



## May Review

The fund returned 8.3% vs the S&P 500 ETF return of 4.8% in sterling terms in May. Most of the outperformance in the month came from our holdings in the Technology and Healthcare sectors. Our best performer was Chegg, the online revision and learning company, that had blow out quarterly earnings and was up over 42% in the month. A clear beneficiary of the stay at home economy, Chegg continues to be one of the names in Tech that we really like but which also tends to fly under the radar of most investors. Our next best performer was Moderna, a biotech company, that has a leading candidate in the fight against Covid 19. This stock was up over 33% in the month.

Whilst there has been a performance improvement in cyclical sectors like retail, energy and industrials recently, our focus is still on those stocks which are leading the market rather than on those that are catching it up. So our asset allocation is still skewed towards Healthcare, Tech, Staples and Communication Services.

We did add two gold stocks in May however, Barrick Gold and Franco Nevada. The long gold theme fits well at this time of the cycle and this acts as a nice diversifier to our core positions. We also sold our long bond ETF.

## Market Outlook

The outlook for the market continues to be *the* topic that divides opinion amongst investors. How can the market be so strong when the data and the outlook remain so weak? A large part of the answer in my view is the response from the Federal Reserve, the extent and speed of which has never been seen before. This has papered over many cracks in the edifice, particularly as it relates to credit. Whether more debt is the answer to an over-levered balance sheet seems unlikely, but it is good enough for now.

This is why our chief concern is to continue to invest in companies that we are confident can ride out this tumultuous time, rather than worry too much about what the indices are doing. We believe that many of the constituent parts of the indices are un-investable at the moment.

Active management has never been a more appropriate part of the investment armoury than now.

*Felix Wintle 2 June 2020*