

Vintage Asset Management - Managed Portfolio Service (MPS)

Quarterly update – October 2024

Market background

The third quarter of 2024 saw further positive moves overall in markets given the continued evolution in the rate of inflation and cuts in interest rates from the major central banks. There was notable volatility at times while political and geopolitical issues remained substantial. Investor confidence was based on the resilience of the world economy and on the increases in company earnings. We covered these themes in our [Autumn Investor Insights](#).

Asset allocation

The investment committee in October 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 the UK and Continental Europe were on an improving trend, if Germany less so, even as some data pointed to a slowing in the US economy. Inflation has reached or is approaching key central bank targets and there is scope for continuing interest rate cuts, further supporting markets and valuations, which have become quite ambitious in certain sectors. The significant fiscal and monetary stimulus from the Chinese authorities, which prompted a sharp rally in September, may prove a turning point and presage further stock market gains. As such we made a modest adjustment to our Asia and Emerging Markets positioning to increase Chinese exposure.

The latest asset allocation by mandate is:

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 an Asia-Pacific equity holding with a focus on India, which had performed strongly, to an Emerging Markets holding with a higher weighting in China.

Within the Sustainable Future range we switched holdings focused on renewable energy for real estate, sold out of Baillie Gifford Positive Change and added to fixed income for the Growth portfolios. We also added Royal London Sustainable Short Dated Corporate Bond in place of an EdenTree holding.

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

We re-balanced portfolios on 25th October 2024.

VAM MPS Active

Switches:

Artemis Emerging Markets SmartGARP from Stewart Asia Pacific Sustainability – preference for a value approach and higher allocation to China;

M&G Global Target Return from CG Absolute Return for Cautious portfolios - on prospects for a more consistent performance;

CT Sustainable Global Equity Income from Aviva Global Equity Income - following a manager change.

VAM MPS Sustainable Future

Switches:

Foresight Sustainable Real Estate from Gravis Clean Energy Income and Guinness Sustainable Energy – preference for real estate given trajectory of interest rates and concerns over the prospective returns from renewable energy;

Royal London Sustainable Short Dated Corporate Bond from EdenTree Amity Short Dated Bond - on prospects for better relative performance;

Wellington Global Impact Bond and Rathbone Ethical Bond from Bailie Gifford Positive Change – increasing exposure to shorter-dated and more predictable cash flows.

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