

Money

## You can depend on the haven of Troy

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Personal Investor



**M**ost investors and their fund managers have had an awful summer. But it is pleasing to learn that there have been exceptions: managers who have protected their investors' assets from the worst of the falls. Managers who deserve every penny of their ample salary. Two of these are Sebastian Lyon and Francis Brooke, joint managers of the Trojan Capital fund.

**What is it?**

A collective fund (Open-Ended Investment Company) that primarily invests in a spread of UK and international equities. It is part of a portfolio of funds run by Troy Asset Management, the independent fund manager originally set up to look after the family fortune of Lord Weinstock, managing director of the former industrial giant GEC.

Mr Lyon was one of the founders of Troy Asset Management a decade ago. He has been looking after the Trojan Capital fund since 2008 and also manages the Troy Trojan fund, which has closed to new investors, and the Personal Assets Investment Trust.

Mr Brooke joined Troy Asset Management in 2004 from Merrill Lynch Investment Managers. He also runs the Trojan Income fund and the Troy Income & Growth Trust.

Trojan Capital falls within the active managed sector, which means that 100 per cent of the fund can be placed in equities, while at least 10 per cent of the fund must be in non-UK shares. It was launched in March 2006.

**What are its strengths?**

Lord Weinstock, who died in 2002, decided to set up his own

asset manager after failing to find anyone running money in the way that he wanted. It was 1999 and the height of dot-com mania, when notions of taking too much risk were ditched in an aggressive race for profits. He was searching for a more reasoned approach focused on capital preservation and growth generation over the long term. He believed in delivering real returns beating cash and inflation rather than obsessing about the performance of rival funds or benchmarks such as the FTSE 100.

That approach proved far-sighted when the dot-com bubble burst only months later. Given the rocky ride on the stock market over the past ten years it has become increasingly popular, as a concept at least. However, few fund managers have been able to successfully deliver such an approach. The team at Troy are among the few.

The fund is actively managed. Trojan Capital currently has 33 per cent in UK larger companies, 10 per cent in UK mid-caps and 3 per cent in UK smaller companies. Another 37 per cent is in international shares, with 8 per cent in gold and 9 per cent in cash. Its biggest investments include Gold Bullion Securities, Microsoft, Unilever, Johnson & Johnson and BG Group.

**And its weaknesses?**

Conservative and capital preservation are words that won't appeal to every investor. The goal of Troy Asset Management with all the funds it manages is to produce steady growth in all market conditions with low volatility. Investors drawn to the racier appeal of emerging markets and smaller companies may not be content with that.

**What do the key numbers tell us?**

Trojan Capital has returned 43 per cent since launch in March 2006, according to Thomson Reuters. This compares with an almost 8 per cent drop in the FTSE all-share index. Over three years the fund has returned 28 per cent, making it

one of the best performers in the active managed sector. Over the tricky past two months the fund has fallen in value by 3 per cent, compared with an 11 per cent drop in the all-share.

**Does it pay dividends?**

Yes, although the payouts are small. Dividends over the last year were only 1.632p a share.

**Are its shares attractively valued?**

Troy Asset Management's approach to fund charges is refreshing. The fund has no initial charge although there is a dilution levy to buy and sell the fund of 0.5 per cent. The annual management fee is 1 per cent. Its total expense ratio, which includes most of the fees involved in running the fund, is 1.14 per cent, which is low for an actively managed fund. Troy also makes a point of not charging performance fees, which has to be applauded. The minimum investment is £1,000.

**Have any directors been buying?**

Troy Asset Management encourages its managers to invest in their own funds so their fortunes are aligned with those of their investors.

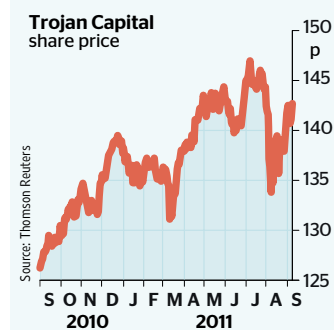
**What are its prospects?**

Trojan Capital wasn't my first choice when deciding what to cover this week. The multi-asset Troy Trojan, also managed by Mr Lyon, had caught my attention because it has held up valiantly during the summer's downturn. It is more conservatively managed than Troy Capital and invests in a wider spread of assets. So I was disappointed to be reminded that it had closed to all but existing investors.

That led me on to Trojan Capital, which offers a way to still benefit from the superb investment skills of Mr Lyon as well as his colleague Mr Brooke. Although it is riskier and not as diversified as Troy Trojan, it is still less volatile than many of its competitors.

Troy Asset Management's philosophy of preserving capital is applied to all its funds, and has served them well during

**Company Dashboard**  
Trojan Capital



Share price **142.22p**

0.2% on week 6.4% on month

12-month high **146.89p**

12-month low **126.23p**

Current PE ratio -

Dividend yield **1.7**

Times Money recommendation (12-month prospect)



**Market Dashboard**

FTSE 100 **5,214.65**

1.5% on week 0.9% on month

12-month high **6,091.33**

12-month low **5,007.16**

PE ratio **8.5**

Dividend yield **3.6**

volatile times. There have been plenty of those over the past decade so they have superb track records.

There is a danger that a fund such as Trojan Capital might look rather pedestrian in a bull market against more aggressively managed funds. However, that should not be a concern for long-term investors in search of steady growth. For those who prefer investment trusts, Personal Assets, run by Mr Lyon, is managed the same way.

**Verdict Buy**