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Close Managed Funds

Monthly fund manager update

OCTOBER 2021

MANAGED FUNDS TEAM

MONTH IN FOCUS

It was a good month for the majority of developed market equity indices and all of the Managed funds were in positive territory for October.

Towards the tail end of the month tech and growth factors reasserted themselves over inflation and supply disruption concerns and it is this tug of war between the short-term drivers of market direction and momentum has been a prominent feature of the last 12 months.

THOUGHTS FROM THE TEAM

The US and Europe were the best performing markets with Japan and Emerging Markets weakest. It was a market where our managers with higher active share generally underperformed those who tracked the index more closely, but we still saw good returns from a number of our holdings.

Continuing its strong returns of late was the European Opportunities Trust, which delivered +6% for the month, while also in Europe, the Berenberg Europe ex-UK managed +4.8% and the Montanaro European Income returned +4.6%. For reference the European index returned +2.9% over the same period. Elsewhere, the Scottish Mortgage Trust had another good month with a return of +5.2%.

Within the fixed interest space it was a similar story, with our active managers, broadly, underperforming their respective indices with our strongest performance coming from our the gilt tracker exposed to issues in excess of 15 years, which returned +5.7%.

Worthy mention should also go to the Nomura Global Dynamic Bond fund, however, which delivered +0.4% against -0.3% for the broader strategic bond index.

Whilst our equity and bond managers delivered mixed performance over the month, it was pleasing to see stronger numbers from our alternative holdings. Our property exposure was strong (particularly within Managed Income), where the more specialist UK exposed LXi REIT and AEW REIT returned +6.8% and +6.0% for the month respectively. Within the infrastructure space, there was a very decent rally from The Renewable Infrastructure Group (TRIG). TRIG posted +7.3% following a year in which it has lagged and demonstrated a returning appetite for its exposure to renewable power generation.

Also bouncing after a weak year was the infrastructure debt vehicle, GCP Infrastructure, which returned +6.2% for the month.

ACTIVITY

We conducted very little transactional activity within the portfolios during October. The exception being that we switched half of our physical gold exposure into our existing allocation to broad commodities. Our rationale for this is that in the near term we believe this to be a better way of benefitting from inflationary fears, particularly as we head into winter in Europe and North America.

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