# EF 8AM Tactical Growth Portfolio

1 July 2021

## INVESTMENT AIMS

The objective of the Fund is to provide long term capital appreciation.

## PERFORMANCE (CLASS A)

| | 6 m | 1 yr | 3 yr | 5 yr | YTD |
|---|---|---|---|---|---|
| Tactical Growth | 8.63% | 17.66% | 19.00% | 51.36% | 8.63% |
| Sector | 7.45% | 19.48% | 23.30% | 52.72% | 7.45% |

## DISCRETE YEAR PERFORMANCE

| | Fund | Sector |
|---|---|---|
| 2020 | 0.89% | 6.70% |
| 2019 | 15.14% | 15.57% |
| 2018 | -1.85% | -6.72% |
| 2017 | 8.34% | 11.21% |
| 2016 | 18.97% | 13.83% |

Source: Financial Express to 30.06.2021. Sector is the IA Flexible Investment GTR in GB.

## KEY FACTS

| | |
|---|---|
| Fund Manager | Alastair George |
| IA Sector | Flexible Investment |
| ISIN | GB00B9C65S15 (Class A) |
| | GB00B3KQYX95 (Class R) |
| Fund Size | £17.21m |
| Launch Date/ Price | 02.02.09 at 100p |
| Vehicle Type | UK OEIC |
| Unit Type | Income |
| ISA Eligible? | Yes |
| OCF | 1.64% (Class A) |
| Initial charge | 0% (Class A) |
| | up to 5% (Class R) |
| Price (NAV) | 146.53p (Class A) |
| | 164.36p (Class R) |
| Dealing Day and Time | Daily at 12 noon |
| Year End | 30th June |
| Income Allocation | 31st Aug, 28th Feb |
| Minimum Investment | £1,000 (Class A) |
| Base Currency | Sterling |
| Pricing Basis | Forward/Single Price |

## PERFORMANCE %

A - IA Flexible Investment GTR in GB [52.72%]
B - EF - 8AM Tactical Growth Portfolio A Inc TR in GB [51.36%]

Past performance is not an indicator of future performance.
Source: Financial Express
30/06/2016 - 30/06/2021 Data from FE fundinfo2021

## CONTACT DETAILS

Issued by 8AM GLOBAL LLP, which is authorised and regulated by the Financial Conduct Authority. If you have any doubt as to whether the EF 8AM Investment Funds are suitable for you and you wish to receive advice, you should consult a financial advisor. Further information can be obtained from:


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## FUND MANAGER COMMENTARY

Tactical Growth returned -0.10% during June and is up 8.63% in the year to date.

This represents a strong performance for the fund in the first six months of 2021. As we anticipated, the re-opening of national economies as vaccination programmes have progressed has led to a substantial rebound in economic activity over the period. This has been of clear benefit to the corporate sector as consensus profits forecasts have risen sharply in the first half of 2021 and are now on a global basis modestly ahead of pre-COVID expectations. The equity rally has in other words been justified by an improving fundamental outlook.

The rapidity of the rebound has also given rise to supply bottlenecks in a number of industries and during June fears of a sustained pick-up in inflation formed the dominant market narrative. We continue to believe that while inflation uncertainty may have risen due to the large economic swings associated with shutting down and restarting national economies it is much too early to be certain that inflation will rise to the point that it will persuade central banks to accelerate the removal of monetary accommodation.

Instead, from the fund's perspective we are more focused on the risks to growth. Market volatility until very recently has been unusually subdued and many sectors of the market are now trading at valuation multiples rather ahead of their pre-COVID levels. This is not necessarily a precursor to a major market decline but demonstrates that investors have been prepared to accept lower risk premiums in both equities and credit as pandemic uncertainty has diminished.

A slowdown in what has been a torrid pace of economic growth during H1-21 is in our view anticipated by markets and is not of itself a cause for concern. We only note therefore the recent slowdown in US ISM non-manufacturing surveys and UK GDP figures for May.

