

Vintage Asset Management - Managed Portfolio Service (MPS)

Quarterly update – October 2023

Market background

The third quarter of 2023 saw a degree of volatility in markets given some persistence in the rate of inflation and revised expectations on interest rates, against a background of mixed if quite resilient economic growth. We covered the themes in our [quarterly review for Autumn](#).

Asset allocation

We have made some adjustments to portfolio positioning within the same overall asset allocation ranges. We have increased exposure to fixed income with a reduction in equities and alternatives as we view the current yields available as increasingly attractive. We boosted the allocation to bonds by 5% in all MPS active portfolios except for Balanced Income, where we added 7.5%, whilst there is a 4.5% weighting for a new Equity Growth model.

The latest asset allocations are:

Mandate		Bonds	Equities	Alternatives	Cash
Cautious	<i>Range</i>	35 - 60%	15 - 35%	10 - 35%	0 - 25%
	Current	50%	20%	20%	10%
Cautious Balanced	<i>Range</i>	25 - 50%	30 - 50%	10 - 30%	0 - 25%
	Current	42.5%	37.5%	15%	5%
Balanced	<i>Range</i>	15 - 40%	45 - 65%	10 - 30%	0 - 20%
	Current	30%	52.5%	15%	2.5%
Balanced Income	<i>Range</i>	15-40%	45-65%	10-30%	0-20%
	Current	32.5	51%	14%	2.5%
Balanced Growth	<i>Range</i>	5 - 30%	60 - 80%	5 - 30%	0 - 20%
	Current	20%	65%	12.5%	2.5%
Growth	<i>Range</i>	0 - 20%	70 - 90%	0 - 25%	0 - 20%
	Current	12.5%	77.5%	9%	1%
Equity Growth	<i>Range</i>	0-10%	75-100%	0-15%	1%
	Current	4.5%	90%	4.5%	1%

Portfolio changes

In each portfolio model, where platforms permit, we have allocated all but 1% of the cash weighting to money market funds to enhance the yield. We have added exposure to higher-yielding bonds in all active portfolios. Within equities we switched the passive holding to an active fund in Japan, added exposure to India and reduced exposure to UK smaller companies. Within the Sustainable Future range we have maintained the asset allocation, while switching some longer-dated bond funds into shorter-dated holdings in the Balanced and Growth models. The Passive model portfolios remained as per the prior quarter. We re-balanced all model portfolios on 31th October 2023.

VAM MPS Active

Purchases and increased weightings:

Fidelity Short Dated Corporate Bond – a new position for Balanced Income

Royal London Short Duration Credit – a new position for Balanced Growth reflecting higher short-term rates

Man GLG High Yield Opportunities – a new position for all portfolios

Jupiter Strategic Absolute Return Bond – a new position for Cautious, Cautious Balanced and Balanced

Sales and reduced weightings:

Twenty Four Absolute Return Credit - favouring higher yield in Cautious Balanced and Balanced

ASI Short Dated Global Inflation Linked Bond - favouring higher yield in Cautious

Switches:

JPM Emerging Markets Income to Redwheel Next Generation Emerging Markets – reducing exposure to larger emerging markets in favour of frontier markets

Baillie Gifford Pacific to Stewart Investors Asia Pacific Sustainability – preference for a holding with a higher allocation to India

Fidelity Japan Index to Morant Wright Nippon Yield and Man GLG Japan Core Alpha – increasing the focus on lower price-to-book companies.

R&M UK Smaller Companies into Gresham Multi Cap Income – adding exposure to higher dividend-paying companies.

Cash into BlackRock Sterling Liquidity – enhancing the yield on portfolios

Allianz Continental Europe into Waverton European Capital Growth - following a team change

VAM MPS Sustainable Future

Switches:

Jupiter Ecology and Wellington Global Impact to Wellington Global Stewards – increasing exposure to large capitalisation quality companies.

Partial switches from Wellington Global Impact Bond and Eden Tree Amity Sterling in Balanced and from Wellington Global Impact Bond in Growth to Eden Tree Amity Short Dated – favouring higher shorter-dated bond yields.

Cash into BlackRock Sterling Liquidity Environmentally Aware in Cautious and Balanced - enhancing yield on portfolios

VAM MPS Passive

No changes

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