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By Bei Hu

Oct. 9 (Bloomberg) -- The Iveagh Wealth Fund, managed by the Guinness family office, sold its bond holdings and raised the equity allocation to 60 percent as executives predict stocks will continue rising.

The 180 million pound (\$289 million) fund had 32 percent of its assets in equities and 50 percent in fixed income in September last year, said John Ricciardi, an investment committee member of London-based Iveagh Private Investment House, in an interview yesterday in Hong Kong.

Iveagh, which manages investments for three wealthy families including the Guinnesses, boosted equity holdings after its own research and technical analysis of price trends indicated economies and stock markets will recover faster than investors expect, executives at the fund said. The MSCI World Index has advanced 23 percent this year after slumping 42 percent in 2008.

"There's no positioning in the marketplace for such a sharp recovery," said Cambiz Alikhani, another member of Iveagh Private Investment House's investment committee. "Therefore, your risk is on the upside."

U.S. gross domestic product is expected to shrink about 4 percent between its peak and trough in the current economic "cycle," Alikhani said, citing what he called the consensus forecast. In other periods of economic contractions of a similar magnitude, the ensuing rebound in the following year was between 5 percent and 9 percent, more than the current estimate of 2 percent, he said.

"It's telling you what's priced into current market expectations is the very low end of the scale," Alikhani said.

Iveagh traces its roots to one of the world's first family offices, set up in 1886 by the Irish Guinness family to protect the fortune it amassed from taking its eponymous brewing business public.

The Iveagh Wealth Fund, set up in September 2008, raises money from other investors and seeks to replicate financial investments the company manages for its family clients. About 15 percent of its investments are in commodities and 5 percent in private equity funds, Ricciardi said.

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