALPHA TRUST **WINNER**

The recipient of our award for Best UK Growth fund this year scores a hat trick with its third win in a row. If all funds showed this type of consistency it would make an investor's life a lot easier. However, those seeking a UK growth fund that invests only in the UK economy might be disappointed. Although our winning fund invests in shares that are listed on the London Stock Exchange, they do not necessarily operate in the UK.

What investors certainly won't be disappointed with is the performance of Richard Penny's fund. Having come up with the concept for the fund, which he has run since inception, he has also invested his own money and is about to invest more.

His two core principles when choosing investments are 'deep value' and 'strong growth'. His aim is to find companies whose share prices will double over three years. He explains: 'Deep value is basically about buying quality companies as cheaply as possible. This sort of opportunity presents itself when good companies need refinancing, or shareholders become forced sellers, such as around the time of the financial crisis, and often from companies listed on the Alternative Investment Market (Aim).'

Penny adds: 'Often when company valu-

ations fall below £100 million on Aim there is less coverage and some investors can't own them. But I have discovered some real hidden gems there.'

Offsetting the higher-risk nature of his Aim holdings, which account for around 50 to 60 per cent of the portfolio, he holds around 25 per cent of the fund in large companies, such as Prudential.

He focuses on around 40 holdings but insists that he is 'an investor in businesses and not a trader'. Among his successful Aim holdings in recent years have been Hutchison China Meditech, a pharmaceutical and healthcare group based primarily in China, and Immuno Diagnostics, which he recently sold. Penny says: 'Both had good business franchises and strong growth but because they were on Aim they were more difficult to find. However, if a business is good, other investors will eventually find out about it and its share price will go up.'

Whatever the future holds for the global economy, Penny believes his fund can continue to outperform the FTSE All-Share index. He says: 'There are always companies that will do well and Legal & General's strong position in the UK market helps to give access to these businesses.'

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Fund manager	Richard Penny since 2005
Growth over 3 years	72.51%
Minimum investment	£500
Total expense ratio	1.72%
Contact details	0800 0277 1699 www.legalandgeneral.com/investments

