Newsletter

July 2021

RAYMOND JAMES | Exeter

Better times ahead

Covid update
As we continue the cautious transition out of lockdown there is a lot to think about at home and at work. Lockdown has affected us all in different ways and it is only normal to feel uncertain about what the future holds in the shorter term.

US Financial giant Goldman Sachs have requested that all staff return to work whereas across Manhattan and London CitiGroup have begun discussions with staff representatives about developing a 'hybrid schedule' to the life/work balance. There is no 'one solution' and each business will need to weigh the merits of productivity, cost efficiency and staff welfare when considering their position.

When we reflect on the impact that Covid has had on our business, we cannot underestimate the benefit of being able to speak with our clients virtually 'face-to-face' via encrypted Zoom calls over the last year. Our investment management function was largely uninterrupted during the Pandemic; we were able to deal with what the markets had to throw at us with the freedom and flexibility granted us by our Discretionary investment mandate.

However efficient and effective our Covid contingency arrangements had been, it was obvious when we were finally able to return to our office in small bubbles that we had all missed the day-to-day interaction with each other that makes the business OUR business.

While we will continue to utilise Zoom as a tool for client convenience, going forward we are 100% committed to re-establishing our real 'face-to-face' client visits, not least because it's what we love to do but also because we believe that our client relationships are what differentiate us from peers.

Investment Portfolios
So far, the second quarter of 2021 has proved more productive than Q1 with the post-Covid economic recovery gaining the upper hand over fears of inflationary headwinds. All Raymond James Exeter models and strategies delivered positive returns during the period and in the half-year to the middle of June.

Aside from holidays, consumers are finding ways to spend money again and business supply chains are beginning to return to normal. Although markets have broadly made progress since November last year there are still areas of the global economy that have yet to feel the positive effects of the emergence from Covid restrictions. There are promising signs that these sectors, unloved during the tech-facilitated 'stay at home' environment of 2020, are picking up and offering growth potential over and above the general market rally.

Aside from the ongoing battle against Covid variants, one key factor to influence markets in the coming months will be the strength and nature of inflationary pressures whether it be transient or systematic.

This being the case, we are endeavouring to position our portfolios to limit the negative effects of rising inflation whilst at the same time seeking additional exposure to those sectors of the global economy that tend to favour an inflationary environment. Traditionally this may have been sectors such as the financials, industrials and real estate, which have been in the doldrums for some time now.

We have seen promising returns from our ‘deep value’ holding in First Trust Global Equity Income since November last year and we anticipate that our marginal tilt towards value stocks and smaller companies will continue to support a degree of outperformance of the wider market in the coming months.

We have conducted our second quarter rebalance exercise and the improved market sentiments are evidenced in a marginal uptick in the value Growth assets for our more adventurous models. Otherwise, the portfolio models are within their respective target range and no material rebalance trading will be undertaken this quarter.

If you have any thoughts or queries regarding your portfolio or any other matter raised in this newsletter then please do not hesitate to give us a call.

In the meantime, we look forward to speaking with you on a sofa or at a dining room near you very soon.

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