

## OBJECTIVE

The objective is to provide capital growth, with the potential for income, over any 3-year period.

## KEY FACTS

Fund Manager	<b>GWA Asset Management Limited</b>
Comparator	<b>IA Mixed Investment 0-35% Shares</b>
Fund Size	<b>£101,786,446</b>
Launch Date	<b>19 June 2023</b>
Share Class	<b>MGTS Qualis Defensive I Acc</b>
ISIN	<b>GB00BQ66LH78</b>
OCF	<b>0.98%</b>

## MARKET COMMENTARY

Another month and another volatile period for bond investors.

Once again, driven almost exclusively by anticipated interest rate cuts, bond investors struggled to break even during May, with the Bloomberg Barclays Global Aggregate Bond Index delivering a 0.37% loss. The US 10-year Treasury bond yield fell to a month low of 4.344% on anticipatory rate cuts arriving this summer. Then following hawkish “Fed speak” from the Federal Reserve’s Open Market Committee (FOMC) members, rose to 4.619% before ending the month at 4.502%.

We made no changes to the fund during the month, maintaining our low duration position, with a somewhat “barbell” approach between actively managed Investment Grade and Strategic bond funds, alongside very short-dated US paper.

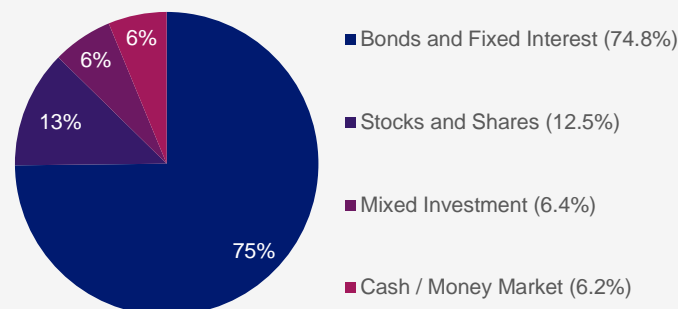
And as the question of when interest rates will be cut in the United States rages on, we continue to look at economic data and question whether there will be any cuts at all during 2024. The market consensus is favouring a November rate cut, although as the announcement would be at the November FOMC meeting, a mere 2 days after the conclusion of the US Presidential election, we do not believe that this will be a backdrop for any announcement.

And as the Federal Reserve remains data dependent, we would not be surprised if the Central bank waits for the holiday season retail data to be published in the new year before making any pivot to monetary policy.

However, if economic data does weaken, expect the Federal Reserve to change course swiftly, as we will. But until that point, we will remain cautiously positioned to avoid the volatility that has beset bond markets for the past 18 months.

Andrew Alexander  
Fund Manager

## ASSET ALLOCATION



## FULL PORTFOLIO HOLDINGS

<b>£ Strategic Bond</b>	<b>33.2%</b>
Man GLG Dynamic Income - IF H GBP Capitalisation	10.2%
Aegon Strategic Bond Fund GBP S Acc	10.1%
L&G Dynamic Bond I Acc	7.7%
BlackRock Sustainable Sterling Strategic Bond Fund	4.9%
SVS RM Infrastructure Bond Fund F Class Acc	0.4%
<b>Targeted Absolute Return</b>	<b>19.9%</b>
VT Argonaut Absolute Return Fund Class I GBP	7.6%
Royal London Diversified ABS Fund Z Acc	7.4%
M&G Global Target Return Fund GBP L Acc	4.9%
<b>USD Government Bond</b>	<b>9.7%</b>
iShares Treasury Bond 0-1yr UCITS ETF USD Acc	9.7%
<b>£ Corporate Bond</b>	<b>9.5%</b>
Man GLG Sterling Corporate Bond Fund Institutional	9.5%
<b>Multistrategy GBP</b>	<b>6.4%</b>
SEI Liquid Alternative Fund Hedged Sterling Wealth	6.4%
<b>Other Bond</b>	<b>5.2%</b>
Nomura Funds Ireland Corporate Hybrid Bond Fund F	5.2%
<b>UK Gilts</b>	<b>5.0%</b>
iShares Core UK Gilts UCITS ETF GBP (Dist)	5.0%
<b>Money Markets</b>	<b>4.9%</b>
Royal London Short Term Money Market Y Acc	4.9%
<b>USD Corporate Bond</b>	<b>4.8%</b>
iShares \$ Floating Rate Bond UCITS ETF USD Inc	4.8%
<b>Deposits</b>	<b>1.3%</b>
GBP Cash	1.3%

