

Vintage Asset Management - Managed Portfolio Service (MPS)

Quarterly update – April 2024

Market background

The first quarter of 2024 saw positive moves in markets, as investors anticipated cuts in interest rates, appreciated the development in company profits and enthused over the potential growth in the use of Artificial Intelligence. The political and geopolitical issues did not dent the overall level of confidence, although the oil price rallied on the risk of an escalation in the conflict in the Middle East, with a potential impact on regional oil supplies. We covered these themes in our [quarterly review for Spring](#).

Asset allocation

The investment committee determined not to make any significant asset allocation shifts for the MPS portfolios. The changes we are making from the previous quarter have been on the basis of fund selection rather than a top-down approach. For Cautious and Cautious Balanced this has meant that we have reduced the fixed income weighting by 5% and increased that for alternatives by the same amount, while for Equity Growth we reduced the equity allocation by 1.5% with a proportionate increase in alternatives.

The latest asset allocation by mandate are:

Mandate		Bonds	Equities	Alternatives	Cash
Cautious	<i>Range</i>	35 - 60%	15 - 35%	10 - 35%	0 - 25%
	Current	45%	20%	25%	10%
Cautious Balanced	<i>Range</i>	25 - 50%	30 - 50%	10 - 30%	0 - 25%
	Current	37.5%	37.5%	20%	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%	52.5%	12.5%	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%	88.5%	6%	1%

Portfolio changes

With the Active range, we introduced a new fund in Argonaut Absolute Return for the Equity Growth mandate, as the fund has demonstrated consistent annual returns with low correlation if with a degree of volatility. We reinstated Tellworth UK Select on the approved list following its removal in July 2023 due to the departure of one of the principal fund managers; the fund has continued to demonstrate strong risk-controlled returns and the processes remain intact. Further changes reflected the introduction of a minimum allocation to any given fund at 2% within equities for Balanced and higher risk mandates. In the Balanced Income portfolio we increased the exposure to pan-European real estate reducing UK property and infrastructure.

Within the Sustainable Future range, we implemented two switches for Balanced and Growth mandates in Regnan Water and Waste instead of Schroder Sustainable Food and Water and in BNY Mellon Sustainable European Opportunities, to replace the R&M Europe Change for Better fund which closed during the quarter.

The Passive range saw the annual rebalance of the international equity exposure. The changes reflected the new blend of GDP and market capitalisation weightings, resulting in an increase to the United States and a reduction in Asia.

The rebalance took effect on 30th April 2024.

VAM MPS Active

Purchases and increased weightings:

Lightman European and Dodge & Cox US Stock – increasing allocation to value theme in Europe and US in Equity Growth

Sales and reduced weightings:

RM Alternative Income – reducing infrastructure in Equity Growth

Switches:

Jupiter Absolute Return Bond into Tellworth UK Select – preference for equity long/short over macro bond strategy for Cautious and Cautious Balanced;

Schroder Sustainable Food and Water into Argonaut Absolute Return – reducing thematic exposure in favour of idiosyncratic absolute return approach;

VT Gravis UK Infrastructure into Abrdn European Property – reducing UK property and infrastructure in favour of European real estate

VAM MPS Sustainable Future

Switches:

Schroder Sustainable Food and Water into Regnan Sustainable Water and Waste – focusing exposure on water and waste;

R&M Europe Change for Better into BNY Mellon Sustainable European Opportunities – replacing a closed fund

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