

Close Managed Funds

Monthly fund manager update

January 2025



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MONTH IN FOCUS

Despite some volatility ahead of the US Presidential Inauguration and the potential for trade tariffs, markets largely shrugged off political concerns with decent positive returns, particularly in the UK and Europe, but also the US.

Returns in January were as follows (with respective Investment Association sector peer groups in brackets): Managed Conservative +2.6% (vs +2.4%), Managed Income +2.2% (vs +2.4%), Managed Balanced +3.3% (vs +3.3%) and Managed Growth +3.8% (vs +3.6%).

THOUGHTS FROM THE TEAM

There were some strong returns from our active managers in February, particularly in the US, over and above what was achieved by market indices. Leading the way was the Baillie Gifford American fund, which returned +9.9% relative to the market's return (the MSCI North America delivered +3.8% in sterling terms), but there was also strong monthly performance from the Brown US Flexible fund, which has a more core approach – it returned +6.0% in January.

Europe had a good month and the Divas Eurozone fund, which is a concentrated strategy of what the manager considers to be value opportunities, returned +9.4% relative to the wider European market (the MSCI Europe ex UK) that delivered +8.2% (in sterling terms). There was also some good performance from our emerging market exposure, despite the asset not performing particularly spectacularly at

an index level. The Pacific North of South EM All Cap Equity fund returned +5.9% relative to the index (MSCI Emerging Markets) that delivered +2.6% (in sterling terms).

It ended up being a modestly positive month for fixed income after a rocky start on inflation fears. By the end of January, market concerns had begun to abate and bond yields fell. Although all our bond holdings were in positive territory for the month, it was the more vanilla credit funds that did best. The Artemis Corporate Bond fund and the BNY Mellon Responsible Horizons UK Corporate Bond fund both returned +1.1% for the month.

Within alternatives it was another mixed month for infrastructure, while UK real estate had a positive month, with London Metric delivering a total return of +3.5% for January. Meanwhile gold continued to appreciate and was up over another +8% for the month.

ACTIVITY

During the month we topped up our gilts allocation across the portfolios as yields reached recent highs and we gently trimmed some equity weights across the portfolios, mainly in the US. Some of the trims funded a new purchase, namely the T.Rowe Price US Structured Research Equity fund, which seeks to garner the best names from T. Rowe Price's considerable equity research analyst team.

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CBAM10045 13/02/2025

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