

Close Managed Funds

Monthly fund manager update

SEPTEMBER 2021



MANAGED FUNDS TEAM

MONTH IN FOCUS

Once again, China worries spooked the market, this time over the potential collapse of property developer Evergrande. When coupled with the rise in gas prices and fuel shortages, it may come as no surprise that positive returns were almost non-existent across all asset classes in September.

Within the major regions, the only equity market to post a positive return was Japan, which was up +5.0%, with the UK flat over the month and Europe the laggard returning -3.7%.

Against this backdrop the Managed Funds returned between -1% to -1.3% but fared better than their long-term strategic asset allocation benchmarks.

THOUGHTS FROM THE TEAM

Our Japanese funds produced strong returns with Coupland Cardiff (owned in Income) the stand out performer at +6.8%. This fund invests in companies that pay a sustainable and growing dividend, playing into the dynamic of improving corporate governance in Japan where companies are becoming more shareholder-friendly.

Given the market concerns surrounding China, you might find it surprising that the Allianz China A Fund had a strong month delivering +2.3%, but it invests in the “onshore” (A Share) market where the focus tends to be on the domestic growth story; the fund has no exposure to large technology or property companies.

As noted, gas prices have soared by nearly 300% this year in Europe which has led to the energy sector performing strongly but also raised fears of rising inflation. Inflation is unhelpful for fixed interest and UK Gilts were down -3.8% over the month. Across the funds our preference for shorter duration bonds and the flexible strategic bond funds paid off, with Schroder Strategic Credit, for example, managing to produce a small positive return of +0.1%.

It was a good month for our absolute return funds which all delivered positive returns. During this difficult period, this really highlights the benefit of our multi-asset approach and the diversification it brings.

ACTIVITY

We didn't make many changes in September but we did add to our UK and US equity holdings in Managed Growth.

IMPORTANT INFORMATION

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