

Close Managed Funds

Monthly fund manager update

NOVEMBER 2021



MANAGED FUNDS TEAM

MONTH IN FOCUS

It was a good month for the Managed funds, which not only delivered positive absolute performance numbers, but also outperformed their respective IA Sector peer groups across the range.

November was characterised by a degree of volatility in markets which ultimately saw US markets outperform the UK, Europe, Asia, and Emerging Markets.

THOUGHTS FROM THE TEAM

Longer duration, growth assets generally did better over the month relative to more cyclical value assets.

Although the passive index positions we hold were typically the better performers during November (flattered a bit by end of month price moves), there were still some standout returns from a number of our funds. In the US, for example, the Columbia Threadneedle US Disciplined Core fund returned +3.4% for the month, against +2.0% for the index. It has exposure to different market factors and adopts a quantitative approach to gain diversification across investment styles.

Outside the US we also saw very strong relative alpha from some of our managers in Asia and Emerging Markets. The Matthews Asia Dividend ex-Japan fund delivered +4.4% versus the index return of -1.3%; while the Schroder Asian Total Return fund managed +1.6% against the same benchmark. In China, which has generally endured an

uninspiring year, the Allianz China A Share fund returned +1.4% against a -1.1% for Emerging Markets more broadly.

In fixed income, our decision to maintain exposure to UK gilts at the long end of the yield curve paid off as our long gilt tracker (over 15 years) returned +5.6% for the month; this in addition to our broader gilt exposure which delivered +3.1%. Within corporate fixed income, it was a more mixed bag. Investment grade bonds outperformed high yield bonds and alternative credit, but our managers generally underperformed the index, which has a slightly longer duration.

Within the alternatives space it was a positive month for gold and infrastructure, where returns were positive across the board. The stand out performer, however, was our exposure to music royalties, where the Roundhill Music Royalty fund returned +4.4% for the month following a positive first full year results. There was also a good return from AEW REIT, held within Managed Income, which returned +3.2%.

ACTIVITY

During the month we topped up our European mid-cap exposure in the form of the Berenberg Europe ex-UK fund, alongside some other small top-ups within the Managed Growth strategy. We also made new investments into the Pantheon Infrastructure investment trust on their initial capital raise, and bought into the launch of a new long short equity strategy in the form of the Invenomic US Equity Long/Short.

IMPORTANT INFORMATION

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