WORD ON WEALTH STREET

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Which fund caught your eye this summer?

There was no summer holiday for *Wealth Manager* readers, who were on the lookout for opportunities across a variety of asset classes

RYAN HUGHES

HEAD OF ACTIVE PORTFOLIOS, AJ BELL

One fund that caught my eye over the summer is the Artemis Corporate Bond fund, managed by Stephen Snowden. The bond market is in a strange place right now with central banks directly buying bonds, which is distorting the market, and as a result it is challenging for actively managed funds to deliver. A high-conviction approach is needed to differentiate from the index and that is exactly what Snowden likes doing with his funds.

He has seemingly settled in well at Artemis, establishing a strong, hand-picked team and is focusing on fund management without any distractions. The early signs for this fund are encouraging and it is growing quickly thanks to a sensible pricing approach from Artemis. With interest rates likely to stay lower for longer (again), allowing weaker companies to survive, high-conviction credit selection could be very useful.

STJOHN GARDNER

CHIEF INVESTMENT OFFICER, SANDAIRE

During the summer, Sandaire acknowledged that the dispersion between value stocks and growth/momentum stocks had reached a multi-year record level. With the trade press beginning to latch on to the subject and our belief this divergence might quickly correct itself, we launched a search for the best global equity manager capable of taking advantage of this specific opportunity.

Through our involvement with the Wigmore Association, a group of six family offices internationally who collude in a number of ways including funds research, we were alerted to the Macquarie ValueInvest LUX Global fund.

The fund is managed in line with a disciplined value and absolute return philosophy, in a risk-controlled, concentrated and benchmark-agnostic manner. The investment process is focused on the quality of underlying business and assessment of the embedded risk. As a result, the fund exhibits Sandaire's sought after characteristics – low volatility, low downside capture and high quality compared with its peers.

ROB MORGAN

PENSIONS AND INVESTMENTS ANALYST, CHARLES STANLEY

For many years I've been lukewarm on commercial property as an asset class, and it's understandable why people are pessimistic about future rental and capital value trends in light of Covid disruption. However, now could be a good time to revisit the sector and the discounts to net asset value that have opened up in the closed-ended universe.

One trust that stands out is LXi Reit, which has some interesting characteristics: longer-dated (an average of more than 20 years), index-linked rentals, a relatively resilient tenant base and a differentiated acquisition strategy. We believe the starting yield of nearly 5% looks attractive, as does the high-single-digit discount, especially if rent collections continue to recover into the rest of the year.

MARK WILLIAMS

DIRECTOR, CHARTERIS TREASURY

Over the summer, the three sectors that received the most investor attention were tech, pharma and precious metals. The soaring market capitalisations of Apple, Amazon and Tesla attracted many headlines, gold burst through $2,000 an ounce to a new high and pharmaceutical companies went to war against Covid-19.

However, another sector that caught my eye over the summer because of its strong recovery is South Korea's Kospi Index. After a sharp drop in mid-March to a 2020 low, it has recouped all its losses and now in very positive territory. This means that over this period the Kospi has significantly outperformed the FTSE 100 in sterling terms, as well as easily beating both the Japanese and Indian markets.

One fund to have benefited from this resurgence is Baring's Korea trust. Its exposure to Korean equities such as Samsung Electronics and Hynix has showcased some impressive performance for its investor base. It will be intriguing to see if that momentum continues as the powerful Eurasian continent returns to growth.