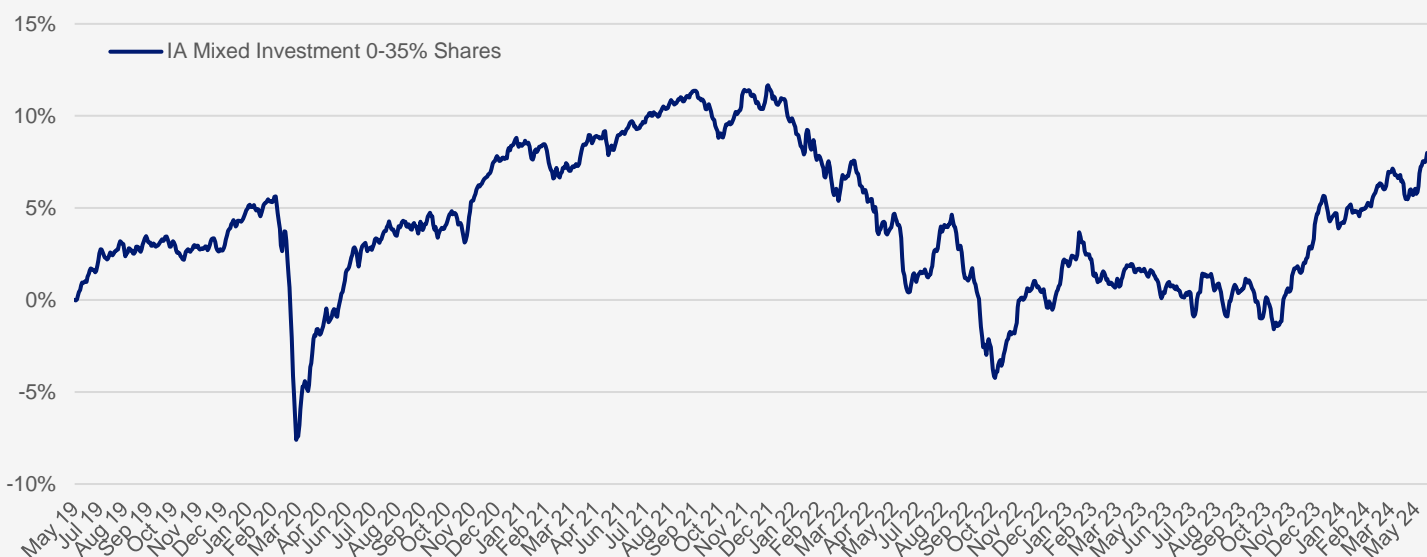
## PERFORMANCE

The IA (Investment Association) Mixed Investment 0-35% Shares Sector is used as the comparator. This is considered appropriate for investors to use when comparing performance as the sector is expected to have a similar risk profile to the Sub-fund. The sector is not constructed as an Index, therefore as funds enter or leave the sector composition can change, but it is considered that the sector remains a useful and relevant comparator for investors to assess performance within a relevant peer group.

Cumulative Performance	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
MGTS Qualis Defensive I Acc	0.89	2.89	-	-	-	-
IA Mixed Investment 0-35% Shares	1.52	4.57	6.22	-2.11	6.68	26.29

Discrete Performance	YTD	2023	2022	2021	2020	2019
MGTS Qualis Defensive I Acc	0.06	-	-	-	-	-
IA Mixed Investment 0-35% Shares	1.01	6.06	-10.22	2.57	3.98	8.80



Source: Morningstar Direct as at 31 May 2024. Performance is bid to bid with income reinvested. Past Performance is no guarantee of future performance and investors may get back less than the original amount invested.

## IMPORTANT INFORMATION

Margetts Fund Management Ltd is authorised and regulated by the Financial Conduct Authority. Past Performance is no guarantee of future performance. The value of an investment and the income from it can fall as well as rise and investors may get back less than they invested. Quoted OCFs may include a subsidised AMC. Quoted yields are based on the previous 12 months distributions to investors and are not guaranteed. Future distributions may differ and will be subject to market factors. Risk factors should be taken into account and understood including (but not limited to) currency movements, market risk, liquidity risk, concentration risk, lack of certainty risk, inflation risk, performance risk, local market risk and credit risk. The information on this factsheet is intended to provide information only and should not be interpreted as advice. Margetts recommend that investors seek professional advice before making any investment to ensure that the product is suitable and can achieve their objectives. Investors should ensure that they have read and understood the Key Investor Information Document (KIID) and Supplementary Information Document (SID), which contain important information. A copy of these documents is available on the website or on request from Margetts Fund Management. Contact details are provided below. Margetts does not warrant that information will be error-free. There is no guarantee that the objective will be achieved, and capital is at risk.