

Close Managed Funds

Monthly fund manager update

NOVEMBER 2022



MANAGED FUNDS TEAM

MONTH IN FOCUS

November saw a continued rally in risk assets as the expectations around inflation began to moderate. All of the Managed funds were in positive territory, with both Managed Income and Managed Growth performing well relative to their peer group IA sectors.

Returns in November were as follows (with respective Investment Association Sector peer groups in brackets): Managed Conservative +3.2% (vs +3.4%), Managed Income +3.7% (vs +3.4%), Managed Balanced +3.2% (vs +3.7%), Managed Growth +3.5% (vs +3.5%).

THOUGHTS FROM THE TEAM

As the dollar strength that has characterised much of 2022 subsided, it was a better month for sterling and emerging market assets. In the UK it was also a good month on a relative basis for the majority of our active managers. The Baillie Gifford UK Alpha fund, for example, returned +10.6%, versus +7.1% for the market, while the Chelverton UK Equity Income fund delivered +9.7% for the month. This demonstrated that both growth managers (as in the case of Baillie Gifford) and value (Chelverton) were able to produce strong returns during November. Elsewhere, a number of our equity managers in different regions also delivered double digit returns. In Europe and Japan the European Opportunities Trust and the Coupland Cardiff Japan Income & Growth Trust both delivered +10.3%, significantly ahead of their respective markets. It was in Asia and emerging markets, however, where the returns were strongest. The NinetyOne Asia Franchise fund managed a +12.8% return in

the same region that the Schroder Asian Total Return fund delivered +11.4%. In emerging markets meanwhile, the Redwheel Global Emerging Markets returned +12.6%..

Our decision to begin adding to fixed income since the summer is beginning to pay off as bonds continued the recovery that began last month. The BlackRock Sustainable Strategic Bond fund had another decent month with a return of +5.7%. This was complemented by the Artemis Corporate Bond and the Janus Henderson Strategic Bond funds, which returned +4.3% and +3.2% respectively. All three of these funds feature across all four of the Managed funds, forming a core part of our fixed income exposure.

It was a much more mixed picture from our alternative fund allocation, with some in modestly positive territory and others posting a small negative return. Our gold exposure was a positive contributor, however, benefitting from a weaker US dollar.

ACTIVITY

During the month we added modestly to fixed income within Managed Growth, and continued to add to the asset class more broadly across the range where we have introduced the Fidelity Short Dated Corporate Bond fund. This Fidelity fund is largely a replacement for a short dated index tracker fund. We've made the change as we believe the active strategy can deliver additional returns for a very small additional cost, and it reflects our preference for active funds where we have conviction around the potential for alpha.

IMPORTANT INFORMATION

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