

Vintage Asset Management - Managed Portfolio Service (MPS)

Quarterly update – July 2024

Market background

The second quarter of 2024 saw some continued positive moves in markets if more variable, given the evolution in the inflation rate and the timing of the first cuts in interest rates from the major central banks. The political and geopolitical issues remained substantial and the outcome of elections had some impact on specific markets. Yet the level of investor confidence remained high, in particular as company profits showed decent growth and corporate activity increased especially in the UK, although much of the return has come from a higher rating on shares. We covered these themes in our [Summer Investor Insights](#).

Asset allocation

The investment committee decided to maintain the current asset allocation seeing it as appropriate for evolving developments both economically and politically. The committee noted that the economic backdrop was broadly supportive as whilst some elements were indicating a slowing in the US economy, the UK and Europe were on an improving trend. The corporate governance reform has resulted in improved valuations in Japan which has been an opportunity to reduce exposure from an overweight position and reallocate towards global equity income and emerging markets. The committee also noted the increased dispersion in valuations and the somewhat stretched expectations for certain areas of the market, notably in US technology, and companies perceived to be beneficiaries of the investment in Artificial Intelligence.

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

Within the Active range, we switched one of the Japanese equity holdings to global equity income for lower risk mandates and to emerging markets for Balanced Growth and Growth. Within Europe we adjusted the weightings favouring a fund with a capital cycle approach.

Within the Sustainable Future range, we switched from Wellington Global Stewards in favour of CT Sustainable Global Equity Income, sold Montanaro Better World and reduced Guinness Sustainable Energy on concerns over volatility. We introduced a new thematic holding within healthcare.

We maintained the current allocations and positioning for the Passive range.

We re-balanced portfolios on 31st July 2024.

VAM MPS Active

Purchases and increased weightings:

Artemis SmartGARP Global Emerging Markets – a new position in emerging markets with attractive valuations for Balanced Growth and Growth;

JP Morgan Global Equity Income – increasing exposure to dividend growth strategy for Cautious Balanced and Balanced; and

Aviva Global Equity Income – increasing exposure to dividend growth for Balanced Income.

Sales and reduced weightings:

Man GLG Japan CoreAlpha – reducing exposure to Japan.

Switches:

Waverton European Capital Growth from Lightman European – a partial switch increasing the weighting to a core proposition with a capital cycle approach.

VAM MPS Sustainable Future

Switches:

Wellington Global Stewards into CT Sustainable Global Equity Income – favouring its sustainability and valuation approach; and

Montanaro Better World into RedWheel Life Changing Treatments – adding thematic healthcare exposure.

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