



Valu-Trac KMGIM Growth fund

November 2024

Monthly review

October was a volatile month for markets, with equities moving lower after a strong rally during September. Growth risks remained the primary concern for investors, despite signs of resilience, particularly in the US economy. Uncertainty was also heightened by the upcoming US election and the potential implications of a policy shift on inflation and interest rates.

The IMF (International Monetary Fund) warned that levels of government debt in many countries were becoming unsustainable and could have a negative impact on long-term growth. Meanwhile, share prices in Asia were hit by fresh concerns about the extent and effectiveness of stimulus measures in China, and there were also signs of looming weakness in the global semiconductor sector following a period of impressive gains.

In the US, headline inflation rose by 0.2% month-over-month and 2.4% year-over-year, marking the slowest annual increase since early 2021. However, core inflation remained elevated at 3.3%, driven by rising costs in medical care, auto insurance and airline fares. However, interest rate cuts are still expected this month and potentially in December, but a strong labour market and resilient inflation has reduced the likelihood of a 0.5% cut at either of these meetings.

Since inception performance - 1st November 2019 – 31st October 2024



01/11/2019 - 31/10/2024 Data from FE fundinfo 2024

Past performance is no guarantee of future success. Please note that as a fund of fund our pricing is a day later than other funds and indices. This is due to the collating of the underlying prices of the funds we hold and then the publishing of our fund price follows.

Investment Strategy & Outlook

Global growth is showing increasing signs of cooling along with easing inflationary pressures. So long as the earnings outlook is stable equities should provide further upside. Whilst avoiding a global recession remains the base case there are key risks to global markets that need to be navigated including potential central bank policy mistakes, a steeper decline in growth, the election calendar, geopolitical tensions and finally the trajectory of Chinese growth.

Markets may well be in a sweet spot for a while so long as the soft-landing narrative prevails. Historical data shows that equities perform strongly in rate cutting cycles outside of a recession. If a recession ensues, then it is a very different story. For now, however, with the economic data in the US showing a gentle slowdown, and with more rate cuts to come, the backdrop is most certainly more positive. We still have plenty of political and geopolitical hurdles to get over in the coming months but in the near term, confidence on the economic and monetary policy outlook is likely to be a tailwind for risk appetite.

Investor criteria

The fund is aimed at investors with 5 or more years to invest and comfortable with equity investments in their portfolio of no more than 75%.

Fund Details	
Inception Date	1/11/2019
Estimate Yield	2.11%
Total Expense Ratio	0.90% (net – clean)
Number of holdings	32
Amount of Cash	1.21%
.Benchmark	BoE Base Rate +3%
Volatility Target Range	9% - 14%
Minimum Investment Time Horizon	Five years

One year performance - 1st November 2023 to 31st October 2024



31/10/2023 - 31/10/2024 Data from FE fundinfo 2024

Portfolio Activity

Although market volatility reigned across markets during the month, our US exposure still delivered the highest positive returns as corporate America delivered some resilient results. In contrast, our exposure to Europe delivered some negative returns as the European Central Bank (ECB) acknowledged signs of weakening economic momentum in Europe, particularly in the manufacturing sector. There was also weakness in Chinese equities due to uncertainty over the efficacy of the support measures announced in September.

Performance statistics

	1 st Nov 2019 – 31 st Oct 2024			Average annual compound return
	Maximum fall in capital *	Performance	Volatility	
Index: FTSE 100	-31.62	33.13	17.19	5.89
Index: FTSE UK Conventional Gilts All Stocks	-33.83	-22.39	9.62	-4.94
Index: S&P 500	-24.31	98.18	16.85	14.65
Index: FTSE Eurofirst 300	-25.89	45.53	17.22	7.79
Index: MSCI World	-24.58	76.25	15.52	12.00
Index: AFI Balanced Index	-19.46	22.08	10.59	4.07
BM: BoE Base Rate + 3%	0.00	28.97	0.30	5.22
Fund: VT KMGIM Growth	-21.43	26.88	10.91	4.87
Index: ARC Steady Growth PCI (Peer comparison)	-14.45	22.86	9.27	4.20

* The percentage between the highest and lowest values