

May 2020. Being positive.

This year so far has been defined by the Coronavirus (COVID-19) pandemic. The month of May was no different. It was characterised by western economies 'flattening the curve' with deaths from the virus on a decreasing trajectory. 'Lockdown' measures put in place through March and April have slowly started to ease in May. Investment markets continuing to perform well. Indeed looking back, the bottom of the current market phase was *before* much of the western 'lockdown' being in place. Markets performed well *in* 'lockdown'.

Markets seem to have factored in the current and future economic recession, and effectively assumed that with interest rates at record lows and uncertainty around real estate and commodity pricing that equities continue to be the only asset class of any real accumulated value – the only growth asset. It is all about discounting the *immediate and short-term* news flow and seeing the *future* in more prosperous and optimistic terms.

Our investment style, as I emphasize is centred around being patient *and* long-term. We do not care too much for short-term trends but pay very close attention to longer-term thinking. How do we see the world in say 5 -10 years' time? who will be the economic winners and why? Short-term market movements will always occur – that is what happens when you have millions of market participants with computer models looking at second by second price movements. We focus on real trends, real thinking, real value. Technology and healthcare has always been a focus of ours in portfolios - we can only see that increasing and becoming more relevant this decade. Much of this convergence with technology is a key driver to healthcare solutions, particularly around preventative, forecasting and the implementation of healthcare. The current global health crisis has placed healthcare at the top of the governments and businesses agenda. This will benefit many technology-driven healthcare companies, primarily US based companies.

It is pleasing to see our portfolios continue to perform well, staying ahead in the year so far versus a competitive composite benchmark – a benchmark that we use as a reference point only, the benchmark does *not* guide our decision making. In May, our Growth Active portfolio returned +4% when compared to a benchmark return of +4.6%. In that portfolio *outperformance*, versus the benchmark, in the year to date of +3.4%. Other portfolios have similar characteristics. We recently produced some analytics around our investment work when compared to a comparable peer group of multi-manager funds. We are after all working in a very competitive industry – there are so many investment solutions out there. It was pleasing to see from that analysis we perform well against that comparator – *exceptionally well*. Our portfolios are often placed in the top one or two. I am happy to share that paper if anyone wants further details.

We continue to be patient *and* forward looking, seeing opportunities to perform even better and be even more focused. We continue to invest with that long-term conviction mindset that many investors *talk* about, market extensively, but so few actually *do* in practice. We are active managers; it is only by thinking and investing long-term we will add value to our clients' portfolios. We remain committed to this philosophy and will continue to implement it across all of our strategies.

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