



## July Review

The fund returned 8.47% in July, compared to the S&P 500 ETF return of 7.56%, in sterling terms. Returns were boosted by the fall in sterling vs the dollar, to the tune of 3.8%. We had a good month in performance terms from some of our biggest weighted stocks, most notably Fiserv, which has been in our top three holdings for the last few months. It rose 15.6%, as its quarterly numbers beat expectations again and investors are getting increasingly excited about its recent acquisition of First Data. We like the deal and see it has being highly accretive in the near term. Other good performers were Planet Fitness up 8.6%, Ciena up 9.9%, Chipotle up 8.6% and another one of our bigger holdings, Chegg, was up 16.4%, also on better results.

One of the most talked about elements of the market today is whether the US is about to enter a recession or not. Fears about an impending recession are everywhere in the financial press and amongst Wall Street analysts and commentators to such a degree that my feeling is it may well be already reflected in the stock market. Our macro process picked up on the fact that the US was likely to slow about a year ago, see [commentary July 2018](#), and we positioned the portfolio appropriately for that. With so many investors worried about a slow down, fully 12 months later, we note that the S&P 500 is at all time highs and has most likely discounted this eventuality.

## Market Outlook

The slow down has not passed by without affecting stocks however. Certain sectors like Financials, Industrials and Materials are meaningfully underperforming year to date and certain sub-sectors like semiconductors, which are very cyclical, have also sold off whilst technology as a whole has performed well.

With this backdrop in mind we have been keeping portfolio activity down to a very low level. With parts of the economy slowing quite rapidly we are sticking with our favourite ideas that we believe can navigate a slowing economic environment.

*Felix Wintle 1 August 2019*

Secular winners have continued to outperform