The key risk however remains the evolution of the pandemic and the effectiveness of vaccines. We are closely watching the UK's real-time experiment in releasing lockdowns in the context of a largely vaccinated adult population. We estimate based on our models of the second wave that the hospitalisation rate has fallen by 80% in the current delta wave. This means that rising case numbers may be manageable into the autumn, without resorting to national lockdowns or the re-introduction of intrusive social distancing. Nevertheless, the risk of a further, more transmissible, variant cannot be excluded.

We note that despite the depth of the COVID-19 recession, credit market spreads are now close to 20-year lows. This is a remarkable out-turn given the fact that GDP in developed markets remains so far below trend and is a testament to the extensive policy support for the corporate sector. However, credit spreads are tightly linked to the equity risk premium and demonstrate how favourable financial market conditions have become. While we believe our portfolio holdings remain attractively priced for the medium-term, the pace of gains in the short-term is likely to moderate as valuations have recovered from the depressed levels prevailing at the end of 2020.

The portfolio remains focused on sectors and companies which trade within historical valuation norms and which also stand to benefit from further earnings upgrades, provided the COVID-19 recovery remains on track. We are also seeking to take advantage of increased M&A activity where the risk/reward is favourable.

We expect a continuation of the gradual convergence between growth and value sector valuations, largely due to the commitment to gradualism and predictability by the world's central banks. While recent high US inflation figures bear watching, they are not at present a cause for concern, in our view as base effects distort the data and current inflation rates are not so far from policymakers' prior expectations. The further decline in long-dated government bond yields is a reminder that the risks remain balanced as pandemic emergency fiscal programs are scaled back over the coming 18 months.

For a more detailed description of the fund's investment processes and outlook, professional advisers are welcome to contact the fund manager directly.

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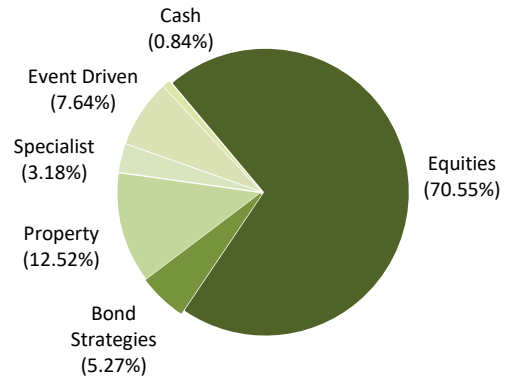
## TOP TEN HOLDINGS

| Fund Name | Asset Class | % |
|---|---|---|
| BP Plc | Equities | 3.83 |
| Secure Income REIT Plc | Property | 3.75 |
| Howden Joinery Group Plc | Equities | 3.58 |
| Taylor Maritime Investments Ltd | Equities | 3.57 |
| Adidas AG | Equities | 3.44 |
| Sequoia Economic Infra. Income Fund Ltd | Bond Strategies | 3.16 |
| Fidelity China Special Situations Plc | Equities | 3.15 |
| ITV Plc | Equities | 3.12 |
| Supermarket Income REIT Plc | Property | 3.11 |
| Alphabet Inc. | Equities | 3.07 |

Source: 8AM GLOBAL LLP to 30.06.2021

## ASSET ALLOCATION




Source: 8AM GLOBAL LLP to 30.06.2021

## WHY INVEST?

- Provides exposure to traditional value-based equity investment.
- Provides diversified exposure to a variety of hedge and absolute return strategies but crucially at a fraction of the cost.
- Unconstrained asset allocation allows increased flexibility (subject to Fund's investment powers).

## SUITABILITY

An investor who is comfortable with holding a significant proportion of their portfolio in higher risk investments in order to have the opportunity for a greater investment return.

An investor who is prepared to accept investment losses in the short term in order to achieve potentially greater investment returns over the longer-term. The portfolio will be subject to fluctuations in value.

## AVAILABILITY

The portfolio is available direct and via:

| | | |
|---|---|---|
| Aegon Retirement Choices | AJ Bell | Ascentric/Funds Direct |
| Aviva | AXA IOM | Canada Life International |
| Embark | Fidelity | Fusion |
| James Hay | Merchant Investors | Novia |
| Nucleus | Old Mutual Wealth | Prudential |
| Scottish Widows Intl | Standard Life Elevate | Standard Life |
| Transact | Zurich | |

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