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JUNE 2024

VAM MULTI-ASSET FUNDS MONTHLY PORTFOLIO UPDATE

Market Overview

June was another strong month for equity markets as concerns around a ‘higher for longer’ interest rate environment abated and economic data points incrementally pointed towards a ‘growing but slowing’ economy. While returns were broadly positive over the quarter, the gains seen in June were concentrated predominately in the US and Emerging Markets. Companies exposed to the artificial intelligence theme continued to outperform other areas of the market, as forward-earnings expectations continue to rise on the back of strong corporate fundamentals and AI advancements.

Unsurprisingly the US technology sector saw the strong returns. High-quality growth companies exhibiting share price momentum (i.e. Technology) was effectively the only game in town in Q2, significantly outperforming value, small-cap and dividend yielding stocks (see below MSCI ACWI Style Indices). It was a weaker month for European equities as political developments weighed on performance, most notably in France where volatility was pronounced due to the shock decision from President Macron to announce a snap election. The UK was less exposed to some of the political noise with a Labour victory effectively priced in and the equity market delivered a solid quarter while GBP continued its climb to fresh highs. It was a better quarter for emerging market equities, with strong returns in Asia thanks to stimulus measures in China to prop up the real estate sector.

USD Performance to 28/06/2024	Jun 2024	Q1 2024	YTD
Equity Total Return			
MSCI ACWI	2.30%	3.00%	11.60%
MSCI USA	3.50%	3.90%	14.60%
MSCI Europe	-2.20%	0.50%	5.80%
MSCI UK	-1.80%	3.70%	6.90%
MSCI Japan	-0.70%	-4.30%	6.30%
MSCI Asia Pacific ex Japan	3.90%	6.30%	8.50%
MSCI Emerging Market	3.90%	5.00%	7.50%
MSCI EAFE Index	-1.60%	-0.20%	5.70%
Fixed Income Total Return			
Global Aggregate	0.10%	-1.10%	-3.20%
Global Treasury	-0.10%	-2.00%	-4.90%
Global IG	0.30%	-0.20%	-0.90%
Global High Yield	0.40%	1.00%	3.20%

USD Performance to 28/06/2024	Mar 2024	Q1 2024	YTD
Currency Moves			
USD vs GBP	0.80%	-0.20%	0.70%
USD vs EUR	1.30%	0.70%	3.00%
USD vs JPY	2.30%	6.30%	14.10%
Commodities Return			
Gold	0.00%	4.30%	12.80%
Oil	6.30%	0.80%	13.70%

Source: Bloomberg. All Indices are total return in USD.

Past performance is not a reliable indicator of current and future results.

Data as at 28 June 2024.

Portfolio Update - Q2 2024

Previously, the Manager wrote extensively about our Technology and Artificial Intelligence positioning and how this has underperformed over the last quarter. In summary, its preference for software over hardware within tech has been particularly challenging, especially as the semiconductor sector has seen exceptional strength on the back of AI developments. This was once again a headwind in June. While May was particularly challenging from a relative perspective (virtually entirely explained by not owning Nvidia and Apple), returns for the Manager's key names within software / cloud / internet sectors saw improved performance in June with **Amazon**, **Meta**, **Microsoft** and **Alphabet** participating in the rally.

Encouragingly, key detractors from the previous month saw a recovery in their share prices. **Skyworks Solutions** rebounded sharply alongside the improved sentiment towards the iPhone 15 Pro and iPhone 16 cycles (Apple is Skyworks' largest customer accounting for approx. 70% of revenues) while Salesforce did recover somewhat from last month's earnings disappointment.

While the Manager's slight underweight to US equities and technology companies caused it to lag over the quarter, its position in Emerging Market equities helped to partially mitigate this detraction.

Within Fixed Income, the Manager's dynamic overweight to long-dated US bonds detracted as US government bond yields overall increased over Q2, however, the position in US TIPS ("Treasury Inflation-Protected Securities") outperformed the wider government bond universe and, therefore, contributed to performance overall. Global high yield positions also performed well over the quarter, outperforming both government bonds and investment grade bonds due to their lower interest rate sensitivity to the increasing yields over Q2.

Both listed infrastructure and real estate positions saw negative returns over the quarter as they suffered in performance as bond yields rose and put downward pressure on asset valuations. The strategy selection in these areas detracted marginally from performance as the **ATLAS Global Infrastructure Fund** underperformed given its inherent European bias which struggled over the period.

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