

Close Managed Funds

Monthly fund manager update

APRIL 2023



MANAGED FUNDS TEAM

MONTH IN FOCUS

It was a month of divergent returns across asset classes as some areas did well, while others such as US and Asian equities suffered negative returns. However, against this backdrop, all four Managed Funds produced a positive return, with Managed Income and Managed Conservative ahead of their Investment Association (IA) sector peer groups, helped by a healthy allocation to the UK and good returns from infrastructure.

Therefore (with the respective IA sectors in brackets): Managed Conservative added +0.63% (+0.55%), Managed Income +0.76 (+0.55%), Managed Balanced +0.22% (+0.58%) and Managed Growth +0.07% (+0.45%).

THOUGHTS FROM THE TEAM

The UK and Europe were the best-performing equity markets, although in both instances the returns were easier to find at an index level – with passive outperforming active over the month. The best-performing active fund was BlackRock Continental European Income, which returned +3.1% from a portfolio that includes a lot of European healthcare and consumer luxury names. Returns in the US and emerging markets were generally negative with particularly weak performance from Asia stemming from subdued activity following the reopening of China. Despite Japan having a negative month, it was heartening to see our exposure to two active funds producing small positive returns for April.

Within fixed income it was a better month with short duration generally posting some healthy returns for the asset class; this was following the market perceiving that interest rates might not come down as quickly as previously hoped. The best-performing fund was the TwentyFour Monument Bond fund, which allocates principally to UK and European residential mortgage backed securities, and delivered +1% for the month.

Returns across our alternatives were generally very strong and helped lift the Managed Funds into positive territory, and provided good diversified performance relative to equities and bonds. For example, monthly returns from LXi REIT, GCP Infrastructure, and Hipgnosis Song music royalties fund were all in excess of 7%. All this meant that despite commodities and gold posting a small negative, our alternative allocation was a positive contributor.

ACTIVITY

During the month we sold Threadneedle UK Alpha Income, a long-term holding, following the departure of one of its managers. We replaced it with the GLG UK Income fund, which is an income-focused strategy with a valuation discipline. In addition we topped up our holding in the Clearbridge Global Infrastructure Income fund within Managed Balanced and Managed Growth portfolios, funding this from cash. Finally, we continued to sell down our allocation to the European Opportunities Trust, using slightly better returns from this growth-focused trust to reduce our holding on positive market days.

IMPORTANT INFORMATION

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